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1.1 Background of the Research

In an effort to reform the government, the government has carried out reforms in the field of state finances with the enactment of three legislation packages in the field of state finance, namely Law Number 17 of 2004 concerning State Finance, Law Number 1 of 2004 concerning State Treasury, and Law Number 15 of 2004 concerning State Finance Responsibility and Management Inspection. The new State Finance Law has implications for the establishment of a more transparent, accountable and measurable state financial management system. To achieve this, an internal control system is needed that can provide adequate confidence in achieving the agency's objectives effectively and efficiently. reliability of financial reporting, safeguarding state assets, and compliance with applicable laws and regulations.

In the explanation of the Republic of Indonesia Law Number 17 of 2003 concerning State Finance that the general principle of managing state finances in order to support the realization of good governance in the administration of the state, the management of state finances needs to be organized in an orderly, obedient, efficient, effective, transparent and responsible manner with the basic rules stipulated in the 1945 Constitution. In accordance with the mandate of Article 23 C of the Constitution, the Law on State Finance has outlined the basic rules stipulated by the Constitution into

general principles in managing state finances, such as annual principles, principles of universality, principles of unity, and principles of specialization and principles as a reflection of best practices (the application of good principles) in the state finances management. Furthermore, in Government Regulation Number 8 of 2006, it is explained that in order to improve the reliability of financial reports and performance, each entity accounting reporting is obliged to carry out an internal control system in accordance with the relevant rules and regulations.

Implementation of performance-based budgeting in public sector budgeting is intended to support the realization of *good governance*. According to Ardi Partadinata in H.A. Muin Fahmal (2006: 17), *good governance* as a government norm is a goal that will be addressed and realized in the implementation of good governance. Supervision is an important management function to ensure the implementation of activities in accordance with the policies and plans that have been set. According to Siagian (2010: 95), supervision is an observation of all organizational activities implementation process to ensure that all work is in accordance with a predetermined plan.

Performance-based budget implementation successful resources are strongly influenced by the ability of the organization to provide adequate resources, employees with analytical

skills in work program, allocation of funds to raise funds, or funds for the development of performance-based budget implementation, and sufficient time to assess the reliability of performance data is important for successful implementation (Julnes and Holzer, 2001). Wang's (2000: 17) study found indications of a relationship between the development of performance measurement capacity (involving resources, funds, staff, and information systems) with the use of performance measurement in budgeting. The study concluded that analytical competency and political support increased the use of performance measurement in budgeting that enabled the government to be more efficient, effective and accountable.

In addition, Wang (2000: 19) also explained that performance measurement requires capacity building in accounting standards, information systems, personnel, and funds. Public organizations that have experience with performance measurement pay great attention to staff needs for performance, and collect data (Julnes and Holzer, 2001). Joyce (1993: 154) asserts that if measures are used to influence the allocation of resources, then change cannot occur suddenly, but is the result of a change in culture that starts from developing valid and better performance information. In connection with Permendagri No. 13 of 2006 Article 92, in the case of a program and activity being the last year for the achievement specified, the funding needs of the fund must be budgeted in the planned year. Such information and knowledge can be obtained through training or access to information related to performance-based budgets adequate (Daniel A. Mazmanian and Paul A. Sabatier, 1983).

In Halim and Sihalocho research (2005: 26), which examines the influence of rational aspects on the utilization of information on government agency performance which includes information variables also shows that this variable has a significant influence on the implementation of work information. Related to Permendagri No. 13 of 2006 article 94 that the budget work plan also contains information about government affairs, organizations, cost standards, work performance that will be achieved from programs and activities. Then it is also explained that the main goal pursued by a person in a situation of achievement is the learning objectives and performance goals. People who have a higher learning orientation focus on improving their abilities and mastering their tasks will achieve positive things and evaluate abilities.

In the Wang (2002: 123) research who examined the measurement of budget performance shows that *performance goals* have an impact on the process of strategic planning and management processes and the process of evaluating employee performance. Thus, in addition to information factors and resource factors, goal orientation also influences the implementation of performance information. In Halim and Sihalocho research (2005: 10), finding objective orientation as a rational aspect also has a significant influence on the implementation of work information. In Permendagri Number 13 of 2006 Article 96 also explained that the Performance Target is the expected outcome of a program or output expected from an activity so that the goal orientation must be possessed in the performance-based budget implementation, because it will direct the change process itself.

Performance Measurement is the most important part in implementing a performance-based budget. The system itself needs to be developed as asserted by Joyce (1993), that if performance is to be used to influence resource allocation, then a valid and better performance data should be developed at the institutional level, and by reporting data that is not for budget purposes (accountability). Performance measurement is used as a basis for assessing the success and failure of the implementation of activities in accordance with the goals and objectives that have been set in order to realize the vision and mission.

Wang (2000: 19) found that the use of performance measurement in budgeting was seen as having a positive impact on organizational performance. The use of performance measurement in budgeting was concluded to have an impact on the government and determine organizational goals, management practices monitoring, and in some cases make budget allocations. Cavaluzzo and Ittner (2003) provide strong evidence in the use of performance measurement, that performance measurement is positively related to the use of results-oriented performance information, both by managers and the use of that information to allocate resources, form institution budgeting and funding decisions.

In the process of governance, supervision is an important part that must be considered because power in a country will run with the will and power maker, in such conditions the aspirations of the public (public) as holders of activities are relatively neglected (Ashwort and Entwistle, 2010).

Given the importance of supervision in the process of governance, the country has determined the policy of implementing the supervisory function in a standard reference in the form of a law. In Act Number 23 of 2014 concerning Regional Government, it is explicitly stated that Indonesia has a supervisory institution, including: (a) Administrative Supervision Institution; (b) Political Oversight Institution; (c) the Ombudsman Supervisory Agency; and (d) Judicial supervision institutions.

Supervision is an important management function to ensure the implementation of activities in accordance with the policies and plans that have been set. According to Siagian (2010: 15), supervision is an observation of all organizational activities implementation process to ensure that all work is in accordance with a predetermined plan.

In Law Number 23 of 2014 concerning Regional Government, it is explicitly stated that Indonesia has a supervisory agency, including (a) Administrative Supervision Institution; (b) Political Oversight Institution; (c) the Ombudsman Supervisory Agency; and (d) Judicial supervision institutions.

In the context of the Indonesian House of Representatives as a political institution, the supervisory function carried out is a more strategic form of political supervision and not administrative technical supervision. This is what distinguishes the supervisory function carried out by the DPR with other institutions such as the BPK, Bawasda, Regional Inspectorates, and others.

The function of the legislative body towards the executive is entirely aimed at ensuring executive accountability, one of the roles and scope of supervision that is important to be carried out by the legislature is to supervise the role and performance of government in policy implementation.

