

# Readiness of North Sumatra Province In Implementing Permendagri No. 19 of 2020 Regarding The Regional Financial Management Index

**Evi Yunita Kurniaty**

Government Science Study Program, Faculty of Social and Political Sciences  
Universitas Medan Area, Indonesia  
Email: [eviyunita@staff.uma.ac.id](mailto:eviyunita@staff.uma.ac.id)

**DOI: 10.47760/cognizance.2023.v03i05.012**

## **Abstract:**

Permendagri No. 19 of 2020 Measuring the Regional Financial Management Index is a measure determined based on a set of dimensions and indicators to assess the quality of performance of effective, efficient, transparent and accountable regional financial management within a given period. Given the importance of assessing regional financial management, and given that there are still regional financial management issues, it is extremely necessary to conduct research into the readiness of North Sumatra Province in the implementation of Permendagri Number 19 of 2020. This research uses a qualitative descriptive research approach. The results of this study are highlighted in order to obtain an objective picture of the real state of the examined object. The willingness of the province of North Sumatra to implement Permendagri Number 19 of 2020 can be seen from indicators of communication, resources, disposition and bureaucratic structure.

## **I. INTRODUCTION**

The central government has initiated a reform of regional financial management to better align its system of government. Regional financial management reform ideally includes not only financial accounting reform, but also more substantive reforms, namely how regional resources can be managed in an economical, efficient, transparent and accountable manner in the context of increasing regional welfare and self-determination.

Regional autonomy is an attempt to enable regions to make regional decisions freely and responsibly in order to self-manage their own resources in accordance with the interests, priorities and potential of the region. The implementation of regional autonomy as a whole brings logical consequences in the form of implementation of state management and regional development with good regional financial management. Therefore, a good regional financial management system is required to manage APBD funds in a transparent, economical, efficient, effective, and accountable manner.

The regional financial accounting system needs to be supported by reforms of other regional financial administrations that support efforts to improve the system. The human resources required to implement the system must have an adequate understanding, the users of financial reports (stakeholders) must also understand their roles and functions and how to

use these financial reports. Given the importance of information about the financial situation and the transparency in the financial management of the municipalities, it is necessary to create an index of the regional financial management and the level of transparency in the regional financial management .

The calculation of the financial position is intended to describe the financial position of the regional governments using measurable and comprehensive indicators and to describe the comparability of the financial position of the regional governments. This calculation allows the local government to determine the financial position of the area and its comparability with other regional governments. This is the reference needed to measure the Regional Financial Management Index (IPKD). The ranking/measurement of financial management in the regions will motivate the local governments to manage their regional finances more soundly and not only to orientate themselves on the opinion of the Supreme Audit Institution (BPK).

According to Permendagri No. 19 of 2020 on the Regional Financial Management Index, it is a measure determined based on a set of dimensions and indicators to assess the quality of performance of effective, efficient, transparent and accountable regional financial management in a given area rate period. Regional financial management is the entire activity that includes planning, budgeting, implementation, administration, reporting, accountability and regional financial oversight.

The implementation of Permendagri number 19 of 2020 regarding the Regional Financial Management Index is only carried out. Many regions did not set the APBD in a timely manner, due to delays in drafting guidelines for drafting the APBD and delays in receiving information about funds from a higher government. The Regional Treasury lacks strict regulations on regional wealth management, particularly in the calculation of assets (data on issues can be obtained from the website: [bpk.go.id](http://bpk.go.id)). Given the importance of regional financial management assessment and the fact that there are still regional financial management issues, there is an urgent need to conduct research on the readiness of North Sumatra Province in the implementation of Permendagri Number 19 of 2020.

## II. METHODS

The methodology of this study is to use qualitative methods. The implementation of qualitative methods is guided by the collection, analysis and interpretation of data according to existing research principles in a qualitative approach [1]. Qualitative research method is a research technique that produces descriptive data in the form of written or spoken words from people and observable behavior. The qualitative method is also a research method based on the philosophy of postpositivism, also used to study the state of natural objects, with the researcher as the main instrument [2]. A qualitative method is a type of research method that starts from a certain reality, which is interpreted without having to go through other statistical and quantifying procedures [3].

