

# Corruption, \_Collusion, \_and \_Nepotism \_Government \_in \_Indonesia

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# Policy Effectivity of Government Internal Supervision Body (APIP) To Actualize Clean, and Free of Corruption, Collusion, and Nepotism Government in Indonesia

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**Abstract:** One of the reinforcement in a bureaucracy reformation program is the control based on the bureaucratic reformation roadmap in 2010-2014 which has been controlled in KEMENPAN's Regulations. Its purpose is to develop the clean and free government from corruption, collusion, and also nepotism. In micro level agencies, this reinforcement was done in two programs. First is the application of internal controlling government in every organization. It is expected that this program would be able to improve the obedience, efficiency, and effectiveness of executing of their main tasks and functions. Secondly, the improvement role of Government Internal Supervision Body 'Aparat Pengawasan Intern Pemerintah' (APIP) as a quality assurance and consultant, expected to improve the quality of country's financial management accountability. Based on article 24 (2) Constitution in the Government Regulation (PP) Number 79 in 2005 about Local Government's Guidance, Development, Supervision, as well as Application, APIP consists of Department Inspectorate, Non Department Government Agency Supervision Unit, Province Inspectorate, and Regency/City Inspectorate. Moreover, based on an article 49 (1) Constitution in the Government Regulation (PP) Number 60 in 2008 about Government Internal Control System (SPIP), APIP consists of Development and Finance Controlling Board (BPKP), Inspectorate General or other agency that is functioning and doing the intern supervision, Province Inspectorate, and Regency/City Inspectorate. Government policy in public sector and also Regulation that regulate APIP, become the main pillars as criteria to measure whether the government institution succeeded or failed in performing its mission. According to Mustopadidjaja (2003), the policy system is one of the institutional arrangement or media which has a role in accomplishing all or part of the policy process (formulation, implementation, policy performance evaluation) that accommodate technical and sociopolitical process. Policy system is also related to the interaction in dynamic factors, such as the policy of environment, policy maker, group targets as well as the policy itself.

**Keywords:** Regulation, APIP's, Good Governance

## 1. Introduction

Law number 17 year 2007 (UU No. 17 Tahun 2007) about National Middle-Term Development Plan 'Rencana Pembangunan Jangka Panjang Nasional' (RPJPN) year 2005-2025 has mandated state apparatus development to be conducted through bureaucracy reform in order to improve state apparatus professionalism and to realize a good governance, both in central and local government, so they can support and ensure the success of development in other fields.

There are some reasons why government bureaucracy needs to be reformed, among those are: the bureaucratic strategic role in realizing nation's visions and missions (to protect all the people of Indonesia and all the independence and the land, and to improve public welfare, to educate the life of the people and to participate toward the establishment of a world order based on freedom, perpetual peace and social justice); multi dimensional crisis that was started since the New Order and reached its peak in 1997 and is still proceeding, including moral crisis; Indonesia's corruption-perception index rank that is still on top among other Asian countries ;the unsuccessfulness of existing bureaucracy to take role in increasing investment that is proved from the survey result conducted by International Finance Corporation (IFC) in 2010 on (doing business), Indonesia ranked 122 from 184 countries that were surveyed.

After the implementation of the second phase of bureaucracy reform which has been started in 2009 until now, some

things still do not go on as expected. Some problems regarding bureaucracy still can be found, which are: some organizations have not got the appropriate function and objectives; there are still some unclear, multi-interpreted, overlapped regulations; 4,57,113 human resources apparatus/PNS 'civil servant' (BKN, December 2011) has not yet distributed based on the needs, has low quality and productivity, unfair remuneration and salary (based on job title and workload), has not reached welfare, and their institutions has not evenly got achievement remuneration; authority is misused and overlapping; public service has not met the demand and satisfaction of the society; apparatus' mindset and culture set have not supported bureaucracy to be efficient, effective, professional, and serving.

Underlining the problem that bureaucracy reform has not run as expected, one of the causes is the existence of unclear, multi-interpreted, overlapped regulation. This can be seen from the existence of two policies in the form of Government Regulation that organizes APIP's main duty, function, and authority, which are different or not harmonious especially in the regulation about cross-hierarchical vertical supervision of government agency as stated in Government Regulation (PP) Number 79 in 2005 about Local Government's Guidance, Development, Supervision, as well as Application and Government Regulation (PP) Number 60 in 2008 about Government Internal Control System (SPIP), where each was derived from Law (UU) Number 32 in 2004 about Local Government and Law Number 1 in 2004 about National Treasury.

