STORY BOOKLET

BETTER SYSTEMS – IMPROVED GOVERNANCE: SIKD AND THE ACEH SPECIAL AUTONOMY FUND

Advancing Transparency, Efficiency, and Accountability through Integrated Systems

The Special Autonomy Fund (DOK - *Dana Otonomi Khusus*) has long been a key fiscal instrument for the Aceh Government in its efforts to improve public services and accelerate provincial development. Within Aceh's planning and development processes, DOK plays a central role as a funding source for many province-level priority initiatives. These initiatives encompass a range of services, infrastructure, and socioeconomic empowerment programs. Given the breadth of its mandate, high public expectations, and financial scale, DOK management increasingly requires disciplined, transparent, and accountable governance.[1]

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In practice, challenges in the previous implementation of DOK were not only related to delivery capacity but also from manual governance mechanisms, fragmented data, and delayed disbursement processes caused by repeated verification. To address these challenges, the national government introduced a new digital governance model. The key reform is the introduction and use of the Regional Financial Information System (SIKD Otsus - *Sistem Informasi Keuangan Daerah*), an integrated platform that serves as the central hub for DOK management, covering every stage, from planning through to reporting.

This marks a strategic shift from merely fulfilling administrative procedures to building system-based fiscal discipline. The reform digitises manual processes, standardises workflows, integrates data, and strengthens accountability. Through SIKD Otsus, the central government ensures that DOK is disbursed on time, in the correct amount, and provides tangible benefits to the people of Aceh.

Previously, the management of DOK faced several systemic challenges. Financial data were not consolidated within a single standardised channel, resulting in lengthy validation, correction, and consolidation processes. Reporting was conducted through multiple formats, often with physical attachments and documents submitted manually to the central government, which increased the risk of inconsistencies across files. When verification processes identified data discrepancies, the process had to be repeated, consuming additional time and resources. These challenges affected disbursement, as fund transfers could only proceed once all documentation was confirmed as complete and compliant.

It was in this context that Minister of Finance Regulation (PMK – *Peraturan Menteri Keuangan*) No. 33/2024 was introduced. Through this regulation, the government established a governance framework that is more consistent, prescriptive, and measurable. The regulation stipulates that every stage of DOK management, from planning and budgeting to disbursement, implementation, and reporting, must use a single, integrated system: SIKD Otsus.

This approach is driven by a simple yet fundamental principle: good governance cannot be achieved without a single source of truth in provincial financial data. All fiscal decisions must be based on accurate, up-to-date, and verifiable information. SIKD Otsus was developed precisely to meet this need.

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[1] A list of Indonesian terms, acronyms, and government institutions used in this booklet is provided in the annex.

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SIKD Otsus in the Special Autonomy Fund Planning and Budgeting Cycle

SIKD Otsus serves as the overarching platform that governs every stage of the DOK fiscal cycle. The system is built on the principles of integration, interoperability, transparency, and accountability. From allocation management and expenditure planning to funds disbursement and financial reporting, all processes follow a structured, well-documented, and fully digital workflow. This ensures that every stage leaves a clear audit trail, allowing internal controls to function effectively.

