

**DECREE OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA**

**NUMBER 17 YEAR 2000**

**CONCERNING**

**THE IMPLEMENTATION OF THE STATE REVENUES**

**AND EXPENDITURES BUDGET**

**THE PRESIDENT OF THE REPUBLIC OF INDONESIA,**

Considering :       whereas to ensure a more effective and efficient implementation of the State Revenues and Expenditures Budget, it is deemed necessary to improve and re-stipulate the provisions on the implementation of the State Revenues and Expenditures Budget as set forth in Presidential Decree Number 16 Year 1994 concerning the Implementation of the State Revenues and Expenditures Budget as amended, lastly by the Presidential Decree Number 6 Year 1999;

In view of       :    1. Article 4 paragraph (1) and Article 23 of the 1945 Constitution;  
                          2. *Indische Comptabiliteitswet* (*Staatsblad* 1925 Number 448) as amended, lastly by Law Number 9 Year 1968 (State Gazette of the Republic of Indonesia Year 1968 Number 53);

**HAS DECIDED :**

To stipulate : **PRESIDENTIAL DECREE CONCERNING THE IMPLEMENTATION OF THE STATE REVENUES AND EXPENDITURES BUDGET.**

**CHAPTER I**  
**GENERAL PROVISIONS**

**Article 1**

- (1) The Fiscal Year shall be applicable as stipulated by the Law concerning the State Revenues and Expenditures Budget;
- (2) The State Revenues and Expenditures Budget in a Fiscal Year shall comprise:
  - a. all State revenues derived from taxation and non-taxation sources which during the Fiscal Year concerned were deposited into the State Treasury Account, calculated between budget sections, entered into certain accounts stipulated by the Minister of Finance, and received by representative offices of the Republic of Indonesia abroad;
  - b. all State expenditures for financing the execution of government activities which during the Fiscal Year in question were taken out of the State Treasury account, calculated between budget sections, entered into certain accounts stipulated by the Minister of Finance, and expended by representative offices of the Republic of Indonesia abroad;

- c. all State revenues and expenditures as a result of withdrawals and or extension of loans by the Government.
- (3) All State revenues and expenditures conducted through the State Treasury.

## **Article 2**

- (1) The State Revenues and Expenditures Budget already set forth with a Law shall be specified further into budget sections by virtue of a Presidential Decree.
- (2) In the Presidential Decree as intended in paragraph (1) the respective budget sections shall be specified as follows:
- a. The Revenues Budget shall be specified into organizational units and types of revenue;
  - b. The Expenditures Budget shall be specified into organizational units, activities/projects and types of expenditure.

## **Article 3**

- (1) The Routine Expenditures Budget shall be financed by domestic revenue resources.
- (2) The Development Expenditures Budget shall be financed by Government Savings and or other financing resources.
- (3) The Minister of Finance shall provide for monies and fund allocation procedures to finance the State Expenditures Budget in accordance with Government policy set forth in a Law concerning the State Revenues and Expenditures Budget.

#### **Article 4**

- (1) Ministers/heads of Non-Ministry Government Agencies controlling a budget sections shall have the authorization competence and at the commencement of every Fiscal Year shall appoint an official:
  - a. authorized to endorse Authorization Decrees (SKO);
  - b. as the immediate supervisor of a periodic/project treasurer;
  - c. as a periodic/project treasurer.
- (2) Implementation of the provisions as intended in paragraph (1) at the State's Highest Institution or State's High Institution shall be undertaken by the Secretary General/ head of secretariat concerned/Clerk of the Supreme Court.
- (3) Officials granted the authority to endorse SKOs/heads of offices/work units/heads of projects/project divisions shall be prohibited from holding concurrent positions as routine/project treasurer.

#### **Article 5**

- (1) State Revenues at a Ministry/Non-Ministry Government Agency must be deposited in full and in due time to the State Treasury Account;
- (2) State Revenues shall be entered into in accordance with the provisions set forth by the Minister of Finance.

#### **Article 6**

- (1) Ministries/Non-Ministry Government Agency shall be obligated to:

- a. engage in the intensified collection of State revenues within the competence and responsibility of the Ministry/Non-Ministry Government Agency;
  - b. intensify billing and collection of State accounts receivable;
  - c. undertake collection claim of indemnities for losses suffered by the State;
  - d. intensify the collection of rent on leased State-owned assets;
  - e. claim/collect contracted penalties;
  - f. determine sanctions for failure to pay state accounts receivable referred to hereinabove.
- (2) Ministries/Non-Ministry Government Agency having a budget revenues resources shall no by later than the beginning of the Fiscal Year concerned, appoint by virtue of a stipulation a periodic collector/depositor treasurer obligated to collect, receive, and deposit State revenues.

#### **Article 7**

- (1) Surpluses or unusable state-owned movable assets can be destroyed/transferred, upon being written-off by a Decree of the Minister/head of the Non-Ministry Government Agency concerned.
- (2) State-owned immovable assets which are no longer optimally and efficiently usable to support the implementation of the principal tasks and functions of Ministries/Non-Ministry Government Agency except for land, may be destroyed/transferred upon being written-off by a Decree of the

Minister/head of the Non-Ministry Government Agency concerned following the prior approval of the Minister of Finance.

- (3) State-owned assets may be leased, sold or granted under a Decree of the Minister of Finance.
- (4) The sale of State-owned assets shall have to be executed through the State Auction Office.
- (5) Proceeds from the lease/sale of State-owned goods as intended in paragraph (3) shall be State revenues, and shall be deposited in full in to the State Treasury Account.
- (6) The borrowing/lending of State-owned assets/properties may be conducted among Government offices, insofar as it does not interfere with the smooth implementation of the principal tasks of the offices concerned.

#### **Article 8**

- (1) The amounts specified in the State Expenditures Budget shall be the upper limit for each expenditure.
- (2) The heads and or officials of Ministries/Non-Ministry Government Agency shall not be allowed to commit any action which will incur any expenditure for the account of the State Expenditures Budget, if the funds to finance the action is not or not sufficiently available in the State Expenditures Budget.
- (3) The heads and or officials of Mnistries/Non-Ministry Government Agency shall not be allowed to incur any expense for the account of the State

Expenditures Budget for purposes other than those set forth in the State Expenditures Budget.

- (4) Expenses charged to the State Expenditures Budget shall be effected based on proof on the legitimate right to obtain payment.
- (5) Expenses charged to the State Expenditures Budget shall be based on SKOs or other documents effected as SKOs.

#### **Article 9**

- (1) Efforts at standardization shall be made in implementing budget expenditures.
- (2) Standardization, including the unit price for various types of goods and activities shall be stipulated on a regular basis by the related Minister/head of the technical Non-Ministry Government Agency.

#### **Article 10**

The implementation of the State Expenditures Budget shall be based on the following principles:

- a. economy, thrift, efficient, and in accordance with the specified technical requirements;
- b. effective, directed, and controlled in accordance with the plan, program/activity, and function of each Ministry/Non-Ministry Government Agency;

- c. prioritizing the use of domestic products, including national design and engineering by taking into consideration national capabilities/potential.

### **Article 11**

- (1) No expenses may be charged to the State Expenditures Budget for any of the following purposes:
  - a. celebrations or commemoration of state holidays, religious holidays, birthdays/anniversaries of Ministries/Non-Ministry Government Agency, and the like;
  - b. compliments, gifts/souvenirs, floral tributes and the like for various occasions;
  - c. congratulatory advertisements and the like;
  - d. parties for various occasions at Ministries/Non-Ministry Government Agency;
  - e. sporting tournaments at various Ministries/Non-Ministry Government Agency;
  - f. other expenses of the same/similar type to those specified above;
- (2) Organization of working meetings, official meetings, seminars, conventions, workshops, office/project inaugurations, welcoming of officials and the like, shall be limited to crucial matters and shall be held in the simplest manner possible.

### **Article 12**

The implementation of goods and services procurement shall be regulated by virtue of Presidential Decree.

### **Article 13**

Work execution agreement/contract charged to the budget for a period of more than 1 (one) Fiscal Year shall be entered into upon approval from the Minister of Finance after hearing the considerations of the Head of the National Development Planning Board (Bappenas).

