



## The Concept of Government Treasurer: Indonesia Case Study

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**ABSTRACT:** The determination of the functional position of treasurer which combines the duties of the treasurer with the Commitment-Making Officer (PPK) and Payment Instruction Signing Officer (PPSPM) has blurred the function of "comptable" as part of the duties of the CFO (Chief Financial Officer) and "ordonateur" as part of the duties of COO (Chief Operational Officer). This paper seeks to answer research questions about how the functional position of treasurer should be defined so that it is in accordance with the intent of the State Treasury Law, the nature of the position, the order of professional responsibilities, and the family of positions. So that the position of treasurer becomes more in line with best treasury management practices. This research was conducted in the realm of financial management of the Indonesian state budget. By using qualitative descriptive research methods, we found that: the nature of the treasurer's work is expertise and independence, has extensive knowledge in the field of state financial management, behaves professionally, according to the law is responsible to the CFO, and the treasurer's field of duties needs to be made broader so that larger workload. The implications of this research are that the position of treasurer is more in line with the intent of the state treasury law, the scope of his duties adopts best practice treasury management, the nature of the work is more focused, and his career development is not hampered.

**Keywords:** Functional Position of Treasurer, Accordance with the Intent of the State Treasury Law, The Nature of the Position, The Order of Professional Responsibilities, The Family of Positions



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## INTRODUCTION

This paper aims to explore various literatures including regulations related to the conception of the position of the treasurer in the best practice of implementing treasury management to answer the question of how the function of the treasurer position in the Indonesian government as a treasury manager should be. Treasurer position as a Specific Functional Position (Jabatan

Fungsional Tertentu-JFT) predefined by the Regulation of the Minister of State Apparatus Empowerment and Bureaucratic Reform Number 54 of 2018 concerning the Functional Position of the State Budget Financial Institution as Functional Financial Officer (Jabatan Fungsional Pranata Keuangan APBN -PK APBN) has not been satisfactory.

In Article 10 paragraph (1) of the State Civil Service Agency Regulation Number 18 of 2019 concerning Guidelines for Implementing the Development of Functional Position of the State Budget Financial Officer, it is stated that Financial Officer can be given duties as: Commitment Making Officials (PPK); Official Signing the Payment Order (PPSPM); Recipient Treasurer; Expenditure Treasurer; or Assistant Expenditure Treasurer. The regulations regarding the position of financial manager have emphasized that the treasurer cannot be held concurrently by the PPK/PPSPM. In appointing the position of treasurer or PPK/PPSPM in the current range of Financial Institution positions, efforts can be made to ensure that there are no concurrent positions between Treasurer and PPK/PPSPM. However, this will give rise to the possibility of a dispute over authority over the remains of previous work if there is a transfer of position from Treasurer to PPK/PPSPM.

Meanwhile, in Article 4 paragraph (1) the provision states that the Functional Position of the State Budget Financial Officer is in skill category. In fact, according to [Mulyati \(2017\)](#), it is believed that the treasurer profession is the soul of all functional positions. Due to the nature of the job, Treasurers require special expertise and should earn a reasonable income for the services they provide. The position and role of the Treasurer is very strategic in realizing orderly, effective and efficient state financial management ([Hendrawan, 2016](#)).

Functional Financial Officer has the potential to obscure the principle of comptable and ordonateur duties even though it is now considered a solution for the establishment of the functional position of treasurer. Meanwhile, the formation of the treasurer's functional position which only focuses on the comptable task function also has problems, including the results of the ranking of the treasurer position of the work unit for career formation is difficult to form because the scope of the position's duties cannot be differentiated in level, except for the ceiling value of the Budget Execution Document-State Budget (Daftar Isian Pelaksanaan Anggaran-DIPA); Efforts to rank up with merging functions Commitment-Making Officer (Pejabat Pembuat Komitmen-PPK) and Payment Instruction Signing Officer (Pejabat Penandatangan SPM-PPSPM) has caused complexity; The results of previous workload picking tests at certain working unit levels cannot qualify for promotion; There are provisions that apply regarding the treasurer, one working unit can only have 1 (one) Treasurer ([Jabatanfungsionalkemenkeu.blogspot.co.id](#)). Efforts were made by the government to solve the problem of forming the functional position of the treasurer by expanding the elements of the treasurer's field of duties, preparing an organizational structure of Directorate General of Treasury-DGT (Direktorat Jenderal Perbendaharaan-DJPBN) ([D.J.P.B.N., 2017](#)) For its functional positions, prepare concepts and carry out quotation tests for the implementation of treasurer duties, prepare mechanisms for transfers between functional positions, and formulate draft regulations for the proposed establishment of functional positions.

In Table 1 below, to further clarify understanding and make it easier for readers to understand, we try to simplify the problems that have been described previously by presenting at least three important problems in the current condition of determining the functional position of treasurer as part of the Functional Financial Officer position.

Table 1. Existing Problems

No.	Problems	Position			Explanations	Sources/ References
		Treasurer	PPK	PPSPM		
1.	Authority and Duties	Bill Checker and Cashier for Petty Cash	Bill Examiner and Person In Charge of Activities/ Projects for all authorized funds	Payment Examiner based on documents for all authorized funds	There may be a dispute over authority when the position shifts from Treasurer to PPK/PPSPM. Therefore, the treasurer may not be held concurrently by PPK/PPSPM	Article 10 paragraph (4) Act Number 1 of 2004 concerning State Treasury j.o Article 10 paragraph (3) Presidential Decree Number 12 Of 2021
2.	Flow of Responsibilities	CFO	COO		Functional Responsibilities of the Treasurer to the State General Treasurer (BUN cq. CFO). PPK/PPSPM Functional Responsibilities to the Budget User Authority (Budget User-PA c.q. COO)	Article 53 paragraph (1) Act Number 1 of 2004 concerning State Treasury
3.	Work Load	Less than PPK and PPSPM	More than PPK and Treasurer	Less than PPK and more than Treasurer	Fulfilling the treasurer's work performance (Credit Score) is more difficult than PPK and PPSPM	Jabatanfungsionalkemenkeu.blogspot.co.id
4.	Requirements for Competency Recognition	Minimum education, high school or equivalent and	Minimum education: Diploma III or equivalent and the lowest group is III/a or equivalent (**)		Treasurers are not free to move up to functional position levels. Fulfilling the competency	*) Presidential Regulation Number 7 of 2016 Concerning Treasurer Certification In The Management Work Unit State Budget

