

## **Implementation of the Principle of Accountability in the Management of the State Budget According to the State Administrative Law**

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### ***Abstract***

The management of state finances based on legal principles will be good so that good governance can be realized in the administration of the state, the management of state finances needs to be carried out professionally, openly, and responsibly in accordance with the basic rules set out in the Constitution. The principle of accountability in the AAUPB strengthens for the organizers or management of state finances to be more responsible in accordance with the provisions of the applicable laws and regulations. Thus, the introduction of the result-oriented accountability principle or performance accountability in general principles, changes to the budget classification and the mechanism for determining the Work Plan and Budget (RKA) in the articles of Law No. 17 of 2003 concerning State Finance, because it is in accordance with the Principles of Accountability of Good governance related to good governance, which in a narrow sense, the implementation of good governance is related to the implementation of state administration. So that administrative law has a relationship between state finances and regional finances which is the result of government administration policies as part of managing the administrative system.

**Keywords:** *Accountability, APBN, Administrative Law.*

### ***Abstrak***

Pengelolaan keuangan negara berdasarkan asas-asas hukum akan menjadi baik sehingga dapat mewujudkannya *good governance* dalam penyelenggaraan negara, pengelolaan keuangan negara perlu diselenggarakan secara profesional, terbuka, dan bertanggungjawab sesuai dengan aturan pokok yang telah ditetapkan dalam Undang-Undang Dasar. Asas akuntabilitas dalam AAUPB menguatkan untuk para penyelenggaran atau pengelolaan keuangan Negara agar dapat lebih bertanggung jawab sesuai dengan ketentuan peraturan perundang-undangan yang berlaku. Dengan demikian diperkenalkannya asas akuntabilitas berorientasi pada hasil (*result oriented accountability*) atau akuntabilitas kinerja dalam asas-asas umum, perubahan klasifikasi anggaran dan mekanisme penetapan Rencana Kerja dan Anggaran (RKA) pada pasal-pasal UU No 17 Tahun 2003 tentang Keuangan Negara, oleh karna itu sesuai dengan Prinsip Akuntabilitas Good governance berkaitan dengan tata penyelenggaraan pemerintahan yang baik, dimana dalam arti sempit,

penyelenggaraan pengelolaan tata pemerintahan baik berkaitan dengan pelaksanaan administrasi negara. Sehingga dalam hukum administrasi memiliki hubungan antara keuangan negara dan keuangan daerah yang merupakan hasil dari kebijakan administrasi pemerintahan sebagai bagian dari pengelolaan sistem ketatanegaraan.

**Kata kunci:** Akuntabilitas, APBN, Hukum Administrasi Negara

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## Introduction

In the achievement of the national goals contained in the fourth preamble to the 1945 Constitution, the formation of the state government in carrying out government functions from various fields. So it is always associated with state finance as a form of financing or budget for the implementation of state government in achieving state goals. However, in the reality of the government environment, there is ineffectiveness in the users of the budget that is not / not exactly the target, the use of goods/services is not in accordance with the set plan or the goods/services have not / cannot be used in the implementation of activities. So that it can have an impact on the non-absorption of the implementation of government functions in serving the community, also resulting in national development not in accordance with the needs of the community and the inability to improve the welfare of the people.

In the Constitution, a basic rule is stipulated in the form of a country with people's sovereignty based on the law, so in organizing the government and the state financial management system, it must be in accordance with the legal basis in the Constitution. The provisions in the 1945 Constitution of the Republic of Indonesia are a reference in prospering and making effective use of the state budget, budget implementation and state financial management. Thus, the state's goals can be carried out properly.

In the sense of State finance, according to Law Number 17 of 2003 concerning State Finance, it is as follows: "all rights and obligations of the State that can be valued in money, as well as everything in the form of money or goods that can be made into state property in connection with the implementation of these rights and obligations." State finance is important as a support for financing the achievement of state goals. The scope of state financial administration includes planning, implementation, supervision, and accountability of state finances.<sup>1</sup>

The State Expenditure Budget (APBN) and the Regional Expenditure Budget (APBD) are part of the state finances that have been determined every year and are carried out openly and responsibly for the welfare of the people. The State Budget and Regional Budget have the functions of authorization, planning, supervision, allocation, distribution and stabilization.<sup>2</sup> Thus in accordance with the scope of state financial management. As for the problems that occur regarding the effectiveness and efficiency, priorities, deviations and even low professionalism in the implementation of state finances, therefore it is necessary to apply principles or principles in state financial management in order to create *good governance*. In order to support the realization of *good governance* in state administration, state financial management needs to be carried out professionally, openly, and responsibly in accordance with the main rules that have been stipulated in the Constitution.

