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Implementation Of Good Governance In State Financial Management At The Directorate General Of Land Procurement And Land Development, Ministry Of Agrarian Affairs And Spatial Planning/National Land Agency

Sylviana Maryanti Saputri
Department of Public Administration, NIPA School of Administration Jakarta, Indonesia
Ridwan Rajab
Department of Public Administration, NIPA School of Administration Jakarta, Indonesia

Corresponding Author: *shesylputrie@gmail.com*

Abstract

State financial management serves as the cornerstone of effective public administration, directly influencing public trust, institutional credibility, and the sustainable realization of societal welfare. This study thoroughly examines the implementation of good governance principles in state financial management within the Directorate General of Land Procurement and Land Development (Ditjen PTPP), Ministry of Agrarian Affairs and Spatial Planning/National Land Agency (ATR/BPN). Utilizing a descriptive qualitative case-study approach, primary data were collected through in-depth semi-structured interviews with six key financial management personnel, participatory observation of digital application workflows (SAKTI), and rigorous document analysis involving IKPA reports, SAKIP 2024 evaluations, and BPK/Inspectorate General audit files. The analytical framework evaluates five core dimensions of good governance: accountability, transparency, participation, law enforcement, and efficiency-effectiveness. The empirical findings reveal that while digital systems have successfully streamlined transaction processing, practical execution faces structural hurdles, including perceptual gaps among decision-makers, conflicting interpretations of standard operating procedures (SOP) across Commitment-Making Officers (PPK), dual job roles among key personnel, incomplete supporting documentation, and shifting leadership policies. To maintain long-term financial integrity and secure Unqualified Audit Opinions (WTP), the study highlights the necessity of SOP

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standardization, comprehensive legal dissemination, binding verification schedules, and early budget planning alignment.

Keywords: Good Governance; State Financial Management; Public Sector Accountability; Financial Transparency; Unqualified Audit Opinion (WTP); Land Governance.

INTRODUCTION

Public sector financial management is a crucial pillar of state administration, exercising a direct influence on the capacity of government institutions to achieve national development goals and foster societal welfare. State financial management encompasses not merely the receipt and disbursement of public funds, but fundamentally demonstrates the extent to which a government operates with integrity, transparency, accountability, and operational efficiency. In the modern era of public administration reform, the adoption of good governance principles has evolved from an administrative preference into a mandatory paradigm designed to curb corruption, collusion, and nepotism (KKN), while simultaneously rebuilding public trust in state institutions.

Within the Indonesian context, democratic governance demands that public officials maintain rigorous standards when managing state assets and the State Revenues and Expenditures Budget (APBN). Achieving an Unqualified Audit Opinion (Wajar Tanpa Pengecualian or WTP) from the Supreme Audit Agency (BPK) is widely regarded as a primary benchmark of institutional compliance and financial health. However, obtaining a WTP opinion requires total alignment with Government Accounting Standards (SAP), strict compliance with Ministry of Finance regulations, and the institutionalization of robust internal control systems (SPIP).

To evaluate and drive budget execution quality across ministries and agencies, the Ministry of Finance, acting as the National General Treasurer (BUN), established the Budget Execution Performance Indicator (Indikator Kinerja Pelaksanaan Anggaran or IKPA) under Minister of Finance Regulation No. 195/PMK.05/2018. IKPA evaluates budget execution across three critical dimensions: budget planning quality, budget execution quality, and budget outcome quality. Within the Directorate General of Land Procurement and Land Development (Ditjen PTPP), Ministry of ATR/BPN, financial performance exhibits fluctuations that reflect complex field dynamics. As detailed in Table 1, Ditjen PTPP managed an allocation of IDR 20.55 billion in 2023,

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achieving an IKPA score of 91.07. In 2024, despite a reduced budget allocation of IDR 14.45 billion, the IKPA score experienced a slight decline to 87.64.

Table 1. Budget Execution Performance Indicator (IKPA) of Ditjen PTPP

Fiscal Year	Total Budget Allocation (IDR)	IKPA Score	Performance Category
2023	20,555,141,000	91.07	Good
2024	14,457,425,000	87.64	Satisfactory

Source: Synthesized from Internal Financial Reports of Ditjen PTPP (2024).