lowest group II/b or equivalent *)	from the treasurer position to the PPK/PPSPM position takes a long time (II/b to III/a takes 4x3=12 years)	**) Minister of Finance Regulation Number 211/PMK.05/2019 concerning Procedures for Competency Assessment for PPK and PPSPM in State Budget Management Work Units
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Before the enactment of the Indonesian State Finance Law package, the products of the Dutch East Indies colonial government became the basis for managing Indonesian state finances in accordance with the transitional rules in the 1945 Constitution. At that time the State Finance Law, consisting of *Indische Comptabiliteits Wet* (ICW), *Instructie en verdere bepalingen voorde Algemeene Rekenkamer*, and *Indische Bedrijvenwet* (IBW)-is still in force. The state financial legislation system implemented at that time by the government was stated to be one of the causes of several forms of weakness. One of the weaknesses is in the treasury sector in the form of mixing administrative authority with treasury authority. Thus, financial administration becomes very limited, the functions of treasury officials become unclear, there are weaknesses in the field of auditing, and accounting and reporting functions are not good. Through the State Finance Law Package, the government seeks to improve weaknesses in government financial management ([Megantara & Iskandar, 2006](#)).

The establishment of the functional position of treasurer that will be conveyed in this paper adopts the concept of financial management best practices, namely combining the functions of treasurer and comptroller (financial supervisor) into the treasury management system, and considering the background of the preparation of a package of state financial laws, which among others aims to realize the management of Indonesian State Finance in accordance with Article 23 The 1945 Constitution and Universal financial management principles applicable internationally. In the best practice of the treasury system which is part of financial management science, there are two functions of financial managers, namely 1) treasurer, who is responsible for funding, investment, investment, and asset management and 2) comptroller, who is responsible for bookkeeping/accounting administration and supervision.

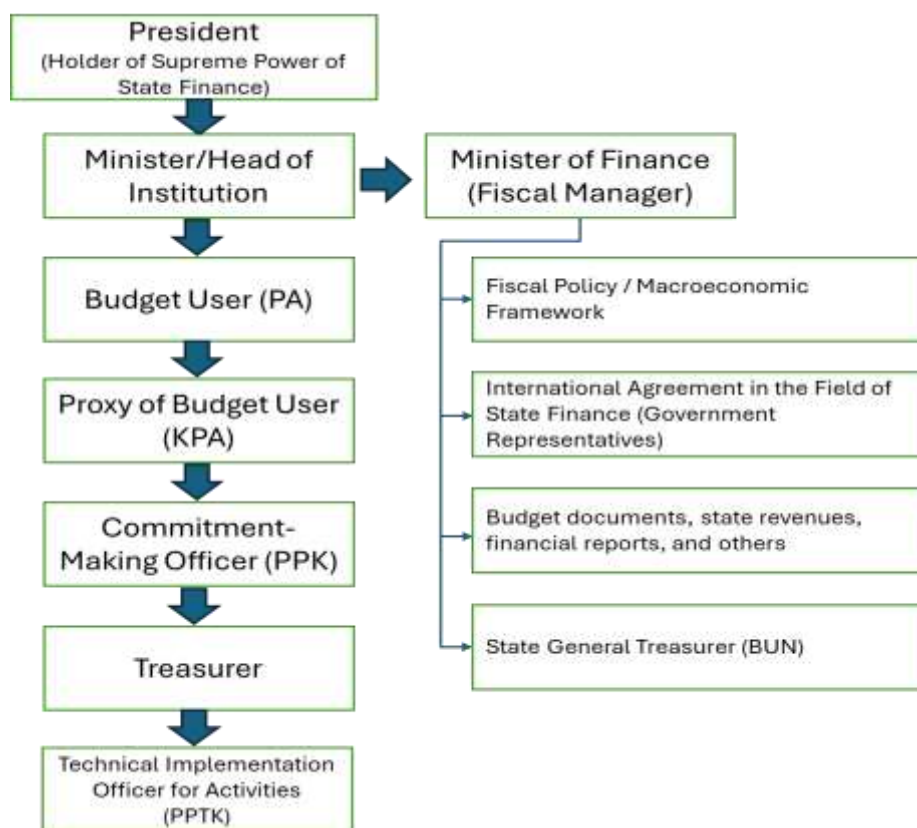
### 1. Treasurer in Indonesian Treasury Management

Article 35 paragraph (2) Act Number 17 of 2003 concerning State Finances states that every person assigned the task of receiving, storing, paying, and/or delivering money or securities or state goods is the treasurer and must submit an accountability report to the Audit Board of the Republic of Indonesia (BPK). From the sound of these provisions, the treasurer assigned to carry out state financial management can be held by people (public or private employees) as well as legal entities appointed by ministers or heads of state institutions ([Soeriaatmadja, 2010](#)). In the management of State Finance in Indonesia, in accordance with Article 1 point 8 Government Regulation Number 39 of 2007, it is also explained the definition of Treasurer as any person or entity assigned the task to and on behalf of the state / region, receiving, storing, and paying / handing over money or securities or state / regional goods.

The Minister of Finance as the fiscal manager (see Figure 1) is the head of the budgeting and fiscal authority of the State Treasury. Minister of Finance functions as the controller of macroeconomic, microeconomic and revenue/expenditure functions (Sujanto, 2012). Based on the Minister of Finance Regulation Number 171/PMK.05/2007 concerning Central Government Financial Accounting and Reporting System (SAPP), there are 2 (two) subsystems, namely State General Treasurer Accounting System (SA-BUN) and Agency Accounting System (SAI) – consisting of Financial Accounting System (SAK) and State Property Management and Accounting Information System (SIMAK-BMN). SA-BUN is implemented by the Ministry of Finance as the State General Treasurer / Chief Financial Officer (CFO). SAI is carried out by the Minister / Chairman of the Technical Institution as Chief Operational Officer (COO). The objects of BUN financial management include the Budget Section of Ministries/Institutions (BA-K/L) and non-Budget Sections of Ministries/Institutions (BA-BUN/Non BA-K/L).