In the 1945 Constitution Chapter VIII on Financial Matters, among other things, it is stated that the state revenue and expenditure budget is determined every year by law, and provisions regarding taxes and other levies that are coercive for state purposes and the type and price of currency are determined by law. The laws and regulations that are the basis for state finance reference are in Article 23C which has been regulated and further elaborated in the form of a law discussing state finances, then in Law 17 of 2003 concerning State Finance, Law Number 3 of 2004 concerning Amendments to Law Number 23 of 2004. 1999 concerning Bank Indonesia, Law No. 15 of 2004, Concerning the Audit of State Financial Management and Accountability, Law No. 15 of 2006, concerning the Financial Audit Agency (BPK) and the State Revenue and Expenditure

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<sup>1</sup> GT. Suroso, "Principles of Good Governance in State Financial Management," t.t., <https://bppk.kemenkeu.go.id/id/publikasi/artikel/147-artikel-anggaran-dan-perbendaharaan/20088-azas-azas-good-governance-dalam-pengelolaan-keuangan-negara>, March 14, 2022.

<sup>2</sup> Neny Ayu Nourmanita, "Public Expenditure (Expenditure Assihment) between Problems and Budget Effectiveness," *NATAPRAJA* Vol. 4, No. 1 (2016): p. 34.

Budget Law (APBN) which is stipulated every year.<sup>3</sup> With the background that has been explained, the formulation of the problem that is the subject of discussion in this paper is, What is the role of accountability in the management of the State Budget, What is the role of Administrative Law in making the principle of accountability effective in the management of the State Budget.

### **Research Methodology**

This research uses normative research, which is an effort to find solutions to problems by researching and examining positive legal norms using the concept of Law in book, namely by conducting literature studies. The approach in this paper uses the statute *approach*, which is by reviewing laws and regulations relevant to the scientific work being handled. This approach is useful to study whether or not there is consistency and conformity between a law and another law or between a law and a constitution or a regulation and a law. Then the Conceptual Approach approach, which is a method to identify and examine the views and doctrines that develop in legal science. The legal materials or sources used in this study can be distinguished as follows: First, primary legal materials, which are legal materials that are binding in nature, in the form of laws and regulations, in this case, namely the 1945 Constitution, Law No. 17 of 2003 concerning State Finance. Second, secondary legal materials related to primary legal materials, because they describe laws and regulations, as well as the Principles of Good Public Government (AUPB) and the principle of legal supervision, especially regarding policies and regulations.

### **Discussion**

#### **The Role of Accountability in the Management of the State Budget**

The State Finance Law has explained the basic rules or general principles in managing state finances in accordance with those that have been stipulated by Article 23C of the Constitution, such as, the principle of knowledge, the principle of unity, general principles and principles that are a reflection of *best practices* (application of good rules) in the administration of state finance. The State Expenditure Budget

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<sup>3</sup> Indrawati, "The Principle of Good Financial Governance in State Financial Management in the Context of Realizing Clean Governance," *Journal of Perspective* Vol. XVII, no. No. 3 (September 2012): p. 205.

(APBN) is a government tool in achieving the welfare and prosperity of the people and growth in regulating the country's economy, as well as a government tool in making economic and political decisions. So that the State Budget has the purpose of carrying out state activities in spending and receiving state financial income with the ultimate goal of prospering the community and the country's economic growth.<sup>4</sup>

The State Budget is part of state finance where everything deals with money and is related to the budget, income and expenditure. Burkhead and Winer define a budget as a plan for state spending and revenue in the coming year tied to long-term plans and projects. Meanwhile, Welsch interprets the state budget as a guideline to fund state tasks from various fields, including expenditure for employee needs over a certain period of time (usually one year in the future). The State Budget can refer to article 23 paragraph 1 of the 1945 Constitution which states that, "The state revenue and expenditure budget as a form of state financial management is determined every year by law and is carried out openly and responsibly for the greatest prosperity of the people", thus implied five elements regarding the State Budget, namely;

