

Analysis of Local Government Financial Statements as A Basis for Making National Economic Recovery Loan (PEN) Policies in the Jakarta Provincial Government

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Abstract. *This research was conducted to analyze local government financial statements as a basis for making decisions or policies on the use of Regional PEN Loans in the DKI Jakarta Provincial Government. Due to a decrease in revenue as a result of the covid-19 pandemic, the DKI Jakarta Provincial Government is looking for other sources of funding to finance development to meet public services. The data used include budget and realization of regional income and expenditure, as well as the value of Construction in Progress which is supported by qualitative information in Notes to Financial Statement. The research method uses descriptive qualitative by collecting data in the form of images, numbers, tables, and sentences, in the form of secondary data. The results of the study concluded that the information presented in the financial statements has an important role in assisting the policy making of the DKI Jakarta Provincial Government in applying for Regional PEN Loans and meeting the criteria as a loan recipient.*

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INTRODUCTION

In organizing good governance that supports the government to run with a good system, of course, there are a number of principles that must be implemented so that the implementation of good governance can take place as expected. One of the principles that plays an important role is accountability. Power holders are required to have a commitment to be honestly and ethically accountable for their actions in running a government.

The real practice of applying the principle of accountability is in line with the legal basis mandated in Law Number 17 of 2003 concerning State Finance and Law Number 1 of 2004 concerning State Treasury that in accountability for the State Budget (APBN)/Regional Budget (APBD), the Government prepares and presents financial reports in accordance with Government Accounting Standards (SAP) which are submitted to the Supreme Audit Agency (BPK) no later than 3 months after the end of the fiscal year (Din et al., 2022).

In addition to being a form of accountability for the implementation of the APBN / APBD, financial reports can also be used as a tool to measure the financial performance of the government during the reporting period and become the basis for making decisions or policies in managing economic resources efficiently and effectively (Zhang & Dilanchiev, 2022). One form of this includes the procurement of regional property, investments made by the government, making policies related to revenue optimization and collection of receivables, as well as policies for making regional loans (Indriani et al., 2024).

Regarding the policy to make regional loans, several things are taken into consideration, among others, the existence of funding limitations, limitations on the sustainability of SiLPA, the need for spending to fulfill high public services, and the level of urgency of these needs so that the government is looking for other sources of funding outside of the predetermined revenue target. In accordance with the case that wants to be raised in this article is the decision making of the DKI Jakarta Provincial Government in determining the Regional PEN Loan policy in 2020 and 2021, for infrastructure development based on information in the Regional Government Financial Statements (LKPD) (Hartanto, 2022).

The Covid-19 virus first entered Indonesia in March 2020, accounting for more than millions of Indonesians who were confirmed positive for Covid-19 and hundreds of thousands of people who became victims. The Covid-19 pandemic that year, in addition to having a major impact on the health sector, also had an impact on other sectors such as the economic sector which includes the trade sector, tourism, and the development sector. The Indonesian government at that time issued "Government Regulation (PP) Number 21 of 2020 concerning Large-Scale Social Restrictions (PSBB)" to limit the space for movement and activities in various regions in suppressing the spread of Covid-19 cases. On the other hand, according to article 6 of "Law (UU) Number 6 of 2019 concerning Health Quarantine", the central government and local governments are responsible for the availability of resources needed in the implementation of Health Quarantine, but the ownership of different resources in each local government causes not all local governments to be able to meet the needs of their people during PSBB (Al-Hamdi et al., 2022).

The impact of the implementation of PSBB also affected the increasing number of people who were not working due to layoffs. In addition to the increasing number of layoffs, there was a decrease in the level of household consumption which had an impact on Gross Domestic Product (GDP). Indonesia's economic growth that year also contracted by 5.32% in the second quarter compared to the previous quarter based on data published by BPS. Not only did this impact on the decline in purchasing power or public consumption, the development sector for infrastructure and public services experienced delays in work due to a contraction in regional income (Khamis et al., 2021).

The central government eventually established several fiscal policies to prevent a greater impact of the contraction in economic growth, including by refocusing and reallocating the budget (Syamsurijal et al., 2022). The relaxation of the state budget is also carried out by implementing state financial policies supported by the implementation of the National Economic Recovery (PEN) program to deal with the Covid-19 pandemic. To implement the PEN program, the government can make government investments through the provision of Regional PEN Loans provided to local governments through PT Sarana Multi Infrastruktur (SMI) which is a non-bank financial institution that provides infrastructure financing, provision of consulting services and project development of several institutions to accelerate infrastructure development in Indonesia (Permatasari et al., 2020; Endo et al., 2021).