The object of BUN management related to BA-K/L is all DIPA K/L (budget allotment) spending. The object of this management is carried out by the Directorate General of State Treasury (DGT). Meanwhile, the object of non-BA-K / L BUN management consists of a. debt management; b. grant management; c. management of regional grants sourced from domestic revenues; d. management of government investment; e. management of loan forwarding; f. management of transfers to regional and village funds; g. management of subsidy expenditures; h. management of other expenses; and i. special transaction management. The object of financial management of BUD in principle can be equated with the object of BUN management, within the scope of financial management of each region, whose arrangements are determined separately by the regional head. In article 1 point 9 and 10 of Government Regulation Number 39 of 2007 there is the phrase State/Regional General Treasurer, the adjective attribute "general" means an official who is given the task of carrying out the functions of the state/regional general treasurer in a broad sense.

Figure 1. State Financial Management Scheme



The authority of BUN and BUD in articles 7 and 9 of Act Number 1 of 2014, among others, establishes policies/guidelines/documents of the State Budget/Local State Budget, ratifies/controls budget implementation, establishes systems/appoints banks and/or other financial institutions in the context of implementing budget receipts and expenditures, seeks and regulates funds needed in budget implementation, saving/placing managing/administering/investing money, make payments/loans/provide guarantees on behalf of the government, manage debts and receivables.

The role of the General Treasurer is in principle no different from treasurers in various ministries/agencies/local governments, but has a broader and more comprehensive scope of duties covering the management of money, wealth, debt, and receivables. The authority of the State General Treasurer to place money and make investments is very limited, because it is only an action in cash management to prevent idle cash (Sujanto, 2012). In budget implementation, the conception of the general treasurer is needed to regulate the position of the Minister of Finance/Regional Financial Manager as an assistant to the President/Regional Head in finance which is placed in the position of Chief Financial Officer (CFO), while ministers/heads of institutions/Head of Regional Offices as Chief Operational Officer (COO). With the separation, it is hoped that there will be a check and balance mechanism that encourages efforts to increase professionalism in the implementation of government duties.

In the concept of treasury management in accordance with Law Number 1 of 2004, the treasurer of expenditure/revenue is functionally responsible to BUN/BUD (Article 53 paragraph 1 of Law

Number 1 of 2004), not to the Head of Office, even though the appointment is carried out by the Head of Minister/Head of Institution/Head of Region/Head of Office by decree (see Figure 2). Basically, this provision also applies to the appointment of treasurers in Local Governments.

Figure 2. Flow of Treasurer Responsibilities Central Government



The authority to appoint the Expenditure Treasurer can be delegated to the head of the Working unit which is ex-officio KPA, as stipulated in Article 5 paragraphs (1) and (2) jo. Article 22 paragraph (2) of the Ministry of Finance Regulation Number 190 / PMK.05 / 2012 concerning Payment Procedures in the context of State Budget Implementation. However, in the appointment regulation, the signature of the appointing official must use the nomenclature of the position of the head of the working unit, not as the KPA.

The Treasurer is administratively responsible to the KPA/PPK only in the context of correctness of cash checks and Reconciliation of the Treasurer's Bookkeeping with the Accounting Unit Power of Budget Users (Article 2 letter f of the Ministry of Finance Regulation Number 162/PMK.05/2013 as amended by the Ministry of Finance Regulation Number 230/PMK.05/2016). In Article 10 paragraph (5) of Law Number 1 concerning the State Treasury, the treasurer is also not allowed to carry out trading activities, wholesale work and sales of services or act as a guarantor for these activities/work/sales, either directly or indirectly.

From the description above, it can be understood that the position of treasurer in his position is functional which means it is independent. The treasurer in carrying out his work cannot be influenced by KPA/PPK. As a functional officer, the treasurer is responsible in accordance with the main duties functionally to the General Treasurer and also personally to the BPK. The position and role of the treasurer is very strategic, and must be able to behave and act professionally and proportionally in managing State/Regional Finances ((Rahmawati et al., 2016). The Treasurer profession requires special expertise (Hendrawan, 2016; Mulyati, 2017; Vitug, 2015).

Currently the treasurer in Indonesia is only the holder of the Reserve Money-UP (*Uang Persediaan*/petty cash) who submits the LPJ (Responsibility Report) administratively to be checked by the proxy Budget User (*Kuasa PA/KPA*) and forwarded to the proxy State General Treasurer

(*Kuasa* BUN/D). The function of the treasurer of receipts and expenditures has not been linked to the management of accounting. The treasurer's task in bookkeeping is only in the context of preparing accountability (LPJ) and reconciliation with the manager of the accounting unit. Reconciliation carried out in connection with bookkeeping differences related to different understandings in bookkeeping of petty cash. The cause of the difference is mostly due to the Treasurer's bookkeeping with Accounting (UAKPA's bookkeeping) using a different bookkeeping system (Candra, 2015).

The position of treasurer requires a broad understanding of state financial management, tax and non-tax collection mechanisms with a *holding system*, as well as bookkeeping and accounting both cash-based and accrual. Accountants and treasurers carry out important functions in carrying out their duties, including cash management, tax handling, and preparation of formal financial statements that require a high level of expertise (Vitug, 2015).

In the preparation of position levels and rank requirements, the functional position of treasurer should not be in a position of skill. However, the position of treasurer should be an expertise one. Based on data collected by Padjajaran University on <http://dsc.unpad.ac.id> website, it is known that out of 142 specific functional positions there are 56 positions starting with a range of expertise positions. Thus, it is possible to arrange the range of functional positions of the treasurer as a financial institution in the treasury field in the range of functional positions of expertise.

