

ANALYSIS OF THE EFFECTIVENESS AND EFFICIENCY OF BUDGET ABSORPTION AND GROWTH RATE OF BUDGET EXPENDITURE (CASE STUDY MINISTRY OF FINANCE OF TIMOR LESTE)

Angelina Maria
Ximenes

Institute of Business (IOB)
Timor Leste
Amximenes.4572@gmail.com

Ni Luh Putu
Wiagustini

Institute of Business (IOB)
Timor Leste

Augusto da
Conceicao Soares

Institute of Business (IOB)
Timor Leste

ABSTRACT

This study aims to determine and analyze the effectiveness and efficiency of budget absorption and the growth rate of the 2015-2019 revenue and expenditure budget in Ministry of Finances Timor Leste. The analytical tool used in this research is descriptive quantitative method, namely analyzing target data, realization of spending and income by using the ratio of effectiveness, efficiency and growth rate.

The results of this study indicate that the average value of the level of effectiveness of the absorption of the 2015-2019 State Budget in Ministry of Finance is 90.3%, which fulfills the Effective criteria. For an average level of efficiency of 78.2%, the criteria are less efficient. Whereas the Growth Rate has increased significantly, namely 54.8%, the criteria are quite successful.

Keywords: Ministry of Finance Revenue and Expenditure Budget Timor Leste, (MF) Effectiveness, efficiency, Growth Rate

1. INTRODUCTION

In the Democratic Republic of Timor Leste (Good Governance and Democracy), it is the mission of the United Nation Development Program (UNDP) to reduce the poverty of the people of Timor Leste to become a "Rich, Strong and Safe Country, a more prosperous, modern and advanced country" in 2030. with the goals of 1) Eradicating extreme poverty and hunger, 2) Achieving universal primary education, 3) Promoting gender equality and empowering women, 4) Reducing child mortality and 5) Ensuring environmental sustainability

The budget is a financial plan that is systematically prepared to support the implementation of an organization's program. With Objective to Improving the quality of life of the people of Timor Leste, Stability and sustainable development, Professional service dan Effective and efficient implementation of the state budget.

In the absorption of the revenue and expenditure budget of the State of Timor Leste there are three very important things that the government must play in order to implement it: 1) Transparency, because of the importance of the issue of "how money is spent", the calculation of the proposed expenditure is very detailed. 2) Accountability, Cabinet cannot issue money or earn revenue unless it has been submitted to Parliament and Parliament has approved the Fund Allocation or Taxation Draft. The Cabinet as a whole as individual Ministers is continuously accountable to Parliament and to the Parliamentary Portfolio Committees for the overall management of its departments in terms of the approved Budget. And 3) Good Governance, Budget provides rules and framework for forming discipline.

According to Mahmudi (2005) effectiveness is the relationship between output and goals, the greater the contribution (contribution) of the output to the achievement of goals, the more effective the organization, program or activity. Budget effectiveness can be measured by the level of realization (achievement), where in government agencies such as the Ministério das Finanas it is called expenditure realization. However, if the absorption is very far from expectations, it will have a bad impact on the performance of the agency (bad performance).

Previous Research

(1) Julita (2011) at the Environment Agency of North Sumatra Province with the results of the 2009 and 2012 revenue budgets that the performance of the North Sumatra Provincial Environment Agency (BLH-PROVSU) was considered very effective; (2) Shenny Anggraeni (2012) in the District/City Government of Region IV Priangan,

West Java with the results that there is a very strong relationship between the preparation of the capital expenditure budget and the effectiveness of the absorption of the capital expenditure budget.

With the development of the government's vision in the Development Strategy Plan (PED) the Ministério das Finanças aims to "Improve the quality of life of the people of Timor Leste through peace, stability and sustainable development, assuming a role as a professional and competent service in formulating and implementing appropriate tax policies. benefit the poor and in the careful and effective administration of the State Budget, while maintaining high standards of integrity, transparency, accountability and customer-facing service, seeking to achieve the highest standards for public financial management in seeking transparent and accountable government; will measure themselves against international benchmarks and will make self-assessments which will be independently verified in accordance with internationally accepted performance standards; And the target is that at the end of the strategic plan will be able to: i) consistently show improvement in performance over time; II) achieve the main target of achieving a very high rating in accordance with various performance standards; and III) ranks among the top 20% of low- and middle-income and developing countries where cross-country comparisons are possible. The following is the development of the budget situation of the Ministério das Finanças, Timor Leste from 2015 to 2019.

