

# DYSFUNCTIONAL DESIGN OF CAMPAIGN FINANCE REGULATORY AND POST-ELECTION CORRUPTION

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## Abstract

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This study begins with the condition that almost every election held in Indonesia lacks accountability and transparency in campaign finance report cases. Matched to Mietzner's (2015) and Briffault's (2010) reports, there are always problems with the non-functioning of campaign finance arrangements in upholding the principles of transparency and accountability. As a result, the lack of accountability and transparency in implementing campaign finance arrangements often results in conflicts of interest that lead to post-election corruption. This article aims to discover the factors that hinder the functioning of campaign finance regulations that can encourage enforcement transparency and accountability. This research uses normative juridical methods with a comparative law approach. The object of this research is the election campaign funding regulation, especially local elections in Indonesia and focuses on the dysfunctional design of campaign finance regulations on local head elections. We found that the candidates often violate existing campaign finance regulations, with election administrators, law enforcement and the public openly tolerating such violations. Campaign finance regulations continue to develop, but they only prioritize administrative aspects in their implementation. In conclusion, changes needed to optimize fund management are funds obtained from campaigns owned by individuals and then have a reasonable candidate wealth ratio.

**Keywords:** Campaign Finance, Accountability, Election, Political Corruption

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## 1. INTRODUCTION

Money plays an essential role in the political arena. Money also serves as freedom of expression and an effective tool to educate citizens and create an inclusive democracy (Claessens et al., 2008; Primo & Milyo, 2006). On the other hand, uncontrolled money in politics can diminish democracy's function

by allowing for superfluous lobbying, disproportionate access to power, and politicians affiliated with particular interest organizations (Aspinall & Berenschot, 2019; Coate, 2004). Since the Reformation period, Indonesia has successfully held various general elections regularly. Presidential elections and legislative elections for Regional Representative Council (*Dewan Perwakilan Daerah*)

or DPD), House of Representative (*Dewan Perwakilan Rakyat* or DPR), Provincial House of Representative (*Dewan Perwakilan Rakyat* or DPRD) and Regency/Municipal House of Representative have been held in 2004, 2009, 2014 and 2019. Local head elections have also been held directly since 2005 and simultaneous regional elections since 2015, 2017, 2018 and 2020. However, until now, one of the crucial topics in every election is election financing. The financing includes revenue, expenditure and/or fund management. Although not the only one, election financing is usually focused on various issues in campaign finance. The main issue in election financing and campaign funding is ensuring the enforcement of the principles of transparency and accountability (Avis et al., 2017; Chandranegara et al., 2020; Mietzner, 2011). Both will significantly determine the implementation of elections with integrity and justice. Since 1999, Indonesia's election laws have restricted the number of donations political parties and individual candidates can collect, requiring them to submit audited revenue and expenditure reports to the government. On the other hand, parties and candidates have developed a habit of reporting only a fraction of their funds and expenses, with the organizers showing little interest in looking into these irregularities (Terracino & Hamada, 2014). Except for a few civil society organisations, politicians have consistently given significantly larger numbers for the costs of their campaigns in media appearances than disclosed in their financial reports, and neither the public nor the state has vigorously questioned these discrepancies. It shows the principles of transparency and accountability have not been implemented in the elections that have been held.

From a regulatory point of view, the campaign is a crucial stage of elections in Indonesia. The candidates are usually required to create a special account for campaign funds. The candidates are then required to make an initial campaign fund report, a report on receipt and expenditure of campaign funds (done at the end of the campaign period), and a report on campaign fund donations. In the context of the local head's election, it is even alleged that the candidates have spent money to get tickets for candidacy. This is because candidates need the support of party coalitions to become official candidates and get access to advance in the local election arena. The transparency and accountability principles on campaign funds regulation have a role in creating an equal opportunity for the candidate; high-cost politics and financial support from donors can encourage political corruption. Campaign financing is also closely related to the role of voters in supporting candidates (Briffault, 2010; Primo & Milyo, 2006). In this context, the management of campaign funds is closely related to the problem of buying and selling votes involving three actors, election participants, election organizers and voters.

