



Regional Revenue and Expenditure Budget Management and Good Governance: A Review of the Implementation of Good Governance Principles

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengelolaan Anggaran Pendapatan dan Belanja Daerah serta implementasi prinsip-prinsip tata kelola yang baik di Provinsi Jawa Barat. Melalui studi literatur, penelitian ini mengkaji data keuangan pemerintah daerah tingkat provinsi dan kabupaten/kota se-Jawa Barat untuk mengevaluasi efektivitas pengelolaan anggaran dan kesesuaiannya dengan prinsip-prinsip tata kelola yang baik. Hasil penelitian menunjukkan adanya penurunan signifikan dalam realisasi penerimaan dan belanja daerah di seluruh Jawa Barat pada tahun 2023 dibandingkan dengan tahun sebelumnya dan di bawah target Anggaran Pendapatan dan Belanja Daerah yang telah ditetapkan. Penurunan ini dipengaruhi oleh berkurangnya Pendapatan Asli Daerah serta dana transfer ke daerah dan dana desa, yang berdampak pada berbagai komponen belanja. Selain itu terdapat perbedaan signifikan dalam struktur pendapatan dan belanja antara Pemerintah Provinsi dan Pemerintah Kabupaten/Kota di Jawa Barat, yang menunjukkan pentingnya upaya optimasi Pendapatan Asli Daerah di tingkat kabupaten/kota guna meningkatkan kemandirian fiskal daerah. Kesimpulan dengan menerapkan prinsip tata kelola yang baik secara konsisten di tingkat kabupaten/kota merupakan kunci untuk memperkuat strategi peningkatan Pendapatan Asli Daerah.

ABSTRACT

This research aims to analyze the management of the Regional Revenue and Expenditure Budget and the implementation of good governance principles in the Province of West Java. Through a literature study, this research examines local government financial data at the provincial and regency or city levels all over the West Java area to evaluate the effectiveness of budget management and its conformity with good governance principles. The results of the study indicate a significant decrease in the realization of regional revenue and expenditure across West Java in two thousand twenty-three compared to the previous year and below the established Regional Revenue and Expenditure Budget targets. This decline was influenced by a reduction in Regional Original Revenue and intergovernmental transfers to regions and village funds, which impacted various expenditure components. In addition, there are significant differences in the revenue and expenditure structures between the Provincial Government and the Regency or City Governments in West Java. This highlights the importance of optimizing Regional Original Revenue at the regency or city level to enhance regional fiscal independence. The conclusion is that consistently applying good governance principles at the regency or city level is primary to strengthening strategies for increasing Regional Original Revenue.

1. INTRODUCTION

Regional autonomy allocates broad authority to autonomous regions to regulate and manage their own governmental affairs and local community interests by general laws and regulations. One important aspect of regional autonomy is the authority to manage the Regional Revenue and Expenditure Budget. This authority allows local governments to plan, implement,

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administer, report, and account for regional finances independently, in line with regional needs and priorities.

In managing the Regional Revenue and Expenditure Budget, regions have the authority to determine sources of regional revenue, which include Own-Source Regional Revenue such as regional taxes, regional levies, proceeds from the management of separated regional wealth, and other legitimate regional revenues (Undang et al., 2023). In addition, regions are also authorized to manage intergovernmental fiscal transfers from the central government, consisting of the General Allocation Fund, the Special Allocation Fund, and the Revenue Sharing Fund. This authority provides flexibility for regions to explore their economic potential and optimize fund transfers from the center to finance development and public services.

Development and public services have a close and mutually influential relationship; well-planned development will create infrastructure and systems that support the provision of more effective and efficient public services, while quality public services will improve the quality of life of the community, which in turn will support the sustainability of development itself through the improvement of human resources and active citizen participation. Public service must be responsive to the needs and aspirations of the community, inclusive, and community development-oriented (Denhardt & Denhardt, 2003). Service quality is defined based on the gap between customer (citizen) expectations regarding the service that should be received and their perceptions of the service received. There are five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman et al., 1988).

Furthermore, regions have full authority in determining the allocation of regional expenditures. Local governments have the right to determine the priority programs and activities to be funded through the Regional Revenue and Expenditure Budget, taking into account community needs and regional potential. This authority includes the determination of expenditure types (operational expenditure, capital expenditure, unpredictable expenditure, and transfer expenditure), the amount of the budget for each program and activity, and the implementation mechanisms. Thus, regions can directly respond to the specific requirements of their areas and carry out development by the regional vision and mission.

