

THE INFLUENCE OF THE IMPLEMENTATION OF REGIONAL AUTONOMY ON REGIONAL FINANCIAL MANAGEMENT OF EAST KALIMANTAN PROVINCE

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Abstract

This article explains the essence, purpose, benefits for the region and the current development of regional autonomy and its practice in East Kalimantan. In this article, criticizing theoretically by concocting various data/theories being criticized is complemented by references to several relevant journals. Furthermore, analysis related to policy implementation by identifying various problems and challenges faced, as well as providing solutions on how to realize regional autonomy in East Kalimantan Province. In terms of applying the principles of regional financial management efficiently, economically, effectively, transparently, and responsibly by taking into account the sense of justice, propriety, and benefits for the community as well as the implementation of performance-based budgeting, the setting of cost standards in the imposition of Regional Expenditures is a form of financial management discretion. area by the Regional Government as long as it fulfills the provisions related to the designation, use, and conditions for the application of discretion as regulated in Law Number 30 of 2014 concerning Government Administration.

Keyword: Regional Financial Management, East Kalimantan, Performance-Based Budgeting

1. Introduction/Problem

During the reformation era, the State of Indonesia has undergone a constitutional change from the former being mostly a centralized government and a small part being a residual decentralized government, becoming a system of government of the Unitary State of the Republic of Indonesia based on the 1945 Constitution of the Republic of Indonesia (hereinafter referred to as 'UUD 1945) and Decree of the People's Consultative Assembly of the Republic of Indonesia Number XV/MPR/1998 concerning the Implementation of Regional Autonomy; Equitable regulation, distribution and utilization of national resources, as well as central and regional financial balance within the framework of the Unitary State of the Republic of Indonesia, which provides flexibility to regions to carry out regional autonomy which is marked by the enactment of the Law on Regional Government and its amendments, among others:

- 1.1. Law of the Republic of Indonesia Number 22 of 1999 concerning Regional Government;
- 1.2. Law of the Republic of Indonesia Number 32 of 2004 concerning Regional Government;
- 1.3. Law of the Republic of Indonesia Number 23 of 2014 concerning Regional Government;
- 1.4. Government Regulation in Lieu of Law of the Republic of Indonesia Number 2 of 2014 concerning Amendments to Law Number 23 of 2014 concerning Regional Government;

1.5. Law Number 9 of 2015 concerning the Second Amendment to Law Number 23 of 2014 concerning Regional Government.

The Law on Regional Government and some of its amendments are hereinafter referred to as the 'Local Government Law'. Furthermore, regional autonomy is carried out by giving broad, real and proportional authority to the regions, which is realized through the regulation, distribution and utilization of national resources, as well as the balance of central and regional finances, in accordance with the principles of democracy, participation community, equity, and justice, as well as regional potential and diversity, which are implemented within the framework of the Unitary State of the Republic of Indonesia. Meanwhile, the division of central and regional affairs has been determined that regional authorities cover all areas of government except foreign policy, defense and security, judiciary, monetary and fiscal, religion, and other fields of authority. Thus, the Regional Government Law adopts the principle of decentralization with the *Ultra Vires Doctrine* technique because the delegation of authority from the central government and local governments has been rigid or detailed.

Henceforth, in line with the division of regions and the implementation of the direct election of President/Vice President, one of the subsequent amendments to the Regional Government Law is the stipulation of direct regional head elections (pilkada). Then, the latest Regional Government Law reaffirms that the highest responsibility for administering government remains with the central government, so that the central government has the authority to supervise, monitor, control, and empower regions so that regions can carry out their autonomy effectively and efficiently. Likewise, the implementation of decentralization has occurred in several regions, including the province of East Kalimantan.

Based on the problems above, there are problems:

How is the influence of regional autonomy on the regional financial management of the East Kalimantan Provincial Government?

2. Theory

Law as a Tool of Social Engineering

This theory was put forward by Roscoe Pound that the function of law is as a tool for community renewal (Law as Aa Tool of Social Engineering).¹⁾ According to Roscoe Pound, the law can play a leading role in leading changes in people's lives by facilitating community interactions, creating peace and order, and realizing justice for all people.

