

# Budget Mafia: The Issues and Implementation of the Budgeting Function of the Regional Representative Council

Habib Muhsin Syafingi<sup>a\*</sup>, Dyah Adriantini Sintha Dewi<sup>b</sup>, Suharso<sup>c</sup>, Budiharto<sup>d</sup>, <sup>a,b,c,d</sup>Faculty of Law, Universitas Muhammadiyah Magelang, Email: <sup>a\*</sup>[habibsyafingi@yahoo.com](mailto:habibsyafingi@yahoo.com)

This article aims to identify factors that eliminate the mafia budget in the Regional Representative Council and to complicit the solution. This theme is based on the increase in corruption in the budget process involving regional representatives. This research uses a statutory approach, so it is hoped to awaken the construction of problems and resolutions based on the provisions of the legislation. The three factors that cause this include capacity, competence, and solidarity of the Regional Representative Councilmembers. Identifying factors will be beneficial for the effort to formulate constructive and scalable solutions to prevent corruption in the budget process at the regional government.

**Keywords:** *Political Budget, Regional Representative Council, Corruption.*

## Introduction

Corruption in the budget process in local government is an interesting topic to analyse alongside some articles and special reports released in the mass media (kompas.com, 2011). There are multiple aspects for this topic that must be considered. Firstly, a representative council has a budget function implemented through the discussion and approval of the regional expenditure revenue budget. Secondly, the corruption case involving. Thirdly, a representative council member of the political system with a high cost. Fourthly, the political party that does not have a financial source, and fifthly, the most behavioural pragmatism in the political party (Noor, 2014).

In the regional autonomy era, local governments have the authority to manage their finances based on planning by the primary needs. Autonomy has also placed a Regional Representative Council as an element of regional governance through the implementation of the regional regulation formation, budget, and supervision functions. In the budget process practices, It is also authorised to discuss and approve regional expenditure revenue budget and the regional accountability revenue budget each year. This also holds the potential for misuse by the Regional Representative Council to emerge personal interests or groups.

The portion of the financial management of local governments is distributed by the central government. The fiscal room becomes narrow as many programs and projects are controlled by the central government in the form of the Special Allocation Fund, the Adjustment Fund, and the Fund Share proceeds. On the other hand, people want the democratisation of budgets built by local governments in the budgeting planning process. Central funds transferred to local governments through the Special Allocation Fund and the Adjustment Fund are largely allocated to infrastructure activities, which, according to some studies, are prone to be compromised. Audits by the Financial Audit Board often find non-compliance, internal control standards, and administration. However, recommendations are given (only) repairs, not as an assertive act. In the process of budget planning, 5 aspects influence the participation process, namely top-down, bottom-up, participation, technocratic, and politics. In the top-down process, the budget is distributed from the central government to the local government is set (given), while the bottom-up is merely a formality activity because the participation process in the planning is not the negotiation process, but is only the socialisation and delivery of public information. Society has not been involved in the planning as a whole from the beginning and only given the socialisation of the results of planning that has been formed.

As the author has outlined previously, there have been several measures to eliminate corruption in the budget process. Firstly, improving the financial system of political parties, reducing parliamentary domination in the management of budgets and elections to public officials, and encouraging law enforcement. Secondly, transparency in parliament becomes the key to budget reform. Thirdly, community involvement is also important to improve the revenue budget transparency (Hamudy, 2014). The various measures that have been delivered are very constable, but there are some records. Firstly, parliamentary domination should be reduced in the management of budgets because it conflicts with the representative democracy system. Secondly, we require clear and clean access for community participation in government.

Regarding these rights, this paper will analyse two issues. The first issue is how the implementation of the budget function of The Regional Representative Council which is likely to raise the corruption in the budget process in the political preparation of the regional government budgets.

## **Methodology**

This article applies a legal approach, therefore, the problems and suggestions are based on the construction of laws. An analysis is applied and regarding quality and is descriptively presented. The data analysis method conducted is a qualitative technique by legal interpretation and synchronisation of the provisions of the related law. Data gathering was conducted by library research to select the important part of the law on the local government authority. Various legal materials ranging from primary, secondary, and tertiary legal materials are used. Such legal materials include the following legal instruments as well as other journal articles relevant to the topic.