One of SIKD's main strengths lies in its interoperability. The system connects with national platforms managed by the Directorate General of Fiscal Balance (DJPK - *Direktorat Jenderal Perimbangan Keuangan*) under the Ministry of Finance (Kemenkeu - *Kementerian Keuangan*). It is being prepared for further integration with relevant ministries. This interoperability eliminates the need for local governments to perform multiple data entry or upload the same information across various systems. Standardised codification within SIKD also ensures uniformity in provincial financial classifications, simplifying fiscal performance analysis over time.
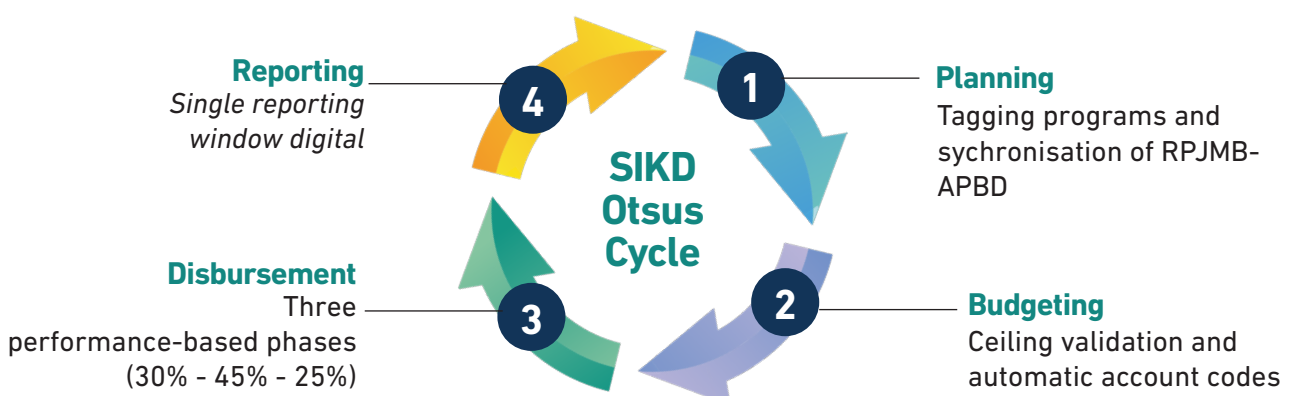
In addition, the dashboard-based interface enables transparent monitoring of DOK disbursement and use. Public access to information has become more open, strengthening the role of social accountability. In essence, SIKD Otsus functions as a digital control room that enforces fiscal discipline through the orderly and reliable management of data.

At the planning stage, SIKD helps ensure that DOK programs are fully aligned with provincial development planning documents. Through program tagging and standardised input formats, SIKD reinforces the connection between policy direction, community needs, and budget allocations. With more structured planning, provincial governments are encouraged to set clearer, evidence-based priorities.

The impact is visible at the provincial level. Coordination between the Regional Development Planning Agency (Bappeda – *Badan Perencanaan Pembangunan Daerah*) and regional agencies has become more disciplined, as all plans and revisions must now be documented within the system. There is no longer room for planning entries that are inconsistent with provincial policy directions. SIKD reduces the communication gaps that once occurred during the planning process, while also accelerating the integration of planning documents into the subsequent budgeting phase.

During the budgeting phase, SIKD serves as a bridge, ensuring that DOK allocations align with the planning outcomes and comply with the provisions of PMK No. 33/2024. The system validates budget ceilings, reinforces alignment with the Regional Budget (APBD – *Anggaran Pendapatan dan Belanja Daerah*), and reduces the input errors that were common in manual systems. As a result, the budget tagging process for DOK has become more orderly and precise.

Previously, many administrative bottlenecks arose not from budget constraints, but from input errors, mismatched account codes, or inconsistencies between activity plans and financing structures. With SIKD, these barriers are now being systematically eliminated.

Reporting
Single reporting window digital

Planning
Tagging programs and sychronisation of RPJMB-APBD

Disbursement
Three performance-based phases (30% - 45% - 25%)

Budgeting
Ceiling validation and automatic account codes

SIKD Otsus Cycle

Disbursement and Accountability of the Special Autonomy Fund

Disbursement is the most critical stage in the DOK management cycle — and in the past, it has often been where technical and administrative bottlenecks have occurred. With the new three-phase disbursement mechanism of 30%, 45%, and 25% , SIKD Otsus enables more objective enforcement of disbursement requirements. Absorption rates and output achievements, which serve as conditions for subsequent disbursements, can now be monitored transparently through the system.

Fund disbursement no longer depends on stacks of physical documents, as verification is conducted through the same platform. This marks one of the most significant distinctions from the previous governance model. The acceleration of fund transfers has become an objective and measurable process, rather than a purely administrative one. Provincial governments can track their progress in real time, while the central government can monitor compliance between fund absorption, output delivery, and eligibility for the next disbursement stage.

