

**THE ROLE OF LOCAL GOVERNMENTS
IN REGIONAL FINANCIAL MANAGEMENT FOR THE HANDLING
OF THE CORONA VIRUS DISEASE 2019 (COVID-19) PANDEMIC**

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ABSTRAK

Pandemi covid-19 yang terjadi di Indonesia membuat pemerintah membuat kebijakan-kebijakan sebagai stimulus untuk menjaga kestabilan masyarakat dan perekonomian. Pemerintah pusat memberikan kewenangan kepada pemerintah daerah untuk mengelola keuangan daerah untuk menangani covid-19 di daerah masing-masing. Hal ini disebabkan karena pemerintah daerah lebih memahami kebutuhan daerahnya. Permasalahan yang diangkat Pertama, bagaimana hubungan Pemerintah Pusat dan Pemerintah Daerah dalam pengelolaan keuangan untuk penanganan pandemi covid-19? Kedua, Apa peran Pemerintah Daerah dalam pengelolaan keuangan daerah untuk penanganan pandemi covid-19? Menggunakan metode penelitian yuridis normatif dengan pendekatan perundang-undangan dan pendekatan konsep. Hubungan Pemerintah Pusat dan Pemerintah Daerah dalam Pengelolaan Keuangan untuk Penanganan Pandemi covid-19 yaitu desentralisasi fiskal yang mana. Peran Pemerintah Daerah dalam Pengelolaan Keuangan Daerah untuk Penanganan Covid-19 yaitu dengan melakukan refocusing kegiatan, realokasi anggaran, dan Penggunaan Anggaran Pendapatan dan Belanja Daerah.

Kata kunci: *Pemerintah Daerah, Pengelolaan Keuangan Daerah, Pandemi (Covid-19)*

ABSTRACT

The COVID-19 pandemic in Indonesia led the government to make policies as a stimulus to maintain the stability of society and the economy. The central government authorizes local governments to manage local finances to deal with covid-19 in their respective regions. This is because the local government better understands the needs of the region. The issue raised first, how is the relationship between the Central Government and Local Government in financial management for the handling of the covid-19 pandemic? Second, what is the role of local governments in regional financial management for the handling of the Corona Virus Disease 2019 covid-19 pandemic? Using normative juridical research methods with statutory approaches and concept approaches. The relationship between the Central Government and Local Government in Financial Management for the Handling of the covid-19 Pandemic is fiscal decentralization. The role of local governments in regional financial management for the handling of the Covid-19 pandemic is by *refocusing* activities, reallocating budgets, and using regional budgets.

Keywords: Local Government, Regional Financial Management, Corona Virus Disease 2019 (Covid-19) Pandemic

INTRODUCTION

Indonesia has an area of 6th consisting of thousands of islands and a diverse population of tribes.¹ This situation caused the State of Indonesia could not be run by the government centrally but with the concept of regional autonomy.

The concept of regional autonomy in the unity of the legal community that had existed before Indonesia's independence is a must. This is seen in the Constitution of the Republic of Indonesia 1945 (hereinafter, the 1945 Constitution) Article 1 paragraph 1, namely "The State of Indonesia is a Unitary State in the form of a Republic."

With regard to regional autonomy has been stipulated in Article 18 of the 1945 Constitution has principles in the administration of each region. The rule makes regional autonomy part of the administration of the Unitary State of the Republic of Indonesia.

The relationship between the Central Government and the Regional government is determined by four factors, namely the relationship of authority, financial relationship, supervisory relationship, and the relationship arising from the organizational structure of the regional government. Decentralization is the transfer of government

authority by the government affairs in the system of the unitary state of the Republic of Indonesia. The

The application of article 18 of the 1945 Constitution relating to regional autonomy is more clearly stipulated in Law No. 23 of 2004 on Local Government. Regional autonomy aims to grant autonomy to the region based on factors of calculation of actions and wisdom that will really guarantee the area in question in real terms so as to be able to advance and take care of its own household, one of which is related to regional financial management.

The Local Government is authorized to manage the regional finances independently. As a result of the implementation of regional autonomy in Indonesia, namely the division of authority between the Central Government and the local government in the field of monetary and national fiscal decentralized to the region.²

Regional financial management has been regulated in Government Regulation No. 12 of 2019 concerning Regional Financial Management. Regional financial management is an activity to plan, budget, implement, organize, report, account for, and supervise regional finances.