## **CHAPTER II**

### **REVENUE BUDGET IMPLEMENTATION GUIDELINES**

#### **Article 14**

- (1) In the context of increasing State receipts, Ministries/Non-Ministry Government Agency, offices/work units, projects/project divisions and State-owned Enterprises (BUMN)/Regional State-owned State Enterprises (BUMD), shall submit information for taxation purposes to the Ministry of Finance to the attention of the Directorate General of Taxation.
- (2) Every Government Office, State-owned Enterprise/Regionally-owned State Enterprise, treasurer as well as other entities effecting payment on the APBN/APBD/BUMN budget/BUMD budget shall be stipulated as those responsible for withholding Income Tax (PPh), and other taxes pursuant to the applicable legislation.

#### **Article 15**

- (1) Utilization of State-owned assets by a third party must be subject to a lease.
- (2) Ministers/heads of Non-Ministry Government Agency shall have the obligation to intensify revenues from the lease of State-owned assets used by third parties.
- (3) Occupants of official residences and or state-owned houses shall be subject to a home rental payment in accordance with the applicable provisions, the sum of which shall be stipulated by the Minister of public works upon obtaining written approval from the Minister of Finance.
- (4) For the occupation of an official residence, a Decree on Occupancy shall be issued by the Ministry/Non-Ministry Government Agency/head of office/head of work unit to eligible parties, a copy of which shall be submitted to the State Treasury (KPKN) for rental billing/collection purposes.

#### **Article 16**

- (1) Ministers/Non-Ministry Government Agency shall set forth policies to intensify the implementation of collections already stipulated in Laws and Government Regulations.
- (2) Ministers/Non-Ministry Government Agency shall not be allowed to impose any levy and or additional levies not specified in Laws and or Government Regulations.

#### **Article 17**

- (1) Persons or entities collecting or receiving State revenues shall be obligated to deposit them within 1 (one) working day after receipt to the State Treasury

Account at a Government bank, or other bank stipulated by the Minister of Finance as a Designated Bank or into a Postal Clearing account.

- (2) Periodic receiver/depositor treasurer as intended in Article 6 paragraph (2) shall be obligated to deposit/transfer to the State Treasury Account all collected budget revenues by no less than once a week.
- (3) Every Government Office, State-owned/Regional State-owned Enterprise, treasurer and other entities referred to in Article 14 paragraph (2) as those responsible for withholding Income Tax (PPH) and other taxes, shall deposit all collected tax within the time frame in accordance with the applicable provisions.

### **Article 18**

- (1) Failure or delay in depositing budget revenues to the State Treasury Account shall be verified against the amount of funds available in the Activities Implementation Plan (DIK) or Project Implementation Plan (DIP) or other equivalent document at the Ministry/Non-Ministry Government Agency, office/work unit and project/project division concerned.
- (2) The periodic receiver/depositor treasurer shall be prohibited from retaining money under his control:
  - a. in exceeding of the time limit stipulated in Article 17 paragraph (2);
  - b. underin their own name in a bank account or at a Postal Clearing Account.

### **CHAPTER III**

**IMPLEMENTATION GUIDE**  
**FOR ROUTINE EXPENDITURES BUDGET**

**Article 19**

Ministers/heads of Non-Ministry Government Agency shall be responsible for the implementation of the Routine Expenditures Budget within the Ministry/Non-Ministry Government Agency under their supervision.

**Article 20**

- (1) For the implementation of the Routine Expenditures Budget, the Ministry/Non-Ministry Government Agency shall complete an Activities Implementation Plan (DIK) or other equivalent documents as in the example and completion guidelines stipulated by the Minister of Finance.
- (2) The DIK or other equivalent documents shall be ratified by:
  - a. The Minister/Head of Non-Ministry Government Agency or on his behalf by the Secretary General or other officials by virtue of a power attorney from the Minister/Head of Non-Ministry Government Agency concerned for DIKs or other equivalent documents to be discussed at the Central level;
  - b. The Head of the Regional Office of the Ministry/Non-Ministry Government Agency for DIKs or other equivalent documents to be discussed at the Central level.
- (3) The DIK or other equivalent documents shall be valid as basis implementation for the Routine Expenditures Budget upon ratification from:

- a. The Minister of Finance for DIKs or other equivalent documents to be discussed at the Central level;
  - b. The Head of the Budget Regional Office of the Directorate General for DIKs or other equivalent documents to be discussed at the regional level.
- (4) The Directorate General of Budget shall submit the ratified centrally-discussed, DIKs or other documents to:
- a. The Minister/Head of Non-Ministry Government Agency concerned;
  - b. The State Treasury (KPKN);
  - c. The State Financial Accounting Agency (BAKUN);
  - d. The Center for Budget Data and Information Processing (PPDIA);
  - e. The State Audit Agency (BPK);
  - f. The Directorate General of Budget Regional Office of the Ministry of Finance.
- (5) The Ministry/Non-Ministry Government Agency shall submit the centrally-discussed and ratified DIK or other equivalent documents to:
- a. The Directorate General/first echelon units and offices/work units;
  - b. The Ministry Inspectorate General/supervisory unit at the Non-Ministry Government Agency.
- (6) The Directorate General of Budget Regional Office shall deliver the ratified centrally-discussed DIK or other equivalent document to:
- a. The Minister/head of the Non-Ministry Government Organization concerned;

- b. The KPKN;
- c. The BAKUN;
- d. The PPDIA;
- e. The BPK;
- f. The office/work unit concerned;
- g. The Directorate General of Budget.

### **Article 21**

- (1) Based on the ratified DIK or other equivalent documents, operational guidelines (Juklak) shall be prepared by:
  - a. the first echelon official/other authorized official at the Ministry/Non-Ministry Government Agency/office supervising the offices/work unit for centrally-discussed DIKs;
  - b. Head of the Regional Office of the Ministry/Non-Ministry Government Agency for regionally-discussed DIKs.
- (2) The Ministry/Non-Ministry Government Agency shall submit the regionally-discussed Juklak DIK to the head of the office/work unit concerned.
- (3) The Head of the Regional Office of the Ministry/Non-Ministry Government Agency or an official of equal rank shall submit the regionally-discussed Juklak DIK to the head of the office/work unit concerned.

### **Article 22**

Heads of offices/work units shall be responsible for both the financial and physical aspects of the project implementation at the office/work unit under his management as specified in the DIK concerned.

### **Article 23**

- (1) Any cost modification/shift of in a program within 1 (one) and or between DIKs at vertical agencies of a Ministry/Non-Ministry Government Agency shall be decided by the Head of the Regional Office of the Directorate General of Budget based on proposals from:
  - a. the head of the office/work unit concerned if 1 (one) office/work unit is involved;
  - b. the Head of the Ministerial Regional Office of Ministries, Head of the Regional Offices of the Directorate General concerned, if more than 1 (one) offices/work units are involved.
- (2) Decisions concerning the proposal as intended in paragraph (1) shall be issued by no later than 2 (two) months after the proposal is received along with its full materials.
- (3) The Head of the Regional Office of the Directorate General of Budget shall deliver a copy of the decision for modification of DIK or other equivalent documents to:
  - a. the Directorate General of Budget;
  - b. the Head of the Regional Office of the Ministry/Non-Ministry Government Agency or office/work unit concerned;

- c. the Head of KPKN;
- d. the Head of PPDIA.

#### **Article 24**

- (1) Any inter-program cost modification/shift within 1 (one) sub-sector and or within 1 (one) or between DIKs at the central-level office/work unit of a Ministry/Non-Ministry Government Agency shall be decided by the Minister of Finance based on recommendations from the Ministry/Non-Ministry Government Agency concerned.
- (2) Decision on the proposal as intended in paragraph (1) shall be issued by no later than 2 (two) weeks after the proposal is received complete with its material.

#### **Article 25**

- (1) No cost modification/shift may be made:
  - a. from costs for salaries and rice allowances to other costs for Employee Expenditures;
  - b. from Employee to Non-Employee Expenditures;
  - c. from funds allocated for routine expenditures of Representative Office of the Republic of Indonesia including Representative Office of Ministries/Non-Ministry Government Agency abroad for purposes of funding in-country office/work unit activities.
- (2) Any review of the stipulation of Article 23 paragraph (1) and Article 24 paragraph (1) shall be performed by the Minister of Finance.

