

ANALYSIS OF ACCOUNTABILITY OF DEVELOPMENT EXPENDITURE OF REGIONAL GOVERNMENT BUDGET OF EAST JAVA PROVINCE BEFORE AND AFTER THE DIRECT LOCAL LEADER ELECTION

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Abstract— Over years of the regional budget of 2003-2013, there is still a lot of the allocation of funds that must be is continuously improved, depends on the remembrance of the application of the local election to bring a hope and results of better leadership than before. Level of the success of the implementation of regional autonomy is to be able to measure in terms of the level of woman-budget accountability. This research also found that the local election not having a significant effect on the effectiveness budget. The impact of that turns out to be shown the results of fare particularly better on Imam Utomo's reign. This is caused by less of level absorption of budgeting, especially in some regions which access the locations are difficult to reach. Another factor caused by the fact that both lumped rules designed to weed out from the center of the purposes that tended to be bind of the regions to handle finances by own self, because the region still needs much of money depends on the society needs.

Index Terms— Accountability, government budgeting, direct elections.

I. INTRODUCTION

The end of the New Order era led Indonesia into a new phase, the reform era. The dispersion of powers surrounding the electoral process is indeed an indicator of the transition of local democracy. However, regional election implementation during the reform era also caused a number of problems. Previously, community participation has not occurred in the election process in the reform era. The disappointment of the people against political parties, Regional representative assembly and election process which eventually gave rise to political decision to amend Law Number 22 the Year 1999. Amendment of Law Number 22 the Year 1999 became Law Number 32 the Year 2004 which was stipulated on October 15, 2004, to become the answer that Law Number 22 the Year 1999 is no longer valid. The most fundamental change of this

legal product is the direct election by the people in selecting regional leaders. Changes in the pattern of relations between the Regional Head, Regional representative assembly and the public also affect the area of public accountability in the regions. The assumption is, the greater the level of accountability of local government, the higher the level of democratization at the local level. The issue of democratization and political decentralization at the local level is a key element in the process of accountability of local government. Thus, public accountability is clearly part of the local community instrument for sovereignty as the ideals of regional autonomy itself. The main objective of public accountability in the context of regional autonomy is essentially to create a condition in which policies adopted by local government and Regional representative assembly are in line with the aspirations of the people. Or in other words, the extent to which the implementation of the law can bring changes to the life of local government that prioritizes the interests of the people, in an effort to bring the government closer to its people and in order to improve the welfare of the people as a whole.

II. COMPARISON OF PERCENTAGE ACHIEVEMENT OF EAST JAVA PROVINCE LEADERSHIP ERA IMAM-SOENARYO AND SOEKARWO- SYAIFULLAH

	Increase Percentage	
	Imam – Soenaryo	Soekarwo - Syaifullah
Local Gross Domestic Product Per Capita at Current Prices	7.36	11.21
Human Development Index	3.53	2.48
Life expectancy	1.90	1.02
Literacy	2.89	2.69
Average School Duration	0.40	0.33
Poverty rate	4.41	2.18
Labor Force Participation Rate	0.72	0.53
Average Male School Duration	0.30	0.23
Average Female School Duration	0.51	0.40

Source: bps.go.id. Retrieved August 9, 2016 (processed data)

Likewise in the field of health, Life Expectancy period 2008-2013 is still not increased significantly compared to the government in 2003-2008. Life expectancy in 2008 amounted to 68.7% and in 2003 of 66.80%, it can be said increased by 1.89%. While Life expectancy in 2009 amounted to 69.15 and 70.09% in 2012 which only increased by 0.94% only. That is, although Public accountability report of East Java Governor in 2009-2012 claimed an increase in the last 4 years, if judging fiscal capacity, of course, is still the much more adequate era of previous government.

Judging on the poverty rate, indeed since 2009, the statistics have decreased. In 2011 it was 14.23% and decreased to 1.15% in 2012, to 12.55% in 2013. Unfortunately, the percentage is still relatively low when compared with the previous government. Where the year 2005-2006 poverty rate reached 21.09% but successfully decreased to 16.68% or decreased 4.41%.

Every year, many regions have budget deficits which mean that spending allocations are much larger than incomes. In fact, this regional income is also still aided by the Balancing Fund. These balancing funds are utilized by the regions to be distributed to the poor through income redistribution programs reflected in regional expenditures in accordance with their functions, affairs, programs, and activities through the Regional representative assembly to increase the disposable income of the poor. Comparison of outcome achievement is a problem that must be discussed in depth. Supported by several

studies that researchers use, it is found that there is no significant direct impact of local elections with better budget management performance.