The management of the Regional Revenue and Expenditure Budget also involves regional authority in financial administration, which includes bookkeeping, verification, and regional financial accounting activities (Laoli et al., 2022). Regions are responsible for organizing an accountable and transparent regional financial information system. In addition, regions have the obligation to prepare periodic regional financial reports and account for them to the Regional People's Representative Council and the public. This accountability process is a form of accountability for regional financial management.

The latest government regulation relevant to regional autonomy and the management of the Regional Revenue and Expenditure Budget is Government Regulation Number 12 of 2019 concerning Regional Financial Management. This regulation is a further elaboration of Law Number 23 of 2014 concerning Regional Government and replaces previous regulations. The regulation comprehensively regulates the cycle of regional financial management, from planning, budgeting, implementation, administration, and reporting, to supervision and accountability of the Regional Revenue and Expenditure Budget.

The preceding regulation emphasizes the principles of transparency, accountability, efficiency, and effectiveness in regional financial management, and strengthens the role of the Regional People's Representative Council in the oversight function of the Regional Revenue and Expenditure Budget. In addition, there is also Minister of Home Affairs Regulation Number 15 of 2024 concerning Guidelines for the Preparation of the Regional Revenue and Expenditure Budget for Fiscal Year 2025, which provides technical guidance in preparing the Regional Revenue and Expenditure Budget to align with national policies and regional needs. As well as Law Number 1 of 2022 concerning Financial Relations between the Central

Government and Regional Governments, which regulates 1 the principles of regional funding and financial management within the framework of autonomy.

The management of the Regional Revenue and Expenditure Budget is a comprehensive cycle carried out by local governments, encompassing stages of careful planning, meticulous implementation, and accountable reporting for the regional revenue and expenditure budget (Zahra et al., 2024). As the main fiscal policy instrument at the regional level, the Regional Revenue and Expenditure Budget plays an important function in regulating all incoming revenue streams and allocating funds for various development programs and essential public services for the community, so good and proper management of the Regional Revenue and Expenditure Budget is an irreplaceable foundation in determining the direction of a region's progress and improving the welfare of its citizens (Ginting et al., 2024).

Good governance is a fundamental concept that emphasizes principles of government management oriented toward responsibility, openness, active public participation, and effectiveness in every action (Maranjaya, 2022). The main objective of good governance is to realize a government that is free from corruption, efficient in resource utilization, and responsive to public needs and aspirations (Utomo et al., 2023). About the management of the Regional Revenue and Expenditure Budget, good governance serves as an ethical and operational foundation that ensures every stage of budget management is carried out by upholding these values.

Transparency plays a vital role in the management of the Regional Revenue and Expenditure Budget, meaning that all information related to the Regional Revenue and Expenditure Budget, from the strategic planning process, detailed budget preparation, program and activity implementation, to financial accountability mechanisms, must be easily accessible to the wider public. This openness of information provides an opportunity for the community to actively monitor, supervise, and evaluate how public funds are managed by the local government. With strong transparency, the potential for misuse of the budget can be significantly minimized, and the accountability of local governments for the use of public funds will further increase.

Accountability in the management of the Regional Revenue and Expenditure Budget affirms the obligation of local governments to provide clear and comprehensive accountability for budget management to the community and authorized parties with oversight mandates. This accountability is not limited to financial aspects but also includes performance in achieving the development targets set in the Regional Revenue and Expenditure Budget and ensuring that budget utilization is carried out efficiently and by applicable laws and regulations. With accountability, local governments can be held responsible for every action and decision taken in the management of the Regional Revenue and Expenditure Budget, thereby creating trust and legal certainty.

Community participation is an important element in the management of the Regional Revenue and Expenditure Budget, referring to the active involvement of citizens in every stage of the budget cycle, from the formulation of development priorities in planning, the preparation of budget allocations, the implementation of programs and activities, to the supervision of their implementation. This involvement can be realized through various inclusive mechanisms, such as open public consultations, constructive discussion forums, or the submission of aspirations through effective channels. With meaningful community participation, it is expected that the Regional Revenue and Expenditure Budget will become more responsive to the real requirements and priorities of the community while increasing a sense of ownership and support for regional development programs being carried out.