## **Article 26**

- (1) Ministries/Non-Ministry Government Agency shall at the beginning of each Fiscal Year, prepare a list of in-country and overseas employee formations for each organizational unit up to each office/work unit within the Employee Expenditures limit in their respective expenditures budget and by no later than 1 (one) month after the applicability of the Fiscal Year, shall submit the formation to the State Minister for the Effective Utilization of State Apparatus.
- (2) The aforementioned formation shall be ratified by the State Minister for the Effective Utilization of State Apparatus by no later than May 31 upon hearing the recommendations of the Minister of Finance and the Head of the State Employee Affairs Agency (BKN) and, in the event that overseas employee formation is involved, also upon hearing the recommendation of the Minister of Foreign Affairs.
- (3) Employee recruitment shall also be permitted within the ratified formation limits as intended in paragraph (2) by giving priorities to:
  - a. transferred employees from Ministries/Non-Ministry Government Agency having employee redundancy;
  - b. pupils/students having official commitments, upon completing their education;
  - c. temporary employees (PTT) having satisfactorily completed their terms of duty.

- (4) Employee recruitment within the limits of the ratified formation as intended in paragraph (2) shall be undertaken in accordance with the stipulations of the applicable legislation.
- (5) Employee promotions within the formation limit as intended in paragraph (2) shall be undertaken with the proviso that employee promotions up to class IV/a shall be conducted upon receiving prior approval from the Head of BKN.
- (6) By no later than 1 (one) month after the applicability of the Fiscal Year, the Minister/head of the Non-Ministry Government Agency shall have appointed/re-appointed the officials authorized to sign employee-related decrees.
- (7) A copy of the appointment/re-appointment decree as intended in paragraph (6) along with a specimen signature of the authorized official shall be sent immediately to the BKN and KPKN, and in the event that no changes occur, the re-appointment of the official may be carried out with a notification by the Minister/head of the Non-Ministry Government Agency concerned.
- (8) Central Civil Servants who are seconded to regions, companies or agencies, for which the budget is not/not entirely provided for in the State Revenues and Expenditures Budget, shall be borne by the Regional Government/company/agency concerned.
- (9) No secondment of civil servants for extra-governmental duties at the expense of the State Expenditures Budget shall be allowed, unless by permission of the State Minister for Administrative Reform and the Minister of Finance who shall, at the same time, stipulate the duration of the assistance assignment.

- (10) During the secondment as intended in paragraph (8) and paragraph (9), formation for employees may not be filled, and upon termination of the secondment, the employee concerned shall be re-assigned to his/her original Ministry/Non-Ministry Government Agency.
- (11) The KPKN shall only be permitted to pay wages for daily employees/part-timers if the funds for them are already available in the DIK/SKO concerned.
- (12) Payment of income for State Officials, Civil Servants and members of the Indonesian National Army and the Police Force of the Republic of Indonesia and retirees shall be effected under a Government Regulation.
- (13) Income for employees on assignment abroad shall be regulated under a Presidential Decree.
- (14) With regard to the income as intended in paragraphs (1) up to (13) above no pay cuts shall be allowed for any purpose whatsoever unless upon the approval of the official/employee/retiree concerned.

#### **Article 27**

- (1) The granting of periodical salary increases shall be conducted by notification from the head of the local office/work unit on behalf of the competent official.
- (2) The granting of periodical salary increases shall not be valid retroactively for more than 2 (two) years.
- (3) The postponement of periodical salary increases shall be stipulated by the decision of the competent official as intended in Article 26 paragraph (6).

#### **Article 28**

- (1) Civil Servants/members of the Indonesian National Army and Police Force of the Republic of Indonesia/pensioners and their families shall be provided with rice allowances in cash.
- (2) Exceptions as intended in paragraph (1) shall be granted by the Minister of Finance upon the recommendations of the Minister/head of the Non-Ministry Government Agency concerned.
- (3) Rice allowances as intended in paragraph (1) shall not be provided in duplicate if the husband and the wife are Civil Servants/members of the Indonesian National Army/the Police Force of the Republic of Indonesia/retirees.
- (4) The provision of the rice allowance in kind shall be conducted by the Agency for Logistic Affairs (BULOG) in accordance with the statement provided by the KPKN based on the payroll of the office/work unit concerned.
- (5) Regional Heads, upon consideration of the recommendation from the Head of DOLOG shall determine the areas within his working territory which may qualify for the provision of the rice allowances in kind to Civil Servants/members of the Indonesian National Army/ Police Force of the Republic of Indonesia.
- (6) The Minister of Finance shall determine the price of rice as a provisional basis for food allowances in cash.
- (7) The Minister of Finance, in this matter the Director General of Budget, shall further regulate the implementation of the provisions intended in paragraph (4) and paragraph (6).

### **Article 29**

- (1) Child support allowances and a rice allowances for children shall be limited to 2 (two) children.
- (2) In the event that by March 1, 1994 employees/retirees has received child support allowance and rice allowances for more than 2 (two) children, he/she shall still be granted the allowance upon contingency as per such date.
- (3) If after said date the number of children receiving child allowance decreases due to the coming of age, marriage or demise, the decrease may not be replaced, unless the number of children becomes less than 2 (two).

### **Article 30**

- (1) Every Ministry/Non-Ministry Government Agency shall conduct employee and retirement administration to keep track of the employees entering retirement age limit who will be and already have been processed by the BKN.
- (2) By no more than 1 (one) month after the applicability of the Fiscal Year, the Minister/head of Non-Ministry Government Agency shall have appointed/re-appointed the official authorized to sign decrees on the stipulation of retirement.

### **Article 31**

Implementation of Non-Employee Expenditures shall be carried out in an effective, efficient, and economic manner by taking into consideration the stipulations in the DIK completion guide.

### **Article 32**

- (1) Competent officials shall be obligated to limit the implementation of official travel to matters of high priority and importance and to economize by reducing the frequency, entourage size and duration thereof.
- (2) Expenses for domestic official travel shall be paid in 1 (one) lump sum to the official/employee ordered to conduct the official travels.
- (3) Civil servants who have to conduct regular official travels within their region of assignment due to their position shall be provided with permanent travel allowance.
- (4) The Minister of Finance shall stipulate further guidelines and provisions for the implementation of domestic official travel.

### **Article 33**

- (1) Overseas official travel shall necessitate prior approval from the President, which shall also mean the approval issued by the State Secretariat.
- (2) An application for obtaining approval for overseas official travel as intended in paragraph (1) shall be submitted by no later than 1 (one) week prior to the scheduled departure, and shall be accompanied with:
  - a. a clarification on the urgency/reason for the travel and the program itinerary, enclosing invitations, confirmations, and related documents;
  - b. a written approval from the relevant agency if an official is nominated by another agency;

- c. a statement as to which agency shall bear the budget expenses of the official travel.
- (3) Exceptions to the provision as intended in paragraph (1) shall apply to:
  - a. official travels by employees stationed abroad and summoned to return to the home country
  - b. inter-local official travels of employees abroad.
- (4) Approval for official travel as intended in paragraph (3) sub b shall fall under the authority of the Minister of Foreign Affairs and the Head of the relevant Representative Office of the Republic of Indonesia, and shall be granted if the financing for said purpose is already available in the relevant DIK.
- (5) Overseas official travel shall only be conducted for urgent matters, and official travels to attend seminars, workshops, symposiums, conferences and surveys, comparative studies and inspections shall have to be highly limited.
- (6) Overseas official travel shall be conducted with priority given to a national airline or other national carriers.
- (7) Every decree concerning overseas official travels shall contain a statement regarding the budget expense of which agency shall bear the cost of the travel of the official concerned.
- (8) Overseas official travel expenses including transportation costs for moving goods shall be paid in one lump sum.
- (9) The Minister of Finance shall stipulate further guidelines and implementation provisions for matters concerning overseas official travel.

#### **Article 34**

- (1) Employees who have been transferred without receiving any housing facilities at the new location shall be provided with a moving allowance.
- (2) Payment of the moving allowance shall be made based on the SKO or DIK.
- (3) Prior to receiving a housing facility, employees who have been transferred to/stationed at an overseas Representative Office of the Republic of Indonesia shall be allowed to stay at hotels, excluding meals, for a period of not exceeding 3 (three) months.
- (4) The Minister of Finance shall stipulate further guidelines and implementation provisions for the granting of moving allowance.

