



The Position of the Financial Audit Agency in Examining Regional Financial Management and Responsibility of West Sumatra Province

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Abstract

State finances are the backbone of a nation's development and play an important role in its economic sustainability. The Financial Audit Agency (BPK), as an independent and autonomous audit institution, is responsible for overseeing financial management and accountability, including at the provincial level, such as in West Sumatra. However, practical challenges hinder its effectiveness. In 2021, the West Sumatra BPK identified twelve problems in the West Sumatra Provincial Government's financial report, involving an outstanding amount of Rp. 12,058,560,000 which has not been handled by officials. Although Article 20 of Law no. 15 of 2004 mandates officials to follow up on audit findings within 60 days. This failure has damaged public trust in the BPK. This research aims to evaluate the role of the BPK in auditing financial management in West Sumatra Province and to explore the implications of unaddressed audit findings for democracy in Indonesia. Through a normative juridical approach, this research analyzes regulatory law and relevant public perceptions of the BPK. The findings show that although the BPK plays an important role, difficulties in enforcing its audit recommendations weaken its authority and affect public trust in democratic governance.

INTRODUCTION

Background

State finances are the lifeblood of a country's development and really determine the continuity of the economy both now and in the future. Some experts are of the opinion that state finances include the management of the State Revenue and Expenditure Budget (APBN) and Regional Revenue and Expenditure Budget (APBD), also including the management of separate state assets and monetary policy.¹ This interpretation which interprets state finances in a broad sense was then strengthened by the Constitutional Court through Decision Number 48/PUU/XI/2013, namely in the case of reviewing Law Number 17 of 2003 concerning State Finances. This broad formulation of the definition of state finances is intended to safeguard state wealth which actually originates from people's money obtained through taxes, levies and non-tax state revenues, as well as to prevent regulatory gaps that result in state losses.² APBN and APBD are forms of state and regional financial management that are determined every year. In the implementation and management of the APBN and APBD budgets, there is a relationship of authority and state financial relations between the central government and regional governments described in Article 18A of the 1945 Constitution.

¹ Hengki Andorra, 2021, *Control and Management of Government Land Concepts and Dialectics in the Indonesian Legal System*, PT. RajaGrafindo Persada, Depok, p. 71.

² *Ibid.*, p. 76.

Management of state finances is regulated in the 1945 Constitution, namely, Chapter VIII consisting of Articles 23 to Article 23D is the starting point for legal regulation of state finances in Indonesia. These arrangements include planning for state financial management as outlined in a law concerning the state revenue and expenditure budget; taxes and other levies as a source of state income; state financial management; as well as the central bank. Article 23 paragraph (1), which explicitly states that the management of state finances is determined annually through law and is carried out openly and responsibly.

In line with the development of financial management needs, Law Number 1 of 2004 concerning State Treasury was formed. State Treasury is the management and accountability of state finances, including investments and separated assets, which are stipulated in the APBN and APBD. The treasury's functions primarily include good cash planning, preventing leaks and irregularities, finding the cheapest sources of financing and utilizing idle cash to increase the added value of financial resources.³ In carrying out the functions of the state treasury, a person or body is appointed who is given duties for and on behalf of the state/region, called the treasurer. In carrying out its functions, the treasurer is obliged to submit reports on the management and responsibility of state finances to an institution authorized to examine them, namely the Financial Audit Agency (BPK).

The BPK was founded on January 1 1947, its determination was based on Article 23 paragraph (5) of the 1945 Constitution. In carrying out its duties and obligations to examine the state's financial responsibilities, the BPK uses the *Indische Compatibele Wet (ICW)* and *Instructie en Verdere Bepalingen voor de Algemene Rekenkamer (IAR)*, namely statutory regulations for carrying out the duties of the Algemene Rekenkamer (BPK of the Dutch East Indies). After the reform, there was an amendment to the 1945 Constitution, which confirmed and strengthened the position of the BPK. In the results of this amendment, Article 23 E paragraph (1) states that to examine the management and responsibility for state finances, a free and independent Financial Audit Agency is established. The BPK as a free and independent institution is located in each provincial capital. As an external financial audit body for state financial management, the BPK has great authority to provide opinions on state financial management and accountability reports.