Budget Management Effectiveness that has a huge influence on the fate of a nation, therefore a country can become a strong and powerful country that can develop its greatness or become helpless, and depends on how to manage its finances. An accomplished statesman will not be able to achieve perfect achievement in realizing his thoughts if he cannot regulate and manage state finances based on good ways and especially aimed at protecting and developing the interests and property of the people on the basis of wise skills and views (Kondalkar, 2009).

Then according to Article 1 number 7 of Law Number 17 of 2003 concerning State Finance that the State Budget of Revenue and Expenditure, hereinafter referred to as APBN, is the annual financial plan of state government approved by the House of Representatives. Furthermore, Article 11 paragraph (1) of Law Number 17 of 2003 concerning State Finance, the APBN is a form of state financial management that is stipulated annually with the law. Article 11 paragraph (2) describes the scope of the APBN, namely the APBN consisting of income budget, budget, and financing.

The effectiveness of performance-based budget implementation from a rational point of view is a technical issue. Performance measurement systems are based on the concept of *value for money*, and results-oriented budgeting emphasizes a logical or

rational and technical thinking in managing a change in an organization. Asmadewa (2006: 24) argues that the performance-based budget implementation phase is the stage of using performance information in the budgeting process to have a real impact on efficiency, effectiveness, and decision making, and accountability. Achieving the effectiveness of performance-based budget implementation can be seen from the linkages of program results with the targets or objectives set. In the process of implementing a performance-based budget, a number of literatures and research indicate that a number of aspects that influence the success of the implementation are rational aspects (Julnes and Holzer, 2001). Rational aspects are aspects that base on logical thinking or reasoning as the highest consideration to determine things such as opinions, actions, judgments, and so on (Darmansjah, 2002: 45).

The performance of the Corruption Eradication Commission (KPK) is expected to bring legal breakthroughs in eradicating corruption, gaining negative appreciation from the public. This was confirmed by the Indonesian Voice Network (JSI) after conducting a survey which showed that 42.7% of respondents expressed dissatisfaction with the performance of the institution, the highest compared to other law enforcement agencies such as the Supreme Court, National Police, Attorney General's Office and the Constitutional Court.

Although in 2017 the KPK again achieved an A (very good) score on the Government Performance Accountability Report (LAKIP) at the Ministry of Administrative Reform and Bureaucratic Reform (Kemenpan-RB). The award has been submitted by the

Vice President of the Republic of Indonesia. However, JSI Executive Director, Widdi Aswindi, said that the public was dissatisfied with the KPK's performance in handling the cases in the spotlight, such as the case of Athletes' Houses, Kemenakertrans bribery cases, and Century Bank cases. The public hopes that the KPK can solve many cases of alleged corruption more quickly. "People are not satisfied with law enforcement. This is a hard blow to the country because the instruments made by the government are perceived by the public to be low. The public says their performance is not good and has high skepticism," he said. in a press conference the results of the JSI survey in Jakarta (Koran Sindo, 3 November 2017).

Based on the results of evaluations conducted by Kemenpan-RB, on the planning aspect, the KPK has performed performance planning at the level of good institutions and work units, namely preparing mid-term planning documents (strategic plans), annual work plans (RKT) and performance determination (PK). The three instruments have good quality and have been used consistently to measure and evaluate the success of the organization at the institution and work unit level.

In the aspect of performance measurement, the KPK has formally established key performance indicators (IKU) at the level of institutions, work units, and individual employees with good quality. The IKU has been integrated with the performance management component. KKK has also developed a good performance data collection system, so that the resulting performance data is reliable.

While in the aspect of performance reporting, the KPK has

been reporting the performance of the organization at the level of the institution and work unit well, by compiling and submitting the Performance Accountability Report in a timely and good quality. While on the performance evaluation, the KPK has conducted internal monitoring and evaluation of the achievements performance targets of institutions or work units or individuals in accordance with key performance indicators set on a quarterly basis.

The last aspect, namely performance achievement, KPK achieved B score on output achievement, outcome achievement with B value, and unqualified financial management performance (WTP). As for internal management performance, performance of other government agencies, transparency performance, and other performance / awards, the KPK achieved a B score (Kompas.com, 9/2/2017).

In anticipating various public complaints, KPK institutions have held hearings with criminal law experts, former constitutional judges, anti-corruption activists, sociologists, and community leaders.

The material presented was also varied, ranging from criticism of performance, to public opinion about the KPK which was considered political (Kompas.com, 9/2/2017). Former Constitutional Justice, Mahfud MD, who was also present at the event, said that his presence was to represent the voice of the people which was widely developed in the media. He added that the handling of the problems at the KPK was too long. Even many people criticized that the KPK's arrest operations were not objective, and accusations that the KPK was

influenced by politics in handling legal cases.

Furthermore, criminal law expert from the University of Indonesia, Ganjar Laksamana said that the "KPK Hearing" activity should involve people who have been different in attitude or opposite the KPK. (Kompas.com, 9/2/2017). Ganjar continued, this was needed as an ingredient in institutional introspection, so that efforts to eradicate corruption could be maximized.

Effectiveness also relates to outcome and input or easily related to the achievement of goals. The purpose of audit effectiveness is to: (a) Determine the level of achievement of the desired results or benefits; (b) Determine the suitability of the results with the stated objectives; (c) Determine whether the audited entity has considered other alternatives that provide the same results with the lowest costs (Fahy and Weiner, 2005: 17).

Measuring the Effectiveness of the Corruption Eradication Commission (KPK) (Deutsche Asienforschungszentrum 2013, Volume 3, Issue) states that legal action against corruptors involves law enforcement agencies, such as agreed judges, prosecutors or police that are illegal, or bribery that only concerns interests. personal, is a moral barrier that should be applied by social awareness. Becker's theory of crime and punishment applies in the Indonesian context as reality. Corruption in the tax office, police, and the justice system is deep and broad, making it cultural, institutional and systemic. Admittedly, although avoided in studies, corruption in Indonesia is part of institutional defense.

The legislative oversight function of the executive is entirely aimed at ensuring executive accountability, one

of which is the role and scope of supervision that is important to be carried out by the legislature, namely supervising the role and performance of government in policy implementation. run is a form of political supervision that is more strategic and not administrative technical supervision. This is what distinguishes the function of supervision carried out by the Indonesian Parliament and the DPRD with other institutions such as the KPK, BPK, Bawasda, Regional Inspectorates, and others. At present, July, 2017 the House of Representatives Special Committee carries out the KPK Questionnaire Rights (Kompas.com, 6/8/2017). Although Indonesian Corruption Watch (ICW) researcher Emerson Yuntho considered that the formation of the Special Committee on Questionnaire on the Corruption Eradication Commission was full of interests. Emerson argued that, the formation of the KPK Questionnaire Special Committee was canceled, because clearly there were many interests, from the process of its formation to the election of its chairman.

