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The Supervisory Function of the Regional Representative Council (DPRD) in the Management of Regional Revenue and Expenditure Budgets (APBD) in Realizing Good Governance

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ABSTRACT

The budgetary function of the Regional Representative Council (DPRD) plays a very important role in the process of determining the Regional Revenue and Expenditure Budget (APBD) together with the Regional Head. In practice, this function often faces various obstacles, especially in the process of preparing the Regional Representative Council budget and managing it responsibly in accordance with applicable financial norms in a timely manner, and has become a venue for corruption. This study aims to analyze the DPRD's supervisory function over regional financial management in realizing good governance, as well as to examine the accountability of the DPRD as a user of the APBD budget. This study is a normative juridical study, using a legislative and conceptual approach. The results of the study show that the DPRD's oversight of financial management is carried out through three main stages, namely the planning, implementation, and accountability stages of the APBD. In addition, the DPRD's accountability in budget management must be guided by the provisions of laws and regulations, such as Law Number 17 of 2003 concerning State Finances and Law Number 23 of 2014 concerning Regional Government. Thus, the optimal supervisory and accountability functions of the DPRD are important instruments in realizing transparent and accountable regional government

INTRODUCTION

The budgetary function of the Regional Representative Council is a crucial function in the task of determining the regional revenue and expenditure budget (Gafar et al., 2024). The determination of the Regional Revenue and Expenditure Budget by the Regional Representative Council together with the Regional Head, as well as the determination of the Regional Revenue and Expenditure Budget, also stipulates the budget for the Regional Representative Council, which is managed by the Council Secretary and determined through regional regulations in accordance with Article (2) of Law No. I of 2004 concerning State Treasury, which states: "Regional regulations concerning the Regional Revenue and Expenditure Budget are the basis for the Regional Government to carry out regional revenue and expenditure." It must be acknowledged that this condition creates many obstacles, especially in the process of preparing the Regional Representative Council budget and managing it responsibly in accordance with applicable financial norms in a timely manner, and has become an arena for corruption (Rifa'i et al., 2024).

Research conducted by Mustakim et al. (2022) shows that the DPRD's oversight function regarding APBD management has not been effective. This is because the DPRD's oversight activities in the preparation of the APBD do not sufficiently consider the aspirations of the community, the implementation of the APBD is not fully supported by the adequate competence of DPRD members, and the APBD accountability process tends to contain elements of policy that benefit both the executive and legislative branches (Mustakim et al., 2022). This is in line with research conducted by Gafar et al. (2024), which states that DPRD oversight has not been fully carried out in accordance with the principle of checks and balances as mandated by legislation (Gafar et al., 2024).

This study aims to determine the supervisory function of financial management carried out by the Regional Representative Council in realizing good governance, and the accountability of the Regional Representative Council in financial management as users of the Regional Revenue and Expenditure Budget.

METHODS

The research method used in this study is a normative research method that uses various types of primary legal materials in the form of laws and regulations and secondary legal materials in the form of literature related to the function of financial management supervision. Johnny Ibrahim argues that normative legal research is a form of scientific research aimed at discovering the truth based on legal scientific logic reviewed from a normative perspective, or in the form of legal discovery tailored to a specific case (Ibrahim, 2007).

Types of Legal Materials

1. **Primary legal materials**

Primary legal materials are the main sources in normative legal research. In this research, primary legal materials include:

a. Legislation governing regional financial supervision and management, such as:

1) The 1945 Constitution of the Republic of Indonesia.
2) Law No. 15 of 2003 concerning State Financial Auditing and Management.
3) Law No. 17 of 2003 concerning State Finances;
4) Law No. I of 2004 concerning State Treasury;
5) Law No. 23 of 2014 concerning Regional Government.
6) Regulations of the Minister of Home Affairs and other relevant implementing regulations.

These primary legal materials are used to examine the positive legal norms that form the legal basis for the DPRD's supervisory function over regional financial management.

Secondary Legal Materials

Secondary legal materials are materials that provide explanations or comments on primary legal materials. In this study, secondary legal materials include:

a. Textbooks on state financial law and state administrative law,
b. Scientific articles, legal journals, research results, and
c. Expert opinions (doctrines) related to the supervisory function and principles of accountability in public financial management.

These secondary legal materials serve to provide a theoretical and conceptual perspective that supports the analysis of applicable legal provisions.

RESULTS AND DISCUSSION

The Function of Financial Management Oversight Performed by Regional Representative Councils in Realizing Good Governance

Based on Article 96 of Law No. 23 of 2014, the Regional Representative Council (DPRD) as one of the elements of regional government administration has an important role. According to Budiarjo and Ambong, the most important roles of the DPR or DPRD are:

1. Determining (policy) policies and drafting laws for them. The DPR or DPRD is given the right of initiative, the right to amend draft laws or draft regional regulations prepared by the government, and budgetary rights.
2. Controlling the executive body in the sense of ensuring that all executive actions are in accordance with established policies. To carry out these duties, the representative body is granted special control rights (Budiardjo, 1995).