Audits carried out by the BPK are regulated in Law Number 15 of 2006 concerning the Financial Audit Agency. The BPK is tasked with examining the management and responsibility of state finances carried out by the central government, regional governments, other state institutions, Bank Indonesia, and State-Owned Enterprises (BUMN). Audits carried out by the BPK as regulated in Article 4 of Law Number 15 of 2004 concerning Audits of State Financial Management and Accountability consist of financial audits, performance audits and audits with specific objectives. The audits carried out by the BPK are not only financial audits that produce opinions on the fairness of financial statements. However, the BPK also carries out audits of government performance as well as audits with specific objectives. Later, the final results of the audit process carried out by the BPK will be stated in the audit results report as the BPK's decision. In carrying out its duties, the BPK discusses inspection findings with the objects being inspected in accordance with inspection standards. In this way, the authority of the BPK can be said to be very broad.

However, it turns out that in practice there are obstacles that hinder the function of the BPK. Problems arise when there is a misalignment between law and practice. The indiscipline of state officials in carrying out the mandate of the law makes the position of the BPK appear weakened, even though the BPK is a high-ranking state institution that is equivalent to the other three branches of power. The regulations governing the position of the BPK are no longer in

³ Moenek and Suwanda, 2019, *Good Governance Regional Financial Management*, PT. Rosdakarya Youth, Bandung, p. 103.

accordance with current Indonesian constitutional developments. There is evidence that confirms that the BPK's authority as regulated in law is no longer relevant, as is the case in West Sumatra Province.

In 2021, the West Sumatra Province BPK received 12 (twelve) findings regarding the results of audits of the finances and/or performance of the West Sumatra Provincial Government worth Rp. 12,058,560,000,- (twelve billion fifty eight million five hundred and sixty thousand rupiah) which consists of payment of honorarium expenditures not in accordance with regional unit price standards, the West Sumatra Province APBD for the 2021 Fiscal Year was determined late and there were budgeting errors regarding expenditure on goods and services, payments cost sharing of West Sumatra Sakato health insurance contributions not in accordance with the provisions, provision of food and drink for underprivileged students at the education office not in accordance with the provisions, excess payment for spending on goods and services, two building and construction work packages at the community development service, spatial planning and service creation education has not been subject to late fines, the management and administration of regional property belonging to West Sumatra province is inadequate, the administration of the West Sumatra provincial government's revolving funds is not orderly and revolving fund arrears are potentially uncollectible, and the value of capital participation of the West Sumatra provincial government is at five Village-Owned Enterprises (BUMD) are inaccurate.⁴ Of the 12 (twelve) findings, the BPK provided 37 (thirty seven) recommendations. However, all recommendations given by the BPK have not been followed up by the relevant officials. In fact, based on Article 20 of Law Number 15 of 2004 concerning Audits of State Financial Management and Responsibility, officials are obliged to follow up on recommendations in audit results reports, provide answers or explanations to the BPK regarding follow-up to recommendations in audit results reports, these answers or explanations are submitted to BPK no later than 60 days after the Audit Results Report is received.

The findings of the BPK for West Sumatra province prove that the follow-up to the findings and recommendations from the inspections carried out is still low. Often the results of BPK examinations have not been followed up by officials, and have even exceeded the deadline specified in law. This could have a boomerang effect on the BPK. Officials' indecisiveness in following up on audit results will have an impact on reducing public trust in the BPK. The public will assume that audit results tend to be non-objective and unreliable, giving the impression that the BPK is not transparent within its authority, especially matters relating to state secrets. In connection with this problem, the author is interested in conducting research, in this case the BPK as a state institution which carries out its duties as an examiner or correction of state finances. The author sees that the position, independence and integrity of the BPK need to be strengthened. So the author took the initiative to title this research "The Position of The Financial Audit Body in Examining Regional Financial Management and Responsibility of West Sumatra Province".

Formulation of the problem

Based on the background explanation above, this research formulates the problem with the following study:

- a. What is the Position of the Financial Audit Agency in Examining Regional Financial Management and Responsibility in West Sumatra Province?
- b. What are the implications of not following up on the findings of the Supreme Audit Agency by the relevant agencies/officials on the current development of democracy?

⁴ LHP Number 42/LHP/XVIII.PDG/05/2022 May 19, 2022.

RESEARCH METHODS

Research is basically a stage of searching for the truth. So you will be able to answer questions that arise about a research object. Research is the main means of developing knowledge because it is carried out systematically, methodologically and analytically to reach a conclusion.