During the transition period, several challenges have emerged, as noted by Ardimansyah, Head of the Dana Otsus Team at DJPK.
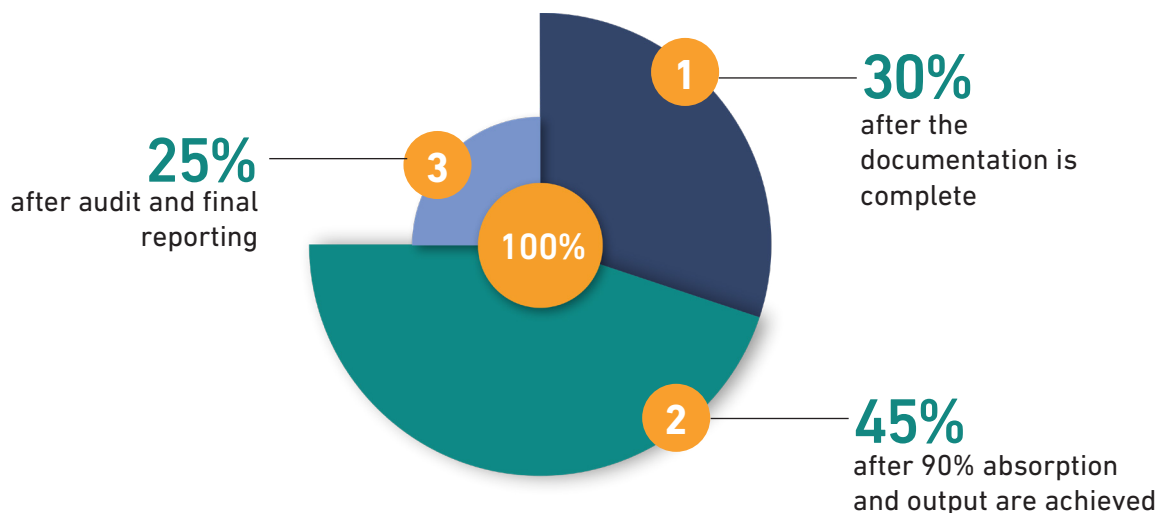
"We are still in the adjustment phase as regency and city governments become familiar with the system. Some districts and municipalities have indeed experienced delays in their Dana Otsus disbursements, but we are making every effort to accelerate the process."

This statement reflects the on-the-ground reality, while also demonstrating a clear commitment to speeding up adaptation and implementation.

Reporting represents one of the most significant areas of reform. With digital reporting now in place, SIKD introduces a single reporting window that streamlines consolidation and simplifies auditing. All financial transactions and progress on output are recorded electronically, eliminating the need for repetitive corrections and manual reconciliations.

This aligns with the broader spirit of strengthening internal oversight. Provincial governments now maintain a more disciplined reporting record, while the central government has access to consolidated, verifiable data on a regular basis. Reporting within SIKD is no longer viewed as a mere administrative requirement but has evolved into a genuine instrument of performance accountability.

Stages of Dana Otsus Disbursement

1 **30%** after the documentation is complete

3 **25%** after audit and final reporting

100%

2 **45%** after 90% absorption and output are achieved

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Perceived Governance Changes

With the implementation of SIKD Otsus, several tangible improvements have begun to emerge. Processes that previously required significant time have now become more efficient, as verification no longer needs to be transferred from one desk to another. The commitment of provincial governments has proven to be a critical factor in ensuring the timely disbursement of DOK.

> This was confirmed by Saumi Elfiza, the Head of Revenue at the Aceh Financial Management Agency (BPKA - *Badan Pengelolaan Keuangan Aceh*), who noted that, *'Leaders must be able to monitor their agencies and teams closely. When leadership control is strong, activities and subactivities can be implemented more quickly, potential issues can be mitigated early, and DOK disbursements can proceed promptly and on time'.*

Fatimah from Bappeda in the regency of North Aceh shared a similar experience. She highlighted how strong commitment and close supervision, from senior officials down to field implementers, have helped ensure the smooth disbursement of DOK in North Aceh. It is no surprise that North Aceh was among the regencies that received its second phase DOK disbursement on time.