In its implementation, regional autonomy requires a good regional financial

¹ Ari Welianto, *Ethnic Diversity in Indonesia*, <https://www.kompas.com/skola/read/2020/03/20/120000169/keberagaman-suku-bangsa-di-indonesia?page=all>, retrieved 20 May 2021

² Sofyan Hadi and Tomy M Saragih, (2013), *Ontology of Fiscal Decentralization in a Unitary State, Perspective*, Volume 18, Number 3, p. 169-179.

management system in order to manage Local Government Budget (APBD) funds accountably, transparently, effectively, and efficiently.³

The efficiency and implementation of local government needs to be improved and pay more attention to aspects of the relationship between central and regional governments, regional potential and diversity, as well as opportunities and challenges, global competition in the unity of the state governance system.

However, there are problems related to regional financial management due to the Corona Virus Disease 2019 (Covid-19) pandemic that is happening in Indonesia today.

The Corona Virus Disease 2019 (Covid-19) pandemic caused the economy of both central and regional economies to become incompatible with the budgets made by the Central and Local Governments.⁴

During the Corona Virus Disease 2019 (Covid-19) pandemic in Indonesia, policies have been made by the Government as a stimulus to maintain the stability of society and the economy, one of which is the Government Regulation Replacement Law No. 1 of 2020 on State Financial Policy and Financial System Stability for the Handling of

the Corona Virus Disease 2019 (Covid-19) Pandemic, hereinafter referred to as Regulation 1 of 2020.

This regulation has been enacted into Law No. 2 of 2020 concerning the Establishment of Government Regulation Replacement Law No. 1 of 2020 on State Financial Policy and Financial System Stability for the Handling of the Corona Virus Disease Pandemic 2019 (Covid-19) and/or In Order to Face Threats That Endanger the National Economy and/or Financial System Stability into law. the existence of this Regulation resulted in changes in the State Budget (APBN) which also affected the Regional Budget Local Government Budget (APBD).

Local governments must make adjustments to their budgets to deal with the Corona Virus Disease 2019 (Covid-19) pandemic. This must be done by the Regional Government because if it does not make adjustments, the central government will delay the transfer of regional balancing funds.

The Central Government with the Local Government is an inseparable unity in the state. So that with the regional autonomy makes the relationship of the Central Government with the Local Government can run well.

³ Roni Ekha Putera, (November 2016), Transparent Regional Financial Management in Tanah Datar District in Implementing Fiscal Decentralization, *Sociohumaniora*, Volume 18, Number 3, p. 266.

⁴ Syukriy Abdullah, 2020, LOCAL GOVERNMENT BUDGET (APBD) Changes during the Covid 19 Pandemic, [https://indonews.id/artikel/312207/Perubahan-LOCAL GOVERNMENT BUDGET \(APBD\)-di-Masa-Pandemi-Corona Virus Disease 2019 \(COVID-19\)--/](https://indonews.id/artikel/312207/Perubahan-LOCAL%20GOVERNMENT%20BUDGET%20(APBD)-di-Masa-Pandemi-Corona%20Virus%20Disease%202019%20(COVID-19)--/), accessed on December 19, 2020.

Decentralization is also able to overcome the possibility of conflicts caused by differences in the region. This is also true when Indonesia is currently experiencing the Corona Virus Disease 2019 (Covid-19) pandemic.

The Local Government better understands the needs of the regional economy so that the economy in an area is not too badly damaged due to the Corona Virus Disease 2019 (Covid-19) pandemic.

So with decentralization and regional autonomy, the Central Government gives authority to the Local Government to manage its regional finances to become an economic stimulus during the Corona Virus Disease 2019 (Covid-19) pandemic.

Based on the description, there needs to be a related study first, how is the relationship between the Central Government and Local Government in financial management for the handling of the Corona Virus Disease 2019 (Covid-19) pandemic? Second, what is the role of local governments in regional financial management for the handling of the Corona Virus Disease 2019 (Covid-19) pandemic?

This research is a type of normative juridical research that uses the method of legislation approach (*statute approach*), conceptual approach (*conceptual approach*). This research is intended to convey conceptual ideas by studying some literature related to the title studied.