To discuss the problems contained in this research, the author uses a normative juridical method, namely research carried out or aimed at written regulations, statutory regulations and other written legal materials.⁵ In this research, the researcher examines and analyzes "The Position of the Financial Audit Agency in Examining Regional Financial Management and Responsibility of West Sumatra Province" according to applicable laws and regulations.

Based on the objectives to be achieved in this research, the research carried out is descriptive analytical in nature. Analytical descriptive research means that the results of this research attempt to provide a comprehensive, in-depth picture of a situation or symptom being studied.⁶ In this study, the researcher wants to accurately describe "The Position of the Financial Audit Agency in Examining Regional Financial Management and Responsibility in West Sumatra Province".

The data used in this normative legal research is secondary data. Secondary data is data obtained by collecting documents through library researchers, mainly sourced from legal materials. In this research, the data used is data collected by other people.⁷ The data is in the form of:

- a. Primary legal materials, namely legal materials that are directly related to the legal position of the parties in the procedural law of the Constitutional Court
 - 1) The 1945 Constitution of the Republic of Indonesia;
 - 2) Law Number 17 of 2003 concerning State Finance;
 - 3) Law Number 1 of 2004 concerning State Treasury;
 - 4) Law Number 15 of 2004 concerning Examination of State Financial Management and Responsibility;
 - 5) Law Number 15 of 2006 concerning the Financial Audit Agency;
 - 6) Law Number 14 of 2008 concerning Openness of Public Information;
 - 7) Law Number 23 of 2014 concerning Regional Government;
 - 8) Government Regulation Number 24 of 2005 concerning Government Accounting Standards;
 - 9) Government Regulation Number 58 of 2005 concerning Regional Financial Management;
 - 10) Minister of Home Affairs Regulation Number 13 of 2006 concerning Guidelines for Regional Financial Management;
 - 11) Minister of Home Affairs Regulation Number 27 of 2013 concerning Guidelines for Preparing Regional Revenue and Expenditure Budgets for 2014.
- b. Secondary legal materials, namely materials that provide explanations and are closely related to primary materials that can help analyze and understand primary legal materials. These primary legal materials include: books, research results, trial minutes, legal journals or general journals, articles, teaching materials, theses, dissertations, papers, newspapers/magazines both printed and electronic, as well as others related to the object researched.⁸ Administrative Law Books and State Financial Law Books as well as Theses, Dissertations and Journals.

⁵ Bambang Sunggono, 2011, *Legal Research Methodology*, Rajawali Pers, Jakarta, p. 94.

⁶ Soerjono Soekanto, 1986, *Introduction to Legal Writing*, UI Press, Jakarta, p. 10.

⁷ Bambang Sunggono, *Op. Cit.*, p. 37

⁸ Soerjono Soekanto, 2015, *Introduction to Legal Research*, Print 3, UI-Press, Jakarta, p. 52.

c. Tertiary legal materials are legal materials that support primary and secondary legal materials, such as the Big Indonesian Dictionary, Legal English Dictionary (such as: Black's Law Dictionary), Popular Scientific Dictionary, Dictionary of Legal Terms, and other legal dictionaries, both in libraries and internet media.⁹

In this research, to obtain complete and comprehensive data in this research, the data collection technique was carried out using document study, namely the activity of studying, exploring, and quoting theories or concepts from a number of literature, including books, journals, magazines, newspapers, etc. or other written work that is relevant to the topic, focus or research variables.¹⁰ Documents collected in this research relate to the Position of the Financial Audit Agency in Examining Regional Financial Management and Responsibility in West Sumatra Province.

This legal research will use techniques or methods of processing and analyzing qualitative data. Analysis for qualitative data is carried out by analyzing the legal position of the West Sumatra Province Financial Audit Agency in its duties and authority, then the potential implications for democracy will also be analyzed if the findings from the Financial Audit Agency are not followed up. Furthermore, the data analyzed qualitatively will be explained in the form of a descriptive and systematic description by explaining the dynamics and development of the position of the Supreme Audit Agency. Data analysis activities will be carried out simultaneously with the data processing process, even from the start of data collection so that the legal research process will be faster and more effective.