## **Analysis and Discussion**

### ***Budget Implementation of the Regional Representative Council***

The regional House of Representatives has three authorities, namely, the establishment of local government regulation, supervision, and budgeting. The implementation of the budget function is based on Article 25 of the Government Regulation number 12 of 2019. This article relates to the financial management that is realised in the form of discussion for mutual approval of the local government regulation on the regional expenditure budget. This budget is proposed by a Chief Officer in the local government.

The scope of these authorities includes activities as follows:

- a. Discusses the regional expenditure budget and compiled by a Chief Officer based on the local government's work plan.
- b. Discusses the local government regulation draft on the regional expenditure budget.
- c. Discusses the change of the local government regulation draft and the regional expenditure budget.
- d. Discusses the responsibility and accountability of the regional expenditure budget.

According to the provisions, the Regional Representative Council has an important authority which covers the planning, budgeting, and financial accountability phases of the region.

### ***Local Government Budgeting***

The regional expenditure budget is an annual financial plan stipulated by local regulations covering income (Article 1 of Law Number 33 of 2004 On Balance Of Central and Local Financial). Based on these three elements of the regional expenditure budget, the discussion related to expenditure will be the most interesting part. This is not separated from the discrepancy between budget needs and budget capacity available. In anticipation of this, it is necessary to determine the priorities of the local government budget.

Budgeting is the process of turning activity plans into a financial. This process can be politically related to power issues, decision making, public policy, and allocation or distribution. Therefore, this process involves applying the general policies that pertain to the arrangement and allocation of resources required to have authority (Miriam Budiardjo 2008:14). Based on this view, it is necessary to achieve a purpose that is collective and binding through authority, decision making, public policy, allocation, and distribution to translate the activity plan into the financial plan.

Normatively, this policy is referred to as the political law as a legal policy or official guidelines about the law that will be enforced to achieve the purposes of the state (Moh Mahfud, 2009, p1). This legal political budget spawned a political term and budget politics based on their respective perspective (Article 19 Section 2 of The Government Regulation Number 65 of 2005 On The Guidelines for drafting and implementing Service Standards).

The regional expenditure should accommodate a variety of interests. Firstly, the regional expenditure budget should accommodate the interests of the central government. This includes those contained through the minimum standards of service (Article 19 Section 9 of The Government Regulation Number 65 of 2005 On The Guidelines for drafting and implementing Minimum Standard Services). The regional expenditure budget should accommodate the vision and mission of the Chief Officer of the local government through a short-term development plan (Article 11 Section 3 of The Government Regulation Number 8 of 2008 On the procedures for drafting, controlling and evaluating the implementation of a regional development plan). All three regional expenditure budgets must accommodate the interests of the community through the *forum Musrenbang* (The Government Regulation Number 8 of 2008 On the procedures for drafting, controlling and evaluating the implementation of a regional development plan). Fourthly, a regional expenditure budget accommodated input from the Regional Representative Council which is contained in the principal of the purposes of the Regional Representative Council (The Ministry of Home Affairs Number 5 of 2010 On The Implementation of The Government Number 8 of 2008 On The Procedures for drafting, controlling, and evaluating the implementation of regional development plans) as Result of the activities of public aspirations (romance nets) during the recess period.

This interest will be enforced by four budget actors, namely, the central government, Chief Officer of the local government, regional representative council, and the community. These actors will perform interesting and mutually influence a process to make the proposed priority. The process of political interest in determining the priority scale of activities is due to limited public funds available.

### ***Corruption in the Budget Process***

Corruption issues in Indonesia in various sectors of public service becomes an obstacle for the country in carrying out the obligation as mandated in the 1945 Constitution of the Republic of Indonesia. The purpose of this constitution is to serve every citizen and resident to fulfill the basic rights and needs. Corruption has a bad impact on public services of both public goods and public services and administrative services. This became worse because of the widespread corruption that befalls the Chief Officer of local government. The current data has 41 members of the regional House of Representatives from a total of 45 to support in case of corruption by the Corruption Eradication Commission (KPK). It is disabling legislative functions in the city of Malang that harm the community. The relationship between corruption and public service, according to Hall (2012), is that corruption has degraded public service and spent the country's budget by switching it to the hands of a corrupt political elite. The research of local government corruption patterns conducted by the University of Indonesia (2018) resulted in some preliminary findings of the regional government corruption pattern from 2010 to 2018 and is related to the barriers to the provision of public services to people.