Government Regulation 2001/13 on Budgeting and Financial Management: is the basis for managing the Postpartum Tubal Ligation in Low (PPTL) budget and finance management: 1) Provides a complete financial framework, in accordance with international best practice, for sovereign Timor-Leste; 2) It is very important for the formation of a government that has financial accountability and is effective; 3) Provide flexibility to the government to manage government authorities and allow the formation of local governments; 4) Establish reporting and accountability requirements.

Problems or phenomena of absorption of budget allocations and realization are routine problems every year, the tendency is to fluctuate, that the absorption of the

2015 to 2019 Ministério das Finanças budget is quite effective, because there are programs that are not implemented from the budget that has been set in the APBN every year.

Based on the problems that have been described and empirical findings that depend on the condition of the research location, the research wants to focus on re-analyzing the effectiveness and efficiency of budget absorption and the rate of growth of the budget for the Ministério das Finanças Timor Leste from 2015 to

2019.

Problem Formulation

Based on the above background, the problem in this research can be formulated, namely how the effectiveness and efficiency of budget absorption and the rate of is is budget growth in Ministério Finanças?

Research Objectives

The purpose of this study is to determine and analyze the effectiveness and efficiency of budget absorption and the rate of growth of the budget at the Ministério Finanças Timor Leste. Research Benefits

a. Theoretical Benefits

This research is expected to provide benefits for researchers to add insight and knowledge related to the effectiveness and efficiency of budget absorption which is expected to be a reference for future researchers.

b. Practical Benefits.

1. For Ministry of Finance, it is hoped that it will provide information as an illustration and positive input in making decisions in the absorption of the expenditure budget so that it runs effectively and efficiently and is realized in accordance with what has been budgeted.
2. For academics, it is hoped that the results of this research can be used as study material and add to the literature for the department as well as broaden the knowledge of Institute Of Business students.

Research Benefits

a. Theoretical Benefits

This research is expected to provide benefits for researchers to add insight and knowledge related to the effectiveness and efficiency of budget absorption which is expected to be a reference for future researchers.

b. Practical Benefits.

1. For Ministry of Finance, it is hoped that it will provide information as an illustration and positive input in making decisions in the absorption of the expenditure budget so that it runs effectively and efficiently and is realized in accordance with what has been budgeted.
2. For academics, it is hoped that the results of this research can be used as study material and add to the literature for the department as well as broaden the knowledge of Institute Of Business students.

2. LITERATURE REVIEW

Public Sector Budget

Budget absorption in the public sector as a guiding tool for planning and controlling resources, be it financial or otherwise. Mardiasmo (2009:62) public budget contains activity plans which are represented in the form of income and expenditure acquisition plans in monetary units. In its simplest form, the public budget is a document that describes the financial condition of an organization which includes information on revenues, expenditures and activities. public sector budgeting is related to the process of determining the amount of fund allocation for each program and activity in monetary units.

For the achievement of this goal, the government of the Democratic Republic of Timor Leste (RDTL) requires a control, where this control is a process consisting of the organizational structure of the government, authorities and responsibilities as well as information to enable the implementation of control and to process a set of actions that ensure that the government organization works. achieving goals. One of the important elements in achieving these goals is the budget. A budget is a financial plan for the future. Planning and control are two inseparable issues.

The absorption of the budget in the government of Timor Leste is one of the stages of the budget cycle which starts from budget planning, determination and approval of the budget by the National Parliament. The implementation of the budget, budget oversight and accountability for budget implementation will be carried out by each ministry based on the budget allocation that has been approved by the president. It should be studied and observed that until now the government of the Democratic Republic of Timor Leste does not yet have Financial Guidelines and Standards in preparing budget plans, determining budget implementation, and presenting budget reports.

Public Sector Budget Objectives and Characteristics

According to Halim (2016: 50), the budget for the public sector is a tool to achieve goals in order to provide services to the community/people whose purpose is to improve public services and public welfare. Based on the definition and objectives of the public sector budget, the public sector budget has the following characteristics:

- a. The budget is stated in financial units
- b. Budgets generally cover a specific period of time, one or several years, short, medium or long term.
- c. The budget contains the commitment or ability of management to achieve the goals set.
- d. The budget proposal is reviewed and approved by an authority higher than the budget preparer.
- e. Once compiled, the budget can only be changed under certain conditions.