DISCUSSION

The Position of the Financial Audit Agency in Examining Regional Financial Management and Responsibility of West Sumatra Province

Based on Article 23E paragraph (1) of the 1945 Constitution, the Financial Audit Agency (BPK) is an external institution that is free and independent in examining the management and responsibility of state finances. The affirmation of "free and independent" is one of the important changes in the amendment to the 1945 Constitution. The reason is, considering that the government before reform always tried to control the activities and space for the BPK, so that the BPK did not carry out its obligations as an auditor of state finances, the demand for reform now is to require the realization of state administration that is clean and free from Corruption, Collusion and Nepotism (KKN). Transparency and accountability of state finances are important prerequisites for upholding good governance, which is the main foundation for creating true political democracy.¹¹ Therefore, after the reform, the position of the BPK was strengthened so that it was on par with other high state institutions.

The BPK was formed based on Article 23 paragraph (5) of the 1945 Constitution, and based on the 1945 Constitution of the Republic of Indonesia, its separate regulations are regulated in Chapter VII A, in Articles 23E, 23F, and 23G.¹² In examining state finances, the BPK is not only located in the state capital, but also has representatives in every province. This is in accordance with the sound of Article 23G paragraph (1) of the 1945 Constitution, which reads; "The Financial Audit Agency is based in the nation's capital and has representatives in every province." Furthermore, it is contained in Article 3 of Law Number 15 of 2006

⁹ Ibid.

¹⁰ Widodo, 2017, Popular and Practical Research Methodologies, PT. Raja Grafindo Persada, Jakarta, p. 75.

¹¹ BPK, 2017, Getting to Know BPK Closer, Public Relations and International Cooperation Bureau of BPK RI, Jakarta, p. 19.

¹² Dessy Dwi Astuti and Nabitatus Sa'adah, 2019, "Delegation of BPK Authority to BPK Representatives in Regional Audits", Journal of Indonesian Legal Development, Vol. 1, No. 1, 2019, p. 53.

concerning the Financial Audit Agency (UU BPK). The formation of these representatives is determined by a BPK decision taking into account the state's financial capacity.¹³

Apart from that, regarding the position of the BPK, the duties and authority of the BPK are regulated in Chapter III of the BPK Law, namely its duties are regulated from Article 6 to Article 8, while its authority is regulated in Article 9 to Article 12. Referring to Article 6 paragraph (1) of the BPK Law, The BPK has the task of examining the management and responsibility of state finances carried out by the Central Government, Regional Government, other State Institutions, Bank Indonesia, BUMN, Public Service Agencies, BUMD, and other institutions or bodies that manage state finances. This means that the BPK is given direct attributive authority from the state to carry out inspections and audits of state finances which also include regional finances which are managed by regional governments autonomously. On this basis, the BPK can carry out financial audits in the regions.¹⁴

BPK audits include financial audits, performance audits and audits with specific objectives.¹⁵ One of the results of implementing the duties and authority of the BPK is the Audit Results Report (LHP). The audit results are the final result of the process of assessing the truth, compliance, accuracy, credibility and reliability of data/information regarding the management and responsibility of state finances which is carried out independently, objectively and professionally based on the Audit Standards outlined in the audit results report as a BPK decision.¹⁶ Determining the object of the audit, planning and carrying out the audit, determining the time and method of the audit, as well as preparing and presenting the audit report are carried out freely and independently by the BPK.¹⁷ In carrying out its audit function, the BPK will conduct discussions if there are audit findings with the objects being inspected in accordance with state financial standards. After that, the BPK will later submit the results of the examination to the DPR, DPD and DPRD in accordance with its authority. The examination results that have been submitted will be declared open to the public.

Previously, there was a difference between LHP for auditing government financial reports and LHP for auditing performance and LHP with specific objectives. According to Article 16 of Law Number 15 of 2004 concerning Examination of Management and Responsibility of State Finances, the LHP on government financial reports contains opinions. Meanwhile, the LHP on performance contains findings, conclusions and recommendations. LHP with specific objectives will contain conclusions. Meanwhile, what is meant by Opinions and Recommendations is:¹⁸

- a. Opinion is a professional statement as the examiner's conclusion regarding the level of fairness of the information presented in the financial statements;
- b. Recommendations are suggestions from the examiner based on the results of the inspection, which are addressed to the person and/or body authorized to take action and/or improvement.

In carrying out financial audits, the BPK not only provides opinions on financial reports, but also reports the results of audits of the internal control system and compliance with statutory regulations. Based on Law Number 15 of 2004, there are four types of opinions that can be given by auditors as a result of a financial audit, namely: Fair Without Exception (WTP), Fair With Exceptions (WDP), Unfair (TW), and No Opinion (TMP) .