The above problems become a form of indication that the small concern of the East Java government towards the small people refers to the vision, mission and work program that has been presented at the beginning of the government. Some examples of problems that occurred in East Java during the period of Soekarwo and Imam Utomo were worthy of further study. The reason, each of them carries out duties on 'climate' different government. Imam Utomo Governor led East Java from 1998-2003 and 2003-2008 which was still an era of reform. While Soekarwo Governor holds leadership taps in 2008-2013 and 2013-2018 after the implementation of the policy of Local Election. Prior to 2005, the regional head and deputy regional heads were elected by the Regional Representative Assembly. Since the enactment of Law no. 32 of 2004, regional heads can be elected directly by the people through local election.

III. DISCUSSION

A. Concept of Accountability

Finner explains accountability as a concept that deals with external standards that determine the truth of a bureaucratic action. The extent of the interpretive space over the substantial meaning of the word accountability has consequences for the high public expectation of an accountable budget. If formulated simply, a budget that is accountable is a planned budget as needed.

Accountability can be seen as a level with five distinct phases beginning with a stage that requires more objective measures to a stage that requires more subjective size. These stages are:

1) *Probity and legality accountability*

This concerns the accountability of the use of funds in accordance with the approved budget and in accordance with applicable laws and regulations.

2) *Process Accountability*

In this case, the process is used procedures, or measures in the implementation of defined activities (planning, allocating, and managing).

3) *Performance Accountability*

At this level, it is seen whether the activities performed are efficient.

4) *Program Accountability*

Here we will highlight the determination and achievement of the stated objectives (outcomes and effectiveness).

5) *Policy Accountability*

At this stage, the selection of various policies will be applied or not.

B. Accountability and Public Expenditure Analysis

Public Expenditure Analysis is a way of analyzing how governments allocate and manage their financial resources. The purpose of the analysis is to provide recommendations on how

the government can manage public finances more efficiently and effectively in the future. All governments have limited resources. With this analysis, you can find the following:

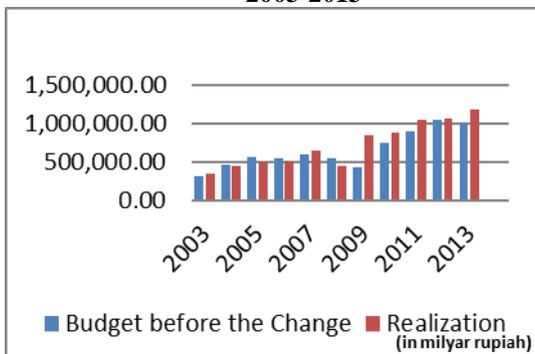
- a) The amount of funds allocated by the government, and where the funds come from.
- b) Level of effectiveness of framework and planning process and budgeting.
- c) The purpose of financing undertaken by the government
- d) Quality of public services provided by the government from the budget allocation.
- e) A strategic sector that provides quality services and whichever requires improvement
- f) Anyone who receives major benefits from government spending, whether rich or poor, women or men, and remote or urban areas.
- g) The level of distribution of benefits of the budget allocation.
- h) Comparison of access to public services in rural and urban areas.
- i) Quality of human resource development judging from the level of reading skill, death rate, life expectancy and many others.

In the Government Regulation No. 58 2005 on Regional Financial Management where local financial management policies have a goal, The government spending can be clearly and measurable about what to expect within a budget year. The target is set forth in the Local government budget which contains the financial plans obtained and used by the Regional Government in carrying out government duties and provide services to the community. One of the benchmarks that can be used to maximize and evaluate public expenditure is to use the concept of allocative efficiency.

C. The advantage Analysis of development expenditure

East Java Province is a province that has a large population. This is certainly an interesting challenge for the provincial government in managing to be able to achieve good performance. This performance can be realized through accountability of development expenditure, so as to be effective and targeted for the people. To assess a spending item, a shopping trend is required over several periods.

The trend of East Java Province Development Year 2003-2013



The summary of capital expenditure of East Java provincial government in 2004-2013 shows a significant increase. Since Imam Utomo's administration, the budget allocation for capital expenditure has always increased. So also in the Soekarwo government which also shows a significant increase. However, compared to the Imam's administration period, Soekarwo was more focused on allocating capital expenditure budget, as evidenced by the realization of funds always higher than the planning budget.