Types of Public Budget

The types of public budgets are (Mardiasmo, 2009: 66):

- a. Operating Budget: Operational budget is used to plan daily needs in running the government
- b. Capital Budget: The capital budget shows long-term plans and expenditures on fixed assets such as buildings, equipment, vehicles, furniture and so on.

Formulation of the State Revenue and Expenditure Budget of Timor Leste

Before determining the state budget for revenues and expenditures, of course, it begins with the process of preparing the state budget for the Democratic Republic of Timor Leste, requiring a budget (budget). The budget allocated from the State Revenue and Expenditure Budget consists of three (3) main components, namely: (i) Government (executive/planner), (ii) Parliament (legislature/controller), and (iii) President (approves to be APBN). However, in the process there are several steps that must be passed by the government before the formation of the annual APBN, the following are the steps:

- a. Preparation for the Budget: Ministries begin to prepare their annual action plans that capture the main objectives and activities for the fiscal year around March each year.
- b. Considering Budget Submissions
- c. The budget committee reviews (Budget Review Committee Meets). After budget submissions are prepared, the Budget Review Committee meets in July and August.
- d. Approving the Proposed Budget
- e. Spending the Budget: From 1 January, the ministry begins to spend the money approved in the budget to implement Government programs for the year. To ensure accountability quarterly reports of physical and financial progress of the budget are presented to Parliament.

Timor Leste's State Revenue and Expenditure Budget (APBN)

The Government of Timor Leste has two types of Budget, namely the expenditure budget and the revenue budget, which consists of five types of categories, and each has certain items:

a. Budget (Expenditure).

Funding for expenditures is made available to ministries and programs through

the mid-budget update law & Annual Budget (donations) subject to approval by the National Parliament. The Directorate of Budget has the main task of coordinating funding data in their respective budget processes. Funding is budgeted for four general categories:

1. Salaries and Benefits (Salario e Vencimento): to pay salaries of government civil servants including Police & FFDTL.
2. Routine Budget (Bens e Serviços): to provide consumables (such as office equipment, vehicle operating costs, medical supplies, school books, etc.) and services (consulting, printing, catering, and so on) needed to provide government services.
3. Capital Expenditure Budget (Capital Menor): to fund small capital needs needed to provide Government services such as printing machines, computers, other office equipment, and four-wheeled and two-wheeled vehicles.
4. Development Budget (Capital Desenvolvimento): Funds are allocated for main work such as maintenance & construction of government buildings, building new schools and hospitals as well as repairing bridges, roads, clean water and others

b. Revenue Budget (Receitas)

There are five sources of income under government control:

1. Fees and Charges for Users:
2. Domestic Tax
3. Timor Sea Tax
4. Royalty and Interest
5. Autonomy costs (Self-Financing Agencies)

Definition of Effectiveness, Efficiency and Growth Rate

Definition of Effectiveness

Effectiveness is the relationship between output and goals or objectives to be achieved. Operational activities are said to be effective if the activity process reaches the final policy goals and objectives (spending wisely). Effectiveness is the relationship between output and goals, the greater the contribution (contribution) of the output to the achievement of goals, the more effective the organization, program or activity” (Mahmudi, 2005).

Mardiasmo (2009: 132) explains that effectiveness is the relationship between output and goals or objectives to be achieved. Operational activities are said to be effective if the activity process achieves the goals and final objectives of the policy. Effectiveness is a condition regarding the occurrence of a desired effect or effect.

Effectiveness indicators describe the range of effects and impacts (outcomes) of program outputs or outputs in achieving program objectives. The greater the contribution of output to the achievement of goals, the more effective the organization, program or activity.

Definition of Efficiency

Efficiency is a comparison between output and input or in other terms output/input unit (Mahmudi: 2007). Thus efficiency or usability is the ratio between output and input. Output is the realization of costs to obtain regional revenue in this case is expenditure and input is the realization of revenue in this case is income.

Definition of Growth Rate

The growth rate is the process of increasing output in the long term, if applied to

the State Revenue and Expenditure Budget, the growth rate of the State Revenue and Expenditure Budget is the difference between the State Revenue and Expenditure Budget for a certain year compared to the previous year's State Budget.