DISCUSSION

Central and Local Government Relations in Financial Management for Handling the Corona Virus Disease 2019 (Covid-19) Pandemic

Corona Virus Disease 2019 (Covid-19) is a pandemic that has occurred since the beginning of 2020. The impact of the pandemic has affected the economy both in the central and regional areas. The Central Government has an important role in stimulating the economy of a country that needs cooperation from the Local Government to keep the economy running well despite the Corona Virus Disease 2019 (Covid-19) pandemic.

One of the efforts made by the Central Government is by coordinating with the Local Government on the reallocation of local budgets aimed at supporting the prevention and handling of Corona Virus Disease 2019 (Covid-19) policies.

The State of Indonesia which adheres to the regional autonomy system resulted in the Central Government not being able to directly apply its policies to the regions. The rationale of Regional Autonomy is that the State of Indonesia is a unitary state that adheres to the principle of decentralization.

Thus Regional Autonomy is a policy in accordance with the principle of

decentralization within the framework of the Unitary State of the Republic of Indonesia.⁵

Regional autonomy is implemented in order to implement the principle of decentralization in government in Indonesia. Decentralization is the transfer of government authority by the government to autonomous regions within the framework of the Unitary State of the Republic of Indonesia.

Regional autonomy is a government step to accelerate the creation of community welfare. In relation to finance has been regulated in Law No. 22 of 1999 on Local Government and Law No. 25 of 1999 on Financial Balance between the Central Government and Local Government which is enhanced in Law No. 23 of 2014 and Law No. 33 of 2004. These regulations stipulate that local governments can manage local finances independently and are known as fiscal decentralization.

Fiscal decentralization imposed in Indonesia is more emphasized on the spending side, so that the granting of authority to collect local taxes and regional levies is relatively limited.

Thus it is known that fiscal decentralization in Indonesia is devoted to decentralization of *expenditure*, meaning that fiscal decentralization is used for regional

expenditures and the quantity is determined by the discretion of each Regional Government.

The Central Government issued a policy related to financial management aimed at handling Corona Virus Disease 2019 (Covid-19). The State Budget (APBN) is used for handling the Corona Virus Disease 2019 (Covid-19) pandemic and or facing threats that endanger the national economy and/or financial system stability including policies in the field of taxation, state spending policies including policies in the field of regional finance and financing policies.⁶ Regional policy is the product of decentralization which is the granting of authority from the Central Government to the regions.

The financial relationship between the Central and Local Governments is based on the understanding that each region in the State of Indonesia has the right to regulate and manage its own households related to the fulfillment of regional needs or can also be referred to as fiscal decentralization.⁷

Fiscal decentralization implemented in Indonesia as a consequence of regional autonomy prioritizes aspects that strengthen capacity and *quality improvement*. It is also a

⁵ Syaukani HR, (2001), *Looking at the Future Of Regional Autonomy, Kutai Empowerment Development Movement*, Kutai Regency; Institute of Sciences, p. 193.

⁶ Article 3 and Article 4 of the Government Regulation In lieu of Law No. 1 of 2020 on State Financial Policy and Financial System Stability for the Handling of the Corona Virus Disease 2019 (COVID-19) Pandemic.

⁷ Bagir Manan, (1994), *Relations Between Central and Regional according to the 1945 Constitution*, Jakarta; Pustaka Sinar Harapan, p. 204.

form of political consequence that is already in the condition of *point no return*.⁸

The implementation of fiscal decentralization in an area must still be monitored and evaluated by the Central Government. The Central Government also plays a role in mentoring the region in terms of the implementation of a uniform financial accounting system, inspection norms, openness in terms of loans, and timing of easing supervision on expenditures, adjustment of substitution distribution formulas and loan limits.⁹

The Central Government continues to provide strong guidance to the Local Government so that the use of the budget can run well, namely related to the implementation of a uniform financial accounting system, inspection norms, openness in terms of loans, and determination of when to loosen supervision on spending, adjustment of substitution distribution formulas, and determination of loan limits.¹⁰

Fiscal decentralization in Indonesia is only specific to decentralization of *expenditure*, meaning that the fiscal decentralization used for regional expenditures and the amount is determined by the discretion of each Local Government.