Law is at the forefront of pushing for reform from the traditional to the modern. The law used as a means of reform can be in the form of law and jurisprudence or a combination of both, but in Indonesia what is more prominent is the rule of law. So that the implementation of the reform can run well, the legislation that is formed should be in accordance with what is at the core of Sociological Jurisprudence thinking, namely good law in law that lives in society, because if it turns out not to be, then the consequences are not effective and will have a challenge. (Salman, 1999)

Pound proposes three categories of interest groups, namely public interest, social interest, and private interest. The public interest consists of two, namely: (i) the interests of the State as a legal entity in maintaining its personality and nature, (ii) the interests of the State as the guardian of social interests (Tanya et, al, 2010). In the context of the need to avoid pragmatism and conflicting interests or values, it is necessary to take progressive steps, namely to enable law as a *law as a social engineering tool*. Pound examines law from the point of view of conflicts of interest and value. In Pound's view, law is not only a collection of abstract norms or a legal order, but also a process to strike a balance between conflicting interests and values. The process eventually gave birth to new balances, which made society engineered towards a new, better state with new balances (Rumongkoy, 2014).

¹⁾ The Rescoe Pound theory put forward that the law is expected to manipulate and influence society. Not just growing and developing naturally in social life.

In the view of this theory, law is not behind or in front of the development of society, because law is a process of development of society itself. In conclusion, the function of law as a means of community renewal is to create changes in society towards a perfect or planned society. (Asyhadie, 2013)

3. Analysis

3.1. Principles of Governance

Administration is a collaboration carried out by two or more people to achieve rational goals (Asyhadie, 2013). Administration is a general process contained in every activity, whether state or private, civil or military, small or large scale. Government Administration is the procedure for making decisions and/or actions by government agencies and/or officials. In carrying out the government administration, the principles of administering government administration are based on:²⁾

3.1.1. Legality principle

What is meant by "principle of legality" is that the administration of Government Administration puts forward the legal basis of a Decision and/or Action made by a Government Agency and/or Official.

3.1.2. The principle of protection of human rights

What is meant by "the principle of protection of human rights" is that the administration of Government Administration, Government Agencies and/or Government Officials may not violate the basic rights of Community Citizens as guaranteed in the 1945 Constitution.

3.1.3. General Principles of Good Governance (AUPB), including the principles of:

- 3.1.3.1. legal certainty;
- 3.1.3.2. benefit;
- 3.1.3.3. impartiality;
- 3.1.3.4. precision;
- 3.1.3.5. not abuse authority;
- 3.1.3.6. openness;
- 3.1.3.7. public interest; and
- 3.1.3.8. good service.

Other general principles outside the AUPB can be applied as long as they are used as the basis for the judge's assessment as stated in the Court's decision which has permanent legal force.

3.2. Decentralized Governance

With the issuance of Law Number 23 of 2014 concerning Regional Government as amended several times, most recently by Law Number 9 of 2015 concerning the Second Amendment to Law Number 23 of 2014 concerning Regional Government (hereinafter referred to as 'UU Pemda') synergize the spirit of regional autonomy is in accordance with the constitution, namely the 1945 Constitution. Based on Article 1 Number 8 of the Regional Government Law, Decentralization is the handover of Government Affairs by the Central Government to autonomous regions based on the Autonomy Principle. Furthermore, Autonomy comes from the Greek, *autos* and *nomos*. *Autos* means alone and *nomos* means rules or laws, so that it can be interpreted as the authority to self-regulate or the authority to make rules to manage one's own household, while the definition of a region is a legal community unit that has territorial boundaries. Furthermore, based on Article 1 Point 6 of the Regional Government Law, regional autonomy is the right, authority, and obligation of an autonomous region to regulate and manage its own government affairs and the interests of the local community in accordance with statutory regulations. Literally, regional autonomy comes from the words autonomy and region.

² Law No. 30 of 2014 concerning Government Administration, articles 5 and 10 and their explanations.

Decentralization is a concrete manifestation of the implementation of regional autonomy in SANKRI.³) Differences in development between regions have different implications on the type and intensity of the government's role, but in general the community and the business world need:

- 3.2.1. decentralization in licensing, and efficiency of bureaucratic services for business activities in the socio-economic field
- 3.2.2. a more tangible adjustment of tax and credit policies for development in disadvantaged areas, and a central and regional financial balance system that is in accordance with the contribution and potential of regional development, and
- 3.2.3. the availability and ease of obtaining information regarding the potential and business opportunities in the region and in other areas to the regions in an effort to increase regional development.