¹³ Article 3 paragraph (3) of the BPK Law.

¹⁴ Muhammad Mutawalli, 2022, "Authority of the Financial Audit Agency in Carrying Out Examinations of Village Funds Sourced from the APBN", *Journal of Litigation*, Vol. 23, no. 1, April 2022, p. 67.

¹⁵ Article 6 paragraph (3) of the BPK Law.

¹⁶ Article 1 number 14 of the BPK Law.

¹⁷ Article 6 of Law Number 15 of 2004 concerning Examination of Management and Responsibility of State Finances.

¹⁸ Article 1 numbers 11 and 12 of Law Number 15 of 2004 concerning Examination of State Financial Management and Responsibility.

In connection with the context of examining the management and responsibility of regional finances in West Sumatra Province, of course the BPK has a position to do this. In government institutions, management and responsibility for state finances is carried out vertically, with responsibility from subordinates to superiors. According to Bagir Manan, the relationship between the Central and Regional Governments is a decentralized relationship in accordance with the 1945 Constitution.¹⁹ To fulfill the mandate of Article 23G paragraph (1) of the 1945 Constitution and Article 3 of the Law. No. 15, the BPK opened a Representative Office in West Sumatra Province. The West Sumatra Province Representative BPK (BPK Sumbar) has the task of examining the management and responsibility of regional finances by the West Sumatra Provincial Government, districts/cities in West Sumatra Province, BUMD and institutions related to environmental entities, including carrying out audits assigned by the Main Auditor of State Finance V (AKN V). The West Sumatra BPK is the implementing part of the duties and functions of AKN V, which is under and responsible to AKN V.²⁰ The 20 regional government entities examined by the West Sumatra BPK include:

- a. West Sumatra Province
- b. Dharmasraya Regency
- c. Fifty Cities District
- d. South Solok Regency
- e. West Pasaman Regency
- f. Pasaman Regency
- g. Bukittinggi City
- h. Padang Panjang City
- i. Agam Regency
- j. Padang City
- k. Pariaman City
- l. Tanah Datar Regency
- m. Padang Pariaman Regency
- n. Sawahlunto City
- o. Payakumbuh City
- p. South Coastal Regency
- q. Solok City
- r. Solok Regency
- s. Sijunjung Regency
- t. Mentawai Islands Regency

The West Sumatra BPK has the authority to carry out inspections of these 20 entities. However, unfortunately, as the author has explained in the background, it turns out that in 2021 the West Sumatra BPK received 12 findings regarding the results of financial and/or performance audits of the West Sumatra Provincial Government worth Rp. 12,058,560,000, - (twelve billion fifty eight million five hundred and sixty thousand rupiah). Of the 12 findings, the West Sumatra BPK provided 37 (thirty seven) recommendations. However, all the recommendations given by the BPK have not been followed up by the relevant officials until now.

Then in 2022, the West Sumatra BPK has monitored the updating of inspection result follow-up data (TLHP) for 20 entities twice, namely in Semester I on 10 June 2022 and Semester II on 8 December 2022. Based on data recapitulation from TLHP for Semester II 2022, the percentage of completion of follow-up recommendations for examination results

¹⁹ Steffi Zafia Furqan, Kurnia Warman, and Hengki Andora, 2023, "Reasons for some Regional Government Officials Not Following Up on Recommendations from the Audit Results of the West Sumatra Province Representative Audit Agency", *UNES Journal of Swara Justisia*, Vol. 7.No. 2, July 2023, p. 394.

²⁰ Boast. Mr. go. Ide, 2023, *West Sumatra Representative BPK Profile 2022*, West Sumatra BPK, Padang, p. 39.

reached 74.71%. The details are that 16,520 recommendations have been followed up, 4,866 recommendations are still in process, 730 recommendations have not been followed up, and 10 recommendations cannot be followed up for valid reasons.²¹

In fact, in Article 20 of Law no. 15 of 2004 states that officials are obliged to follow up on recommendations in inspection reports. Apart from that, officials are also required to provide answers or explanations to the BPK regarding follow-up actions to recommendations in the audit results report, no later than 60 days after the audit results report is received. If an official is found not to have carried out these obligations, he/she should be subject to administrative sanctions in accordance with the provisions of laws and regulations in the field of personnel.²² This problem also proves that the follow-up to the findings and recommendations from the audit carried out by the BPK is still relatively low.