## 2. Accounting Process in Indonesia Treasury Management

In budget implementation, each state ministry/institution organizes accounting for financial transactions which include transactions of income, expenditure, assets, debt, and equity funds, which are under its responsibility. Each accounting entity is basically formed to carry out the task of preparing semester and annual financial statements to the Minister of Finance c.q. Director General of Treasury as an accountability for budget implementation. The form of the organizational structure of the accounting unit in each agency is adjusted to the organizational structure of state ministries/agencies or local governments (including for the use of deconcentration funds and assistance tasks).

The position of manager of the Accounting and Financial Reporting System in the Central Government Accounting System Module (2014) consists of the Accounting and Financial Reporting Unit of Budget Users (UAPA); Accounting and Financial Reporting Unit of Echelon Budget User Helper1 (UAPPA-E1); and for those who have vertical agencies in the regions plus the Regional Budget User Assistant Accounting and Financial Reporting Unit (UAPPA-W); and the Accounting and Financial Reporting Unit of the Budget User Authority (UAKPA).

The process of preparing financial statements has become a separate entity from the process of preparing treasurer accountability reports, although in the end, after going through the reconciliation process, it can be integrated with the presentation of the Central Government Financial Statements. Problems in the implementation of SAI are generally related to the quality of human resources who run SAI, lack of understanding of SAI, weak internal control, lack of commitment and support from work unit leaders, the formation of a team or accounting unit implementing SAI, and several other weaknesses that differ between work units (Choirunisah,



2008). The results of research conducted by [\(Afifah, 2013\)](#) stated that there are still findings of internal and external supervision apparatus examinations, which are caused by internal control weaknesses. Weak supervision carried out will trigger a cascade of compliance with laws and regulations. Based on the interviews he conducted, it is known that in preparing financial statements, coordination meetings are only carried out according to needs. The Internal Control System in preparing financial statements should be carried out continuously by the leadership and all employees to provide adequate assurance of the reliability of financial reporting, security of State assets, and compliance with laws and regulations [\(Ramon, 2014\)](#).

In addition, the recording of realization by the Agency Accounting Unit-Budget User Accounting Unit (UAI-UAKPA) has not reflected the actual state of cash and budget realization. Such circumstances cause the Budget User Authority to need to reconcile internally between the report produced by the Expenditure Treasurer and the report produced by UAKPA every month before the submission of the Expenditure Treasurer's Accountability Report (LPJ) (Mukhtaromin, 2011). UAI – UAKPA is an accounting unit formed for the purposes of the Technical Minister / Head of Institutions / Local Government Work Unit as Chief Operational Officer (COO), which processes data to produce Financial Reports in the form of Budget Realization Reports, Balance Sheets and Notes to Financial Reports (CaLK).

## METHOD

An exploratory qualitative research was conducted. A comprehensive review of published research, scientific articles, regulations, and other literature relevant to the research problem is used to help identify and develop questions to answer the research problem. The research process is carried out in the following way: literature search related to the implementation of regulations regarding the position of treasurer; literature search related to best practices for treasurer positions in treasury management in the field of financial management science; decomposing problems into a fishbone chart to bridge the process of establishing the Functional Position of Treasurer in Indonesia.

In the analysis process, we started with a brief statement about the initial problem listed on the backmost fishbone. The next step is to describe the first backbone at the back to the last at the front before the head to sort the statement causing the problem as a whole. After that, we made bone branches on each right or left vertebra which contained problem formulations that followed the problems with the fish's body bones. On the fish's head we wrote a statement of the goals we want to achieve [\(Coccia, 2018\)](#). The use of fishbone analysis techniques in mapping organizational functions originating from the implementation of job duties in positions within Central and Regional Agencies is regulated in Regulation of the Head of the National Civil Service Agency Number 8 of 2013 concerning Guidelines for Formulating Technical Competency Standards for Civil Servants.

Meanwhile, in finding the identity of the treasurer in the treasury management best practice treasure, the author uses an interpretive analysis of juridical-normative law by paying attention to the perspective of state civil service law related to the Action to Increase the Professionalism of

Civil Servants with stages of analysis, among others, through the identification of functional positions and identification of functional position outputs ([Setiawati, 2017](#)). The method of interpretive analysis of juridical-normative law through the analysis of provisions in the civil law system, considering that the determination of the functional position of the treasurer is included in the management of the State Treasury and Constitutional Law. In the concept of Indonesian *rechtsstaats* that adopts Civil Law-Continental Europe, developed by Frederick Julius Stahl, the civil law tradition relies on the code as its main legal basis. Interpretive analysis of juridical-normative law has distinctive characteristics of examining Law ([Creswell, 2013](#); [Mezak, 2006](#); [Reksodiputro, 2013](#); [Soerodjo, 2016](#); [Sonata, 2014](#)).

