

The Application of Good Governance Principles in Regional Financial Management at the Regional Financial and Asset Management Agency (BPKAD) of Maluku Province

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ABSTRACT

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This research examines the application of good governance principles in financial management at the BPKAD of Maluku Province, focusing on public participation, transparency, accountability, effectiveness, efficiency, and the rule of law. Conceptually, governance is understood as a collaborative process between the state and non-state actors, with key principles emphasizing transparency, accountability, participation, rule of law, effectiveness, and efficiency. The legal framework refers to Law 17/2003, Law 1/2004, Government Regulation 12/2019, and Minister of Home Affairs Regulation 77/2020. The method used is qualitative, based on interviews, observations, and document analysis, and is analyzed using the interactive model of Miles, Huberman, and Saldana. The study results show that the implementation of good governance has been normatively pursued through the digitization of the financial system, the application of e-budgeting and e-procurement, and BPK supervision. However, practices remain predominantly procedural: low fiscal independence, routine spending dominance, weak audit follow-up, limited public literacy, and participation tends to be formalistic as per Arnstein's concept of tokenism. Obstacles are also related to technological readiness, the apparatus's capacity, and the pattern of incremental budgeting. In conclusion, the regional financial governance in Maluku shows structural progress but is not yet substantively optimal. Strengthening human resource capacity, consistency in law enforcement, expanding participation channels, and accelerating digitalization are necessary to enhance fiscal integrity and promote public financial reform in the context of regional autonomy.



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INTRODUCTION

The low level of regional fiscal independence is characterized by local revenue being much smaller than the portion sourced from central government transfers. This condition shows that the capacity for regional development funding is still highly dependent on external fiscal support. The structure of regional spending also reflects the dominance of operational expenditures, which are significantly larger than capital expenditures. This situation indicates a budget allocation pattern that tends to be used for the bureaucracy's routine needs rather than for productive activities oriented toward physical development and the improvement of public services. In the budgeting process, there is a tendency for expenditure planning to be based less on the region's actual revenue capacity. Expenditure is often used as the starting point for budget preparation, so revenue adjustments are made later and may create fiscal imbalances. From the perspective of asset management quality, there is still disorder in the recording and control of regional assets. Some assets are known to still be controlled by unauthorized parties or have not been fully recorded in the administrative system, reflecting weak supervision and control of government assets.

In the field of information technology, digital-based financial management systems such as SIPD have not been utilized optimally. Technical constraints, delays in data entry, and administrative errors indicate that technology has not yet maximally improved the effectiveness of budget management. The ability of human resources to operate the regional financial system and understand accrual-based accounting is not yet evenly distributed. Variations in employee capacity lead to inconsistencies in financial report preparation and budget reconciliation, thereby affecting the overall quality of fiscal management. The regional financial reporting process also still faces obstacles, as evidenced by delays in report completion and discrepancies found in audit results. This symptom indicates that the internal control system and the culture of administrative order are not yet fully strong.

Low fiscal independence aligns with Oates' view that decentralization is effective when regions can finance themselves, rather than relying on the center (Oates, 1999). The dominance of routine spending reflects a bureaucratic pattern that prioritizes operational maintenance over development funding, as Wildavsky (1986) criticized. The budgeting pattern that starts from expenditure rather than revenue capacity supports the concept of incremental budgeting, according to Schick, who argues that the budget tends to follow the old pattern (Schick 1998). Weak asset management indicates low accountability, according to Mardiasmo (2018). The suboptimal utilization of digital financial technology aligns with Rogers' theory that innovation requires organizational readiness and competence (Rogers 2003). The disparity in human resource capacity supports Mahmudi's view that report quality is influenced by staff's technical abilities (Mahmudi 2019). The delay in reports and audit findings reflects weak internal controls, as explained in the COSO framework (2017). The lack of public participation in budgeting aligns with Arnstein's concept of tokenism, where participation is merely symbolic (Arnstein 1969). In general, this condition indicates that the NPM principles of accountability and efficiency have not yet been realized (Hood 1991).