1. State Budget as state financial management
2. The State Budget is set annually and valid for one year
3. State Budget Stipulated by Law
4. The State Budget is implemented openly and responsibly.
5. The state budget is intended for the prosperity of the people.<sup>5</sup>

The purpose in the preparation of the State Budget is to be a guideline for state expenditure and revenue to achieve a dynamic balance in order to carry out state activities to achieve increased production, job opportunities, high economic growth, and ultimately aim at Pancasila and the 1945 Constitution on the basis of a just and prosperous material and prosperous society.

That way, the purpose of the State Budget is to regulate state spending, realize economic stability and equal distribution of income/develop people's economic activities. In this context, the House of Representatives, which has legislative, budgeting, and supervisory powers, needs to play a role in supervising and controlling

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<sup>4</sup> Henny Juliani, "The Application of Performance-Based Budgeting in State Financial Management to Realize Good Governance," *MMH* vol. 39, No. 4 (December 2010): p. 371.

<sup>5</sup> <https://berkas.dpr.go.id/puskajianggaran/kamus/file/kamus-1.pdf>. on access Monday, March 14, 2022

the State Budget, so that the State Budget can effectively become a tool for the welfare of the people and manage the country's economy. Thus, the House of Representatives is tasked with supervising the implementation of laws, state budgets, and government policies in accordance with Article 72 (d) of Law Number 17 of 2014 concerning the MPR, DPR, DPD, and DPRD. Likewise, related to the budget function, the House of Representatives has duties and authorities, namely:

1. Giving Approval of the State Budget Bill (Presidential Proposal)
2. Observe the DPD's consideration of the State Budget Bill and Bills related to taxation, education and religion
3. Follow up on the results of the Management and Accountability Audit/State Financial Responsibility submitted by BPK
4. Giving approval to the transfer of state assets as well as to agreements that have a wide impact on people's lives related to the state's financial burden.<sup>6</sup>

Realizing good state financial management can be based on legal principles in good state financial management. Therefore, realizing *good governance* in state administration state financial management needs to be carried out professionally, openly, and responsibly in accordance with the main rules that have been stipulated in the Constitution.

*Good governance* can be seen as a word or term generally good governance, and clean governance, such terms usually occur in countries where the people respect the law. The word *good governance* is etymologically interpreted as good governance, good and authoritative governance, with the meaning of good management. The *United Nations Development Programme* (UNDP) defines *governance* as "the exercise of political, economic and administrative authority to manage a nation's affairs at all levels." Thus "governance" means "user" or "implementation". Namely administrative, political, and economic users, to manage national problems at all levels. Here it is focused on authority, legitimate power or power that has legitimacy. According to Ganie Rochman, there are four main elements of *good governance*, which include accountability, rule of law, information and transparency.

Bhatta also mentioned that there are four elements of *good governance*, including: accountability, transparency, openness, and the rule of law. One of the

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<sup>6</sup> Soekarwo, *Regional Financial Management Law based on the Principles of Good Financial Governance*. (Surabaya: Airlangga University Press, 2005), p. 50.

principles of *good governance* put forward by UNDP (*United Nation Development Program*) quoted by Dwiyanto is the principle of accountability, where policymakers are accountable to citizens. *Good governance* is a race to create good financial management. In accordance with Article 3 paragraph (1) of Law Number 17 of 2003 concerning State Finance, which is managed in an orderly manner, obeys laws and regulations, is efficient, effective, transparent and responsible by paying attention to a sense of justice and compliance, therefore as a form of State financial management, the State Budget is one of the accountability, management and economic policies. With the goal of creating a framework to improve services in state financial management, applying the principles of *good governance* is intended to provide welfare guarantees to the people (*welfare state*).<sup>7</sup>

Prior to the enactment of the State Finance Law, several principles in state financial management had been recognized and each had its own role in managing these finances. The principles of management or administration of state finances as referred to are; The Principle of Unity, which requires the receipt and expenditure of the state budget can be presented in a single budget document. The principle of universality, which requires that every financial transaction can be displayed openly and intact in the budget document. Annual Principle, which is to limit the validity period of the budget to a certain period of time. And once home with the principle of specialty, which requires that in the budget appropriations that have been provided, the allocation is clearly defined.<sup>8</sup>

With the next developments that have been in accordance with the State Finance Law, there are additional principles in the implementation/management of state finances, namely;

1. The principle of accountability, namely by referring to every activity and final result of state financial management activities must be accountable to the people in accordance with applicable regulations. Because the people are the prayer of one of the highest sovereign holders of a country.

