

CHAPTER I

INTRODUCTION

A. BACKGROUND

The development policy of bureaucratic reforms implemented in order to improve better governance. It is an important part in improving the implementation of national development. Bureaucratic reform policy is ultimately expected to achieve improved quality of better public services, increasing the capacity and accountability of the performance of the bureaucracy, and increasing the professionalism of government human resources, as well as the implementation of good governance and free from Corruption, Collusion and Nepotism (Triyono, 2013/Bappenas). Based on the problems, government started to arrange and implement Presidential Regulation (*Peraturan Presiden*) number 81 in 2010 about Grand Design Reforms in 2010-2025, that presidential regulation aims to create professional bureaucracy, good integrity, neutral, and public-oriented.

According to Dwiyanto (2012), Bureaucracy is an important element to run and provide good service for the society through bureaucratic reform. Reformation of bureaucracy is expected to give effect to the solution of various issues in Indonesia such as corruption, collusion and nepotism. Bureaucracy reform in the implementation of government activities and public services aimed to create a professional bureaucracy and accountable. Moreover, the bureaucratic reform in Indonesia is expected to improve service delivery to the society as service users. Bureaucracy in Indonesia is still not able to do their work as the service

provider for the society. Osborne and Plastrik (1997) in Dwiyanto, et al (2012) says that the reality of the social, political, and economic faced by developing countries is often different from the social reality in the developed countries.

Nowadays, one of the focuses for realizing bureaucracy oriented to the satisfaction of the society is how to increase the transparency and accountability. Transparency and accountability will build a positive image of the society on the performance of the bureaucracy. Bureaucratic reform covers several aspects. *First*, institutional, bureaucratic reform creates structures that lean but rich functionality. *Second*, creating professional of human resources. *Third*, effective and efficient. *Fourth*, realize accountability and transparency. *Fifth*, creating of appropriate services, rapid, non-discriminatory and satisfying (Udoyono, 2012).

The procurement practices play an important role in the state budget (APBN). Procurement involves amount of very large money, so the government called as the largest buyer in a country. According to the Anti-corruption Clearing House in 2016, the budget of Procurement every year by National Procurement Agency (LKPP) about 40 percent (40%) of the state budget (APBN) and local budgets (APBD). In 2015 it was estimated that the budget for Procurement was amounted IDR 815.8 trillion of the total state budget expenditure amounted IDR 2.039 trillion. While, the budget Procurement of the state budget (APBN) in 2015 was estimated about IDR. 405.1 trillion of total budget expenditure in 2015 amounted to IDR 1.012 trillion. Regarding service delivery bureaucracy in Yogyakarta

still tends to prioritize the legislation (*Peraturan Perundangan*) and local regulations (*Peraturan Daerah*) as the main guideline (Dwiyanto, 2012). Based on the Supreme Court's (*Mahkamah Agung*) decision, the number of accused corruption in 2001-2015 in Yogyakarta were 64 accused. To improve efficiency, reduce corruption, collusion and nepotism, government launched the e-procurement.

E-Procurement is the process of procurement which done electronically especially web-based or internet. These instruments utilize information and communication technology facilities include public auction electronically organized by Electronic Procurement Service (LPSE) (Udoyono, 2012). The Matters Concerning the Procurement of Government Goods and Services has arranged in Indonesian Presidential Regulation (*Peraturan Presiden*) Number 4 in 2015 about Fourth Amendment to the Presidential Regulation Number 54 of 2010 Concerning of the Procurement. Presidential Regulation (*Peraturan Presiden*) as a basic guideline for the government as well as the actors who perform of procurement goods and services to make the process of e-procurement become accountable, transparent, equal, and structured.

Procurement without e-procurement has been lead to misuse of the state budget (APBN) reached 10-50 percent (10-15%). This grade could be reduced through the use of information technology, especially e-procurement. The uses of e-procurement to be a challenge because of corrupt practices are deeply rooted in the practice of procurement (Udoyono, 2012). Through the use of e-procurement, the government can

save the budget up to 10 percent (10 %). Since in 2008-2015, e-procurement transactions have reached IDR 776 trillion and saving of around IDR 62 trillion. These savings number can be maximized if all Ministries/Agencies/units of Work Device region/other Institutions (K/L/D/I) implement fully e-procurement. Because, the average annual percentage of K / L / D / I doing electronic procurement only about 35 percent (35%) of APBN / APBD (Kurniawan, 2015). The saving can be used by the government for the construction of infrastructure such as roads, bridges, etc in terms to improve the development in Indonesia.