Although Ditjen PTPP maintains acceptable performance thresholds, operational execution is constrained by recurring systemic challenges. These include inconsistent SOP interpretations among Commitment-Making Officers (PPK), administrative errors stemming from incomplete transaction verification, shifting leadership policies, mid-year budget reallocations (*automatic adjustment*), and limited legal awareness among financial management staff. These issues demonstrate a clear gap between normative governance expectations and field execution.

To address these administrative realities, this study investigates two central research questions:

1. What are the key inhibiting factors impeding effective state financial governance within the Directorate General of Land Procurement and Land Development?
2. How are the principles of good governance—specifically accountability, transparency, participation, law enforcement, and efficiency-effectiveness—applied in state financial management within Ditjen PTPP?

THEORETICAL STUDY

Public Administration Paradigms and New Public Management

Public administration encompasses the systematic organization and coordination of public resources, personnel, and institutional structures to formulate, execute, and evaluate public policies (Chandler, 1998; Henry, 2013; Waldo, 1948). Classic public administration, famously conceptualized by Max Weber (1922), emphasizes hierarchical structures, legal-rational authority, strict procedural compliance, and detailed division of labor. However, rigid

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bureaucratic structures frequently encounter operational friction in dynamic modern environments.

In response, the late 20th century witnessed the emergence of New Public Management (NPM) (Hood, 1991), which advocates for adapting private-sector management mechanisms within the public sector. NPM emphasizes performance-oriented budgeting, cost-efficiency, output measurement, and citizen-centric service delivery. In state financial management, NPM principles manifest through performance-based budgeting frameworks, digital integration, and stringent auditability.

Good Governance Principles in Financial Administration

Good governance represents a transformative paradigm in public administration, shifting institutional focus toward participatory, open, predictable, and accountable state management. Grounded in frameworks established by the World Bank (1992), UNDP (1997), and domestic bodies such as LAN & BPKP (2000), good governance in public finance relies on five foundational dimensions:

1. **Accountability:** The mandatory responsibility of public officials and financial managers to justify, report, and answer for the allocation, utilization, and results of public funds to oversight authorities and the public (Djalil, 2014; Haris, 2007).
2. **Transparency:** Ensuring that comprehensive, reliable, and timely financial information regarding budget planning, execution, and reporting is freely accessible to authorized stakeholders and the public (Andrianto, 2007; Mardiasmo, 2018).
3. **Participation:** Creating institutional mechanisms that enable active engagement and multi-directional communication among internal operators, decision-makers, and external stakeholders throughout the budget cycle.
4. **Law Enforcement (Rule of Law):** Ensuring total compliance with governing statutes (e.g., Law No. 17/2003, PMK No. 173/2023) while enforcing clear administrative and legal sanctions for financial misallocation or non-compliance.
5. **Efficiency and Effectiveness:** Achieving maximum output quality and organizational goals using optimized, minimal public resources through modern digitized workflows.

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Financial Audit Opinions and Public Accountability

Under Law No. 15 of 2004 concerning the Audit of State Financial Management and Responsibility, an Unqualified Audit Opinion (WTP) represents an independent auditor's professional statement that financial reports present fairly, in all material respects, the financial position, operational results, and cash flows in accordance with Government Accounting Standards (SAP). While a WTP opinion confirms compliance with accounting standards, it must be supported by effective internal control systems (SPIP) to guarantee long-term operational integrity and prevent financial leakage.

RESEARCH METHODOLOGY

Research Design

This study adopts a qualitative descriptive case-study research design, aiming to provide a holistic, context-rich understanding of good governance implementation within its natural organizational environment (Moleong, 2005; Sugiyono, 2005). Qualitative inquiry is uniquely suited for examining complex administrative interactions, behavioral dynamics, and procedural bottlenecks that cannot be captured purely through quantitative metrics.

Informants and Selection Protocol

Informants were selected via purposive sampling, prioritizing individuals holding key administrative authority, direct functional duties in financial execution, or active roles in internal oversight within Ditjen PTPP. Table 2 outlines the profile of the six primary research informants.