DKI Jakarta is one of the cities whose population is most affected by Covid-19 cases. In 2020, more than 180,000 Covid cases were recorded, or more than 24% of the total national Covid cases based on data from the Directorate General of Disease Prevention and Control, Ministry of Health. The impact of the Covid-19 pandemic and the implementation of the PSBB also affected the level of open unemployment. Based on data from BPS (November 2020), the number of unemployed people in DKI Jakarta reached 175,890. BPS (August 2020) also stated that DKI Jakarta experienced a contraction in economic growth which reached 8.22% in the second quarter of 2020. When compared with the previous quarter which recorded growth of 5.06%, there was a quite significant decline.

On the other hand, there are still many public service activities that must be carried out if we refer to the budget value allocated in the 2020 APBD amounting to IDR 87,956,148,476,363.00 by DKI Jakarta Provincial Regulation Number 7 of 2019 concerning the 2020 Fiscal Year APBD.

This is one of the triggers for the DKI Jakarta Provincial Government to apply for a Regional PEN Loan to the central government through the Ministry of Finance. Based on the above background, the researchers want to conduct an analysis related to the Regional PEN Loan policy making by the DKI Jakarta Provincial Government for infrastructure development based on the LKPD of DKI Jakarta Province for Semester I of Fiscal Year 2020 and the Financial Statements for Semester II of Fiscal Year 2019.

METHODS

This research uses a qualitative method with a descriptive approach. According to Doyle et al. (2020), descriptive qualitative research aims to describe and illustrate existing phenomena, both natural and human engineering, with greater emphasis on characteristics, quality, and relationships between activities. Creswell & Creswell (2017) also states that there are important things to do such as collecting specific data from the subject, analyzing data starting from specific problems to general problems, and interpreting the meaning of the data. This research aims to descriptively describe the results of the analysis of financial statements as a basis for decision making related to financing infrastructure development activities with PEN loans in the DKI Jakarta Provincial Government. Regarding data collection techniques, researchers. Researchers used literature review techniques and documentation studies. The data collected for analysis are data related to the receipt of PEN loans in DKI Jakarta Province and the implementation of activities that use these loans.

Financial statements basically have benefits for users of financial statements as a consideration in decision making. It consists of several components, namely the Budget Realization Report (LRA), Balance Sheet, Cash Flow Statement (LAK), and Notes to Financial Statements (CALK). In general, financial statements aim to provide information about the financial position, budget realization, cash flow, and financial performance of a reporting entity that is useful for users of reports in making and evaluating decisions regarding the allocation of resources. Specifically, government financial statements aim to provide information that is useful in decision making and to demonstrate the reporting entity's accountability for the resources that have been entrusted to it: (1) Provides information about the position of economic resources, liabilities, and equity of government funds; (2) Provide information about changes in the position of economic resources, liabilities, and equity of government funds; (3) Provides information on the sources, allocation, and use of economic resources; (4) Provides information on the adherence of realization to its budget; (5) Provide information on how the reporting entity finances its activities and meets its cash needs; (6) Provide information about the government's potential to finance the implementation of government activities; (7) Provide useful information to evaluate the reporting entity's ability to fund its activities.

The preparation of Financial Statements has the objective of providing information that is useful in evaluating accountability and making economic, social, and political decisions. LKPD is useful for public managers, including the Regional Head, in making the right decisions. To ensure that the information in LKPD is useful as a basis for decision making, the information must meet the criteria of good quality, relevant, reliable, comparable, and easy to understand.

RESULTS AND DISCUSSION

The DKI Jakarta Provincial Budget in the second quarter of 2020 experienced a downturn due to the COVID-19 pandemic. Many economic activities are hampered which affects tax revenue which is the main source of DKI Jakarta's revenue. As a result, the DKI Jakarta Provincial Government must carry out budget refocusing and reallocation, namely budget reductions/cuts in various expenditure sectors, both direct and indirect expenditure.

DKI Jakarta's economic growth in 2020 contracted to minus 2.36% compared to 2019. The trend of the economic growth rate from 2010 to 2020 shows a downward trend as shown in the graph and in 2020 is the lowest growth in the last 10 years.



Figure 1. Economic Growth Rate

Source: Central Bureau of Statistics, 2021.