LKPP in Candra (2016) said that e-procurement in Indonesia started from 2002 and fully implemented in every region/provinces in Indonesia is in 2010. The complete information as below:

Table 1.1. Some steps of e-procurement implementation in Indonesia:

Year	E-procurement implementation
2002	Trial 1 Packet
2003	Trial 60 packets
2004	Central + DKI Jakarta
2005	all of Java islands
2006	Java island + 7 provinces (Sumatera Utara, Sumatera Barat, Sumatera Selatan, Kalimantan Timur, Sulawesi Selatan, Gorontalo and bali)
2007	Java island + another 15 provinces
2008	Java Island + another 25 provinces
2009	Central and out of Java island: semi e-procurement plus. Provinces out of Java island: Semi e-procurement
2010	Central and out of Java island + another 4 provinces
2011	Full E-procurement implemented in 24 provinces and semi e-procurement implemented in 9 provinces such as: Bengkulu, Sulawesi Tengah, Sulawesi Tenggara, Sulawesi Barat, NTT, Maluku, Maluku Utara, Papua and Papua Barat

Source: Candra (2016) in LKPP

E-procurement in DIY was established in 2008 The first provides of good and service in DIY government is in 2008. Every year the tenders in DIY is increasing as the table below:

Table 1.2.Total Auction of E-procurement in DIY

NO	Year	Total Auction
1	2008	2 Auction
2	2009	26 Auction
3	2010	87 Auction
4	2011	289 Auction
5	2012	571 Auction
6	2013	618 Auction
7	2014	699 Auction
8	2015	684 Auction
9	2016-November	581 Auction
	TOTAL	3,551 Auction

Source: Data processing by researcher from LPSE's Website of DIY

Special Region of Yogyakarta is one of the provinces in Indonesia which implement e-procurement. E-procurement in Yogyakarta aims to assist the provincial government in facilitating the process of procurement of goods and services. Special Region of Yogyakarta's (DIY) governments are no longer doing it manually auction but DIY government has been made easy with the sophistication of information technology.

In the event of the *Warta ekonomi e-Government Award* since 2003, DIY's government has won and become 1st rank, then in 2004 also become 1st rank, then in 2005 become 2nd rank, in 2006 become 1st rank, in 2007 in 3rd rank and in 2009 won two best awards best those are 1st rank of *Warta Ekonomi e-Government Award* in 2009 to the provincial level and the best website category in provincial level (Republika Online, 2009).

The evaluation result of e-procurement in Yogyakarta Itself, reached the highest rank based on the results of the evaluation of Accountability Performance Central and Local Government (AKIP).

The assessment was conducted by the Ministry of Administrative Reform and Bureaucratic Reform (*Kementrian Pendayagunaan Aparatur Negara dan Reformasi Birokrasi*) with indicators judgment are announced and providing information, public serve and managing public information (Hermawan, 2014 / *Republika* online). According to Minister of Administrative Reform and Bureaucratic Reform (*Kemnenteran Pendayagunaan Aparatur Negara dan Reformasi Birokrasi*), Mr. Yuddy Chrisnandi assess that governance in Yogyakarta worthy of being an example for other regions. Yogyakarta is 1st ranked from 33 provinces in Indonesia, with a level good of accountability (Rachman, 2015/ *Republika* online). This proves that, the Special Region of Yogyakarta became one of the provinces that have a good level of accountability. In addition, in 2015 the Special Region of Yogyakarta in the top 10 rank in the category of Public Disclosure Information (*Keterbukaan Informasi Publik*) in 2015 with a total score of 61.206 percent (61.206%) (Armenia, 2015/*CNN Indonesia*).

Besides of the awards that have been achieved by DIY government, there are some problems based on Electronic Procurement Service (LPSE) DIY. These are: some e-procurement does not include the names of the winning tender, the correction price (*Harga Terkoreksi*) and offer price (*Harga Penawaran*) are unavailable and there are some

providers which has won more than once. Obviously, this is inversely proportional and to the awards received by DIY government regarding the disclosure of information. Besides that, in 2015 the results of the monitoring survey Procurement (PBJ) in DIY conducted Forum Collaborative Action PBJ (Procurement) DIY shows that the implementation of the Public in the province still tend deviate from the applicable regulations. The vendors said that the implementation phase for selection of vendors is still a lot of deviation from the provisions of the procurement. From providers note, the announcement of the winning candidates, vendors cannot know the outcome result from the committee/government and the reason, so that the vendor cannot fix the deficiencies that exist in their company.

Then, in the refutation stage (vendor who lost and not received) should be placed right personnel and competent so as to produce a complete answer and clear, so that it can be understood and accepted by the participant who filed a refutation. Bid opening stages need to be developed more transparent by involving the parties or witnesses. ULP also assessed to be less careful in verifying agencies or entities who are the partners of bidders (Hasanudin, 2015/Harian Jogja).

Otherwise, E-procurement system has weaknesses and strengths. The weakness of e-procurement is the government will really depends on the good network communication system (Jeppesen, 2010). According to LKPP (2016) the weakness of the use of e-procurement are: Entry and retrieval of documents is done by face to face, the announcement just do in

print media, the coverage area notice is limited, opening the opportunity for collusion between procurement committee and the service provider and not transparent. In addition, the lack of e-procurement, namely because of the e-procurement depends on technology of information and more capable human resources, Indonesia as island nation still has obstacles in the provision technology of information and more capable human resources (Lubis, 2014).

The strength of e-procurement is to prevent Corruption, Collusion and Nepotism (Jeppesen, 2010). In addition, according to LKPP (2016) the strengthens of the use of e-procurement namely are entry and retrieval of documents can be done via the internet, announcement made on the Internet through the website, existing regional coverage notifications are very spacious, opportunities for collusion between the committee and the service provider can be minimized as well more transparent. Service provider does not need to meet with the government directly.