In organization development (Kondalkar, 2009: 40) states that healthy and developing organizations must pay attention to the Wave of Institutional Reform, first indicating that successful institutional reform must (1) be systematic (2) participatory involvement, which involves inputting beneficiaries to all the stage of the reform process; (3) adjust to the context of the recipients of assistance along with formal models from developed countries; (4) adjust to the actual results, impacts, and actual consequences, not just focusing on input and output; and (5) not based on baseless assumptions (myths), but on a

good understanding of the process of institutional meaning change and the intervention consequences.

In addition, the second Wave of Reformation shows that the market is starting to be a direction in more liberal institutional reforms, so that public sector institutions are less noticed. The third wave of reform shows that the mitor (an unwarranted assumption) is still the basis for determining the intervention policy of international financial institutions in helping developing countries in good organizations, supervision is an important part of the governance process. Without the control function, power in a country will run according to the will and interpretation of the power holder. In these conditions, the aspirations of the public (public) as the holder of sovereignty are relatively neglected

In the theory of Public Policy or *Public Policy*, includes three basic components, namely: (1) the objectives to be achieved, (2) specific objectives, and (3) how to achieve these goals. This method of achieving goals is often called implementation, which is usually translated into action and project programs. This implementation activity is usually contained in it: who is the implementer, the amount of funds and the source, who the target group is, how the program or project management is, and how the program's success or performance is measured. Briefly, policy implementation is a way for a policy to achieve its objectives. No more and no less. The policy objective is essentially to intervene. Therefore the implementation of the policy is actually the intervention action itself.

Daniel A. Mazmanian and Paul A. Sabatier (1983), define policy implementation as what Webster and

Roget said, as *"to carry out, accomplish, fulfill, produce, complete"*. Here they begin their studies with the assumption that implementation is *getting things done*. Whereas Van Horn and Van Meter (1975: 447) interpret policy implementation as *"those actions by public and private individuals (or groups) that are directed at the objective of objectives set forth in prior policy decisions"* (Wahab, 2012: 98).

Martin Rein and Francise Rabinovitz, in his *Implementation: A Theoretical Perspective* (1978), defines policy implementation as: (a) *a declaration of government preferences;* (b) *mediated by a number of actors who,* (c) *create a circular process characterized by reciprocal power relations and negotiations.*

In the concept of *Good Governance* requires 8 general / basic characteristics, namely participation, consensus orientation, accountability, transparency, responsiveness, effective and efficient, equity (equality) and inclusiveness, and law enforcement / supremacy. If implemented ideally, this concept is expected to ensure a reduction in the level of corruption, the views of minorities are taken into account and the voices of those who are weakest in society are heard in the decision making process, and are also responsive to the present and the needs of society in the future.

Republic of Indonesia House of Representatives as a credible representative institution in carrying out the responsibility of creating a just and prosperous society. The vision is then elaborated on a mission which principally refers to three main functions, namely the legislative function, budget function, and oversight functions. this is done well (setting the right legal and regulatory products,

allocating budget use according to needs and ensuring that the executive institution works effectively), then the Board's vision can be achieved. To the extent that this vision is achieved, it can be measured through various indicators, for example, *Gross Domestic Product* (GDP), *Human Development Index* (HDI), and *Happy Planet Index* (HPI). Although these three indicators have many weaknesses, there are currently no other better indicators.

Second, the level of effectiveness of the Board's performance must be measured by a quantitative approach (numbers) and a qualitative approach (letters). If using only one approach, the measurement results are not comprehensive and the conclusions are invalid. For example, calculating the number of laws that are currently, will and have been set is very easy. However, can the number of laws be used as an indicator of the level of effectiveness of the Board's performance? Are the more laws produced, the better the performance of the DPR? What if it turns out that the law does not reflect the aspirations of the people? judicial review, amended or canceled by the Constitutional Court immediately after being determined? This shows that the data on the number of laws (quantitative) is not enough to assess the performance of the legislative function of the Council. Data on the number of laws must be supplemented with data on the quality of the law (qualitative).

However, it must be admitted that it is very difficult to determine the objective criteria for the quality of a law; Moreover, each law is unique so that it cannot be compared. The quality of the law, for example, concerning the Criminal Procedure Code cannot be compared to the quality of the law on State-Owned Enterprises. Determining the effectiveness of the Board's performance is not easy, but not impossible. *The Commonwealth Parliamentary Association* succeeded in overcoming this problem and then proposed the use of the same standard to measure the performance of Parliament in *Commonwealth Countries*. *The World Bank Institute* also proposes various variables and indicators to measure the level of Parliament effectiveness; while *The Inter-Parliamentary Union* has succeeded in developing tools to evaluate Parliamentary functions (<http://survey.internationalbudget.org/#rankings>).

The 2014-2017 House of Representatives not only produced achievements but also controversial polemics. DPR should reflect and learn from the previous period's polemics. Most of the polemics that have recently emerged are still old issues and criticisms that have long been addressed to the DPR RI and its performance.

The biggest problem of the DPR RI is its poor performance. Various elements have been evaluating the performance of the DPR RI. For example, ICW evaluated the performance of the DPR RI for one year in 2016. This evaluation was carried out to measure the level of work performance on the functions of the DPR. Assessment of focus on the functions of the DPR which includes legislation, supervision and budgeting

functions. ICW also conducted a trace of the presence of DPR members in the DPR session and a number of other polemics (ICW, 2017).

DPR Performance Evaluation which includes: legislative functions, budget functions, and oversight functions. Constitutionally, the House of Representatives has 3 (three) main functions, namely the legislative function, budget function, and supervision function in order to carry out the representation function of the Council. In practice, the dynamics of the three functions implementation are relatively high.

1.2 Research Identification

Problems

1. The supervision function of the DPR RI is an important management function that is to guarantee the implementation of activities in accordance with the policies and plans that are established and ensure that the objectives can be achieved effectively and efficiently and the smooth implementation of the national development program, so that the implementation of effective supervision will be realized. desired.
2. Supervision Process in the implementation of all organizational activities to ensure that all work being carried out runs in accordance with a predetermined plan. In addition, in order to support the realization of good governance in the administration of the state, the management of state finance needs to be carried out professionally, openly and responsibly. The realization of state financial management is the State Budget (APBN) which is the government's main tool for the welfare of its people and as well as government tools to manage the country's economy.
3. The government has carried out reforms in the field of state finances with the enactment of three legislation packages in the

field of state finance, namely Law Number 17 of 2004 concerning State Finance, Law Number 1 of 2004 concerning State Treasury, and Law Number 15 Year 2004 concerning Examination of State Financial Responsibility and Management, and the implementation of performance-based budgeting in public sector budgeting is intended to support the realization of Good Governance.