This study focused on campaign financing in Indonesia's direct local elections, which have seen an exceptionally high level of unreported donations from lobbyists and wealthy entrepreneurs. In addition, financial underreporting and illegal fundraising have been rampant (Mietzner, 2011). Still, the need for a centralized campaign

organization and the scrutiny from Jakarta-based media have had a moderating effect on parties and candidates. In the regions, however, the lack of financial contributions from Jakarta, the absence of reliable control mechanisms through the media, and the personality-focused nature of direct elections have aggravated the problem significantly (Simarmata, 2018). Besides, poor compliance with the principles of accountability and transparency in campaign financing impacts the emergence of post-election corrupt practices (Chandranegara et al., 2020). This corruption intersects with the dynamics of political battles in organizing various events to gain votes during the campaign. The rampant corruption practices carried out by local heads are due to the tight competition costs. These costs are allocated during the campaign period and in the previous period when candidates began to socialize to the final stage of the election, namely guarding the vote count results to determine the election results. At that stage, the costs that need to be prepared are for witnesses at the polling station. In addition to these stages, if candidates dispute the vote count results, the candidate must also be prepared financially for filing, lawyers, and accommodation. The Ministry of Home Affairs estimates that the political cost required to become a regent/mayor is 20–30 billion rupiahs. Becoming a governor requires 20–100 billion rupiahs to win the local head election (Fahmi, 2015).

According to the report of the Corruption Eradication Commission (2021), there have been 161 corruption cases committed by local heads (Governor and Deputy, Regent and Deputy, Mayor and Deputy) since 2004. Some factors that cause the high level of corruption because carried out by monopoly power, policy discretion, weak accountability, lack of competence in managing public finances, and the high cost of local head elections. These facts imply that the election of local heads requires no small amount of money, while the candidate's assets' ability is insufficient. Therefore, the candidate will seek additional funds by seeking financial assistance to increase the lack of necessary funds. The additional funds even reached 50% of the total nomination funds. Additional funds come from families, companies or parties. Donations with specific commitments create a conflict of interest after being elected as the local head (Corruption Eradication Commission, 2016). Projects in the local budget will compensate for the support for political costs issued by the owners of capital for the elected local head candidates. Generally, donations have an economic purpose: to enjoy bureaucratic guarantees and influence politics to increase greater profits for donors. However, the high election costs are not in line with the wealth capabilities of the candidates (KPK, 2021). So, the candidates need additional funds to compensate for the lack of funds required from donors or capital owners. This situation will continue when the donor expects a later reciprocal commitment to the elected.

Besides, the high involvement of private corporations as contributors to campaign funds was one aspect that received attention. The participation of private corporations became a way to collect campaign funds. The involvement of large private corporations as sponsors would, of course, affect the perception of political investment

(Briffault, 2010). Post the election, the presence of reciprocal relations results from the impossible in avoiding the creation of the possible birth of criminal acts of corruption before or after the election (Mietzner, 2015). For instance, crime has crashed into legislation, such as spatial laws awarding licenses in different fields, such as mining, land, and other business (Chandranegara et al., 2020). Some examples: first, the local government issued 191 new mining licenses following the general election of the head of Kutai Kartanegara District East Kalimantan in 2010. There were just 93 mining licenses a year ago — similarly, the Beli Regency and West Nusa Tenggara. There were 54 mining licenses issued by local governments in 2010, while there were just seven mining permits in 2009. Other locations such as Musi Banyuasin (South Sumatra), Center Bengkulu, Tebo (Jambi), and Tanah Bumbu (South Borneo) have also seen this happen (Nathaniel, 2018). Second, the arrest of Buol Amran Batalipu as Regent, who had a bribery scandal with Hartati Murdaya, a businessman and member of the Democratic Party. Hartati is involved in taking care of the usufructuary rights of the plantation and offering 3 billion rupiahs in bribes to Regent, who happened to be a contestant at the 2012 local head election (Irawan et al., 2012). According to the Indonesian Living Environment Facility (Wahana Lingkungan Hidup Indonesia) study in 2009–2010, local governments often sell off licenses in the mining sector (Hayati, 2011). Third, Nur Alam (Governor of Southeast Sulawesi Governor of Southeast Sulawesi Period 2008–2017) was proven guilty because he received a gratuity of 40 billion rupiahs to grant mining permits (Jakarta High Court Decision No 16/Pid/TPK/2018/PT.DKI, 2018). Fourth, the reclamation permits in Jakarta after the Governor's election in 2017 is reaping political polemics until the central government takes over its many licensing types of research. Experts believe that reclamation is not following spatial planning provisions and environmental laws. Then in the period of Governor Anies Baswedan, the reclamation was closed.