Table 2. Breakdown of Key Research Informants

No	Informant Name	Official Structural / Functional Position	Primary Role in Data Collection
1	Muhammad Hanafi, S.E.	Sub-division Head of Finance / Associate APBN Analyst	In-depth interview & SAKTI operator analysis
2	Muhammad Iqbal 'Alal Maula, S.Ak.	Expenditure Treasurer	In-depth interview & cash ledger verification

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3	Yosia Sinung Tyas Rukmi, S.E.	Financial Management Staff / Policy Analyst	In-depth interview on policy synthesis
4	Riva Arfianti Fakhriah, S.H., M.Kn.	Financial Management Staff	In-depth interview on legal compliance
5	Bella Yuliani, A.Md.Ak.	Financial Management Staff	In-depth interview on payment module execution
6	Tito Gusti Ramadhan, S.Ars.	Operational Service Staff (Inspectorate General)	In-depth interview on internal audit protocols

Source: Compiled from Field Research Inventory (2026).

Data Collection and Credibility Verification

Data collection integrated three distinct qualitative techniques:

1. **Participatory Observation:** The primary researcher actively observed daily financial operations using the Ministry of Finance's integrated SAKTI application, tracking payment voucher creation (SPP), payment order validation (SPM), and fund disbursement orders (SP2D).
2. **Semi-Structured In-Depth Interviews:** Interactive sessions conducted with key informants to explore operational challenges, legal compliance, and internal coordination dynamics.
3. **Documentary Analysis:** Examination of primary financial archives, SAKIP 2024 performance reports, PMK No. 173/2023, SAKTI system logs, and BPK/Inspectorate General audit notes.

Data credibility and trustworthiness were established using source and technique triangulation, cross-verifying interview accounts with digital transaction logs in SAKTI and official audit archives. Data analysis followed the interactive model developed by Miles, Huberman, and Saldaña (2014), comprising data condensation, thematic data matrix display, and verified conclusion drawing.

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RESULTS AND DISCUSSION

Accountability Variable

Financial management in Ditjen PTPP is structured around formal statutory guidelines, ensuring that every transaction can be verified by internal auditors (Inspectorate General) and external auditors (BPK). However, empirical field findings reveal notable operational bottlenecks. A prominent constraint involves dual structural responsibilities; for instance, in early 2025, the Sub-division Head of Finance was simultaneously tasked as Expenditure Treasurer, leading to an excessive operational workload that complicated daily transaction reviews.

Furthermore, regulatory ambiguities within Minister of Finance guidelines create divergent interpretations across sub-units. Specific rules regarding official travel expenses—such as fuel reimbursement parameters versus official taxi usage—are not detailed explicitly in central guidelines. Consequently, individual Commitment-Making Officers (PPK) establish autonomous policy interpretations within the same directorate general, resulting in non-standardized financial documentation. Other accountability hurdles include incomplete supporting vouchers (lost receipts or vendor invoices), temporary personnel lacking advanced accounting competence, and non-uniform internal review routines.

Transparency Variable

Ditjen PTPP has made substantial progress in digital transparency by adopting the Ministry of Finance's integrated SAKTI application. SAKTI enables real-time tracking of budget allocations, committed expenditures, and disbursement progress. Financial managers can monitor real-time transaction statuses at any point during the fiscal cycle.

Despite these technical capabilities, external and inter-departmental transparency encounters hurdles. Information published on public channels (such as official websites or social media) is presented in highly technical accounting formats that are difficult for the general public to comprehend. Internally, individual sub-directorates frequently delay submitting completed transaction files to the central finance sub-division, leading to data mismatches during monthly financial reconciliations.

Participation Variable

Internal operational participation is structured around SAKTI's profile authorization system, which assigns specific access rights to financial operators, treasurers, PPKs, and Budget

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User Proxies (KPA). Every designated officer possesses a digital identity required to validate specific stages of the payment workflow.

