

## THE E-SYSTEM IMPLEMENTATION FOR THE ACCOUNTABILITY OF PADANG SIDIMPUAN MUNICIPALITY, NORTH SUMATRA

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### ABSTRACT

*Transparency of budgeting and planned public services programs with the application of e-system is for local government in Indonesia plays an important role. It is noted that some Municipalities and Provincial Governments have realized this system. It is believed that the e-system not only a suitable way of eradicating corruption acts, but it also opens the public participation in creating the good governance. The implementation of the e-Budgeting system is based on the Regulation of the Minister of Home Affairs Number 21 of 2011 on Guidelines for Regional Financial Management. With such online system, this research paper was aimed to present the three benefits that Padang Sidempuan Municipality of North Sumatra Province. The idea of getting implementation the e system for the accountability and transparency of government budget was targeted to the budgeting and planning public service programs. This new model makes the municipality is more open and democratic in gathering the public needs such as education, health, transportation, and social security. It concludes that the real accountability now is seen from the Padang Sidempuan Municipality's efforts to publicize the budgeting process and the planed programs. Thus, the transparency of budget information was viewed through the budget information provided by the Padang Sidempuan Municipality.*

**Keywords:** e- system; accountability; municipality; public participation

### INTRODUCTION

Now the local and central governments of Indonesia need to implement the advanced telecommunication and information technology for better public services. The public participation in planning the Municipalities, after Reformation Movement 1998 changes the organization system of Indonesia. The technology such as e –system in bidding and budgeting programs of governments already led to open and democratic process in which public participation increased. E- government is new ways being used to reinvent the business of government, includes making the information accessible on the web, and delivering all the services on the web too in an easy fast and reliable way regardless to the distances and time (Almarabeh, 2016). E-government refers to the use of internet technology as a platform for exchanging information, providing services and transacting with citizens, businesses, and other arms of government (Oni et al, 2016). E-governance, which is a paradigm shift over the traditional approaches in Public Administration, means rendering of government services and information to the public using electronic means (Nugi, 2012). The public sector takes the new system within government organizations. The development of information and communication technology cut the distance of Municipalities officers to the public services. This new model is done through electronic system.

The use of information and communication technology for the State affairs, military -defense, education, social security has many advantages compared to using traditional ways of interaction. With the development of information and communication technology, it has created a model of public service conducted through e-Government (Álvarez, Domínguez, &

Sánchez, 2010). With the e-Government, the municipality provides the innovation to budgeting and planned public service programs. Following the Law of the Republic of Indonesia No. 22 of 1999, the implementation of regional autonomy gives the freedom of Municipalities to manage the public service programs. Accordingly, the principle of local autonomy is directed to accelerate the realization of community welfare through services and empowerment of community roles. The accountability of Municipalities in Indonesia enhances the democracy, equity, justice for the welfare of the community. With the e-system the accountability appears from the public transparency (Rinaldi, 2016). Good Governance is a concept oriented approach to public sector development by good government. Thus, Pinnington (2009) the information technology gives a positive impact on the achievements; because the adoption of technologies such as e-government also has a significant effect for improving the performances of officials.

Budgeting and planned public service programs have an important role in the good governance. Budget as a tool of policy, planning, controlling and performance appraisal have strategic role in government effort to realize society prosperity. This is the main reason why Padang Sidempuan Municipality has to shift from the traditional budget system to e-system. Such as shift is needed for the municipality 's accountability and transparency in budget management. Thus, the outputs and outcomes are the benchmarks of the achievement of public service objectives and targets. In addition, the procedures in e-budgeting anticipate the potential for mark-ups. The Surabaya Municipality of East Java Province was a pioneer of e-budgeting in 2013 that then followed by the Government of DKI Jakarta in 2015 (kominfo.go.id).

## **THEORETICAL FRAMEWORK**

### **Theory of Open Public Budgeting via e-system**

It is noted that a budget is a statement of performance estimates to be achieved over a given period and written in financial capacity. The budgeting and planned public service programs take the process or method for preparing them for the public sector. Those are related to the process of allocating funds for a program or activity. The budget states the organization's plans for serving the community or other activities that develop the municipalities capacity in service, estimating the amount of costs in realizing the plan, the source estimation that generates income and how much revenue. Public sector budgets are correspondences to the economic tool that make the government has for guiding social and economic development, ensuring sustainability and improving people's quality of life. The principles of public sector budgeting encompass; Democratic, Fair, Transparent, High moral, Be careful and accountability. The Decree of the Minister of Home Affairs No. 29 of 2002 gives the guidelines for budgeting of performance, budget execution up to the reporting of budget execution. This regulation was subsequently refined by the issuance of Regulation of the Minister of Home Affairs Number 13 of 2006 and most recently by the issuance of Regulation of the Minister of Home Affairs Number 59 of 2007 as further elaboration of Government Regulation Number 58 of 2005.