#### **Article 35**

- (1) The opening and or upgrading of an overseas Representative Offices of the Republic of Indonesia may only be conducted upon the President's approval.
- (2) The opening of an overseas Representative Office of a Ministry/Non-Ministry Government Agency may only be conducted upon the approval of the State Minister for Administrative Reform, the Minister of Foreign Affairs, and the Minister of Finance.

#### **Article 36**

- (1) Every organizational modification/improvement and or establishment of offices/work units within a Ministry/Non-Ministry Government Agency shall

have to obtain prior written approval from the State Minister of Effective Utilization of State Apparatus.

- (2) Costs related to the implementation of the organizational modification/improvement of a Ministry/Non-Ministry Government Agency and or establishment of offices/work units within a Ministry/Non-Ministry Government Agency which will cause a shift of budget/revision of such Ministry/Non-Ministry Government Agency shall obtain prior approval from the Minister of Finance.

#### **Article 37**

- (1) Financial Balances shall be granted annually to regions, upon the account of the Financing and Calculation Budget Division.
- (2) Heads of Regions shall submit a quarterly report on Financial Balances utilization to the Minister of Home Affairs and Minister of Finance, and a copy thereof shall be submitted to the Regional Office of the Directorate General of Budget.
- (3) Heads of Regions shall submit the required information concerning regional finance to the Head of the Regional Office of the Directorate General of Budget.
- (4) Allocation of the Financial balances to the regions shall be stipulated by the Minister of Finance c.q. the Director General of Budget.

### **CHAPTER IV**

#### **DEVELOPMENT EXPENDITURES BUDGET**

## **IMPLEMENTATION GUIDELINES**

### **Article 38**

- (1) Ministers/heads of Non-Ministry Government Agency shall be responsible for the implementation of the Development Expenditures Budget within the Ministry/Non-Ministry Government Agency under his/her control.
- (2) For cross-sectoral programs involving Ministries/Non-Ministry Government Agency/regions a coordinator at the central level shall be appointed by the Head of Bappenas.
- (3) The coordinator as intended in paragraph (2) shall have the task of performing coordination with related agencies for the execution of the program concerned.

### **Article 39**

- (1) For the implementation of the Development Expenditures Budget, the Ministry/Non-Ministry Government Agency/vertical offices in regions shall complete a Project Implementation Plan or other equivalent document for each project following the specimen and completion guidelines stipulated by the Head of Bappenas in cooperation with the Minister of Finance.
- (2) The DIP or other equivalent document shall be signed by:
  - a. the Minister/head of the Non-Ministry Government Agency or on his/her behalf by the Secretary General or other official in compliance with an authorization letter from the Minister/head of the Non-Ministry Government Agency concerned for centrally-discussed projects;

- b. the Head of the Regional Office of the Ministry/Non-Ministry Government Agency for regionally-discussed projects.
- (3) The DIP or other equivalent documents shall become valid as a project implementation basis upon ratification by:
- a. The Minister of Finance and the Head of Bappenas for centrally-discussed projects;
  - b. The Head of the Regional Office of the Directorate General of Budget and the Head of Bappeda for regionally-discussed projects.
- (4) The Directorate General of Budget shall submit the centrally-discussed and ratified DIP or other equivalent document to:
- a. the Head of Bappenas c.q. the Finance Deputy;
  - b. the Minister/head of the Non-Ministry Government Agency
  - c. KPKN;
  - d. BAKUN;
  - e. PDIA;
  - f. BPK;
  - g. Governor/ Regent/ Mayor c.q. the Provincial Bappeda/Regency/ Municipal Bappeda;
  - h. Directorate General of Budget Regional Office of the Ministry of Finance.
- (5) The Ministry/Non-Ministry Government Agency shall submit the regionally-discussed and ratified DIP or other equivalent document to:
- a. the Head of Bappenas c.q. the Financing Deputy;

- b. the Minister/head of the Non-Ministry Government Agency
- c. BPK;
- d. the Directorate General of Budget;
- e. KPKN;
- f. PPDIA;
- g. BAKUN;
- h. Governor/ Regent/ Mayor c.q. the Provincial Bappeda/Regency/  
Municipal Bappeda;
- i. Project concerned.

#### **Article 40**

- (1) Based on the DIP or other equivalent ratified document the Operational Guidelines (PO) shall be prepared by:
  - a. echelon I official/other authorized official in the Ministry/Non-Ministry Government Agency/institution in charge of the project for projects under discussion at the central level;
  - b. Heads of Regional Offices of Ministries/Non-Ministry Government Agencies for projects under discussion at the regional level.
- (1) The Ministry/Non-Ministry Government Agency shall submit the PO for projects under discussion at the central level to the project manager concerned.

- (2) The head of Regional Office of the Ministry/Non-Ministry Government Agency or an official of equivalent rank shall submit the PO for projects under discussion at the regional level to the project manager concerned.

#### **Article 41**

- (1) The Minister/head of the Non-Ministry Government Agency or another authorized official shall stipulate the project manager and treasurer for the DIP or other equivalent document under discussion at the central level indicating the name of the project manager and the project treasurer in the DIP concerned.
- (2) The Head of the Regional Office of the Ministry/Non-Ministerial agency or official of equivalent rank shall stipulate the project manager and the project treasurer for the DIP or equivalent documents under discussion at the regional level by indicating the name of the project head and project treasurer in the DIP or other equivalent documents concerned.
- (3) If deemed necessary, the project manager and project treasurer can be assisted by the project division manager and project division treasurer and the Treasurer in Charge of the Branch Office's Advance Payment (BPUMC).
- (4) Echelon I and echelon II officials and heads of office/work unit cannot be appointed as project manager/ project division manager and or treasurer.
- (5) Project manager and project treasurer shall be domiciled at the project site and or in the closest regency capital /municipality.

#### **Article 42**

The project manager/project division manager shall be responsible for of the project/project division as stipulated in the DIP or other equivalent document, both from the financial as well as from the physical aspect.

#### **Article 43**

- (1) Project personnel shall receive honorarium.
- (2) Project personnel managing several projects shall only be entitled to receive honorarium for 1 (one) project.
- (3) The amount of the honorarium shall be determined jointly by the Chairperson of Bappenas and the Minister of Finance.
- (4) Official travel expenses and overtime pay for project purposes shall be provided in accordance with the provisions of prevailing laws and regulations.

#### **Article 44**

- (1) Changes/shift in expenses in the DIP or other equivalent documents under discussion at the central level shall be decided upon by the Minister of Finance and the Chairperson of Bappenas.
- (2) Decisions in respect of proposals as intended in paragraph (1) shall be made by no later than 2 (two) weeks following receipt of such proposal and complete appertaining documents.

- (3) The Directorate General of Budget shall submit the decision sheet concerning changes in the DIP or other equivalent documents to the following:
- a. Director General of Budget;
  - b. Finance Deputy of Bappenas;
  - c. Project Manager;
  - d. Head of Provincial Bappeda;
  - e. Head of the State Treasury (KPKN);
  - f. Head of PPDIA.

#### **Article 45**

- (1) Changes/shifts in expenses within the limit provided for in the DIP or other equivalent documents shall be discussed at the regional level and shall be decided upon by the Head of the Provincial Bappeda and the Head of the Regional Office of the Directorate General of Budget based on the proposal of the Head of the Regional Office of the Ministry/Non-Ministry Government Agency or an official of equivalent rank.
- (2) Decisions concerning the proposal intended in paragraph (1) shall be made by no later than 2 (two) weeks following the receipt of such proposal and complete appertaining documents.
- (3) The Head of the Regional Office of the Directorate General of Budget shall forward a copy of the decision concerning changes in the DIP or other equivalent document to the following:

- a. Director General of Budget;
- b. Finance Deputy of Bappenas;
- c. Project Manager;
- d. Head of Provincial Bappeda;
- e. Head of State Treasury (KPKN);
- f. Head of PPDIA.

#### **Article 46**

- (1) The following changes/shift in expenses cannot be made:
  - a. from Capital Expenditures to become Supporting Expenditures;
  - b. from Physical Capital Expenditures to become Non-Physical Capital Expenditures.
- (1) The provisions of Article 44 paragraph (1) and Article 45 paragraph (1) shall be subject to review by the Minister of Finance.