In the context of decentralization, public services should be more responsive to the public interest. The public service paradigm has evolved from services that are centralized to services that focus more on management that is oriented to customer satisfaction with the following characteristics:

- 3.2.1. focus more on the regulatory function through various policies that facilitate the development of conducive conditions for service activities to the community.
- 3.2.2. focus more on community empowerment so that the community has a high sense of belonging to the service facilities that have been built together.
- 3.2.3. implementing a competition system in terms of providing certain public services so that the community gets quality services.
- 3.2.4. focused on achieving the results-oriented vision, mission, goals and objectives according to the input used.
- 3.2.5. prioritize what the community wants.
- 3.2.6. In certain cases, the government also plays a role in obtaining opinions from the community from the services carried out.
- 3.2.7. prioritizes anticipation of service problems.
- 3.2.8. implementing a market system in providing services.

Community demands in the era of decentralization for quality public services will strengthen. Therefore, the credibility of the government is largely determined by its ability to overcome various problems so that it is able to provide public services that satisfy the community according to its capabilities. Things that the government can do include: setting service standards, developing standard operating procedures (POS/SOP), developing customer satisfaction surveys, developing complaints management systems.

3.3. Performance-Based Regional Financial Management

The issuance of Law of the Republic of Indonesia Number 30 of 2014 concerning Government Administration (hereinafter referred to as 'UU 30/2014') is a legal product that is highly anticipated by public administrators, especially in the paradigm shift towards better public services and the implementation of the Principles of General Good Governance (AUPB) and *Good Governance*. The purpose of the formation of Law 30/2014 is as stated in the preamble, namely to resolve problems in the administration of government, regulations regarding government administration are expected to be a solution in providing legal protection, both for citizens and government officials and become the legal basis needed to base decisions and/or actions of government officials to meet the legal needs of the community in the administration of

³ SANKRI is an acronym for the Unitary State Administration System of the Republic of Indonesia (SANKRI). SANKRI is a system of organizing the life of the state and nation in all its aspects, by utilizing all the capabilities of the entire state apparatus and the people and the business/private world to utilize all available nationally available resources, in order to achieve the goals and carry out the national/state tasks as referred to in the 1945 Constitution. (LAN 2005:10)

government.⁴⁾

With the existence of Law 30/2014, which is the implementation of Article 27 paragraph (1), Article 28 D paragraph (3), Article 28 F, and Article 28 I paragraph (2) of the 1945 Constitution, and a paradigm shift from the original citizens of the community are not objects, rather, subjects who are actively involved in the administration of government. This concept was originally a theory of *good governance* that emerged in the 1990s or late 1980s introduced by the World Bank that the assistance provided to developing countries would inevitably run out without trace and could not bring these countries to a better state.⁵⁾

In terms of regional financial management, of course, it is necessary to pay attention to the provisions of the Law of the Republic of Indonesia Number 17 of 2003 concerning State Finance (hereinafter referred to as 'UU 17/2003') *jo.* Government Regulation of the Republic of Indonesia Number 12 of 2019 concerning Regional Financial Management (hereinafter referred to as 'PP 12/2019'), that the power to manage state finances held by the President as Head of Government is handed over to governors/regents/mayors as heads of regional governments to manage finances regional governments and represent local governments in the ownership of separated regional assets.⁶⁾

Based on Article 1 number 1 PP 12/2019, Regional Finance is all the rights and obligations of the Region in the context of implementing Regional Government which can be valued in money and all forms of wealth that can be used as the property of the Region in connection with the rights and obligations of the Region. Furthermore, Article 1 number 2 PP 12/2019, Regional Financial Management is the entire activity that includes planning, budgeting, implementation, administration, reporting, accountability, and supervision of Regional Finance. Meanwhile, based on Article 1 point 4 PP 12/2019, the Regional Revenue and Expenditure Budget, hereinafter abbreviated as APBD, is the Regional annual financial plan stipulated by a Regional Regulation.

Then, the APBD is prepared in accordance with the needs of government administration and the ability of regional revenues.⁷⁾ Furthermore, the issuance of the Regional Government Law is expected to bring positive winds, namely a change in the classification of government affairs which of course answers the problem of the practice of dividing the affairs of the central-regional government as in the previous law.

