

The Urgency of the Transparency Principle in the Governor's Accountability to Regional Financial Management

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The principle of openness in organising regional government opens itself to the right of society to obtain true, honest, and non-discriminatory information about the implementation of regional governance, particularly the management of regional finances, while paying attention to the protection of personal rights, groups and secrets of the country. In fact, however, in the implementation of the governor's accountability to regional financial management, the basic application of transparency is unenforceable because of the ongoing negative relationship between the governor and the Regional People's Representative Council (DPRD). This certainly has meant the purpose of the implementation of regional government to build the welfare of the community can't be achieved. The purpose of this research is to know the urgency of the transparency principle to the governor's accountability in regional financial management. This research is a normative juridical study, with a descriptive-analytical approach. The results show that the governor's accountability to the management of regional finances has not fully implemented the principle of openness. This is because there is still a negative political compromise between the governor and the Regional People's Representative Council (DPRD). In conclusion, when the principle of transparency is not used in the governor's accountability to the management of regional finances, people's welfare will be difficult to achieve and certainly contradict the fifth precept of Pancasila.

Key words: *Principle of Transparency, Regional Financial Management.*

Introduction

One aspect of the implementation of regional government, is that the governor is given the authority to organise regional government, including the management of regional finances independently, also known as decentralised fiscal. To manage domestic affairs the costs must be managed independently by the regional government so that the administration of regional government can run effectively (Amiq, 2010).

Although the regional government is authorised in the management of its own regional finances, its implementation must be accompanied by accountability to the financial management of the region. Of course, responsibility for the financial management of the regional is with the regional head, and the regional head referred to in this writing is the governor, given that the accountability of the governor in the implementation of regional government is one form of democratic government.

As a manifestation of democratic governance, the governor's accountability to regional financial management must adhere to the principle of transparency. Transparency of governance is now a necessity that cannot be ignored anymore. The United Nation Development Program (UNDP) has made the aspect of transparency of government one of the important parts of the state needed to create good governance (Agoes, 2011).

The principle of openness in organising regional government is a principle that opens itself to the right of society to obtain true, honest, and non-discriminatory information about the implementation of regional governance, particularly the management of regional finances, while still paying attention to the protection of personal rights, groups and secrets of the country.

However, in the implementation of the governor's accountability to regional financial management, the basic application of transparency is unenforceable due to the ongoing negative relationship between the governor and the Regional People's Representative Council (DPRD). This certainly has meant the purpose of the implementation of regional government to build the welfare of the community can't be achieved.

Literature Review

Attitude of Accountability

Accountability can be differentiated in three limitations, namely: responsibility, accountability and liability. Responsibility is the prevailing responsibility between the subordinate and superiors. Liability indicates a legal responsibility or the responsibility of the

defendant, as is in the case of a court settlement, while the responsibility of the accountability is an accountability made by those who receive power or who have received authority for the benefit of those who give the power of the people (Atmosudirjo, 1987).

When talking about accountability, it is also one of the principles in the management of companies, as contained in the principles of good corporate governance (GCG). The term corporate governance was first introduced by the Cadbury Committee of England in 1922, who used the term in a report known as Cadbury Report.

The principles of good corporate governance are: (Team of National Committee on Governance Policy, 2006).

Transparency

The intention is to maintain objectivity in conducting business, the company must provide material and relevant information in a way that is easily accessible and understood by stakeholders. The company must take the initiative to disclose not only the problems required by the legislation, but also the important thing for decision making by shareholders, creditors and other stakeholders.

Accountability

The intention is that the company must be accountable for its performance in a transparent and reasonable manner. Therefore, the company must be managed properly, measurable and in accordance with the interests of the company by still taking into account the interests of shareholders and other stakeholders. Accountability is a prerequisite required to achieve continuous performance.

Responsibility

The intention is that the company must comply with statutory regulations and carry out responsibilities to the community and the environment so that it can maintain long-term business continuity and receive recognition as a good corporate citizen.

Independency

The intention is to launch the implementation of GCG principle; the company must be managed independently so that each organ of the company does not dominate one another and cannot be intervened upon by the other party.

Fairness

The intention is to carry out its activities, the company must always pay attention to the interests of shareholders and other stakeholders based on fairness and equality principles.

When associated with accountability, the governor's accountability to the regional financial management can be said to have a general purpose to: (Seokarwo, 2005).