Percentage Comparison of Development Expenditure in Budget before Change with Budget Realization of East Java Province 2004-2013

TAHUN	PERCENTAGE
2004	-4.91
2005	-14.24
2006	-7.31
2007	7.50
2008	-24.70
2009	48.32
2010	14.56
2011	13.86
2012	1.19
2013	-58.00

Source: Source: Local Government Budget of East Java Province Year 2003-2013 (data processed)

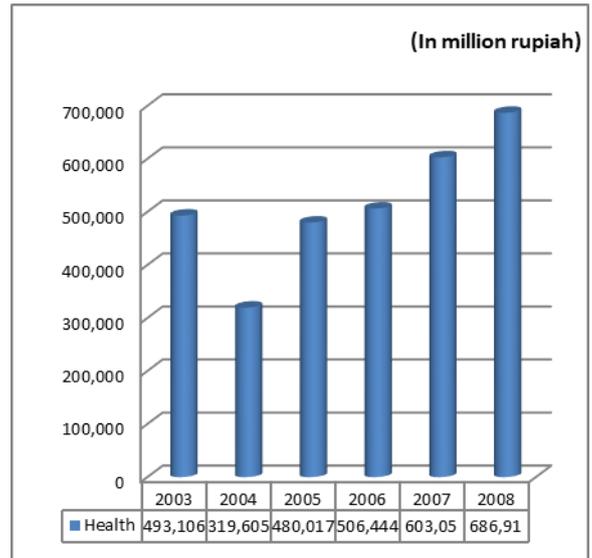
The table above shows that the percentage of capital expenditure realization is always lower than the predetermined change budget. That is, the allocation of funds does not match expectations that have been taken into account. Can be seen from the table above, from 2004 to 2008, almost all the year has decreased realization, except in 2007. Even in 2008, the realization decreased to 24.70%. On the contrary, in 2009-2012 realization funds are always higher. Unfortunately in 2013 again fell by 58%.

Overall, the provincial government of East Java allocated direct expenditure on several main issues, including health, education, agriculture, social and labor. The results of these five areas of affairs are able to demonstrate the success rate of leaders in the period.

Highest Development Expenditure Allocation in East Java Province 2003-2013

Year	Health	Education	Agriculture	Social	Labor
2003	493.106	2634013	128669	38342	34087
2004	319.605	259.233	78.299	47.210	46.134
2005	480.017	223.663	99.092	51.670	48.553
2006	506.444	239.391	117.157	62.381	53.711
2007	603.060	186.221	161.229	65.125	61.672
2008	686.911	225.790	204.224	93.724	75.795
2009	837.158	235.529	242.440	119.240	113.450
2010	1.237.179	189.689	239.049	120.953	144.246
2011	1.692.103	313.467	664.302	132.540	171.460
2012	1.838.068	366.711	561.911	146.850	204.973
2013	2.070.310	418.389	578.044	138.635	239.458

Source: Local Government Budget of East Java Province Year 2003-2013 (data processed)



Source: Local Government Budget of East Java Year 2003-2008 (data processed)

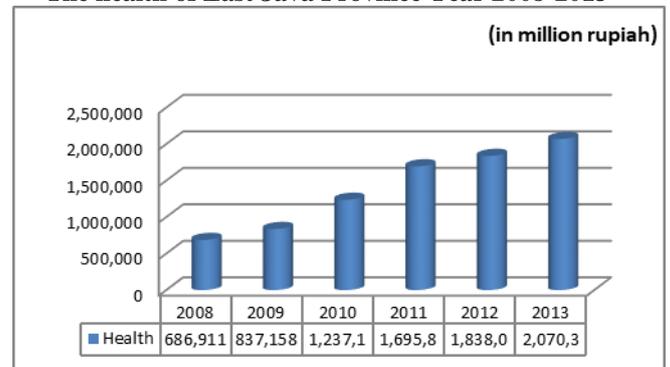
IV. HEALTH AFFAIRS

Health is a basic human right and is one of the important determinants of human resource quality to look at. Given the important role of health in human resource investment, health care fulfillment is necessary for all residents, from an early age and sustainable. This means the fulfillment of good health, namely infants who are still in the womb, postpartum, toddlerhood, adulthood and old age. Another thing that affects the quality of public health is environmental conditions, nutritional status, and how to behave healthily. Improving health services is basically an investment of human resources to achieve a prosperous society. The level of public health will greatly affect the level of community welfare because the level of health has a close relationship with poverty. Meanwhile, the level of poverty will be related to the level of welfare. Because health is the main factor of the public welfare that the government wants to realize, health should be the main concern of the government as a public service provider. The government should be able to guarantee the right of the people to be healthy by providing health services in a fair, equitable, adequate, affordable, and quality.

The trend of Health Expenditure of East Java Province Year 2003-2008

From the graph below can be seen from 2004 to 2008, the amount of fund allocation is always increasing. This proves that the reign of Imam Utomo also proved his seriousness to serve the people by allocating funds on health affairs with a very significant increase. If traced, from 2004 to 2008, the percentage increase that has been achieved is 115% of the health budget allocation in 2004.