In the event that regional financial management as part of the implementation of Regional Government Affairs is carried out in an orderly manner, obeying the provisions of laws and regulations, efficient, economical, effective, transparent, and responsible by paying attention to a sense of justice, propriety, and benefits for the community.⁸⁾ Then, it is explained that regional expenditures or commonly called Regional Expenditures must contain the following provisions:⁹⁾

- 3.3.1. Guided by technical standards and regional unit price standards in accordance with the provisions of laws and regulations. Regional unit price standard is the unit price of goods and services determined by taking into account the level of regional cost.
- 3.3.2. Regional expenditures for funding government affairs which are the authority of the regions other than mandatory government affairs related to basic services are guided by the analysis of expenditure standards and regional unit price standards in accordance with the provisions of laws and regulations. Expenditure standard analysis is an assessment of the fairness of

⁴ Section Considering (Consideration) of Law 30/2014.

⁵ Electronic Theses and Dissertations Universitas Muhammadiyah Surakarta. BAB I. accessed from <http://eprints.ums.ac.id/33074/6/BAB%201.pdf>, on April 1, 2019 at 21.00 WITA.

⁶ Article 6 paragraph (2) of Law 17/2003.

⁷ Article 17 paragraph (1) of Law 17/2003.

⁸ Article 283 paragraph (2) of the Regional Government Law.

⁹ Article 298 paragraph (2), Elucidation of Article 298 paragraph (2), Article 298 paragraph (3), Elucidation of Article 298 paragraph (3) of the Regional Government Law.

the workload and costs used to carry out an activity.

Furthermore, in Article 24 paragraph (6) of PP 12/2019 it is stated that every regional expenditure (regional expenditure and regional financing expenditure) must have a legal basis underlying it. From the contents of the articles mentioned above, it can be concluded that the Regions in the implementation of expenditures are required to make a standard regional unit price as outlined in a Regional Regulation made with an analysis of expenditure standards which is an assessment of the reasonableness of the workload and costs used to carry out an activity.

The APBD is prepared in accordance with the needs of government administration and the capacity of regional revenues. Thus, it is possible if the Provincial/Regency/City Regional Government Budgets set their own cost standards according to their regional capabilities through regional regulations on cost standards and PMK on SBM can be used as a reference as long as the implementation still refers to the laws and regulations related to APBD management.

In order to measure the accuracy of the preparation of the RKA, it is the obligation of each SKPD to fund programs and activities within the SKPD. The proposed budget for programs and activities contained in the RKA is used as the basis for the preparation of the APBD Draft. Based on the Regulation of the Minister of Home Affairs Number 21 of 2011 concerning the Second Amendment to the Regulation of the Minister of Home Affairs Number 13 of 2006 concerning Guidelines for Regional Financial Management, one of the approaches used in the framework of preparing the RKA is a performance-based budgeting approach. outputs/results from programs/activities that will be or have been achieved with quantity and quality referring to the 2018 SKPD Work Plan.

Each fund that is budgeted for implementing programs/activities, its performance indicators must be clearly measured, represented in the form of performance benchmarks and targets/targets that meet the aspects of fairness, efficiency, effectiveness, transparency, accountability and budget discipline and provide benefits to the community.

With the preparation of a performance-based budget, it is hoped that the development plans and programs that are prepared can lead to the realization of the targets that have been set, the achievement of optimal results from each expenditure made to increase the quantity and quality of public services, to achieve efficiency and increase the productivity of the quality of products and services for realizing sustainable development and regional independence.

Therefore, the implementation of performance-based budgeting implies that every government administrator is obliged to be responsible for the planning, budgeting, implementation, accountability and reporting processes as well as the use of their resources. The budget preparation document submitted by each SKPD head presented in the RKA-SKPD format must be able to provide clear information about the goals, objectives and correlation between the budget size (workload and unit price) with the benefits and results to be achieved from an activity budgeted. Several principles in budgetary discipline that need to be considered in the preparation of regional budgets include:

- 3.3.1. The planned income is a rationally measured estimate that can be achieved for each funding source, while the budgeted expenditure is the highest limit of expenditure;
- 3.3.2. Expenditure budgeting must be supported by the certainty of the availability of revenue in sufficient quantities and it is not justified to carry out activities that are not yet available or whose budget credit is not sufficient in the APBD/Amendment.
- 3.3.3. All regional revenues and expenditures in the relevant fiscal year must be included in the APBD which is carried out through the regional general treasury account.

