

## **The Process of Joint Approval Between the Regional Head and the Regional Legislative Council in the Formulation of the Regional Revenue and Expenditure Budget**

**Rizki Doli Mada Ritonga<sup>1</sup>, Ida Nadirah<sup>2</sup>, Andryan<sup>3</sup>**

Email: [rizkidolimadaritonga@gmail.com](mailto:rizkidolimadaritonga@gmail.com)

<sup>1,2,3</sup> Universitas Muhammadiyah Sumatera Utara

### **ABSTRACT**

*The Regional Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Daerah - APBD) constitutes a legal instrument and a financial management guideline aimed at fulfilling public services in accordance with the principle of regional autonomy. This study examines the drafting process of the APBD, the legal standing of the Regional House of Representatives (Dewan Perwakilan Rakyat Daerah - DPRD), and the mechanism for establishing joint approval between the Regional Head and the DPRD within the Government of Labuhanbatu Regency. This research is a normative legal study employing a statutory approach with a descriptive-analytical specification. Data collection was conducted through library research of primary and secondary legal materials, which were subsequently analyzed using a qualitative juridical method. The findings indicate that the formulation of the APBD constitutes a governmental legal act executed through progressive stages, commencing from the Regional Government Work Plan (Rencana Kerja Pemerintah Daerah - RKPD), the General Budget Policy and Temporary Budget Priority and Ceiling (Kebijakan Umum Anggaran dan Prioritas Plafon Anggaran Sementara - KUA-PPAS), to the Budget Work Plan (Rencana Kerja Anggaran - RKA). The legal standing of the DPRD is manifested through its function of channeling public aspirations, executing the budgetary function, and acting as a co-equal element alongside the Regional Head in regional administration. The enactment of joint approval in determining the APBD serves as a formal validity requirement for regional legal instruments, while simultaneously manifesting the division of authority. The implementation of the APBD in Labuhanbatu Regency necessitates more precise planning synchronization and the capacity strengthening of the DPRD's budgetary function to prevent budget deficits and discrepancies within planning documents.*

**Keywords : APBD, DPRD, Joint Approval, Regional Government.**

### **INTRODUCTION**

The administration of regional government in Indonesia is founded upon the principles of autonomy and the decentralization of power. Constitutionally, decentralization confers legal authority upon regional governments to regulate and manage their own governmental affairs, thereby creating governance that is responsive to the needs of the local community (Wibowo & Listyarini, 2024). The execution of these governmental affairs necessitates financial support, the management of which is realized through the annual enactment of the Regional Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Daerah - APBD*) (Zainal, 2020; Noviyanti & Gamaputra, 2020).

The APBD serves as the foundation of regional financial management, drafted in accordance with administrative law principles and the provisions of statutory regulations (Patarai, 2018). The current regional budgeting system is oriented toward measurable performance achievements, shifting away from traditional line-item and incremental approaches (Ujiyanto et al., 2017). The APBD holds an essential position in determining the direction of regional development, the fulfillment of basic services, and the enhancement of public welfare

(Mulkan & Aprita, 2023).

Regional financial independence is measured through the ratio of Regional Original Revenue (*Pendapatan Asli Daerah - PAD*), which represents the region's capacity to finance its own internal affairs (Sitepu et al., 2023). Nevertheless, the structure of the APBD is also supported by transfer funds from the State Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Negara - APBN*) in the form of Balancing Funds (*Dana Perimbangan*) to reduce fiscal disparity (Solihin, 2006; Undang, 2022). From a regulatory perspective, the APBD encompasses the functions of authorization, planning, oversight, allocation, distribution, and stabilization (Amin, 2017).

Institutionally, the formulation of the APBD is a manifestation of the exercise of governance functions between the Regional Head, as the holder of power over regional financial management, and the DPRD (*Dewan Perwakilan Rakyat Daerah / Regional House of Representatives*), as the regional representative institution (Suwanda, 2016). The involvement of the DPRD is regulated through the instrument of the budgetary function, which grants authority to the regional legislative body to discuss, adjust, and approve the draft budget proposed by the executive branch.