This research uses a qualitative descriptive research approach, which is research limited to efforts to uncover a problem, situation or event as it really is, so that it is merely a statement of fact. The results of this study are highlighted in order to create an objective picture of the actual state of the object under study [4].

Descriptive design can also be interpreted as a problem-solving procedure that is investigated and carried out by describing the situation or the object of research (a person,

institution, community, etc.) on the basis of visible facts or as they are [4]. The initial phase of the descriptive method is simply to find hard facts. In addition, thoughts are developed through an adequate interpretation of the facts found. So, the descriptive method is not limited to collecting and compiling data, but also includes analyzing and interpreting the meaning of the data itself.

### III. RESULTS AND DISCUSSION

Readiness is a state of readiness to prepare something [5]. "Willingness is the developmental level of favorable maturity or maturity to practice something" [5]. Then Widodo says [6]: "Implementation is a process that requires a range of resources, including human, financial and operational capabilities, on the part of government and the private sector (individuals or groups) in order to achieve predetermined goals ." by policy makers".

So, readiness to implement is a state of readiness to prepare a process that will require a set of resources to achieve the goals previously set by policymakers. Implementation, a translation of the word "implementation", comes from the verb "to implement". According to Webster's Dictionary [7], the word implement comes from the Latin *implementum*, from the origin of the words *impere* and *plere*. The word "flere" means "to fill in", "to fill in" meaning "to fill out completely", while "plere" means to "fill out", i.e. to fill out.

In this study, the policy implementation theory used by George C. Edwards III [8], namely policy implementation, is influenced by four variables, namely: (1) communication, (2) resources, (3) disposition, and (4) bureaucratic structure. These four variables are also related to each other.

According to policy implementation theory George Edward III [8], policy implementation is a crucial process because no matter how good a policy is, if it is not properly prepared for implementation, the goal of public policy will not be achieved. And conversely, the purpose of the policy cannot be realized, no matter how good the preparation in planning the implementation of the policy, if the policy is not properly formulated (process of policy making). Therefore, in order to achieve policy goals, policy formulation/formulation and implementation must be prepared with good planning. Edward's implementation assessment found that there were four key variables in implementation, namely communication, resources, character or attitude, and bureaucratic structure.

#### 1. Communication

Communication is an important process of conveying information, messages or ideas in the form of ideas or ideas from other parties. Harold Lasswell, in his work *The Structure and Function of Communication in Society* [9], says that a good way to explain communication is to answer the following questions: "Who says what, in which channel to whom with what effect" or "Who says what conveys what is conveyed, through what, to whom and with what effect. According to Edward III [8], there are three important things to consider when implementing policy, namely transmission (distribution of information), consistency and clarity (clarity).

##### a) Communication channeling

The first requirement for policy enforcers is that those who enforce policies must know and understand what they have to do. Political decisions and orders must be passed to the correct implementers before the wording of a policy can be followed. Communication must be correct and followed by implementers, but the implementation process does not go

directly as expected to always be on time and in line with principles. Likewise with Permendagri number 19 of 2020 to measure the Regional Financial Management Index (IPKD), the facts of which are not yet known to the implementers in several regencies and municipalities of North Sumatra province. This means that the distribution of communications is still stagnant for the time being, as the central Ministry of Interior has not socialized the Permendagri to the regional government of North Sumatra Province. The process of channeling the communication of a policy is not as simple as communication in everyday life. The bureaucratic hierarchy in the regency and city-regional governments, which are stratified and structured, will impact the effectiveness of the Permendagri communications that will be implemented.