## RESULT AND DISCUSSION

### 1. Treasury Management Concept

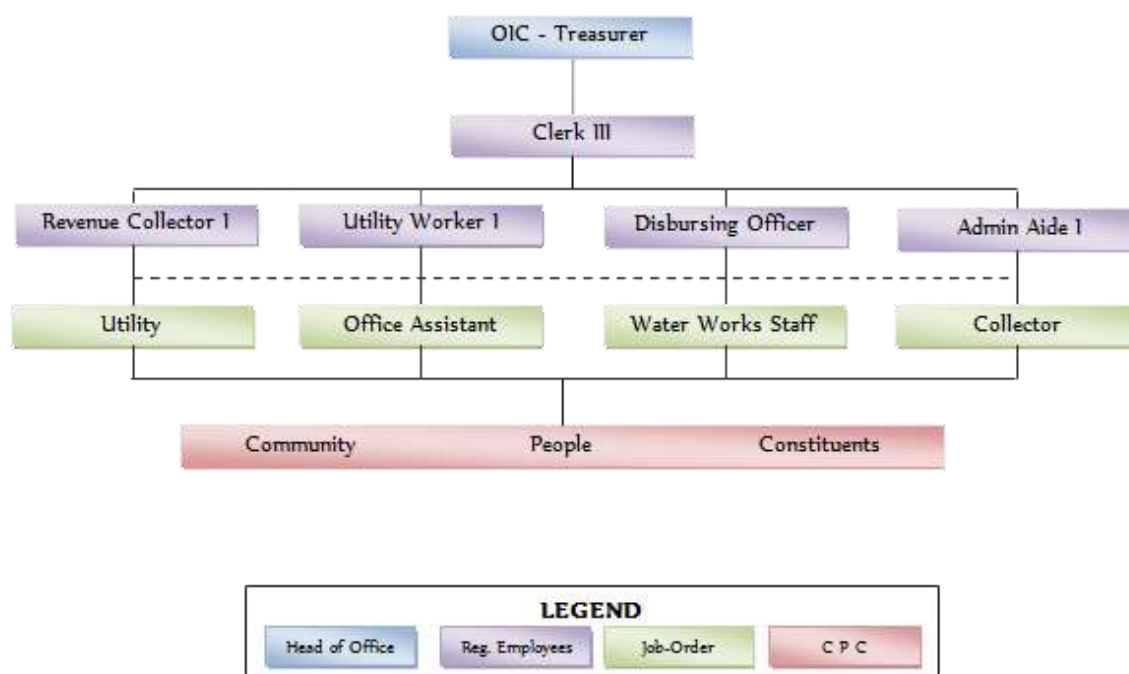
(Racz, 2010), tells about the history of treasurers and treasury from the public administration system in the era to the Roman Empire. In treasury management (*aerarium*), The collection of funds is divided into four budget groups, namely (i) *Aerarium Saturni* (a kind of state treasury reserve fund), (ii) *Patrimonium Caesaris* (asset management *fund*), (iii) *Aerarium Militare* (*army pension fund*) and (iv) *Fiscus* (tax collection fund collected from tax collectors in the provinces-*publicani*). In its development, the word "*fiscus*" which was originally interpreted as a basket of money or coffers of the king's or state treasurer's treasure, became encompassing state expenditures and revenues, state financial management officials, then became tax collectors, and even excise collectors ([Nurmantu, 2005](#)).

The term treasury is understood as a unit that manages liquidity (cash flow management), funding and investment, counterparty credit exposure, foreign exchange, interest rates, and other financial market risks ([University Canterbury, 2017](#)). The treasury function exists in every business, both small and large companies/institutions. The treasury function represents two main aspects of financial management, namely the use and supervision of finance ([Ogilvie, 2002](#)). The treasury function is carried out by the treasurer officer (treasurer) and comptroller officer as the holder of bookkeeping/accounting administration ([Bragg, 2013](#); [C.G.M.A., 2017](#); [Stanton, 2015](#); [Taylor & Xiaoyun, 2012](#); [Yaker et al., 2010](#)). In the government sector, this function is carried out in accordance with central/regional financial management systems and procedures, which include two aspects, namely 1) financial administration systems and procedures, and 2) accounting systems and procedures ([L.G.S.P., 2009](#)). The treasurer is responsible for growing and investing the company's money, building and maintaining relationships with banks/investment companies, so that the company gets the best place to invest its money. While the comptroller is in charge of formulating policies for the company, overseeing the audit, budget and accounting departments. The position of treasurer is usually under the comptroller (government) / controller (private).

In the Philippines (see Figure 3), there is a treasury organization whose domain is to manage regional finances. Matters managed by the Philippine Treasury office include, among others, (1) providing input to the governor or mayor, and local or central government officials related to the placement of local government funds and public finances; (2) carry out proper management of

local government funds; (3) disburse local government funds and other funds entrusted to it pursuant to law or orders of competent authorities; (4) inspect commercial enterprises and private industries within the jurisdiction of local government units related to the implementation of tax regulations; (5) maintain and update the tax information system of local government units; (6) In the event that the treasurer is in the provincial government, it is in charge of conducting technical supervision of all city/district treasury offices. Treasury organizational structure in the Philippines as Figure 1.

Figure 3. Philpina Treasury Organizational Structure



Source : <http://www.tuburancebu.gov.ph>

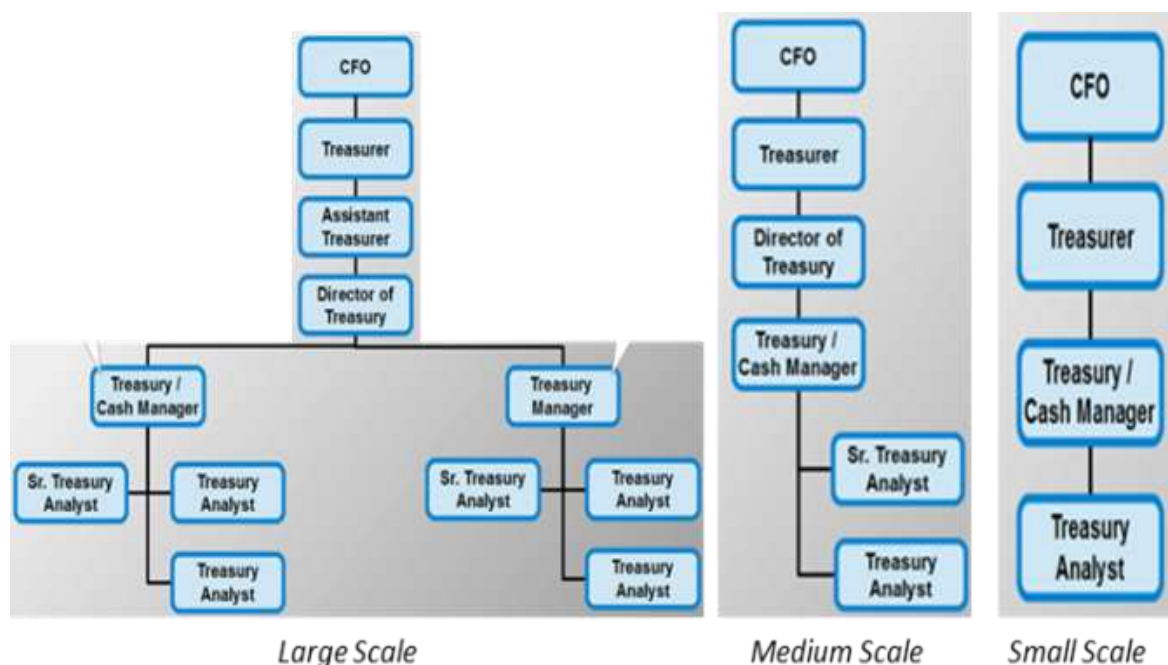
In the United States, a treasurer is defined as an official in the Ministry of Finance responsible for the issuance and exchange of currency and the receipt, storage, and disbursement of federal government (<http://www.dictionary.com>) money. In American states, such as in Boonville (California) and Lawrenceburge (Indiana) we also know the existence of the Clerk Treasurer (treasurer officer) who has the function of preparing annual budgets, managing fiscal, and maintaining city government financial records.