Although the normative framework provides a structured regulation for the stages of APBD drafting, administrative practices in regions frequently encounter legal and administrative obstacles. Institutional dynamics between the Regional Head and the DPRD often culminate in allocative compromises that potentially deviate from regional strategic planning documents, such as the Regional Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Daerah - RPJMD*) and the Regional Government Work Plan (*Rencana Kerja Pemerintah Daerah - RKPD*).

An empirical study on the Regional Government of Labuhanbatu Regency indicates an inconsistency between the participatory planning stages and the final budget allocation. The primary issues include budget deficit projections resulting from expenditure burdens that exceed revenue estimates, as well as the low level of accommodation for public proposals arising from the Development Planning Forum (*Musyawarah Perencanaan Pembangunan - Musrenbang*) within both the RKPD and the APBD. Furthermore, delays in the submission of draft budget documents shorten the duration available for technical deliberations by the DPRD.

Conceptually, this phenomenon relates to the Theory of Popular Sovereignty, the Theory of Authority, and the Theory of Regional Government. The Theory of Popular Sovereignty asserts that the people are the ultimate holders of power within a state (Isharyanto, 2016). In the drafting of the APBD, the approval of the DPRD, as a manifestation of public representation, is an absolute prerequisite for the validity of the budget as a legal instrument. The Theory of Authority emphasizes that governmental authority in enacting the budget must derive from statutory regulations (Hadjon et al., 2008). This paper analyzes three core substances: (1) the mechanism of APBD drafting within the Government of Labuhanbatu Regency; (2) the legal standing of the DPRD in budget formulation; and (3) the mechanism and legal implications of obtaining joint approval.

## METHODS

This study constitutes normative legal research that examines the functioning of legal

norms within the administration of government. The research approaches employed are the statutory approach and the conceptual approach. This study is descriptive-analytical in nature. The legal materials utilized consist of primary legal materials comprising relevant statutory regulations; secondary legal materials sourced from literature, legal journals, and prior research findings; and tertiary legal materials as supporting references. Data collection was conducted through library research on various legal documents concerning government administration policies in Labuhanbatu Regency. All legal materials were processed and analyzed using a qualitative juridical analysis method, focusing on systematic interpretation and legal dogmatics.

## RESULTS AND DISCUSSION

### The Process of Drafting the Regional Revenue and Expenditure Budget

The Regional Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Daerah* - APBD) essentially constitutes a public policy instrument possessing legally binding force, formulated to regulate regional revenues and expenditures within a single fiscal year. From the perspective of administrative law, the drafting of the APBD is a legally grounded administrative act that links the regional development planning process with the availability of fiscal capacity. Current regional financial governance is required to adopt a performance-based budgeting approach, which normatively departs from traditional line-item and incremental methods, to ensure that every allocation of public funds has measurable targets aligned with the public interest (Ujiyanto et al., 2017; Patarai, 2018).

The initial stage in the APBD drafting cycle is marked by the formulation and enactment of the Regional Government Work Plan (*Rencana Kerja Pemerintah Daerah* - RKPD). The RKPD is an annual planning document that elaborates on and formulates the regional economic framework, development priorities, and funding frameworks. Procedurally and hierarchically, the drafting of the RKPD must adhere to the Regional Medium-Term Development Plan (*Rencana Pembangunan Jangka Menengah Daerah* - RPJMD) to ensure the continuity of policy directions.

The formulation process of the RKPD is mandated by statutory regulations to be conducted participatorily through the mechanism of the Development Planning Forum (*Musyawarah Perencanaan Pembangunan* - Musrenbang), implemented progressively from the village or sub-district level, through the district level, and culminating at the regency level. The Musrenbang facilitates the accommodation of technical proposals and real needs from the community. Nevertheless, the results of an empirical study within the Regional Government of Labuhanbatu Regency reveal a disparity between the availability of normative participatory space and the actual realization of community proposals. Limitations in regional fiscal capacity and budget deficit projections frequently result in Musrenbang outcomes not being entirely accommodated in the final planning document. At this stage, proposals that pass verification are consolidated by the Regional Development Planning Agency (*Badan Perencanaan Pembangunan Daerah* - Bappeda) and enacted through a Regent Regulation (*Peraturan Bupati*) as an absolute guideline for the subsequent budgeting stages.