Based on a literature study conducted by the author, there are challenges that hinder the performance of the BPK in its supervisory function, thus affecting the effectiveness of the audits faced by the BPK. In reality, the financial reports prepared by the BPK were not fully followed up by the institutions/agencies concerned, so that in the following year's financial reports there were still no changes to the notes made by the BPK.²³ In the findings and recommendations that have not been followed up, it turns out that the agencies examined by the BPK have reasons for this, namely that in following up on findings, such as findings of corruption or violations, it takes a relatively long time to handle them.

In West Sumatra, the reason why the 37 recommendations submitted by the BPK in 2021 in particular have not been followed up is because the recommendations are deemed not appropriate. Then the follow-up by West Sumatra Province regional government officials was not in accordance with the recommendations because the BPK action plan recommended the governor to instruct the heads of related agencies. The West Sumatra Provincial Inspectorate has issued a governor's order, but the BPK has asked for additional sanctions, while the inspectorate has given a written warning. OPD has also followed up on BPK's LHP, but there have been changes in the statement letter and there is still a lack of warrants and statements from the parties given the instructions. This complex situation means that these 37 recommendations are not yet appropriate. The status of not being suitable is also caused by the long verification process in the Follow-up Monitoring Information System (SIPTL), so that the follow-up documents that have been input by the West Sumatra Provincial Inspectorate are still waiting for a long time to complete the status because of this verification system.²⁴

Apart from the problems above, there are also other obstacles, namely reform in the field of management and responsibility of state finances, especially in terms of audits which are marked by changes to Article 23 of the 1945 Constitution which are not necessarily followed by strengthening the BPK institution regarding its authority. Currently, the BPK has not been able to carry out its constitutional duties optimally. In its authority, the BPK has an element of juridical confirmation. However, this has become a polemic in itself, because it raises the issue of overlapping audit objects involving the BPK and the State Internal Control Apparatus (APIP).²⁵

The overlapping problem was then responded to by regulating the synergy between BPK and APIP through statutory instruments in the field of state financial management. In terms of quantity, this synergy can be said to be a breakthrough solution because it can help the BPK to

²¹ Ibid., hlm. 59.

²² Article 20 paragraph (5) Law Number 15 of 2004 concerning Audit of State Financial Management and Accountability.

²³ Gilang Prama Jasa and Ratna Herawati, 2017, "Dynamics of the Relationship between the Supreme Audit Agency and the House of Representatives", *Journal of Law Reform*, Vol. 13, no. 2, 2017, p. 191.

²⁴ Steffi Zafia Furqan, Kurnia Warman, and Hengki Andora, 2023, *Op. Cit.*, p. 399-400.

²⁵ Gilang Prama Jasa and Ratna Herawati, *On. Cit.*, p. 202.

achieve all aspects of state financial management and responsibility under its authority. However, in terms of quality, on the accountability side, it actually creates other problems caused by APIP's weak independence, human resources, institutions and positions. Indirectly, this actually weakens the BPK's position as the authority in the realm of auditing and managing state financial responsibilities.²⁶

Implications of the Inability to Follow Up on the Financial Audit Agency's Findings by Relevant Agencies/Officials on the Current Development of Democracy

Examination of the management and responsibility of state finances aims to uphold the supremacy of law. The rule of law is an absolute prerequisite for the implementation of state life based on popular sovereignty. Achieving enforcement of the rule of law will result in several things such as increasing the integrity of human resources, providing social justice, maintaining the nation's moral values, creating a democratic society, and guaranteeing protection for the rights of every individual citizen.²⁷ The upholding of the rule of law will influence good governance or what is called "Good Governance".