Previous research

Diana (2008), Performance Analysis and Budget Management of the Surakarta City Health Office in the Surakarta Public Health Maintenance Program (PKMS) in 2008”. Qualitative. Similarities: This study with the author's research is a place of research within the Department of Health. Difference: The difference is that the time and location of this research was carried out in Surakarta in 2009. while the author's research was carried out in Wonosobo in 2016.

Francisca Erni Dwi Pamungkas (2010), Analysis of Budget Realization to assess the Effectiveness and Efficiency of the Performance of the Wonogiri Regional Government in 2011-2015, Research results: Shows that the development of the level of effectiveness of financial management is very effective and the level of efficiency of financial management is efficient. Kiky Muryanti (2017).

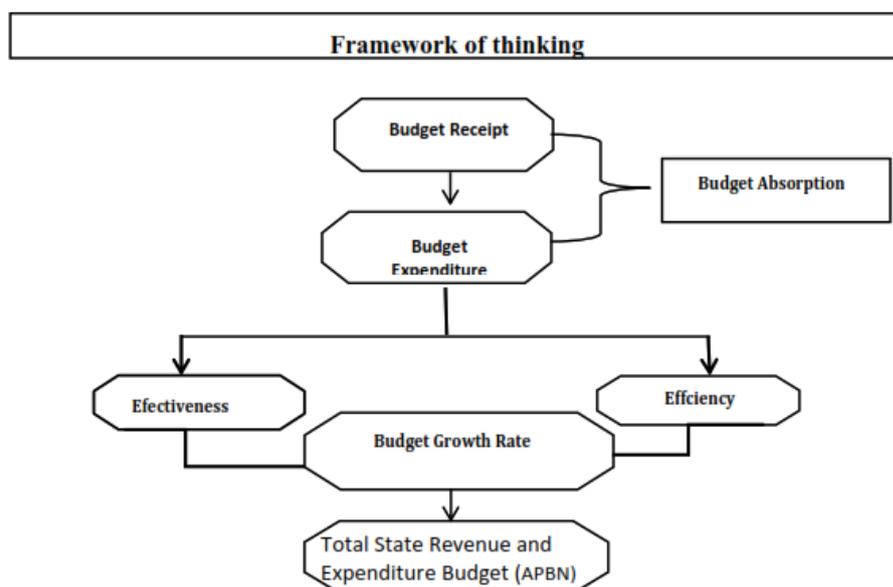
3. THINKING AND CONCEPTUAL FRAMEWORK

Framework of thinking

Total revenue is sourced from petroleum fund revenues plus non-oil revenues. From this revenue that will form the state budget or often called the State Revenue and Expenditure Budget (APBN). Then from the state budget (APBN) will be used for government spending. Expenditure is the total expenditure (both direct and indirect) made by the government to finance all its needs.

Realization of revenue is the realization of the budget received by the state both from domestic revenue (non-oil) and oil fund receipts (peroleum fund). This will affect the level of effectiveness in the realization of revenues in the absorption of the Ministério das Finanças Timor Leste budget.

The revenue target is a budget revenue plan set by the government in one year. From the framework above, we can see that the revenue target will affect the effectiveness of the absorption of the state budget.



Conceptual framework

The source of the funds comes from the State Revenue and Expenditure Budget (APBN) of Timor Leste. Then each ministry will carry out the budget that has been budgeted in accordance with the activities on each line item, namely the salary and allowance posts, routine expenditure posts, capital expenditure posts and development expenditure posts that have been planned annually. And it will be analyzed in each expenditure budget post, namely by comparing the budget with the expenditure realization so that the effectiveness and efficiency of budgetabsorption can be known which is related to the expected outcome by the ministry.

4. RESEARCH METHODS

Types of research

The method used in this research is descriptive quantitative research method. That is, all information is expressed in numbers and units of analysis based on an analysis of the effectiveness ratio and efficiency ratio of the Revenue and Expenditure Budget at the Ministry of Finance Timor Leste.

Research location and time

This research was conducted at the Ministty of Finance Timor Leste, especially at the Orsamentu National Diresaun (DNO) and the Jeral Servisu Koperativus – DGSK Diresaun, Jalan Aitarak Laran on 10 December 2020.