Various studies on the implementation of good governance principles in regional financial management in Indonesia generally focus on normative aspects and compliance with regulations, such as transparency in financial reporting and audit opinions issued by the Audit Board of the Republic of Indonesia. However, most of these studies remain general and focus on local governments in Java or on regions with high fiscal capacity. Studies that specifically analyze the implementation of good governance principles in island regions with complex geographic characteristics, such as the Maluku Province, remain relatively limited. However, the characteristics of island regions pose unique challenges in coordination, information dissemination, and regional financial oversight.

Moreover, previous research has primarily assessed administrative achievements and formal compliance with regulations issued by the Ministry of Home Affairs of the Republic of Indonesia, without delving deeply into how these governance practices affect the organization's internal effectiveness, the quality of budget decision-making, and public participation in oversight. Thus, there is still room for research to comprehensively analyze the application of good governance principles at the BPKAD of Maluku Province using a contextual and empirical approach.

METHOD

Approach and Type of Research: This research uses a qualitative, descriptive approach. This approach was chosen to gain a deep understanding of the phenomenon of implementing regional financial management based on good governance principles at the BPKAD of Maluku Province. Through a qualitative approach, researchers can explore the meanings, experiences, and views of key informants in their specific contexts. The descriptive research type is used to systematically and factually describe the application of the principles of efficiency, effectiveness, and accountability in the management of the regional budget (APBD), as well as to identify the obstacles and strategies implemented by the Maluku Provincial BPKAD.

Research Location

The research was conducted at the BPKAD Office of Maluku Province, the main institution responsible for the management of provincial-level regional finances.

Research Timeline

The research is scheduled to be conducted from July to September 2025, including data collection activities (interviews, observations, documentation) up to data analysis. Sources of Data and Research Informants

The research data consists of primary and secondary data. (1) Primary Data is obtained thru interviews and observations with key informants who have the capacity and direct involvement in regional financial management, including: (1) Heads and structural officials of BPKAD, (2) Financial field operational staff, (3) External parties such as BPK, the Inspectorate, the Regional House of Representatives (DPRD), Bappeda, Diskominfo, and NGOs concerned with public transparency. (2) Secondary Data comes from official documents, such as RPJMD, LKPD, regional regulations, BPKAD performance reports, BPK/Inspectorate audit results, and data from official government websites.

Data Collection Techniques

The data collection techniques consist of (1). In-depth Interview, (2). Conducted semi-structured interviews with interview guidelines to ensure Non-Active Participatory Researchers observe financial management activities at BPKAD without direct involvement, recording relevant behaviors, interactions, and work procedures. (3). Documentary Study Is the Collection and Review of Various Official Documents to Strengthen and Verify Data from Interviews and Observations.

Data Analysis Techniques

Data analysis is conducted using the interactive model by Miles, Huberman, and Saldana (2014), which includes three main stages: (1) Data Condensation – the process of selecting, simplifying, and organizing important data. (2) Data Display – presenting data systematically in the form of matrices, narratives, or tables for easy understanding. (3) Drawing and Verifying Conclusions – constructing meaningful interpretations, finding relationship patterns, and verifying results until the data reaches the saturation point.

RESULTS AND DISCUSSION

The Application of Good Governance Principles in the Management of Regional Finances in the Province of Maluku

Participation

Participation is a fundamental principle in good governance, where the community is given the right, opportunity, and ample space to actively engage in the entire process of governance, from the planning stage, implementation, oversight, to the evaluation of public policies. In the context of regional financial management, participation means that the community takes part in providing input, criticism, and recommendations for the preparation of the Regional Revenue and Expenditure Budget (APBD), so that the resulting budget policies truly reflect the needs, aspirations, and interests of the public in a fair and transparent manner.