Many cases, as mentioned above, have a connection to legal doctrines that explain at least 3 (three) forms of campaigns that impact corrupt behaviour. First, quid pro quo donations, namely when one candidate receives campaign funds to do something according to the donor's wishes (Djamal, 2022; Lipcean et al., 2022). This mode is often also known as "binding campaign funds". Second is the misuse of state and public administration resources by candidates or parties, namely, using government funds and resources for election purposes (Habibi, 2022; Mahardini & Setiawan, 2022). It is known as an abuse of power. Third, bribery of voters and election organizers is better known as money politics or money politics (Djamal, 2022; Habibi, 2021).

Based on various arguments and conditions described previously, it shows that the existence of a regulatory framework that can encourage the fulfilment of the principles of accountability and transparency in campaign financing significantly impacts post-election corruption. Moreover, the regulatory framework will be easily structured if the factors that make the current regulation

dysfunctional in meeting the principles of accountability and transparency can be identified.

Therefore, this article aims to explain the regulatory framework for fundraising and spending in local head elections in Indonesia, outlining the legal parameters that sponsors and candidates find so easy to violate. Second, find out the factors that hinder the functioning of campaign finance regulations that can encourage enforcing the principles of transparency and accountability. Third, develop a regulatory framework that can overcome the lack of accountability and prevent corruption after the general election.

The current paper followed the logical sequence of notions' appearance. The structure of this paper is as follows. Section 1 presents the introduction of the gap between the fact and the value of campaign finance regulations and the illegal behaviour of the candidates. Section 2 reviews the relevant literature. Section 3 analyses the methodology used to conduct normative legal research. Section 4 deals with the case analysis of a couple of cases in local head elections and measuring the regulation concerning campaign finance dysfunction. Section 5 discusses the study's results. Section 6 highlights the conclusion of this research.

## **2. LITERATURE REVIEW**

Several Clientelistic relationships can develop between political parties and voters, policy-making elites, and other interest groups in the more competitive electoral democracy arena (Aspinall & Berenschot, 2019). Because they encourage political players to misuse public resources for their financial and political benefit, clientelism and corruption are frequently related. However, this does not imply that they are alike or that there is a connection between them (Lindberg et al., 2022). For example, politicians may plan development projects that benefit their constituents in an electoral democracy that is becoming more competitive, but this clientelistic behaviour does not result in corruption (Syauket, 2022). On the other side, a clientelistic relationship avoids corrupt behaviours like bribery or gratification. However, if there is an abuse of power in distributing and allocating public resources, clientelism will result in political corruption. Incumbents also utilize distributive politics as a tool to choose who will profit from the resources available to maintain the legitimacy of their position of authority.

The power to allocate public resources in that situation is susceptible to political corruption. The relationship between clientelism and political corruption has started to change, moving away from small-scale bribery activities and toward a more organized, widespread pattern linked to the goals of collecting wealth to preserve power (Gherghina & Nemčok, 2021). Clientelistic relationships can contribute to corruption when law enforcement is ineffective, and the bureaucracy is politicized. In modern political practice, patronage and corruption are entwined to raise money to get resources dispersed via political machines, including political parties, success teams, interest groups and even volunteer organizations. Because clientelism can foster the development of a political apparatus

for corruption, it is frequently linked to corruption. Politicians and bureaucrats must have discretionary power to decide how to distribute public funds and programs to practice clientelism. This exchange of power without public oversight is a critical component of clientelism (Harris et al., 2022).