Implementation in the management of the Regional Revenue and Expenditure Budget refers to concrete actions and methods applied to realize the principles of good governance in the practice of regional budget management. The term implementation itself refers to actions taken by individuals, officials, or government or private groups aimed at achieving the goals

outlined in policy decisions (Abdul Wahab, 2016). Lester and Stewart (Winarno, 2012) state that policy implementation is broadly viewed as an administrative legal tool where various actors, organizations, procedures, and techniques work together to carry out policies to achieve desired impacts or goals.

Some important implementation methods include the transparent and accountable preparation of the Regional Revenue and Expenditure Budget, active community involvement in the entire process of Regional Revenue and Expenditure Budget management, and continuous efforts to enhance the capacity of local governments in managing the Regional Revenue and Expenditure Budget effectively and efficiently. Successful implementation will bring significant benefits in the form of increased transparency, stronger accountability, more meaningful community participation, and higher effectiveness and efficiency in the overall management of the Regional Revenue and Expenditure Budget (Maryanti et al., 2025).

Challenges in implementing good governance principles in the management of the Regional Revenue and Expenditure Budget are various obstacles or impediments that local governments may face in their efforts to realize good governance. Some common key challenges include the limited capacity of local governments, both in terms of human resource quality and suboptimal financial management systems, the lack of transparency and accountability in daily budget management practices, and the suboptimal active participation of the community in budget-related decision-making processes. Overcoming these challenges requires comprehensive strategies and strong commitment from all levels of local government (Saferi & Sari, 2024).

To address various challenges in implementing good governance in the management of the Regional Revenue and Expenditure Budget, local governments can take targeted strategic steps. These steps include enhancing the capacity of local government officials through training programs, continuous education, and the development of more modern and integrated financial management systems. In addition, efforts to increase transparency and accountability can be made through the widespread and easily accessible publication of Regional Revenue and Expenditure Budget information, the establishment of clear and responsive reporting mechanisms, and strict law enforcement against any indications of budget deviations. Finally, increased community participation can be achieved through the establishment of representative consultation forums, effective socialization of budget policies, and the provision of easily accessible and actionable complaint mechanisms.

Local governments hold a central role and primary responsibility in implementing good governance principles in the management of the Regional Revenue and Expenditure Budget. As trustees of regional financial management, local governments must ensure that every stage of Regional Revenue and Expenditure Budget management is carried out by upholding the values of transparency, accountability, community participation, effectiveness, and efficiency. This requires a strong commitment from all levels of local government to create open, accountable, participatory, and results-oriented systems and mechanisms for managing the Regional Revenue and Expenditure Budget for the optimal welfare of all regional citizens.

One important aspect that is often not optimal is transparency. Although regulations have mandated the openness of information related to the Regional Revenue and Expenditure Budget, its implementation in various regions is still diverse. The public often finds it difficult to access detailed and easily understandable information regarding budget planning, implementation, and accountability. The budget preparation process sometimes lacks significant public participation, so community aspirations and needs are not fully accommodated. As a result, public trust in regional financial management can erode.

Furthermore, the principle of accountability is also a highlight. Accountability for budget utilization does not always run effectively. Regional financial reports are sometimes less detailed or submitted late, making it difficult to comprehensively evaluate the performance of local governments. Oversight mechanisms, both internal and external, need to be strengthened

so that budget deviations can be prevented and firmly acted upon. A lack of accountability can open loopholes for practices of corruption, collusion, and nepotism that harm regional finances and public interests.

The aspects of efficiency and effectiveness in the management of the Regional Revenue and Expenditure Budget also remain a challenge. Budget allocation sometimes does not fully align with the actual regional development priorities. Programs and activities funded often lack measurable impacts on improving community welfare. There is potential for inefficiency in the procurement of goods and services, as well as budget waste for less productive activities. In-depth research is needed to identify factors that hinder the efficiency and effectiveness of Regional Revenue and Expenditure Budget management.

Moreover, the principle of inclusive participation has not been fully realized in the Regional Revenue and Expenditure Budget management cycle. The involvement of civil society, non-governmental organizations, and other stakeholders is often still limited to formal forums that provide little room for substantial input. However, active and constructive participation can improve the quality of budget planning and ensure that policies taken are in line with the real needs of the community.