Participation is not just about being present in formal forums like Musrenbang, but also includes involvement thru access to public information, consultation forums, digital media, and social oversight mechanisms. Thus, public participation becomes an important instrument to realize a democratic, accountable, inclusive, and responsive government to the needs of the community.

Statement from the Head of the Subdivision of Public Relations and Administrative Affairs of the BPK Representative Office of Maluku Province, CK (53 Years), indicates that:

“The principle of public participation in regional financial governance plays an important role in maintaining accountability and transparency in budget usage. High public participation in planning and oversight strengthens checks and balances against local governments, not only as a means of aspiration but also as social oversight that encourages prudence and efficiency in public budget management. Although the financial statements of the local government in Maluku Province received an Unqualified Opinion (WTP), this does not guaranty freedom from governance and regulatory compliance issues. The minimal participation of the community in the supervision and evaluation stages still opens up the potential for irregularities. Therefore, it is necessary to strengthen the role of civil society, the media, and independent institutions in overseeing regional financial transparency. The BPK and the BPK Representative Office of Maluku Province also continue to promote information transparency and public audits so that the principle of participation becomes an integral part of the good governance system in Maluku”.

By the Head of the Regional Development Planning Agency (Bappeda) of Maluku Province, it was stated that:

The Maluku Provincial Bappeda consistently encourages public participation thru Musrenbang forums, Regional Device Forums, and sectoral public consultations involving the community, academics, business actors, and civil society organizations. Thru this mechanism, aspirations from the village and sub-district levels are absorbed in a tiered manner and used as material in the preparation of the RKPD. However, the Head of Bappeda acknowledges that public participation in Maluku is still formalistic and not yet fully substantive. This is due to the low capacity of the community in understanding the planning and budgeting process, the lack of information dissemination in the island regions, and the limited space for constructive dialog outside formal forums. As a strategic step, Bappeda is committed to strengthening data and information technology-based participation mechanisms, promoting the inclusion of vulnerable groups (women, youth, and persons with disabilities), and optimizing the transparency of planning and budgeting documents. Thus, public participation is expected not merely to become an administrative

ritual, but to become a substantive instrument in realizing responsive and sustainable regional development.

The application of public participation principles in regional financial governance in Maluku Province has become an important element in realizing accountability, transparency, and bureaucratic integrity. Both the BPK, Bappeda, and the Maluku Provincial Inspectorate share the view that community involvement is an effective social oversight instrument to strengthen checks and balances mechanisms and prevent budget deviation practices. However, the three institutions also acknowledge that community participation in Maluku is still formalistic and not yet fully substantive, due to the low capacity of the community, limited access to information, and a weak culture of public reporting. As a strategic step, the local government thru Bappeda and the Inspectorate is committed to strengthening data and information technology-based participation mechanisms, enhancing the inclusivity of vulnerable groups, and developing a digital participatory oversight system. Thus, public participation is expected not only to be an administrative formality but also an integral part of a transparent, accountable, and sustainable good governance system in the Province of Maluku. The research findings reinforce the results of Saribu's study (2017), accountability and transparency in financial governance (Saribu, et al, 2017), the minimum requirements for implementing Good Governance, which include participation, transparency, and accountability (Suparji, 2019), government information systems (Affarishi, 2024), the principles of transparency and genuine and objective service (Rahayuningsi, et al, 2024), and the need to improve the quality of human resources (Rivai, 2025).

Akuntabilitas (Accountability)

Accountability is a fundamental principle in governance that demands every institution, public official, and policy implementer to be responsible for every action, decision, and use of public resources entrusted to them. Accountability includes the obligation to explain, report, and be accountable for performance results and regional financial management to the public and supervisory institutions in an open and measurable manner. In the context of regional financial management, accountability means that every stage from budget planning, program implementation, to activity reporting must be carried out in accordance with laws and regulations, principles of efficiency, effectiveness, and integrity. Thus, accountability is not merely about administrative reporting, but rather a moral and ethical commitment of the government to ensure that every policy and budget usage is genuinely aimed at public interest. This principle serves as a benchmark for public trust in the government, as well as a key pillar in realizing transparency, integrity, and good governance within the local government.