Regional Financial Management is carried out with an output-oriented performance approach, as well as the principles of managing regional finances in an orderly manner, complying with the provisions of laws and regulations, efficient, economical, effective, transparent, and responsible

by paying attention to a sense of justice, propriety, and benefits for the community, as well as implementing AUPB and/or *good governance*.

3.4. Transparency in Regional Financial Management

One of the principles of AUPB and *good governance* is openness. Openness or commonly referred to as transparency means that local governments must be open/transparent in managing regional autonomy so that the public knows the performance and distribution of funds that it does. Furthermore, Tjokromidjoyo in (Dr. Arifin Tahir, 2011) explained that transparency is the formulation of policies (politics) from the government, organizations, and business entities. that can be known by many parties (interested), because *good governance* does not allow closed government. (Suciadi, 2017)

The following are some of the objectives of implementing the principle of transparency according to Widodo (2001:19)

- 3.4.1. Provide convenience for parties who have the opportunity to obtain information as a reference for participating and conducting supervision.
- 3.4.2. Building a positive attitude of stakeholders and avoiding a priori attitudes towards regional development programs financed by the DAK (Special Allocation Fund) due to limited information as well as by the presence of erroneous information.
- 3.4.3. Creating the availability of information so that there are opportunities that can encourage the community to participate in regional development programs.

Thus, local government transparency in the management of regional finances is very necessary in order to create *good governance* and with effective, efficient and optimal regional financial management, it is expected to be able to finance the implementation of regional autonomy.

3.5. Use of the Discretionary Principle in Regional Financial Management

Discretion is a decision and/or action that is determined and/or carried out by government officials to overcome concrete problems faced in the administration of government in terms of laws and regulations that provide choices, do not regulate, are incomplete or unclear, and/or there is government stagnation.¹⁰⁾ Furthermore, Article 22 paragraph (1) states that discretion can only be exercised by authorized government officials and aims to:¹¹⁾

- 3.5.1. expedite the administration of government;
- 3.5.2. fill legal voids;
- 3.5.3. provide legal certainty; and
- 3.5.4. overcome the stagnation of government in certain circumstances for the benefit and public interest. Government stagnation is the inability to carry out government activities as a result of deadlock or dysfunction in the administration of government, for example: natural disasters or political turmoil.

Furthermore, the discretion of government officials includes:¹²⁾

- 3.5.1. making decisions and/or actions based on the provisions of laws and regulations that provide a choice of decisions and/or actions;
- 3.5.2. decision-making and/or action because the laws and regulations do not regulate;
- 3.5.3. decision-making and/or action due to incomplete or unclear laws and regulations; and
- 3.5.4. decision-making and/or action due to government stagnation for the wider interest.

¹⁰⁾ Article 1 Number 9 of Law 30/2014.

¹¹⁾ Article 22 paragraph (1), (2), Elucidation of Article 22 paragraph (2) of Law 30/2014.

¹²⁾ Article 23 of Law 30/2014.

Government Officials who use discretion must meet the requirements:¹³⁾

- 3.5.1. in accordance with the purposes of the Discretion;
- 3.5.2. does not conflict with the provisions of laws and regulations;
- 3.5.3. in accordance with the General Principles of Good Governance (AUPB);
- 3.5.4. based on objective reasons;
- 3.5.5. does not cause a Conflict of Interest; and
- 3.5.6. done in good faith.

3.6. Implementation of Regional Autonomy in Regional Financial Management in the Provincial Government of East Kalimantan for Fiscal Year 2018

Based on previous research,¹⁴⁾ the general picture in the form of the average financial ratios of the government of East Kalimantan Province did not experience significant changes except for the ratio of regional financial independence. The increasing ratio of regional financial independence of the East Kalimantan Provincial Government indicates that there is an increase in the ability of the East Kalimantan Provincial Government to finance the administration of its own government, especially after the regional expansion. (see table 1).

Table 1

Average Financial Ratio of East Kalimantan Provincial Government

Rasio Keuangan	Sebelum Pemekaran	Setelah Pemekaran
Derajat Desentralisasi	40%	52%
Ketergantungan Keuangan Daerah	60%	46%
Kemandirian Keuangan Daerah	67%	115%
Efektivitas PAD	148%	113%
Efisiensi	97%	105%
Belanja Operasi	58%	57%
Belanja Modal	26%	22%
Belanja Tidak Terduga	15%	21%
Efisiensi Belanja Daerah	105%	101%

Normality test is conducted to determine whether a data is normally distributed or not. A data is said to have a normal distribution if the significance level is greater than 0.05 (see Table 2).¹⁵⁾ The normality test used in the study was the *Kolmogorov Smirnov test*.¹⁶⁾

¹³⁾ Article 24 of Law 30/2014.