The health of East Java Province Year 2008-2013



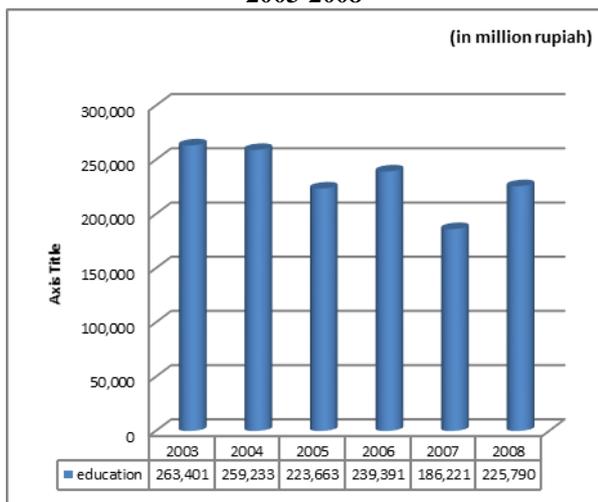
Source: Local Government Budget of East Java Province Year 2008-2013 (data processed)

The graph above shows the allocation of health spending during the years 2009 to 2013 always increased to a considerable nominal. The increase is quite drastic considering the year 2009 nominal range 837.158, while in 2013 reached 2,070,310. That is, the percentage increase over the 5 years reached 147%. With the amount of allocation, is expected to further improve the quality of health for all public audiences.

V. EDUCATION AFFAIRS

Law No. 20/2003 on the national education system states that every citizen has the same right to obtain a quality education. Development of education is an investment activity on human resources. The more the creation of qualified human resources in an area, the future will benefit the region that has the development assets. The educational problem for East Java Province becomes the priority scale of development.

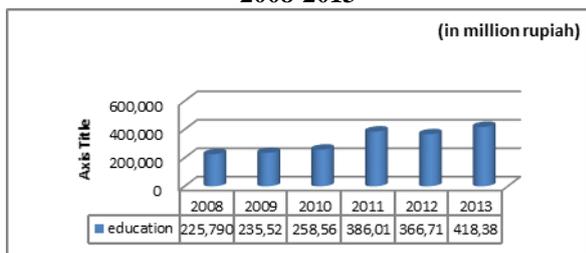
**East Java Province Education Expenditure Trends
2003-2008**



Source: Local Government Budget of East Java Year 2003-2008 (data processed)

Overall, the nominal spending on education during the 2003-2008 priesthood administration decreased 13% when compared to the initial amount. Yet the hope every year allocation of education spending should always increase.

**Education Expenditure of East Java Province Year
2008-2013**



Source: Local Government Budget of East Java Province Year 2008-2013 (data processed)

It can be seen in the graph above, seen a considerable nominal increase. Starting in 2009 reached 235,529 then increased to 258,566 in 2010. Followed in 2011 amounted to 386,016, 366,711 (2012) and 418,389 (2013). The percentage increase reached 78% of the allocation of spending in 2009. This proves the seriousness of the Soekarwo government in guarding the improvement of education for all people of East Java. The greater the funds disbursed for educational expenditure, the greater the increase in human development index. East Java focuses on the development of education in 3 things as follows:

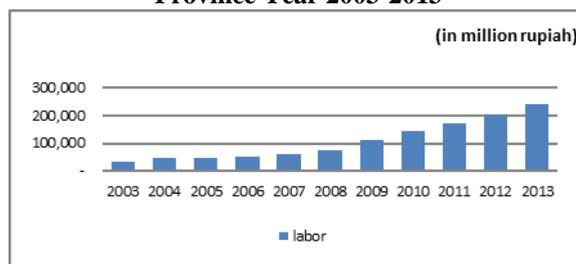
- a) Arranging a financing system based on education that is justice, efficient, transparent and accountable, and the increase of education budget reaches 20% of Local Government Budget

- b) Provide greater access to community groups that have been less accessible to affordable and quality education services.
- c) Complete the implementation of Nine Years Basic Education Compulsory Education, and Secondary Education 12 Years.

VI. LABOR AFFAIRS

East Java as one of the provinces whose largest workforce is positioned will experience demographic bonus.

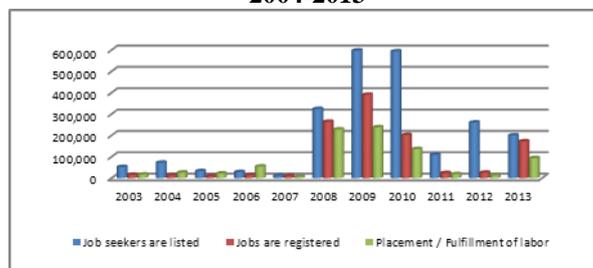
Trend of Manpower Expenditure of East Java Province Year 2003-2013



Source: Local Government Budget of East Java year 2003-2013 (data processed)

From 2004 to 2013, the labor budget continued to increase significantly. In fact, the increase from 2013 reached four times the allocation of labor expenditure in 2004. This proves Soekarwo trying to exploit the population in East Java to improve the quality of competing human resources.