The preliminary study was to identify the pattern of corruption of the local government through a court ruling that remained legal (*Inkracht*) as well as in the process of law, with the following pattern: (1) The pattern of corruption concerning licensing — the mining and oil and gas sectors, forestry, spatial and land; (2) Pattern of corruption concerning the function of the regional People's Representative Council — legislation, budget, and supervision on the implementation of policies; (3) The pattern of corruption related to the procurement of government goods and services; (4) The pattern of corruption related to promotion, mutation, and bribery positions; and (5) The pattern of corruption relates to village funds. Each pattern can be mapped in sector category, mode, actors involved, loss of state, territory, and time as well as how corruption impedes the government in providing public services to the public.

The representation of community members on the Regional Representative Council has strong access to information, so this intervention process should be applied in consideration of priority, urgency, or wider impact for the community. The development of "intervention" is also highly vulnerable to infiltrated interests to gain personal or group benefits.

The politics of the public budget can be traced from the amount of budget received and who benefited. There is weak supervision of society and the moral hazard of the Regional Representative Councilmembers in the establishment of the regional expenditure budget. This has been very detrimental to the community. Although the public agenda has been held since the village level with its communities, it was defeated by the agenda of a fully politically

charged institution. Institutional Agenda is the crystallisation of the collective political interests of political parties and regional bureaucracy (Pratiwi, 2012).

The behaviour of the Regional Representative Council members is certainly not separated from pragmatism by political parties. Noor (2014) argues that this cause is all related to the efforts of the parties to continue the sustainability of their lives. The fulfillment of the pragmatic interests is often a trade-off with the achievement of ideological interests. This is because the party is inherently unable to finance itself, then the attempted hunting rente be an inevitable choice and ultimately takes precedence over the ideological struggle (Ambardi, 2009).

The practices undertaken by this political party are widely imitated by "persons" of the Regional Representative Council members, either individually or in groups. These practices give birth to the term "budget mafia" in the discussion of planning budgeting centers/regions. These practices are generally motivated by a similar problem that is the expensive political cost to occupy the position in addition to the problem of morality (greed).

This legislative authority has raised a budget mafia practice which has at least six modes (Kompas, 2011):

1. Cooperation of the representative council members with other members, representative council budget agency with a representative council commission through the involvement of brokers as a liaison area with the centre.
2. Through those who are the trust of the leaders and members of the representative council member in the area with the message to contact the person.
3. Through brokers/intermediaries that are only the liaison of the representative council members with the regions and ministries.
4. Through the person claiming that the staff or people of trust in the Regional Representative Council members become the regional liaison with the representative council or the ministry.
5. The representative council member plunged directly into his election area and offered the project with the promise of direct appointment to the regent or the head of the office followed by a deposit of initial funds that could skip to the person or scalper.
6. Through activists who established non-governmental organisations (NGOs) to make proposals submitted to the representative council

Types of budget mafia mode in the regional administration as follows:

1. Mark Up Procurement of goods and services.

Involves cooperation between regional devices related to the members of the budget agency to pass certain procurement programs/activities that are of great value such as infrastructure projects. The procurement is highly possible based on certain commitments with service

providers.

## 2. Markdown Regional Reception

Each local income is based on the potential acceptance of the mutually agreed value between the local government and the budget agency. The determination of this acceptance target potentially raises the budget game by setting a target lower than the actual potential acceptance. This mode is usually based on misuse of the results of the study activity on the potential of regional acceptance (Government Regulation Number 12 of 2018 On The guidelines for drafting The order of Provincial legislature, regency/city) that generates data on what potential tax revenues or actual retribution. If the target in the regional expenditure budget is too low, then the budget will ask to be raised according to the results of the study that is generally more likely to be resolved by a compromise. 3 factors influence the professionalism of the members of the regional legislative assembly.

### 1. Competence

Competence is the ability of a person to be able to perform their duties better. In the field of competency, the budget will be related to the Regional Representative Council's ability for the first to discuss and approve the second income tax to discuss and approve regional expenditure budget, the third is to approve the implementation of the regional expenditure budget.

