

Auditing of State Financial in COVID-19 Extermination Activities in Indonesian Local Government

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ABSTRACT

The recent Covid-19 plague has now becoming a worldwide concern. As an effort to deal with the spread of Covid-19, the government issued a PSBB policy and also WFH, a result of this policy is the occurrence of economic inequality due to the cessation of middle and lower class economic activities. In response to this, the Minister of Home Affairs has issued Domestic Regulation No. 20 of 2020 concerning the acceleration of handling of Covid-19 which states that local governments need to prioritize the use of APBD to anticipate and manage the effects of Covid-19 transmission. The APBD which is used as a social assistance fund will certainly affect state finances, and that is certainly needs to be accounted for. The purpose of this study is to find out how accountability and examination of the distribution of social assistance funds in anticipation and treatment of the impact of Covid-19 transmission. This research is a literature study, and used the documentation method for method of collecting data.

Keywords: Auditing of state financial, Covid-19 extermination, local government

INTRODUCTION

Corona Virus Disease 2019 (Covid-19) first appeared in December 2019 in Wuhan, China (Qun Li *et al*, 2020). Most said that the initial case of the virus was related to the Huanan Seafood Wholesale Market, but person-to-person transmission was carried out quickly while transmission of the virus before the onset of symptoms was still controversial (Camilla *et al* 2020).

Based on data obtained from *covid19.go.id* on 16 April 2020, the number of positive patients infected with Corona Virus Disease 2019 (Covid-19) was 5,136 patient. In an effort to deal with the spread of the virus, the Ministry of Home Affairs issued The Minister of Home Affairs Regulation (Peraturan Menteri Dalam Negeri, Permendagri) No. 20 of 2020 concerning the Handling of Covid-19 among local governments. That regulation is a follow-up of the President's instruction that instructs the Minister of Home Affairs to take further steps in the context of accelerating the use of the Local Government Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Daerah, APBD) or amending the regional head regulation regarding the elaboration of the APBD to accelerate the handling of Covid-19 to governors/regents/mayors. In that Minister of Home Affairs Regulation stated that the local government needs to prioritize the use of APBD to anticipate and manage the impact of transmission Covid-19.

In anticipating and handling Covid-19, local government can carry out expenditures for which the budget is not yet available which is imposed on unexpected expenditures which are subsequently proposed in the draft revised APBD. If unexpected expenditures are insufficient, local government can use funds from the rescheduling of program achievements and other activities and financing expenses in the current fiscal year, and utilize available

cash. Rescheduling of program achievements and activities must be formulated in advance in the changes to the document implementation of the regional work unit budget within a maximum of one day. The President also gives instructions to the local government who take Large-Scale Social Restriction (Pembatasan Sosial Berskala Besar, PSBB) policies to pay attention to the economic impacts caused by that policy and provide social assistance to affected communities. Every year, the government both central government and local government, always makes a budget, that is what is called the State Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Negara, APBN) and Local Government Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Daerah, APBD) whose function is to support every development process and economic activities.

The recent Covid-19 pandemic certainly makes the government still not ready in making budgets for social assistance to the community and also assistance in providing medical devices and tools for healing patients with Covid-19. Therefore, the government will divert the revised budget which is be provided as a social assistance fund. Social assistance funds open a loophole for someone or several groups to commit acts of corruption, because in a disaster situation resulting in supervision and transparency becomes weak against the distribution of these funds. Acts of corruption that are commonly carried out such as reducing the allocation of funds channeled, or not channeling the funds at all, or can also by channeling funds to fictitious recipients, so that social assistance funds continue to be received but not distributed to those entitled to receive or not on target.

With this transfer, Transparency International Indonesia (TII) in *Kompas Daily* reminded the central government about the potential misuse of social assistance funds handling Covid-19 by regional heads, according to research

manager TII the possibility is open considering the postponement of the 2020 Regional Election which was postponed making regional heads look for capital by utilizing the assistance. To support the successful implementation of public sector organizations, the organization's finances must be managed in an orderly manner, obeying the laws and regulations, efficiently, economically, effectively, transparently and responsibly with due regard for a sense of justice and compliance (Bastian, 2010).