Unlike traditional budgeting, the performance-based budgeting is structured with output orientation. So, if we make a budget with a performance approach, then our mindset should focus on "what it wants to achieve". If the focus is on "output", then the thought of the "objectives" of the activity should be covered at every step when setting the budget. This system focuses on the facet of management so that in addition to the efficient use of funds as well as the results of its work is checked. Thus, the benchmark for the success of this budget system is performance or achievement of the objective or budget outcome by using funds

efficiently. By building a budgeting system that can integrate performance planning with an annual budget, there will be a link between available funds and the expected outcomes.

Performance-based budgeting is based on performance, performance indicators, standard expenditure analysis, standard unit price, and minimum service standards. Administration of government affairs is divided based on the criteria of externalities, accountability, and efficiency by taking into account the harmony of relationships between government structures. In its implementation, local governments are required to be more responsive, transparent and accountable to the public interest.

Output is a product in the form of goods or services resulting from the program or activity in accordance with the input used. Therefore the output indicator must be in accordance with the scope and nature of agency activities. Outcome is anything that reflects the functioning of the output of activity in the medium term (direct effect). The result indicator is a benefit expected to be obtained from the output. This benchmark illustrates the real output of an activity. Generally most policy makers are interested in benchmark results compared to other benchmarks. But to measure the outcome indicator, the information required is often incomplete and not easily obtained. Therefore every organization needs to examine various approaches to measure the outcome of the output of one activity.

### **E-Budgeting**

The E-Budgeting system is the beginning of a large e-Government scenario in Surabaya City Government, through the concept of GRMS (Government Resource Management System). The E-Budgeting System is a system of budgeting which includes the application of a web-based computer program to facilitate the drafting process of APBD (Regional Revenue and Expenditure Budget), Revision, and PAK (Change of Activities Budget). E-budgeting system appropriately fit to the user task in budgeting practice, and this system will improve user performance when it is ease and more useful (Purwohandoko and Sanaji. 2015). The term 'e-budgeting' is used to address any ICT application or tool that is used for budgetary functions, procedures, or services across the budgetary cycle (planning, programming, budgeting, appropriations, control, and evaluation of financial resources) (Sgueo, 2015). In more detail, e-budgeting includes three different, although related, profiles: the first, and main one, consists of the digitalisation of budgetary procedures; the second relates to the diffusion of budgetary information to the public in an open format (open data); the third concerns the use of complex databases of budgetary information to in form policy-making (big data).

Regional Revenue and Expenditure Budget, hereinafter abbreviated in Indonesia as APBD is annual financial plan of regional government which is discussed and approved jointly by local government and Regional People's Representative Assembly (DPRD), and stipulated by local regulation. The Local Government Budget Team (TAPD) is a team formed with the decision of the regional head and headed by the regional secretary who has the task of preparing and implementing the policy of the regional head in the framework of the preparation of APBD whose members consist of local planner officials, PPKD and other officials in accordance with the needs. With the existing RPJM within 5 (five) years, then at the time will make the preparation of APBD, firstly compiled RKPD which is the translation of the RPJM by using Work Plan Work Unit

### **Transparency**

Many societies believe that transparency will reduce governmental malfeasance and demand for transparency has grown rapidly, with organizations in both private and public sectors being encouraged to be more transparent (Park, H. and Blenkinsopp, J. 2011). What is meant

by the concept of transparency in this research is open access for the public in obtaining information about planning, implementation, supervision and accountability of E-Budgeting System. Transparency is the government's openness in providing information related to the activities of management of public resources to the needy i.e the community. The objectives of transparency in the administration of village governance are: Transparency will have a positive impact on governance. Transparency will increase the accountability of policy makers so that community control of policy-makers will work effectively.

The principles referred to in this study are, among others, the disclosure of information that is easily understood by the public, the publication of the financial details of the Budget, the existence of periodic reports on the management of the Budget by the government of the City Government in Indonesia. The principle of transparency creates mutual trust between the community and the government through the provision of accurate and adequate information. Transparency will reduce the level of uncertainty in the decision-making process regarding the management of village funds, since the dissemination of information that has only accessible to the government can provide an opportunity for the community to take decisions, for example by village meetings conducted by deliberations. In addition, transparency can narrow the chances of corruption within the village government's scope and the community participates in the decision-making.

Transparency is a key value of the governance system. Transparency in the handling of public affairs has become a requirement, greatly spread by political speeches and contemporary literature about the supervision and accountability of political leaders (Baume, 2011). The main context of government activity should be believed to be based on transparency. There is a public power demanding greater transparency. In essence it's with the acceleration and influence on private organizations, as the continued increase of public population. This means that public demand for transparency is getting stronger. The transparency process includes:

1. Standard procedural requirements, that the regulatory process should involve participation and attention to the needs of the community.
2. Consultation processes (Consultation Process), The existence of dialogue between government and society
3. Appeal rights, is the primary protector in the arrangement process. Standard and not convoluted, transparent to avoid corruption

### **Accountability**

The concept of accountability in this study is the accountability of budget management budgeting team to the community, where the Development Administration Division as the main responsibility and system maker. It is the ability to give answers to a higher authority over the actions of a person or group of people to the wider community within an organization. Accountability i.e decision-makers in public, private and civil society organizations have accountability to the public (general public) as well as to stakeholders.