The supervisory function, in this supervisory function, the DPRD is tasked with overseeing the running of regional government, in this case related to the implementation of regional legal products. Article 153 of Law No. 23 of 2014 states that this is manifested in the form of oversight of the implementation of regency/city regulations and regent/mayor regulations, the implementation of other laws and regulations related to the administration of regency/city government, and the implementation of follow-up actions on the results of financial statement audits by the Audit Board. In supervising the follow-up on the results of financial statement audits by the Audit Board, the regency/city DPRD is entitled to receive reports on the results of financial audits conducted by the Audit Board. Of the three functions of the DPRD, namely the legislative function, the budgetary function, and the supervisory function, the legislative function or the formulation of regional regulations is the main function because the other two functions are closely related to the legislative function. The implementation of the budgetary function, for example, is essentially the implementation of the legislative function, because the form of the Regional Budget (APBD) is compiled and formatted as a regional regulation, which begins with the submission of a draft law on the APBD (Mustakim et al., 2022).

Similarly, in terms of oversight, the oversight carried out is essentially political oversight that refers to regional regulations. The oversight carried out is oversight of the implementation of regional regulations and the regional budget. Therefore, this study focuses more on the legislative function. The position of the DPRD as mandated by Law Number 23 of 2014 implies that the regional head and the DPRD are truly equal and there is no domination of one over the other. The DPRD is placed within the regional government structure alongside the regional head, and the relationship between the regional head and the DPRD is subordinate in the sense that the DPRD has no bargaining position with regard to any policies issued by the regional head. Thus, during the New Order era, the DPRD existed merely as a rubber stamp to legalize every program and activity proposed by the regional head, let alone exercise control over the running of the regional government. After the collapse of the New Order regime, the DPRD was established as a regional legislative body with a strengthened role and function, especially its control function over the regional government.

Given the existence of regional representative councils (DPRD) in the era of regional autonomy, it is only fitting that the DPRD be able to perform its functions more optimally. One of the functions of the DPRD is oversight. The DPRD's oversight function over regional governments is very important to optimize. This is based on the fact that the DPRD's supervisory function over the regional government plays a very important role in realizing good governance in Indonesia, especially in the regions, because after all, the DPRD is a representative body of the people in the regions to convey their aspirations, and it is only fitting that the people also participate in supervising the running of the regional government, which is reflected in the implementation of the DPRD's supervisory function over the regional government (the executive as the policy implementer). The oversight conducted by the DPRD over local government is certainly a reflection of the implementation of checks and balances in the management of good governance in the regions (Rifa'i et al., 2024).

The position of the Regional Representative Council (DPRD) as representatives of the people before and after the amendment of the 1945 Constitution has indeed had a significant impact on the political development of our country. Before the 1945 Constitution was amended, the DPRD did not play a significant role in determining the direction of development policies in the regions. This was not without reason, as we can see from the authorities stipulated in the 1945 Constitution and the Law on Regional Government. Given these conditions, the DPRD was often labeled with the term 4D. However, this label and term disappeared along with the changes in the political landscape in our country. This was marked by the amendment of the 1945 Constitution, which also led to changes in the law on regional government and changes in the institutional position of the DPRD.

With these changes, the DPRD, as the regional representative council, has a strategic role alongside the regional head in determining and deciding the direction of regional development policies. From a theoretical perspective, this has been reinforced by theories of the rule of law and democracy, which essentially call for the limitation of power, which is the core and objective of oversight by the DPRD (Soekarwo, 2003). In the era of regional autonomy, the role of the DPRD has become increasingly important alongside the broad powers of the regional executive. In regional financial matters, the DPRD is involved in: (1) Establishing (joint approval) regional regulations into Regional Regulations on the Regional Budget (APBD). (2) Overseeing the regional government, including the implementation of regional financial management, including the implementation of the APBD (Djumhana, 2007).

The DPRD carries out its supervisory function in order to achieve good governance through three stages, namely supervision at the planning stage, supervision at the implementation stage, and supervision at the accountability stage.