Based on the Budget Realization Report as of 30 June 2020 or the end of the second quarter of 2020, there was a decrease in revenue from the previous year and the achievement of realization which was still far from the revenue target set due to the impact caused by the increase in Covid-19 cases. The decrease in revenue realization of the DKI Jakarta Provincial APBD was due to a decrease in economic and business activities as a result of the pandemic. The decline in revenue realization was directly proportional to the realization of the expenditure budget which also decreased from the previous year by 20.41%, reaching Rp19.89 trillion or 18.44% of the budgeted ceiling of Rp80.45 trillion. Various efforts have been made by the government in dealing with the impact of COVID-19, and currently, the DKI Jakarta Provincial Government is focusing on the budget for handling COVID-19 and handling its impact on the economic sector.

Table 1. Budget and Realization of DKI Jakarta Province Revenue as of June 30, 2020 and 2019

No	DESCRIPTION	2020 Budget	Realization as of 30 June 2020 (Reviewed)	(%)	Realization as of June 30, 2019 (Reviewed)
1	REVENUE				
2	LOCAL REVENUE				
3	Local Tax Revenue	50.170.000.000.000	11.514.523.828.245	22,95	14.212.862.646.718
4	Regional Retribution Revenue	755.755.000.000	285.256.972.504	37,74	256.316.016.793
5	Revenue from Management of Separated Regional Assets	750.000.000.000	341.090.724.632	45,48	288.529.443.218
6	Other Local Revenue	5.885.407.309.490	2.043.457.189.145	34,72	2.132.025.348.025
7	Total Local Revenue (3 to 6)	57.561.162.309.490	14.184.328.714.526	24,64	16.889.733.454.754
8	TRANSFER REVENUE				
9	CENTRAL GOVERNMENT TRANSFERS - BALANCING FUNDS				
10	Tax Revenue Sharing Fund	18.272.311.931.060	7.801.234.247.974	42,69	6.459.260.308.500
11	Natural Resources Revenue Sharing Fund	115.521.337.813	40.268.010.779	34,86	29.909.067.600
12	Special Allocation Fund	3.323.383.284.000	1.822.511.928.794	54,84	1.391.217.360.726
13	Total Balance Fund Transfer Revenue (10 to 12)	21.711.216.552.873	9.664.014.187.547	44,51	7.880.386.736.826
14	CENTRAL GOVERNMENT TRANSFERS - OTHER				
15	Adjustment Fund	62.617.114.000	34.076.778.000	4,42	28.589.154.000
16	Total Other Transfer Revenue (15 to 15)	62.617.114.000	34.076.778.000	54,42	28.589.154.000
17	Total Transfer Revenue (13 + 16)	21.773.833.666.873	9.698.090.965.547	44,54	7.908.975.890.826
18	OTHER AUTHORIZED REVENUE				
19	Grant Revenue	2.953.911.000.000	3.180.000.000	0,11	228.436.824.300
20	Total Other Revenue (19 to 19)	2.953.911.000.000	3.180.000.000	0,11	228.436.824.300
21	TOTAL REVENUE (7 + 17 + 20)	82.288.906.976.363	23.885.599.680.073	29,03	25.027.146.169.880

Source: LKPD of DKI Jakarta Provincial Government as of June 30, 2020

Based on the details of the revenue table above, it can be seen that the percentage of revenue realization that did not reach the target was greatest in Local Revenue. Until the end of the second quarter of 2020, total Local Revenue only reached 24.64% with the lowest target achievement being in local tax revenue with target realization reaching 22.95%. The decline in taxes occurred

in several types of taxes, especially from Hotel Tax and Restaurant Tax. The decline was due to the number of tax objects that closed their business either temporarily or permanently, as well as the reduced number of tourists which affected the hotel occupancy rate continuously. The decline also occurred in Rural and Urban Land and Building Tax (PBB-P2) due to tax objects that were unable to pay due to the impact of Covid-19.