Registered Job Seekers, Registered Jobs and Placement / Fulfillment of East Java Workforce Year 2004-2013



Source: www.jatim.bps.go.id (data processed)

The thing that often becomes a problem in the labor sector is the lack of job opportunities but the job seekers are very abundant. This can be illustrated in the graph above which shows the registered vacancy and the placement or fulfillment of the workforce always lower than the registered job seekers. However, there should be a surge in the number of job seekers, job vacancies and job placements in 2008, 2009 and 2010.

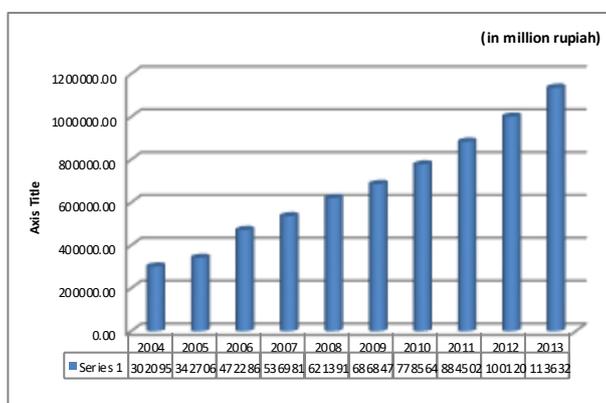
Thus, unemployment is still a major issue that has the potential to cause problems and vulnerabilities that greatly affect the joints of social and economic life of the community. Unemployment occurs among others due to:

- a) not equals the growth of the labor force with employment.
- b) he limited employment opportunities that are affected by economic growth.
- c) still the low quality of labor force.
- d) the labor supply gap with the need for an appropriate workforce.
- e) motivation and entrepreneurial spirit to create new jobs is still low.

VII. ECONOMIC GROWTH

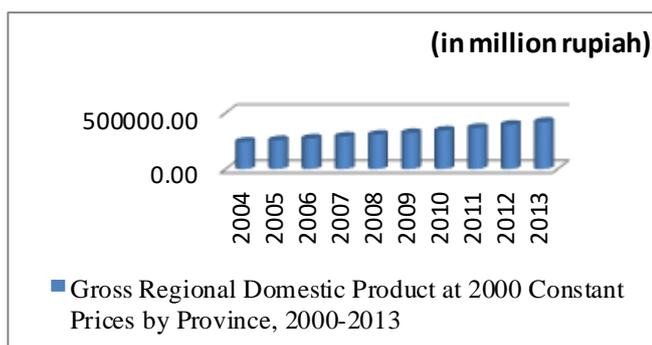
Gross Regional Domestic Product (GDP) is one of the important indicators to know the economic condition in an area within a certain period, either on the basis of current price or at constant prices. GRDP is basically the amount of added value generated by all business units within a certain region or is the total value of goods and services end generated by all economic units in a region.

**Gross Regional Domestic Product at Current Price
2004-2013**



Source: www.jatim.bps.go.id (data processed)

**Gross Regional Domestic Product at 2000 Constant
2000-2013 Constant Prices**



Source: www.jatim.bps.go.id (data processed)

Based on PDRB at 2000 constant prices, the graph above shows East Java's economic growth trend continues to improve, although in 2006 there was a slight slowdown compared to 2005, but in 2007 East Java economic growth increased again. The slowing economic growth in 2006 was due, among other things, to the negative impact of fuel price

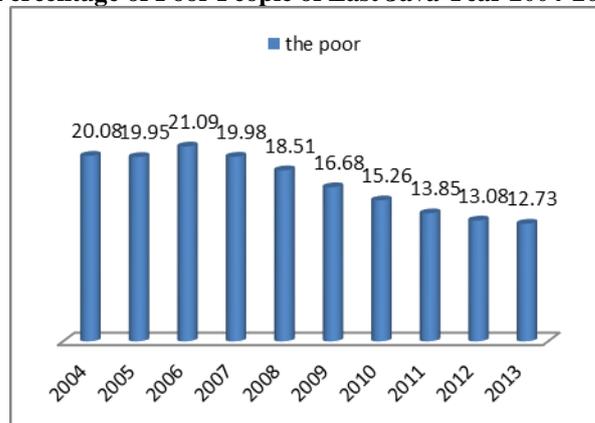
hikes twice, and cigarette excise in 2005, and the impact of Lapindo mudflow overflow. In 2004, East Java's economic growth was only 5.83%, then slightly increased to 5.84% in 2005. Economic growth slowed to 5.80% in 2006, but in the following year (2007) increased to 6.11%. But in 2008, economic growth again slowed to 5.90%, although still above the 2005 growth figure.