Based on the RKPD which has attained final legal status, the Regional Government Budget Team (*Tim Anggaran Pemerintah Daerah* - TAPD) prepares the draft General Budget Policy (*Kebijakan Umum Anggaran* - KUA) and the Temporary Budget Priority and Ceiling (*Prioritas Plafon Anggaran Sementara* - PPAS). The KUA document encompasses regional

macroeconomic projections, basic revenue assumptions, as well as the orientation of expenditure and financing policies. Meanwhile, the PPAS establishes the upper limit of sectoral budget ceilings for each working unit. The draft KUA-PPAS document is subsequently submitted by the Regional Head to the Regional House of Representatives (*Dewan Perwakilan Rakyat Daerah* - DPRD) for deliberation. The agreed outcomes of the deliberation are formalized through the signing of the KUA-PPAS Memorandum of Agreement (*Nota Kesepakatan KUA-PPAS*), which legally binds both the executive and legislative branches in executing the subsequent stages of formulating the draft budget structure.

With reference to the KUA-PPAS Memorandum of Agreement, each Regional Government Agency (*Organisasi Perangkat Daerah* - OPD) formulates its respective Budget Work Plan (*Rencana Kerja Anggaran* - RKA). The formulation process of the RKA is currently mandatory to utilize a digital infrastructure known as the Regional Government Information System (*Sistem Informasi Pemerintahan Daerah* - SIPD), pursuant to the mandate of the Minister of Home Affairs Regulation Number 70 of 2019 concerning the Regional Government Information System. The utilization of SIPD bears significant juridical and administrative implications; this system systematically integrates planning nomenclature, automatically enforces ceiling controls, and prevents unauthorized insertions or modifications to expenditure details outside lawful procedures. The RKAs of all OPDs that have undergone a rigorous verification process by the TAPD are subsequently consolidated into the draft Regional Regulation on the APBD (*Rancangan Peraturan Daerah tentang APBD* - Ranperda APBD) to be formally submitted to the DPRD.

### **The Legal Standing of the Regional House of Representatives in APBD Formulation**

Within the Indonesian constitutional system, the Regional Government Law explicitly establishes that the DPRD (*Dewan Perwakilan Rakyat Daerah* / Regional House of Representatives) is not a subordinate of the regional executive body, but rather an equal partner in the administration of regional government. The institutional standing of the DPRD in the formation of the APBD as a legal instrument can be analyzed through three interrelated core functions:

1. Channeler of Public Aspirations

The DPRD bears an inherent legal obligation, incumbent upon each of its members, to absorb, aggregate, and advocate for the aspirations of the people (Pratama, 2024; Whindari, 2024). Within Labuhanbatu Regency, this mechanism is realized through recess periods, working visits, and public hearing sessions (*Rapat Dengar Pendapat* - RDP). The accumulated aspirations are institutionally recommended in the form of the DPRD's Official Lines of Thought (*Pokok-Pokok Pikiran* - Pokir) document, which is normatively submitted to the regional government prior to the formulation of the RKPD. This role positions the DPRD as a balancing mechanism to ensure that regional budget allocations are not drafted solely through a technocratic approach, but remain attentive to the principle of direct utility for the broader community.

2. Holder of the Budgetary Function

The constitutional basis for the existence of the DPRD is provided under Article 18 paragraph (3) of the 1945 Constitution of the Republic of Indonesia, which grants the

functions of legislation, oversight, and budgeting. In the budgetary dimension, the DPRD holds authoritative power to deliberate, approve, or introduce adjustments and corrections to the Draft Regional Regulation on the APBD (*Ranperda APBD*) submitted by the Regional Head (Suwanda, 2016). This authority is technically executed by the internal organ of the house, namely the Budget Committee (*Badan Anggaran - Banggar*), focusing on assessing the alignment between the executive's proposed work programs, regional development priorities, and the actual regional fiscal capacity (Ardipandanto et al., 2020). The DPRD is tasked with testing the feasibility of each budget proposal to prevent state financial inefficiency.