Fiscal decentralization in Indonesia is also focused on the spending side. This resulted in the Local Government being given authority for local taxation levies and relatively limited regional levies, but for expenditures that are of a priority and the needs of the region is relatively broader.¹¹

Fiscal decentralization will run well when the financial capabilities of an area are adequate. Sources of local revenue used for local government funding include:

1. Regional Native Income (PAD)
2. Special Allocation Fund (DAK)
3. General Allocation Fund (DAU)
4. Revenue Sharing Fund (DBH)
5. Regional Loans
6. And other legitimate receipts.

Law No. 33 of 2004 also gives authority for regions to increase their revenue capability by expanding the reach of the tax section and the share of natural resources with the central government.

Fiscal decentralization in Indonesia has had a positive impact on regional autonomy. This is because the fiscal decentralization policy provides an opportunity for local governments to be able to utilize the potentials of the regions to solve problems that occur in their respective regions, especially in the the Corona Virus Disease 2019 (Covid-19)

⁸ Adissya Mega Christia and Budi Ispriyarso, (2019), Fiscal Decentralization and Regional Autonomy in Indonesia, *Law Reform*, Volume 15, Number 1, p. 150.

⁹ *Ibid.*, p. 160.

¹⁰ *Ibid.*, p. 156.

¹¹ *Ibid.*, p. 156.

pandemic. Local Governments can also formulate local regulations whose contents can be adapted to the character and potential of the region.

The implementation of fiscal decentralization in an area will run well when the Government in its implementation is guided by Regulation of the Minister of Keuangan No. 118/PMK.07/2020:

- a. The Central Government *conducts* good supervision and enforcement
- b. There is a balance between accountability and authority in conducting tax levies and regional levies
- c. Conducive political stability
- d. The decision-making process runs democratically
- e. The design of the decision policy taken is the responsibility of the local community with the support of the institution and managerial capacity
- f. Quality of qualified human resources in replacing the previous role which is the role of central government.

Fiscal decentralization is the transfer of fiscal authority from the central government to the local government. In the face of the Corona Virus Disease 2019 (Covid-19) pandemic situation is recommended by the Audit Board of Finance of the Republic of

Indonesia (BPK RI) in three stages of recovery, namely:¹²

- a. The defensive stage, meaning that the Local Government in carrying out the activities of local government is advised to utilize virtual technology and the Local Government also updates population data and information.
- b. The recovery stage, meaning that the Local Government is ready in the latest data related to population data because it plays an important role in the provision of vaccines to the community.
- c. The stage of rise, meaning that the Local Government must have policy breakthroughs to drive the economy of each region.

The Central Government provides assistance to local governments because the regions are at the forefront of handling Corona Virus Disease 2019 (Covid-19) and facing communities affected by the Corona Virus Disease 2019 (Covid-19) pandemic.

The Local Government also plays a role in restoring economic activity without exacerbating the spread of Corona Virus Disease 2019 (Covid-19).

The Central Government has established a National Economic Recovery Program (PEN) and one of the latest policies is regional PEN loans and fund placement at the Regional

¹² Faisal Rachman, 2020, BPK Recommends Local Government Manage Fiscal Decentralization in Three Stages, <https://www.validnews.id/BPK-Sarankan-Pemda-Kelola-Desentralisasi-Fiskal-Dalam-Tiga-Tahap-pha>, accessed on January 10, 2021.

Development Bank (BPD). The Central Government also supports the Local Government of Rp. 23.7 Trillion consisting of¹³

1. Regional Incentive Fund (DID) Additional Economic Recovery of Rp. 5 Trillion
2. Physical Special Allocation Fund (DAK) Reserves of Rp 8.7 trillion
3. National Economic Recovery Loan for Local Government of Rp. 10 Trillion.

Regional PEN loans are an alternative source of funding support for regions in handling the Corona Virus Disease 2019 (Covid-19) pandemic.

Areas that can obtain PEN This area is the area that has eligibility and experienced the most severe impact of Corona Virus Disease 2019 (Covid-19) in Indonesia, such as DKI Jakarta and West Java.

The purpose of regional PEN is in accordance with the policy direction of the State Budget that expects the development of creative and innovative financing to support *counter cycling* and national stabilization that still pays attention to the *existing* funding and financing schemes of an area.