The definition of treasurer in France is as an office headed by *Direction Générale des Finances Publiques* (General Directorate of Public Finance) in the Ministry of Economy, Finance and Industry. *Trésor Public* Responsible for state accounting, control and assistance in the accounting of public administration and local government, and direct tax revenue such as income tax. Since the reform of the public finance in France (2012), treasury includes functions carried out by departments with the Treasurer-Paymaster General (*Trésorier-Payeur Général*) as the highest official. In the French capital-Paris, the treasury function became Paymaster General of the Treasury (*Payeur Général du Trésor*) as the officer responsible for making payments or disbursements and the Receiver General

of the Finances (*Receveur Général des Finances*) as the office responsible for the reception. In its local government, each region has a Treasurer-Paymaster General, under its control *Département* of the *Région Préfecture*-a kind of Ministry of Internal Affairs (<https://en.wikipedia.org>).

Meanwhile, as shown in Figure 4, from <http://www.treasuryinfo.org/> website, dedicated to the treasury management industry, we can get information about how a treasury organization is built and developed.

Figure 4. The Concept Of Treasury Organizational Structure



Source : [www.treasuryinfo.org](http://www.treasuryinfo.org)

In the Departmental scale, the Ministry of Treasury is responsible for cash management and risk management for larger organizations. The rule of thumb when analyzing the development of the treasury department through two factors, namely 1) the geographical operating area of the organization, and 2) the annual revenue earned. The stand-alone level of the treasury department is generally measured by the scale of the elements of the range of small or large organizations, the complexity of cash management with the level of domestic and international operations or both, and estimated annual revenue. Treasury managers in a treasury organization according to <http://www.treasuryinfo.org> site, consist of treasurer, assistant treasurer, director of treasury, treasury / cash manager, and treasury / cash analyst. Financial management can be applied including treasury management and accounting ([Soriano, 2015](#)). Treasury executives and accounting executives may be referred to as Finance Directors/Managers.

In relation to the accounting function in the treasury operational system, PricewaterhouseCoopers (PwC), a multinational company headquartered in London, engaged in audit and assurance, tax and consulting services, describes a design of treasury operations (see Figure 5) by involving the accounting function as an accounting and disclosure framework for financial instruments using

Generally Accepted Accounting Principles (GAAP), U.S. Generally Accepted Accounting Principles (US-GAAP) and International Financial Reporting Standards (IFRS), as well as providing advice on hedging strategies and the application of hedge accounting.

Figure 5. Scope of Treasury Operations



Source : *Corporate Treasury Solutions* (<https://www.pwc.com>)

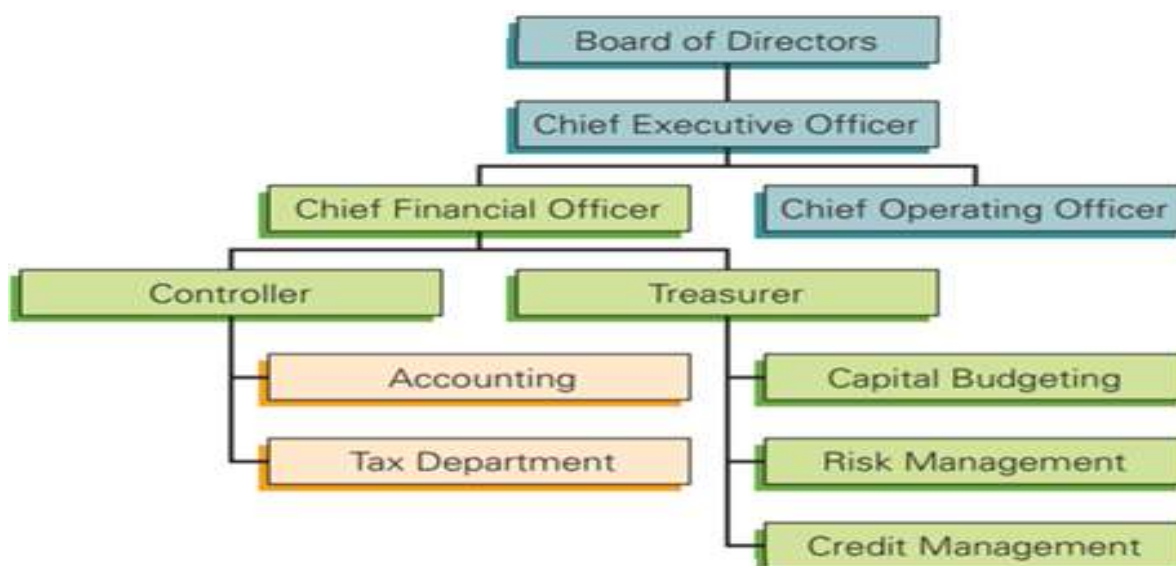
In the accounting concept in Figure 5, Figure 6, Figure 7 and Figure 8 the position at the manager level responsible for overseeing the quality of financial reporting and accounting of an organization is held by a Comptroller. A comptroller is a senior-level executive. The comptroller is often considered the head of the accounting department, but is sometimes referred to as a bookkeeper. The primary function of the comptroller/controller is to maintain and operate business books and records, and maintain standard operating procedures for all accounting and bookkeeping functions ([Rothberg, 2011](#); [Weygandt et al., 2013](#)).

