

## **ANALYSIS OF MANAGEMENT ACCOUNTABILITY SPECIAL AUTONOMY FUND BY THE GOVERNMENT OF PAPUA PROVINCE**

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**Abstract:** This study reveals the phenomenon and issues of financial accountability of local governments in the context of Special Autonomy for Papua Province. This study aims to determine three points of view, which are used to describe this phenomenon; those are on the viewpoint of local government, public (communities), and Auditor Board. The method used in this study was qualitative research design, this study collected data through in-depth Interview with informants, analyzed the government official documents, text media and external auditing result of Auditor. The results showed that there are still many issues in the financial management of Special Autonomy Funds (autonomy Funds) of Papua. Although the Government of Papua Province frequently state that they are guided by legislation of state/regional finances in management of autonomy Funds, the study found many issues of the non-compliance with regulations Auditor Board, auditing the autonomy Funds in 2009 found a number of violations toward regulations. The Public of Papua who keeps on demanding the transparent and accountable financial management which have not succeeded in pressing government to improve the accountability of autonomy Funds. The Implementation of Papua Special Autonomy in pure and consistent manner is the best way to resolve the conflicts in Papua

**Keywords:** Financial accountability, special autonomy funds, financial management, public supervision, external auditing.

### **INTRODUCTION**

Since the validity of constitution 21 of 2001 on Special Autonomy for Papua Province (UU21 / 2001), the Provincial Government of Papua has received funds in a very large quantities. Starting from 2002 - 2010, autonomy funds that have been disbursed reached more than Rp. 21.4 trillions. These funds are annually received by the Provincial Government of Papua. Autonomy Funds are actually used to pursue a variety of disadvantage that still felt by the public, especially the services in education and health as well as nutrition and allocated to improve the economic conditions of indigenous people, and the improvement of basic infrastructure such as housing, drinking water and rural electrification. But along with the autonomy Funds, which has reached the age of 9 years, the public highlights keep coming up and asking for the Government's attention. The Highlights consist of: autonomy Funds have not been felt by the villagers, autonomy Funds is only promises, autonomy Funds are misdirected, that misdirected funds cause rejection towards autonomy, autonomy funds are not accompanied by a good system and preparation.

The Highlights above would like to clarify that there is something wrong with the provision of autonomy Funds for Papua Province. The funds were once

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widely expected to improve the welfare of the Papua people, now on the contrary, brings new issues and conflicts. This article would like to explain some issues and phenomenon of the accountability of autonomy Funds transferred to the Papua. Therefore, this article looks at the phenomenon in three points of view (three dimensions), those are, from the viewpoint of provincial government, the Audit Board (BPK), and the public of Papua. From the viewpoint of provincial government of Papua is expected to see how the regional governments manage the autonomy Funds, from the viewpoint of BPK, it would like to explain the results of autonomy Funds Auditing, and the public viewpoint is going to reveal a variety of issues, problems and expectations toward the funds management which are concerned by publics.

### REVIEW OF LLITERATURE

Messner (2009) explained that the concept of accountability was introduced by the accounting discipline. The same opinion was expressed by Bovens (2007) that “Historically and semantically, it is closely related to accounting, in its literal sense of bookkeeping”. Another literature by Schiavo-Campo (2007) described accountability as one of the four pillars of good governance, which are “accountability, transparency, predictability, and participation”. Accountability in this context is defined as “the capacity to call public Officials to ask for their actions”, which is operated by “accountability of whom, for what and for whom”. Bovens (2007) classified accountability in four typologies, who is the forum (the principal), who is the actor (agent), aspects of which accounted for, and the nature of accountability. In context of the regional government, the fourth typology is explicitly provided through regulation. For example, in the Government Regulation Number 58 of 2005 on Regional Finance, it was explained that Governors or Regents are designated as “authority holder of financial management” (subsection 5) As the “authority”, the District head acts as an agent who has to account to legislative (as principal) through the Accountability Description Report at the end of fiscal year.

In addition to the accountability to legislative, the legislation also mentions that public is a principal who has to accept the responsibility of regional Regarding to what should be accountable, accountability literature mentions, among others, the government should be accountable for the finances (read: Regional Government Budget/APBD) and performance (read: programs and activities).