#### **Article 47**

- (1) Accompanying Funds for projects funded from offshore loans and grants provided for the account of the Development Budget shall be specified in the DIP or other equivalent documents.
- (2) Projects funded from export credit funds can be implemented after there is advance payment available for the project concerned.
- (3) The implementing procedure and administration of project assistance, technical assistance and or other overseas assistance/loans, as well as the

arrangement of rupiah financing shall be stipulated by the Minister of Finance and the Chairperson of Bappenas.

#### **Article 48**

- (1) The remaining work based on the Work Order (SPK) and or agreement/contract not paid up to the end of the Fiscal Year shall be financed from the available budget in the following Fiscal Year.
- (2) If financing originates from offshore assistance, the work remaining based on the Work Order (SPK) and or agreement/contract as intended in paragraph (1) shall be financed from funds remaining from the offshore assistance concerned.

#### **Article 49**

- (1) If all or a part of the project target is completed, the project manager concerned shall deliver such completed project or work product together with all project assets to the Ministry/Non-Ministry Government Agency with the minutes of the delivery.
- (2) A copy of such minutes of delivery shall be forwarded to the Director General of Budget c.q, Head of the Regional Office of the Directorate General of Budget.
- (3) The Minister/head of the Non-Ministry Government Agency shall determine the temporary status of the completed project or work product and the assets thereof, and the status of the same shall be further stipulated by the Minister of Finance.

- (4) In the first quarter of every Budget Year the Minister/Head of the Non-Ministry Government Agency shall inform the Minister of Finance and the Chairperson of Bappenas about projects or work products completed in the preceding Budget Year.
- (5) The Ministry/Non-Ministry Government Agency, Regional Government, BUMN/BUMD and other agencies stipulated as project administrators as intended in paragraphs (3) and (4) shall be obligated to arrange for the provision of operational and maintenance costs through the following:
- a. State Revenues and Expenditures Budget for projects falling under the responsibility of Ministries/Non-Ministry Government Agencies;
  - b. Regional Revenues and Expenditures Budget for projects falling under the responsibility of the Regional Government;
  - c. The budget of other agencies/institutions stipulated in accordance with the provisions of prevailing laws and regulations for each project falling under their respective responsibility;
  - d. The revenues and expenditures budget of State-Owned Enterprises (BUMN)/Regional Government-Owned Enterprises (BUMD) for projects falling under their responsibility.

#### **Article 50**

- (1) The Governor/Regent/Mayor concerned shall announce to the public development projects to be implemented in their respective regions through the local printed media and if possible through the electronic media.

- (2) The Governor/Regent/Mayor concerned shall be assisted by the respective project managers in providing further explanation concerning development projects as intended in paragraph (1) to the business community through professional associations in their respective regions.

## **CHAPTER V**

### **BUDGET IMPLEMENTATION GUIDELINES**

#### **IN THE MINISTRY OF DEFENSE**

##### **Article 51**

- (1) Employee Expenditures for members of the Indonesian National Army (TNI) and the Police Force of the Republic of Indonesia (POLRI) and to Civilian Employees of the Ministry of Defense shall be paid through the State Treasury (KPKN).
- (2) Non-employee Expenditures and Development Expenditures of the Ministry of Defense shall be paid through the Account of the Ministry of Defense at Bank Indonesia.
- (3) The Minister of Finance shall open an Account of the Ministry of Defense as intended in paragraph (2) and upon the recommendation of the Minister of Defense shall appoint officials of the Ministry of Defense authorized to dispose/make withdrawals from such account.
- (4) The provision of funds for the Ministry of Defense as intended in paragraph (2) shall be stipulated periodically and funds replenishment shall be

conducted by the way of transfer from the Account of the General State Treasurer.

- (5) Funds of the Account of the Ministry of Defense shall be used in accordance with the Activities Implementation Plan (DIK)/Project Implementation Plan (DIP) or other equivalent document.

### **Article 52**

- (1) Oil (fuel and lubricants) shall be channeled to the Ministry of Defense through a Master Delivery Order (DO Induk) stipulated by the Ministry of Defense and Pertamina within the limit of available budget for such purpose.
- (2) The Master Delivery Order (DO Induk) shall be divided into 4 (four) quarters the amount of which shall be adjusted to the requirements of the Ministry of Defense in the quarter concerned.
- (3) Payment for oil (fuel and lubricants) channeled by Pertamina to the Ministry of Defense shall be made by the Director General of Budget based on the Activities Implementation Plan (DIK)/Letter of Authorization (SKO)/Payment Request (SPP) concerned within the available budget limit for such purpose, and it shall be made on a quarterly basis in accordance with the price of oil (fuel and grease) in the quarter concerned as intended in paragraph (1).
- (4) By the end of each quarter, Pertamina shall promptly submit to the Ministry of Defense and the Directorate General of Budget a receipt for the oil (fuel and lubricants) received during the quarter concerned in order to make the necessary calculations.

- (5) Payment as intended in paragraph (3) shall be effected as follows:
- a. payment shall be made by the Director General of Budget and withholding shall be made concurrently as part of Natural Oil and Gas Tax Revenues that must be deposited to Pertamina;
  - b. Pertamina shall set off such payment against the natural oil and gas tax revenues payable by it.

### **Article 53**

- (1) Electricity, telephone, gas and water subscription payments shall be made by the Director General of Budget by virtue of the Activities Implementation Plan (DIK)/Letter of Authorization (SKO)/Payment Request (SPP) concerned and the evidence of use approved by the Ministry of Defense.
- (2) Payment as intended in paragraph (1) shall be made by transfer to the following accounts:
- a. the local electricity company in respect of electricity subscription;
  - b. PT Telekomunikasi Indonesia in respect of telephone subscription;
  - c. Perusahaan Gas Negara (State Gas Company) in respect of gas subscription;
  - d. Perusahaan Daerah Air Minum (Regional Drinking Water Company) in respect of drinking water subscription within the budget limit available for such purpose.

#### **Article 54**

The Ministry of Defense shall submit monthly Budget Realization and Balance Sheet reports to the Minister of Finance to the attention of the Director General of Budget and the Head of the BAKUN.

#### **Article 55**

The provisions of this Presidential Decree shall be applicable *mutatis mutandis* to the Ministry of Defense with due consideration of the organization thereof, unless determined otherwise in this Chapter.

### **CHAPTER VI**

#### **ACCOUNTING FOR BUDGET IMPLEMENTATION**

#### **Article 56**

The Ministry/Non-Ministry Government Agency concerned shall be obligated to account for budget implementation by preparing a financial report in the form of Budget Realization and Balance Sheet Report of the Ministry/Non-Ministry Government Agency concerned.

#### **Article 57**

- (1) The head of office/work unit/project/sub-project manager concerned shall be obligated to conduct bookkeeping of the money managed by him/her and to administer assets under his/her control, and to prepare accountability reports

concerning the management of funds and goods under his/her control to the superior vertical institution.

- (2) The Head of Regional Office/provincial vertical institution shall be obligated to prepare a financial report as accounting for the implementation of the budget of the office/work unit/project/project division within his/her work area, to the echelon I head of the unit concerned.

### **Article 58**

The Director General of an official of equivalent rank at the Ministry/Non-Ministry Government Agency shall obligated to:

1. Conduct bookkeeping of the funds managed by him/her and to administer goods and to prepare accountability reports concerning the funds and goods under his/her control.
2. Prepare Consolidated Financial Statement covering the echelon I head of the unit concerned and the vertical offices forming part of it to the Minister/head of its superior institution c.q. the Secretary General/official of equivalent rank.

### **Article 59**

The Minister/head of the Non-Ministry Government Agency concerned shall be obligated to prepare a Consolidated Financial Statement covering all work units forming part of it to the President through the Minister of Finance.

### **Article 60**

The bookkeeping and reporting implementation procedure as intended in Articles 56, 57, 58 and 59 shall be further stipulated by the Minister of Finance c.q. Head of BAKUN.

#### **Article 61**

- (1) In the context of intensifying billing and collection of State receivables as intended in Article 6 paragraph (1), the Ministry/Non-Ministry Government Agency concerned shall be obligated to administer State receivables falling under its competence.
- (2) The implementing procedure of administration as intended in paragraph (1) hereinabove shall be stipulated by the Minister of Finance cq. Head of BAKUN.