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<sup>7</sup> Henny Juliani, "The Implementation of Performance-Based Budgeting in State Financial Management to Realize Good Governance," pp. 369-371.

<sup>8</sup> Muhammda Djafar Saidi and Eka Merdekawati Djafa, *State Financial Law "Theory and Practice"* (Jakarta: Rajawali Press, 2017), p. 67.

2. The principle of proportionality, is a principle that prioritizes the balance between rights and obligations in managing state finances
3. Principle of Professionalism, which prioritizes professional knowledge in accordance with the Code of Ethics and applicable laws and regulations;
4. The principle of openness and management of state finances is a principle that prioritizes the rights of the public to obtain true, honest, and non-discriminatory information while still paying attention to the protection of the rights of individuals, groups and state secrets.
5. The principle of Financial Audit is carried out by independent and independent state financial audit bodies/institutions in state financial audits without being influenced by anyone.<sup>9</sup>

In connection with the constitutional regulation of the budget, article 23 of the 1945 Constitution states that the State Budget is a form of State financial management which is determined annually by law and is carried out openly and responsibly for the greatest possible prosperity of the people. With this, the principle of accountability can be adjusted to the juridical concept where the principle of accountability is a principle that can be a principle in the management of State finances. Because the principle of accountability looks at the final results of the State's financial management activities and can be accounted for to the community.

The principle of accountability is the principle that determines the results of every state administrator's activities so that they can be accounted for to the community in accordance with their position as the highest sovereign owner of the state in accordance with the provisions of applicable regulations. That way, Accountability has the principle of public accountability which means that the budgeting process starting from planning, drafting, and implementation must be truly reported and accountable to the community.

In the positive aspect that can be seen from the principles of state financial management, it is possible to have an independent and independent financial audit body that raises the discourse of independent State financial audit institutions outside the government structure, including NGOs and other private auditors. Regarding the

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<sup>9</sup> GT. Suroso, "Principles of Good Governance in State Financial Management," <https://bppk.kemenkeu.go.id/id/publikasi/artikel/147-artikel-anggaran-dan-perbendaharaan/20088-azas-azas-good-governance-dalam-pengelolaan-keuangan-negara>. retrieved 14 March 2022



supervision of State financial management carried out by authorized agencies or officials. The supervisory authority must understand the clarity of the regulatory norms, discretionary authority, and the application of legal norms, both written (laws and regulations) and unwritten norms (AUPB = General Principles of Good Government). Based on this, the supervision of every implementation of sanctions in state financial management is supervised by the authorized agencies in order to realize the principles of good governance.

Basically, the form of government intervention needs to be based on the applicable laws and regulations as a manifestation of the principle of legality, which is the central point of the state of law so that the government is responsible for the welfare of citizens.

In the general principles of good governance (AAUPB) can be understood as general principles that are used as the basis and procedure in the administration of good government, in which way the administration of government becomes good, polite, just, and honorable, free from tyranny, violation of regulations, acts of abuse of authority, and arbitrary actions. Some AAUPB is still a legal principle, and some are legal norms or legal principles. According to Jazim Hamidi, based on the formulation of experts' understanding of AAUPB, the elements that comprehensively form the meaning of AAUPB were drawn, such as:<sup>10</sup>

1. AUPB is a moral value that develops in the state administration environment
2. AAUPB functions as a handle for State Administration Officials, or the Government in carrying out their functions, which is a measuring tool or test tool for administrative judges in assessing state administrative actions (in the form of *beschikking*), and as a basis for filing lawsuits.
3. Much of the AAUPB is still unwritten principles, and can be explored in the practice of life in the community.
4. Some of the other principles have become written legal rules in various positive legal regulations, but their nature remains as a legal principle.