' In our regency, to accelerate DOK fund utilisation, we hold monthly leadership meetings where the Regent and agency heads discuss any challenges, such as procurement processes that typically start in January. Each month, every unit is required to report on the issues encountered in the field and provide updates on their progress. If an agency fails to meet its target, the Regent directly addresses it.' Fatimah said.
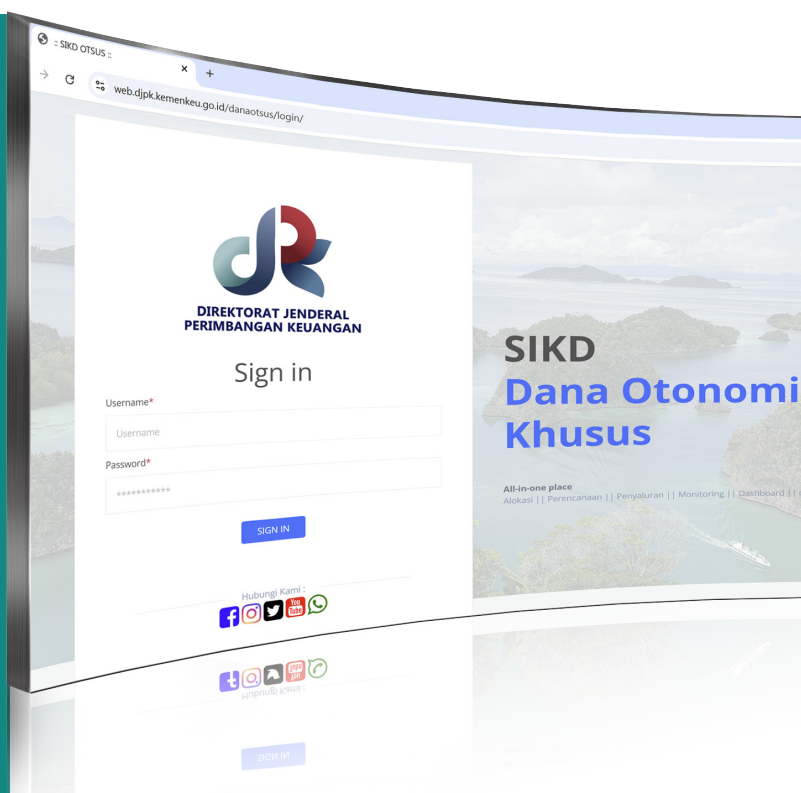
Fatimah added that strong commitment from the local government and leadership has helped ensure smooth cross-sector coordination. 'Everything can be done harmoniously. There's no finger-pointing or blame-shifting,' she said.

Her statement was supported by her colleagues, Muchtaruddin and Sunardi, from BPKD and the North Aceh Regency Inspectorate, respectively. They both acknowledged that close collaboration, strong commitment, and the involvement of local leaders have contributed to the smooth implementation of DOK funds in their regency. 'If any issue arises, we can consult the relevant agencies or department heads directly. We involve everyone in supporting the acceleration of effective DOK disbursement in North Aceh', Sunardi said.

Suwan, the Acting Head of Bappeda in Aceh Singkil, echoed these sentiments, noting that strong coordination and commitment among local officials, including the use of communication groups to monitor progress, have supported smooth DOK implementation across the regency. As a result, Aceh Singkil was among the regencies that received their second phase DOK disbursement on time, just like North Aceh.

'In Singkil, we share the same vision of ensuring that DOK is disbursed quickly. We don't wait for instructions, and we've begun preparing the requirements for the third disbursement phase. Our internal monitoring system is key', Suwan said.

'When a letter or directive arrives, we coordinate immediately with the relevant agencies. We also monitor daily progress through a WhatsApp group, which keeps everything transparent and makes any delays clearly visible. This system has accelerated the work of regency and city offices, including agencies handling major areas such as education and health, which previously took longer to process'.

The responses from these stakeholders indicate a strong sense of ownership and acceptance of the new system. While adaptation is still required, SIKD Otsus has made it easier to quickly identify and address long-standing issues. This is where digital governance delivers added value.