Politicians are encouraged by clientelism to oppose reforms that might increase law enforcement or openness. Even politicians tend to loosen up the political system's numerous regulatory restrictions, which undermines the viability of clientelism practices. The effectiveness of resource management will be impacted by a bureaucracy assessment that isn't based on performance, which will encourage people to use bribes and kickbacks to get what they want from the bureaucracy. Clientelism will ultimately lead to a government structure with poor accountability, opaque decision-making, and high levels of discretionary power (Harris et al., 2022). Political corruption is a practice that thrives in certain circumstances. Given these circumstances, political actors have a great chance to find rental property because the community has to do rid of the bureaucratization of the distribution of public resources. Additionally, ineffective law enforcement also excuses these improper actions. Patronage can reduce other campaign costs by rewarding volunteers for the party. Due to the transactional nature of winning votes, when politicians use various forms of extortion and bribery to finance patronage and clientelism, new issues in distributive politics develop. Voters who are wealthy but hesitant to cast ballots will support politicians financially in exchange for the right to take advantage of their decisions, including concessions and other subsidies that serve the interests of capital owners (Munshi, 2022).

Throughout the implementation of the elections in Indonesia, campaign financing has always had a vague regulatory direction and has not covered the potential for corrupt behaviour. Under the old and new orders, Campaign financing is not explicitly regulated in the legislation (Sjahrir et al., 2013). Campaign finance regulations were introduced after the collapse of the new order with a broad scope of regulation. The Election Law of 1999 has two articles regulating the source of funds, foreign funds limit and campaign finance reports (Chandranegara et al., 2020). After the constitutional amendment in mid-1999-2002, campaign financing regulation was broken down into several forms, among other Legislative Election Law of 2003, 2008, and 2012; the Presidential Election Law of 2003 and 2008, and the Local Election Law of 2004 (Fahmi & Asrinaldi, 2020; Sahabuddin, 2017). These provisions regulate the sources of campaign funds from political parties, candidates and non-binding donations; contribution limits for individuals and corporations; prohibited gifts; contributor lists; campaign fund audit; reporting mechanism; and sanctions.

Although several regulations have been enacted, they still have weaknesses, such as the regulation of funding sources that are far from transparent, confusing reporting mechanisms and the absence of strict sanctions (Aspinall, 2005, 2014). For example, there is no regulation of sources of funds from political parties and legislative

candidates in legislative campaign financing. In addition, in the presidential and local head elections, there is no regulation of sources of funds from candidates and political parties that carry candidates. As a result, any funds donated from political parties and legislative candidates are considered legitimate.

At the level of local head elections through the Local Head Election Law of 2015, campaign financing arrangements were born to limit local head election campaigns as low as possible while ensuring transparency and accountability. It can be seen from the following two conditions. First, like the previous law, the Local Head Election Law of 2015 mentions seven campaign methods: a) limited meetings; b) face-to-face meetings and dialogues; c) public debate between candidates; d) disseminating campaign materials to the public; e) installation of teaching aids; f) mass media advertisements and electronic media; and/or g) other activities that do not violate campaign prohibitions and statutory provisions. However, Art. 65 para. (2) of Local Election Law of 2016 confirms that the methods c), d), e), and f) are facilitated by General Election Commission and funded by the State Budget. So, the state now supported campaigns in public debates, disseminating campaign materials to the public, installing props, and mass media advertising. In contrast, political parties and candidates only finance limited meeting campaigns, face-to-face meetings and dialogues.