The weakening of 2008 economic growth is partly due to the impact of the global economic crisis. GDP per capita growth in 2000-200-200-2005 period shows a tendency to increase, as ADHB GDP growth is faster than population growth. The fuel price hike in 2005 did not hamper the movement of GDP per capita increase, so that year could increase to Rp 11.06 million. GDP per capita growth in 2000-200-200-2005 period shows a tendency to increase, as ADHB GDP growth is faster than population growth. In 2003, East Java GDP per capita reached Rp 8.30 million, then increased to Rp 9.40 million in 2004. The increase in fuel prices in 2005 was relatively not inhibited the movement of per capita GRDP increase, so that year could increase to Rp 11, 06 million.

VIII. POVERTY

Graph the percentage of the poor population of East Java province is declining from year to year. In 2004, the percentage reached 20.08 then fell to 18.51 in 2008. While in 2009 reached 16.68 and then down to 12.73 percent. The famous Soekarwo government that carries out poverty alleviation programs seems to be able to prove its performance well. In the period 2009-2013 can reduce the percentage of the poor to 3.95 percent, almost double that of Imam Soenaryo.

Percentage of Poor People of East Java Year 2004-2013



Source: www.jatim.bps.go.id (data processed)

Poverty is understood not only as a matter of economic capacity, but also a failure to fulfill basic rights, and different treatment for a person or group of people to live life with dignity. The basic rights that must be fulfilled are food, health, education, employment, housing, clean water, land, natural resources and the environment, security from the treatment or threat of violence, and the right to participate in social and political life, both men and women. Various efforts have been made by the East Java Provincial Government to eradicate the

poor, ranging from assistance and social protection of poor households to the empowerment of micro and small enterprises (MSEs).

**IX. THE LOCAL ELECTION CONTRIBUTION ON
ACCOUNTABILITY OF DIRECT SHOPPING OF EAST JAVA
PROVINCIAL GOVERNMENT**

One of the important pillars in the implementation of regional autonomy policy is fiscal decentralization implemented through the policy of financial balance between central and regional. Development finance through transfers to regions is an integral part of national development financing. Management of transfer funds to the regions is always encouraged to meet the implementation of good financial governance, have measurable performance and have accountability to the community. The expected end result is an increase in public services.

This is in line with the objectives of the implementation of regional autonomy and fiscal decentralization policies that are expected to have a significant impact on the improvement of the economy in the region, which is marked by the improvement of public services, both in quantity and quality that is a public service capable of meeting two main points of service can provide satisfaction to the public and services that meet minimum service standards (minimum local public service delivery standards). Thus, the improvement of public services can encourage economic development that ultimately the welfare of society (social welfare) will be better.

One of the important tasks of local government is to provide services and build public infrastructure through the allocation and execution of expenditure on the Regional Budget One of the benchmarks that can be used to see the performance of regional spending is based on the absorption spending approach. The greater the absorption rate, the more optimal the spending performance is, and the lower the absorption rate, the lower the spending performance of a local government. The absorption of Local Government Budget expenditures indicates the velocity of regions in using their funds for community services.

**X. COMPARISON OF DEVELOPMENT ACCOUNTABILITY
DEVELOPMENT DURING IMAM UTOMO-SOENARYO
GOVERNMENT PERIOD WITH SOEKARWO-SYAIFULLAH YUSUF**

The reign of Imam Utomo-Soenaryo and Soekarwo-Syaifullah was born out of a very different way of governor election. Governor Soekarwo is the first governor of the product of direct election in East Java Province. Meanwhile, Imam Utomo was still elected through the Regional Representative Assembly at the time before the direct Local Election was implemented. Differences in this way of selection bring the considerable hope of generating a better era of leadership. One way of measuring it is by comparing development accountability for development in the two governance periods. The effectiveness or absence of development expenditure allocation is generally seen from the

outcomes generated by the government. The outcome can be observed from East Java human development index.

One way to measure the success or performance of a region in the field of human development can be seen from the output of Human Development Index. This has been clearly stated in Government Obligation no. 8 the Year 2008, in which Human Development Index becomes Evaluation of Performance Implementation of Regional Autonomy. This evaluation aims to measure the quality of the implementation of regional autonomy which is shown by the high quality of human being. This parameter is internationally measured by the human development index. In Evaluation of Performance Implementation of Regional Autonomy, this IPM is used to check whether the aspects used to measure the ability of regional autonomy can be accounted for. Thus, IPM should ideally be one of the indicators of performance measurement of the area seen and side outcomes.

