

Legal Reform Government Finance in the Management in Indonesia

Dewi Asttuty Mochtar

Professor, Lecturer in business law, Master of Law Program Postgraduate
Merdeka University Malang, East Java, Indonesia

ABSTRACT

In the perspective of regulation, some basic things that needs attention is that the policy principles of financial balance, the basic local government funding, the source of local revenue, local revenue, the fund balance, miscellaneous revenue, borrowing, financial management in the context of decentralization, deconcentration funds, support funds, financial information systems area, as well as transitional provisions, must obtain a more serious concern. On the application of the dimensions of the Financial Balance between the Government and the Regional Government is a subsystem of the State Treasury as a consequence of the division of tasks between the Government and Local Government showed inconsistencies with the provision of financial resources of the state to the regional government in the implementation of decentralization. It is certainly a negative impact, because it is only based on the transfer of duty by the Government to the Local Government with regard stability and fiscal balance. Local finance should be managed in an orderly, obedient to laws and regulations, efficient, economical, effective, transparent and accountable with regard to fairness, decency, and the benefits to society.

Keywords: *State Financial Regulation, Relations Regional Center, Financial Decentralization*

Preliminary

As a country whose sovereignty of the people, by law, and to govern the country based on the constitution, the country's financial management system should be based on the provisions of the applicable legislation in accordance with the basic rules laid down in the Constitution of 1945. In order to meet constitutional obligations mandated by the Act of 1945 and as an effort to eliminate irregularities on state finances and to create a system of state financial management of sustainable (sustainable), professional, open, and responsible for the greatest prosperity of the people, according to the basic rules set out in Law OF Basic and general principles that apply universally in the administration of the state government since April 5, 2003 has been enacted Law No. 17 Year 2003 on State Finance.

Law on state finances is a milestone in the reform of state financial management in Indonesia, because it gives a fundamental change in the provision of state finances, starting from the definition and scope of state finances, the general principles of public finance management, the position of the President holds the management of state finances, delegation of authority from the President to the Finance Minister and the Minister / Head of Institution, the composition of state and local budgets, the provisions regarding the preparation and adoption of state and local budgets, regulation of financial relations between the central government and the central bank, local government and government/ international agencies, setting the financial relationship between the government and state enterprises, regional companies and private companies, and the governing body of public funds, as well as the determination of the form and the deadline for submission of reports accountability of the national and regional budgets, including the already anticipating changes in accounting standards in government in Indonesia, which refers to the development of accounting standards in environmental governance international.

In addition, pursuant to Article 29 of Law No. 17 of 2003, in the framework of the management and accountability of the State Treasury, including investment and wealth are separated, in APBN and APBD, enacted Law No. 1 of 2004 on State Treasury since January 14, 2004. In Act State Treasury is regulated scope and the general principles of the state treasury, the treasury official authority, the implementation of revenue and expenditure countries/ regions, the money management country / region, and accounts receivable management debt countries/ regions, investment and management of state property/ area, administration and accountability APBN / APBD, government internal control, settlement of losses countries/ regions, as well as the financial management of public service agencies.

The provisions stipulated in the Law of the State Treasury is also intended to strengthen the foundation of decentralization and regional autonomy. In the framework of the implementation of decentralization and regional autonomy, the regions are given broad authority and the necessary funds to hold the authority. Therefore, besides being a legal basis in the implementation of the reform of the management of the State Treasury at the central government level, the Act of State Treasury also serves to strengthen the foundation of decentralization and autonomy at the local government level, within the framework of the Unitary Republic of Indonesia.

In the provisions of Law No. 15 of 2004 among other regulates the scope of the examination, inspection

standards, the freedom and independence of the CPC in the implementation of inspection, access to inspectors to information, the authority to evaluate the internal control, the results of the examination and follow-up and the imposition of compensation the state, including criminal sanctions may either be addressed the parties examined and the examiner. This is used as a guide or a foundation for the CPC to examine the state financial management and accountability, either controlled or managed by the Central Government, Local Government, State / Region, as well as other entities that are related to state finances.

The existence of the regulation or legislation is the basis and guidelines for the management of state finances by the government, both central and local governments to be accountable to the people as principals. However, especially for financial management must be provided by the regional regulation and / or regulation Regional Head (Governor/ Regent/ Mayor) to be used as a basis for financial management at local government concerned.

Some old regulations were replaced legacy of the Dutch government, which are as follows.

1. Indische Comptabiliteitswet (ICW) 1925 Gazette N0. 448
2. Indies Bedrijvenwet (IBW) 419 1927 Jo Stbl. Stbl 1936 445
3. Reglement voor het Administratief Beheer (RAB) Stbl. 1933 381
4. Instruction en voor de verdure bepalingen the General Rekenkamer (IAR) Stbl. 1933 No.320.