Given the various challenges in implementing good governance principles in the management of the Regional Revenue and Expenditure Budget currently, research has become highly relevant and important. This research aims to identify the root causes, analyze the impact of these discrepancies on regional development and community welfare, and formulate concrete and implementable policy recommendations. Thus, the research results are expected to contribute to improving regional financial governance that is more transparent, accountable, efficient, effective, and participatory, for the realization of sustainable and equitable regional development.

The research problem of this study explicitly highlights how the management of the Regional Revenue and Expenditure Budget of West Java Province in the years 2023-2024, within the framework of good governance, impacts the quality of public services experienced by the community. This research aims to analyze the gap between the public's expectations for responsive, inclusive, and community development-oriented public services and their perceptions of the services received. Specifically, this study will evaluate the implementation of good governance principles in the management of the Regional Revenue and Expenditure Budget and identify the dimensions of service quality through tangibles, reliability, responsiveness, assurance, and empathy that most significantly influence the gap between public expectations and perceptions of public services in West Java Province.

2. LITERATURE REVIEW

Based on the research findings, it is revealed that the oversight function of the Regional People's Representative Council in Kuningan Regency has not been optimal in supporting good government governance. This is evidenced by the regional financial crisis in 2023 with delayed payments of the Regional Revenue and Expenditure Budget reaching Rp 490 billion, primarily due to weaknesses in the management of Regional Original Revenue. Through a qualitative descriptive approach, this study indicates that the lack of effectiveness in the oversight by the Regional People's Representative Council leads to budgetary inefficiencies, necessitating an increase in the oversight capacity of the Regional People's Representative Council to more effectively identify and address financial problems, to achieve transparency and accountability in the use of public funds by the principles of regional autonomy and good governance (Rifa'i et al., 2024).

Subsequent research findings show that the implementation of a performance-based Regional Revenue and Expenditure Budget by the Ministry of Home Affairs Regulation Number 21 of 2011 has indicated positive changes in regional financial governance. This is

evident from the mandatory consideration of budgeting principles such as transparency, accountability, discipline, fairness, effectiveness, and efficiency, as well as a focus on achieving results and productivity. This shift towards a performance-based Regional Revenue and Expenditure Budget has proven to have an impact on improving the quality of social services and productivity, while also encouraging an increase in institutional performance, as seen in the Secretariat of the Regional Indonesian Broadcasting Commission (Handoko et al., 2023).

The development pattern of the effectiveness of the Kuningan Regency Regional Revenue and Expenditure Budget management for the 2021-2023 period tends to be stable and is classified as "Effective" with an average value of 93.53% from the quantitative aspect, although the qualitative aspect shows fluctuations and regional independence is still lacking, and there were payment delays in 2022 and 2023. However, the management capability is still "Less Efficient" with an average value of 99.81%, mainly due to the low contribution of Regional Original Revenue (an average of 12.54%) compared to transfer revenues, even though overall revenue realization is quite optimal and human resources and infrastructure are already quite good. To increase effectiveness and efficiency, the Kuningan Regency Government is advised to maximize the potential of Regional Original Revenue through intensification (more active and stringent collection) and *extensification* (adding tax/retribution objects/subjects), as well as new developments such as the construction of markets, terminals, and tourist attractions (Sudiana et al., 2024).

Based on the value-for-money analysis of the revenue and expenditure budget management of the Bantaeng Regency Government for the years 2020-2022, it can be concluded that the overall financial performance was at a good level, with an average achievement above 90% for the aspects of economy, efficiency, and effectiveness. Nevertheless, there is still room for improvement, particularly in maximizing the potential of regional revenue, especially locally-generated revenue, to increase the revenue and expenditure ratio and overall optimize the financial performance of the Bantaeng Regency Government by enhancing the value for money in all three aspects (Mahendra et al., 2023).

Research on regional financial policy in Lumajang Regency indicates that efforts to increase Locally-Generated Revenue, influenced by central government policies and implemented top-down through digitalization, tariff adjustments, active collection, cooperation, and improved tax management, still face significant challenges. The contribution of locally generated Revenue remains low at only 16% of the Regional Revenue and Expenditure Budget, leading to a continued high dependence on transfer funds. Therefore, the optimization of regional taxes, increased production and business capacity, improved tax administration, and enhanced quality of public services are key to sustainably increasing locally-generated Revenue in line with the principles of good governance and regional fiscal independence (Kusharyanti et al., 2025)

Optimizing the allocation of the regional government budget is a crucial responsibility of local governments in realizing development and improving public welfare through efficient and effective budgetary instruments. However, challenges such as uneven allocation, a lack of understanding of excellent service, low technological literacy, and minimal policy support hinder the optimization and implementation of e-government, which impacts the efficiency of public services and public satisfaction. To overcome this, it is necessary to enhance understanding, technological literacy, and strong commitment from public officials so that budget allocation can support digital transformation and the comprehensive implementation of e-government (Firdaus et al., 2024).