## 2. Public Policy Concept

Basically, a public policy is a useful decision that is made by the authorities to solve a certain problem, to do a certain activity, or to reach a certain objective, in implementing the development and national government duty. Formally, in the state administration environment, the policy/decision is usually applied in the form of Regulations. Public policy instrument form that is chosen depends on the substance/problem scope, the nature of policy, the impact of policy, the political economics system held, the relation to other policies or regulations and the decision maker agency.

Conceptually, there are two main elements in every policy, which are: an amount of policy objective (*ends or policy objectives*=Yi), an amount of policy instrument (*means or policy instrument*=Xi). Both are related and likely to get influences from many other factors (Zi). The whole relation between variables or factor relations is a complex equation system. According to Anderson (1976), policy system is a respond from political system to demand or claim that comes from its environment. This definition shows that policy system elements are policy stakeholders, policy environment (both internal and external), and target group.

William N Dunn (1994) formulates public policy as a list of action choices that are related, and are arranged by government functionary or agency. Other opinion formulates that public policy is a proposal of direction to action or policy that is proposed by individual or group or government to overcome the obstacles or to make good use of opportunities in a certain environment, in order to reach a goal or complete a target. Public policy is a dynamic and complex phenomenon that can be examined from many branches of science. That dynamics and complexity will be more real if observation is conducted to public policy process. From management view, policy process can be viewed as series of activities that consist of at least three groups of activity, among which are:

1. Public policy formulation;
2. Policy implementation and supervision;
3. Policy performance evaluation.

Policy process takes place in a political social and institutional environment with complex elements. Therefore, policy analysis is a series of intellectual activities which are done by process of activity that basically is politics.

Policy analysis that results relevant policy to the policy in a, some, or whole stage starts the policy-making process. Therefore, policy analysis is conducted to create evaluation, which is done critically, by communicating relevant knowledge to the policy in one or more stages of policy-making process.

According to Wiliiam N Dunn which is quoted by Harold D Lasswell (1970) public policy can be learned from two approaches, which are: first, analysis of the policy process which is analysis approach related to how policy agenda is decided, how decision agenda is taken, and how the policy is implemented and evaluated. Second: analysis in and for the policy process which is analysis approach that uses research

analytic techniques, advocacy, in formulating policy problem, policy decision-maker, policy implementation, and policy evaluation.

The two approaches to public policy analysis above, as stated by Mustapadidjaja A R (2002), have two dimensions namely social economic political dimension, and technical analysis dimension. Each one emerges in an institution that reflects a part or a whole policy cycle.

Social economic political dimension is started by scrutinizing the environment dynamics that the level of understanding can be obtained based on the icebergs theory, which then is observed by strategic environment change which is happening globally and modernly. The next step is conducting agenda setting and then observing the factors that influence policy process either social, economic, or politic factor.

Technical analysis dimension of public policy formulation in order to formulate problems, identify, develop, examine, and choose policy alternative, and formulate the policy alternative in the format of Regulation.

## 3. Government Administration System and APIP'S Role

In the government administration system in The Unitary State of the Indonesian Republic (NKRI), there are two levels of government, which are central government and regional or local government that consists of provincial government, and city/regency government. Officially there is no other level of government outside those two. Therefore, all government related matters are divided completely within these two levels of government. However, there is one other kind of government that obtains special place both in Regulations and public administration examination. This kind of government is local government that is manifested in the form of village government.

Central Government is the President of Republic of Indonesia who holds the power of the government of NKRI as stated in 1945 Constitution (UUD 1945). In organizing government-related matters, Central Government organizes things by itself or share them with Central Government instrument or the representative or government in the local province or gives mandate to local government and/or village government. For the matters that become the Central Government authorities outside the government-related matters, the Central Government can organize itself some of the matters, share with the Governor as the representative of the Central Government, or give mandate to local and/or village government based on assisting-duty principle.

Local Government is the implementation government-related matters by Local Government and DPRD based on autonomy and assisting-duty with widely autonomy principle in the system and foundation of NKRI as stated in 1945 Constitution (UUD 1945). Every level of government in Indonesia has authorities, functions, and powers, which have been set in the regulations. Internal audit is needed for the government administration implementation. Internal audit that is conducted by APIP is one of the internal

supervision activities which functions to independently assess the implementation of government agency main duty and function. Internal supervision arrangement scope includes institution, area of duty, human resources' competency, ethic code, supervision standard, reports, and peer review.

Internal supervision that is conducted by APIP to the implementation of government agency main duty and function includes the state finance accountability, and development of internal supervision system implementation (sistem pengendalian intern, SPI).

The existence of internal supervision institution or APIP in Indonesian is common. The many existence of this internal supervision institution may cause ineffectiveness of the supervision in term of the essence of supervision is not reached. This can be proved for there are many public functionaries both in central and local that involved with the law problem, especially in criminal act such as corruption, which is now being in the hand of investigating agency (Attorney/Police/KPK), but there is no advice/suggestion to prevent irregularity/corruption given by internal auditor as the implementation from the role as consulting partner. Supervision that is conducted repeatedly causes the supervised party's work hindered. However, the existence of internal supervision institution is still needed. Even so, it must be independent in doing its job.