Statement from the Head of the Subdivision of Public Relations and Administrative Affairs of the BPK Representative Office of Maluku Province, CK (53 Years), indicates that:

“Accountability is a fundamental principle in good governance, where every institution and public official is required to transparently and measurably account for every policy, decision, and budget usage to the public. However, I must emphasize that the level of accountability in the financial management of the Maluku Province is still not optimal. This condition is evident from the still weak financial reporting and internal control systems, as well as the lack of follow-up on BPK audit findings, which should serve as the basis for improving financial governance. Moreover, not all Regional Device Organizations (OPD) have a strong understanding and commitment to the principle of accountability, resulting in budget accountability often being merely administrative and not reflecting substantive performance and tangible results for the community. As a concrete example, some regional development programs still lack clear performance indicators and their results are not fully

reported to the public, creating the impression that budget management is not fully accountable”.

According to the Head of the Accounting and Reporting Division of the Maluku Provincial BPKAD, he stated that:

“Accountability in regional financial management still faces several technical and structural obstacles. One of the main issues is the lack of a fully integrated financial reporting system among regional devices, resulting in frequent delays and potential discrepancies in the financial data consolidation process. On the other hand, the discipline of reporting and the understanding of government accounting standards (SAP) among officials also vary. Many work units have not fully adhered to the accrual principles in recording financial transactions, which affects the accuracy and reliability of the regional government's financial reports. Furthermore, according to him, following up on audit findings remains a significant challenge. Several recommendations from the BPK have not been completed on time due to weak coordination among OPDs and limited human resources in the field of public accounting. Therefore, he considers the strengthening of apparatus capacity and the digitization of the financial reporting system to be important steps in improving the quality of regional financial accountability in the Province of Maluku”.

Based on statements from various sources — the Head of the Public Relations and Administrative Subdivision of the Maluku Province BPK Representative, the Head of the Accounting and Reporting Division of the Maluku Province BPKAD, and the Representative of the Maluku Province Inspectorate — it can be concluded that the level of accountability in the management of regional finances in Maluku Province is still not optimal. The main weaknesses are evident in the unintegrated financial reporting system, weak internal supervision, and low follow-up on audit findings by the BPK and the Inspectorate. Moreover, the awareness and commitment of the apparatus to the importance of public accountability are still limited, so accountability is often carried out merely as an administrative formality, rather than as a substantive responsibility for performance and development outcomes. Another issue that also affects the situation is the lack of integration of data between OPDs, the limited capacity of human resources in the field of public accounting, and the suboptimal implementation of accrual-based government accounting standards (SAP). To improve this situation, the three sources agreed that strengthening the capacity of the apparatus, implementing digitalization of the financial reporting system, enhancing the culture of accountability from the planning stage, and applying risk-based audits are strategic steps that need to be taken immediately. Thus, it can be affirmed that accountability in the Province of Maluku still needs to be strengthened systematically and sustainably so that regional financial governance truly reflects the principles of good governance that are transparent, efficient, and oriented toward public interest.

Rule of Law

The Rule of Law is a fundamental principle in a democratic governance system that asserts that all actions, policies, and decisions of the government must be based on the prevailing law, not on personal will or mere power. This principle guarantees that every citizen has equal standing before the law (equality before the law) and that the law serves as a tool to control power so that it is not abused. In the context of regional governance, legal openness means that all processes of formulating, implementing, and supervising public policies must be based on clear, transparent, and accessible regulations for the community. Local governments must ensure that every administrative decision and the use of public budgets have a legitimate legal basis, and

provide space for the community to understand and oversee the implementation of those laws. Thus, the Rule of Law not only regulates compliance with regulations but also reflects a commitment to justice, legal certainty, and the protection of citizens' rights. This principle serves as an important foundation for the creation of good governance, where power is exercised in a limited, transparent, and accountable manner in accordance with applicable legal norms.