Population and sample data

Population

According to Nanang Martono (2011: 74) "Population is the entire object or subject that is in an area and meets certain requirements related to the research problem or the whole unit or individual within the scope to be studied". Based on the opinion above, the population in this study is the Ministério das Finanças Timor Leste.

Sample

According to Nanang Martono (2011:74) "The sample is part of the population that has certain characteristics or circumstances to be studied, the sample can be defined as a member of the population selected using certain procedures so that it is expected to represent the population". The sample in this study is the 2015 to 2019 Budget Realization in the Ministério das Finanças Timor Leste. Data Types and Sources

Data Type

According to Kuncoro (2009) the type of data is divided into two types, namely: qualitative data is descriptive or other descriptions and the measurement cannot use a numerical scale, quantitative data is data that is formed by numbers or numbers. so that statistical processing can be carried out, the form of qualitative research must be presented in numbers (quantitative qualitative).

Data source

The data used in this study is secondary data that is quantitative in nature, namely literature study. Literature study is a technique of data obtained from Livro I (Panorama Oramental), Livro II (Plano Anuaís) and Livro 4a e 4b (Rubricas Oramentais obtained from documentação orçamental e portal electrónico do Ministério das Finanças em www.mof.gov.tl at the Ministério das Finanças, Timor Leste regarding the State Revenue and Expenditure Budget (APBN) using the non-participant observation method, namely the method of collecting data by means of document observation in the form of the Budget and Realization of the Revenue and Expenditure Budget of the Ministry of Finance Timor Leste in 2015 until 2019.

Data Collection Techniques and Procedures

Data collection techniques and procedures are the most strategic steps in research, because the main purpose of research is to obtain data.

Interview Techniques

According to Sugiyono 2013:231) that "An interview is a meeting of two people to exchange information and ideas through question and answer, so that meaning can be constructed in a particular topic" that is, the author conducts questions and answers to related and authorized parties at the Ministério das Finanças Timor Leste about the realization budget for the level of effectiveness and efficiency.

Documentation Engineering

So the author also collects information from accounting data, documents and records such as budget realization reports and other data needed at the Ministério das Finanças Timor Leste.

Variable operational definition

The definition and measurement of variables in this study, operationally are:

Effectiveness

To analyze the effectiveness of the absorption of the Ministério das Finanças Timor Leste Budget from an expenditure perspective, the formula used is the ratio between the realization of MF spending and the budget target that has been set.

Efficiency

To analyze the efficiency level of absorption of the Revenue and Expenditure Budget in terms of expenditure, the calculation formula is the ratio between the realization of income and the realization of expenditure, where the smaller the ratio, the more efficient the absorption of the budget.

Growth rate;

The Growth Rate of Absorption of the Revenue and Expenditure Budget is the trend of achievement or realization of the Ministério das Finanças Timor Leste from 2015 to 2019 with the formula for the growth rate of the APBN per year, the realization of the State Budget for a certain year and the realization of the State Budget revenues of the previous year.

Variables: which will be analyzed in this study are the Effectiveness, Efficiency and Growth Rate Variables.

Research Instrument Test

This study uses three research variables, namely effectiveness and efficiency and growth rate. Thus, the test instrument used to collect quantitative data is the effectiveness of the absorption of the Ministério das Finanças Timor Leste Budget which looks at the realization of expenditures and expenditure targets, budget efficiency looks at realization of expenditure and realization of income. while the growth rate looks at the APBN per year, the realization of the State Revenue and Expenditure Budget (APBN) for a certain year and the realization of APBN revenues for the previous year. To obtain the results of the research, the data that must be obtained is income data originating from original income, at the Ministério das Finanças Timor Leste in 2015-2019.

Date analysis technique

Effectiveness Analysis

A program or activity organization is said to be effective if the outputs carried out can meet the expected targets (Mahmudi: 2007: 7). Thus effectiveness focuses on outcomes or results. According to Halim (2007:72), effectiveness is the relationship between the output of the responsibility center and its goals or targets. The output in this case is the realization of spending while the goal or target is the spending target. The greater the contribution of output to the goal, the more effective the unit is.

Efficiency Analysis

Efficiency is a comparison between output and input or in other terms output/input unit (Mamudi: 2007). Thus, efficiency or usability is the ratio between output and input. Output is the realization of costs to obtain expenditure receipts and input is the realization of revenue receipts.