The form of central government support in the recovery of the economy in the region through the State Budget (APBN) namely¹⁴

- a. Preparation of additional support in the form of Regional Incentive Fund sourced from BUN reserves to support the acceleration of regional economic recovery
- b. Provision of program loan facilities to local governments to support regional economic recovery
- c. Use of physical Special Allocation Fund (DAK) reserves for physical development programs.
- d. Use of BUN reserves for hotel and restaurant tax exemption compensation grants.

The Role of Local Government in Regional Financial Management for Handling the Corona Virus Disease 2019 (Covid-19) Pandemic

The local government is given the authority by the Central Government to prioritize the use of budget allocations for the handling of Corona Virus Disease 2019 (Covid-19). Based on Law 2 of 2020 and Presidential Instruction no. 4 of 2020 *concerning Refocusing Activities, Budget Reallocation, and Procurement of Goods and*

¹³ Rahayu Puspasari, 2020, Cooperation of Central and Local Governments for Post-Pandemic Economic Recovery, <https://www.kemenkeu.go.id/publikasi/siaran-pers/siaran-pers-kerja-sama-pemerintah-pusat-dan-pemerintah-daerah-untuk-pemulihan-ekonomi-pasca-pandemi/>, was accessed on December 19, 2020.

¹⁴ Robert Na Endi Jaweng, 2020, Budget Reallocation and Refocusing Program for Corona Virus Disease 2019 (COVID-19) Prevention, [http://litbang.kemendagri.go.id/website/data/webinar%202020/Reallocation%20LOCAL%20GOVERNMENT%20BUDGET%20\(APBD\)%20bagi%20Covid-01.pdf](http://litbang.kemendagri.go.id/website/data/webinar%202020/Reallocation%20LOCAL%20GOVERNMENT%20BUDGET%20(APBD)%20bagi%20Covid-01.pdf), accessed on 18 January 2021

Services in order to Accelerate the Handling of Corona Virus Disease 2019 (Covid 19), the Local Government in the management of regional finances in the handling of Corona Virus Disease 2019 (Covid-19) which is also regulated in can do:

1. Certain activities (*refocusing* activities)

Refocusing activities and budget reallocation in the Local Government is intended to support the acceleration of the handling of Corona Virus Disease 2019 (Covid-19).

The acceleration can be in the form of anticipation measures and handling the impact of Corona Virus Disease 2019 (Covid-19) transmission in accordance with health protocols set by the Task Force to Accelerate The Handling of Corona Virus Disease 2019 (Covid-19).

Refocusing local government activities by delaying or canceling activities deemed irrelevant or non-priority, such as business trips and other activities that cannot be carried out in the emergency period.

Examples of postponed activities such as business trips, meeting costs, honorariums, non-operational expenditures, goods shopping, and other

expenditures.¹⁵ But activities that should not be delayed such as spending on health or tackling the impact of Corona Virus Disease 2019 (Covid-19), social assistance spending.

Refocusing activities during the Corona Virus Disease 2019 (Covid-19) pandemic causes the Local Government to be unable to carry out previously established activities. In its implementation, the Local Government uses a cautious approach because previous budgeting was not implemented with the new budgeting.

Refocusing activities carried out by the Local Government should be in line with the direction of the Central Government in order to manage regional finances in the midst of the Corona Virus Disease 2019 (Covid-19) pandemic.

In addition, budget *refocusing* must be carried out in accordance with the appropriate budgeting policy so that there is no budgeting instability in regional finances.¹⁶

The target of the Local Government in *refocusing* programs or activities during the Corona Virus Disease 2019 (Covid-19) pandemic is

¹⁵ Dina Eva Silalahi and Rasinta Ria Ginting, (2020), Fiscal Policy Strategy of the Government of Indonesia to Regulate State Revenues and Expenditures in the Face of the Corona Virus Disease 2019 (COVID-19) Pandemic, *Jesya (Journal of Sharia Economics and Economics)*, Volume 3, Number 2, p. 165.

¹⁶ Muhammad Junaidi, Kadi Sukarna, Zainal Arifi, Soegianto, (2020), Regional Budget Refocusing Policy on Handling the Corona Virus Disease 2019 (COVID-19) Pandemic, *Halu Oleo Law Review*, Volume (____), Number (____), p. 152.