Statement from the Head of the Subdivision of Public Relations and Administration of the BPK Representative Office of Maluku Province, CK (53 Years), indicates that:

“The application of the rule of law principle in the administration of regional governance in Maluku Province is still not optimal, even tho it is the main foundation of good governance. There is a gap between the established legal norms and the practices on the ground, characterized by inconsistencies in policy implementation, weak enforcement of rules, and insufficiently strict sanctions for administrative and financial violations. The low legal awareness among officials, weak internal supervision, and minimal inter-agency coordination further exacerbate this condition. As a result, financial audit violations are often not immediately followed up on, causing the same issues to recur every year. The principle of the Rule of Law demands not only compliance with regulations but also transparency in law enforcement so that the public can assess the government's commitment to justice and integrity. Therefore, it is necessary to strengthen the capacity of the apparatus, enforce administrative sanctions, and foster synergy between supervisory agencies, auditors, and law enforcement to ensure consistent and fair law enforcement in the Province of Maluku”.

According to the Head of the Treasury Division of the Maluku Provincial BPKAD, he explained that:

“The application of the Rule of Law principle in the management of regional finances in Maluku Province still faces various obstacles, both in terms of regulations and implementation on the ground. Although all stages of regional financial management have been clearly regulated thru regulations such as PP No. 12 of 2019 and Permendagri No. 77 of 2020, practices on the ground still show inconsistencies among OPDs. This is due to the uneven understanding of legal provisions among officials, leading to frequent administrative errors and procedural violations in the preparation and execution of budgets. Additionally, the internal oversight function is still weak and the imposition of sanctions for rule violations is not yet strict, such as delays in submitting accountability reports or follow-up on audit findings without clear sanctions. This condition indicates that the Rule of Law has not yet been fully utilized as the main instrument in maintaining discipline and regional financial accountability. As a corrective measure, the Maluku Provincial BPKAD is committed to strengthening the legal coaching system for officials thru training, dissemination of the latest regulations, and the implementation of compliance-based monitoring. With these steps, the application of the Rule of Law is expected not to be merely a formality, but to become a tangible guideline that ensures administrative order, justice, and transparency at every stage of public financial management”.

Based on the views of the three sources, it can be concluded that the application of the Rule of Law principle in the administration of government and regional financial management in Maluku Province has not yet been optimal and consistent. Although the regulations are clear thru various regulations such as PP No. 12 of 2019 and Permendagri No. 77 of 2020, practices on the ground still show inconsistencies among OPDs, weak enforcement of rules, and low legal awareness among officials. This results in various administrative and financial violations often not being followed up on firmly, causing the same issues to recur every year. Furthermore, the

internal oversight function has not been effective, while public access to legal information and audit results remains limited, resulting in suboptimal public participation in oversight. As a result, the principle of the Rule of Law has not yet truly become the main instrument in realizing accountability and integrity in local government.

As a corrective measure, the local government thru BPKAD and supervisory institutions is committed to strengthening legal training, training for officials, implementing a compliance-based monitoring system, and expanding access and public participation in law enforcement. Thus, the implementation of the Rule of Law principle in the Province of Maluku needs to be directed not only as an administrative formality but as a real mechanism that guaranties justice, transparency, discipline, and accountability in every aspect of regional governance and finance.

Effectiveness and Efficiency

Effectiveness and Efficiency are two important principles in governance that emphasize the optimal use of public resources to achieve development goals. Effectiveness shows the extent to which planned goals and outcomes can be realistically achieved. In the context of local government, effectiveness reflects the government's ability to implement programs and policies that positively impact community welfare and concretely address public needs. Meanwhile, efficiency relates to the economical and productive use of time, effort, and funds without compromising the quality of outcomes. An efficient local government is able to minimize budget waste and ensure that every expenditure provides maximum benefit to the public. Thus, effectiveness and efficiency become the main indicators of the performance of result-oriented local governance. This principle demands that every policy not only be implemented correctly (doing things right) but also be directed toward achieving the right goals (doing the right things), in order to realize a professional, accountable, and effective government for the society.