The reason of procurement of goods / services to government institutions are tasks of the main the existence of government institutions not only to provide goods / services which is aimed to profit-oriented but rather provide services to public. So that, the government requires the goods / services in order to improve public services on the basis of logical thinking and systematic, following the principles and ethics as well as based on the methods and processes procurement applicable (Lubis, 2014). E-Procurement besides will increase transparency and accountability, improve market access and good competition, as well as

improving the efficiency of procurement process, indeed it will also indirectly support the process of monitoring and auditing, and fulfill the needs of information real-time access order realizing clean and good government in the procurement (Candra, 2016).

There are several reasons that make this research is important to investigate. *First*, accountability and transparency are very important in e-procurement. *Second*, transparency and accountability of disclosure of information regarding the winning tender and the prices are very important for the sake of transparency of information for the public to prevent the winning tender who dominate and analyze the budget fraud. *Third*, with the awards received by the DIY government regarding public disclosure in 2015, then by this research can be seen whether the government DIY has truly become one of the government information disclosure properly or not.

B. RESEARCH QUESTION

Based on the problems above, this research will explain about:

1. How does the government of Special region of Yogyakarta ensure the transparency and accountability of its e-procurement system in 2015?
2. What are the challenges faced by Government of Special Region Yogyakarta in the e-procurement implementation?

C. OBJECTIVE AND BENEFIT OF THE RESEARCH

1. Objective of the Research

The objectives of this research are:

- a. To analyze the transparency and accountability of e-procurement in DIY
- b. To analyze the strategy to improve the transparency and accountability of e-procurement in DIY
- c. To analyze the challenges of DIY government to facing the implementation of e-procurement

2. Benefits of the Research

This research is expected to provide benefits as a basis for understanding accountability and transparency implemented by Independent Procurement Unit (ULP) and Independent e-procurement unit (LPSE) DIY. Results and findings from this research are expected to be material to the evaluation process of the government of DIY and by Independent Procurement Unit (ULP) to analyze the problems that exist. Based on the objectives, the benefits of this research are:

a. Theoretical Benefits

In relation to development concept, this research is expected to be the basis for Independent Procurement Unit (ULP) and Independent e-procurement unit (LPSE) DIY to develop strategies and become an evaluation to improve the

quality of Independent Procurement Unit (ULP) and Independent e-procurement unit (LPSE).

b. Practical Benefit

This research is expected to bring some benefits for DIY provincial government to improve e-procurement performance. As well, society also can feel the benefits from the results and they can monitor the performance of government so they able to provide maximum benefits and services.

D. THEORITICAL FRAMEWORK

1. Literature Review

According to Thai (2009) e-procurement is the generic term applied to the use of integrated database systems and wide area (commonly Web-based) network communication systems in part or all of the purchasing process. He illustrates five contrasting exchange types employed within E-procurement transactions. Such as, *Public web* buyers have the opportunity to identify potential suppliers via standard search engines or specialist trading search engines. *Exchange*, the term “exchange” here refers to trading sites such as the eBay B2C (business to consumer) E-commerce auction site and the B2B (business to business) auction service providers, Free Markets and Sidereal, a marketplace is in essence a multi supplier/multi products catalog often hosted and maintained by a third party providing access to users via Internet or LAN connection. Company

hub is often also called a “buy-side” solution. It is similar to a marketplace because the buyer (rather than a third party) hosts and maintains a multi supplier/multi product catalog. And an extranet is a secure, often security protected, Internet link between buyer and seller. Such extranets are used primarily for shared and collaborative data, such as delivery scheduling and product design data.

Udoyono (2012) assessed that e-procurement in the city of Yogyakarta can provide business opportunities and encourage healthy competition. Regulation of e-procurement should be able to improve and guarantee the efficiency, effectiveness, transparency and accountability in expenditure budget.

Udoyono also said that the weakness of regulation in Yogyakarta city is the society cannot do monitoring the implementation process of the tender. Because, in that regulation there is no regulation about tender implementation, the lack of monitoring in the implementation and independent monitors are rarely involved. Based on the support for the implementation of e-procurement in Yogyakarta city, the implementation of e-procurement carried out by the committee in Independent e-procurement unit (LPSE) in each regional work unit (SKPD). In the implementation of e-procurement frequent manipulation in the absence transparency and monitoring. The problem that often occurs is still a lot of collusion between public officials (government) and partners/providers, with the E-procurement audits be closed and conduct reports internal

financial merely bureaucrats level only. Meanwhile, supporting factors of the implementation of e-procurement is political will of heads of regional/provincial, community, NGOs participation, and more capable human resources.

Aprizal (2013) said that public service accountability implementation of e-Procurement in Pangkalpinang based on six dimensions. They are efficiency, effectiveness, fairness, transparency, open competition and accountability. In this study, efficient principle can be seen from the assessment of needs, availability of resources, HPS (*Harga Perkiraan Sendiri*) fairness and best value for money. Infrastructure and amount of human resources in the Independent e-procurement unit (LPSE) of Pangkalpinang is good enough but not optimally utilized. In terms of infrastructures, placement of infrastructures is less accessible makes underutilized facilities. Users prefer to make access from the office of the coming into Independent e-procurement unit (LPSE).

Submission of information about the rules of e- procurement in Pangkalpinang has been submitted in complete and clear as contained in Inspectorate document standard of procurement in Pangkalpinang routinely always hold examination of financial reports of SKPD, including the results of the procurement. However, due to lack of human resources that expert in accounting term, lack of human resource that have capability to operate technology, the examination is not effective yet, impressed only run the routine task.