Second, unlike the previous election law, the Local Head Election Law of 2015 includes a campaign financing limit. This limitation is broken down in Art. 74 para. (9) of the Local Head Election Law of 2015, later lowered to General Election Commission Regulation No. 8 of 2015. The law stipulates that donations from campaign funds can be obtained from political parties, candidates, individuals and private legal entities. This regulation regulates the origin of donations and limits the number of donations, such as donations from individuals' maximum of 75 million rupiahs and private legal entities maximum of 750 million rupiahs (Fuad & Palupi, 2018; Sukmajati & Disyacitta, 2019). Donors must also have precise personal identification data and private institutions. That is, not just any individual or institution that can contribute. The rules for financing local head elections also regulate the money donated. After an agreement meeting with the candidate team, the amount of campaign funds is calculated using a formula that considers local cost norms. Contest limits are determined by campaign tactics, campaigns, the estimated number of campaign participants, local cost standards, required campaign materials, geographical and geographical conditions, logistics, and campaign management/consultants.

Based on this, the General Election Commission finally established General Election Commission Regulation No. 5 of 2017 concerning Campaign Funds, replacing General Election Commission Regulation No. 8 of 2015 and General Election Commission Regulation No. 13 of 2016 amendments. In this new regulation, restrictions on campaign funds are determined based on each item of campaign activity. The General Election Commission selects the item details of campaign

activities funded by the state and financed by each candidate. In this context, the General Election Commission Provincial/Regency/ City only needs to determine how much each campaign activity's cost follows the local cost standards. These standards are selected through a series of formulas multiplied by the provincial cost standard for specific qualifications (Prasetyo, 2019). Besides, Art. 39 para. (1) of General Election Commission Regulation No. 5 of 2017 determines the form and mechanism of the audit of campaign funds in the election is compliance audit. Public accountants appointed for auditing are also very clearly regulated in Art. 43 of General Election Commission Regulation No. 5 of 2017. For example, it is not directly affiliated with candidates and political parties, not with the proposed political parties. An attestation engagement in campaign finance audits refers to the Public Accountant Professional Standards, especially the Attestation Standards 500 regarding compliance. The public accountant will design and implement audit processes to gain sufficient confidence in observing the candidate's assertions, with the petitioner's assistance in providing all essential records and papers (Hafid, 2008). They give data and comments concerning the election participants' compliance in the context of campaign money audits. Compliance, as it is referred to, with the legislation, such as timely submission of campaign finance reports, whether campaign donations have complied with the legal limitations of people and commercial entities, and connected to campaign fund contributors. They receive donations from parties prohibited by law, such as funds from foreign parties or monies from state budget sources such as state-owned firms/local companies (Saputra, 2013; Sukmajati & Disyacitta, 2019).

Besides, the General Election Commission Regulation regulates the sanctions for participating in violating local elections. Political parties or combined political parties and individual candidates are prohibited from receiving donations above the provisions, including using them. Sanctions are not half-hearted, namely cancellation of local head candidates. The sanctions provided in cancellation as a candidate when committing an offence using campaign funds exceed the provisions' limits. This certainty is regulated in Art. 51, Art. 52, Art. 53, and Art. 54, General Election Commission Regulation No. 5 of 2017.

On the one hand, the formulation has many positive impacts, namely. First, the implementation of the elections will walk healthier. Therefore, competition no longer emphasizes the amount of capital money but how much influence it has in seducing voters. Even though the candidate has a large amount of money, the candidate cannot use it beyond what is determined by following the laws and regulations (Supriyanto & Wulandari, 2013). Second, whoever will become a local head candidate is known; he/she is forced to invest in social and political investment long before the elections (Fahmi, 2015). Third, the development of regulations shows that limiting campaign funds will encourage candidates to be more creative in approaching voters. Simultaneously, the voting community will also be educated to no longer think pragmatically in making choices (Chandranegara et al., 2020).

### 3. RESEARCH METHODOLOGY

This research uses normative juridical methods with a comparative law approach. The object of this research is the election campaign funding regulation, especially in local elections in Indonesia. This research uses the Local Head Election Law and its amendment of 2015 and 2016 and the General Election Commission Regulation concerning Campaign Financing of Local Head Election and its amendment of 2015, 2016, and 2017 as the material of this article. The local head election became the object because it reflected the main rule of the game of campaign finance report. This research also chooses Madiun and Surabaya local head elections as a case study representing a lack of transparency and accountability in campaign finance reports. The case also shows that the regulatory framework was so easy to violate. So, the analysis is carried out by examining the implementation of campaign finance regulations, the mechanism for limiting them and finding weaknesses in overcoming the misuse of campaign funds. Besides, this article designs arrangements that can reduce the potential for post-election political corruption.