According to Mardiasmo, Good Governance can be interpreted as the procedures a country uses to manage economic and social resources that are oriented towards community development.²⁸ Good governance is essentially about how to manage the country collaboratively between the government, private sector and civil society based on certain principles, among which the government must implement the general principles of good governance.²⁹ The principles/principles of good governance according to law and doctrine are:³⁰

- a. Basis of Legal Certainty
- b. General Interest Basis
- c. The Basics of Openness
- d. Basis of Expediency
- e. Principle of Impartiality/Non-Discrimination
- f. Accuracy Principle
- g. Principle of Not Abusing Authority
- h. Principles of Good Service
- i. Basic Order of State Maintenance
- j. Principle of Accountability
- k. Principle of Proportionality
- l. Principles of Professionalism
- m. Fundamentals of Justice

One element of the rule of law is a responsible/accountable government. In relation to the BPK, the BPK's audit of state financial management aims to support law enforcement regarding irregularities/abuse of state finances.³¹ According to the Chair of the BPK, Isma Yatun, accountability is one of the main foundations in realizing good governance. This concept aims to ensure that public funds are used efficiently, effectively and in accordance with applicable regulations, while strengthening public involvement in the government's financial decision-making process. According to him, through an accountable budget, the government

²⁶ Ibid.

²⁷ Soesi Idayanti, Toni Haryadi, and Tiyas Vika Widyastuti, 2020, "Enforcing the Supremacy of Law through the Implementation of Democratic Values", *Diktum: Journal of Legal Studies*, Vol. 8, no. 1, May 2020, p. 84.

²⁸ https://e-journal.uajy.ac.id/25475/3/16%2004%2022489_2.pdf, visited on October 19 2024 at 10.00 WIB.

²⁹ Suhartini, 2024, "The Principle of Good Governance in Examining State Financial Management", *De Facto Journal*, Vol. 10, no. 2, January 2024, p. 225.

³⁰ Cekli Setya Pratiwi, et al., 2016, *General Principles of Good Government*, LeIP, Jakarta, p. 78-115.

³¹ Suhartini, *Op.Cit.*, p. 212.

helps strengthen democracy and foster public trust in achieving state goals.³² However, in practice the government is often not accountable and transparent in managing state finances. This can be seen from the absence or lack of response regarding how to follow up on the BPK's LHP by relevant officials, so that it has the potential to have an impact on current democratic developments.

This problem will certainly have a boomerang effect on the BPK. The government's indiscipline in implementing the law, such as not following up on audit results from the BPK, will have an impact on reducing public confidence in the management and responsibility of state finances. The public will also assume that the results of examinations carried out by the BPK tend to be non-objective and cannot be trusted, especially with matters relating to state secrets. This gives the impression that the BPK in carrying out its duties and authority is not transparent to the public, so that the BPK's position appears weakened.

Regarding transparency, Law Number 14 of 2008 concerning Openness of Public Information (UU KIP) should guarantee this. Through the KIP Law, every agency that in carrying out its duties uses APBN or APBD funds is categorized as a public agency that is obliged to manage and provide information to the public. Information openness provides opportunities for citizens to participate in various public policies. This condition can also create clean and good governance because the government and public bodies are required to provide complete information about what they are doing in an open, transparent and accountable manner. The presence of the KIP Law aims to encourage the creation of a democratization process in government administration. Therefore, the existence of this law should be able to support information transparency in all government institutions, which is one of the prerequisites for democratic governance.³³

The government is obliged to be transparent in the management and accountability of state finances. Submitting financial reports to the public is a form of transparency and accountability in state financial management. The phenomenon of non-transparency in the areas of budget, personnel, procurement of goods and services is certainly a fact that must be revealed.³⁴ If not, this means that everyone's right to obtain accurate and relevant information is being taken away. The public certainly does not want any acts of fraud in the management and accountability of state finances because it will cause many losses that can reduce their welfare. For this reason, in their participation as monitors of government policies and programs, the public needs to access and obtain transparent, accurate and relevant information.

One important aspect in the process of open state administration is guaranteeing everyone's right to obtain information in accordance with statutory regulations. The right to information is a manifestation of recognition of everyone's rights to live and experience freedom, which is in line with the democratic system that has been agreed nationally.³⁵ The government is not transparent with the public in informing about the management and accountability of state finances, in other words the government has indirectly violated everyone's right to obtain information. In fact, the right to information is one part of human rights whose constitutionality has been guaranteed by the state. This misuse will certainly have

³² BPK RI, Budget Management Accountability is the Main Foundation in Realizing Good Governance, <https://www.bpk.go.id/news/akutabilitas-pengelolaan-anggaran-adalah-pondasi-utama-dalam-mejujudkan-good-governance>, visited on October 19 2024 at 10.35 WIB.

³³ Suwandi Sumartias, 2016, Dynamics of Public Information Openness, PT Balai Pustaka, Jakarta, p. 2.