Concluded that, the principle of accountability has not been fully realized even archive and data security of e-Procurement has been available in hard copy and stored properly in the system of Independent E-Procurement Unit (LPSE) and National Procurement Agency (LKPP).

Nurmandi (2013) found that E-procurement is essential to prevent corruption budget for the procurement. Indonesia has implemented e-procurement since 2008. Indonesia was implementing e-procurement by holding Independent E-Procurement Unit (LPSE) to aid the performance of Independent Procurement Unit (ULP). Furthermore Noor (2013) suggest that, Transparency is one of the fundamental aspects for the realization of the implementation of good governance, which requires openness, engagement and ease of access for the society to policy making process, especially in the use of resources that are directly related to the public interest. There is transparency can guarantee society in the distribution of information policy. It can facilitate the society and stakeholders to control government performance. Transparency and accountability in the implementation of the project tender well financed by state budget (APBN) and local budget (APBD) are important issues in the region. Remember that, a target achievement of the implementation of good governance is establishment of climate cooperative conducive between government and the private sector to increase investment in the region.

Novitaningrum (2014) the results of this study argued that e-procurement through Government in Surabaya city managed to increase the efficiency of budget expenditures in the field of goods government and services. In addition, to improve the efficiency of the budget with e-procurement system, government of Surabaya city was creating a climate of accountability and transparency in government procurement. This was shown by the many awards received by government of Surabaya city related to public accountability and transparency. By implementing e-procurement system, government of Surabaya city was able to realize a system that is accountable at each stage of the procurement. However, this does not preclude the existence fraud of by the provider. In this case, the government's commitment to achieve accountability should be realized. Accountability and transparency in the procurement of government of Surabaya city through e-procurement is that with the implementation of e-procurement, government can ensure the availability of information about the auction process which has been shared in the portal of Independent E-Procurement Unit (LPSE) Surabaya.

Kumaralalita et al (2014) this research explains that in implementing e-procurement must have been laws which govern the process and also as the basis of the conduct e-procurement. Information which provided should be accountable, be accessible, timely and reliable. Although in the practice, there are few technical errors that can make slow down the process of reporting. E-

procurement is not just about online system that can have an impact on increased accountability. There are several factors that have a significant contribution to improving accountability. E-procurement is not just laneways increase accountability but to increase accountability must be supported by wider system and more capable human resources.

Sumangkut (2014) found that SPSE v.3.5 not guarantee the implementation of procurement in accordance with the purpose of e-Procurement by Presidential Decree (*Keputusan Presiden*) 54 of 2010 Section 107 letter (b) to improve market access and healthy competition with the declaration of the Service Provider who often face obstacles in v.3.5 SPSE. Electronic Procurement System (SPSE) access applications have not yet fully from system error, which at prequalification process consulting services Independent Procurement Unit (ULP) Working Group sent a message to the service providers that qualifying companies that entered is still lacking, so the service provider add the qualification through facilities the provided in the Electronic Procurement System (SPSE). But, at the time of the evaluation of the qualification, qualification additional has been sent by the provider no longer exists in the application Electronic Procurement System (SPSE).

Pratiwi (2014) argued that independent e-procurement unit (LPSE) Kediri district government in carrying out activities operational of e-procurement guided by standard operating procedures

(SOP) that has been arranged by the central government. In the SOPs, conducting monitoring and evaluation is independent e-procurement unit (LPSE) officials with ITO (IT operation) LKPP team composed of personnel on e-procurement directorate that runs the specified assignments, function and task (TUPOKSI).

Internal accountability of independent e-procurement unit (LPSE) Kediri district is divided into two parts. The first part is accountability results of the tender were addressed to the regent as the head of region and the second is accountability of the operations of a tender addressed to national procurement Agency (LKPP) center where LKPP authorized to conduct guidance and supervision in e-procurement. Accountability internal of Independent E-Procurement Unit (LPSE) is started from staff of LPSE, secretary, and then reported to the head of LPSE. Accountability externally that is addressed to the society by utilizing Electronic Procurement System (SPSE) application is to publicize the results of the procurement activities through the LPSE official website.

Pramasari (2014), suggests that the system for the e-procurement conducted by government of Denpasar city has reflected to the principles of good governance those are transparency and accountability. The whole process is done openly and given the same opportunities for providers of goods and services and society can watch, monitor and follow the process of procurement in Denpasar city. Application of Electronic Procurement in government of

Denpasar city has been applying the principles of Good Government one of them is transparency. From the data, found in research process is transparent in the procurement online or electronically Procurement in Denpasar's government that jobs package will be announced by Independent E-Procurement Unit (LPSE) online on the official web Electronic Procurement, and the entire society can participate in the bidding online.

Hidayat (2014) found that e-procurement is very important to minimize corruption, Miss- Budget allocation in the decentralization era in Indonesia as today. In this research, there are several challenges faced. Such as: the lack of clear indicators regarding accountability and transparency in the procurement, lack of commitment from local leaders in implementing e-procurement, weak of monitoring internally where it may determine the implementation of transparency and accountability.

Afriyanti et al (2015) the results of this research are in the running of accountability execution and accountability of state finances the attention of stakeholders on the performance of the government will be increase. Therefore, the existence of a system that can assess the level of accountability of a government is important. The system is like indexes that can be used to measure the level of government's ability to achieve its performance for the welfare of the society.