In the era of reform regulations or laws enacted Dutch heritage is no longer, because it is no longer relevant to the development of today's system of government. Several Act (Act) that the are as follows.

1. Law No. 17/2003 on State Finances
2. Law No. 1/2004 on State Treasury
3. Law No. 15/2004 on Audit of Management and Accountability of State Finance.
4. Law 25/2004 on National Development Planning System, established by the government on October 5, 2004
5. No. 33/2004 on Financial Balance between Central and Local Government, set by the government on October 15, 2004.

In harmony with the enactment of the Act, the government also set out some regulations and ministerial decrees as guidance or technical implementation of these laws. Government regulation in the form of government regulation are as follows:

1. PP 20/2004 on the Government Work Plan;
2. PP 21/2004 on the Work Plan and Budget Department;
3. PP 24/2005 on the Government Accounting Standards;
4. PP 2/2006 on Debt Management;
5. PP 6/2006 of Inventory Management.

Financial Management

The role of the legislative authority in state finances is nothing new. Much of the literature that suggests that since the reign of the Dutch East Indies had started no legal regulation of state finances through Comptabiiteftswet Indies (hereinafter referred ICW). Relating to the arrangements regarding state finances, currently in Indonesia the applicable Act (Act) No. 17 Year 2003 on State Finance, Law 1 Year 2004 on State Treasury and Law 15 Year 2004 on Investigation, Management and Accountability of State Finance.

According Riawan Tjandra, a third of this Act is a continuation of the ICW ever amended by Law No. 9 1968 About the Treasury Indonesia (UPI). Riawan notice that outlines both the ICW and the UPI set three (3) main topics in the financial management of the state, namely: financial management aspects of the state, and the state treasury aspects of state financial control. In this paper about to be reviewed three of the Act, which regulates the state finances, of the scope and some of the things from the aspect of the State Administration Law (hereinafter referred to as HAN).

Coordination of Administration

Coordination in this case refers to what the Institute grip Adiministrasi State. It is said that the coordination within the government is essentially an attempt to combine (integrate), harmonizing and aligning the interests and activities are interrelated and all the movements, steps and time in order to achieve shared goals and objectives. No less important than that anyway that coordination in governance and development activities can be divided into:

- a. Coordination hierarchical (vertical) which is conducted by an official of the leadership in a government agency against officials (employees) or a subordinate agency. For example, Bureau Chief of the Head of the environment, the Director General of the Chief Directorate and so on.
- b. Functional coordination, carried out by an official or an agency of the officer or other institutions whose duties are related based on the principle of functionalization.

At this perspectif, can clarified that:

1. The horizontal functional coordination, carried out by an official or an official of the agency unit or units of

- other institutions of the same level.
2. Coordination functional diagonal, carried out by an official or an agency against officials or other agencies inferior but not subordinates.
 3. Coordination of functional territorial, carried out by an official leader or an institution against officials or other agencies that are in a region (territorial) certain where all the affairs that exist in the region (territorial) is the authority or responsibilities as a ruler or person in charge single.

From the definition set out in Law No. 17 Year 2003 on State Finance, it seems the notion put forward by Van der Kemp have in common is "all the rights that can be valued in money, including in the form of goods, which can be used have the state". Meanwhile, the scope set forth in this Act is widely, not limited to the state budget, as suggested both by Arifin Soeria Atmadja and Attamimi, namely "Budget plus".

With the source state administration authority, then associated with institutional authority, Chapter II regulates the Power Up State Financial Management, in particular in Article 6. Among them is said in paragraph (1) that the President as Head of State holds the power of state financial management as part of the power government.

The authority delegated to (a) the Minister of Finance, as manager of fiscal and representatives of the Government in the possession of state assets set aside; (b) Secretary / institutional leaders as Budget User / User Goods state ministries / institutions they lead; and (c) submitted to the governor / regent / mayor as the head of local government to manage the financial area and represent the local government in the area of wealth ownership are separated.

Of awarding authority by this Act to some state administrative positions, can be seen also the concept of source attribution of authority to the President. The authority of the President and then delegated to the naming of "delegated" to the Minister of Finance, Minister / Head of the institution, and the governor / regent / mayor as the head of the regional administration.

Perspective Law

In considerations this Act says that in the context of financial management and accountability required state legal rules governing the financial administration of the state treasury. Definition of treasury State itself, as specified in this Act is a state financial management and accountability, including investment and wealth are separated, in APBN and APBD.

The scope of financial management and accountability the state stipulated in this Law seems clearer detail than is contained in Law No. 17 Year 2003 on State Finance. The advantages mentioned in the Law on State Treasury is more firmly put on the budget and financial posts other countries.