Table 2. Budget and Expenditure Realization of DKI Jakarta Province as of June 30, 2020 and 2019

No.	Description	2020 Budget	Realization as of 30 June 2020 (Reviewed)	(%)	Realization as of June 30, 2019 (Reviewed)
22	OPERATING EXPENDITURE				
23	Personnel Expenditure	24.190.774.633.490	8.578.573.973.415	35,46	10.380.100.937.440
24	Goods and Services Expenditure	23.772.747.321.142	6.741.594.140.649	28,36	8.287.234.073.680
25	Interest Expenditure	76.000.000.000	31.562.920.403	41,53	29.120.375.007
26	Subsidy Expenditure	579.192.320.807	1.156.745.546.017	20,73	551.963.195.500
27	Grant Expenditure	2.575.054.083.320	736.921.661.920	28,62	1.295.629.496.433
28	Social Assistance Expenditure	4.805.798.650.000	1.144.675.380.000	23,82	2.312.090.130.000
29	Expenditure due to loss of exchange rate difference in the management of BUD's account	-	5.758.645.070	~	-
30	Total Operating Expenditure (23 to 29)	60.999.567.008.759	18.395.832.267.474	30,16	22.856.138.208.060
31	CAPITAL EXPENDITURE				
32	Land Expenditure	3.456.796.112.491	-	0,00	676.805.183.000
33	Equipment and Machinery Expenditure	2.421.904.276.995	121.337.787.270	5,01	631.746.033.788
nol 34	Building and Construction Expenditure	4.395.717.898.917	176.293.617.606	4,01	74.529.077.678
35	Road, Irrigation and Network Expenditure	5.369.060.653.785	159.808.765.326	2,98	56.758.035.130
36	Other Fixed Assets Expenditure	443.129.364.831	15.735.885.057	3,55	97.670.744.625
37	Other Asset Expenditure	-	-	~	-
38	Total Capital Expenditure (32 to 37)	16.086.608.307.019	473.176.055.259	2,94	1.537.509.074.221
39	UNEXPECTED EXPENDITURE				
40	Unexpected Expenditure	2.897.264.053.765	1.339.476.933.288	46,23	243.883.800
41	Total Unexpected Expenditure (40)	2.897.264.053.765	1.339.476.933.288	46,23	243.883.800
42	Total Expenditure (30 + 38 + 40)	79.983.439.369.543	20.208.485.256.021	25,27	24.393.891.166.081

Source: LKPD of DKI Jakarta Provincial Government as of June 30, 2020

The impact of the decline in revenue certainly affects the amount of expenditure incurred by the DKI Jakarta Provincial Government. Based on the Financial Statement data as of June 30, 2020, as described in the table above, the expenditure with the largest percentage of unabsorbed budget comes from capital expenditure. Until the end of the second quarter of 2020, the realization of land capital expenditure was reported to be nil and no capital expenditure other than land was absorbed close to 10% of the total capital expenditure budget. When compared to the realization of expenditure at the end of the second quarter of 2020, the overall realization of expenditure decreased by 17.16% with the largest decrease being in capital expenditure which decreased by 69.22%. The low realization of capital expenditure will pose a risk of not fulfilling infrastructure needs for public services.

The projection of macro fiscal capacity calculation for 2020-2030 is also influenced by the impact of declining regional revenue. By using the calculation of historical trend predictions for the last five years (2015-2019), the value of DKI Jakarta Provincial Government PAD is expected to increase by 5% each year to finance programs and or activities that become strategic issues, including the development of flood control infrastructure, transportation infrastructure, and waste management infrastructure. The increase in Local Revenue can occur with the assumption of economic growth of 4% and inflation of 3%. In 2030, the APBD needs are estimated to reach Rp130.51 trillion, but due to the COVID-19 pandemic, the fiscal capacity is not expected to be

sufficiently met for the next 10 years.

In addition to the prediction that the DKI Jakarta Provincial Government's APBD will not be able to meet the needs for the next 10 years, the flood disaster that hit DKI Jakarta Province in early 2020 is also a consideration for taking the PEN loan option. According to data from the National Disaster Management Agency (BNPB) reported by various media, the impact of the flood disaster at that time caused losses of up to hundreds of billions of rupiah. These losses affected business actors and the community due to the paralysis of business activities and damaged infrastructure in various regions. The PEN loan obtained will be used to finance several programs and activities aimed at improving the economy and providing a regional economic multiplier effect so that it plays a role in improving the regional economy which will encourage national economic recovery.

Based on Government Regulation Number 23 of 2020 concerning the Implementation of the National Economic Recovery Program in the Context of Supporting State Financial Policies for Handling the 2019 Corona Virus Disease (Covid-19) Pandemic and/or Facing Threats that Endanger the National Economy and / or Financial System Stability and National Economic Rescue, the National Economic Recovery Program, hereinafter referred to as the PEN Program, is a series of activities for national economic recovery which are part of state financial policies implemented by the government to accelerate the handling of the 2019 Corona Virus Disease (Covid-9) pandemic and/or face threats that endanger the national economy and/or financial system stability and national economic rescue.