However, the depth of active participation varies significantly. Field interviews indicate that certain designated officers exhibit passive work tendencies, relying entirely on administrative staff to process transactions without executing timely verification checks. Furthermore, broader public participation in budget formulation remains limited to high-level organizational planning, leaving day-to-day budget execution exclusively within internal administrative channels.

Law Enforcement Variable

Financial management within Ditjen PTPP operates under strict statutory mandates, including Law No. 17/2003 on State Finances and Law No. 30/2014 on Government Administration. Internal audits conducted by the Inspectorate General systematically trigger administrative warnings or mandatory fund repayments whenever non-compliant expenditures are identified.

Nevertheless, enforcement effectiveness is weakened by the high frequency of regulatory updates issued by central fiscal authorities. Junior financial staff frequently struggle to keep pace with new Ministry of Finance regulations, leading to unintentional procedural errors. Without continuous legal dissemination, compliance relies heavily on post-audit corrective measures rather than preventive adherence.

Effectiveness and Efficiency Variable

The transition to SAKTI has significantly enhanced administrative efficiency by introducing paperless document uploads, eliminating physical voucher submissions to KPPN, and drastically reducing processing times. Monthly performance evaluation reports can be generated directly from the digital system, saving time and operational costs.

Conversely, overall program effectiveness is frequently disrupted by external policy adjustments. Mid-year leadership shifts and centralized budget freezes (*automatic adjustment*) necessitate frequent budget revisions. These unexpected budget modifications delay project execution, alter performance targets, and temporarily reduce overall budget absorption efficiency.

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Table 3. Comprehensive Synthesis of Good Governance Implementation in Ditjen PTPP

Governance Dimension	Practical Application Status	Primary Inhibiting Factors Identified
Accountability	Governed by statutory rules; routinely audited by BPK/Itjen.	Dual job assignments; non-standardized PPK policies; missing transaction vouchers.
Transparency	Digitized real-time tracking via Ministry of Finance SAKTI.	Technical complexity of public reports; delayed inter-unit file submissions.
Participation	Role-based digital user profile authorization in SAKTI.	Passive officer engagement; limited public consultation in execution.
Law Enforcement	Formal administrative sanctions and audit repayment orders.	Frequent regulatory shifts; limited legal literacy among junior staff.
Effectiveness & Efficiency	Paperless processing and rapid digital submission to KPPN.	Mid-year policy changes; *automatic adjustment* budget freezes.

Source: Synthesized from Empirical Research Data Analysis (2026).

CONCLUSION

The implementation of good governance in state financial management at the Directorate General of Land Procurement and Land Development (Ditjen PTPP) has established a functional framework across accountability, transparency, participation, law enforcement, and efficiency dimensions. The deployment of the integrated SAKTI application has modernized budget execution, enabling paperless processing and real-time transaction tracking.

However, full governance optimization remains constrained by operational hurdles, including divergent regulatory interpretations among decision-makers, dual job roles, delayed document submission, limited legal literacy among junior personnel, and mid-year budget freezes. Resolving these issues requires transitioning from passive compliance toward proactive governance integration.

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FUTURE DIRECTIONS / SUGGESTIONS

To address these empirical barriers and maintain long-term financial accountability, the following policy strategies are recommended:

1. **SOP Standardization and Perception Alignment:** Conduct routine coordination workshops across all Commitment-Making Officers (PPK) to establish unified technical guidelines for travel expenses, fuel allowances, and voucher verifications.
2. **Binding Verification Timelines:** Issue formal internal decrees specifying strict submission deadlines for verification documents across all sub-directorates to eliminate monthly reconciliation delays.
3. **Formal Duty Mandates:** Issue explicit Assignment Letters (Surat Tugas) signed by the Budget User Proxy (KPA) to define financial roles clearly, preventing dual-role overburdening and eliminating passive participation.
4. **Continuous Legal Capacity Building:** Establish regular training programs on updated Ministry of Finance regulations to enhance legal literacy and procedural compliance among financial personnel.
5. **Early Budget Alignment:** Strengthen baseline budget planning and maintain commitment to initial allocations to minimize mid-year operational disruptions caused by policy shifts.

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