

# *The Design of Budget Plan Function of Jember Regional People's Representative Council in 2014-2019*

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## **Abstract**

*This study aims to delve into the implementation of budget plan in Jember DPRD, investigate the factors that influence the implementation of budget plan, and reveal how to design an effective / optimal budget plan function in Jember DPRD. This research used descriptive qualitative method with data collection techniques using interviews, observation, and documentation. The results of this study are threefolds. First, the budget planning process carried out by Jember DPRD for the 2014-2019 period does not uphold democratic principles because in the last few periods DPRD commission has been hardly involved in planning Jember APBD. Second, there are several factors that affect the performance of DPRD in terms of budget planning, namely ineffective communication with local governments, local government policies that do not include an expert team to work in tandem with DPRD members, and the recess period used by DPRD members. Lastly, the draft budget plan by Jember DPRD must uphold the principles of being democratic, fair, transparent, high-morals and prudent whereby DPRD must be involved in RAPBD discussion and remain in coherence with Jember Regency RPJMD.*

**Keywords:** Jember DPRD, Budget plan, Planning, Implementation

## **I. INTRODUCTION**

The development and changes in government system in each region are driven by the dynamics in democracy. This puts the Regional People's Representative Council (DPRD) on demand to continuously maintain reliable capabilities in moving the wheels of government, development and society. By referring to statutory regulations and considering the public, as written in Law 23 of 2014 article 1 point 6 concerning local government, it is stated that:

*"Regional autonomy is the right, authority and obligation of an autonomous region to regulate and manage its own affairs and the interests of local communities within the system stipulated by the Republic of Indonesia".*

In accordance with the notion of autonomous regions as stipulated in Law Number 23 of 2014, we can conclude that regional heads are endowed with the authority to carry out various local affairs.

The authority in regional finance is manifested in the form of a regional government work plan and translated into regional revenue, expenditure and financing which is managed within the regional financial management system in robust compliance with efficient, effective, transparent, accountable, orderly, fair, proper and relevant regulations (Law Number 23 of 2014).

Furthermore, because the Regional Budget Revenue and Expenditures (APBD) is manifest in the form of regional regulations as the basis for regional financial management, APBD is discussed and agreed upon by the regional government in collaboration with DPRD. As stated in Article 1 point 7 of Government Regulation Number 58 of 2005 concerning Regional Financial Management, it is explained that:

*"Regional Budget Revenue and Expenditures, hereinafter abbreviated as APBD, is an annual regional government financial plan which is discussed and mutually agreed upon by the regional government and DPRD, and stipulated by regional regulations".*

The Regional People's Representative Council or DPRD is a form of people's representative institution/regional parliament located in a province, regency, or city in Indonesia which is positioned as an element of regional government administration in tandem with the regional government.

It is written in Law Number 23 of 2014 article 40 that DPRD is a regional representative body and holds the position as an element of regional government administration bound to three functions, namely budgetary function, supervisory function, and legislative function (Djaatmadja, 2006). Its implementation of budget function is actualized by discussing and approving the draft of regional budget revenue and expenditure together, with the regional head.

As stated in the Regulation of the Minister of Home Affairs of the Republic of Indonesia, regarding Guidelines for Regional Financial Management, the mechanism in designing APBD includes a number of stages. The first stage is to propose a draft of regional regulation germane to APBD, which is followed by the discussion on the draft on APBD and the draft concerned with regional head regulations regarding the elaboration of APBD. The last step is to evaluate and stipulate a local regulation on APBD and Regional Head Regulation on the elaboration of APBD.

However, the budget function carried out by Jember DPRD faces a crucial problem. As of January 2020, Jember Regional Budget has not been passed because the draft has not been mutually agreed upon between DPRD and the executive. They have not yet started discussing APBD draft, which was supposed to begin with the discussion of the General Budget Policy (KUA) and the 2019 Temporary Budget Ceiling Priority (PPAS) R-APBD. In fact, when comparing it with the former draft in 2018, in September, the legislature and executive of Jember Regency did manage to run discussions on 2019 R-APBD (Wahyunik, 2020). Based on an interview with Tabroni, Chairperson of Commission A at DPRD Jember, the reason why Jember Regional

Budget has not been ratified is because legislative communication with the Regent of Jember did not run well (Iswinarno, 2020). In fact, the discussion on RAPBD is fundamentally crucial in determining Jember future, especially in terms of development and empowerment. The delay in ratifying the Jember APBD for the 2020 fiscal year poses a domino effect on a number of financing and expenditures. It is obvious that the salary for civil servants and DPRD members in Jember will not be paid on schedule due to budget deficiency (Wahyunik, 2020).