The Accountability of public finance was developed in six stages (Premchand, 1999). The first stage, financial accountability emphasizes the aspects of treasury. It begins in two millennia years ago, through the work of Kautilya. In those days all the receipts and expenditures of government and kingdom should be recorded with a predetermined format. Employees who managed the finances had to be ready to be audited according to a predefined schedule.

The second stage, the financial accountability is developed because of the demands of parliament toward government. The Parliament urges the government to account for its financial management.

The third stage, as the continuation of the second stage is the establishment of legislative committees by parliament with the task to review the compliance and impact of government spending. The government's Annual report is audited by this commission, and they also legitimate the transaction contained in the report. This commission is called as the inception of the external auditors which is practiced today.

The fourth stage, happened around the twentieth century, particularly after the Second World War ended, where the emerging awareness of the importance of the wealth of nations (welfare states) associated with the government spending, broader public participation, and public supervision. The birth of these welfare states is an initial stage of thinking of performance budgeting that prioritizes output as the performance indicator of programs / activities of government.

The fifth stage, financial accountability is emphasized on macroeconomic management. At this stage, the government is required to be prudent in managing their budgets. The government is required to pay attention to the impact and budgetary relationship with economic growth. At this point, the government has started to be made aware of the importance of attention to the three dimensions of financial accountability, namely: "(i) expenditure choices (to ascertain the degree of prudence); (ii) management program (Propriety, economic management, adequate delivery systems); and (iii) regular dissemination of information (showing matching material, i.e., a process by the which outputs and income are related in a time frame to cost of services)" (Premchand, 1999; 151)

The sixth stage is a stage of the recent developments on the public financial accountability. At this stage, the government financial accountability is more demanded to be developed and improved. Government is asked to be more advanced by proving that the policies and programs undertaken within the scope of duties and functions of government; and not take on tasks that should be done by non-government institutions. The development of financial accountability brought about changes in the duties and functions that should be done by government.

Recognizing the public financial accountability, Brinkerhoff (2001) mentioned three instruments, those are, budgeting, accounting and auditing. Through budgeting instruments, the government allocates funds to the form of programs and activities in order to be able to realize the vision and mission, as well as serving the people. In some recent years, the budgeting in regional environment has been reformed. Reform, among others, requires community participation through multi-stakeholder public consultation forum, performance-based budgeting, and demands for budget socialization to the public (Regulation of Minister of Home Affairs / Permendagri 13/2006).

For the accounting instruments, Chan (2003) explained that in the reform era, the demands of good governance require that government accounting fulfill three purposes, those are - to safeguard the public treasury by Preventing and detecting corruption and graft, intermediate purpose - to facilitate financial management, and advanced purpose - to help government discharge its public accountability. Mardiasmo (2002, P. 68) confirmed that the government accounting function to elaborate on good governance to a level that is more real. The form of this elaboration is performed through management accounting, financial and auditing accounting. In Indonesia, government accounting has progressed with the stipulation of Government Accounting Standards - SAP (PP 24/2004). The implementation of SAF and government accounting at the regional government environment is judged to have progressed.

Progress is mainly experienced by regional governments which have adequate quality of human resource, and are supported by universities concerning with issues and problems of accounting and financial management. However, the opposite situation occurs in many regional governments with the minimum quality of human resources. In such these areas, the regional government would get a lot of obstacles to implement a full accrual-based financial accounting (PP71 of 2010 concerning the Government Accounting Standards which replace PP24 2005). In such these areas, statement of McLeod and Aaron were applied (2009; 6) that, "Requiring all government institutions suddenly begin to prepare financial statements based on full accrual accounting supposed that expecting a baby looks like a ballet dancer, but he has not been able to walk."

In terms of public accountability, the progress reached by Indonesian government accounting was described by McLeod and Aaron (2009) through the statement that: "Very few people would read a financial statement of their government. Most people do not have the ability to understand such reports. The majority of citizens are going to assess the government's performance based on the quality of services provided. If they care about the corruption, they tend to rely on mass media such as newspapers, TV and radio. Current accounting system is in the public sector worth as one of the driving tool in efforts to combat corruption. The results of survey of the Association of Government Accountants (AGA, 2008) in the United States also found the same thing that the public does not use financial and auditor statements because the expected information of public is different from that received. it was explained that "Governments are failing to meet the expectations of its citizens, the resulting in an 'expectations gap' between the kind of government financial reporting that citizens expect and what they get."