Edison (2015) found that management Independent E-Procurement Unit (LPSE) Riau Island is open to input from outside LPSE to planning and propose the policies to National Procurement Agency (LKPP). The suitability of the services provided by officers with the type of service desired is in conformity with the concept of transparency regarding requirements the technical and administrative through direct observation are still met the requirements that are duplicates. The speed and timeliness of service implementation are still experiencing problems due to facilities. Poor internet system security is not good; this is because the condition of the office always moves. LPSE not pay attention yet to the importance of the existence and publication services as a commitment LPSE to realize transparency in the public service. Accountability in LPSE not yet fully realized well, the indicators of performance accountability level of employee discipline is lacking. It is caused by a lack of LPSE supervision not collect fees in public services.

2. E-procurement

According to Davila et al (2003) in Harjito (2015) explains that e-procurement technologies are defined as technologies designed to facilitate the acquisition of goods by organizations commercial or government via the Internet. Internet technology including e-procurement software, B2B (business to business) auction, B2B market exchanges, and purchasing consortia focused on the of automation work flow, consolidation and spending power of the

organization and identify opportunities via the Internet. E-procurement is the process of e-procurement covers every stage of purchasing, from the initial identification of a requirement, through the tendering process, to the payment and potentially the contract management by the internet (Corsi, 2006). In addition, Satyanarayana (2007) said that e-procurement is a collaborative procurement of goods, works and services using electronic methods in every stage for bringing in efficiency & transparency.

According to Sutedi (2012, p.254) in Nurchana et al (2014, p.02), e-procurement is an auction system in the government procurement with using technology, information and communication with internet-based in order to take place in an effective, efficient, open and accountable. Furthermore, Nurmandi (2013) said that Indonesia has implemented e-procurement since 2008. This is to minimize the possibility of corruption budget on the provision of goods and services in the government. Meanwhile, based on Presidential Decree No. 54 of 2010, E-Procurement is the procurement conducted using information technology and electronic transactions in accordance with laws and regulations.

Nurmandi (2013) noted that, there are several factors can affect to the e-procurement, namely are:

1. Leadership is one of the important factors that could affect the success or not of its e-procurement. Leader and his

team are responsible for creating goals; instill a commitment in implementing e-procurement.

2. Human resources, quality human resources are one factor that can determine the success of e-procurement acceleration.
3. Planning and management, implementation of e-procurement requires planning and good management. It is intended that the implementation of e-procurement can be run in accordance with the principles. So that, e-procurement can runs effectively and efficiently as well as transparency and accountability.
4. Policy and regulations, is one of the most important factors in e-procurement. Policies and regulations distinguish the difference between the procurement in government and private sectors. Where, the government sector makes policies and regulations for how the government gains public goods with effective price and good quality.
5. Infrastructures and standardizations, the two factors that support e-procurement. Where, infrastructure is a crucial factor in the implementation of e-procurement, if the infrastructure is not adequate it can ensure that the implementation of e-procurement will be hampered.

6. Private integration systems of e-government procurement on the efficiency and the effectiveness of e-procurement.

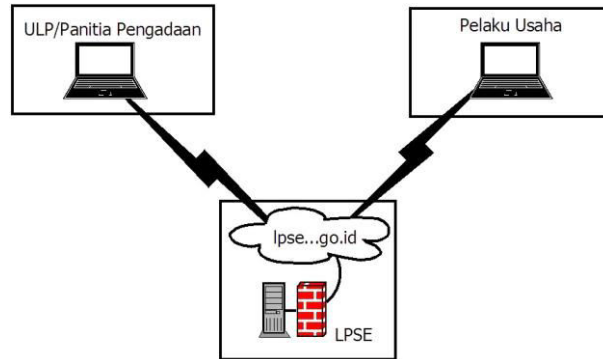


Figure 1.1 E-procurement in Indonesia

Source: LKPP in Nurmandi 2013

Besides to minimizing corruption in the process of e-procurement, one of the goals of e-procurement is to facilitate transactions between the government and the provider as the provider services. Procurement Service Unit (ULP) performs the function to conduct procurement activities as a facilitator in the procurement, become a policy maker, as well as monitoring the process of procurement implementation. E-procurement becomes an arena where information on the provision of the tender will be informed via Independent E-procurement Unit (LPSE). So that, providers can immediately finds out tenders without having to meet directly with the government through the LPSE official website which has been available in every region in Indonesia.

Lubis (2014) noted the principles of Procurement are:

1. Efficient, procurement of goods / services must be arranged with using funds and limited resources to achieve the goals which have determine in shortest time and be accountable.
2. Effective, Effective means with the available resources it can get goods / services that have the highest value of benefits
3. Open and competitive, Open and competitive means the procurement of goods / services should be open to providers of goods / services that meet the requirements and conducted through healthy competition among providers of goods / services that are similar and qualified / certain criteria based on the provisions and procedures are clear and transparent.
4. Transparent, is give comprehensive information to the all participants which delivered through the media information that can reach the widest business world who are expected to participate in the procurement process of goods / services.
5. Fair and non-discriminatory, is giving equal treatment to all candidates who are interested to realize their healthy competition and does not lead to benefit of certain parties with any reason.
6. Accountable, the accountability about implementation of Goods / Services to the parties and society based on ethics, norms and legal regulations

These principles are the foundation for government procurement. It aims to create a clean government and to prevent the use of state budget which is not effective and efficient.