Budget Growth Rate

To calculate the growth rate of the Ministério das Finanças Timor Leste Budget for 2015 to 2019 using the following formula:

$$G_x = \frac{X_t - X_{(t-1)}}{X_{(t-1)}} \times 100\% \dots\dots\dots(6)$$

Information:

G_x = is the annual growth rate of the state budget

X_t = is the realization of the State Budget for a certain year.

X_(t-1) = is the realization of the previous year's state budget

5. RESEARCH RESULTS AND DISCUSSION

Ministry of Finance Timor Leste Budget receipts and Realization Reports for

2015 to 2019 (ACCEPTANCE AND REALIZATION TARGET IN BILLION DOLLARS (US\$))

Year	Target/Output (\$)	Realization / Outcome (\$)	%
1	2	3	5
2015	128,811,205.00	120,674,722.45	93.7%
2016	18,768,225.00	13,333,183.68	79.5%
2017	152,842,100.00	129,172,043.64	84.5%
2018	137,267,827.00	132,954,019.09	96.8%
2019	141,989,202.00	127,181,356.40	89.6%
Average Realization	579,678,559.00	523,315,325.26	90.3%

Source: Ministry of Finance financial report (date processed 2020)

Realization of the Ministry of Finance's 2015-2019 shopping budget in billions of dollars (us\$)

Year	Target (\$)	Realization (\$)	%
1	2	3	5
2015	17,609,116.00	13,614,287.29	77.4%
2016	18,768,225.00	13,333,183.68	71.1%
2017	18,029,116.00	15,072,844.12	83.6%
2018	13,058,765.00	11,166,979.44	85.6%
2019	22,651,806.00	17,282,149.36	76.3%
Average Realization	90,117,028.00	70,469,443.89	78.2%

Source: Ministry of Finance financial report data processed 2020

Research discussion

Analysis of the effectiveness of budget absorption

Effectiveness Level of Budget absorption Ministry of Finance Timor Leste 2015 to 2019

Fiscal year	Target/Output (\$)	Realization / Outcome (\$)	Effectiveness Level	Criteria
1	2	3	5	6
2015	17,609,116.00	13,614,287.29	77.4%	Less effective
2016	18,768,225.00	13,333,183.68	71.1%	Less effective
2017	18,029,116.00	15,072,844.12	83.6%	effective enough
2018	13,058,765.00	11,166,979.44	85.6%	effective enough
2019	22,651,806.00	17,282,149.36	76.3%	Less effective
Average			78.2%	effective enough

Source: Ministério das Finanças data for 2015-2019 (data processed)

Budget absorption efficiency analysis In billions of dollars (US\$)

Year	Shopping Type	Budget (\$)	Realization (\$)	% Efficient	Budget absorption efficiency rate
2015	Employee Shopping	4,029,116	2,803,705	69.6%	Efficient
	Shopping for Goods and Services	13,404,125	10,750,814	80.2%	Efficient
	Capital Expenditure	175,875	59,769	34.0%	Efficient
	Total	17,609,116	13,614,287	77.4%	Efficient
2016	Employee Shopping	3,926,009	2,451,436	62.4%	Efficient
	Shopping for Goods and Services	13,800,119	10,560,677	76.5%	Efficient
	Capital Expenditure	1,042,097	321,070	30.8%	Efficient
	Total	18,768,225	13,333,184	71.1%	Efficient
2017	Employee Shopping	4,533,000	2,985,975	65.9%	Efficient
	Shopping for Goods and Services	12,717,247	11,848,873	93.2%	effective enough
	Capital Expenditure	778,869	237,996	30.6%	Efficient
	Total	18,029,116	15,072,844	83.6%	effective enough
2018	Employee Shopping	3,883,088	2,993,807	77.1%	Efficient
	Shopping for Goods and Services	8,623,677	8,168,581	94.7%	effective enough
	Capital Expenditure	552,000	4,592	0.8%	Efficient
	Total	13,058,765	11,166,979	85.6%	effective enough
2019	Employee Shopping	3,386,843	2,896,845	85.5%	effective enough
	Shopping for Goods				

	Capital Expenditure	1,014,741	874,344	86.2%	effective enough
	Total	22,651,806	17,282,149	76.3%	Efficient
Average Rate		90,117,028	70,469,444	78.2%	Efficient