³⁴ Dandi Geofani Silaban, 2024, "The Impact of Lack of Transparency in Regional Financial Management on Local Development and Community Welfare" Journal of Public Relations, Vol. 2, no. 1, February 2024, p. 33.

³⁵ Diskominfo, "Everyone has the Right to Communicate and Obtain Information", <https://www.magelangkab.go.id/home/detail/setiap-orang-berhak-untuk-berkomunikasi-dan-memperoleh-informasi/1099>, visited on October 19 2024 at 17.56 WIB.

an impact on decreasing public trust in state officials. The inability of the government/relevant agencies to follow up on the BPK's findings can create the image that they are irresponsible.

The results of the BPK audit in the form of opinions, findings and recommendations for follow-up to these findings are not only then provided to the government as material for improving and perfecting the implementation of activities in the following budget years. More than that, the results of the audit will actually also be information for the public in assessing the government's performance so far so that they can determine their future politics.³⁶ Lack of clarity in following up on BPK findings beyond the time limit set by law will lead to a decline in public trust in government institutions due to poor governance. Bad governance occurs when government bodies do not listen to the voices of the people they govern and are unwilling to take responsibility for their actions. Democratic governments place greater emphasis on accountability to ensure that the public knows what is happening. Because, if there is a lack of accountability it will certainly give rise to public distrust.³⁷

In addition, according to UNODC, if good governance principles and structures do not exist, this will provide opportunities for corruption. Violations of the principles of transparency, accountability and the supremacy of law are closely related to corruption. Ultimately, corruption and poor governance are security challenges that undermine democracy, the rule of law and economic development.³⁸

To overcome these problems, which will have an impact on the development of democracy in Indonesia, what is actually needed is the need to reform policies regarding the BPK institution in accordance with current constitutional developments in Indonesia. This aims to strengthen the position, independence and integrity of the BPK. Now is the era of reform, no longer the era of the old order or the new order, so in accordance with the demands of reform, the BPK needs to be really strengthened. Every material contained in legislative regulations must reflect balance, harmony and harmony between the interests of individuals, society and the interests of the nation and state. With policy reforms that can strengthen the role of the BPK in examining the management and responsibility of state finances, the principle of good government violations will be realized. If this principle is successfully achieved, budget governance will improve. Good budget governance will determine the direction of budget policy in achieving state goals.

CONCLUSION

The West Sumatra Province Representative BPK (BPK Sumbar) has the task of examining the management and responsibility of regional finances by the West Sumatra Provincial Government, districts/cities in West Sumatra Province, BUMD and institutions related to environmental entities, including carrying out audits assigned by the Main Auditor of State Finance V (AKN V). The West Sumatra BPK is the implementing part of the duties and functions of AKN V, which is under and responsible to the West Sumatra BPK. The West Sumatra BPK has 20 audit entities in the form of regional governments in the Province of West Sumatra. However, there are challenges that hamper the performance of the West Sumatra BPK in its supervisory function, thereby affecting the effectiveness of the audits faced by the BPK, for example, such as not responding to or not following up on the findings from the BPK by the relevant agencies/officials. This problem occurs not only in West Sumatra, but also applies/occurs in other areas. This will have implications for the development of democracy in Indonesia today.

³⁶ Gilang Prama Jasa and Ratna Herawati, *Op. Cit.*, p. 192.

³⁷ UPSC CSE, Poor Governance, <https://unacademy.com/content/upsc/study-material/governance/bad-governance/>, visited on October 19 2024 at 20.39 WIB.

³⁸ UNODC, Module 2 Corruption and Good Governance, UNODC, Vienna, hlm. 17.

The government's indiscipline in implementing the law, such as not following up on audit results from the BPK, will have an impact on reducing public confidence in the management and responsibility of state finances. The public will also assume that the results of audits carried out by the BPK tend to be non-objective and cannot be trusted. Violations of the principles of transparency, accountability and the supremacy of law are closely related to corruption. Ultimately, corruption and poor governance are security challenges that undermine democracy, the rule of law and economic development.

To overcome these problems, which will have an impact on the development of democracy in Indonesia, what is actually needed is the need to reform policies regarding the BPK institution in accordance with current constitutional developments in Indonesia. With policy reforms that can strengthen the role of the BPK in examining the management and responsibility of state finances, the principle of good government violations will be realized.

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