Article 7 of Law No.28 of 1999 explains that the principle of accountability is the decisive principle that every activity and the result of the activities of the state administration must be accountable to the people as the highest sovereign of the state in accordance with the provisions of the laws and regulations applied. According to United Nation Developed Program (UNDP), accountability is an evaluation of the process of implementation of activities / performance of the organization to be accountable and as feedback for the

leadership of the organization to be able to further improve the performance of the organization in the future. Accountability can be obtained through:

1. Efforts to make government officials accountable for any government behavior and responsive to the identity in which they are authorized
2. Establishment of criteria for measuring the performance of government apparatus and the establishment of mechanisms to ensure that standards have been met.

Accountability is usually defined as a social relationship in which an actor feels an obligation to explain and to justify his conduct to some significant other (Romzek in Ferlie, 2004). Accountability is for probity and legality); Legal accountability is related to compliance with other laws and regulations required in the organization, whereas honesty accountability is related to avoidance of abuse of office, corruption and collusion. Legal accountability ensures the enforcement of the rule of law, while honesty accountability guarantees sound organizational practice; Managerial accountability-Managerial accountability that can also be interpreted as performance accountability is the responsibility to manage the organization effectively and efficiently; Program accountability also means that organizational programs should be quality programs and support strategies in achieving the organization's vision, mission and objectives. Public institutions must account for programs that have been made up to the implementation of the program. The government is to pursue its policy objectives even on questionable legal grounds (Lein, 2004).

### **Benefits of e-system of Padang Sidimpuan Municipality**

#### *E-budgeting system on transparency*

The budgeting process undertaken in *Padang Sidimpuan Municipality of North Sumatra Province* district government is still done manually. However, as an effort of accountability and budgetary accountability, *Padang Sidimpuan Municipality of North Sumatra Province* district government conducted publications related to documents from program planning to budgeting, RAPBD up to APBD in Surabaya city administration. Indeed, in the process of budgeting the community does not participate directly, but the public can oversee the process of budgeting implemented by the city of Surabaya. With the websites of Development Planning Agency at Sub-National Level (Bappeda), Information Management and Documentation Officer (PPID), Regional People's Representative Assembly (DPRD), Regional Finance and Asset Management Board (BPKAD) or even the public budget transparency website will be easy to find documents about planning and budgeting, how the process of how far its activities run. One indicator to measure the transparency of public services is the ease of the public to obtain information on various aspects of public service delivery. It is expected that the public can also improve the system of control and supervision of the government in budgeting in Surabaya city government.

#### *E-budgeting system to Accountability*

This is what lies behind the accountability of the budget system through electronic system in Padang Sidimpuan North Sumatra. Budgeting that already uses the system can increase the level of community participation. In addition, the community can also know the process and related information about the process and the outcome of budgeting. This will lead to a high level of public trust to the government regarding budget. However, the position of the community is still excluded among the other actors, as well as the lack of government accountability to the community. In order to minimize public confidence in the government and supervision control to the government on budgeting, the Municipality undertakes a form



of accountability and information disclosure through an electronic system. In connection with the disclosure of information on budgeting, the Government of the Padang Sidempuan Municipality of North Sumatra Province in Indonesia will coordinate and collaborate among SKPD in realizing accountability and budget transparency. The relevant Regional Government Work Units are: Development Administration Section, Planning Board, Financial Management and Local Government Tax Authority in Indonesia, Communication and Information Office as Information Management and Documentation section.

## CONCLUSIONS

The readiness of the Government of the Padang Sidempuan Municipality of North Sumatra Province as follows:

1. Implementation of E-Budgeting System of Padang Sidempuan Municipality of North Sumatra Province in Indonesia can be applied by every SKPD and sub-district, district and offices. It is started from the process of planning, implementation and evaluation. The role of the community in the policy of applying the electronic budgeting system is the participation in the initial planning to make the budget need a deliberation between the government of the Padang Sidempuan Municipality of North Sumatra Province in Indonesia, Citizens Association and community organizations. It is discussed about the work program Government of the Padang Sidempuan Municipality of North Sumatra Province in Indonesia by using e- planning system. It aims to facilitate the Budget Team to communicate in building the program of the process of making RKPD (Local Government Work Plan) which will be submitted to the Mayor of the Padang Sidempuan Municipality of North Sumatra Province of Indonesia for the Establishment of e-plan.
2. Implementation of E-Budgeting system has been said to run well in accordance with procedures established by the Municipality. There is no difference in implementing the E-Budgeting system of each municipality agency. If there is a problem then the Budget team will provide assistance to each KPA and SKPD to use E-Budgeting system and there is no violation incident in E-Budgeting system.

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