In addition to the budgetary function, DPRD also performs its supervisory function. The term supervision itself is widely known in the discourse of management science, and represents one of the most important series in the management process, especially in government management. In this case, what is meant by DPRD's supervisory function manifests the conformity between reality, plan, and realization.

By contrast, the legislative function is implemented by forming regional regulations. The regional regulations in this case are the regulations stipulated by the regional head after obtaining the joint approval of DPRD members. The Draft of Regional Regulation comes from DPRD or from the Regional Head (Regional Government). However, for the regional regulations on development planning, that is Regional Mid-term Development Plan (RPJMD) and Spatial Planning, the draft is meant to be initiated by the Regional Government and discussed with DPRD (Busroh, 1985).

## II. THEORETICAL FRAMEWORK

In their book entitled *Introducing Public Administration*, Shafritz and Russell reveal that a number of principles of budgeting system have embraced the recent developments in society, which pertain to 1) *Democratic*, which means that budget is determined through joint agreement between the central government and the regional government; 2) *Fair*, which means that the state budget must be directed optimally for public advantage proportionally; 3) *Transparent*, which stipulates that the planning, implementation, and accountability of the state budget needs to be known not only by the people's representatives, but also by the public; 4) *High morals*, meaning that the management of the state budget has to adhere to the prevailing laws and regulations; and 5) *Prudent*, means that the management of the state budget must be carried out meticulously, because of limited resources and high cost.

The implementation of budget function is actualized by discussing and approving the draft of regional budget revenue and expenditures in conjunction with the regional head. In addition to regulations related to the discussion mechanism, DPRD also needs to understand technical regulations, so that in budget discussions, DPRD members can oversee the programs and activities to be financed (which are included in the APBD). However, the budget function carried out by the Jember DPRD faces a crucial problem. As of January 2020, Jember Regional Budget Regulation has not yet been passed because the draft has not been mutually agreed upon between DPRD and the executive. They have not yet started discussing APBD Draft which was

supposed to begin with the discussion of the General Budget Policy (KUA) and the 2019 R-APBD Temporary Budget Ceiling Priority (PPAS). In fact, when comparing it with the previous draft in 2018, in September, the legislature and executive of Jember Regency did manage to run discussions on R-APBD of 2019. The reason why the Jember APBD Regional Regulation has not been passed is because the legislative communication with the Jember Regent did not run well (Iswinarno, 2020). Ironically, the discussion of RAPBD in fact plays crucial roles in determining the future of Jember, especially in terms of development and empowerment. The delay in ratifying Jember APBD for the 2020 fiscal year has a domino effect on a number of financing and expenditures.

This phenomenon has attracted the researcher's interest to describe the Draft Budgetary Plan of Jember DPRD by first analyzing the budget planning process and the factors that influence the budget planning process in Jember DPRD. The theoretical framework in this study is as follows:

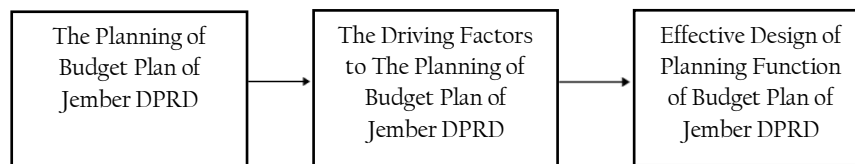


Figure 2.1. Theoretical Framework

### III. RESEARCH METHOD

This research was carried out with an alternative approach in exploring the social realm behind the "Design of Function of the Budget Plan of Jember DPRD in 2014-2019". First, the researcher described the approach operative in this study. Second, the researcher pointed out in determining the research data. Afterwards, the researcher explained the data under analysis. This research was based on triangulation of multiple sources of data in consideration that this research called forth a variety of different sources garnered using the same method. Human beings served as data sources, divided into three categories, namely aggregate (selected sample individuals), interactive (small group, family, work group), and collectivity (organization, community, village community). This research was based on a qualitative perspective in consideration that the focuses related more to conceptual studies manifested in lines of thoughts and how these thoughts were socialized. In accordance with the problems under investigation, as mentioned by Bogdan and Biklen (1982:5), qualitative method is a research procedure that generates descriptive data in the form of words, be it written or spoken information, from people and observable behavior.

### IV. RESEARCH RESULTS

The research has delved into the implementation of Budget Planning by Jember DPRD in years 2014-2019. In their book entitled *Introducing Public Administration*, Shafritz and Russell, reveal that a number of principles in the budgeting system have been coherent

with the recent developments in society. The research findings are presented using the perspective of budgeting system.