As with other digital reforms in the fiscal sector, the transition to an integrated system presents both technical and institutional challenges. Not all regions adapt at the same pace, and not every local agency has the same technical capacity to shift from manual to digital mechanisms within a short period.

Nonetheless, these transitional challenges are a natural consequence of governance transformation. Strengthening human resource capacity, building familiarity with new reporting routines, and instilling data-entry discipline have become priorities. Technical assistance from the central government remains critical to ensure a smooth transition, while local leadership plays a decisive role in sustaining momentum and ensuring process continuity.

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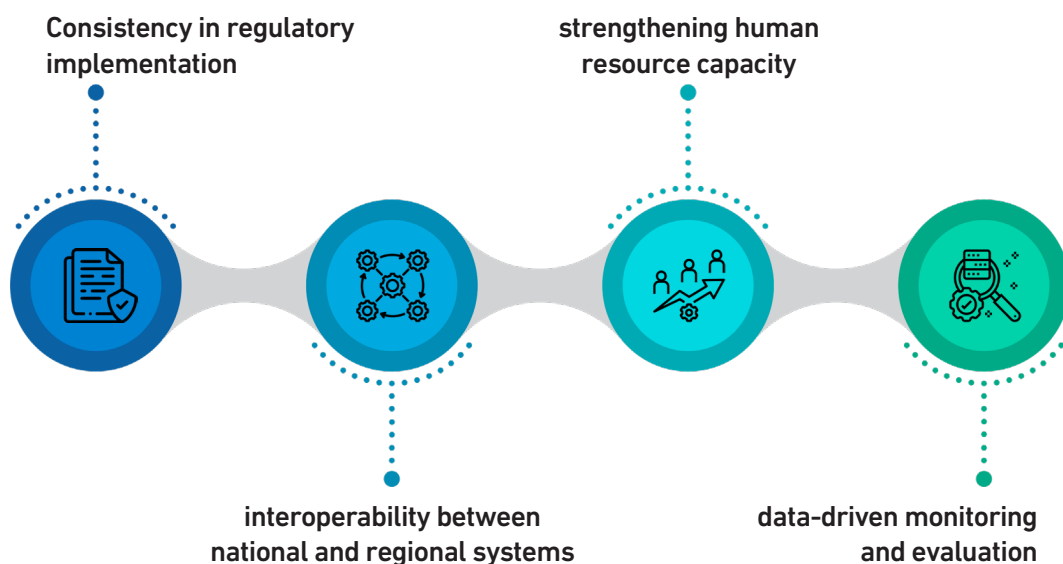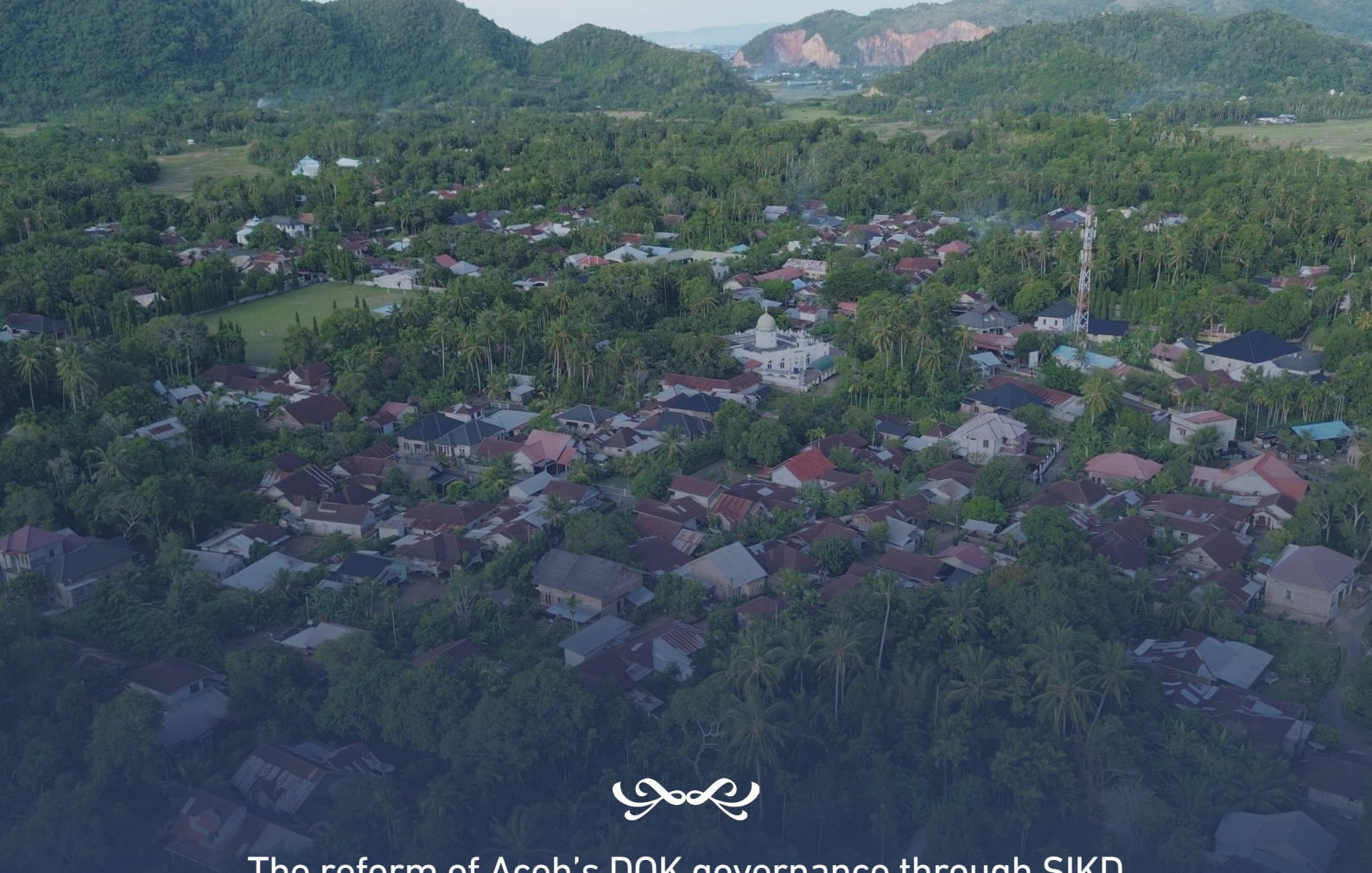
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Consolidating and Moving Forward