3. Transparency

a. Definition of Transparency

Nurmandi (2013) said that transparency is where all the information on public procurement openly on the internet. In addition, all procurement procedures can be informed anytime and anywhere. As well, good governance will be transparent to the society, both at central and local levels (Sedarmayanti, 2012). Moreover, Lubis (2014) said that Transparency is give comprehensive information to the all participants which delivered through the media information that can reach the widest business world who are expected to participate in the procurement process of goods / services.

According to Windha (2013), Transparency is a process of openness of the managers of public management to build the access management process so that the flow of information in and out is balanced. Besides that, According to PNPM Mandiri (*Departemen Pekerjaan Umum*), transparency means opening up access for all people to all information associated with all activities covering the whole process through a public information system management. With this open information, it will facilitate and make easier for society to do monitoring.

However, Ashima (2014) said that transparency can be defined as the openness of government in providing information relating to the management of public resources to those in need of information.

Transparency is openness and honesty to the public based on the consideration that the public has a right to know openly and comprehensively on accountability in the administration of resources entrusted to him and his obedience to the laws and regulations (Andrianto, 2007). Therefore, according to Latief (2016) Transparency is the openness of the government to the public to access information based on the consideration, that the public has a right to find out openly and comprehensively on the accountability of the government and a principle that must be implemented in all activities of local government. Based on Kemenpan 46 in 2004 About *Petunjuk Pelaksanaan Pengawasan Melekat Dalam Penyelenggaraan Pemerintahan*, Transparency of public service is an implementation of the tasks and activities that are open to the public from policy process, planning, implementation and monitoring / control, and easily accessible to all those who need information.

According to Siagian (2013) Transparency is the openness of the government to the public to access information based on the consideration that the public has a right to find out

openly and comprehensively on the government's accountability. Meanwhile, According to KONEPS (Korean ON-Line E-procurement systems) in Mahendra (2013), transparency is a principle that must be implemented in every activity of local government. This is not separated of the desire of the society to implement and develop good governance practices, the Society wants governments are open and can ensure a variety of access information needed by the public.

b. The principles of Transparency

Lubis (2014) noted that in a transparent there should be activities:

1. Wide and open announcement
2. Provide enough time to prepare a proposal / offer
3. Giving open Information about all the requirements that must be met
4. Provide complete information on the procedures about steps of bid appraisal

According to Munir (2004) in Latief (2016), there are six principles of transparency expressed by Humanitarian Forum Indonesia (HFI) namely:

1. There is an Information that is easily understandable and accessible (budget, way of implementation, and programs)

2. There is publication and media about the activities and finance details
3. The existence of periodic reports on the utilization of resources in development projects that can be accessed by the society
4. Annual report
5. website or publication media organizations
6. guidelines and dissemination of information

Therefore, the principles of transparency are everyone feels free to access any information about government activities from planning, implementing and evaluating. Mardiasmo (2004) in Latief (2013) noted that, these principles are emphasizing some aspects. These are:

1. Public communication by the government
2. Public's right about information access
3. providing clear information about responsibilities
4. easy to access the information
5. Formulate a complaints mechanism if there are rules that have been violated or request to pay a bribe
6. Improving the flow of information through cooperation with mass media and non-governmental institutions.

4. Accountability

a. Definition of Accountability

Lubis (2014) said that Accountable, the accountability about implementation of Goods / Services to the parties and society based on ethics, norms and legal regulations. Whereas, accountability is the main elements of a rights-based approach of human rights, with emphasis on the relationship between the duty of the State and the rights of individuals, it is able to help identify that the rights have been fulfilled and accountability can be about engaging with civil society and other actors through independent review mechanisms, disclosure of information and instating participatory monitoring systems (Jeppesen, 2010). According to Jeppesen also said that in accountability should has report of tenders, bids, minutes from technical committees, and bid evaluation records.

According to Nurbarokah (2016), accountability is an obligation to give responsibility or answer and explain the performance and actions of a person /legal entity / leadership of an organization to those who have a right to request the authorities have information or accountability. According to Pratiwi et al (2014), accountability is one of the principles of good governance. The term of "accountability" comes from the English "*accountability*" means something that have to be

accountable. While Dwiyanto (2012) suggests that accountability in public service is a measure that indicates how much the level of suitability of the provision services with the size of the values or external norm in the society or owned by the stakeholders.

According to Wicaksono (2015), Accountability is one of the elements of the three elements present. Accountability is a concept that describes how an organization is able to provide an explanation for their actions to the parties that have the politically authority to carry out the monitoring and evaluation of the organization. Meanwhile, according to *Peraturan Kepala Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah No. 12 in 2012 about Petunjuk Pelaksanaan Evaluasi Akuntabilitas Kinerja Satuan Organisasi Eselon I* in National Procurement Agency (*Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah*), accountability is the obligation to deliver accountability or to address the performance and actions of a person / legal entity / collective leadership of an organization to the party or in authority have the right to request information or accountability.