Human development can be seen also as human development can also be seen as the development of capabilities through improvement of health, knowledge, and skills, as well as the utilization of these capabilities. The concept of development is much broader than the concept of economic development that emphasizes economic growth, basic needs, community welfare and human resource development.

**XI. COMPARISON OF HUMAN DEVELOPMENT INDEX ERA
GOVERNMENT IMAM UTOMO (2003-2008) WITH SOEKARWO
(2008-2013)**

XII. Imam Utomo XIII. 2003-2008	Soekarwo 2008-2013
4.78	2.45

Source: www.jatim.bps.go.id (data processed)

From the table above, it can be seen that the percentage increase in Human Development Index (HDI) during the reign of Imam Utomo much more significant than the time of Governor Soekarwo. This is of course very unfortunate if the HDI decreased compared to the previous administration. In fact, on the Regional Medium Term Development Plan, Soekarwo's mission vision is clear to promote prosperity together 'Wong Cilik/Poor People'. The vision of the mission is directed by alleviating poverty through the fulfillment of basic needs of the people. Basic needs of the people include education, health, and economic feasibility. However, the work that has been described in fact is still not very satisfactory. Soekarwo's governor has not really focused on realizing his mission vision relating to the human development index.

**XIV. COMPARISON OF BUDGET ABSORPTION IN IMAM UTOMO-
SOENARYO AND SOEKARWO-SYAIFULLAH YUSUF'S
GOVERNMENTS**

From all previous exposures, it can be concluded that there is no specific impact on direct election on the level of accountability of direct spending in East Java province. The

achievements achieved by Imam-Soenaryo's reign were much better than the Soekarwo and Syaifullah periods which were the direct outcome of the elections. Although the allocation of capital expenditure in 2008-2013 is indeed much larger, even almost doubled than the previous government era, unfortunately, has not been able to bring satisfactory changes. In some sectors, there is an increase, but the increase is still greater than that achieved by Imam Utomo.

Regency / Town With The Lowest Human Development Index Result in East Java Province 2003-2013

No.	District/Town
1	Sampang
2	Bondowoso
3	Situbondo
4	Probolinggo
5	Bangkalan

Source: www.jatim.bps.go.id (data processed)

From the table above, it can be seen there are 5 districts/cities that have low Human Development Index during the year 2003-2013. If observed, the five areas above are constrained by geographical conditions in reaching the area. Difficult access to the area, in fact is also a factor in influencing the absorption of a region.

Problems about the lack of budget absorption in local government, ministries and institutions are often blamed for poor performance of the bureaucracy. Budget absorption itself is important to encourage the creation of a multiplier effect on the economy. Failure of budget absorption target will indeed result in loss of shopping benefits. Because the funds that have been allocated turned out not all can be utilized which means there is idle funds. Budget absorptions generally only have high accents at the end of the year. The beginning of the year, generally difficult to realize as expected by the public, not even a few institutions that lack the budget absorption in the beginning to mid-year budget.

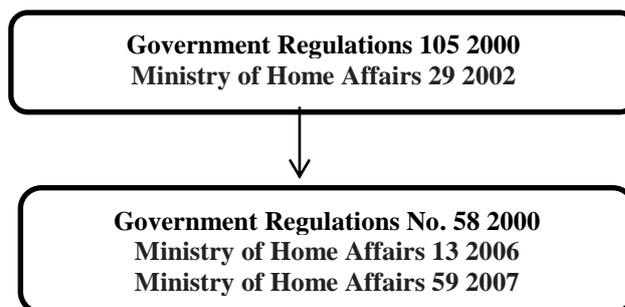
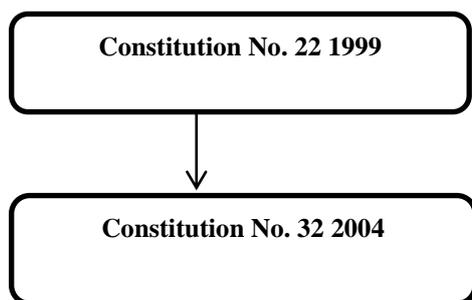
The problem of low budget absorption that affects low HDI is caused by several factors, among others:

- a) The slow absorption of the budget also indicates that indeed some institutions do not have a mature, clear and measurable planning concept.
- b) The absence of the concept of budget usage planning in real terms would have an impact on the emergence of a number of difficulties in directing the budget usage with the right target.