Thus, in order to support the realization of *good governance* in state administration, state financial management, including the State Budget, needs to be held

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<sup>10</sup> Solechan, "General Principles of Good Governance in Public Service," *Administrative Law & Governance Journal* Vol. 2, No. 3 (August 2019): pp. 544-545.

professionally, openly and responsibly in accordance with the main rules that have been stipulated in the Constitution.

AAUPB itself has an important function and meaning which is used as a basis for assessment for judges and guiding norms for government organs. AAUPB has an important meaning and role and functions in its development as follows: First, in state administration, it is used as a guideline in interpreting and applying unclear legal provisions. Therefore, the administration of the state is expected to avoid *onrechtmatige daad*, *detournement de pouvoir*, *abus de droit*, and *ultravires*. Then for the community, as a seeker of justice, AAUPB can be the basis for a lawsuit. Meanwhile, for PTUN Judges, it is used as a tool to test and cancel decisions issued by TUN institutions or officials. Therefore, AAUPB is useful for legislative institutions, in drafting and drafting laws.<sup>11</sup>

With the passage of time, the principles in Law No. 28 of 1999 were recognized and applied in the administration of government and judicial processes in the State Administrative Court, namely after the existence of Law No. 9 of 2004 concerning amendments to Law No. 5 of 1986 concerning PTUN. Based on article 53 paragraph (2), it is stated; "the State Administrative decision that is being sued is contrary to the general principles of good governance". And in his explanation it was emphasized: "The general principles of good governance refer to legal certainty, orderly state administration, openness, proportionality, professionalism, and accountability.

The existence of the principle of accountability in AAUPB strengthens the organizers or management of State finances to be more responsible in accordance with the provisions of applicable laws and regulations. Thus, the introduction of the principle of *result-oriented accountability* in general principles, changes in budget classification and the mechanism for determining Work Plans and Budgets (RKA) in the articles of Law No. 17 of 2003 concerning State Finance, are considered to show the dismantling of the paradigm bias of the State financial law. Some of the details of the reform of the State's financial management system can be seen from the principles, authorities, fiscal policies, and *structure of the State Budget*.

Changes in the regulation of state financial law in Law No. 17 of 2003 concerning State Finance contained in article 3 which has the principles of order,

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<sup>11</sup> Solechan, p. 547.

obedience to laws and regulations, efficient, economical, effective, transparent and responsible. Then there is article 6 regarding authority, where the president holds control of the state's financial management as *the chief of executive*. Then in articles 8 and 13 on fiscal policy, where there is a fiscal policy design and macroeconomic framework as a reference for the preparation of the State Budget. And the last one in article 12 regarding the structure of the State Budget, which is program-oriented, performance-based, *surplus/deficit* is clearly stated in the State Budget.

### **The Role of Administrative Law in Effective Accountability Principles in the Management of the State Budget**

State financial management is part of the implementation of the State that applies the principles of good *governance* in accordance with the government environment. Therefore, Accountability is one of the principles underlying the management of State finances. Accountability is the principle of public accountability, meaning that the budgeting process that starts from planning, drafting and implementation must be truly reported and accounted for to the public/community. The public not only has the right to know about the budget, but also has the right to be held accountable for budget planning or implementation.

In the Principle of Accountability in *Good Governance* related to the administration of good governance, in a narrow sense, the implementation of good governance is related to the implementation of State administrative functions. In this regard, the principles or principles of good state administration contain guidelines used by state administrators and judges in testing the effectiveness of legal acts or state administrative acts.<sup>12</sup>

So juridically, the principle of accountability is a principle that determines that every activity of the state administrator and the results of its activities can be accounted for to the community or to the people as the holder of the highest sovereignty of the State in accordance with the provisions of the applicable laws and regulations". In administrative law, there is a relationship between state finance and regional finance which occurs as a consequence of the policy of government administration which is a unit in the implementation of the state administrative system. The President holds the

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<sup>12</sup> Andi Safriani, "An Analysis of the Principle of Accountability in Regional Financial Management," *Jurisprudencie* Vol. 4, no. No. 1 (June 1, 2017): p. 31.

highest authority, and then, part of the power is delegated to the Minister of Finance as the fiscal manager and the representative of the government in the ownership of separated state assets, as well as to ministers/heads of institutions as budget users/users of goods of state ministries/institutions that he leads. So that the management of State finances is related to the aspect of State financial administration which includes;

1. The government holds the leadership in the financial sector.
2. Entrepreneurs who perform general management (authorized and coordinator), and officials appointed to perform special management (treasurer)
3. The area of the implementation of the State financial management and accountability system
4. Regarding State Financial Accountability and Supervision
5. Procedures taken in dealing with budget mismatches.