According to Windha et al (2013), Accountability is obligations of individuals or authorities that entrusted to manage public resources to be able to answer the things that

concerning its accountability. Besides that, According to the PNPM Mandiri (*Departemen Pekerjaan Umum*), accountability is defined as the accountability of an institution to the society on the success or failure of a mission/tasks that have been assigned. Furthermore, According to BPKP (2011), accountability is the obligation to deliver accountability or to address the performance and actions of a person / legal entity / collective leadership of an organization to the party who has the right or in authority to request information or accountability. Meanwhile, according to the Corruption Eradication Corruption (*Komisi Pemberantasan Korupsi*), accountability is a principle that determines that each of the activities and results of the activities should be accountable to the society or the society as a sovereign state supreme in accordance with the obtain legislation.

Lubis (2014) Noted that, there are few things have to be aware that the Procurement of Goods / Services is accountable:

1. There is complete archives and records;
2. There is a supervision system to enforce the rules;
3. There is a mechanism to evaluate, review, investigate and

take action against the protests and complaints made by the participants.

According to Andrianto (2007: 21) in Novitaningrum (2014: 06) there are several important benefits of budget transparency. As follows:

1. Preventing corruption
2. easier to identify weaknesses and strengths of a policy
3. Improving government accountability so society will be able to measure government performance
4. Increase confidence in the commitment of the government to formulate specific policy
5. Strengthening social cohesion , because public confidence in the government will be formed
6. Creating a favorable investment climate and increase business certainty

b. Forms of Accountability

Rosmiji (2001:145) in Nurbarokah (2016:15) noted that Accountability is defined into 2 types. Namely:

1. Internal Accountability

Applies for every level of internal organization including the state government where every government officials even individually and groups, hierarchically obliged to do accountability directly to his head/superior about the development of the activity performance periodically. The internal accountability of the government has been mandated in Presidential Instruction (*Instruksi*

Presiden) number 7 in 1999 about the Accountability of Government Institutions (AKIP).

2. External Accountability

It is attached to every citizen as an organization to take responsibility for all of the mandate that has been accepted and implemented or development to be communicated to the external parties.

All of the external in here is the society. Besides, the government has to give the accountability of his mandate to the head/superiors, the government has to give and share the accountability to the society as the openness information.

Mardiasmo (2005) in Nurbarokah (2016) noted that public accountability is defining into 2 types:

1. Vertical Accountability, is giving accountability to the head/higher authority position
2. Horizontal Accountability, is giving accountability to the society. In government institutions context, is giving information about the activity and budget management to every parties which having interest about the report.

Elwood (2003) in Nurbarokah (2016) noted that, there are 4 dimensions that have to fulfill by the government:

1. Honesty accountability and Law Accountability

Honesty accountability is related to the abuse of power. Then, law accountability is related with the guarantee their compliance with laws and regulations required in the use of public resources.

2. Accountability of Process

Accountability process is related to whether the procedure has been used in implementing the task has been quite good in terms of the adequacy of the system accounting information, management information systems and administrative procedures. Accountability process is manifested through the provision fast, responsive, and cheap cost of public services.

3. Accountability of Program

Accountability is related to the consideration of whether program objectives can be achieved or not and whether it has considered alternative programs that provide optimal results with minimum cost.

4. Accountability of Policy

Accountability is policy relating to the responsibilities of the head, managers and supervisors on the policies that were already taken. In public sector, there are some forms of accountability:

- a. Upward Accountability, showed their obligation to report from the highest levels in certain sections to the Chief Executive, as a director-general to the minister.
- b. Outward Accountability, that the task of leadership to report, consult and respond to client groups and stakeholders in the society
- c. Downward Accountability shows that every leader at various levels should always communicate and disseminate the policies to a subordinate because no matter how good a policy will only succeed when understood and practiced by all employees/staffs.

E. CONCEPTUAL DEFINITION

1. E-procurement

E-Procurement is the procurement process based on the technology / internet in order to improve efficiency; monitoring and audit are made to their needs and also to facilitate government in the provision of goods and services faster and more efficient.

2. Transparency

Transparency is the openness and completeness of information for the society about the planning until the results of the procurement in the province through LPSE DIY so there is no closure of any information.

3. Accountability

Accountability is the responsibility of government to the internal (head of government) or external parties (society) regarding all information relating to the procurement in Yogyakarta through LPSE DIY.

F. OPERATIONAL DEFINITION

1. E-procurement

- a. Regulations from the governor
- b. Infrastructures and Speed system of Electronic Procurement System (LPSE)
- c. The number of Human Resources in Electronic Procurement System (LPSE) DIY
- d. Independent Supervisor
- e. Operating Standard Service (SOP)

2. Transparency

- a. Information about the detail budget, requirement, registration and tender implementation clearly
- b. Provide through enough time to prepare or offer
- c. Provide complete information on the procedures about the steps of bid appraisal
- d. Information about tender activity (the winner, offer price (*Harga Penawaran*), corrected price (*Harga Terkoreksi*) in 2015)
- e. The cooperation with mass media about tender activities

3. Accountability

- a. There is a report about results of program/activities about e-procurement to the public in 2015
- b. There is a results report of the tender to the regents/head of institution in 2015
- c. The existence of the operations report of the tender to the head of National Procurement Agency (LKPP) in 2015
- d. There is mechanism to evaluate, review, investigate and take action against the protest and complaints made by participants and public.