#### **b) Clarity of Communication**

If a policy is to be implemented properly, it must be accompanied by understanding and clearly communicating all that is stated in a policy [8]. Based on the findings of the research team, clear communication was not established when disseminating Permendagri Number 19 of 2020 regarding IPKD to implementers. This is justified by the ignorance of the implementers of the Regency Regional Government and the City of North Sumatra Province regarding the Ministerial Decree. It is feared that the ignorance of the implementers of the implementation in achieving the goal of measuring the performance of more effective, efficient, transparent and accountable regional financial management over a period of time. Prior to the publication of Permendagri Number 19 of 2020, the financial management of the Regency and Municipal Governments of North Sumatra Province followed the regional financial management cycle, namely beginning with budgeting, administration and accountability.

#### **c) Communication consistency**

Consistency in this case means that policy enforcement works effectively when the executor's instructions need to be consistent and clear. This consistency refers to the attitudes, perceptions and reactions of each individual/performer in clearly and correctly understanding the guidelines received for implementation [8]. The level of effectiveness of policy implementation depends on the commitment, consistency and clarity of instructions to implementers. Regarding Permendagri No. 19 of 2020, there has not been any consistent communication as this Ministerial Order is a new directive. Several simultaneous regulatory updates/changes are also one of the reasons why there are distortions in the work structure in HR.

## **2. Resources**

Systematically arranged guidelines must be implemented carefully, clearly and consistently [8]. However, if the executors lack the resources needed to support policy enforcement, enforcement typically fails. Important sources are therefore:

#### **a) Appropriateness and Qualifications**

Human resources as the most important element in the implementation of policies, where the human resources must be sufficient and match the qualifications [8]. Educational qualifications should be consistent with the skills and abilities needed to strengthen implementation of established policies. Human resources are understood to mean a sufficient number according to the main tasks and functions of the policy implementers in each area. The adequacy of the human resources of the Regency and Municipal Governments of North

Sumatra Province with regard to the implementation of Permendagri No. 19 of 2020 on the measurement of the financial management index can be said to be still insufficient based on the information received from informants This is one of the agencies that in several years simultaneously with the main tasks and functions (TUPOKSI) is a supporting element for the regional government in carrying out research and development.

**b) Authority**

Authority over resources is the authority that someone (HR) has to implement an established policy [8]. The powers of each executor are consistent with their respective responsibilities to decide and do things related to the requirements of a policy. In this case, according to Article 3(1) and (2) Permendagri No. 19 of 2020, the power to measure IPKD is with the Minister through the Head of the Research and Development Agency of the Ministry of Interior and with the Governor as representative of the Central Government through the Research and provincial development agency.

**c) Information**

The scope of a policy includes formulation and application/implementation. Information is a critical resource in implementing a policy [8]. Information on Permendagri No. 19 of 2020 is a policy, instructions and implementation procedures intended for measuring IPKD and is a derivation of Article 373 of Law No. 23 of 2014 on Regional Government and Article 3 of Government Decree No. 12 of 2017 on the guidance and supervision of are the implementation of the regional government to increase the development of regional government management in the field of regional finance.

**d) Facilities and infrastructure**

Facilities and infrastructure in resources are all facilities and infrastructure available to support the implementation of a policy and are used for support directly related to the assigned tasks [8]. State-organized e-government should not leave Indonesia behind other countries in global competition. Many useful things can be accomplished, for example effectively and efficiently, when government uses technology as a tool to facilitate the implementation of government administration. A testament to the government's attention to the use of technology with Presidential Instruction No. 6 of 2001 on the development and use of telematics in Indonesia. One of the concepts at the heart of presidential training is the development of information and communication technology (ICT). This concept supports the development of e-government applications in Indonesia.

The form of an electronic-based government system (SPBE) / e-government aims at the integration of existing data and applications in regional government organizations (OPD). Governments in the regions generally have government portals as a form of e-government application. The forms of e-government applications are in the form of Regional Financial Management Information Systems (SIPKD), Regional Financial Information Systems (SIKD), Population Management Systems (SIK), Electronic Procurement Services (LPSE) and Regional Management Information Systems (SIMDA). and government information systems. Region (SIPD).