## **METHODOLOGY**

This study uses a case study design. The literature describes two forms, those are, single cases and plural cases (Eisenhardt, 1989). This study uses the plural case

(three cases) of the accountability of autonomy Funds, that is the accountability of autonomy Funds managed by the Papua Province, case of the accountability of autonomy Funds managed by district and city, and case of the accountability of autonomy Funds allocated for people empowerment in form of Strategic Plan Program for Village Development.

Collecting data through in-depth interviews, observation, study of documents and regulations, as well as web searching. In-depth interviews of 24 informants consist of a number of the officials of Papua provincial government, districts and cities, parliamentarians, members of MRP, observers (experts) of Papua autonomy. The Regulations are in form of Regional Regulation, Governor Regulation, as well as other regulations. Other national regulations are compiled from official web address owned by Government. From Audit Board, the data obtained in form of auditing results statement of autonomy Funds 2007 and 2008, and the other statements containing the results of follow-up auditing. Web pages of Papua local print media and national media, government web address, and some web addresses belongs to Civil Society Organization (CSO/LSM) and universities (BPK; 2009)

Data collection procedures are performed according to the nature of data source. Data of regulations and legislations are collected by some stages: (1) doing election of relevant regulations, (2) Downloading regulations from the official pages, and (3) conducting a qualitative content analysis. For the regulations in regional level (provincial government) are still collected directly from staff or regional officials. Data of public opinions are collected from web media, with the following stages: (1) doing the selection of search engines that are going to be used, (2) selecting pages that can be trusted, and (3) selecting articles that can be trusted and relevant with studies. Data of in-depth interview are collected through interviews by using an open interview guide. Data of observation are collected from some special occasions, such as Musrenbang of Papua Province and the implementation of legislative sessions. The Analysis of cases in this study goes along with the advice of Eisenhardt (1989), which introduced the two stages of analysis, those are, a within-case analysis and cross-case analysis.

## **ANALYSIS AND INTERPRETATIONS**

Since 2002, the Government has distributed autonomy Funds of Papua more than Rp. 21 trillions. The Funds received by Government of Papua Province are allocated (distributed) for Papua province, districts and cities and people empowerment.

**TABLE 1: THE DEVELOPMENT OF ACCEPTANCE AND DIVISION OF PAPUA AUTONOMY FUNDS PERIOD 2002 - 2010 (IN IDR)**

<i>Year</i>	<i>SAF per Fiscal Year</i>	<i>District/City Fiscal Year</i>	<i>Papua Province</i>	<i>Empowerment-RESPEK</i>	<i>Others</i>
2002	1.382.300.000.000	200.000.000.000	1.179.206.166.000	-	3.093.834.000
2003	1.539.560.000.000	280.000.000.000	1.259.560.000.000	-	-
2004	1.642.617.943.000	985.200.000.000	657.417.943.000	-	-
2005	1.775.312.000.000	885.000.000.000	890.312.000.000	-	-
2006	2.913.218.000.000	1.648.930.800.000	1.264.287.200.000	-	-
2007	3.295.748.000.000	1.730.608.800.000	1.153.739.200.000	411.400.000.000	-
2008	3.590.100.000.000	1.899.000.000.000	1.266.000.000.000	425.100.000.000	-
2009	2.609.796.098.000	1.265.877.659.000	843.918.439.000	320.000.000.000	180.000.000.000
2010	2.694.864.788.000	1.316.918.872.800	877.945.915.200	320.000.000.000	180.000.000.000
	21.443.516.829.000	10.211.536.131.800	9.392.386.863.200	1.476.500.000.000	363.093.834.000

*Source:* Governor Decision of this Division and autonomy- set each Fiscal Year

*Note:* Empowerment Fund is out of the allocated funds to Districts and Cities of approximately Rp. 50 to Rp. 300 millions per village Other funds in 2009 and 2010 are reserved for the tuition fees exemption of nine years elementary school and health fee exemption for Indigenous Papuan people in all hospitals in Papua.