G. RESEARCH METHODS

1. Type of Research

This research uses qualitative research methods to collect data and information. Qualitative research aims to describe and interpret the result. Qualitative research is a phenomenon in carefully through from the viewpoint of participant (Williams, 2007). Where, this study used a qualitative descriptive method. Descriptive methods explained in systematic and detailed information on the facts and phenomenon happens on the field.

2. Research Location

This research is located in Yogyakarta with the case on Transparency and Accountability of Independent E-procurement Unit (LPSE) DIY. The reason why researcher choose a location in Special Region of Yogyakarta (DIY), because in 2015 DIY

awarded the top 10 rank in the category of Public Disclosure Board (*Keterbukaan Informasi Publik*). Therefore, researcher wants to prove whether the award is in suitable with the reality especially in LPSE DIY through data and interviews.

3. Unit Analysis

In this research, researcher will obtain the information or data sources from:

1. The head of Independent E-procurement Unit (LPSE) DIY
2. The head of Procurement Service Unit (ULP) DIY
3. 10 providers, they are 5 providers which has won less than 5 times and 5 providers which has won more than 9 times in a year

Table.1.3 Name of Providers

No	Providers did not win	Providers won more than 9 times
1	CV. Pradipta Kreatif Media	CV. Sakalike
2	CV. Dua Tiga Empat Konsultan	CV. Madani Callysta Saibuyun
3	CV. Bintang Abadi	PT. Surya Praga
4	PT. Karya Agung	PT. Tri patra Konsultan
5	CV. Anugrah	CV. Reka Kusuma Buana

Source: Data Processing by LPSE's website

H. DATA COLLECTION TECHNIQUE

1. Interview

Interview is a tool to collect data directly through a direct question and answer. This research will use in-depth interview to get details information. An interview for this research is an open question, with the kind of interview that is triangulated. Where,

data sources, researcher will conducted interviews and comparing the results of interviews with data that has been owned by the researcher. So that, researcher is able to analyze the phenomena that occur more widely. The result of the interview is expected to be more accurate and detail about the problems of this research.

2. Documentation

Documentation is a data collection technique through books, archives, journals, articles, newspapers and all information relating to the problems and theories to solve the problem. A qualitative research method is the main technique of data collection for the hypothesis will be answered rationally through perspective, the theory, and regulation. In addition, the researcher wills collect data through the official website of Independent E-Procurement Unit (LPSE DIY) then later can become a point of comparison with the reality.

I. DATA CLASSIFICATION

In this research, researcher will use primary data and secondary data to collect the data. Primary data is where the data is taken through the process of in-depth interviews. And secondary data is data cited by major sources and not directly taken from the main data. Secondary data is collected through various sources such as books, records, journals, articles, documents etc.

Table 1.4. Data Classification

NO	Data	Primary	Secondary	Source
1	The report of program/activities result in 2015		√	Archive
2	The report of Tender result to the regent in 2015		√	Archive
3	The monitoring and evaluating report from supervisor		√	Archive
4	The report of tender winner in 2015		√	Archive
5	The report of operational tender activity to National Procurement Agency (LKPP) in 2015		√	Archive
4	E-procurement in Indonesia		√	Journal, Books, Article, Newspaper
5	Best Practice of E-procurement in some cities in Indonesia		√	Journal, Books, article, Newspaper
6	Independent Supervisor	√	√	Interview
7	Human Resource in Independent e-procurement Unit (LPSE) DIY	√	√	Archive and interview
8	Infrastructures		√	Archives
9	Public complaints	√	√	Archive and interview

J. DATA ANALYSIS TECHNIQUE

The process of data analysis in this research is include collecting data, analyzing data, interpreting data, and ends with a conclusion refers to analyzing the data. *First*, Classifying the data to determine the critical data related to research on the Transparency and accountability of e-

procurement in Special Region of Yogyakarta in 2015. *Second*, researcher reduces and classified the data that is still in need or is not required. *Third*, researcher interprets the data that has been selected to be used as material in this research. *Fourth*, researcher used triangulation techniques to check the validity of the data. Where, triangulation which utilizes other data to be used as a comparison the interview result with the object of research. *Fifth*, researcher determines the conclusion of the research.

K. THE SISTEMATIC OF WRITING

The systematic of writing and an understanding, the researcher make a systematic writing as follows:

CHAPTER I, Introduction, consists of: background, research question, objectives and benefit of the research.

CHAPTER II, Theoretical Framework, consists of: theoretical framework, literature review, definition concept, operational concept, type of the research, research location, data collection technique, data classification, data analysis technique.

CHAPTER III, Description of Special Region of Yogyakarta and Independent e-procurement unit (LPSE), consist of: boundary, location and population, physical conditions of DIY and description about organization structure, number of staff and the function of Independent e-procurement unit (LPSE), and Independent Procurement Unit (ULP)

CHAPTER IV, Results, and Discussion, this chapter will discuss the LPSE history in DIY, how does the implementation, role, and performance of Independent e-procurement unit (LPSE), and Independent Procurement

Unit (ULP), the transparency and accountability of LPSE, the obstacles faced by LPSE DIY to implement the transparency and accountability, strategy of LPSE DIY to improve their performance.

CHAPTER V, Conclusion, consists of, the conclusions of the research and recommendations