In addition to handling the health crisis, the government also runs the PEN program as a response to the decline in community activity which has an impact on the economy, especially the informal sector or MSMEs. The DKI Jakarta Provincial Government received a loan of IDR 2,664,083,583,739 in 2020 and IDR 7,267,635,570,093 in 2021. The budget will be used to finance infrastructure development that is constrained by funds, especially in the flood control sector, drinking water services, waste management, transportation, tourism, and sports. The loan is made for eight years with a grace period of two years from the first loan disbursement. The interest rate provided is zero percent for Regional PEN Loans and the interest rate set by the Minister of Finance for Loans in Support of the PEN Program. The central government through PT SMI determines the administrative costs that must be paid, namely in the form of a loan management fee paid annually and a provision fee paid only once at the beginning of the loan receipt.

Based on the Regulation of the Minister of Finance of the Republic of Indonesia Number PMK 105 / PMK.07 / 2020 concerning Management of National Economic Recovery Loans for Regional Governments", along with the latest amendment with "PMK No. 43 / PMK.07 / 2021 concerning the Second Amendment to PMK No. 105 / PMK.07 / 2020 concerning Management of Regional PEN Loans", PEN loans can be provided as long as the local government meets the following 4 criteria: (1) Are areas affected by the Covid-19 pandemic; (2) Programs and/or activities support the PEN program; (3) The total loan received cannot exceed 75% of the total regional revenue of the previous year when added with the remaining loan; (4) Meet a ratio of at least 2.5 percent to measure the local government's ability to repay loans.

One of the criteria that is a requirement for loan approval is the ability of the local government to fulfill all obligations, both long-term and short-term obligations, in this case, it can be calculated using the *Debt Service Coverage Ratio* (DSCR). DSCR can be calculated using the following formula.

$$\text{DSCR} = \frac{\text{PAD} + \text{DAU} + (\text{DBH} - \text{DBH DR}) - \text{BW}}{\text{Loan Principal} + \text{Loan Interest} + \text{Other Costs}}$$

Description:

PAD = Local Revenue

DAU = General Allocation Fund

DBH = Revenue Sharing Fund

BW = Mandatory Expenditures, i.e. unavoidable expenditures such as personnel expenditures

Based on the data in the Audited LKPD of the DKI Jakarta Provincial Government as of December 31, 2019, and December 31, 2018, the ratio value is 238.58% and 472.26% respectively, indicating that the DKI Jakarta Provincial Government has the ability to repay long-term loans. Other requirements besides the fulfillment of the DSCR ratio, the DKI Jakarta Provincial Government is required to have programs or activities that have a multiplier effect on the regional and national economy. There are several things can be used as criteria, among others, the activity cost budget, the level of urgency, as well as the commitment of the DKI Jakarta Provincial Government to completing the work that has been done in the previous year. From priority activities and the budget set, the budget for public works and spatial planning is included in the top 5 largest budgets. The programs are the Road and Bridge Construction/Improvement Program and the Flood and Abrasion Control Program which have an expenditure budget of Rp5,577,567,429,929 in 2020. In addition to requiring a large amount of money, the flood disaster in early 2020 was also taken into consideration to prevent repeated disasters in the following year. Infrastructure development is a priority because it is one of the main supports for the running of economic life.

Based on Deed of Agreement Number 24 dated September 24, 2020, and Amendment I to Deed of Agreement Number: PERJ-181/SMI 1220, Deed of Agreement Number 8 dated April 12, 2021 with Amendment to Agreement Number PERJ-239B/SMI/1221 dated December 20, 2020, and Deed of Agreement Number 85 dated September 23, 2021, there are 7 activities financed by Regional PEN Loans without the imposition of interest and the imposition of interest at 5.66% which is given an interest subsidy of 2.59% by the Ministry of Finance for Loans in the Context of Supporting the PEN Program. 5 of them are activities carried out by the Regional Work Unit (SKPD) in the form of SKPD expenditure, while 2 activities are proposed in the form of Regional Capital Participation (PMD) to BUMD, namely to PT Jakarta Propertindo as a BUMD that organizes infrastructure development. A more detailed explanation will be outlined in the following table.