Source: Proclarity

Ministry of Finance Timor Leste Budget Growth Rate (Results of Calculation of the 2015-2019 Budget Growth Rate)

Year	Budget	Realization	%	Level growth rate per year
2014	17,466,391	15,526,634	88.90%	
2015	17,609,116	13,614,287	77.30%	-12.3%
2016	18,768,225	13,333,184	71.00%	-2.1%
2017	18,029,116	15,072,844	83.60%	13.0%
2018	13,058,765	11,166,979	85.50%	-25.9%
2019	22,651,806	17,282,149	76.30%	54.8%

Recapitulation of the Calculation of Effectiveness and Efficiency Levels and Growth Rates for the 2015-2019 Ministério das Finanças Budget Revenue and Expenditure

Tahun	2015	2016	2017	2018	2019
Rasio Efektivitas Anggaran					
Belania	93.7%	79.5%	84.5%	96.8%	89.6%
Kriteria	Efektif	Tidak Efektif	Cukup Efektif	Efektif	Cukup Efektif
Rasio Efisiensi Anggaran					
Belania	77.4%	71.1%	83.6%	85.6%	76.3%
Kriteria	Efisien	Efisien	Efisien	Efisien	Efisien
Laju Pertumbuhan	-12.3%	-2.1%	13.0%	-25.9%	54.8%
Kriteria	Tidak berhasil	Tidak berhasil	Tidak berhasil	Tidak berhasil	Cukup berhasil

Source: Author 2021

Research Implication

Theoretical Implications

Based on the results of the research on effectiveness and efficiency above, there are three theoretical implications, namely: Effectiveness, efficiency of budget absorption and the rate of growth in the Ministério das Finanças Timor Leste with an analysis of the Effectiveness ratio and Efficiency Ratio.

Practical Implications

Based on the results of research on effectiveness and efficiency using the effectiveness and efficiency ratio data analysis technique, it is hoped that the Ministério das Finanças Timor Leste can use it as a reference or information in policies for planning and absorption of the budget allocation.

Research Limitations

1. To determine the level of budget effectiveness in the Ministério das Finanças, the author refers to the opinion of Halim (2004: 135) that the Ministério das Finanças budget will be more effective if the effectiveness ratio is more than 100%. A high effectiveness ratio illustrates the ability of the agency to be better.

2. There is no definite measure of efficiency limits, so the authors draw conclusions based on the opinion of Halim (2004: 134), saying that the Ministério's budget will be more efficient if the efficiency ratio is less than 100%, so the smaller the efficiency ratio means the better the government's performance.

6. CONCLUSIONS AND SUGGESTIONS

Conclusion

1. Effectiveness:

Based on the calculation results in 2015 amounted to 93.7%, and 2018 year amounted to 96.8%. Judging from the calculation, the level of effectiveness of the Ministério das Finanças is already effective because the results achieved are 90% and above. Meanwhile, in 2017 and 2019 the level of effectiveness was quite effective because the results achieved were 84.5% and 89.6%, respectively. and in 2016 the level of effectiveness was not effective because the results achieved were only 79.5%. with an effective average because the results reached (90.3%).

2. Efficiency:

Based on the efficiency level of expenditure realization in 2015 of 77.4%, 2016 of 71.1%, and 2019 of 76.3%, it means that Ministério das Finanças is already efficient, and in 2017 it was 83.6% and 2018 was 85.6% quite efficient, with an average of less efficient (78.2%).

3. Growth rate rate

Based on the growth rate of the Ministério das Finanças budget in 2015 and 2016 it decreased -2.1%, in 2016 and 2017 it increased by 13.0%, in 2017 and 2018 it decreased by -25.9% and in 2018 and 2019 again experienced an increase very large 54.8%

Suggestion

Based on the conclusions above and the results of the analysis that the authors carried out, the authors suggest to the Ministério das Finanças Timor Leste to:

1. Should use the level of effectiveness and efficiency of budget absorption (less/enough/already effective and efficient) to measure the rate of revenue growth rate. However, the realization trend in 2017 and 2018 needs to be maintained.
2. To find or create alternative revenue and expenditure budget receipts from other sectors so as not to depend on the Petroleum Fund (petroleum fund).
3. It is expected to provide information as an illustration and positive input in making decisions in the absorption of the expenditure budget so that it runs effectively and efficiently and is realized in accordance with what has been budgeted.