Autonomy Funds has financed many programs and activities in the Papua Province. In the field of education, educational assistance program for indigenous Papuans is budgeted for the exemption fee of primary education program, scholarships for indigenous Papuan students. The regional government of Papua has financed 1,000 doctoral. Many Papuan Students are sent to study in country and abroad with funding sources of autonomy Funds. Many boarding houses are built by regional government in Jayapura, Manokwari, and a number of cities outside of Papua. All those are for indigenous Papuans. Honorary Teachers are contracted to finance the shortage of teachers in many schools

In the field of health, regional government provides reorganizing and improvement of Regional Public Hospital and Community Health Centers, Sub Health. Provincial Government of Papua has adopted a policy to free the indigenous people on all charges in hospitals; those include the hospitalization, doctors, and medicine costs. The drugs aid is continuously distributed by government to all Community Health Centers in Papua. The government supports the operational costs and provides education scholarships for doctors and health workers, such as nurses and midwives

For the public economy, the government continues to develop the agriculture, plantation, fishery, and livestock of Papuan people. Many seeds and agricultural facilities are granted to the indigenous people. Household crafts and cottage industries are run by indigenous people guided and aided in capital. Traditional markets which are in districts built by the government based on proposals from villages and districts. Many regional governments (districts and cities) provide funding for the cost of small businesses credit and cooperatives belongs to indigenous Papuans.

Infrastructure including roads, bridges, ports, docks, and airports are largely financed by infrastructure autonomy. A number of streets connecting the district are built by using autonomy Funds. The regional government gives aids of truck, bus, and ferry to people. Some ships are purchased by the Provincial Government to connect the coastal areas around Papua. However, in addition to the performance and results that have been achieved above, the accountability of autonomy funds have become an issue because it is neglected and get slack of attention of regional government.

This study found the issues of the accountability of autonomy. Funds marked by several main phenomenon: (a) the phenomenon of regulations that should be are still unassigned, the regulation does not apply, (b) the phenomenon of participation - public participation is relatively untouched, (c) the phenomenon of transparency - the Regional Government Budget have not been a public document yet, the designations and allocations of autonomy Funds are not known by the board, there is no socialization of proposed budget to the public (d) the phenomenon of

sanctions that is not effective, (e) the phenomenon of direct surveillance-monitoring of supervisor is still weak and not running, legislative supervision is minimum, government supervision could not be known by people that is rated as omission.

The findings of this study also see a political and security phenomenon assist to add the complexity of issues of autonomy Funds accountability. Autonomy Funds, among others, has been interpreted as 'political sugars, 'blood money', and 'hush money'. There are assessing the funds used for organization separatists. autonomy Funds expand the area of political conflict between regions, inter-ethnic and inter-elite in Papua.

In the accountability case of autonomy Funds of province, this study found some accountability phenomenon which has many issues.

1. The phenomenon of budgeting: less participatory, not transparent, budget duplication, price upgrading , ineffective activities, do not obey the rules, misdirected, lack of supervision (board)
2. The phenomenon of execution: late receipt of autonomy Funds, expenditure out of the terms, not according to contract
3. The phenomenon of accounting: the proof of transactions is invalid, the evidence is incomplete, late accountability, lack of supervision and guidance from supervisor, limited human resources capacity, better opinion from auditor (disclaimer become WDP)
4. The phenomenon of public accountability: the public's right to obtain information budget is negligible.
5. The phenomenon of supervisions: the lack of inspectorate human resource competencies, external power assistance (BPKP), direct supervision of supervisor is less effective, legislative supervision is less effective, government supervision is less effective, and public supervision is not effective (negligible)

For the case of autonomy Funds accountability of districts and cities, this study is able to formulate a number of accountability phenomenon:

1. The phenomenon of regulation: the distribution of funds has not been signed, the allocations to regions are late, ceiling is fully realized, the plan of fund utilities agreed by Province and Districts / Cities which have been stated as Definitive Plan are frequently neglected, priorities business of autonomy Funds has not been noticed for some areas, late reporting.
2. The phenomenon of sanctions, sanctions have been stipulated in the regulations but not implemented
3. The phenomenon of a sense of justice: the Papua Province does not need to manage the large percentage of autonomy Funds, the division of province-districts/cities is not fair, lack of attention to remote and mountainous areas.