**3. Disposition**

Edward III's definition of disposition in [10] is said to be "the will, desire, and tendency of policy implementers to implement the established policies, so that the policy's objective may be realized." Edward III in [10] says: When policy implementation To be

effective and efficient, the implementers (implementers) must not only know what needs to be done and have the ability to implement the policy, but they must also have the will to implement the policy. . In this case, the regional leader is expected to that he actively and responsively responds to any rule or directive issued by the central government. Particularly important regulations such as regional financial management. Regions must prepare steps in the form of rules issued in the form of regional ordinances to prepare for the implementation of these directives. It there must be a strong commitment from the “stakeholders” in the regions to prepare for the implementation of Permendagri number 19 of 2020. According to the results of the research in this area, no counties and cities have issued regional regulations/policies related to the continuation of the Permendagri number 19 of 2020.

In implementing regional autonomy, each region aims to accelerate the realization of social well-being through performance improvement, community empowerment and participation, and regional competitiveness through embracing the principles of democracy, equity, equity and regional privilege. To realize this prosperity, the following values must be developed in regional autonomy: participation, transparency and accountability in the government's management of the state. Therefore, the implementers (implementers) of policy in the regions must be people who work for the established policies, more precisely for the interests of the community. With good financial management and subsequent measurement of the regional financial management index, each region is motivated to improve regional financial management performance. In addition, regions are required to publish the results of measuring the Regional Financial Management Index for provincial, county and city governments. For this reason, each regional leader should commit to making preparations for the implementation of this IPKD policy.

Permendagri No. 19 of 2020 also states that there is an award for local government that has the best regional financial management index. Based on the research results in North Sumatra province, we are excited and optimistic in performing this Permendagri IPKD. The results of the interviews indicated that the implementers/authorities were optimistic about receiving the award and receiving the Regional Incentive Fund (DID). Incentives are one of the proposed techniques to address the recruitment problem of policy implementers with incentives. By adding certain benefits or costs, it can be a driving factor that ensures that performers execute orders properly.

#### **4. Bureaucratic Structure**

According to Edwards III [8], the bureaucratic structure has two main characteristics, namely Standard Operating Procedures (SOP) and fragmentation. SOPs, or basic operating procedures, were developed as an internal response to the limited time and resources of implementers and the desire for consistency in the way complex and distributed organizations operate. Meanwhile, fragmentation arises from constraints outside the bureaucratic entities, such as the national constitution and the types of politics that affect bureaucratic governmental organizations.

##### **a) Standard Operating Procedures (SOP)**

In the Regional Financial Management SOP, standard operating procedures for the regional financial management based on the Internal Control System (SPI) must be implemented within the respective local government (Pemda) as required by Article 56(4) of Law No. 01 of 2004, stating that the government of the region makes a statement that

regional financial management in the region has been conducted on the basis of appropriate SPI. When conducting audits to improve the quality of transparency and accountability, the BPK is required to audit and assess the relevant local government's SPI in accordance with the requirements of (IU No. 15 of 2004). If the internal control system is properly implemented by the local government concerned, compliance with the regional financial management SOPs can be implemented and the results of the BPK tests and audits can lead to a positive opinion.

The Regional Financial Management SOP in North Sumatra Province is Good, Effective, Efficient, Consistent, Standardized and Systematic. It is said that this problem can be effectively solved by the on-site data, namely the timely completion of works (from planning process to reporting). This shows success in terms of achieving the desired goals in regional financial management. Efficient regional financial management is reflected in the optimal performance of financial managers in the regions. By not wasting time on the work process or doing something that fits the tasks and functions. The work carried out complies with the regulations in force, conforms to the principles and does not change. The regulations on Regional Financial Management are clearly regulated in Permendagri No. 77 of 2020 regarding the Technical Guidelines for Regional Financial Management.