¹⁴⁾ Diana Pujianty and Puji Wibowo, *Reflection on APBD Performance After Regional Expansion: How's East Kalimantan?*, accessed from <http://openjournal.unpam.ac.id/index.php/SNU/article/viewFile/948/779> on September 23, 2019 at 19.00 WITA.

¹⁵⁾ Diana Pujianty and Puji Wibowo, *Ibid*.

¹⁶⁾ Kolmogorov Smirnov's normality test is to compare the distribution of the data (which will be tested for normality) with the standard normal distribution. Standard normal distribution is data that has been transformed into Z-Score form and is assumed to be normal. So actually the Kolmogorov Smirnov test is a difference test between the data being tested for normality and standard normal data.

Table 2
Normality Test of East Kalimantan Provincial Government Financial Ratios

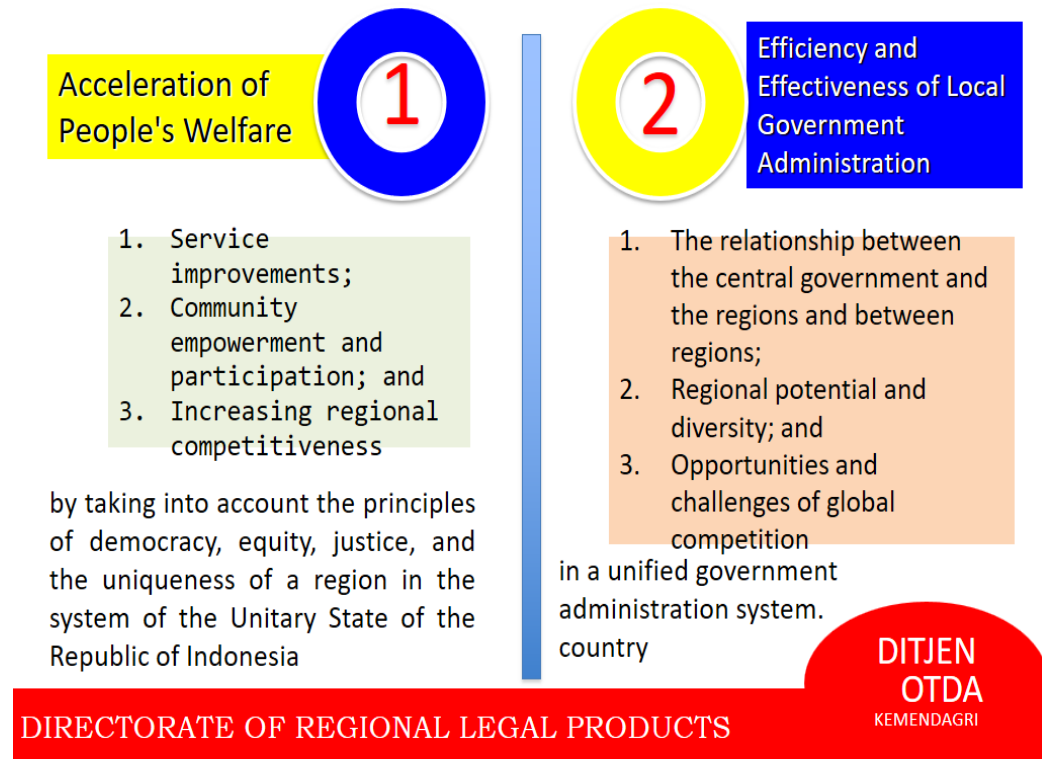
Rasio	Sebelum Pemekaran		Setelah Pemekaran	
	Kol. - Smirnov	Sig. (2-tailed)	Kol. - Smirnov	Sig. (2-tailed)
Derajat Desentralisasi	0,34	1,00	0,47	0,98
Ketergantungan Keuangan Daerah	0,34	1,00	0,70	0,71
Kemandirian Keuangan Daerah	0,35	1,00	0,63	0,83
Efektivitas PAD	0,51	0,96	0,61	0,85
Efisiensi	0,57	0,90	0,40	1,00
Belanja Operasi/Total Belanja	0,38	1,00	0,43	0,99
Belanja Modal/Total Belanja	0,44	0,99	0,52	0,95
Belanja Tak Terduga/Total Belanja	0,52	0,95	0,47	0,98
Efisiensi Belanja Daerah	0,44	0,99	0,83	0,50