The internal supervision improvement must be started from policy perfecting. The policy meant is to rearrange the role and paradigm of supervision. APIP must have role as strategic partner from government in order to empower government organizers. One of the things encompassed in internal supervision system policy is institution scope of supervision.

To avoid overlapping of internal supervision scope and to reach the objectives of supervision done by APIP, APIP reposition is needed based on the hierarchy of government administration organizer. So, in every government administration organizer hierarchy, there is only one government internal supervision institution.

#### 4. Impartial APIP Policy to Achieve a Good Governance

The definition of internal auditors according to *The Institute of Internal Auditors (The IIA) in the International Profession Practice Framework, Year 2009*, is as follows: "Independence, ensures the achievement of objectives and consulting activities which is designed to add value and improvement as well as organizational activities. Furthermore, it helps organizations to achieve the expected goals with systemic compliance approach (discipline) that has done through evaluation and effective tests of risk management, controlling, and governance processes."

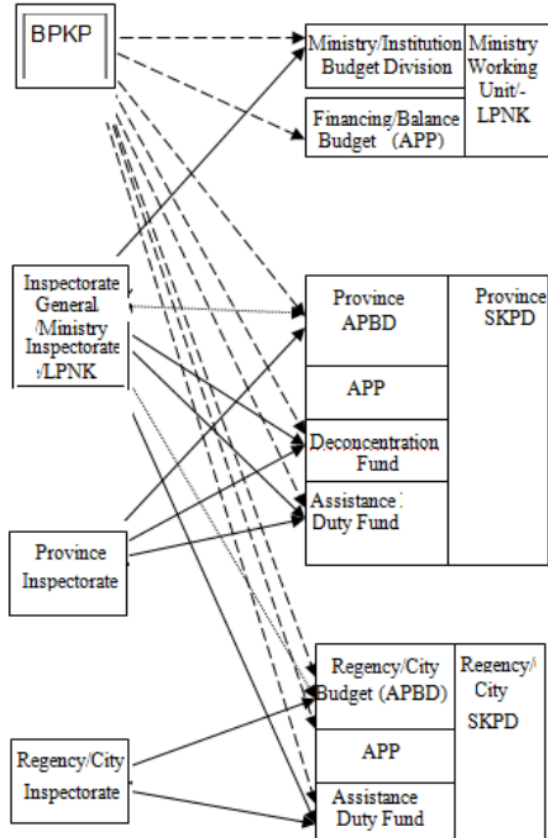
In controlling the management of state audits and national development system, the duties and responsibilities of APIP, as defined by the internal auditor of the IIA above, is to provide a value added and an improvement on government

performance accountability that is achieved through economic, efficient, and effective governance.

APIP, as an internal watchdog conceptually government, has a vital role which has at least three main functions should be handled, according to *Internal Control Framework, Committee on Sponsoring Organizations (COSO)*, 1992. **First**, the internal watchdog plays an important role in the organization government to ensure that organizational goals have been completely achieved in maximum. Internal supervisors are also required to contribute the rescue over public assets managed by government agencies. **Secondly**, the internal watchdog functioned to facilitate the implementation of government programs that are economic, efficient and effective (value for money). Then, it will ensure the reliability of the reporting government agencies, both in internal and external, as well as helping the government agencies to comply with current regulations in order to implement the principles of good governance. **Third**, the internal watchdog ensures the effectiveness of financial controls, including maintaining proper financial records. Internal supervisors also have a role to encourage the use of accurate, up to date, and transparency financial records to the public.

The supervision by APIP was conducted through audits, review, evaluation, monitoring, and other monitoring. The supervision gives benefit in the implementation of the duties and organizational functions in order to provide reasonable assurance that the activities have been carried out in accordance with an effective and efficient predetermined benchmarks for the benefit of leadership in realizing good government and good governance. The supervision by APIP should see the proper setting of the internal control system in all of its activities. The implementation of the internal control system that is organized by any government agency should be ascertained whether it has applied appropriately and adequately or not.