The regional budget discussion was conducted for one month (Article 90 of The Government Regulation Number 12 of 2019 On The Local Budgeting Management). This suggests the importance of this discussion, but in practice, the language tends to be formal without the understanding of sufficient substance. In this discussion of workshop activities, regional budget discussions, and thematic discussion will be treated with more urgency than a working visit, comparative study, or consultation that has been implemented.

Observing the substance of the general policy document, this budget is very important for the regional expenditure revenue budget. This document becomes a kind of academic manuscript that contains the thinking framework underlying the regional building expenditure revenue budget. In other words, the figures in the regional expenditure revenue budget are both revenue, expenditure, and financing based on the studies in this document. The importance of the Regional Representative Council requires this document to be based on a constructive and scalable thinking framework.

The discussion of the regional expenditure revenue budget is conducted by emphasising the conformity between the regional general policy expenditure revenue budget and the temporary budget priorities and ceilings with the programs and activities proposed with the draft regional regulation on regional expenditure revenue budget (Article 44 section (1) and (2) of the government regulation number 44 of 2005 on the local budgeting management).

The regional expenditure revenue budget discussion further emphasises the synchronisation between the regional plan expenditure revenue budget and the kua-ppas. Reviewed from its scope, synchronisation includes 3 (three) aspects of the program, activities, and budget ceilings.

## 2. Commitment

The regional representative council's commitment, in this case, is a strong willingness to carry out the vows and promises that have been pronounced at the time of appointment as a Regional Representative Council member. The substance of the sump at/pledge includes the implementation of obligations, establishing a life of democracy, as well as prioritising the interests of the nation, country, and region from personal interests, individuals, and groups. The fight for the regional aspirations that I represent to realise the state purposes.

The obligations of Regional Representative Council members related to budget functions include absorbing and collecting constituent aspirations through regular working visits to further follow up on the aspirations and complaints. In carrying out these obligations, Regional Representative Council members must provide moral and political accountability to the constituents in the region of election (Law of the Republic of Indonesia number 17 of 2014 concerning people's consultative assembly, house of representatives, regional representative council, and the regional House of representatives). Regional Representative Council members must have a strong will to fulfil these obligations.

The mechanisms that can be pursued by Regional Representative Council members are to understand the planning documents of regional development, both medium and short term. Understanding the priorities of the development, allows the Regional Representative Council members to perform recess or other social activities to absorb community aspirations. The understanding of the priorities of this development will facilitate Regional Representative Council members to act on the aspirations of the community under the priorities of the regional development of the year. The ability to understand this document and the budgeting is an aspect of competency. Therefore, the commitment will be directly related to or influenced by competence.

## 3. Solidarity

The solidarity will relate to the commitment to jointly fight for community aspirations in the norm and ethical corridors. This concept relates to the rise of the phenomenon of the emergence of pragmatism of Regional Representative Council members for "Kongkalikong" with other parties to smoothen the interests of the party in a certain reward.

The behaviour of the Regional Representative Council members is certainly not separated from the pragmatism of the political party. Ambardi as quoted by Firman Noor (2014) states



that this cause is related to the efforts of the parties to continue their sustainability through the rente of the offices of the state. The fulfillment of the pragmatic interests is often a trade-off with the achievement of ideological interests. That is because the party is inherently unable to finance itself, then the attempted hunting rente be an inevitable choice and ultimately take precedence over the ideological struggle (Ambardi, 2006).

The practices undertaken by these political parties are widely imitated by the "persons" of Regional Representative Council members, either individually or in groups. These practices give birth to the term budget mafia in the discussion of planning budgeting centers/regions. These practices are generally motivated by a similar problem that is the expensive political cost to occupy the position in addition to the problem of morality (greed)

There are six budget Mafia measures (Kompas, 2011) in the central government. The limited fiscal space makes the mode not relevant in the area, therefore forcing the person must be more intensive and extensive when looking for a budget game opportunity. two budget game patterns can be identified in the area, namely, the mark up budgets and the budget markdown.

This budget pattern will not occur while there is a solidarity between all members of the Regional Representative Council, whether at the level of leadership, budget agencies, honorary bodies, and other fitting duties to carry out their vows. Community participation to supervise the behaviour of the representatives of the people is expected to be the door to enforce the code of conduct and ethics as a standard behavior of Regional Representative Council members.