### 1. Democracy

Democracy in this regards relates to the state budget, be it the central government or the regional government. Regardless of whether the budget is related to income or expenditure, it must be stipulated through meticulous process integrating multiple public elements. Besides, the budget needs to be discussed with and approved by public representative institutions.

From the results of the interview with Mr. Nurhasan, the research reveals that the Regional Head of Jember Regency did not include Budget Commission at DPRD and the essential public elements, such as the village and district officials. Thus, the involvement of community elements in the drafting the budget plan for Jember DPRD is entirely nullified. As a corollary, by the end of 2020 Jember Government relied on PERKADA (Regional Government Regulation) for drafting 2020 budget. Although the initiative is still in compliance with the existing laws and regulations, it will not lead to satisfactory budget scheme.

### 2. Fairness

Fairness means that the state or regional budget has to be directed optimally on behalf of public interests and proportionally allocated to all groups in society according to their needs. In his interview, Mr. Nurhasan explained that tight discussion regarding the Draft Budgetary Plan has led to sub-optimal results.

In his interview, Mr. Nurhasan points out that there is no element of justice in the drafting the budget plan for Jember Regency. This is because the Regional Head does not emphasise on public interest as the main consideration. This is evidenced by the absence of a discussion on development plan both at village and at district level. The Draft Budgetary Plan is carried out only by the Budget Agency. If other elements of society are not involved in the budget planning, there is no opportunity to ensure that the regional budget is allocated proportionally to meet public interests.

### 3. Transparency

Transparency requires planning, implementation, and accountability of the state budget to be informed to not only the people's representatives, but also public. The undertaking of the Draft Budgetary Plan in Jember Regency has been hardly transparent. This is because the regional heads and budget agencies do not involve many elements of society in making their budgetary plan. This will make the preparation of the Draft Budgetary Plan confidential at both preparation and implementation stage.

Members of Jember DPRD as people's representatives were not involved in the making of the Draft Budgetary Plan for Jember Regency. Therefore, public had no idea about how the discussion on the budget plan for Jember took place.

#### 4. High Morals

The principle of high morals in budget planning should also be upheld. The notion of high morals means that the management of the state budget must adhere to the prevailing laws and regulations, and also always refers to high ethics and morals. In terms of ethics and morals, DPRD should be able to accommodate the public needs as core priority during the recess period and fight for them in discussions with the local government. However, DPRD has not been able to meet that expectation because it is not actively involved in budget discussions with local governments. If budget commission at DPRD is not involved in preparing RAPBD, DPRD cannot optimally supervise the budget. However, although it does not uphold high ethics and morals, the exclusion of DPRD budget commission does not violate regulation, namely Law no. 23 of 2014.

#### 5. Prudence

In implementing budget plan, DPRD and the Regional Government of Jember Regency do not pay attention to the principle of prudence. This is evident from the submission of the KUA PPAS which is almost always late. For example, the submission of KUA PPAS, which should have been submitted in June 2017, was submitted in September 2017. As a result, KUA PPAS agreement which was supposed to be carried out in July 2017 turned out to have only been actualized in March 2018. This is of course contrary to Minister of Home Affairs Regulation Number 33 of 2019. For sure, the delay in drafting and submitting KUA PPAS certainly affects timeliness of budget determination. DPRD cannot have sufficient time to criticize and exercise control over the budget formulation made by the local government. Unsatisfactory RAPBD discussion and the hasty stipulation of APBD will have resulted in neglecting development priorities and the value of justice and propriety, meaning that people will suffer losses. DPRD should have the courage to demand that the local government be extremely timely in submitting KUA PPAS so that DPRD has sufficient time to exercise control in budget planning.

##### *A. The Mechanism of Designing Jember APBD in 2014 Fiscal Year*

APBD is a form of regional financial management based on Law Number 17 of 2003 and represents an annual regional government financial plan approved by DPRD through regional regulations. APBD is a plan for the implementation of all Regional Revenue and Expenditure Budget in harmony withh Decentralization framework in a certain fiscal year. Since APBD is the basis for regional financial management, it is also the basis for controlling, auditing and supervising regional finances. Therefore, the mechanism for preparing Jember APBD for the 2014 fiscal year is based on several laws and regulations that contain and regulate the mechanism for the preparation and determination of APBD, including:

1. Law Number 17 of 2003 concerning State Finance;

2. Law Number 32 Year 2004 regarding Regional Government as amended twice, most recently by Law Number 12 Year 2008;
3. Government Regulation Number 58 of 2005 concerning Regional Financial Management;
4. Government Regulation Number 16 of 2010 concerning Guidelines for the Preparation of Regulations for the Regional People's Representative Council concerning the Rules of Procedure for the Regional People's Representative Council;
5. Regulation of the Minister of Home Affairs Number 13 of 2006 concerning Guidelines for Regional Financial Management as amended twice, most recently by Regulation of the Minister of Home Affairs Number 21 of 2011;
6. Regulation of the Minister of Home Affairs Number 27 of 2013 concerning Guidelines for Preparation of the Regional Budget for Fiscal Year 2014; and
7. Regulation of the Jember Regency Regional People's Representative Council Number 4 of 2010 concerning the Rules of Procedure for the Jember Regency DPRD.