Table 3. Details of PEN Loan Activities

No.	Activities	SKPD/BUMD	Regional PEN Loan for Fiscal Year 2020	Regional PEN Loan for Fiscal Year 2021	Loan in Support of PEN Program for Fiscal Year 2021
1	Flood Control Infrastructure Improvement	Department of Water Resource Management	711.421.299.715	2.840.433.114.045	
2	Infrastructure Improvement Drinking Water Service Improvement	Department of Water Resource Management	12.320.572.237	56.784.547.380	
3	Improvement of Waste Management Infrastructure in DKI Jakarta Province	Department of Environment	85.001.410.016		371.879.000.000
4	Transportation Infrastructure Improvement	Department of Highways	473.340.301.171	62.985.831.748	
5	Tourism Infrastructure Improvement, Culture	PT Jakarta Propertindo	200.000.000.000		1.243.121.000.000

6	Sports Infrastructure Improvement	PT Jakarta Propertindo	1.182.000.000.000		2.460.000.000.000
7	Development and Management of Smart Province and Smart City Ecosystems (Digital Transformation)	Department of Communication, Informatics and Statistics		232.432.076.920	
Total			2.664.083.583.739	3.192.635.570.093	4.075.000.000.000

It can be seen in Table 3 that the Flood Control Infrastructure Improvement and Sports Infrastructure Improvement activities are the activities that received the largest allocation from the PEN Loan. As previously explained, in addition to budget factors and needs with a high level of urgency, the fulfillment of obligations for work that has been carried out in the previous year, especially work with a multiyear implementation scheme, is also a consideration. This is due to the commitment of the DKI Jakarta Provincial Government in completing work that provides great services to the public. If the work is stopped due to insufficient funding, it will cause greater losses, including disruption to the community for work that is not completed, third party claims if payments are not made as done, and a minimum loss of the amount paid. In this case, the information in the Balance Sheet of the Audited LKPD of the DKI Jakarta Provincial Government as of December 31, 2019, can assist the government in choosing the intended activity because the work that has not been completed at the end of 2019 and continued in 2020 is presented as Construction in Progress assets.

CONCLUSION

From the analysis of the LKPD of the DKI Jakarta Provincial Government above, several things are considered by the DKI Jakarta Provincial Government in proposing a Regional PEN Loan, namely: (1) Until the end of the second quarter of 2020, the total revenue realization received only reached 29.03% of the set revenue target with the lowest percentage of revenue realization that reached the target was in Regional Original Revenue, which was 24.64%. Of the 4 types of revenue that are part of Regional Original Revenue, local tax revenue was only realized at 22.95% of the revenue target. Due to revenues that do not meet the target, it is predicted that the DKI Jakarta Provincial Government APBD will not be able to meet spending needs for the next 10 years; (2) Assuming economic growth of 4% and inflation of 3%, the APBD needs are predicted to reach Rp130.51 Trillion in 2030, but with Covid-19 and revenues that do not meet the target, fiscal capacity is predicted to be unable to meet the APBD needs for the next 10 years; (3) The impact of the decline in revenue affects the amount of expenditure incurred by the DKI Jakarta Provincial Government. The realization of expenditure at the end of the second quarter of 2020, overall, the realization of expenditure decreased by 17.16% The low realization of capital expenditure will pose a risk of not fulfilling infrastructure needs for public services; (4) The fulfillment of urgent infrastructure needs is due to the flood disaster that hit DKI Jakarta Province in early 2020. One of the floods was caused by high rainfall where the available infrastructure is no longer able to control flooding. If infrastructure development for flood control is delayed, it will have an even greater impact due to the risk of repeated disasters in the coming year; (5) The high value of work that has not been completed by the end of 2019 and continued in the following year using a *multi-year* scheme. If there is a delay in the continuation of infrastructure development that supports public services, the risk of losses incurred will be greater; (6) In applying for a Regional PEN Loan, the local government must meet the criteria, one of which looks at the ability of the local government to repay long-term loans. If the DSCR calculation is carried out based on data from the 2019 and 2018 Financial Statements - Audited, a ratio of 238.58% and 472.26% is obtained, indicating that the DKI Jakarta Provincial Government is eligible to get the loan.

From the points explained above, it can also be concluded that the financial information presented in LKPD has an important role in assisting the policy making of the DKI Jakarta Provincial Government in proposing Regional PEN Loans. Not only about quantitative financial

information, but also equipped with qualitative information presented in Notes to Financial Statement. Judging from the presentation of the LRA which provides feedback on the realization of revenue achievements that decreased in 2020 due to the covid-19 pandemic. This information helps correct financial performance as well as in planning strategies for optimization. In addition, there is a predictive value that can help in allocating financing such as loan receipts and loan installment payments.

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