Based on the legal construction of the problem, it is necessary to formulation a solution that is systematic, constructive, and measurable by law (Lego Karjokoa, Djoko Wahyu Winarno, Zaidah Nur Rosidah, I Gusti Ayu Ketut Rachmi Handayani, 2020) Therefore, the solution can be implemented properly. Firstly, the optimisation of task deepening activity which is the right of a member of the Regional Representative Council (Article 86 of Government Regulation Number 12 of 2018 on the guidelines for drafting the provincial representative council and regency/city representative council). Secondly, optimising the utilisation of expert group or Regional Representative Council team (Article 31 of Government Regulation Number 12 of 2018 on the local budgeting management). Thirdly, drafting a Regional Representative Council work plan must be oriented to the implementation of Regional Representative Council functions which must be proportional and measurable (Article 24 of Government Regulation Number 24 of 2004 On The Position Of Protokoler And Financial Management And Member Of Regional Representative Council). Fourthly, legalists community participation in local government (Law Number 23 of 2014 On the Local Government)

Local Government Regulations on the Ordinances of community participation in government will ensure the legality of community participation in local government (Pakpahan, 2020),. This includes the establishment of regional regulations and in the planning and budgeting of the district. Through this participation is expected the practice of "mafia budget" will be suppressed.

### ***Power Domination In The Planning And Budgeting Process***

Through regulations, the budget on government entities is structured using a performance approach. The process of preparing a budget technically should be mindful of sustainability between planning and budgeting processes. The attention to planning documents is intended to ensure the existence of synchronisation and consistency during the planning, budgeting, implementation, and control process, as well as the evaluation of budget implementation. Planning is the process of establishing the future now, which is oriented towards the effort to achieve development goals (Jaelani A.K, Handayani I.G.A.K.R, Karjoko L, 2020: 765-774). Construction planning documents are important documents for the government, which are used as guidelines for drafting budgets. Planning and budget documents are the Government's commitment to answering the wishes and expectations of society. Therefore, community involvement in the planning and budgeting process becomes something that the government cannot be denied.

There is awareness among the elements of local government organisers, that one of the problems that should be a concern in government is the process of development planning that is not aspirated, not transparent, and unaccountable. The emergence of this kind of consciousness, let alone poured in the document of development planning, should be answered through the activities of the activity plan to better the aspirations of the community. This will allow for the production of an aspirational development planning document and give a positive impact to the community. Various issues of local governance are contained in the documents of the regional medium-term development plan.

Community involvement in good governance discourse is called public participation. Public participation is a mechanism to create a public space that allows the community to be involved in decision making, either directly or indirectly. The direct delivery of aspirations is done through the mechanism of Mesyawarah planning development (*Musrenbang*) While the delivery of an indirect aspiration through legislation as a representation of the community in the region.

The implementation of the Plan and Development Discussion (*Musrenbang*) in the planning process of regional development, tends to be applied only to fulfill a formal process based on regulation, even impressed the ritual process as if community involvement in development

planning has occurred. This kind of condition certainly affects the government budgeting process that tends to be the status quo, unresponsive to the wishes or expectations of a dynamic society, in line with the dynamics occurring in a community environment.

The participatory budgeting and the good governance's discourse of government-era reform should put the community, not only as a development object, but also make them the subject of development. Unfortunately, the status of legislation as an element of local government organisers and also as representatives of people in the structure of power does not consider this an important issue that they should encourage so that the mechanism of Musrenbang more effective.

Their doubts and reluctance to carry out Musrenbang under its objectives, as mandated in the legislation, are not solely due to Kekurangseriusan regional government (executive). The reason for public unpreparedness as the subject of development was also revealed among the legislatures. Our society is still difficult to build the mechanism of checks and balances. Those who come/are invited generally do not bring the public interest in general, they more convey their problems, related to welfare issues.

## **Conclusion**

Budget mafia, affecting the budget political formation, has caused problems in implementing the Regional Representative Council budget function. There are several causes such as lack of competence, commitment, and solidarity of the Regional Representative Council members. Identification of these factors has been beneficial in improving proportionately and measurable improvements through intensification of activities such as strengthening capacity building activities, expert groups, and the preparation of the Regional Representative Council activities. While the extensibility solution is through the establishment of local regulations, community participation is expected to ensure supervision by the community.

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