Meanwhile, the mechanism for discussing Jember APBD for Fiscal Year 2014 involving DPRD is divided into 3 (three) parts, namely:

1. Discussion on KUA and PPAS;
2. Discussion on the Draft Regional Regulation on APBD; and
3. Discussion on the Governor's Evaluation of the Draft Regional Regulation on APBD.

#### *B. The Driving Factors to The Planning of Budget Plan of Jember DPRD*

There are several factors that affect the performance of DPRD in carrying out its budget planning duties. The first one is the interaction between effective political communication, human resource competence, and recess public and district governments so that they can become complementary partners in establishing quality APBD. Human resources, which in this context refers to the quality of DPRD budget body, need to remain competent to support the quality of budget preparation. DPRD budget bodies need to be able to determine and meet the public priority needs, possess exemplary knowledge of accounting economics, and hold the commitment to striving for the public aspirations. In addition, the recess period which DPRD members use optimally in each electoral district is very useful for gaining community aspirations. These aspirations need to be brought into focus by DPRD. Solid cooperation between DPRD and district government, competent DPRD human resources, and the success of the recess period can realize democratic, fair, transparent, high-morals and prudent budget management.

The interview results with Ardi Pujo and Nurhasan support the ROCCIPI model (Rule, Opportunity, Capacity, Communication, Interest, Process, and Ideology) as discussed in Seidman, et al. (2001), who highlight seven factors that often raise

problems related to law enactment. In the present study, the driving factors comprise communication, capacity, and process, which are found to play pivotal role in the success of budget planning. The communication concerns adequate steps for the authorities to communicate the existing regulations to intended parties. The capacity is related to the necessity to consider the conditions surrounding a community who become the subject of a regulation. Meanwhile, the process involves what criteria and procedures are considered by the actors to decide whether to be compliant or non-compliant with the law.

### *C. The Design of Budget Plan Function of Jember DPRD in 2014-2019*

According to Shafritz and Russell, a good budget design must meet the principles of being democratic, fair, transparent, high-morals, and prudent. In this case, the fact that Jember Regent did not involve Jember DPRD Commission and community elements in developing Regional Budget Plan has demonstrated the failure in ensuring decent budgeting system, due to serious derailment from the above principles.

In his interview, Mr. Ardi Pujo Prabowo said that good budgeting is budgeting that can accommodate public interests, and is arranged with good communication, in accordance with the Law and according to RPJMD.

It can be concluded that several essentials need to be taken into account upon making the Draft Budgetary Plan for Jember Regency. And what is very crucial, yet overlooked by the government in making the Draft Budgetary Plan, is not communicating well with the legislature and the public. Draft Budgetary Plan has to be developed in compliance with the Law and RPJMD, yet that does not necessarily result in an effective budget plan.

## V. CONCLUSION

The results showed that the budget planning process carried out by Jember DPRD for the 2014-2019 period did not uphold democratic principles because in the last few periods DPRD commission was hardly involved in drafting Jember APBD. In addition, the discussion on Jember RAPBD was unsatisfactory due to time insufficiency. What is more, RAPBD discussion is barely transparent because the community could not know how RAPBD discussion took place. Delayed discussion on RAPBD will affect the timing for determining APBD, making it impossible to meet the deadline set by the Ministry of Home Affairs. Then, there are several factors that influence DPRD's performance in terms of budget planning to meet the principles of being democratic, fair, transparent, high-moral and prudent. DPRD is found to struggle in ensuring effective political communication with Jember Regency Government, the competence of DPRD members, and the success of recess period. Ineffective communication with local governments hinders the quality of budget planning in DPRD. In addition, the regional government does not involve expert team to work in tandem with DPRD members, leading to the failure in designing decent budget plan. Lastly, the recess period is used by DPRD members to justify the accuracy of budget planning. Furthermore, the Draft Budgetary



Plan designed by Jember DPRD must uphold the principles of democracy, fairness, transparency, high morals, and prudence, all of which demand DPRD to take part in RAPBD discussion and remain coherent with Jember Regency RPJMD. To achieve these goals, there needs to be active and harmonious communication between Jember Regency Government and Jember DPRD.

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