4. *Good Governance* as a government norm is a target that will be addressed and realized in the implementation of good governance. In line with the mandate of Law Number 17 of 2003. Budgeting in the public sector is directed to fully implement the performance-based budgeting so that the use of the budget can be assessed for its usefulness for the community. According to Law Number 17 of 2003, one of the concrete efforts to realize transparency and accountability in the management of state finances is the submission of government financial accountability reports that meet the principles
5. State financial management using a performance-based budgetary system that is realized in the APBN that is implemented by applying the principles of *good governance* will be

beneficial for the people, namely improving people's welfare. The characteristics weakness of budgeting with an incremental approach, namely setting a budget plan by increasing a certain amount in the previous budget or is running is if through this approach an in-depth analysis of the success rate of each program is not carried out, including at the KPK Institution.

6. Measuring the performance of the DPR is the work that's not only using quantitative variables and indicators, but must combine them with qualitative variables and indicators. Programs or activities that have been carried out and products that have been produced in order to carry out the legislative function, budget function, and oversight function of the DPR RI are numerous. If all that is measured quantitatively it can be concluded that the performance of the DPR is good. budget, and the supervisory function is carried out in order to carry out the representation function of the DPR.

7. The line-item budgeting system is *effectiveness problem, efficiency problem, and accountability problem*. Although the system is transparent, but information that can be accepted by the public is not

very important, because it only relates to the input of the KPK Institute. Therefore, the KPK Board of Directors is responsible for State Financial Management in accordance with Law Number 17 of 2003, which is one of its concrete efforts to realize transparency and accountability in the management of state finances, namely the submission of government financial accountability reports that meet the principles on time and are compiled according to standards government accounting that has been generally accepted.

8. The policies implementation carried out by the DPR RI against the KPK Institution with the following steps: (a) identify problems that must be intervened, (b) confirm the objectives to be achieved, and (c) design the structure of the implementation process. By applying the line-item budgeting system is the effectiveness problem, efficiency problem, and accountability problem, as well as analyzing the performance of the KPK in determining the right legal and regulatory products, allocating budget use according to needs and ensuring that the KPK Institution works effectively, democratically, fairly, transparent, rule of

law, participatory and in accordance with the principles of partnership with the government and other related elements.

1.3 Limitation Problem

In this study, the authors limit the problem to: the implementation of the DPR RI supervision policy on the effectiveness of budget management in realizing *good governance* in the KPK Institute, which is done by identifying, defining objectives, and designing the structure of the implementation process on the creation of a "*policy delivery system*" and connecting policy objectives with outputs or outcomes at the KPK Institution, as a chain of policy formulations with the expected outcome of the policy, and analyzing the submission of the financial accountability report of the KPK Institution that meets the principles of time efficiency, effectiveness and accountability, by linking the linkages between the results of the KPK program with the target or goals set and compiled in accordance with government accounting standards.

1.4 Research Problems Formulation

The research problems formulation are as follows:

1. What is the implementation of the DPR's supervision policy on the effectiveness of budget management at the Corruption Eradication Commission (KPK)?
2. What is the implementation of the DPR RI supervision policy in the realization of *Good Governance* at the Corruption Eradication Commission (KPK)?

3. What is the implementation of the DPR's oversight policy on planning and accountability for financial budgets in the framework of effective budget management to realize *Good Governance* at the Corruption Eradication Commission (KPK)?
4. What is the right pattern in the successful implementation of the DPR RI Supervisory Function for the effectiveness of budget management in realizing *Good Governance* in the Corruption Eradication Commission (KPK)?

1.5 Research Objectives

The research objectives are described as follows:

1. Analyzing the implementation of the DPR's oversight policy on the effectiveness of budget management at the Corruption Eradication Commission (KPK).
2. Analyzing the implementation of the DPR RI supervision policy in the realization of *Good Governance* at the Corruption Eradication Commission (KPK).
3. Analyzing the implementation of the Republic of Indonesia's DPR's oversight policy on planning and accountability for financial budgets in the context of effective budget management in order to realize *Good Governance* at the Corruption Eradication Commission (KPK).
4. Making the right pattern in the successful implementation of the DPR RI Supervisory Function for the effectiveness of budget management in realizing *Good Governance* in the Corruption

Eradication Commission (KPK)
Institute.

1.7 Research Results.

Mushi and Abraham (2004) state that S. Guhan (1998) defines the application of governance issues, showing that good governance, describes government conceptions in a set of policy reforms and transparency, human resource participation capabilities, and responsiveness in government processes. The World Bank added that a country's national level governance cannot be separated from government at the international level. Then Long (1990) explained that the public interest must be stated objectively. This provides a standard evaluation of policies and activities of institutions that are made to serve the community accordingly. implementation of policies implemented.

Basically, "The Implementation of the Republic of Indonesia's People's Representative Council (DPR) Supervisory Policy on the Budget Management Effectiveness in Realizing Good Governance at the Corruption Eradication Commission (KPK)" is one of the various forms of existing policies. as a Thinking Framework in understanding the meaning of the variable or aspect, and so that it can be interpreted correctly.

The author also elaborates on it by sorting out the meaning of each variable or aspect in question and connecting it with the DPR's Oversight Supervision on the KPK Institution in Policy Implementation carried out by identifying, defining objectives, and designing the structure of the implementation process on creating a "policy delivery system" that is adjusted to Objectives of the Policy on the output or outcomes of the KPK Institution, as a chain of policy formulations with the expected outcome of the policy, and analyzing the submission of the KPK Institute's financial accountability reports that meet the principles of timely efficiency, effectiveness and accountability, by linking the linkages between the results of the KPK program and the target or objectives set and compiled by following government accounting standards.

The essence of implementation is a series of planned and gradual activities carried out by implementing agencies based on policies that have been determined by the authorities. As the formulation of Daniel A. Mazmanian and Paul A. Sabartier (1983) which concludes that implementation is the implementation of basic policy decisions, usually in the form of laws but can also take the form of important executive orders or judiciary decisions. Generally, the decision identifies the problems to be achieved and various ways to structure the implementation process. This process takes place after going through a number of specific stages, usually beginning with the stages of legalization of the law and then the output of the policy in the form of the decisions implementation by the implementing agency, and finally important

improvements to the relevant law or regulation.

Based on the above understanding the conclusion of the implementation clearly leads to the implementation of a decision made by the executive. The aim is to identify the problems that occur so as to create a structured circuit in an effort to resolve the problem. In this implementation concept must be underlined and have the meaning that in the process surely involves various components and instruments, including organizational changes.