LITERATURE REVIEW

Audit

In the Republic of Indonesia Law number 15 of 2004 concerning auditing the management and responsibilities of state finances in article 1, explain the auditing is a process of identifying problems, analyzes and evaluations carried out independently, objectively, and professionally based on inspection standards, to assess the truth, the accuracy, credibility and reliability of information regarding the management and responsibilities of state finances.

In Chapter II article 2 explain audit of state finances includes an auditing of the management of state finances and an auditing of the responsibilities of state finances. The auditing of the management and responsibilities of state finances carried out by the State Audit Agency (Badan Pemeriksa Keuangan, BPK) covers all elements of state finances as referred to in article 2 of Law Number 17 of 2003 in State Finance.

State Finance as referred to in article 1 number 1, includes: the right of the state to collect taxes, issue and circulate money, and make loans; the state's obligation to carry out public service tasks of the government and to pay third party bills, state revenues, state expenses, regional revenues, regional expenses, state assets/regional assets that are managed by themselves or by other parties in the form of money, securities, receivables, goods, and other rights that can be valued with money,

including assets that are separated in state/regional companies; the government in the context of carrying out governmental duties and/or public interests which is wealth of other parties obtained using facilities provided by the government.

Local Government's Efforts in Eradicating Covid-19

The efforts made by local government to eradicate Covid-19 are by limiting community activities by implementing Large-Scale Social Restriction (Pembatasan Sosial Berskala Besar, PSBB) and Work From Home (WFH). Details on the technical implementation of PSBB are regulated through the Republic of Indonesia's Minister of Health Regulation No. 9 of 2020 concerning large-scale social restriction guidelines in the framework of accelerating handling of Covid-19. With this policy, of course income will be reduced drastically, while the local government does is to provide social assistance.

Grant or social assistance in accordance with the Minister of Home Affairs instructions No. 1 of 2020 concerning Prevention of Spread and Acceleration in Handling Corona Virus Disease 2019 in the Local Government Environment. That means the local government must prepare a social assistance fund to help its citizens affected by Covid-19. That Minister of Home Affairs Instruction regulates eight main things that must be done by the Regional Government in handling Covid-19, one of which is to accelerate the prioritization of the use of certain activity budget allocations and / or changes in budget allocations that are used adequately to increase health management capacity and other matters related to health, the handling of economic impacts, especially maintaining the lives of each business community, and the provision of social security nets, as contained in the appendix which is an integral part of this Ministerial Instruction.

Auditing of State Financial Management

The social assistance provided by the government to the community is state finance that is managed to be distributed to the community. Therefore, the Law No. 15 of 2004 explain that management and responsibilities of state finance must be managed in an orderly, obedient to the laws and regulations, efficient, economical, effective, transparent, and accountable. Management and financial responsibility for this country examined by the BPK. Transparency is formulated as a systematic effort by government for openness in providing, and granting access of information in all stages of budget planning. The indicators used for presence or absence of transparency are availability and public accessibility of budget documents, and completeness of the content of budget documents. Accountability is formulated as an effort by the local government administration to openly account to the public for the budget that has been managed. The indicators include the means used for conveying accountability, timeliness in completing budget documents, and the BPK's opinion on the results of its audit of local finances.

The purpose of this Auditing, to support the successful implementation of state government. State finance must be managed in an orderly manner, obeying the laws and regulations, efficiently, economically, effectively, transparently, and responsibly by paying attention to a sense of justice and propriety so that there is no misuse of the distribution of aid funds to the community which will certainly harm the community and the state.