1. Provide information used in the making of economic, social and political decisions, as well as proof of accountability and management;
2. Provide information used in evaluating managerial and organisational performance.

Based on the above, it can be concluded that the governor must account for the management of regional finances, because this accountability will provide information used in making economic, social and political decisions and also be used as a material to evaluate the performance of regional governments.

Research Methods

This research is normative legal research. Data from this research is secondary data consisting of (a) the primary legal material in the form of statutory regulations, (b) secondary legal material in the form of writings, either in the form of books or articles containing commentary or analysis relating to the subject matter, and (c) a tertiary legal material in the form of a dictionary. Data was collected using literature reviews and document analysis. Data was analysed using qualitative methods based on the logic of deductive thinking

Results and Discussion

The Urgency of the Transparency Principle in the Accountability of Governors to Regional Financial Management

With regard to the principle of transparency in regional financial management, the meaning of transparency in the implementation of regional government can be seen in two ways: as one of the manifestation of government accountability to the people, and as efforts to improve management and organisation of good governance and reduce the chances of corruption, collusion and nepotism (Audyta, 2013).

The transparency was built on the basis of free information flows, the entire process of government, institutions and information needs to be accessed by interested parties, and the available information must be adequate in order to be understood and monitored. A budget arranged by the executive is said to be transparent if it meets multiple criteria. These criteria

are: announcement of budget policy, availability of budget documents and them being easily accessible, the availability of a timely accountability report, the accommodation of the proposal of the people, and that there is a system of providing information to the public (Nasution, 2018).

The fundamental application of transparency in the accountability of regional financial management was to provide correct, honest and non-discriminatory opportunities for the community to know a variety of information about the regional financial management (Rosid, 2002). Therefore, transparency in the accountability of regional financial management was a guarantee of the opportunity for people to know who the decision makers issuing budget policies were. In the accountability of good regional financial management, the demands for transparency not only for the regional government but also in the legislature, considering the position of the Regional People's Representative Council (DPRD), was strong enough to supervise the management of regional finances. In each activity the Regional People's Representative Council (DPRD) must be more transparent to the community. Therefore, some things that need to be considered for the transparency of the management of regional finance from the Regional People's Representative Council (DPRD) perspective are (Kaloh, 2007):

- a. The Regional People's Representative Council (DPRD) meetings are open to the public in order that they be informed about the agenda and schedule.
- b. Decisions created by the Regional People's Representative Council (DPRD) are published and socialised to the public.

The transparency of accountability of regional financial management in relation to regional government should give attention to the following: (Syarifin, 2005)

- a. Publication and socialisation of regional government policy in the implementation of regional government.
- b. Publication and socialisation of regulations issued by the regional government on the various licensing and procedures.
- c. Publication and socialisation of the procedures and governance of the regional government.
- d. Transparency in supply and tender or contract of regional government projects to third parties.
- e. The opportunity to access honest, correct and non-discriminatory information from the regional government in the implementation of regional government.

Regional government law confirms the government's obligation to account for regional financial management in the form of a Statement of Accountability, both annual and five yearly reports, and is obliged to convey the realisation of the budget per semester to the

Regional People's Representative Council (DPRD). The scope of accountability is the realm of the Regional People's Representative Council (DPRD), a regional legislative institution that often lacks public access; even the accountability document was regarded as the state's secret. This is contrary to the basic principles of regional financial management that puts forward three important principles: transparency of budget management, accountability and fairness.

In this case, the author believes the accountability of regional financial management should be open for public consumption. The regional government was elected directly by the people, with no intention to intervene in the rights and authority of the Regional People's Representative Council (DPRD) as a regional legislative institution. Therefore, because the nature of accountability for the regional financial management is in the context of democratisation and regional autonomy, and intended to realise a good governance management, the aspect of accountability of regional financial management by the Regional Government should be for public consumption.

Furthermore, in relation to the accountability of regional financial management in relation to the principle of transparency, there are several things needing consideration when giving accountability to the community for the allocation of funds. These are that every budget process must be done transparently, and be easily accessible by the community, and be easy to understand by society (Wiratma, Djadijono and Legowo, 2007).