According to the Secretary of the Regional Financial and Asset Management Agency (BPKAD) of Maluku Province, DTL, SAB (53 years old), that:

“Effectiveness and efficiency in regional financial management in the Province of Maluku are still not optimal as expected by the principles of good governance. This condition is caused by weak planning and internal control, which results in several programs not being implemented on time or not achieving the set targets. The limitations in human resources, both in terms of technical competence and understanding of the constantly changing regional financial regulations, further exacerbate the situation. The internal control system is also considered ineffective, as evidenced by delays in financial report preparation, discrepancies between budget planning and realization, and low utilization of information technology to support transparency and accountability. Moreover, the lengthy bureaucratic process and weak inter-departmental coordination become factors hindering work efficiency. Effectiveness and efficiency are not only determined by technical aspects but also by the quality of management and the work culture of the apparatus. There is still a tendency to work administratively without being outcome-oriented, so the budget spent has not provided significant added value for the improvement of public services or regional development. Therefore, a comprehensive overhaul is needed thru the enhancement of apparatus capacity, strengthening of the financial information system, and improvement of institutional coordination so that the principles of effectiveness and efficiency can be realized in the BPKAD environment of Maluku Province”.

According to the Head of the Treasury Division of the Maluku Provincial BPKAD, the effectiveness and efficiency in regional financial management still face various obstacles at the technical implementation level. He explained that:

“The process of disbursing and managing regional cash often experiences delays due to a lack of coordination between the planning, accounting, and treasury sectors. This condition causes the budget realization to not proceed according to schedule, thereby hindering the achievement of regional development program targets. Furthermore, I must say that the financial administration mechanism, which is still manual and not yet fully digitally integrated, is also a major hindrance to achieving financial management efficiency. Some regional devices have not yet maximized the use of the regional financial information system, causing the verification and disbursement processes to take longer than they should. In addition, the limited competence of officials in managing financial documents and reports professionally, as well as the continued occurrence of administrative errors and delays in the submission of accountability reports from regional device work units (SKPD). This indicates that the training and capacity building of officials in the treasury sector need to be continuously strengthened. In my opinion, to improve effectiveness and efficiency, it is necessary to reform financial management based on information technology, enhance work discipline, and establish more solid cross-sector coordination. Thus, the treasury process can proceed more quickly, accurately, and accountably, in line with the principles of good governance in regional financial management”.

Based on interviews with various related parties, it can be concluded that the effectiveness and efficiency of regional financial management in Maluku Province are still not optimal as expected by the principles of good governance. The main weaknesses lie in the aspects of planning, internal control, and supervision, which have not yet been functioning synergistically between the executive and legislative branches. At the technical level, various obstacles are still found, such as weak cross-sector coordination, delays in budget realization, and the use of a financial administration system that is not yet fully digital and integrated. This condition is exacerbated by the limited competence of the apparatus in understanding regulations and managing financial documents professionally, thereby hindering the efficiency of regional development program implementation.

Beside technical issues, managerial factors and the work culture of the apparatus also significantly affect the low effectiveness and efficiency. There is still a tendency for the bureaucracy to work administratively without being outcome-oriented, resulting in the budget being spent not having a significant impact on improving public services and community welfare. From a political and institutional perspective, the coordination between local governments and the Regional People's Representative Council (DPRD) is not yet fully harmonious. The lack of budget information transparency and the influence of political interests in the financial management process also weaken the principles of transparency and accountability. Thus, a comprehensive overhaul is needed thru the enhancement of apparatus capacity, strengthening of digital technology-based financial information systems, and improvement of synergy and integrity between the executive and legislative branches. These efforts are important to realize regional financial management that is effective, efficient, transparent, and accountable in accordance with the principles of good governance that are results-oriented and focused on the welfare of the community.