METHODS

This research is a literature study, the data collection method used is the documentation method. The documentation method is usually carried out to collect secondary data from various sources, both personally and institutionally (Sanusi, 2013)

DISCUSSION

In an effort to deal with the spread of the covid-19 virus the government implemented a policy of Large-Scale Social Restrictions (PSBB). To implement this PSBB policy, the Regional Government must consider and ensure the availability of basic living needs for citizens as well. Quoting from the page data.jakarta.go.id/jalahoaks, it is mentioned that PSBB in Jakarta is valid from 10 to 23 April 2020 in accordance with DKI Jakarta Governor Decree No. 380 of 2020 concerning PSBB in Handling Covid-19. In the official website of PPID jakarta.go.id, it is also explained that the Jakarta Provincial Social Service is implementing a social assistance program during the PSBB for the poor and vulnerable people affected by Covid-19. The page stated that there were 1.2 million families of recipients of social assistance and distributed during 9-24 April 2020. The assistance provided every week consisted of 5 kg of rice, 2 cans of protein food, 0.9 liter of cooking oil, 2 packs of biscuits, 2 cloth masks, and 2 sticks of soap. The social assistance channeled came from the reallocation of the Jakarta Province's APBD.

The Minister of Home Affairs Instruction No. 1 of 2020 regulates eight main things that must be done by local government in handling Covid-19, one of them is to accelerate the priority use of certain activity budget allocations and/or changes in budget allocations that are used adequately to increase the capacity of health management and other matters related to health, handling economic impacts, especially maintaining the business world to keep it going, and provision of social security nets, as listed in the annex which is an integral part of this Ministerial Instruction

Social assistance funds provided by the local government sourced from the APBD, will be reported together with other regional government expenditures and revenues. This is in accordance with Government Regulation of the Republic of

Indonesia No. 8 of 2006 concerning Financial Reporting and Performance of Government Agencies which states that regional financial management officials prepare financial reports of the regional government to be submitted to the governor/regent/mayor to fulfill the accountability of the APBD implementation, the financial reports of local government are prepared based on financial reports of local government work units as well as accountability reports on local treasury management, the financial reports shall be submitted by the governor/regent/mayor to BPK no later than thirteen months after the successful fiscal year.

The financial statements will later be auditing by BPK, audits carried out in order to encourage good financial governance through the acquisition of confidence that the management and responsibilities of state finances are in accordance with statutory provisions and principles of good governance. Based on the State Financial Auditing Standard, the scope of the state financial audit includes an examination of the management and responsibility of state finances. Management includes all planning, implementation, monitoring and accountability activities. Accountability is a responsibility to carry out the management of state finances in accordance with the principles of good governance. So that social assistance funds provided by the government are expected to be distributed properly and on target.

CONCLUSION

The social assistance fund for the community that was issued by the local government caused by the Covid-19 pandemic must be fully accountable by the parties concerned in this case, so there is no misuse of funds or acts of corruption, and also the distribution of social assistance funds can be right on target to be fully utilized by the community. The accountability report on the funds issued by the local government as an effort to handle

Covid-19 was compiled together with the expenditure report and income of the APBD, the report was then audited by the State Audit Agency after the fiscal year ended.

We realizes this research has flaws and limitations, therefore need for further empirical research or studies on state financial audits of Covid-19 extermination activities to be used as reference material for further research.

List of Terms and Abbreviations

APBD : *Anggaran Pendapatan dan Belanja Daerah*, Local Government Revenue and Expenditure Budget

APBN : *Anggaran Pendapatan dan Belanja Negara*, State Revenue and Expenditure Budget

BPK : *Badan Pemeriksa Keuangan*, State Audit Agency

DKI : *Daerah Khusus Ibukota*, Special Capital Region

Permendagri : *Peraturan Menteri Dalam Negeri*, The Minister of Home Affairs Regulation

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How to cite this article: Ramadhan I, Minarsih RA, Bangun VK et.al. Auditing of state financial in COVID-19 extermination activities in Indonesian local government. *International Journal of Research and Review*. 2020; 7(4): 445-449.