3.7. Efforts to Harmonize Regional Legal Products and Unify Regional Price Standards

In relation to regional autonomy, the Ministry of Home Affairs carries out the functions of coordinating, general guidance and supervision, facilitation, and evaluation of the implementation of regional government in accordance with the provisions of laws and regulations. In connection with this function, one of these functions is to organize regulations and/or local legal products in the Provincial/Regency/City Governments. In terms of the formation of regulations, the Regional Government is given the authority to make Regional Legal Products. This refers to the Regulation of the Minister of Home Affairs Number 80 of 2015 concerning Regional Legal Products (hereinafter referred to as 'Permendagri 80/2015'). The types of regional legal products can take the form of regelling (regulations) and beschiking (stipulations). Regional legal products in the form of regulations consist of Regional Regulations, Regional Head Regulations (Perkada), Joint Regional Head Regulations (PB KDH), and Regional House of Representatives Regulations (DPRD). Meanwhile, regional legal products are in the form of stipulations in the form of Regional Head Decrees, DPRD Decisions, DPRD Leadership Decisions and DPRD Honorary Body Decisions. Furthermore, legal products in the form of regulations are characterized by general and abstract regulations, covering areas; must be included in the Propemperda first, if it is in the form of a Perkada that regulates the technical implementation and according to regional needs. Meanwhile, in the form of a decision, it is characterized by an individual and concrete nature and is related to individual tasks and/or positions.

On one occasion, the Ministry of Home Affairs c.q. The Directorate General of Regional Autonomy describes the policy directions for Regional Autonomy as follows:

Regional Autonomy Policy Directions



Source: Kemendagri's presentation material with the material on *Synergy for the Establishment of Central Java PHD*

In accordance with the mandate of Law Number 12 of 2011 concerning the Establishment of Legislative Regulations (hereinafter referred to as Law 12/2011), at least two rules are required, namely the basic order of laws and regulations and the order of the formation of laws and regulations. The basic order of laws and regulations is related to principles, types, hierarchies and content material, while the orderly formation of laws and regulations related to planning, drafting, discussing, ratifying or stipulating and enacting Law 12/2011 in the general explanation section states the importance of these two rules.

Furthermore, with the mandate of Law Number 2 of 2020 concerning Stipulation of Government Regulations in Lieu of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the Corona Virus Disease 2019 (Covid-19) Pandemic and/or in Facing Threats That Endanger the National Economy and/or Financial System Stability Become Law, in terms of regional financial policies, Regional Governments are given the authority to prioritize the use of budget allocations for certain activities (refocusing), change allocations, and use Regional Revenue and Expenditure Budgets that will be regulated in Permendagri. As for taxation policies, harmonization of the formation of regional legal products leads to adjustment of income tax with the Law on income tax, fulfillment of certain requirements for domestic taxpayers

regulated in Government Regulations, appointment, collection, deposit, and reporting of VAT following the provisions of the Minister of Finance, and tax provisions. others follow the provisions of Law Number 16 of 2009 concerning the Stipulation of Government Regulations in Lieu of Law Number 5 of 2008 concerning the Fourth Amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures to Become Laws.

Harmonization of laws and regulations is a process aimed at ensuring conformity and harmony between laws and regulations, so as not to cause overlap, inconsistency, conflict or conflict in their arrangement. Harmonization is applied to all laws and regulations both vertically and horizontally. The need for harmonization of regional regulations is motivated by the occurrence of disharmony in the field of Indonesian law where legal politics is still partial and incidental, in addition to the logical consequences of the existence of types and hierarchies of statutory regulations.

One of the regional policy efforts made in the form of regulations needs to be harmonized at the Regional Office of the Ministry of Law and Human Rights in accordance with the mandate of Article 58 paragraph (2) of Law 15/2019 concerning the Establishment of Legislation. Regional legal products, both in the form of Regional Regulations and Regional Head Regulations, can be determined if they have gone through a harmonization process at the Regional Office of the Ministry of Law and Human Rights. The juridical impact on regional legal products that are not harmonized in the Regional Office of the Ministry of Law and Human Rights, namely juridical defects because they do not meet the formal requirements for the formation of legislation.