The most commonly used definition is an institution that refers to "rules of the game" in the economic field (North, 1990); "Shared concept" in political science (Ostrom, 1999); and "social structure" in sociology (Scott, 2001) in Organizational Change which can be seen as a function of all the following components: (1) a collection of changes in the behavior of members of an organization; (2) changes in the formal structure of organizations and institutions / norms; and, (3) changes in organizational culture.

The results of several institutional studies, there are gaps in institutional reform research are (1) various development streams focus on the extreme points that differ from institutional processes, but leave what happens between the two extremes; (2) arguments that appear too reductionist and can only be justified themselves; (3) a fragmented approach complicates the process of synthesis between opinions; and, (4) focusing on one level of analysis or one-way causality often makes it difficult to obtain answers that are acceptable to all parties.

Institutions are defined as a set of rules that are jointly implemented and enforced and are a form of formal and informal organizational arrangements

and enforcement mechanisms that govern their behavior and relationships between individuals, organizations, and / or systems. Therefore, changes in government-level regulations require changes (or creation) of regulations at each lower level accompanied by law enforcement mechanisms; Changes to national level regulations do not really need to be implemented unless the mezzo level regulation also changes; When higher level regulations collide with lower levels, lower regulations will be more enforced unless higher level regulations are supported by stronger enforcement mechanisms.

Enforcement of government-made rules is not a primary function of government enforcement capacity; When the government's law enforcement capacity is low, the regulatory rules contained in the rules make the government clash with community norms, the last choice used.

Gaps in the field of institutional reform are 1) limited synthesis of knowledge in institutional change across disciplines; and 2) lack of comprehensive understanding and practical application of knowledge gained by international aid agencies. Therefore, the process of redefinition of what institutions need to be considered, and regulations become an important role in the mechanism of institutional reform

Abdul Wahab (2012) stated that "The implementation of a policy is intended for the implementation of activities carried out by private or governmental groups who are intended to achieve the stated goals". According to Pelizzo R, Olson D, von Trapp L. (2008), "the implementation of policy is something even more important than policy making. The point is that policies will only be dreams or good plans that

are stored neatly in the archive or not implemented".

Therefore, according to Wahab (2012), "It is not too wrong to say that policy implementation is an important aspect of the overall policy". However, the policy process will always open the possibility of a difference between what is expected or planned by policymakers and what is actually achieved as a result or achievement of policy implementation.

Policy is a tactic and strategy that is directed to achieve organizational goals. Therefore a policy must contain three elements, namely: (1) identification of the objectives to be achieved; (2) identification of tactics or strategies from various steps to achieve the desired goals; (3) the provision of various inputs to enable the actual implementation of the intended tactics or strategies.

A policy will be effective if implemented and has a positive impact on the community. Or the actions and behaviour of humans who are members of the community are in line with what the government wants. From this opinion it appears that the effectiveness of policy implementation is largely determined by the process of interaction between the device of objectives and actions directed at the available methods and resources.

From the point of decision-making, he must be able to identify and formulate problems or identify problems, because it is very important in the decision-making process. With the known problems that have actually been made various alternative solutions taking into account the positive and negative aspects, according to him "the error in seeing and identifying problems in the community will result in the wrong formulation of the problem, and

it will have long results in the subsequent phases" (Wahab, 2012).

Therefore, in implementing a public policy, policy makers must really look at various issues carefully, so as to produce useful policies for the people. In relation to the concept of implementation, Wahab (2012) clearly concludes that "Policy implementation can be seen as a process of carrying out policy decisions. Even Daniel A Mazmanian and Paul A Sabatier (1983) state that "Understanding what actually happens after a program is declared valid or formulated is the focus of attention. Policy implementation is the events and activities that arise after the passing of State policy guidelines, which include both efforts to administer it and to have a real impact on society or events".

According to Anderson (2012), the impact of policy has several dimensions, namely: The impact of policies that are expected (*intended consequences*) or unexpected (*unintended consequences*) both on the problem and on society. Waste policy on the situation or people (groups) that are not the main goals / objectives of the policy, usually called "externalities". Policy impacts can occur or affect current conditions or future conditions. The impact of the policy on the direct costs or direct costs of the policy on indirect costs as experienced by members of the community.

Based on the views outlined by the aforementioned experts, it can be concluded that the policy implementation process is actually not only related to the behavior of administrative bodies that are responsible for implementing the program and causing adherence to the target group, but also involves a network of political forces, economic

and social that can directly or indirectly influence the behavior of all involved and ultimately affect both expected and unexpected effects.

Factors that influence Policy Implementation as discussed in the concept of policy implementation, there are various variables that are mutually related, interact and influence one to another. The whole variable is an integral sequence and *can be a push factor or a pull factor*. Therefore policy makers (*policy makers*) should be aware of the substance of these factors before the policy is formulated and implemented.

As a system, state financial management has undergone many developments. With the issuance of three legislative packages in the field of state finances, the state financial management system in Indonesia continues to change and develop in accordance with the dynamics of public sector management, based on four basic principles, namely: (a) Accountability based on results or performance; (b) Openness in every government transaction; (c) Empowering professional managers; and; (d) The existence of a strong, professional and independent external audit institution and avoidance of duplication in the conduct of the examination (Anderson, 2012).

The aspects that must be included in the budget include aspects of planning, control aspects and aspects of public accountability. In Law Number 17 of 2003 explained that the budget is an instrument of accountability, management, and economic policy. As an instrument of budget economic policy serves to realize growth and economic stability and income distribution in order to achieve the goals of the state. Another problem that is no

less important in the effort to improve the budgeting process in the public sector is the implementation of work-based budgeting. Considering that work performance-based budgeting systems or results require performance control and evaluation criteria and to avoid duplication in the preparation of work plans and budgets of ministries / institutions / regional devices, it is necessary to unify the performance accountability system in the budgeting system by introducing a work plan and budgeting system of ministries / institutions / regional devices. With the preparation of work plans and budgets of ministries / institutions / regional devices, it can be fulfilled as well as the need for work performance-based budgets and the measurement of accountability for the performance of the relevant ministries / institutions / regional device.

Our approach in studying policy implementation begins with an overview and question: What are the requirements for the success of policy implementation and what are the main obstacles to successful policy implementation? To answer this question there are four important factors or variables in the implementation of public policy, namely: communication, resources, character or behavior, and bureaucratic structure. Because these four factors work simultaneously and act with each other to help or hinder policy implementation, the ideal approach is to describe its complexity through the discussion of these four factors one by one. If the policy is to be carried out effectively, the implementer not only knows what to do and has the ability to do it, but they must also have the desire to carry it out.

In organizational effectiveness, Seidel and Stewart (2010) argue that at present

the design of an organization is needed to reflect a new organizational method that is difficult to understand when using traditional concepts. They define a new community design, "C-form" which is categorized by (1) liquid and informal membership restrictions, (2) significant incorporation of voluntary workforce, (3) information-based product output and (4) significant sharing of knowledge.