4. The phenomenon of meaning: a negative-political sweets, blood money, is only enjoyed by the elite, public did not enjoy it, corrupted, abused, a priority matter is not considered, the regulations does not exist, the omission of central government, law enforcement is not running

In the case of autonomy Funds accountability disbursed for public empowerment, the phenomenon of financial accountability is discovered:

1. The phenomenon of regulation: regulation has been established, regulation has been socialized (through the media, formal meetings from province to villages)
2. The phenomenon of meaning: the negative meaning of Bas Suebu program, province programs, and the district has the same programs and have been applied first (Jayapura District), Suebu political programs, the province should not manage until to villages, corruption is moved to village.
3. Recipient Villages: not all villages are physically there, RESPEK funds have been allocated. Only villages that are listed in the Governor's decision is entitled to receive funds
4. The phenomenon of execution: the institution has not been established at the district level, institutions are not functioning, limited banking services, cash risk of being lost on the way to districts and villages, officials and or citizens hinder the process
5. The phenomenon of reporting: human resources capacity, and late reporting
6. The phenomenon of RESPEK coordination: different meanings among bureaucratic apparatus of local governments and elites of Papua; coordination of provincial-district / city is still just as discourse.

## RESULTS AND DISCUSSION

The analysis results of the three cases above show some similarities accountability phenomenon as below:

1. "Asymmetry of information" identified in the three case studies. In the first Case, this problem occurs in the Papua province in form of control over the information of allocation and allotment of autonomy Funds according to central parliamentarians could not be accessed. The second case, the problem of information asymmetry occurs between the regional government of Papua with the districts and cities. The regional government of districts and cities does not know the indicators, weight of indicators, and data used in the division of Papua Funds. These data are only known by some limited officials, particularly in the work unit of auditor Papua Province.
2. "Compliance" regulations as the norm used to judge anything done or not done by the actor (agent), to be a problem in Papua province, because the

specific regional regulations (Perdasus) for the distribution of autonomy, is not worked (First Case). In the second case, some regional governments are judged not obedient, especially to the Definitive Plan (RD) governing the autonomy allocation to priority matters, such as education 30% and health 15%. The third case also shows the problem of compliance toward the Technical Guidelines of Operations, such as spending funds without public consultation. The “Disclosures” requires the agent (actor) to disclose the required information.

3. Principal (forum). The first case indicates that council request to provide information of autonomy Funds allocations are never fulfilled by the executive. This phenomenon is an evidence that legislative parties, at least in the viewpoint of executive, is not the actual forum. The second case also indicates the same thing, there is no disclosure of the source of funds in Budget.
4. “Autonomy Priority”, those are education and health, have not received funds allocation as defined rules, those are, education 30 percent and health 15 percent. This phenomenon is discovered in First Case and Second Case. In the third case, the improvement of public economy is frequently under the highlight. Respect is considered have not improved the economic conditions of most of the indigenous population in villages.
5. “Reporting” as a form of formal accountability is required in the three cases of study. In all three cases, it is found that late reporting problems submitted to the forum. The first and second case explained, the Provincial Government is late in submitting reports to the government, and some regional governments are late in submitting reports to the Papua province. For the third case, Implementation Teams of Village Activities is also late in submitting reports to the Team Three Furnaces consisting of members of the appointed village government, traditional leaders, religious leaders. T3T is served as a forum at the village level.
6. “Discipline financial administration” is a crucial issue identified in the third case study. Administrative discipline problem occurs mainly due to the low capacity of human resources (HR) who is administering the funds and the lack of direct supervision element. For the First and Second Cases, Auditing Reports of KPK explained that the problem of human resources and the direct supervision has caused much losses of the regional finance. Orderly administration in the third Case more due to the low education level of the villages and districts level, as well as the lack of co-district.
7. “Participation” of public is a phenomenon shown in all cases. The first case describes the issue of participation of stakeholders in the regional planning, which is in meeting. The same thing as problem in the second case. Districts

and Cities are rated less attention to the public opinions in budgeting. Many proposed activities are not budgeted. If in the first and second case, the provisions of public participation have not received adequate attention, then in the third case it is highly demanded for public participation. Programs and activities should be formulated through the Joint Planning Society (PBM) in villages. PBM is conducted in eight stages: (1) Completion of Early Data, (2) Completion of Village Social Map, (3) Excavation of idea, (4) Writing of Proposal, (5) Verification of Proposal, (6) Competition of Proposal (Ranking of Proposal), (7) Design of Manufacture and RAB, and (8) Muskam of Proposed Establishment.