- c) Lack of understanding of a number of apparatus in various institutions related to the mechanism of budget use and the model of accountability. On this basis, then there is an attitude of excessive fear of not fully understanding the legal basis for the use of the budget within its jurisdiction. While on the other hand, there is no reason for those who make mistakes and omissions in the management and use of the budget, which for errors and omissions can be charged with criminal corruption. On these issues, then some institutions prefer to remain silent when they do not fully understand the full and total mechanism of budget usage.
- d) Due to weak coordination between planning and implementation can result in weak budget absorption. Especially for activities, such as the construction of new buildings, where at the planning stage was not allocated budget for land acquisition. As for activities such as training and education, it is not allocated budget for official travel for trainees. The budget is available only for consumption expenditures, teacher fees and lump-sum participants.
- e) Weak IPM also indicates that there are still many residents of East Java province who have difficulty accessing basic public services, namely health and education. Especially in remote areas that are difficult to access, of course locations like this often have difficulty in getting public services that optimal.

XV. COMPARATIVE ANALYSIS OF BASIC REGIONAL FINANCE LAW

Government Obligation 58/2005 on Regional Financial Management, is one of the operational regulations in the implementation of Regional Autonomy, after the reform era of state / regional finance governance which is marked with the enactment of the package of state finance law. This PP has encouraged the Regions to make changes and improvements in the management and management of regional finances. With sound, Regional Finance management expected transparency and accountability of local governments in the financial sector will be more measurable. This effort should have the support of all parties as it is one of the demands of reform that emphasizes on the implementation of clean government and good governance.



Initially, the emergence of Government Regulations of Ministry of Home Affairs No. 13/2006 is eagerly awaited by all parties, especially local governments, because it is expected to provide clarity and certainty in the management of regional finances. But what happened is the opposite, the issuance of Government Regulations of Ministry of Home Affairs No. 13/2006 further adds to the ambiguity and confusion of regions in the search for forms of local financial governance. This regulation lacks a strong conceptual foundation so it is feared to be inconsistent in its implementation. Expectations to create economical, efficient, effective, transparent and accountable financial management through performance-based budgeting are difficult to achieve. Ministry of Home Affairs, historically a controller of the local government, is not willing to lose its enormous power with the existence of regional autonomy. Based on Government Regulations of Ministry of Home Affairs 58 of 2005, Ministry of Home Affairs has issued a legal product that is very confusing area. The fact that happened shows that Ministry of Home Affairs No. 13/2006 seems to be drafted with a less mature concept in a hurry. In this case, there appears to be no coordination at the central and local government levels in establishing and enforcing implementation rules at lower operational levels.

Government Regulations of Ministry of Home Affairs no. 13/2006 still contains much uncertainty and indecision in providing guidance to the regions. This has resulted in confusion among local governments in managing their finances. In the projected development of democratization in the Indonesian Republic, the country implements a system of regional autonomy with the principle of decentralization. However, in terms of the model of established financial relationships, it seems very clear that local governments seem passive in this process. The central government seems to still dictate local governments in the distribution of balancing funds. The determination of the share sharing of funds by the central government seems very centralistic.

XVI. CONCLUSION

Direct elections, like elections, are the arena of political society, a place for people to organize power and gain control over elected leaders. Basically, the allocation of spending for development during the Soekarwo period is greater than the Imam Utomo period. Although the allocation of capital expenditure in 2008-2013 is indeed much larger but has not been able to bring satisfactory changes. The absorption of development fund allocation fund in the era of Imam Utomo was better than the Soekarwo era. The result of the human development index as the outcome of the success of local government performance has shown better achievement index during the time of Imam Utomo, who is a non-elected leader through direct elections. This shows that the achievement of HDI is also closely related to the level of absorption of local budgets.

Comparative analysis of the regional finance regulations Government Regulations of Ministry of Home Affairs No. 29

of 2002 and Ministry of Home Affairs regulation no. 13 of 2006, found that legal products issued by the central government tend to bind local governments in managing finances according to public needs. Fundamental changes in the spending structure, into direct and indirect expenditures, only have the effect of the ineffectiveness of expenditure allocations, especially on direct expenditure items. In direct expenditure, there are 3 allocations, namely personnel expenditure, goods, and services expenditure and capital expenditure. Although the personnel expenditure and goods and services expenditure in this post are not part of routine expenditure, program spending, but the nominal is still mixed on direct expenditure. This finds that democratization does not work in parallel with public expenditure accountability. Therefore, the leader chosen by the people is not necessarily able to produce better performance. The main cause is the regulation of the central government that curbs the local government in managing the finances according to the needs of the people in the region. This is a great challenge for local governments in exercising their authority in managing local finances.

Based on the two conclusions outlined above, producing an accountable leader is not necessarily related to how they are elected, either directly by the people or the Regional Representative Assembly. Therefore, direct Local Election proved not to have a significant impact on the performance of better government performance. The main cause is the decentralized regulatory regime that is not in line with local financial management regulations.

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