#### **Article 62**

The Minister of Finance shall organize the administration of State receivables incurred in the context of investment and government capital participation in State-Owned Enterprises (BUMN)/Regional Government-Owned Enterprises (BUMD) and other entities.

#### **Article 63**

Bank Indonesia shall be obligated to submit the following to the Minister of Finance, to the attention of the Director General of Budget and the Head of the BAKUN:

The General State Treasurer

1. The current account of the State Public Treasurer (BUN) with debit/credit notes concerned on a daily basis;
2. The current account of the Director General of Budget with debit/credit notes concerned on a weekly basis;
3. The current account of all special accounts with debit/credit notes on a weekly basis.
4. Copies of other government-owned current accounts on a weekly basis;

#### **Article 64**

The Ministry of Finance c.q. BAKUN shall prepare the Calculations of the State Budget based on financial reports of Ministries/Non-ministry Agencies as referred to in Articles 59, 60, 61, 62, and 63.

#### **Article 65**

- (1) In addition to bookkeeping as referred to in Article 57 paragraph (1) project heads/project division heads, project/project division treasurers are required to organize the appropriate bookkeeping, hence at any time the following facts can be known:
  - a. the status/physical development of the project;
  - b. comparison between planning and actual implementation;
  - c. utilization of funds for financing domestic and overseas goods/services product procurement.
  - d. accumulation of expenses for every building under construction.

- (2) During the contracting project/project division heads shall be obligated to organize appropriate and orderly bookkeeping on a daily basis.
- (3) The project/project division shall be obligated to forward reports concerning accumulated expenses for every building under construction to the accounting implementation unit concerned on a daily basis.

### **Article 66**

- (1) For the purpose of supervision, evaluation, and control, project heads shall forward quarterly implementation reports to the Chairperson of *Bappenas* by no later than 2 (two) weeks following the end of the quarter concerned.
- (2) The Head of Provincial *Bappeda* office shall make quarterly reports concerning all activities in the province to the Governor concerned by no later than 3 (three) weeks following the end of the quarter concerned.
- (3) The Governor shall make quarterly reports concerning all projects in his/her province to the Chairperson of *Bappenas*.
- (4) The provisions concerning Monitoring and Reporting System as intended to in paragraph (2) and paragraph (3) shall be set forth by the Chairperson of *Bappenas*.
- (5) The Minister of Finance and the Chairperson of *Bappenas* shall report developments in the implementation of development budgets to the President and Vice President on a quarterly basis.

### **Article 67**

By no later than the 7<sup>th</sup> (seventh) day of each month:

1. The head of office/work unit shall have submitted Routine Treasury status report (LKKR) at the end of the preceding month to the:
  - a. The Director General or official of equivalent rank and the Head of Regional Offices of Ministries/Non-ministry Government Agencies to the attention of the head of finance/general affairs bureau of the Ministry/Non-ministry Agencies concerned;
  - b. KPKN.
2. The project/project division heads shall have submitted a Development Treasury status report (LKKP) at the end of the preceding month to the:
  - i. Director General or official of equivalent rank and the Head of Regional offices of Ministries/Non-ministry Government Agencies to the attention of the head of the finance/general affairs bureau of the Ministry/Non-ministry Agencies concerned;
  - ii. KPKN.

### **Article 68**

The Directorate General of Budget shall forward the second sheet of the SPM, with the original proof concerning the issuance to the Secretary General of Ministry/Non-Ministry Agency attached, to the attention of the Head of the Finance Bureau by no later than 15 (fifteen) days of the following month.

## **CHAPTER VII**

### **SUPERVISION OF BUDGET IMPLEMENTATION**

#### **Article 69**

Supervision on the implementation of routine budget shall be conducted as follows:

1. The superior of the office/work unit head shall exercise supervision over the budget implementation of the office/task unit head within his/her circles.
2. The immediate superior officer of the treasurer shall conduct cash audits on the treasurer not less than once in every 3 (three) months.
3. The Head of the Finance Bureau/Regional Office of Ministries/Non-ministry Government Agencies shall organize verification the SPM and the LKKR concerning offices/work units within the circles of the Ministry/Non-ministry Government Agencies concerned.

#### **Article 70**

Supervision on the implementation of development budgets shall be conducted as follows:

1. The immediate superior of the project/project division head shall organize supervision on budget implementations by project/project division heads concerned.
2. Project/project division heads shall exercise cash audits on treasurers in no less than once every three months.
3. The Head of the Finance Bureau/Regional Office of Ministries/Non-ministry Government Agencies shall verify the SPM and the LKKR concerning

offices/task units within the circles of the Ministry/Non-ministry Government Agencies concerned.

4. The results of audit by the Inspector General of Ministries/ Non-ministry Government Agencies/heads of the supervisory unit at such Non-ministry Government Agencies shall be submitted to the Minister/Heads of the Non-ministry Government Agencies in charge of the project concerned, with a copy to the Chairman of the BPKP.

#### **Article 71**

The Inspector General of Ministries/heads of the supervisory unit at Non-ministry Government Agencies shall exercise supervision of State Budget implementations by offices/work units/projects/project divisions within the circles of Ministries/ Non-ministry Government Agencies concerned.

#### **Article 72**

BPKP (Finance and Development Supervisory Board) shall exercise supervision on the implementation of the State Budget in accordance with the prevailing laws and regulations.

#### **Article 73**

The inspector general of the Ministry/head of the supervisory unit of the Non-ministry Government Agencies, the Chairman of BPKP, and the Governors shall accommodate complaints from society concerning the implementation of State Revenue and Expenditure Budget.

#### **Article 74**

The Government can appoint Non-governmental Agencies to exercise monitoring and evaluations concerning the implementation of certain projects/project divisions.

### **CHAPTER VIII**

#### **CLOSING PROVISIONS**

#### **Article 75**

With the effective validity of this Presidential Decree, provisions concerning Implementation of the State Revenue and Expenditure Budget, insofar as the same does not concern the Procurement of Goods and Services as set forth in Presidential Decree Number 16 Year 1994 concerning the Implementation of the State Revenue and Expenditure Budget, as last amended by Presidential Decree Number 6 Year 1999, shall be declared null and void.

#### **Article 76**

Implementation of the Regional Revenue and Expenditure Budget shall be conducted in accordance with the applicable law and regulation.

#### **Article 77**

Further provisions required for the implementation of this Presidential Decree shall be stipulated by the Minister of Finance and the Chairperson of *Bappenas*, both jointly as well as severally in accordance with the scope of their respective duties

**Article 78**

Insofar as further instructions concerning the implementation of the provisions in this Presidential Decree has yet to be stipulated, the existing implementation provisions shall remain applicable insofar as it is not in violation of this Presidential Decree.

**Article 79**

This Presidential Decree shall come into effect as from the date of its stipulation.

For public cognizance, shall order this Presidential Decree to be promulgated in the State Gazette of the republic of Indonesia

Stipulated in Jakarta

On February 21, 2000

THE PRESIDENT OF THE REPUBLIC  
OF INDONESIA,

Signed

**ABDURRAHMAN WAHID**

Enacted in Jakarta

**On February 21, 2000**

**Acting STATE SECRETARY OF THE REPUBLIC OF  
INDONESIA,**

**Signed**

**BONDAN GUNAWAN**

**STATE GAZETTE OF THE REPUBLIC OF INDONESIA**

**YEAR 2000 NUMBER 14**

Issued as true copy

CABINET SECRETARY

Head of Law & Legislation Bureau I

[Signed and stamped; Stamp reads:

**CABINET SECRETARY – REPUBLIC  
OF INDONESIA]**

**Lambock V. Nahattands**

**ELUCIDATION ON**  
**THE DECREE OF THE PRESIDENT OF THE REPUBLIC OF INDONESIA**  
NUMBER 17 YEAR 1999  
**CONCERNING**  
**THE IMPLEMENTATION OF STATE REVENUE AND EXPENDITURE**  
**BUDGET**

**GENERAL**

In accordance with Article 23 paragraph (1) of the 1945 Constitution, the State Revenue and Expenditure Budget shall be stipulated annually in under a Law.

For the efficient and effective implementation of the State Revenue and Expenditure Budget, provisions concerning the implementation of State Revenue and Expenditure Budget shall be stipulated in a Presidential Decree.