The sustainability of the SIKD Otsus reform depends on three key factors: consistent regulatory implementation, system interoperability, and strengthened human resource capacity. The central government continues to provide technical assistance and system consolidation, while provincial governments are expected to maintain disciplined implementation to ensure the system's full benefits are realised.

With SIKD Otsus as its foundation, DOK governance is expected to become increasingly focused on accurate targeting, timely disbursement, implementation consistency, and traceable accountability. This reform strengthens DOK as a credible fiscal instrument — not only in terms of expenditure delivery, but also in the quality of its governance.

Driven by collaboration between central and provincial governments and underpinned by a steadfast commitment throughout the transition period, this governance reform facilitated by SIKD Otsus will serve as a strong foundation for a more effective, efficient, and sustainable development pathway for Aceh. Ultimately, this reform is a shared effort to ensure that the benefits of DOK truly reach those who are entitled to them, while maintaining public trust in the management of state funds.

Consistency in regulatory implementation

strengthening human resource capacity

interoperability between national and regional systems

data-driven monitoring and evaluation

The reform of Aceh's DOK governance through SIKD Otsus represents a major step towards transparent and accountable fiscal management, ensuring that every rupiah serves the people it was meant for.

SKALA

Sinergi dan Kolaborasi untuk Akselerasi Layanan Dasar
Kemitraan Australia - Indonesia

Sinergi dan Kolaborasi untuk Akselerasi Layanan Dasar (SKALA) is an Australia-Indonesia Partnership Program aimed at supporting the Government of Indonesia's efforts to reduce poverty and inequality by improving basic-service provisions to poor and vulnerable communities in less-developed regions.

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