Figure 6. Key Composition Of Financial And Accounting Management Personnel



Source : (Weygandt et al., 2013)

Figure 7. Financial Management Organization



Source: Berk & DeMarzo (2014)

Treasurer and comptroller are positions under the Vice President Of Finance (Figure 6) responsible to the Chief Financial Officer, (Horne & Wachowicz, 2014; Ogilvie, 2002; Stanton, 2015), with duties jointly including receiving/depositing/paying money (including investments if authorized), maintaining and managing finances, monitoring compliance related to financial management, and filing necessary reports. (Saputra, 2015, 2016; Treasurer - Roles & Responsibilities., 2013).

Figure 8. Organization Controller and Accountant



Source: (May, 2017) (<http://acuity.co>)

Treasurers and comptrollers are financial managers who play important functions in carrying out their duties, including cash management, tax handling, and preparing formal financial statements that require a high level of expertise (Vitug, 2015). In the United States the position of comptroller is held by various government officials. The Comptroller General is the director of the Government Accountability Office (GAO), an agency established in 1921 (as a General Accounting Firm) to ensure the accountability of the federal government. Some states and their local governments (cities, counties, etc.), comptrollers have very varied powers in overseeing budget and financial management issues (<https://en.wikipedia.org>, accessed October 21, 2017). In India, the term comptroller is used in the office of the Comptroller and Auditor-General (Samudera, 2015). While in France, the Public Accountant performs cash management and accounting functions while the Controller supervises the budget. Both officials convey accountability to the Ministry of Finance (Chief Financial Officer) not to the Authorising Officer or Chief Operational Officer (Agus, 2012).

In some organizations, CFOs in addition to being assisted by treasurers and controllers, in carrying out their duties are also assisted by accounting managers who carry out duties including managing company debts, internal audits, and paying employee salaries. The separation of duties between the comptroller/controller and accounting manager in its implementation will cause adjustments, among others, in terms of budgeting authority and report making (internal or external). In Indonesia, according to article 29 Act Number 17 of 2003 concerning State Finances, there is a separation between the budget system and the treasury.

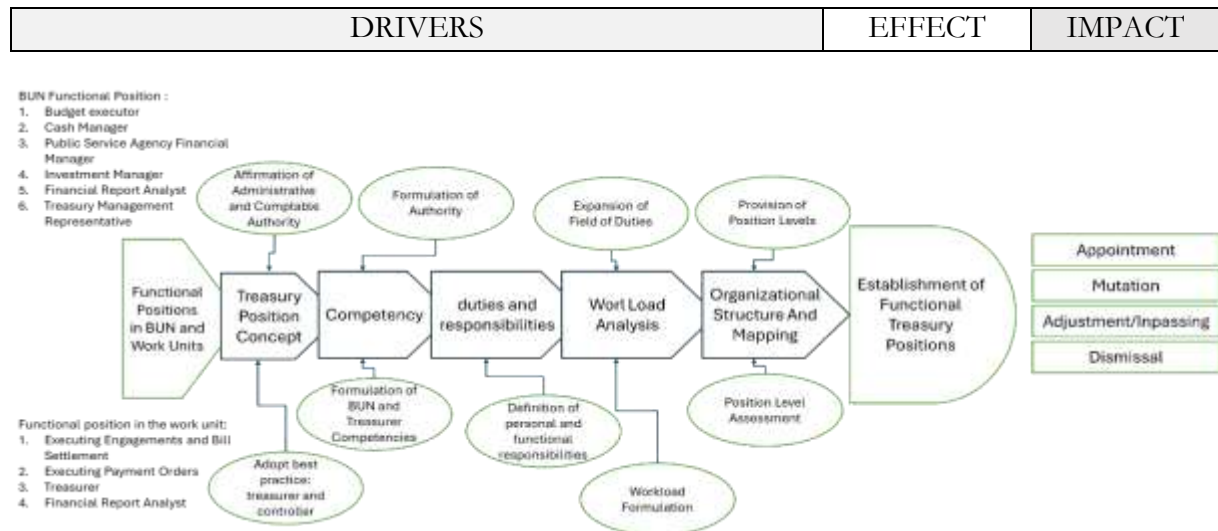
### **2. A comprehensive Theoretical Framework to Represent Establishment of the Functional Position of Treasurer: Fishbone Diagram**

We first mapped the units that needed functional positions related to Treasurer (see Figure 9). As is known, in the Indonesian treasury system (mentioned in Article 1 points 15 to 18 of Act Number 1 of 2004 concerning State Treasury, there are two treasurer positions, namely general treasurer and special treasurer - Expenditure Treasurer and Revenue Treasurer). Then at the very back tails we wrote a statement that the position was in the general treasurer's office which only existed in the DGT and the expenditure/revenue treasurer who was spread across various government offices. On the next, we place the concept of the treasurer position by creating a branch in the form of an affirmation of its authority and paying attention to the practices that apply in the best practices of terrace management. On the next, we place the treasurer's competency by creating branches in the form of mandatory competency requirements that are linked to his authority in each position. Furthermore, we place the duties and responsibilities of the treasurer by creating branches in the form of functional and personal responsibilities for a treasurer. And then, we place the need for an analysis of the treasurer's workload by creating a branch in the form of adding the span of control of the position and formulating the adjustments to the position that will be added. Finally, we stipulate a statement of the need for mapping the organizational structure and treasurer positions where they will be placed. Additional branches in this bone section are in the form of Position Level Assignment and Position Level Assessment.

With the mapping that we have created, it is hoped that the functional position of treasurer can be formed in accordance with the meaning of the State Treasury Law, the nature of the position and

its sequence, professional responsibilities, and position groups. In the end, the creation of the position of treasurer will also have an impact on the ease of the appointment process, transfer of positions, equalization between other functional positions (Inpassing), and dismissal.