However, in practice, there are still weaknesses in the regional financial management SOP due to ever-changing and overlapping regulations. And also because there are many regulations but there are no follow-up regulations of the Permendagri in the regencies and cities. This is the obstacle in Permendagri No. 19 of 2020. While there are no follow-up regulations to the Permendagri, it is certain that there are no SOPs for the implementation of the Permendagri. The SOP is required by task performers to ensure time certainty for completing activities and consistency in complex and extensive work organizations. With unclear operating standards, both in terms of mechanisms, systems and procedures for implementing policies. This must be taken into account when preparing to carry out the IPKD measurement. There must be a harmonized operating standard between the implementing organizations that decides on the successful implementation of the guideline with good SOPs.

#### **b) Fragmentation**

According to Winarno, fragmentation is the distribution of responsibility for a policy among several different authorities that need to be coordinated [8]. Meanwhile, according to Widodo [10], a fragmented (shared or scattered) bureaucratic structure can lead to communication errors, as the possibility of distortion of instructions is very high. The more skewed the implementation of policies, the more incentives require coordination.

The results in this area are good coordination and collaborative relationships between individuals and institutions between financial managers in the regions. This can be seen from regular communication between authorities on new regulations including Permendagri No. 19 of 2020 on the Regional Financial Management Index.

### **IV. CONCLUSION**

Permendagri Number 19 of 2020 Measuring the Regional Financial Management Index, abbreviated as IPKD, is a measure determined based on a set of dimensions and indicators to measure the quality of performance of effective, efficient, transparent and accountable regional financial management within a country to evaluate specific period. It can be concluded that the willingness of North Sumatra Province in implementing

Permendagri No. 19 of 2020 on the Regional Financial Management Index is willing and ready to implement the contents of Permendagri in accordance with the duties and functions of existing regulations. However, socialization is required to identify the response, willingness and capabilities of various parties involved and to make predictions about the success of implementing the policies to be implemented.

## REFERENCES

- [1] P. Checkland and J. Scholes, *Soft systems methodology in action*. John Wiley & Sons, 1999.
  - [2] Sugiyono, *Metode Penelitian Penelitian Kuantitatif, Kualitatif dan R&D*. 2017.
  - [3] J. Ritchie, J. Lewis, C. M. Nicholls, and R. Ormston, *Qualitative research practice: A guide for social science students and researchers*. sage, 2013.
  - [4] I. Nawawi, "Metode penelitian kualitatif," *Jakarta CV. Dwiputra Pustaka Jaya*, 2012.
  - [5] R. Indonesia, *Depertemen Pendidikan Nasional, Kamus Besar Bahasa Indonesia*. Jakarta: PT. Gramedia, 2011.
  - [6] A. Sutojo, "ANALISIS DAMPAK PEMEKARAN WILAYAH DALAM PERSPEKTIF OTONOMI DAERAH," *Mimb. J. Penelit. Sos. Dan Polit.*, vol. 4, no. 4, pp. 1–5, 2015.
  - [7] H. Tachjan, "The Public Implementation," *Bandung AIPI*, 2008.
  - [8] B. Winarno, "Kebijakan Publik: Teori dan Proses," *Ed. Revisi. Yogyakarta Media Press.*, 2008.
  - [9] O. U. Effendy, *Dinamika Komunikasi*. Bandung: PT. Remaja Rosdakarya, 2003.
  - [10] J. Widodo, *Analisis kebijakan publik: Konsep dan aplikasi analisis proses kebijakan publik*. Media Nusa Creative (MNC Publishing), 2021.
- Permendagri No. 77 Tahun 2020 tentang Pedoman Teknis Pengelolaan Keuangan Daerah  
Permendagri No. 19 Tahun 2020 tentang Indeks Pengelolaan Keuangan Daerah  
Undang-Undang Nomor 23 Tahun 2014 tentang Pemerintahan Daerah  
<http://bpk.go.id/>