As we have explained, one of the role of policy in the public sector (government) is to measure the success/failure of the main tasks and functions performed by each agency. It also includes policies governing APIP that the two policies are headed by different Law. The Government Regulation No. 79 Year 2005 on Guidelines for Development and Control of Regional Government is a derivative of the Law No. 32 Year 2004 on Regional Government, and PP 60 of 2008 on Government Internal Control System is a derivative of Law No. 1 Year 2004 on National Treasury. The different PP (partial) above would result in overlap (overlapping) monitoring conducted by the APIP. The supervision by APIP based on Government Regulation No. 79 of 2005 can be described as follows:



**Note:**

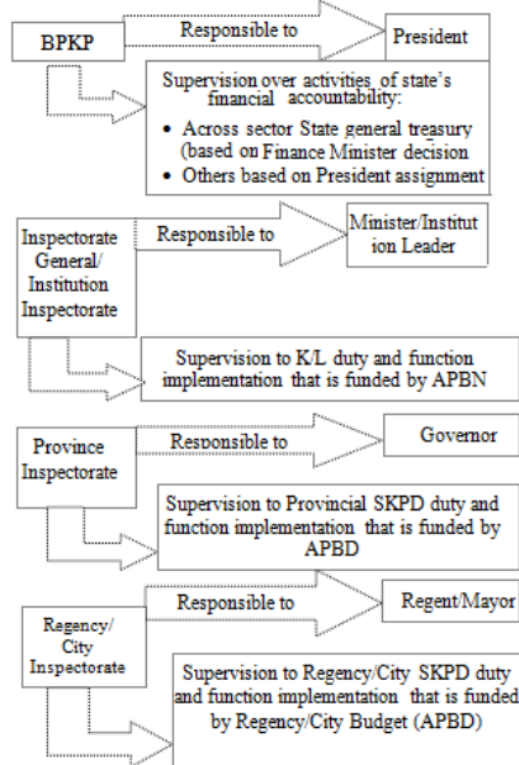
- : On the initiative of supervisory agency
- - - : On the request
- : On the supervision of Inspectorate General of Home Affairs Ministry

**Source:** The text of the Academic Bill of the National Monitoring System UGM, 2006

From the picture above, the implementation of supervision over the government administration in the field is overlapping. Overlapping phenomenon of government internal supervision across APIP that is occurred is overlapping examination by APIP (BPKP, Inspectorate General/Institution, Province Inspectorate). The overlapping cause appears to the examination of deconcentration implementation, duty of assistance, loans and foreign grants and across sectors internal supervision. Other causes are lack of trust in the examination of the implementation of deconcentration and assistance duty funds conducted by Provincial / Regency / City Inspectorate makes Ministry Inspectorate/related technical Institutions do re-examination.

In addition to overlapping supervision by APIP, the structure of the regional APIP intrudes independence and objectivity. The institutional structure of the regional APIP does not fall directly under the Regional Head but under Regional

Secretary, so that indicates the independence of the Regional Secretary. Regional Secretary, under Government Regulation (PP) No. 58 Year 2005 on Regional Financial Management acts as the coordinator of the regional financial management, therefore, Regional Secretary is one of the objects to be inspected by the APIP in giving assurance to the regional leader as the local authority of financial management. The institutional structure of the regional APIP is also not in line with Government Regulation (PP) No. 60 year 2008 as regional APIP should be responsible directly to the Regional Head. Furthermore, institutional structures and tasks performed by APIP as stated in Government Regulation No. 60 year 2008 can be described as follows:



**Source:** Kuswono Soeseno, 2009

From the picture above, the various organizational units of APIP can cause various problems, particularly overlapping and repeated supervision if it is not executed based on a concept of government internal supervision that shows who did what and to whom he/she is responsible in strata of internal supervision stratum, with the scope of duties, responsibilities and competencies that are different. The same understanding and perception among APIP agencies to the concept of 'who did what and to whom he/she is responsible' is expressed in the duties and authorities sharing of each APIP in Government Regulation No. 60 Year 2008.

Policies governing the functional supervision and inherent supervision regulated in Government Regulation No. 79 Year 2005 on Guidelines for Development and Supervision of Government, and Government Regulation No.60 Year 2008 on the System of Internal Control over Government are

still not able to eliminate the phenomenon of overlapping roles and functions of APIP.

## 5. Closing

One of the reinforcement of the bureaucracy reform implementation is in the field of supervision. Supervision here is none other than that carried by APIP that has had a new paradigm that is as quality assurance, internal consultant and catalyst in enhancing the excellent service quality, which is characterized by a definite, easy, fast, and transparent service, and it creates state apparatuses that are professional, effective, efficient, accountable, clean and free from corruption.

With the policy of the APIP that is still partial, Government Regulation (PP) No. 79 Year 2005 on Guidelines for Development and Control of Government and Government Regulation (PP) No. 60 Year 2008 on Government Internal Control System, there will be supervision overlap particularly one conducted by APIP that results APIP's ineffective and inefficient supervision.

Therefore, one legal framework is required, in the form of the Law on the Government Internal Control System that improves / harmonizes the two Government Regulations above, so that APIP supervision can be more effective and efficient, which can further realize the good governance and clean government.

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