In the implementation of decentralization, Article 5 stipulates that the Governor / Regent / Mayor as Head of Regional Administration is authorized to (1) establish a policy on the implementation of the budget; (2) establish and Treasurer's Budget User Proxy Acceptance and / or the Spending Treasurer; (3) where an official in charge of local revenue collection; (4) where an official in charge of debt management and accounts receivable areas; (5) where an official in charge of asset management area; and (6) where an official assigned to conduct testing on the bill and ordered payment. As elements of the local government, or the state administration at the local level.

The provisions of Article 6 provides that the head of the working units (SKPD) is a Budget User / User goods for the local work unit lead. SKPD head is authorized to (1) prepare a document for the implementation of the budget; (2) perform actions that result in the expenditure charged to the budget; (3) testing of the bill and ordered the payment; (4) carry out the collection of non-tax revenues; (5) managing the debt and receivables; (6) use of goods belonging to the region; (7) oversee the implementation of the budget; and (8) prepare and submit financial reports; of the local work unit lead.

In addition to position and authority of the State Administration mentioned above, also regulates the existence and authority of the General Treasurer / Regions, in Part Two of this chapter. Thus it appears that the source of authority in the use of state finances are in the framework of the state treasury, given attributive in Chapter II.

In Article 4 and Article 5 of this Act contained a hierarchical coordination process, which is associated with the authority of the Minister of the subordinate officials and the authority of the governor / mayor / regent against the officer or his subordinate agencies. Somewhat in contrast to Article 6, which contained a process of territorial functional coordination of the regional head of the SKPD leaders within their territory.

Next, that one of the consideration of the establishment of Law No. 15 of 2004 is that in order to support the successful implementation of state government, state finances must be managed in an orderly manner, abide by the laws and regulations, efficient, economical, effective, transparent, and accountable to the pay attention to fairness and propriety. Therefore we need a regulation relating to the examination of the management and financial responsibility of the state. In Article 1 paragraph 1 examination is defined as the process of problem identification, analysis, and evaluation were conducted in an independent, objective, and

professional standards-based inspection, to assess the truth, accuracy, credibility, and reliability of information on the management and financial responsibility of the state.

It is also not free from this law defines the State Financial Management as the overall activities of the country's financial management officer in accordance with the position and authority, which includes planning, implementation, monitoring, and accountability. Figures 7 also equip with a sense of the State Financial Responsibility is the obligation of the Government to carry out an orderly management of state finances, obey the laws and regulations, efficient, economical, effective, and transparent, taking into account the sense of justice and propriety.

Relating to the source of the authority of the state administration, it relates to the scope of the audit of the management and financial responsibility of the state and the institutions that implement them, General Explanation of this Act added a description of its own.

In connection with the audit function range, Asshiddiqie referenced by Riawan Tjandra also stated that the task of the CPC is now becoming increasingly widespread. There are three expansion that can be recorded by Riawan Tjandra.

First, the elaboration and examination of the implementation of the budget to the examination of the implementation of national and regional budgets and financial management and the country's wealth in a broad sense.

Second, the expansion in terms of the results of tests carried out not only be reported to the House of Representatives (DPR) at the central level but also to the Legislative Assembly of the Region (DPD) and the Regional Representatives Council (DPRD) provincial and regency / city in accordance with the level of respective authorities.

Third, the expansion also occurred against the institution or body / legal entity who becomes the object of investigation by the CPC, that and earlier confined to state institutions and / or government that is the subject of constitutional law and / or the subject of administrative law, extends also include the organ which is the subject of civil law such as regional companies, state enterprises, private enterprises or in which there is a wealth of the country.

In terms of the examination object, namely to finance the state, widely associated with defining the notion of state finances that includes nine (9) group understanding, the understanding of state property into the scope of authority of the BPK also undergoing expansion includes nine groups of understanding the wealth of the country. By setting to examine the management and financial responsibilities of the CPC obtained by this Act, the CPC have the authority attribution of Law Number 15 Year 2004 on Management and Responsibility of the State Treasury.

Conclusion

The new law which is reforming the country's financial arrangements ensure financial hubungan as a form of division of labor between the Government and Local Government. This arrangement further strengthen the implementation of decentralization based on the transfer of duty by the Government to the Local Government with regard stability and fiscal balance.

Substantively Keuanganani management reform aimed at an orderly management keuangana, obey the laws and regulations, efficient, economical, effective, transparent and accountable with regard to fairness, decency, and the benefits to society. Especially with regard to the funding in the framework of deconcentration conducted after the delegation of government authority through the state ministries / agencies to the governor as the government representative in the region, and funded by the government.

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