Further explained about the main component in conceptualizing the community as an institutional system is to describe some cultural processes and identities that produce organizations that are influenced by the community. Community development as a means of production requires conceptualization of what is called community and its effects on organization and market behavior. O'Mahony and Lakhani (in this book) mention organizations as "in the shadow of the community as opposed to and vice versa." Today, the inclusion of technology and technology products in our lives, community is important for the change of all organizations because the community is a performance and growth mediator.

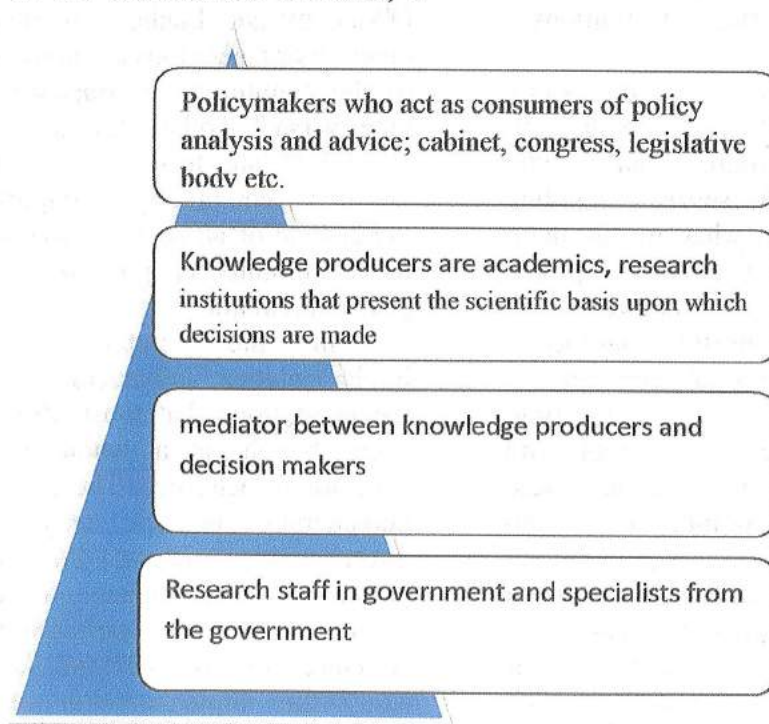
In the matter of policy implementation, bureaucracy is one of the institutions that most often occurs even though as a whole it is the executor of activities. The existence of bureaucracy is not only in the government structure, but also in private organizations, educational institutions and so on. Bureaucratic structures are fundamental factors to study the implementation of public policy. Bureaucracy was created as an instrument in handling public needs (public affair). With the existence of bureaucracy is the dominant institution in the implementation of public policies that have different interests in each

hierarchy. As for the bureaucracy has a number of different objectives The function of the bureaucracy is in a complex and broad environment. Thus the bureaucracy is not a neutral force and it is not in full control of outsiders.

In addition, the problem of organizational structure has a significant influence on policy implementation. This aspect of the organizational structure encompasses two things: the mechanism and the bureaucratic structure itself. The first aspect is the mechanism, in the implementation of the standard operational procedures (SOP) are usually made. SOP is a guideline for every implementer in acting so that the implementation of the policy does not deviate from policy objectives and targets. The second aspect is the bureaucratic structure, a

bureaucratic structure that is too long and fragmented will tend to weaken supervision and lead to complex bureaucratic procedures and furthermore will cause organizational activities to become inflexible.

The above phenomenon shows that the DPR RI's control function or supervision of the Implementation of the Policy and Budget Management Effectiveness in the Framework of Achieving *Good Governance* in the Corruption Eradication Commission (KPK), with variables or aspects of research are: Policy Implementation, Supervision of the DPR RI, Budget Management Effectiveness, and Realizing Good Governance at the Corruption Eradication Commission (KPK) Institute.



According to George C. Edwards III (1980), that one of the characteristics of the bureaucratic structure that influences policy implementation is

fragmentation. Then he explained that fragmentation is the dissemination of a policy's responsibility to several different agencies that require

coordination. In general, the greater the coordination needed to implement the policy, the less likely the success of the program or policy. Fragmentation results in narrow views of many institutions bureaucracy. This will lead to adverse consequences for the success of policy implementation.

Policy implementation is a complex activity with so many factors that influence the success of a policy implementation. In reviewing the implementation of public policy, George C. Edwards III (1980) began by asking two questions, namely: (a) *What is the precondition for successful policy implementation?* (b) *What are the primary obstacles to successful policy implementation?*

The attitude of the policy implementer will greatly influence the implementation of the policy. If the implementer has a good attitude then he will be able to carry out the policy as well as what is desired by policy makers, on the contrary if the attitude is not supportive then implementation will not be carried out properly.

Furthermore, George C. Edwards III (1980) also asserted that in the appointment of bureaucracy, the disposition or attitude of the executor would create real obstacles to the implementation of the policy if the existing personnel did not implement the policies desired by the higher officials. Therefore, the appointment and selection of policy executing personnel must be people who have dedication to the policies that have been established, more specifically to the interests of society.

Manipulating incentives is a matter of the attitude of policy implementers. Basically people move based on their own interests, then manipulating

incentives by policy makers influences the actions of policy makers. By adding a certain profit or cost, it will be a driving factor that makes the executors carry out orders properly. This is done as an effort to meet personal or organizational interests.

Then George C. Edwards III (1980) added that although many executive institutions have built communication channels throughout the bureaucracy, it does not guarantee that communication will be channeled successfully. In most instances, the implementer has a great policy in interpreting the decisions and orders of superiors. Sometimes the boss's orders are less specific, so that personnel at the bureaucratic level must use their own judgments to develop and build these orders. This leads to communication irregularities. Even when the bureaucracy carries out these orders, the potential for deviations will be even greater. Because bureaucrats sometimes use their own understanding for their personal and group interests.

In general it can be concluded that the more centralized implementation of public policy, the fewer public policies are accurately channeled by the implementers. Therefore decentralization is needed, meaning that decisions must be discussed through several levels of authority before finally reaching the implementers. More levels of communication must be channeled from the source is the weaker the information is received by the actual recipient. Sometimes executives and staff prefer not to submit policy orders in person; they choose someone else to communicate this. This adds to the chain of communication which means increasing the potential for irregularities. Even the use of third

parties as a form of indirect communication, for example through the press, can significantly increase the likelihood of irregularities.