8. "Internal Supervision" is the direct supervision of the management of autonomy Funds by management (regional government). In the first and second case, internal supervision is carried out by the Inspectorate institute and the head of work units. The low capacity of Inspectorate human resources is a major obstacle in the implementation of functions and duties of this institution; whereas at the level of the work unit, internal supervision problems is more because of the personal motivation and interests of the budget users and executors. Internal supervisions toward funds (third case) is conducted by Coordination Team of Province, through the Secretariat of team, and professionals who gathered in the Provincial Management Coordinator (KM-Province).
9. "Supervision of Legislative" is one element of budgetary surveillance conducted in frame of the supervision function of boards. Legislative supervision is conducted to assess the programs and activities budget spent. Supervision is specifically conducted towards autonomy funds by Legislative (First Case), whereas in the second case, supervision is generally conducted towards all sources of income (not specific to autonomy Funds). Regional Parliament considers that they don't conduct the supervision of autonomy Funds because they do not obtain autonomy Funds for their supervision activities. The supervision of towards the RESPEK funds is conducted only on reports.
10. "Supervision of Public" in the first case is conducted by submitting problems of the funds abuses openly in the media. Public has repeatedly raise the issue of funds misuses funds for follow-up by law enforcement. Not infrequently, public groups such as Papua Corruption Watch (PCW) and LSM reported the disadvantage of region due to the corruption of local officials to Papua Police, Judiciary and Corruption Eradication Commission (KPK). The same supervision was conducted by public for budget in districts and cities (Second Case). Public supervision for the third case is generally conducted by villagers. Villagers are actively monitoring RESPEK funds for their villages, including giving sanction to anyone who abuse their funds.

11. "External Auditing" is conducted by BPK the Provincial autonomy Funds (first case) and the districts and cities autonomy Funds (second case).BPK has conducted the auditing for specific purposes (PDTT) for Province and Districts autonomy Funds in 2009 and 2010, with some of findings that have been discussed in this study. The auditing of the BPK towards RESPEK funds is performed as part of the proceedings of Province autonomy Funds.
12. "Effectiveness "programs and activities is another important indicator to assess the advantages of output towards the objectives achievement of autonomy. The Effectiveness in all cases is difficult to assess for two reasons. First, the autonomy is managed together with other funding source, so that the performance of programs and activities funded by autonomy could not be seen. Second, Papua has not had the grand design of autonomy; as well as the measures of success that is going to be achieved. All study cases have problems with the effectiveness of programs.
13. "Efficiency" is the required principle in management of funds (all cases). Although, the principle of efficiency is expressly provided in the regulations which uses public funds, this principle is frequently forgotten when preparing and implementing the budget (first and second case).The findings of BPK about the price upgrading when in budgeting and expenditure which exceeds the budget has led to a waste of regional budgeting. In the third case, finance transparency allows supervisions of each budget item and expenditures are supervised by many villagers. Thus, the efficiency of funds utilities is rated better.
14. "Sanctions" towards individuals and groups who are judged guilty governed in any regulation of financial management. Likewise in the management of autonomy Funds. Sanctions could be found as a part of the Audit Reports of BPK for Province autonomy Funds (first case) and for Districts and Cities (second case).In the auditing of Province Autonomy Funds, LHP BPK in 2009 formulated sanctions for RESPEK Funds issue which are unutilized (have not been distributed to village).
15. "Sustainability of RESPEK program" is one of the central issues to empower indigenous Papuans. This program has been received well by the villagers, but in danger of being terminated, when Barnabas Suebu is no longer to lead Papua. The spirit of alignments to the indigenous people is needed to be continued. In the first case, the sustainability of this RESPEK is more able to see in terms of regulations. Some observers, there needs to be Perdasus (Acronym for Regional Regulation of the Province) to organize public development programs in villages, so that Autonomy Funds are able to be distributed to villagers. In the second case, the sustainability of the village empowerment program was rated as the authority of districts and cities,

not provincial jurisdiction. Therefore, a number of proposals emerged for the empowerment programs are devolved to districts and cities. In the third case, the sustainability of the village empowerment program is long overdue. What is needed now is to improve the mechanism for the purpose of empowering in order to it is more targeted, measurable, achievable, and could be implemented by villagers.