The legal role of state administration towards the State Budget can be understood from the implementation of the budget or financial management in carrying out the implementation of the State Expenditure Budget (APBN), which is seen from the legal acts of state administration in the form of government decisions. The government's policy includes four kinds of legal acts, namely;

1. Penetapan (*besschiking, administrative discretion*)
2. Plan
3. Norma-norma jabaran (*concrete normgeving*)
4. Pseudo-legislation.<sup>13</sup>

That way, the activities of state financial administration (APBN) are inseparable from these legal acts. The presence of the State Administrative Law is also a legal umbrella for agencies/officials in carrying out their duties and responsibilities in order to realize the goals of the government of the Republic of Indonesia to create a just and prosperous society. In state administrative law, state financial accountability and supervision is a process or element of state revenue budget management activities. Supervision of state financial management is technically a complex mechanism in preventing state losses. In the state budget/finance cycle, supervision is considered to be a separate mechanism from the state financial management process, but in fact supervision is an aspect of control that is inherent in state financial management.

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<sup>13</sup> Okta Triana Manurung, "State Administration Law in the Implementation of Regional Finance (APBD)," t.t. accessed March 14, 2022

According to Nawawi, supervision is carried out at every stage of management, both during the management/administration process and after it ends to find out the achievement of an organization's goals.<sup>14</sup> This means that the process of supervising state finances begins when the House of Representatives collaborates with the government to prepare the State Budget and continues until the use of the funds is reported in the Central Government's Fiscal Accountability Report at the end of the fiscal year. According to Fachruddin (2004), there are two types of supervision reviewed from the institution that conducts supervision and the institution it supervises:<sup>15</sup>

1. Internal *Control* Supervision is carried out by an institution/agency that is structurally still part of the Government environment in the sense of executive power. Such as the existence of a hierarchy of an official with his subordinates.
2. External *Control* Supervision is carried out by an institution/agency that structurally is outside the Government in the sense of executive power, either directly or indirectly.

Regarding the preparation of the state revenue and expenditure budget, ministers/heads of institutions as budget users/users of goods prepare the budget work plan of the state ministries/institutions for the following year. The preparation of work plans and budgets is based on the principle of *performance budgeting*. Regarding performance-based *budgeting* in the state finances of the Republic of Indonesia, it is mentioned in article 14 paragraph (2) of Law No. 17 of 2003, which has an *accountability* function, namely the budgeting system is used to inform the quality of achieving strategic goals based on the *outcomes* achieved.

Performance-based budgeting is currently considered as a choice of budgeting system that is able to stimulate bureaucratic management that refers to the principle of effectiveness, streamline budget allocation in the implementation of programs/projects and public infrastructure funding , inspire openness and accountability in government, and save state money without neglecting professional principles. Achieving *Good Governance* requires the support of performance-based management principles.

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<sup>14</sup> W. Ryawan Tjandra, *State Finance Law* (Jakarta: Gramedia Widiasarana Indonesia, 2014), p. 223.

<sup>15</sup> Beni Kurnia Ilahi and Haykal, "Strengthening Supervision Policy for the Implementation of the State Budget in Emergencies to Prevent State Losses," *National Symposium on State Finance*, 2020, p. 759.

Good governance is seen as being able to be oriented towards efficiency, effectiveness and accountability of performance to produce high-quality outcomes and be able to empower and meet the wishes of the community, be participatory and be able to see and anticipate future events. The government performance system generally includes the following stages:

1. Strategic preparation or planning
2. Performance measurement
3. Performance reporting
4. Utilization of performance information for continuous performance improvement

One of the special efforts to realize transparency and accountability in state financial management is the timely submission of government financial accountability reports in accordance with the principles of good financial management and prepared in accordance with generally accepted government accounting standards. In this State Finance Law, it is stipulated that the accountability report for the implementation of the State Budget/APBD is submitted in the form of financial statements which at least consist of budget realization reports, balance sheets, cash flow statements and records in accordance with government accounting standards for financial statements.<sup>16</sup>