### 3. Element of Regional Government Administration

Pursuant to the statutory provisions governing regional government, specifically Law Number 23 of 2014, the DPRD is positioned as an element of regional government administration alongside the Regional Head (Rauf, 2016; Tampubolon et al., 2020). This status implies that the enactment of strategic legal instruments that bind public rights, such as the Regional Regulation on the APBD, strictly requires the involvement and approval of the DPRD. This co-equal institutional positioning facilitates the operation of a checks and balances mechanism. This serves as a constitutional law instrument designed to prevent the absolute centralization of financial management authority in the hands of the Regional Head, thereby mitigating the potential for abuse of power.

### **The Process of Obtaining Joint Approval Between the Regional Government and the DPRD**

The mechanism for obtaining joint approval constitutes a formal validity requirement that must be fulfilled in the formation of a Regional Regulation on the APBD. Without joint approval, a draft budget lacks legally binding force (Yuliandri, 2009; Arianto et al., 2019). The process of formulating this agreement takes place through several progressive session stages. First, the Regional Head formally submits the draft *Ranperda APBD* along with the Financial Note (*Nota Keuangan*) through a Plenary Session (*Rapat Paripurna*) of the DPRD. Subsequently, the substance of the draft is deliberated in detail by the internal organs of the DPRD at the Commission level. Commission meetings invite the heads of the relevant OPDs to conduct an in-depth review, request technical rationalizations, and test the effectiveness of the proposed expenditure allocations within the RKA.

The outcomes of the deliberations and the inventory of issues from the Commission level are subsequently submitted to and synchronized by the Budget Committee (*Badan Anggaran*) alongside the TAPD. The primary objective at this stage is to harmonize various sectoral proposals to ensure alignment with the structure of the regional financial balance sheet, maintain a balance between revenue projections and expenditure plans, and minimize budget deficits. The final decision regarding the granting of approval is determined during a Plenary Session, preceded by the submission of final opinions from each faction within the DPRD. Upon achieving approval, the *Ranperda APBD* document is jointly signed by the Regional Head and the Leadership of the DPRD as a manifestation of legal endorsement.

Within the dimension of administrative law, regulations exist to govern the resolution of legal disputes in the event of a lack of consensus. Pursuant to the provisions of Article 313 paragraph (1) of Law Number 23 of 2014, if the Regional Head and the DPRD fail to reach a

joint approval within a 60-day deadline from the submission of the draft, the Regional Head is granted the authority to formulate a Regional Head Regulation (*Peraturan Kepala Daerah - Perkada*) on the APBD. The legal limitation of this Perkada is that its expenditure ceiling must not exceed the specified figures of the APBD from the preceding fiscal year (Sutiyoso, 2024). This juridical arrangement serves as an administrative anticipatory measure to guarantee the continuity of basic public services and the fulfillment of the regional government's routine obligations.

Furthermore, a *Ranperda APBD* that has obtained joint approval cannot be immediately enacted into the Regional Gazette (*Lembaran Daerah*). The document is required to be submitted to the Governor, as the representative of the central government in the region, to undergo an evaluation process. This evaluation mechanism serves as a preventive oversight instrument to ensure that the agreed budget structure aligns with the public interest, does not conflict with higher statutory regulations, and remains consistent with the direction of national policy. The results of this evaluation must be acted upon by the regional government before the APBD is definitively enacted as a Regional Regulation.

## CONCLUSION

The drafting of the APBD within the Regional Government of Labuhanbatu Regency constitutes a public law process executed procedurally, commencing from the formulation of the RKPD, KUA-PPAS, and RKA through the SIPD, culminating in the draft regional regulation (*Ranperda*). Empirical implementation, however, still reveals several obstacles regarding the optimal accommodation of public aspirations and the management of the regional deficit. The legal standing of the DPRD within the framework of regional financial governance is pivotal, manifested through the aggregation of public aspirations, the exercise of rights inherent to the budgetary function, and an oversight role as an element of regional government administration co-equal with the executive. The process of obtaining joint approval during the Plenary Session is a manifestation of the exercise of lawful legal authority in enacting a Regional Regulation. The timely completion of this approval prevents the regional government from the imposition of a restricted budget ceiling and administrative sanctions as prescribed by statutory law.