## IMPLICATIONS

Various issues in the implementation of autonomy accountability of Papua should receive the attention of Government, either the Central Government, Provincial Government of Papua, as well as the Districts and Cities Government. The Keywords for the improvement are “measurable financial accountability, participatory and transparent “Financial accountability needs to be improved with the guidance and coaching of college and BPKP, majoring on some key issues such as:

1. The arrangement of the Grand Design of Papua autonomy should be prepared to give a clearer and measurable direction about “What are going to be achieved by the Papua autonomy Funds?” Grand design is to be considered as a separately planning document or part of a annually plan draft is being drawn up by Bappeda for the period 2011-2016. This design should formulate key indicators for assessing the performance of autonomy in the priority areas: education, health, public economy, and infrastructure;
2. Evaluation to assess the performance should be improved by prioritizing public assessment; whereas the evaluation of viewpoints of the local government should be used as a supplement or a comparison. The evaluation of results should be published, debated, and used as a source of improvement in the arrangement of further annual program;
3. Public participation in the planning stages should get attention and be more corrected. The provincial government needs to establish a more effective mechanism for involving publics in the planning stages. It is necessary that the Musrenbang (process of community discussion about local development need) process should be attractive and desirable by public. The local government also needs to establish the systems and tools to assess the success of Musrenbang;
4. The budgeting transparency should be initiated from the of Papua Provincial Government. The provisions of Permendagri 13/2006 which regulates the socialization of RAPBD before has not been submitted and discussed by DPRD should be complied with and implemented by executive. In this socialization some explanation should be given, such as: (a) the allocations of autonomy Funds utilities for the priority matters, (b) programs and activities which use autonomy Funds the limit of 500 million rupiah or

more than it and included the expected impact, (c) the distribution of program and activities locations of districts / cities. Public input from this socialization should be taken into consideration by DPRP in approving the APBD, and forwarded to the Ministry of Home Affairs to be used in evaluating the utilities of the Papua autonomy Funds. This socialization might be initiated on the campus of Cendrawasih University by inviting representatives of local governments, councils, public leaders, youth and women;

5. The follow-up results of BPK in form of findings and recommendations should be followed up by the government and law enforcement. Sanctions must be expressly granted to those who are guilty. This is an extensive demand of indigenous Papuans. They call “Papua deceptive Papua”. The Indonesian government’s credibility in the Papua public’s eyes and international eyes will be interrupted if you keep letting corruption to scrape the Papua autonomy Funds. The Results of follow-up should be publicly accessible through the web page of BPK; and
6. The allocation and utilities of autonomy funds are to be in favor of the indigenous people who are very weak. Empowerment programs such as RESPEK should be continued, and the implementation mechanisms and the evaluation should be continued to be improved. Many indigenous people who are very far from the reach of basic services, and this group could only be assisted by a policy in favor of them. This group is helpless; moreover they would like to compete with other communities in urban areas.

## CONCLUSION

1. The autonomy Funds is a “blessing” for local governments and communities in Papua Province. In addition to be a “blessing” and carry real benefits to the public, there are a number of issues of financial accountability which are negligent performed by Papua Provincial Government, such as information asymmetry, regulations, participations, transparency of the autonomy Funds management are relatively neglected.
2. The presence of BPK carries out the functions and duties as an external inspector who assists to improve the regional financial accountability in Papua Province. The strategy of BPK in motivating each region to fix “opinion” that has gained attention from a number of regions. The results of the BPK auditing of autonomy Funds indicate there have been many issues in the autonomy financial accountability. There are some strong indications that the follow-up results of BPK are still very weak. In addition, it is found that the BPK institution has not been optimal in undertaking the legislation for public finance auditory.

3. The majority of Papuans, especially indigenous people, are very sensitive toward the autonomy Fund management. This phenomenon also would like to explain how the high expectations of indigenous peoples to the success of autonomy. Most people in Papua requires that the government take an active role in streamlining the management of the Papua autonomy Funds.

### **Future Scope of the Research**

Suggestions to the Government of the Republic of Indonesia to “unnecessary reluctant” to intervene in organizing financial accountability of Papua autonomy Funds, for BPK to conduct the performance and budget auditing of autonomy Funds, and for the communities of Papua to keep overseeing and urge the completion of regulatory and the enforcement of transparency, the participations and sanctions for the abuse of Autonomy Funds. This study also formulates three main propositions which when tested empirically to prove the relationship between accountability gained in the Local Government, the relationship of supervisions and sanctions, and the role of public pressure in increasing the finance accountability of local government.

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