1. Planning Stage Supervision

The planning stage is the first stage of oversight conducted by the Regional Representative Council (DPRD). At this stage, the regional government and the DPRD formulate the general policy direction of the APBD, beginning with gathering community aspirations, guided by the regional strategic plan and other planning documents established by the region, as well as the main points of national policy in the field of regional finance by the Minister of Home Affairs. Based on the general direction and policies of the APBD, the regional head formulates the strategic priorities of the APBD. In the formulation of the APBD, there are two processes: one that occurs in the executive branch and one that occurs in the legislative branch. The process that occurs in the executive branch of the APBD preparation is entirely in the hands of the regional secretary, who is responsible for coordinating all APBD preparation activities. Meanwhile, the routine expenditure process is prepared by the regional government's finance department, the revenue process is carried out by the Regional Revenue Service, and the development expenditure preparation process is prepared by the Regional Development Planning Agency (Bappeda). The APBD is the basis for regional financial management for a period of one year, from January 1 to December 31. In preparing the APBD draft, the regional head sets priorities and budget ceilings as the basis for preparing the plans and budgets of regional apparatus units, based on these priorities and budget ceilings, the heads of Regional Work Units (SKPD) use an approach based on work performance achieved. The work plan and budget of the Regional Work Unit (SKPD) are submitted to regional financial management officials as material for drafting the Regional Regulation on the APBD for the following year, and the Head of Regional Finance, who is authorized by the Regional Head to manage regional finances, has the task of formulating and implementing APBD management policies, managing accounting, and preparing regional financial reports in the context of APBD accountability (Azifi, 2022). In the preparation of the APBD, there is a process that occurs in the executive branch and a process that occurs in the legislative branch. The process that occurs in the executive branch of the APBD preparation is entirely in the hands of the regional secretary who is responsible for coordinating all APBD preparation activities. Meanwhile, the routine expenditure process is prepared by the regional government's finance department, the revenue process is carried out by the Regional Revenue Service, and the development expenditure preparation process is prepared by the Regional Development Planning Agency (Bappeda).

2. Supervision During Implementation

The DPRD exercises its supervisory function over the implementation of the APBD in several ways, including through the establishment of council organs, namely:

a. DPRD leadership
b. Commissions
c. Bamus
d. Baleg
e. Banggar
f. Honorary Council
g. Other organs deemed necessary and established by a plenary session.

3. Supervision of the Accountability Stage

The accountability report prepared by the executive is very important in order to determine whether the APBD is in line with what has been planned, as well as to measure the extent to which DPRD members are able to carry out the mandate given to them by voters to ensure the welfare of the people. Therefore, the DPRD supervises the executive. The APBD calculation report and APBD calculation memorandum are the local government's accountability for all APBD revenue and expenditure, which is essentially public funds. On the other hand, changes to the APBD, whether in the form of additions to the current budget, are also the responsibility of the local government and must first be approved by the DPRD. Approval and ratification of changes to the APBD are made through Regional Regulations (Abidin & Herawati, 2018). Similarly, approval and ratification of the APBD calculation by the DPRD are stipulated through Regional Regulations. Therefore, all types of accountability above are reported to the DPRD as public accountability.

Accountability of Regional Representative Councils in Financial Management as Users of Regional Revenue and Expenditure Budgets

Referring to all of the above explanations, which are related to the object of this study, it is clear that there is ambiguity in the legal norms regarding the accountability of regional representative councils in managing regional budgets. This can be seen in a number of laws and regulations governing state finances, such as:

1. Law No. 22 of 2003 concerning the Structure and Position of the MPR, DPR and DPRD
2. Law No. 1 of 2004 concerning State Treasury and Law No. 32 of 2004 concerning Regional Government
3. Law No. 17 of 2003 on State Finance,
4. Law No. 15 of 2003 on State Financial Audit and Management
5. Government Regulation No. 37 of 2006 concerning the Protocol and Financial Position of DPRD Leaders and Members, does not explicitly mention the accountability of the DPRD for financial management, so it is unclear who is responsible for the APBD funds used by the DPRD.

Following the Supreme Court's approval of the judicial review of Government Regulation No. 110 of 2000 concerning the Financial Position of Regional Representative Councils, the government has issued regulations governing the income of Regional Representative Councils almost every year. Successively, starting in 2004, the government enacted Government Regulation No. 24 of 2004 concerning the Protocol and Financial Status of DPRD Leaders and Members, which was then amended by Government Regulation No. 37 of 2005 and finally amended for the second time by Government Regulation No. 37 of 2006, which was suddenly enacted on November 14, 2006. As we know, Indonesia is a country governed by law, so any action in the administration of government must be based on law and must be legally accountable. Similarly, the DPRD has authority, but in terms of financial management, the DPRD should also be accountable for the funds used, which come from the people. Meanwhile, the current mechanism that we know of is that the DPRD budget is combined with the APBD, which is managed by the council secretary, and its accountability is still combined with the accountability of the APBD. This is intended to ensure that all legal actions are truly in accordance with the law, thereby reflecting legal certainty (Mangonto et al., 2023)

CONCLUSION

The function of financial management oversight carried out by the Regional Representative Council in realizing good governance is carried out in three stages of oversight, namely: Oversight of the planning stage of the Regional Revenue and Expenditure Budget, Oversight of the implementation stage of the Regional Revenue and Expenditure Budget, and Oversight of the accountability stage of the implementation of the Regional Revenue and Expenditure Budget. The Regional Representative Council is accountable for financial management as the user of the Regional Revenue and Expenditure Budget, which must comply with the laws and regulations governing state finances.

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