7. REFERENCES

Ximenes, M. Angelina. (2021). Analysis of the Effectiveness and Efficiency of Budget Absorption and Growth Rate of Budget Revenue and Expenditure, at the Ministério das Finanças Timor Leste. Master's Program Thesis, Management Study Program, Graduate Program, Institute Of Business Timor Leste.

Decreito Lei No.13/2009/21 October, concerning East Timor's Budget and Financial Management.

Article 145 of the State Budget for the Constitution of the Democratic Republic of Timor Leste (RDTL), paragraphs 1 to 3.

Constitution of the Democratic Republic of Timor Leste Article 115 Paragraph 1(d) "Government has the Authority to Prepare State Plans and Budgets as well as carry it out with National Parliamentary Approval".

Constitution of the Democratic Republic of Timor Leste Article 96 "Parlamento Nacional" Has Sole Authority To Make Laws Regarding Tax Policy, And Budget System.

Organic Ministry of Finance by decree of Law no. 44/2012 from 21 November. to carry out their responsibilities through services and bodies integrated into direct and indirect administration countries as referred to in Articles 4 and 5.

Amaral, Joo. (2015). the Effectiveness of Budget Absorption at the Ministério Das Obras Públicas Timor Leste. Master's Program Thesis, Management Study Program, Postgraduate Program, Udayana University. Denpasar: Udayana University.

- Ariel. 2013. Analysis of the Effectiveness and Efficiency of the Budget Execution of the Regional Development Planning Agency (BAPPEDA) of South Minahasa. Friday EMBA Vol. 1 No. 3, p. 74.81.
- Alim, M Nizarul. 2008. Effectiveness of the Integration of Budget Components in Budget Procedures: Matching Contingency Testing. Journal of Accounting and Finance. Vol. 10 No. 2. November. pp 69-76.
- Angraeni, Sheny. (2012). Relationship between Capital Expenditure Budgeting and Effectiveness of Capital Expenditure Budget Absorption. Thesis S1 Undergraduate Program FPEB University of Education Indonesia. Bandung.
- Darisc, Nurlan. 2008. Regional Financial Accounting (Public Sector Accounting). Index: Jakarta.
- Deddi and Ayuningtyas. 2010. Public Sector Accounting Edition 2. Salemba Empat Publishers: Jakarta.
- Fahrianta, Riswan, Carolina, Viani. 2012. Budget Efficiency Analysis of the District Education Office Kapuas. Journal of Management and Accounting Vol. 13, No. I. Indonesian College of Economics. Banjarmasin.
- Haryanto, Sahamuddin, and Arifuddin. 2007. Public Sector Accounting. First Edition, Semarang: Diponegoro University Publishing Agency.
- Fragrant. 2009. Accounting Reform and Public Sector Management in Indonesia. Saiemba Empat Publishers: Jakarta.
- Indra. Bastian. 2006. Public Sector Accounting An Introduction. Erlangga, Semarang: PT. Gramedia.
- Indra. Bastian. 2010. Public Sector Accounting. Edition 3. Jakarta: Erlangga.
- Decree of the Minister of Home Affairs (KEPMENDAGRI) No. 690.900-327 Year 2006. Regarding Guidelines for Financial Assessment and Performance. Jakarta; State Secretariat.
- Mahsun. 2006. Measurement of Public Sector Accounting. First Edition, Yogyakarta: BPEF.
- Mahmudi. 2010. Analysis of Local Government Financial Statements. STIM YKPN UUP issuer; Jakarta.
- Mahmudi. 2015. Public Sector Performance Management. Third Edition. Yogyakarta.
- Mardiasmo. 2009. Public Sector Accounting. Fourth edition, Yogyakarta: CV Andi.
- Republic of Indonesia. Minister of Home Affairs Regulation No. 690.900-327 of 1996 Checks Criteria for Assessment and Financial Performance. Jakarta.
- Nur Indrianto and Bambang Supomo. 2009. Business Research Methodology for Accounting and Management. Edition 1. Third Printing, Publisher BPFYogyakarta: Yogyakarta.
- Government Regulation No. 58 of 2005. Regarding Regional Financial Management.