Collectively, these various research findings highlight the dynamics of regional financial management and the implementation of good governance principles, which hold significant relevance to research on Regional Revenue and Expenditure Budget Management and Good Governance in West Java Province. The regional financial crisis resulting from weak oversight

by the Regional People's Representative Council and suboptimal management of Locally-Generated Revenue, as experienced in one regency, underscores the importance of an effective oversight function in maintaining accountability and preventing budget inefficiency. This becomes a crucial concern in the context of governance at the provincial level, where strong oversight mechanisms from the West Java Provincial Regional People's Representative Council serve as the foundation for ensuring transparent and responsible budget management in the public interest.

The implementation of a performance-based Regional Revenue and Expenditure Budget, which has proven to bring positive changes in regional financial governance by emphasizing sound budgeting principles and the achievement of results, provides an important perspective for West Java Province. Research at the regency level showing the positive impact of this approach on the quality of social services and institutional performance can serve as a relevant case study. West Java Province can learn from the successes and challenges of implementing performance-based Regional Revenue and Expenditure Budgets at the regency level to optimize its budget management to improve the overall quality of public services.

Regarding the optimization of Locally-Generated Revenue, dependence on transfer funds, as well as obstacles in the implementation of e-government and equitable budget allocation, as revealed in several studies, are highly relevant to the context in West Java Province. Efforts to enhance fiscal independence through the optimization of Locally-Generated Revenue, administrative improvements, and the enhancement of public service quality, as well as strategies to overcome obstacles in digital transformation and e-government implementation, are important issues that need further analysis in research at the provincial level. By understanding the challenges and potential solutions at the regency level, research on Regional Revenue and Expenditure Budget Management and Good Governance in West Java Province can provide more comprehensive recommendations for improving public services.

3. RESEARCH METHODS

This research applies the literature review method; as stated by (Creswell, 2014), a literature review is a qualitative approach that focuses on the collection and analysis of various existing written documents and visual materials. The essence of this method lies in the researcher's effort to deeply explore, synthesize, and interpret accumulated knowledge related to the chosen research topic. In the context of research on regional revenue and expenditure budgets and good governance, the application of a literature review allows researchers to trace various relevant theories, key concepts, findings from previous studies, and closely related laws and regulations.

The advantage of the literature review method offers a significant advantage by enabling a comprehensive and holistic understanding of good governance principles within the management of Regional Revenue and Expenditure Budgets. This approach circumvents the need for direct primary data collection, allowing researchers to efficiently tap into a wealth of existing documented information. By analyzing patterns, trends, contradictions, and knowledge gaps within this body of work, research can be strategically focused, optimizing both time and resource allocation for an in-depth examination of readily available insights.

Following Creswell's systematic framework, the data analysis process begins with the crucial identification and selection of pertinent literature. This necessitates a meticulous search across diverse sources, including scholarly articles, books, research reports, policy documents, and relevant legal frameworks concerning Regional Revenue and Expenditure Budgets and good governance. Establishing clear inclusion and exclusion criteria is paramount to ensure the chosen literature is both relevant and of high quality. Subsequently, the researcher undertakes abstraction, summarizing key findings and arguments from each source, followed by synthesis, where similar ideas are grouped to identify central themes and relational patterns. The final

stage involves interpretation and evaluation, connecting synthesized ideas to uncover knowledge gaps and formulate new perspectives, culminating in an argumentative narrative supported by thorough citations.

The literature selection criteria for this research will focus on studies that explicitly discuss the management of the Regional Revenue and Expenditure Budget within the context of regional autonomy and the principles of good governance. Relevant literature will include research analyzing the implementation of the principles of transparency, accountability, public participation, efficiency, and effectiveness in the management cycle of the Regional Revenue and Expenditure Budget.