There are several reasons for the lack of clarity in the implementation command. Among these factors are the complexity of public policy, lack of desire to serve the public, lack of agreement on policy objectives, problems in initiating new policies, avoiding policy accountability, and making legal decisions that occur naturally. Uncertainty will lead to policy changes that cannot be anticipated because of the exploitation of ambiguity due to the importance of self-interest. Changes that are not anticipated can also be caused by management activities, when the implementer works hard to obtain compensation for the uncertainty of their goals. Ambiguity also creates an environment where executors easily interpret the wrong desires behind actual communication.

There are several reasons why communication implementation becomes unclear. Public policy is usually complicated and requires a lot of time and expertise in those who issue execution orders. Because of the inability of top-level decision makers to do this, they give general decisions and allow subordinates to implement it specifically. A fundamental cause of vague policy decisions is the lack of existing agreement on policy objectives. Policy makers usually do not clearly state their objectives. Specific goals make it difficult for them to build honest coalitions among various interests. Furthermore, when a decision requires the approval of some people with the same status and influence, for

example in the legislature or court, the policy becomes vague due to the strength of the special compromise that aims to get a decision.

The implementation order must be consistent and clear if you want the implementation of the policy to be effective. Delivery is clear, but the opposite order does not make it easier for operational personnel to accelerate implementation. Thus the implementer experiences obstacles with inconsistent orders. can avoid failure to meet the goals they must achieve. They can easily give up or they can choose the commands they like. Explanation of the inconsistency of implementation communication is the same as the uncertainty (complexity) of public policy, problems in starting a new program and various objectives of the many policies. Unstable establishment, such as ambiguity, also results from a desire not to distance interests and the large number of competing interests sought to influence policy implementation (George C. Edwards III, 1980).

The study of policy implementation is very important for the study of public administration and public policy. Policy implementation is a stage of policy making. If a policy is not appropriate or cannot reduce the existing problems, then the policy fails. However, an extraordinary good policy will fail to achieve the goals that have been made if implemented in a bad way.

Public policy implementation can include a variety of actions: issuing and executing orders, issuing payments, making loans, providing assistance, signing contracts, collecting data, disseminating information, analyzing problems, assigning and hiring workers, creating organizational units, proposing alternatives, planning for the future ,

negotiating with the private sector, business, legislative committees, bureaucratic units, and even with other countries.

In this implementation activity is usually contained in it: who is the executor, the amount of funds and the source, who the target group, how the program or project management, and how the success or performance of the program is measured. Briefly, policy implementation is a way for a policy to achieve its objectives. No more and no less. The policy objective is essentially to intervene. Therefore the actual policy implementation is the intervention action itself. While the activities of problem formulation, forecasting, policy recommendations, monitoring, and policy evaluation are more intellectual activities.

According to AG. Subarsono has a variety of implementation theories, such as from George C. Edwards III (1980), Merilee S. Grindle (1991), and Daniel A. Mazmanian and Paul A. Sabatier (1983), Van Meter and Van Horn (1975), and Cheema and Rondinelli (1983), and David L. Weimer and Aidan R. Vining (1999). For restrictions in this research plan, the authors choose to present several theories that are considered relevant to the discussion material of the object under study. This does not mean that the author justifies other theories no longer relevant in the development of public policy implementation theory, but rather to direct the writer to focus more on the variables or aspects studied through the writing of this research, namely:

(a) Merilee S. Grindle's theory, that the successful implementation according to Merilee S. Grindle (1991) is influenced by two major variables, namely the content of

policy and the context of implementation. Furthermore, Merilee explained that the contents of policy consists of the interests of the target group, the type of benefits, the desired degree of change, the location of decision making, program implementation, and the resources involved. While the context of implementation contains elements of freedom the interests and strategies of the actors involved, the characteristics of institutions and authorities, and compliance and responsiveness.

(b) The Theory of Paul A. Sabatier and Daniel A. Mazmanian (1983). Other theories that are not much different from the Merilee theory above are the theories put forward by Sabatier and Mazmanian. Because in their theory they describe two variables that influence policy implementation that are almost identical to the Merilee theory. The first variable is the regulatory carrying capacity variable which includes instruments that have direct involvement in influencing a policy, and the second variable is a non-regulatory variable that contains elements that are similar to an explanation Merilee implementation environment (1991).

The additional variables outlined by Sabatier and Mazmanian (1983) are the characteristics of a problem that will affect policy implementation. For this reason it is deemed necessary to identify problems (problem identification), before the policy is formulated. Because in certain social problems, especially in heterogeneous Indonesian society, the art of processing policies must be truly considered. It is not uncommon for a policy aimed at benefiting new, unpredictable conflicts, caused by policy makers failing to a problem characterize.

(c) Furthermore Mazmanian and Sabatier (1983) explain that there are three groups of variables that affect the success of implementation, namely: the characteristics of the problem (tractability of the problems), the indicator; (a) The level of technical difficulty of the problem in question; (b) The plurality level of the target group; (c) The proportion of the target group to the total population; (d) Coverage of expected behavioral changes.

(2) The characteristics of the policy (ability of statute to structure implementation), the indicators: (a) contents of the policy clarity; (b) To what extent this policy has theoretical support; (c) The amount of financial resources allocation to the policy; (d) How big is the linkage and support between various implementing institutions; (e) Clarity and consistency of the rules that exist in the implementing agency; (f) The level of commitment of the authorities to policy objectives; (g) How broad is the access of outside groups to participate in policy implementation.

(3) environmental variables (nonstatutory variables affecting implementation), the indicators: (a) socio-economic conditions of the community and the level of technological progress; (b) Public support for a policy; (c) attitude of constituency groups; (d) The level of commitment and skills of the apparatus and implementor.

(4) Ability of Wisdom to Structure the Implementation Process: (a) Clarity and consistency of objectives, (b) Use of adequate causal theory, (c) Accuracy of resource allocation, (d) Integration of hierarchies within and between implementing agencies, (e) Decision rules of the

implementing agency, (f) Recruitment of executing officials, and (g) Formal access of outsiders.

(5) variables outside the policy that affect the implementation process: (a) socio-economic and technological conditions, (b) public support, (c) attitudes and resources owned by the electoral group, (d) support from superior officials, (e) Commitment and leadership skills of executing officials.

(6) Models of Donald S. Van Meter and Carl E. Van Horn. Van Meter and Van Horn (1975) explain that there are 6 variables that affect implementation performance, namely: (a) Standards and policy objectives. Standards and Policy objectives must be clear and measurable, so that they do not lead to interpretations that can lead to conflicts between implementing agencies; (b) Resources. Policies need to be supported by resources, both human resources and non-human resources; (c) Communication between organizations and strengthening activities. In various cases, the implementation of a program sometimes needs to be supported and coordinated with other agencies in order to achieve the desired success; (d) Characteristics of implementing agents. The extent to which interest groups provide support for policy implementation. Including the characteristics of the participants namely supporting or rejecting, then also how the nature of public opinion in the environment and whether the political elite supports the implementation of the policy; (e) Social, economic and political conditions. Social, economic and political conditions include environmental economic resources that can support the successful implementation of policies; (f)

Disposition of the implementor. The implementor's disposition includes three important things, namely: (1) the implementor's response to the policy, which will affect his willingness to implement the policy, (2) cognition, namely his understanding of the policy, (3) the intensity of the implementor's disposition that is the value preferences of the implementor.