Discussion

The application of participatory principles in the regional financial management of Maluku Province shows normative progress, but substantively still faces significant challenges. Community participation is indeed facilitated thru official forums such as Musrenbang and public consultations, but its nature remains procedural and has not yet produced a tangible impact on budget decisions. The main obstacles lie in the limited capacity of the community, low budget

literacy, and minimal access to public information. In addition, the archipelagic geographical condition of Maluku weakens the equitable distribution of participation across the region. As a result, the role of the community as a supervisor and partner of the government has not been maximized in promoting fiscal accountability. Therefore, a new digital-based approach such as e-participation and e-audit is needed so that the community can contribute directly and sustainably. Strengthening budget literacy and involving vulnerable groups are also important to ensure inclusive and equitable participation. Thus, public participation can transform from mere formality into a social force that strengthens the principles of good governance in the Province of Maluku. The principle of transparency has been promoted thru digital systems such as e-Finance and e-Budgeting, but delays in data publication and minimal integration between OPDs remain the main obstacles. As a result, public access to financial information and community participation in fiscal oversight remain limited. Meanwhile, accountability has not been optimal because the financial reporting system is not yet integrated, follow-up on audit results is not timely, and the bureaucratic culture remains formalistic.

Financial reporting tends to be administrative rather than performance-based, thereby reducing the value of public effectiveness and transparency. Meanwhile, research findings from the need for Affiliation (2026), the application of good governance principles in public service (Alifriano, et al, 2026), an organizational culture with integrity (Viyuritina, et al, 2024), the quality of financial reporting (Agutha, 2020), the role of the government in good governance (Pelu, et al, 2023), government service performance (Wance, 2019), and changes in service paradigms (Herizal, et al, 2020). From the perspective of the rule of law, the gap between regulation and implementation still persists. Law enforcement is not yet strict, and a permissive culture toward administrative violations weakens the deterrent effect. The weakness of internal oversight functions and the low legal awareness among officials further exacerbate the situation. The principles of effectiveness and efficiency are hindered by weak cross-sector coordination, limited human resources, and a financial administration system that is not yet fully digital. The influence of political interests in budget allocation and the lack of synergy between the Regional People's Representative Council (DPRD) and the local government slow down the achievement of optimal development results. Overall, strengthening regional financial governance in Maluku Province requires comprehensive reform thru the integration of digital systems, capacity building for officials, regulatory improvements, and synergy between the government, legislature, and society. Only with these steps can the principle of good governance truly be realized in local government practices that are transparent, accountable, and oriented toward the welfare of the community.

Regional financial management is a system that encompasses all processes and mechanisms of managing regional government finances, starting from the budget planning stage, budget execution, bookkeeping, reporting, to the accountability of the Regional Revenue and Expenditure Budget (APBD). This process is not only administrative but also strategic because it is directly related to achieving regional development goals and improving community welfare. This concept is rooted in the principles of state financial management as outlined in various national regulations, including Law Number 17 of 2003 on State Finance, Law Number 1 of 2004 on State Treasury, and Government Regulation (PP) Number 12 of 2019 on Regional Financial Management. In these regulations, it is emphasized that regional financial management must be conducted orderly, in compliance with laws and regulations, efficiently, economically, effectively, transparently, and responsibly, while considering a sense of justice and propriety. (Republic of Indonesia Law Number 17 of 2003 on State Finance).

Each stage in regional financial management can be described as follows:

Planning and Budgeting

The initial stage of regional financial management begins with the preparation of budget planning, which is outlined in the Regional Government Work Plan (RKPD) document and then detailed in the KUA-PPAS (General Budget Policy and Temporary Budget Ceiling Priority). This process greatly determines the direction of regional fiscal policy and development priorities. The preparation of the budget must align with the vision and mission of the regional head, as well as consider the aspirations of the community thru participatory mechanisms such as the development planning deliberation (musrenbang). (Minister of Home Affairs Regulation Number 86 of 2017 on Procedures for Planning, Controlling, and Evaluating Regional Development).