Thus, in the context of accountability for the financial management of the state, ministers/heads of institutions/governors/regents/mayors as budget users/users of goods are responsible for the implementation of policies stipulated in the Law on the State Budget/Regional Regulations on the Regional Budget, in terms of benefits/outcomes (*outcomes*). Meanwhile, the leadership of institutional units and state ministries is responsible for the implementation of activities that have been regulated in the Law on the State Budget. So that the accountability report for the implementation of the State Budget is submitted by the President to the House of Representatives, including the State Budget Realization Report, Balance Sheet, Cash Flow Report, and notes on the Financial Statements and are attached to the financial statements of state companies and other agencies. The presentation is prepared in accordance with government accounting standards. The financial statements are submitted after being examined by the Financial

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<sup>16</sup> Indrawati, "The Principle of Good Financial Governance in State Financial Management in the Context of Realizing Clean Governance," p. 203.

Audit Agency. Then the accountability report for the implementation of the State Budget is outlined in the form of a law.<sup>17</sup>

The principles of state financial law that contain the spirit of *good governance* have an effective impact on various fields of government. In the regulatory process, several aspects need to be observed (1) *Scope (what proportion of society is meant to be affected)*, (2) *The probability of a law affecting people*, (3) *The intensity of the impact*, and (4) *The frequency of impact*. These four things can be realized in the regulation of Law No. 17 of 2003, which will significantly affect the structuring of government institutional structures and systems, personnel management, performance evaluation processes based on performance budgeting, public accountability of government institutions, and others.<sup>18</sup>

According to the principle of good governance, the management of state finances in this modern era is juridically stated, stated in a set of legal provisions that include the principles of openness or transparency and public participation. That way, it can be concluded that not only the problem is within the scope of the state, but also involves other sectors (including the private and public), so that good governance can regulate the problem of government administration. According to the United Nations Development Programme (UNDP), good governance is characterized as follows: *Participation; Rule of Law; transparency; responsiveness; Consensus orientation; equity; Effectiveness and Efficiency; Accountability; and also Strategic Vision*.<sup>19</sup> Therefore, the main thing in understanding good governance is to know and understand the principles contained in it. The principle of good governance can be used as a benchmark for the performance of a government, because the government can be judged to be good or bad if it is alluded to with all elements of good governance principles.

Thus, the tangible manifestation of state financial management based on the principle of *Good Governance* (which is now a dynamic model of state administration around the world, classified as democratic stability) is financial management that has character, solidity, responsibility, efficiency and effectiveness and can be carried out in a participatory manner. So that it is a prerequisite for the creation of a clean and reliable

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<sup>17</sup> Hendra Karianga, *Legal Politics in Regional Financial Management* (Jakarta: Kencana, 2013), p. 55.

<sup>18</sup> "Law Number 17 of 2003 concerning State Finance.," t.t.

<sup>19</sup> Indrawati, "The Principle of Good Financial Governance in State Financial Management in the Context of Realizing Clean Governance," p. 203.

government. In this regard, it is clear that the provisions of laws and regulations that regulate state financial management in Indonesia have met the principles of *good financial governance*.

## **Conclusion**

With the goal of creating good state financial management, of course, based on the foundation and underlying legal principles. In order to realize *good governance* in state administration, state financial management needs to be carried out professionally, openly, and responsibly in accordance with the main rules that have been stipulated in the Constitution. With the Principle of Accountability, every activity and final result of the State Administrator's activities can be accounted for to the community. So that the government's financial management has implemented *good governance* principles in accordance with the government environment. Thus, Accountability is one of the principles underlying the management of State finances. The Principle of *Good Governance* Accountability is related to the implementation of good governance related to the implementation of State administrative functions. That way, transparency and accountability in the management of state financial management are realized by submitting a report on government financial responsibility by fulfilling the principle of accountability. In the principle of state financial law that contains the spirit of *good governance* has an effective impact on various fields of government. In the regulatory process, several aspects need to be observed (1) *Scope (what proportion of society is meant to be affected)*, (2) *The probability of a law affecting people*, (3) *The intensity of the impact*, and (4) *The frequency of impact*.

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