- a. Prevention/handling of Corona Virus Disease 2019 (Covid-19)
 - b. Social Safety Net
 - c. Economic recovery in the region
2. Allocation Changes (Budget Reallocation)

The reallocation of the regional budget has been stipulated in Regulation of the Minister of Home Affairs No. 20 of 2020 followed by the issuance of Instruction of the Minister of Home Affairs No. 1 of 2020 governing the use of unexpected expenditures, utilization of regional cash, as well as reallocation and changes in the focus of Local Government Budget (APBD) for health, social safety net, and economic recovery.

In terms of budget reallocation, the Local Government optimizes the use of Unexpected Expenditures (BTT) in Local Government Budget (APBD) such as¹⁷

- a. Shopping in the field of health
- b. Spending in the field of handling economic impacts such as foodstuffs and basic needs, incentives, the provision of the use of business capital for MSMEs.
- c. Shopping in the provision of social cussing nets.

Acceleration carried out by the Local Government in these activities can make

expenditures that are not yet available budget and can be proposed in the draft changes in Local Government Budget (APBD) in the form of Direct Imposition on unexpected spending.

If the unexpected expenditure is insufficient, the Local Government can use the funds from the rescheduling of program achievements and activities and financing expenditures in the current fiscal year. Local Governments can also take advantage of the available cash.

The Ministry of Finance and the Ministry of Home Affairs issued Joint Decree No. 119/2813/SJ/2020 and No. 177/KMK.07/2020 which indirectly ordered the local government to reallocate its budget by 50% (fifty percent) of the expenditure of goods/services and capital expenditures for pandemic management.

In the budget changes, the role of the community and financial examiner institutions to supervise in the use of the budget of the allocation results. However, detailed information on the use of reallocation of Local Government Budget (APBD) is difficult to obtain, so monitoring the changes is difficult.¹⁸

¹⁷ Attachment to The Instruction of the Ministry of Home Affairs of the Republic of Indonesia Number 1 of 2020 concerning the Prevention of The Spread and Acceleration of *Corona Virus Disease 2019* In The Local Government Environment.

¹⁸ Misbah Hasan, 2020, Regional Pandemic Budget Supervision, <https://koran.tempo.co/read/opini/453879/pengawasan-anggaran-pandemi-daerah>, accessed 18 January 2021.

Local Government in rationalizing Local Government Budget (APBD) by paying attention to:

- a. Regional financial capability with a total rationalization tolerance of goods/services and capital expenditures of at least 35%.
- b. Extreme decrease in regional native income due to decreased community/economic activity.
- c. Development of Corona Virus Disease 2019 (Covid-19) pandemic and need immediate handling budget in the region.

Refocusing activities and reallocation of funds is accelerated through budget revision mechanism and submit proposed budget revision to the Minister of Finance.

Refocusing activities and reallocating Local Government Budget (APBD) funds in tackling the impact of the Corona Virus Disease 2019 (Covid-19) pandemic is a form of regional accountability. So that the Local Government has an obligation to

- a. Local Government Budget (APBD) adjustment application
- b. Corona Virus Disease 2019 (Covid-19) prevention and/or handling report containing health sector performance report for the prevention and/or

handling of Corona Virus Disease 2019 (COVID-19) from local government as well as social assistance report for social and/or economic assistance to people affected by Corona Virus Disease 2019 (COVID-19).

The report is then by the Regional Government should be given to the Director General of Financial Balance under the Minister of Finance of the Republic of Indonesia as well as the Director General of Regional Financial Development under the Minister of Home Affairs of the Republic of Indonesia.

The core report aims to process changes in the budget structure listed in the Local Government Budget (APBD) can be done while paying attention to the needs of the region that is priority and adapted to the direction and policies in force

3. Use of Regional Budget

Regional Financial Management, Local Government should refer to Law No. 33 of 2004 on Financial Balance Between Central and Local Governments. Local Government Budget (APBD) changes can be made based on the following reason.¹⁹

- a. Developments that are not in accordance with the general policy

¹⁹ Article 316 paragraph (1) of Law No. 23 of 2014 concerning Local Government

estimates of Local Government Budget (APBD)

- b. Circumstances that require budgetary deterioration between units, activities, and types of expenditures
- c. Circumstances that cause the remaining over calculation of the previous year's budget
- d. Emergencies and/or exceptional circumstances.