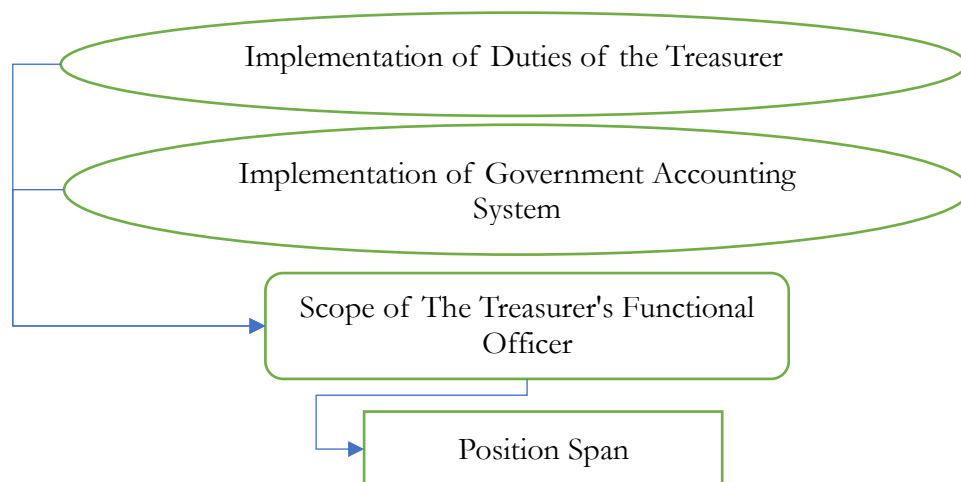
Figure 9. Fish Bone Analysis



### 3. The New Conception of the Treasurer Position

The position of treasurer in the work unit of ministries / agencies / local governments needs to adopt the implementation of treasury functions and accounting management within the scope of duties of their positions, so that the range of positions will include the entire implementation of the duties of the treasurer plus the comptroller function implemented into the implementation of the Accounting and Financial Reporting System (see Figure 10).

Figure 10. Implementation of The Functional Position of Treasurer in The Treasury Concept



According to the concept of DGT (2017), the range of positions consists of two types, namely:

1. Skills:
  - a. Skilled Financial Officer (II/b – II/d)
  - b. Advanced Financial Officer (III/a – III/b)



- c. Supervisor Financial Officer (III/c – III/d)
- 2. Skill:
  - a. First Expert Financial Officer (III/a – III/b)
  - b. Young Expert Financial Officer (III/c – III/d)
  - c. Associate Expert Financial Officer (IV/a – IV/c)

In relation to the addition of treasurer duties with the implementation of the Accounting and Financial Reporting System, it will be able to create a better internal supervision function in the state financial reporting and accountability system, increase the burden of duties and create a wider range of position positions for the treasurer.

In the perspective of internal control, supervision is carried out by PPK/KPA and PPSPM is not supervision carried out as a comptroller, but the implementation of checks and balances (administration) in the constellation of the state financial management system consisting of the management of authorizers, donors, and comptables. Supervision carried out by the comptroller (accountant) is aimed at conducting internal control to support the treasurer's accountability function to the General Treasurer (Chief Financial Officer) and avoid the use of accounting as a tool for reporting engineering. An accountant in a large company also functions as a comptroller (financial controller) who supervises other accountants and supervises the preparation of financial statements, such as income statements and balance sheets ([Vitug, 2015](#)). Research results of ([Komarasari, 2017](#); [Primayana et al., 2014](#); [Untary & Ardiyanto, 2015](#); [Yudianta et al., 2012](#)), in their study on the scope of regional finance stated that internal control of accounting has a significant effect on the reliability of financial reporting.

[\(Nasution, 2008\)](#) said that improving transparency and accountability of fiscal or state finances was realized through five stages of state financial management and accountability. The five stages are, planning and budgeting, budget implementation, accounting, budget reporting and accountability, internal supervision, and inspection by an independent external auditor. In his article entitled "Improvement of State Financial Management in the Reformation Era", Nasution implies that there is a unity of objectives in the field of state accounting and financial management, which includes the existence of a reporting and accountability system, so that state financial accountability can be presented completely and on time.

The State Finance Law package has fundamentally changed the accounting system, state financial management and government budget system. The State Treasury Law clearly states that government financial statements are made through an accounting management system. Governmental Accounting Standards Board; Concepts Statement No.1 states, the purpose of financial statements is the basis for reporting financial information in the government as a basis for decision making. Therefore, the Government needs to pay attention to the quality of these financial statements. The quality of financial statements is expected to provide confidence, ensure accuracy, security, and reliability. Its preparation must be effective and efficient and comply with applicable legislation. To achieve all that, an adequate internal control system is needed as a formal activity carried out by leaders and employees, COSO (1992) in ([Untary & Ardiyanto, 2015](#)).

[Untary & Ardiyanto \(2015\)](#) stated that the internal control system is a way to direct, supervise, and measure the resources of an organization. Internal control can prevent and detect fraud.

Strengthening the control function will be better if done through strengthening the internal control system (Nurdiono, 2016). According to (Muhammad, 2016), it is time for government work units to be audited and evaluated to create a more effective, efficient, and modern public administration.

Taking part of the accounting function to be an additional task for the treasurer in the discussion still has two implications, namely the duties of the treasurer are included in the accounting management system or the duties of part of the accounting management system are included in the duties of the treasurer. Incorporating the duties of the treasurer into the accounting management system is estimated to be more likely to be applied than the other way around.

Despite all these debates, the purpose of combining these tasks is to maintain the value of organizational assets, check the accuracy and reliability of accounting information, provide confidence in accounting transactions, and facilitate the preparation of financial statements in accordance with accounting principles (Komarasari, 2017; Primayana et al., 2014; Yudianta et al., 2012).

## CONCLUSION

The concept of the position of treasurer presented in this paper seeks to combine the existing functions of the treasurer with some of the functions of the accountant in the new task of financial supervisor. Meanwhile, in current practice, the function of the treasurer's position has been combined with the functions of PPK and PPSPM. Combining the functions of treasurer and financial controller is more in line with best treasury management practices due to the intent of the State Treasury Law, the nature of the position, the sequence of professional responsibilities, and the group of positions. In the implementation process, several changes in functional tasks in the implementation of the accounting system require adjustments. To overcome this, the comptroller's job function which supports the implementation of the treasurer's duties needs to be clearly defined. The real implication of this research is that the concept of the position of treasurer is more in line with the intent of the applicable legislation, as a functional official his responsibilities will be consistent with the Minister of Finance as CFO, the nature of the position is expertise, not skills, the nature of the work is more focused, his career development is not hampered, and the position group will be separate from the position of ordonataeur.

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