Furthermore, studies examining the relationship between the management of the Regional Revenue and Expenditure Budget and the quality of public services, challenges in the implementation of good governance at the regional level, as well as efforts to overcome these challenges, will also be prioritized. Research that specifically highlights aspects of oversight by the Regional People's Representative Council, the implementation of performance-based budgeting, and efforts to increase Locally-Generated Revenue will be considered in the literature selection as well. Literature study materials based on both national and international documents and journals published from 2022 to 2025 will be included.

The thematic analysis process will be conducted inductively and deductively. After the selected literature is collected, the initial step will be to conduct in-depth reading to identify core ideas and emerging patterns related to the management of the Regional Revenue and Expenditure Budget and good governance. Initial codes will be created based on key concepts found in the literature, such as budget transparency, financial accountability, public participation in planning, efficiency of budget allocation, and effectiveness of public services. These codes will then be grouped into broader themes relevant to the research focus, namely the impact of Regional Revenue and Expenditure Budget management within the framework of good governance on the quality of public services in West Java Province. Further analysis will be conducted to understand the relationships between themes, identify gaps or contradictions in the literature, and formulate a synthesis that will be used to support the primary data analysis in this research.

4. RESULTS AND DISCUSSION

Regional Revenue and Expenditure Budget and Good Governance

The management of the Regional Revenue and Expenditure Budget is a complex and continuous cycle, starting from thorough planning based on regional needs and priorities. This process involves identifying potential regional revenue, whether from tax sources, levies, or transfers from the central government. Subsequently, measurable and efficient expenditure allocations are prepared for various development programs and activities, public services, and government administration. The involvement of various parties, from the regional government, the Regional House of Representatives (DPRD), to the community, is important in ensuring a responsive and accountable Regional Revenue and Expenditure Budget.

The next stage is the implementation of the Regional Revenue and Expenditure Budget, where the approved budget is put into action through various activities and projects. The effectiveness of implementation heavily relies on budget discipline, transparency in goods and services procurement, and strict oversight. Regular monitoring and evaluation are necessary to identify potential deviations, measure program performance, and make corrections if needed. Thus, regional development goals can be achieved optimally and effectively.

Accountability for the implementation of the Regional Revenue and Expenditure Budget is a crucial pillar in the regional financial management cycle. Regional governments are obliged to prepare comprehensive and accountable financial reports, which are then audited by an independent audit body. The results of this audit serve as a basis for evaluating regional

financial performance and simultaneously provide information to the public regarding the management of regional funds. Transparency in the presentation of financial reports and audit results builds public trust in the regional government.

Overall, good management of the Regional Revenue and Expenditure Budget is the solution to successful regional development and improved community welfare. This requires synergy between participatory planning, efficient and transparent implementation, and accountable oversight and accountability. With responsible management of the Regional Revenue and Expenditure Budget, regions can optimally utilize their resources to achieve established development goals.

Moving on to the concept of Good Governance, this refers to the practice of government administration that is clean, effective, transparent, and accountable, while upholding the rule of law, public participation, and human rights protection. The core of good governance is the creation of responsible government administration oriented towards public interest. This involves participatory decision-making mechanisms, efficient and effective resource management, and clear public accountability.

One of the main pillars of good governance is transparency, which means the openness of information regarding policies, decision-making processes, and the use of public funds. With transparency, the public can monitor government performance and prevent practices of corruption, collusion, and nepotism. Furthermore, active public participation in the policy formulation process and oversight of its implementation is essential to ensure that the policies produced align with public needs and aspirations.

Accountability is another important aspect of good governance. The government must be responsible for every decision and action taken, and provide clear accountability to the community and representative institutions. Effective oversight mechanisms, both internal and external, are needed to ensure that the government acts by laws and regulations and the principles of good governance. By implementing the principles of good governance, it is hoped that a credible government will be created, responsive to community needs, and capable of creating a favorable environment for sustainable development and improved welfare. Good governance is not only the responsibility of the government, but also requires the support and active participation of all elements of society, including civil society organizations, media, and the private sector.

The Relationship between Regional Revenue and Expenditure Budget Management and Good Governance

Local governments play a vital role in driving the dynamics of national development. The primary attention of the central government, legislative bodies at both the central and regional levels, as well as the wider community, is focused on how local governments manage their Regional Revenue and Expenditure Budget. The Regional Revenue and Expenditure Budget is not merely a financial record but a key instrument that determines the direction and pace of development at the local level and serves as a benchmark for the success of local governments in realizing the welfare of the communities they serve.