Related to the handling of Corona Virus Disease 2019 (COVID-19), local governments in the use of Local Government Budget (APBD) can make changes due to the reasons for emergencies and/or exceptional circumstances, acceleration as follows

- a. Adjustment of transfer income to regions and village funds as well as adjustment of local native income
- b. Adjustment of regional spending in order to prevent and handle the Corona Virus Disease 2019 (COVID-19) pandemic.
- c. Prioritization of the use of budgets and methods of implementation of activities and budgets through reallocation of the use of honorarium budgets, social assistance, and grants.

During the Corona Virus Disease 2019 (COVID-19) pandemic there was a decrease in the realization of the budget on goods spending. This is due to the first, the decrease in spending on technical output goods (goods/services), the decrease in spending on operational service output services.²⁰

The government has provided a legal basis to the Local Government in the preparation of the Budget Year 2021, namely in Regulation of the Minister of Home Affairs No. 64 of 2020. In the preparation of the Budget Year 2021, the Local Government allocates funds with the following priorities:

- a. Health care and other health related matters
- b. Handling economic impacts, especially to keep the regional business world operating
- c. Provision of social safety net

If an area already has stability in the economy during the Corona Virus Disease 2019 (COVID-19) pandemic, then the government can allocate the budget for the implementation of adaptation of new productive and safe habits of Corona Virus Disease 2019 (COVID-19).

²⁰ Mutiara Ursula Puspita, 2020, Budget Implementation During the Corona Virus Disease 2019 (COVID-19) Pandemic, [https://www.djkn.kemenkeu.go.id/kanwil-suluttenggomallut/baca-artikel/13163/Pelaksanaan-Anggaran-Pada-Masa-Pandemi-Corona-Virus-Disease-2019-\(COVID-19\).html](https://www.djkn.kemenkeu.go.id/kanwil-suluttenggomallut/baca-artikel/13163/Pelaksanaan-Anggaran-Pada-Masa-Pandemi-Corona-Virus-Disease-2019-(COVID-19).html), was accessed on January 18, 2021.

The process of drafting and discussing remains concerned with the protocol to prevent the transmission of Corona Virus Disease 2019 (COVID-19).

The changes made by the Local Government are an effort to overcome the consequences of the Corona Virus Disease 2019 (COVID-19) pandemic. Local Government in its financial management has been given the ease to change the allocation of the Regional Budget.

The change aims to make the Local Government more responsive in tackling the impact of Corona Virus Disease 2019 (COVID-19) transmission. This is in accordance with Regulation of the Minister of Finance No. 7 of 2020 concerning Guidelines for Changes in Activities in the Framework of Corona Virus Disease 2019 (COVID-19) Prevention. This rule was established because the Corona Virus Disease 2019 (COVID-19) pandemic is an unexpected situation so not all regions have adequate allocation of emergency funds to deal with this outbreak.

The process of changing the Local Government Budget (APBD) is carried out based on orders from the Central Government. The role of the executive in local government is greater than that of the legislature.

The executive makes changes to regional head regulations regarding the

elaboration of the Local Government Budget (APBD) and submits notifications to the Regional House Of Representatives (DPRD) leadership with responsibility.

Provincial and district/city Regional House Of Representatives (DPRD) oversee the process of adjusting the 2020 budget year budget in their respective regions.

The Corona Virus Disease 2019 (Covid-19) pandemic condition makes the Regional Government calmer to revise the Local Government Budget (APBD) because there are legal provisions from the Government which state that errors in financial management by state and regional officials cannot be prosecuted legally.

CONCLUSION

1. The relationship between the Central Government and local governments in financial management for the handling of the Corona Virus Disease 2019 (Covid-19) pandemic is fiscal decentralization in which the Local Government has the right to manage its regional finances.
2. The Role of Local Government in Regional Financial Management for the Handling of the Corona Virus Disease 2019 (Covid-19) Pandemic, namely by *refocusing* activities, reallocating budgets, and the Use of Regional Revenue and Expenditure Budgets

ADVICE

1. There should be cooperation between the Central Government and local governments so that the problem of handling Corona Virus Disease 2019 (Covid-19), especially related to the economy can run well.
2. The local Government should have financial alternatives that can help in handling Corona Virus Disease 2019 (Covid-19) but still do not blame the existing laws and regulations.

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