## **ARTICLE BY ARTICLE**

### **Article 1.**

#### Paragraph (1)

Self-explanatory

#### Paragraph (2)

Since 1954, the "kasstelsel" (cash principle) has been applied in Indonesia's State Financial Administration. The criteria in determining whether a budget revenue/expenditure belongs to a certain budget shall be the moment of funds being paid into/from the State Treasury account.

Referred to as "received by/paid by the Representative of the Republic of Indonesia overseas" in letter a and b shall be amounts of budget expenditure paid by the Treasury Office and State Treasury (KPKN) for the requirements of the Representative of the Republic of Indonesia overseas and revenue amounts paid into the account of the Representative of the Republic of Indonesia overseas for the attention of the Minister of Finance.

Paragraph (3)

Self explanatory

**Article 2.**

Paragraph (1)

The law on State Revenue and Expenditure Budget has the following four attachments:

- a. Attachment I : "Routine Budget Sources";
- b. Attachment II : "Development Budget Sources";
- c. Attachment III : "Routine Expenditure Budget", specified per sub-sectors;
- d. Attachment IV : "Development Expenditure Budget", specified per sub-sectors.

The State Revenue and Expenditure Budget as specified in the aforementioned attachments to the Law shall be further specified under the respective in budget sections (Ministry/Non-Ministry Government Agencies).

Paragraph (2)

Self-explanatory

**Article 3.**

Self-explanatory

**Article 4.**

Paragraph (1)

Self-explanatory

## Paragraph (2)

The appointment of the official authorized to sign the SKO, the appointment of a direct superior treasurer and the appointment of the treasurer shall be conducted by the decision of the Minister/Chairman of Non-Ministerial Government Agency. The treasurer can be appointed by the Secretary General of the Ministry/Non-Ministerial Government Agency concerned or by another official authorized by the Minister/Chairman of the Non-Ministerial Government Agency. If the official/treasurer remain unchanged, such re-appointment shall be conducted by the notification letter by the head of office subordinating the treasurer concerned. In the case of Development Budget Treasurer, such appointment shall be conducted by mentioning its name in the DIP concerned.

Such decision, notification, decision, re-appointment shall be submitted to the:

1. Ministry of Finance :
  - a: for decision appointing the official authorized to sign the SKO to all KPKNs with a specimen signature;
  - b. for decision appointing a treasurer and the treasurer's direct superior to the PKPN concerned with a specimen signature;

2. Inspectorate General of the Ministry/supervisory unit of The Non-Ministerial Government Agency concerned;
3. The State Audit Agency.

Paragraph (3)

Self explanatory

**Article 5.**

Paragraph (1)

Self explanatory

Paragraph (2)

Provisions as intended to in this paragraph shall be stipulated by the Minister of Finance, in this matter the Director General of Budget.

**Article 6.**

Paragraph (1)

In the implementing principles of revenue and expenditure budget applied by the State Revenue and Expenditure Budget, budget revenues are a decisive factor. Because of that, the intensification of budget revenue shall be the most important factor in implementing the above principle.

The Ministry/Non-Ministry Government Agency controlling the budget revenue concerned shall determine the time-limit for payment and

shall set forth sanctions in case such time-limit is exceeded, for instance by:

- a. not inviting for future tender;
- b. stipulating penalties/additional penalties for debtors not paying within the time-limit as stipulated in the invoice or already agreed upon;
- c. filing claims against individuals/entities inflicting loss to the state;
- d. revoking rights/agreements of :
  - (i) licensees in certain fields of business is;
  - (ii) lessees (house, land and the like);
  - (iii) hire-purchase (house/motor vehicles) expressly not having a good faith to pay/settle their debts.

#### Paragraph (2)

In the decision on the appointment of the periodically recipient/depositing treasurer the types of receipts and dates of its depositing at the State Treasury account at Bank Indonesia, state-owned banks, other banks or postal giro shall be mentioned.

In the event the treasurer remains unchanged, it shall be sufficient with the issuance of a notification letter. The copy such decision on appointment or notification shall also be submitted to the Ministry of

Finance, the State Audit and Development Surveillance Agency (BPKP) and to the State Audit Agency.

**Article 7.**

Paragraph (1) and paragraph (2)

The disposition of state-owned assets, both movable and immovable asset, shall be implemented by the decision of the Minister/Chairman of the Non-Ministerial Government Agency in charge of the part of budget concerned. Such disposition for highest/high-level state institutions shall be implemented by the Secretary General/Clerk of the Supreme Court.

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

Paragraph (6)

Self explanatory

**Article 8.**

Paragraph (1)

This provision constitutes as confirmation that funds in the budget shall not be exceeded. It does not mean that such funds shall absolutely be used entirely, but they shall always be used in

connection with real needs and in an efficient manner in accordance with the limits of affordability in the implementation of tasks of a Ministry/Non-Ministerial Government Agency.

Paragraph (2)

Each official who authorized to undertake action resulting in budget expenditure shall at first verify whether the funds needed to cover the consequences of such action have been/are still available. For contracts binding State Revenue and Expenditure budget funds for more than 1 (one) year shall be followed by a provision as referred to in Article 46

Paragraph (3)

This provision confirms that :

- a. the provision of budget funds can be authorized if the expenditure concerned has been included in the state revenue and expenditure budget;
- b. no payments shall be made upon an authorization decision (SKO) for expenditures which do not correspond to the purposes of expenditure contained in the SKO, for instance the SKO for employee-related expenditures shall not be used for official travel.

Paragraph (4)

Self explanatory

Paragraph (5)

The SKO constitutes the means for the realization of payments from the state expenditure budget. The activity list (DIK) and the project list (DIP) or other equivalent legalized documents shall prevail as SKO. The same applies for employee-related decisions, among other things on the appointment of employees, employee promotion/salary raise, waiting fee (**uang tunggu**), and pension allowances in the nature of pension.

**Article 9.**

Self explanatory

**Article 10.**

This provision requires the authorized officer to make decisions resulting in expenditures from the state expenditure budget or authorized to issue an SKO, as well as treasurers, to pay attention to and participate in the efforts to economize in all fields and to avoid unimportant expenditures.

**Article 11.**

Paragraph (1)

Self explanatory

Paragraph (2)

If the official meeting/working meeting at the ministry/office cannot be avoided, such meeting shall be limited to once a year at the most.

**Article 12.**

Self explanatory

**Article 13.**

Exceptions from the provision of this Article are as follows :

1. contracts funded from APBN sources, for instance from BUMN/BUMD self-owned funds;
2. contracts part of the funds whereof are provided from foreign aid/loan.

**Article 14.**

Paragraph (1)

The Minister of Finance in this matter the Director General of Taxation shall stipulate the types of information material to be forwarded as intended in this paragraph.

Paragraph (2)

Self explanatory

**Article 15.**

Self explanatory

**Article 16.**

Self explanatory

**Article 17.**

Paragraph (1)

The term "entity" includes all offices, both Central Government Office, Regional Government offices as well as state-owned enterprises. In receiving budget revenues include project operation results as well.

Paragraph (2)

Self explanatory

Paragraph (3)

Self explanatory

**Article 18.**

Paragraph (1)

The total budget funds not deposited which later on has been calculated with the UYHD based on the direction of the Minister of Finance and in this case by the Directorate General of Budget/Head of the Regional Office of the Directorate General of Budget.

Paragraph (2)

Self explanatory

**Article 19.**

Self explanatory

**Article 20.**

Self explanatory

**Article 21.**

Self explanatory

**Article 22.**

The responsibility of the Head of Office/Work Unit is not limited to the implementation of activities assigned to them, but it also covers the financial aspect as contained in the DIK concerned.

**Article 23.**

Self explanatory

**Article 24.**

Paragraph (1)

Self explanatory

Paragraph (2)

Complete materials are as follows :

- a. proposal for the change/shift in the DIK signed by the competent official, namely the head of office/work unit, Head of the Ministry Regional Office, Head of the Directorate General Regional Office as set forth in paragraph (1) letter a and letter b;
- b. a specified calculation based on the volume or facility of works and the norm of price used explaining that the office/work unit or the activity concerned has excess funds which may be shifted, whereas at another office/work unit or activity there is a shortage of funds which require additional funds.