## REFERENCES

- Amin, M. (2017). *Memahami Keuangan Daerah*. Sidoarjo: Indomedia Pustaka.
- Ardipandanto, A., dkk. (2020). *Peranan DPRD dalam Pengambilan Kebijakan Daerah*. Jakarta: Yayasan Pustaka Obor Indonesia.
- Arianto, A., dkk. (2019). Makna Persetujuan Bersama DPR dan Presiden dalam Pembentukan Undang-Undang. *Mimbar Yustitia*, 3(1).
- Hadjon, P. M., dkk. (2008). *Pengantar Hukum Administrasi Indonesia*. Yogyakarta: Gadjah Mada University Press.
- Isharyanto. (2016). *Kedaulatan Rakyat dan Sistem Perwakilan menurut UUD 1945*. Yogyakarta: Penerbit WR.
- Mulkan, H., & Aprita, S. (2023). *Hukum Keuangan Negara*. Jakarta: Mitra Wacana Media.
- Noviyanti, & Gamaputra, G. (2020). *Administrasi Keuangan Negara*. Surabaya: Unesa University Press.
- Patarai, M. I. (2018). *Kinerja Keuangan Daerah*. Makassar: De La Macca.
- Pratama, K. N. (2024). Efektivitas Penyerapan Aspirasi Masyarakat Melalui Kegiatan Reses Dewan

- Perwakilan Rakyat Daerah Kabupaten Siak. *Jurnal Ilmiah Muqoddimah*, 8(4).
- Rauf, R. (2016). *Posisi Dewan Perwakilan Rakyat Daerah dalam Sistem Pemerintahan Daerah*. Pekanbaru: Publishing Marpoyan Tujuh.
- Sitepu, A. P., dkk. (2023). *Keuangan Daerah*. Pasaman Barat: CV Azka Pustaka.
- Solihin, D. (2006). *Keuangan Publik: Pendanaan Pusat dan Daerah*. Jakarta: PT Artifa Duta Prakarsa.
- Sutiyoso. (2024). Penetapan Anggaran dan Belanja Daerah dengan Peraturan Kepala Daerah. *JHPIS*, 3(1).
- Suwanda, D. (2016). *Optimalisasi Fungsi Penganggaran DPRD*. Bandung: PT Remaja Rosdakarya.
- Tampubolon, E., dkk. (2020). Fungsi Dewan Perwakilan Rakyat Daerah Sebagai Unsur Penyelenggara Pemerintah Daerah Berdasarkan Undang–Undang Nomor 23 Tahun 2014 Tentang Pemerintahan Daerah. *Visi Ilmu Sosial dan Humaniora (VISH)*, 1(1).
- Ujiyanto, dkk. (2017). *Keuangan Negara*. Sleman: Indomedia Pustaka.
- Undang, G. (2022). *Administrasi Keuangan Negara*. Bandung: Penerbit Galeripadi.
- Whindari, Y. (2024). Tinjauan Hukum Peran DPRD Kota Malang dalam Penyerapan Aspirasi Masyarakat melalui Pokok Pikiran di Kelurahan Tanjungrejo. *Journal Of Constitutional Law AL Balad*, 6(3).
- Wibowo, A., & Listyarini, D. (2024). *Hukum Pemerintah Daerah*. Semarang: Yayasan Prima Agus Teknik.
- Yuliandri. (2009). *Asas-Asas Pembentukan Peraturan Perundang-undangan Yang Baik*. Jakarta: PT Radja Grafindo Persada.
- Zainal, E. A. L. (2020). *Hukum Anggaran dan Keuangan Negara*. Jakarta Selatan: PT Cipta Gadhing Artha.