The ability of local governments to optimize the potential of their regional resources is a crucial foundation for increasing regional revenue. This increase in revenue then becomes the main capital strategically allocated to finance various development programs and community welfare initiatives. Targeted policies and effective implementation will ensure that the wheels of government run efficiently, providing an even positive impact for all levels of society at the regional level.

The compilation of Government Financial Statistics for Regencies/Cities throughout Indonesia has an undeniable urgency. This comprehensive data serves as an accurate map, illustrating the real potential and financial condition of each region. With this data, policy formulation by various parties, ranging from the local governments themselves, and the central

government, to various other stakeholders, can become more focused, relevant, and by the unique characteristics of each area.

Regional financial management is one of the fundamental pillars in the administration of government at the regional level. This aspect is normatively regulated through various Government Regulations that serve as the legal basis for every financial management action. The regional financial management cycle begins with careful planning in the preparation of the Regional Revenue and Expenditure Budget, continues to the implementation and realization of the budget in the field, and finally the accountability stage for the use of public funds.

Table 1. Value and Growth of Regional Government Expenditure of Provinces and Regencies/Cities throughout West Java 2023 - 2024

Details	Realization 2023		Regional Budget 2024	
	Billion Rp.	Growth (%)	Billion Rp.	Growth (%)
I. Employee Expenditure	47.622,88	-1,64	57.510,05	8,65
- Province	6.244,16	-6,40	8.359,14	15,40
- Regencies/Cities in West Java	41.378,72	-0,88	49.150,91	7,58
II. Goods and Services Expenditure	43.547,87	-4,33	48.917,72	7,52
- Province	4.793,67	-30,38	7.013,85	0,37
- Regencies/Cities in West Java	38.754,20	0,31	41.903,87	8,82
III. Capital Expenditure	16.984,70	-5,38	17.564,22	4,28
- Province	1.630,43	-31,54	2.150,93	-15,52
- Regencies/Cities in West Java	15.354,27	-1,37	15.413,29	7,81
IV. Other Expenditures	45.881,47	-7,53	57.110,02	11,97
- Province	14.657,37	-12,26	19.261,24	12,29
- Regencies/Cities in West Java	31.224,10	-5,13	37.848,78	11,81
Total	154.036,92	-4,62	181.102,01	8,92
- Province	27.325,63	-16,29	36.785,16	8,41
- Regencies/Cities in West Java	126.711,29	-1,67	144.316,85	9,05

Source: West Java Province, 2025

The provided data offers a comprehensive look into the regional government expenditure of provinces and regencies/cities across West Java for 2023 (realization) and 2024 (budget). Analyzing these figures through the lens of Regional Revenue and Expenditure Budget Management and Good Governance principles reveals significant trends and implications for financial accountability, transparency, and public service delivery.

The overall trend indicates a substantial increase in planned expenditure from 2023 to 2024, with total regional government expenditure projected to grow by 8.92%, from Rp 154,036.92 billion to Rp 181,102.01 billion. This upward revision in the budget suggests an optimistic outlook for economic activity and a greater allocation of resources towards public services and development initiatives in the coming year.

Delving into the specifics, Employee Expenditure, a critical component of regional budgets, is slated for a notable increase of 8.65% in 2024, reaching Rp 57,510.05 billion, despite a slight contraction in 2023. This growth, particularly the substantial 15.40% increase for the Province, indicates a potential expansion in the regional government's workforce or an adjustment in personnel remuneration. From a good governance perspective, this necessitates robust human resource management and performance evaluation systems to ensure efficiency and prevent unnecessary bureaucratic bloat.

Goods and Services Expenditure, essential for the day-to-day operations of government, also shows a projected growth of 7.52% in 2024, reaching Rp 48,917.72 billion. However, the significant 30.38% decrease in this category for the Province in 2023 is striking, raising questions about operational scaling back or efficiency gains. The subsequent modest growth of 0.37% for the Province in 2024 suggests a more conservative approach following the 2023

adjustments, while regencies/cities show a healthier 8.82% increase, indicating a potentially more stable operational environment at the local level.