Then, responding to efforts to homogenize/unification of legal products in the regions, one of which is realized by the central government (Ministry of Finance and Ministry of Home Affairs) is the stipulation of Presidential Regulation Number 30 of 2020 concerning Regional Unit Price Standards (hereinafter referred to as 'Perpres 33/2020'). Hasyim (2021) agrees with Sipayung's opinion (2019) that certain regional government budgets set their own cost standards according to their regional capabilities as long as their implementation still refers to laws and regulations related to APBD management and in an orderly manner, obeying the provisions of laws and regulations, efficient, economical, effective, transparent, and responsible by paying attention to a sense of justice, propriety, and benefits for the community. More specifically, Presidential Decree 33/2020 which is one of the criteria for legislation can be the highest estimation standard for Regional Governments in preparing the Standards for Unit Prices of Goods/Services in their respective local governments.

However, Presidential Decree 33/2020 still contains limitations, namely it only regulates restrictions on honorarium and official travel. Then, in some analysis, it is as if Presidential Regulation 33/2020 is a graft from the Minister of Finance Regulation on Standard Input Costs (SBM) that applies to Ministries/Agencies that use the State Revenue and Expenditure Budget (APBN). However, not all of them are accommodated, for example the honorarium for PA (budget users) and PPK (commitment making officials). In addition, some still have the Forkopimda honorarium which has a legal basis for its formation as regulated by Article 1 number 18, Article 26 of the Regional Government Law and Article 26 letter b of the Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 11 of 2019 concerning Regional Apparatus Carrying Out Government Affairs in the Field National Unity and Politics (hereinafter referred to as "Permendagri 11/2019"). However, with all the limitations in the formulation and coordination between the Ministry of Home Affairs and the Ministry of Finance, it is certainly a breakthrough for the government to carry out the standard unification process so as to create budget efficiency in order to achieve the common goal, namely the greatest prosperity of the people with justice.

4. Conclusion

Based on Article 6 paragraph (2) letter c of Law 17/2003 *jo.* Article 4 PP 12/2019, the power to manage state finances held by the President as the Head of Government is handed over to the governor/regent/mayor as the head of the regional government to manage regional finances and represent the regional government in the ownership of separated regional assets. The delegation of authority is one manifestation of the principle of decentralization as stipulated by the Regional Government Law by granting autonomy to regional heads in managing regional finances. Furthermore, in Article 17 paragraph (1) of Law 17/2003, the APBD is prepared in accordance with the needs of government administration and the capacity of regional revenues. Thus, it is possible if the APBD of certain regional governments sets their own cost standards according to their regional capabilities as long as their implementation still refers to the laws and regulations related to the management of the APBD and in an orderly, obedient, efficient, economical, transparent, and compliant manner with the provisions of laws and regulations, and be responsible by paying attention to a sense of justice, propriety, and benefits for the community.

In terms of applying the principles of regional financial management efficiently, economically, effectively, transparently, and responsibly by taking into account the sense of justice, propriety, and benefits for the community as well as the implementation of performance-based budgeting, the setting of cost standards in the imposition of Regional Expenditures is a form of financial management discretion. by the Regional Government as long as it fulfills the provisions related to the designation, use, and conditions for the application of discretion as regulated in Law 30/2014. Thus, local governments are not necessarily free to determine their own cost price standards, but the standards of fairness and regional capability are guided by the analysis of expenditure standards and regional unit price standards that are juxtaposed with performance-based budgeting.

In accordance with the mandate of Article 58 paragraph (2) of Law 15/2019 concerning the Formation of Legislations, one of the regional policy efforts before being enacted in the form of Regional Regulations and Regional Head Regulations needs to be harmonized at the Regional Office of the Ministry of Law and Human Rights. Furthermore, the legal risk for regional legal products that are not harmonized at the Regional Office of the Ministry of Law and Human Rights, namely juridical defects because they do not meet the formal requirements for the formation of laws and regulations.

One of the efforts to homogenize/unification of legal products in the regions, one of which is realized by the government is the enactment of Presidential Decree 33/2020 in the era of regional autonomy. With all the limitations in the formulation of Presidential Decree 33/2020, it is a breakthrough for the government to carry out a standard unification process so as to create budget efficiency in order to achieve a common goal, namely the greatest prosperity of the people with justice.

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