Budget Implementation After the APBD is ratified, the budget implementation stage is carried out by all Regional Device Organizations (OPD) in accordance with the DPA (Budget Implementation Document). In this stage, the OPD is responsible for the realization of expenditure and revenue budgets, in accordance with the objectives and targets set in the RKPD and APBD. Transparency and accountability are the main principles in budget implementation, so that the public can know and assess the implementation of regional government programs. (In Government Regulation Number 12 of 2019 concerning Regional Financial Management).

Financial Administration

Administration is the recording of all regional financial transactions in the regional financial information system (SIMDA) or similar systems used by the local government. This stage is carried out by the treasurer of receipts and expenditures who is responsible for financial administration in each OPD. Accurate and complete data in financial administration serves as the basis for the preparation of regional financial reports. (Financial and Development Supervisory Agency (BPKP), SIMDA Financial Guidelines).

Financial Reporting

Financial reporting is a formal accountability for the implementation of the Regional Budget (APBD). This report includes the Budget Realization Report (LRA), Balance Sheet, Cash Flow Statement, and Notes to the Financial Statements (CaLK). The financial statements of the regional government must be audited by the Audit Board of the Republic of Indonesia (BPK), as an independent institution that assesses the fairness and compliance of the reporting with government accounting standards. (BPK RI Regulation Number 1 of 2017 on State Financial Audit Standards).

Accountability

Regional financial accountability is carried out thru the submission of the Regional Government Financial Report (LKPD) to the Regional House of Representatives (DPRD) and the Supreme Audit Agency (BPK). Regional heads are required to submit accountability for the implementation of the Regional Budget (APBD) no later than six months after the fiscal year ends. The results of the BPK's examination of the LKPD serve as the basis for issuing opinions, such as Unqualified Opinion (WTP), which reflect the quality of regional financial governance. (BPK Examination Report on LKPD, various regions).

The entire cycle of regional financial management mentioned above must reflect the principles of good governance, including accountability, transparency, participation, efficiency, and effectiveness. Good regional financial management will strengthen public trust, improve services to the community, and prevent financial misconduct or corruption. In practice, strengthening regional financial management is also supported by the implementation of the Government Internal Control System (SPIP), oversight from the Regional Inspectorate, and the involvement of the community and non-governmental organizations in public budget oversight. (Corruption Eradication Commission (KPK), Study on the Integrity of Regional Financial Management).

CONCLUSION

The application of good governance principles in the financial management of the Maluku Province has shown progress at the normative level, but its implementation is still far from optimal.

Public participation is still procedural and has not significantly influenced budget policies, due to low budget literacy, limited access to information, and the archipelagic geographical conditions that restrict the equitable distribution of public participation. The principles of transparency and accountability have also not yet fully functioned effectively due to the weak integration of information systems between OPDs, delayed reporting, and a bureaucratic culture that remains formalistic. This weakens public trust and hinders the creation of open oversight. Meanwhile, the implementation of the rule of law has not been consistent due to weak law enforcement and a lack of awareness among officials regarding regulatory compliance.

The principles of effectiveness and efficiency are also hindered by weak cross-sector coordination, limited competence of the apparatus, and political intervention in the planning and budgeting process. As a result, budget utilization has not produced significant added value for the improvement of public services and community welfare. Thus, the reform of regional financial governance in Maluku Province needs to be directed toward strengthening the integration of digital financial systems, enhancing human resource capacity, and fostering synergy between the local government, the Regional People's Representative Council (DPRD), and the community. The implementation of consistent good governance principles and result-based management will be key to achieving transparent, accountable, effective, and equitable regional financial management for the progress and welfare of the people of Maluku.

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