(7) G Models. Shabbir Cheema and Dennis A. Rondinelli (1983). Cheema and Rondinelli describe four groups of variables that can affect the performance and impact of a program including: (a) Environmental conditions, (b) Relationships between organizations, (c) Organizational resources for program implementation, (d) Characteristics and capabilities of implementing agencies.

(8) Cheema and Rondinelli Implementation Model (1983) which divides relationships between organizations into: (a) Clarity and consistency of program objectives, (b) Division of functions between appropriate agencies, (c) Standardization of planning, budgeting, implementation and evaluation procedures, (d) Accuracy, consistency and quality of communication between agencies, (e) Network effectiveness to support programs, (f) Executing Characteristics & Capabilities, (g) Technical, managerial & political skills of officers, (h) Ability to coordinate, control and integrating agency decision support and political resources, (i) Internal communication Nature, (j) Good relations between agencies and target groups, (k) Good relationships between agencies with parties outside government & NGOs, (l) Quality of agency leaders concerned, (m) The officer Commitment to the program, (n) Position of the agency in the

administrative system hierarchy, (o) Performance and Impact, (q) The extent of the dpt program reaching the set goals, (r) There is a change in administrative ability in the local organization, (s) various outputs and other outcomes, (t) Organizational Resources, (u) Control of funding sources.

1.8 Conclusions and Suggestions

a. Conclusions

The principle of state financial management is based on a new paradigm in this reform era which is a practical reflection of;

1. Results-oriented accountability, this reflects that the implementation of performance-based budgeting emphasizes more on the implementation of planned and programmed budget systems, which is to prioritize the direction of the budget which is usually arranged based on institutions and income into an implementation-based budget. This also means implementing a budget preparation system that emphasizes the relationship between various outcomes of programs and inputs needed to produce something that is directly beneficial to the welfare of the community, thus making it easier to analyze alternative plans for achieving a predetermined goal / planned
2. Professionalism, that is starting from the preparation of the budget

plan, its management and up to the stage of accountability is required to be carried out in a professional manner, which is a collaboration between comparability of abilities and skills and policy makers who focus on effective and efficient performance, both from the point of view of the process results, impacts and benefits.

3. Proportionality, a practical reflection of proportional demands is the purpose of the planned budget for its management is expected to be appropriate and commensurate with the demands of the existence of the Indonesian people and nation at the present time, say at this time employment is very minimal and unemployment is very large so the planned budget should be proportionally can proportionally answer the challenges of the Indonesian people at the present time.

4. Openness in the management of state finances, as one of the concrete efforts to realize the ideals of reform is the existence of accountable transparency from state financial managers, this means every time anyone and whenever they want to verify the management of state finances for government officials the

system and instruments have been prepared including the submission of government financial accountability reports prepared in accordance with government accounting standards that have been generally accepted.

5. Financial examination by an independent and independent Audit Board, based on Law Number 17 of 2003 concerning State Finance Article 30, has confirmed that the central and regional governments will account for the implementation of APBN / APBD to the DPR / DPRD after being examined by the State Audit Agency . This budget realization report in addition to presenting revenue and expenditure realization also explains the work performance of each ministry / institution and the regional work unit.

b. Suggestions

Based on the demands of the political reforms, good corporate government should be implemented, which in reflection is also demanded the reform of state finance, while the demands include the following:

1. *Discretion Reform*, this reform includes the freedom in managing state finances, especially more felt for the government. Along with the discretion, changes in supervision were initially carried out vertically and were characterized by a centralistic, hierarchical change to horizontal control where supervision was carried out horizontally by the DPR, assisted by BPK and BPKP.
2. *Budget Reform*, reforms in the budget sector that separate the routine budget and the development budget will also shift to the budget according to the organization, type of expenditure and function, so that the consequences if there is a budget shift must be approved by the DPR. Similarly, from the results of work performance, the implementation of the budget must be measured to the extent of government services to the people, therefore performance measurement indicators must be created to measure government performance.
3. *Strategic Cost Reform*, the existence of central and regional financial balances, but also through local

revenue. Local governments are also possible to obtain loans from both domestic and foreign countries. On the contrary, the central government is also possible to obtain loans from the local government when the local government gets a surplus.

4. *Deficit / Surplus Spending Reform*, for the treatment of accounting to the budget deficit is more objective. At the time before the reformation there had never been a budget deficit because loan receipts were recorded as state revenues so that in the APBN there was no budget deficit, neither did the budget surplus. Every year the central government and regional governments must calculate the actual budget deficit / surplus. If there is a deficit, then a solution is sought to overcome the problem, whereas if there is a surplus, it must be allocated to the actual welfare of the community or even pay off foreign debt and specifically oriented to prospective regeneration so that it will not leave a burden for the next generation.
5. The concept of *Good Governance* is an ideal type of governance, which is formulated by many experts for practical purposes in order to build good state-society-market relations. Some opinions even disagree with the concept of good

- governance, because they are considered too charged with ideological values.
6. Meutia Ganie Rachman (2000) mentions *good governance* as a mechanism for managing economic and social resources that involves the influence of the state sector and the non-government sector in a collective effort. This definition assumes that many actors are involved where nothing is very dominant which determines the motion of other actors. The first message of governance terminology refutes a formal understanding of the functioning of state institutions. Governments recognize in the community that there are many decision-making centers that work at different levels. Purwo Santoso (2010) believes that the more ideal concept of governance is *Democratic Governance*, which is a governance that originates from the community (participation), which is managed by the people (a democratic institution that is legitimate, accountable and transparent), and is used (responsive) to community interests. In principle, this concept is not substantially different from the Good Governance concept, but it does not include market dimensions.
 7. Kunci utama memahami *good governance* adalah pemahaman atas prinsip-prinsip di dalamnya, dan bertolak dari prinsip-prinsip ini akan didapatkan tolak ukur kinerja suatu pemerintahan dalam upaya mewujudkan pemerintahan yang baik. Penilaian terhadap baik-buruknya pemerintahan bisa dinilai bila telah bersinggungan dengan unsur prinsip-prinsip *good governance*.
 8. The main key to understanding *good governance* is the understanding of the principles in it, and starting from these principles will be obtained a benchmark of the performance of a government in an effort to realize good governance. Assessment of the good or bad of the government can be assessed if it has intersected with the elements of *good governance* principles.

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