According to Regulation of the Minister of Domestic Affairs No. 26 of 2006 about the Guidelines on the Formulation of Regional Budget and Expenditure, it was difficult to measure the amount of money that was of substance to the community: there was no classification of public expenditure and expenditure. The spending allocation in budget program plans requires a clear classification of how large the substance is for the community in comparison with employees. Clarity of this information will be a reference in conducting control of implementation and accountability.

In addition to the post revenue and expenditure, the post financing was a post often loosed from public watch. Revenue and expenditure posts in financing were relatively more prone to misuse because they were not directly related to society. This was worse with the passive financial reporting system, where the public must be active in seeking data and information to obtain material evidence. Legal sanctions that refused to give information also do not exist (Bake, 2000).

The Implications of Social Welfare for Society

As stated earlier, from the reform turmoil based on a new paradigm of thinking – democratisation in all areas of the nation's life based on the principle of social justice – the desire to revise and democratise the Government in the region became increasingly prominent. The balance between the need for power and authority of the central government in the area on the one hand, and the need for improvement of the welfare of the regional community through democratic government on the other, was increasingly the focus of attention and policy that emphasises the principles of decentralisation, democracy, equality and justice, and attention to the potential and diversity of the area (Lubis, 2000).

Therefore, from the perspective of the relationship structure of the government institutional and political implications of the authority of the government affairs, there was a divergence or division of affairs. This state of divided affairs fell into the authority of any government structure. The underlying philosophy that required the division or the fulfillment of government affairs happened because the state territory was too wide to be administered by the central Government alone, therefore it was necessary to decentralise with the formation of autonomous regions and a division of affairs. In addition to the division of work between various governmental arrangements, the division can create synergy between institutions, efficiency and effectiveness of services and community participation, so that peace, order and the welfare of society can be achieved.

If the accountability of the governor in the implementation of regional Government is not fully implemented, then efforts to realise the values of *Pancasila* as the main part of the philosophical paradigm, especially the fifth precept, cannot be realised automatically. This is in spite of it being known that the general purpose of the implementation of regional autonomy was to increase justice for the community, and philosophically it corresponds to the fifth precept of *Pancasila*, which reads, "Social justice for all Indonesians". The meaning of social justice is the justice that applies in the society in the spheres of life both material and spiritual. That is, justice is not only for the rich but also for the poor, not only for the leader but also for the people who are led (Kansil, 2010).

As the first virtue of the social institution, social ideals and justice are in the nation's most tangible and state-of-the-life desires in everyday life. Therefore, justice, especially the principles of social justice, must be understood as the most tangible evidence that the state has to truly embody the values of the almighty Godhead, the fair and civilised humanity, the unity of Indonesia, and of a people led by wisdom in consultation / representation. The first precept and the foremost one is the almighty deity that illuminates the second, third, fourth, and fifth precepts. But the most obvious precept that is perceived by the community is not the fifth precept, of social justice for all the people of Indonesia (Asshiddiqie, 2018).

Therefore, the policy on the accountability of regional financial management should try to close the gap between the political elite and the community. In relation to the fifth precept of *Pancasila*, the implementation of regional government, especially related to the management of the district finance, must then contain values of justice, among these others:

- a. The manifestation of social justice in social or civic life encompasses the whole community in the region.
- b. Fairness in social life primarily covers areas of ideology, politics, economics, cultural, and regional security defences.
- c. The ideals of a fair society, prosperous, material and spiritual, which are evenly distributed for all the people of the region.
- d. Balance between rights and obligations, and respect for the rights of others.
- e. Love for progress and development of the area.

Conclusion

In the management of regional finance, the principle of transparency will create a horizontal accountability between the regional government and the community, creating a clean, effective, efficient and accountable regional government responsive to the aspirations and interests of the community. Good performance management is the starting point of transparency. In order to achieve it, the government should properly handle its performance with regard to the two aspects of transparency, namely (1) public communication by the government, and (2) the right of community to access information. Transparency needs to be balanced as well with the need for agency confidentiality and information affecting individual privacy rights.

Thus, there should be a strengthening action for the principle of transparency through regional regulations that provide certainty at which stage the community can participate in the accountability of district financial management and understand its mechanics. Therefore, to realise the principle of transparency in the accountability of regional financial management, room for the community to participate must be given in two stages: in the planning and preparation phase of regional financial management accountability, and at the stage of the discussion on the accountability of regional financial management.

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