Example :

- 1) The provision of funds for side dishes at a prison or hospital is based on the number of prisoners at the

prison or patients at the hospital concerned. The same applies for the expenditures for vehicle maintenance at each work unit. If the actual number of prisoners or patients or the number of vehicles changes, a revision of the DIK for adjustment is required;

- 2) Changes in the expenditure norm (index) used at the time of preparing the DIK such as increase of side dishes prices, change in the calculation of official travel expenses or audit objects;
- 3) Other matters such as the formation/integration of one or more offices/work units, change in the number of subsidiary objects (schools/orphanages) receiving subsidies/aid.
- 4) Other matters explaining the need to revise the DIK concerned.

#### **Article 25.**

Self explanatory

#### **Article 26.**

Paragraph (1)

Referred to as the employee formation overseas includes "Local Staff".

Paragraph (2)

The legalization of such formation is a condition for the appointment of employees, besides other conditions.

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

The Ministry/Non-Ministerial Government Agency is obliged to issue a decision on the promotion concerned within 1 (one) month from the receipt of BKN's approval at the latest. The BKN's approval shall be the testing instrument for KPKN for conducting inspection of the salary SPPR. For promotions to the IV/b class and above the President's decree on the promotion of the employee concerned shall at the same time serve as the testing instrument for the KPKN.

Paragraph (6)

The authority to sign employee-related decisions in principle belongs to the Minister/Chairman of Non-Ministerial Government Agency. However, in order to facilitate the implementation of such decision, the Minister/Chairman of Non-Ministerial Government Agency delegate transfer such authority to another official. Such transfer of authority shall be stipulated in the decision of the Minister/Chairman of the Non-Ministerial Government Agency concerned.

Paragraph (7)

Self explanatory

Paragraph (8)

The carbon copy of the decision/letter of assistance assignment concerned shall be submitted by the Ministry/Non-Ministerial Government Agency to the KPKN. If the central civil servant is assigned to assist until retirement, the costs of returning him to his place of domicile shall be borne by the office/entity receiving such assistance.

Paragraph (9)

Self explanatory

Paragraph (10)

In the interest of state posts/tasks, central civil servant are often assigned to assist the local/autonomous government/corporations/entities. In order not to cause damage/difficulty to such employees, if such assistance is completed, the vacancy of such employee's formation caused by such assistance shall not be re-filled so that the employee's re-positioning goes smoothly.

Paragraph (11)

Self explanatory

Paragraph (12)

Self explanatory

Paragraph (13)

The employee's income overseas means, among other things :

- a. overseas allowance; and
- b. housing allowance.

Paragraph (14)

Self explanatory

**Article 27.**

Paragraph (1)

The notification on periodical salary increase shall be issued 2 (two) months prior to such salary increase by complying with conditions on which it is based. Such notification shall be treated as the decision on periodical salary increase.

Paragraph (2)

Self explanatory

Paragraph (3)

Self explanatory

**Article 28.**

Paragraph (1)

Family means wife, husband, children of the employee entitled to receive family allowances.

Paragraph (2)

Self explanatory

Paragraph (3)

If both husband and wife work as Civil Servants/Members of the Indonesian National Army/Police Force of the Republic of Indonesia/retired, the rice allowance shall be provided only to one of them.

Paragraph (4)

Self explanatory

Paragraphs (5) and (6)

Provisions in this paragraph are in line with provisions in Presidential Decree Number 9 Year 1982 concerning Allowance for Government Employees/Retired Employees.

Paragraph (7)

Self explanatory

**Article 29.**

Self explanatory

**Article 30.**

Paragraph (1)

Self explanatory

Paragraph (2)

In principle, the decision on the retirement of civil servant reaching retirement age is stipulated by the BKN, whereas in the case of those retiring before reaching retirement age, the decision on retirement is stipulated by the Minister/chairman of the Non-Ministerial Government Agency concerned.

**Article 31.**

Self explanatory

**Article 32.**

Self explanatory

**Article 33.**

Self explanatory

**Article 34.**

Self explanatory

**Article 35.**

Paragraph (1)

Referred to as the Representative of the Republic of Indonesia is the Embassy, Permanent Representative of the Republic of Indonesia, General Consulate, Consulate, Honorary Consulate and the like.

Paragraph (2)

Self explanatory

**Article 36.**

Self explanatory

**Article 37.**

Paragraph (1)

Self explanatory

Paragraph (2)

Referred to as Head of Region shall be the Governor and Regent/Mayor.

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

**Article 38.**

Self explanatory

**Article 39.**

Self explanatory

**Article 40.**

Self explanatory

**Article 41.**

Self explanatory

**Article 42.**

Self explanatory

**Article 43.**

Paragraph (1)

Referred to as project officer shall be the head, treasurer and project staff.

Paragraph (2)

Self explanatory

Paragraph (3)

The amount of honorarium approved by the Minister of Finance and the Chairman of the National Development Planning Agency set forth in this paragraph is included in the approval of the DIP concerned.

Paragraph (4)

Self explanatory

**Article 44.**

Self explanatory

**Article 45.**

Self explanatory

**Article 46.**

Paragraph (1)

Self explanatory

Paragraph (2)

Self explanatory

**Article 47.**

Self explanatory

**Article 48.**

Self explanatory

**Article 49.**

Paragraph (1)

The project division manager shall submit the completed project division to the project manager for further submission to the ministry/agency, office, work unit. The property include all movable equipment. Meant with completion is when the entire or part of the project concerned is functioning.

Paragraph (2)

Self explanatory

Paragraph (3)

In determining the temporary status of the project and property, it is stipulated among other things which ministry/agency/office/work unit shall further manage motor vehicles, employee/worker housing facilities and other inventories funded from project budget.

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

**Article 50.**

Self explanatory

**Article 51.**

Paragraph (1)

Referred to as Employee Expenditures shall include salaries and allowances, side dishes and other employee expenditures.

Paragraph (2)

Self explanatory

Paragraph (3)

Self explanatory

Paragraph (4)

Self explanatory

Paragraph (5)

Self explanatory

**Article 52.**

Self explanatory

**Article 53.**

Self explanatory

**Article 54.**

The report to the Minister of Finance for the attention of the Director General of Budget shall be made in 3 (three) sets.

**Article 55.**

Self explanatory

**Article 56.**

Compiling of financial statement in the form of Budget Realization and Balance Sheet Statement of the Ministry/Non-Ministerial Government Agency implemented in accordance with the provisions stipulated by the Minister of Finance c.q. the Chairman of State Financial Accounting Agency (BAKUN).

**Article 57.**

Paragraph (1)

The administration of State-owned goods shall be conducted by the use of the following materials:

- a. SPM;
- b. Minutes of Goods Delivery;
- c. Contracts;

- d. Invoice/receipts;
- e. Write-off Decisions;
- f. Asset Record Notification (SPPA);
- g. Other documents concerning such goods.

Paragraph (2)

Self explanatory

**Article 58.**

Sub-article 1

Self explanatory

Sub-article 2

Consolidated financial statements shall include financial statements from echelon I units and vertical offices.

**Article 59.**

Referred to as the Minister of Finance shall be through the Chairman of BAKUN.

**Article 60.**

Self explanatory

**Article 61.**

Self explanatory

**Article 62.**

Referred to as the Minister of Finance shall be through the Director General of Financial Institutions.

**Article 63.**

Self explanatory

**Article 64.**

Self explanatory

**Article 65.**

Paragraph (1)

Self explanatory

Paragraph (2)

Self explanatory

Paragraph (3)

Referred to as the relevant accounting implementation unit shall be units located in the financial/general division or other units.

**Article 66.**

Self explanatory

**Article 67.**

Self explanatory

**Article 68.**

Self explanatory

**Article 69.**

Self explanatory

**Article 70.**

Self explanatory

**Article 71.**

Self explanatory

**Article 72.**

Self explanatory

**Article 73.**

Complaints from the community shall be, among other things, letters forwarded by entrepreneurs and members of the community.

**Article 74.**

Referred to as Non-governmental organizations shall be those officially registered in accordance with the provisions of the applicable laws and regulations.

**Article 75**

Self explanatory

Article 76

The implementation of Regional Revenue and Expenditure Budget shall refer to Law Number 22 Year 1999 concerning Regional Government, Law Number 25 Year 1999 concerning Balanced Finances of the Central and Regional Governments and other applicable laws and government regulations.

**Article 77**

Self explanatory

**Article 78**

Self explanatory

**Article 79**

Self explanatory

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