Capital Expenditure, crucial for infrastructure development and long-term assets, is budgeted to rise by 4.28% in 2024 to Rp 17,564.22 billion, a positive sign for regional development. Nevertheless, the substantial decline of 31.54% for the Province in 2023, followed by a further projected decrease of 15.52% in 2024, warrants scrutiny. This trend could signify a shift in provincial development priorities, challenges in project implementation, or a greater reliance on central government funding for major infrastructure projects. In contrast, regencies/cities show a commendable 7.81% increase in capital expenditure, suggesting localized investment in public facilities and services.

The category of "Other Expenditures" exhibits the most significant growth, projected at 11.97% in 2024, reaching Rp 57,110.02 billion. The substantial decline in this category in 2023 for both provinces and regencies/cities (12.26% and 5.13% respectively) suggests a re-evaluation or reclassification of various expenditures. The sharp rebound in 2024, with both provincial and regency/city governments planning double-digit growth, implies new programs, increased transfer payments, or perhaps the inclusion of previously deferred expenses. Transparent reporting of these "Other Expenditures" is vital for accountability and public understanding of how these significant funds are being utilized.

From the perspective of good governance, the noticeable disparities in expenditure growth between the province and regencies/cities, particularly in Goods and Services and Capital Expenditure, highlight the need for effective inter-governmental coordination and a clear delineation of responsibilities. While the province seems to be undergoing significant adjustments in its spending patterns, regencies/cities appear to maintain a more consistent and robust growth trajectory in key areas of public service delivery.

The negative growth rates observed across almost all expenditure categories in 2023, particularly the substantial declines for the Province, necessitate a deeper investigation into the underlying causes. Factors such as budget absorption issues, delays in project execution, or unexpected revenue shortfalls could contribute to these contractions. Understanding these challenges is crucial for improving future budget planning and execution.

The overall budgeted increase in total expenditure for 2024 signals a strong commitment to economic recovery and public service improvement. However, this commitment must be matched by robust mechanisms for budget management, including effective planning, diligent implementation, and comprehensive monitoring and evaluation. The principles of good governance – transparency, accountability, participation, and efficiency – become paramount in ensuring that these increased expenditures translate into tangible benefits for the citizens of West Java.

Transparency in budget allocation and expenditure is a vital element of good governance. The detailed breakdown of expenditure categories, while helpful, needs to be complemented by easily accessible and understandable reports for the public. This includes providing explanations for significant shifts in spending patterns, especially the negative growth observed in 2023 and the substantial increases planned for 2024.

Accountability is another critical principle. With increased budgets, there is a greater onus on regional governments to demonstrate how public funds are being effectively utilized to achieve intended outcomes. This requires robust internal control systems, independent audits, and mechanisms for public feedback and grievance redressed. The performance of provincial and regency/city governments in managing these funds should be regularly assessed against predetermined targets and indicators.

Public participation in the budget process, from planning to oversight, can significantly enhance its legitimacy and effectiveness. Engaging citizens and civil society organizations in discussions about budget priorities and expenditure performance can lead to more informed decisions and greater public ownership of development initiatives. This is particularly relevant

given the significant allocations in areas like "Other Expenditures" which could encompass a wide range of programs.

Finally, efficiency in resource utilization is key to maximizing the impact of public spending. The data reveals fluctuations in spending across different categories and levels of government. Regional governments must strive to ensure that every rupiah spent contributes to the welfare of the community and the achievement of development goals. This involves optimizing processes, minimizing waste, and leveraging technology to improve service delivery.

The expenditure data for West Java's regional governments provides valuable insights into their financial strategies and priorities. The significant increase in the 2024 budget reflects an ambition for growth and improved public services. However, achieving good governance in budget management requires more than just increased spending. It demands an unwavering commitment to transparency, accountability, participation, and efficiency, ensuring that the financial resources are managed prudently and effectively for the sustainable development and well-being of the entire West Java region

5. CONCLUSION

In conclusion, the effective management of the Regional Revenue and Expenditure Budget by local governments is fundamental to driving national development and ensuring public welfare, as evidenced by the crucial role of optimizing regional resources and the necessity of comprehensive financial data for targeted policy formulation. While West Java experienced a downturn in regional and financing revenue in 2023, reflecting broader economic dynamics, the projected Regional Revenue and Expenditure Budget for 2024 offers a promising outlook for recovery and growth at both provincial and regency/city levels, underscoring the ongoing importance of sound financial management principles to realize this potential and positively impact communities.

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