### 4. RESULTS: THE DYSFUNCTIONAL DESIGN

Although the General Election Commission Regulation No. 5 of 2017 requires each candidate to make three financial reports, the initial report, the campaign fund donations report, and the final report on the receipt and expenditure of campaign funds. However, these financial reports tend to be normative rather than substantive in disclosing campaign funds. As a result, loopholes in regulations can promote patronage and clientelism through money politics. The dominance of money politics has become a characteristic of electoral democracy in Indonesia today (Aspinall, 2014; Allen, 2015). This practice is prevalent among candidates through transactional economic distribution and the exchange of benefits to voters, both at the legislative election level (Aspinall & Sukmajati, 2015) and the local head election level (Erb & Sulistiyanto, 2009; Choi, 2011; Nordholt & van Klinken, 2007). In that context, candidates understand how to use these strategies to secure votes and consolidate power. On the other hand, voters, especially the weak economic class, directly benefit from programmatic politics that offer long-term policies and benefits.

These regulatory loopholes are usually related to veiled political spending by candidates and campaign teams (Garrett & Smith, 2005). This hidden political spending can be smelled of its existence. Still, it cannot be proven or disclosed by reporting funds regulated through the general commission of election regulations. Covert political spending usually uses money whose donor names are not disclosed and are not reported through the general commission election's reporting scheme. The money used for hidden political spending is called dark money (Wood, 2017b). Many funds are donated to political parties, candidates, or campaign teams used for political spending to influence elections. Candidates or campaign teams can receive unlimited donations, and they don't have to reveal who their donors are.

#### **4.1. Madiun case**

In the 2018 local head election, the city and district of Madiun both had three pairs of candidates. In the city of Madiun, there are two pairs of candidates proposed by political parties and independent candidates. The three pairs of candidates are Maldi and Inda Raya (the first candidates presented by political parties), Harryadin Mahardika and Arief Rahman (the second candidates proposed by political parties), and Yusuf Rohana and Bambang Wahyudi (independent candidates). In the 2018 Madiun city and district local head election, it was found that all candidates tried to take advantage of loopholes and rigged campaign finance regulations in various ways. With full awareness and planning, each candidate takes advantage of regulatory loopholes in all stages of funding reporting and the campaign process. The use of this regulatory loophole cannot be separated from the existence of black money from anonymous donors. Candidates use black money to carry out money politics. This illicit money is much larger than the amount of money reported in the report on receipts and expenditures of campaign funds (Prasetyo, 2019). Reports of receipts and expenditures of campaign funds that do not clearly describe the reality show that the disclosure of campaign funds is still far from expectations.

Since the beginning, the candidate has prepared two treasurers with different functions in managing campaign funds. The treasurers are formal and informal. A formal treasurer's main task is to ensure that transaction records in a special account for campaign funds look ideal and reasonable (Sukmajati & Perdana, 2018). Formal treasurers are usually listed as part of the campaign team registered with the General Election Commission. This treasurer does not hold campaign funds daily. He/she is only in charge of making proposals for winning activities in the community to the informal treasurer or directly to the candidate (Haryanto et al., 2018; Prasetyo, 2019).

The informal treasurer is the main task of managing all financial transactions and holding almost all campaign funds. In this crucial role and its relation to cash, the informal treasurer is usually still a relative or part of the candidate's nuclear family. The nature of this informal treasurer tends to be the personal treasurer of the candidate. He/she never appeared in public and was always outside the campaign team. So, that regulations and election administrators cannot touch this informal treasurer. It also relates to the black money he/she has to manage (Budi et al., 2018; Prasetyo, 2019). This illicit money is mainly used to build and start the political machine and money politics attacks ahead of the vote.

After entering the campaign period, candidates are asked to create a special campaign fund account and make an initial campaign finance report. An interesting thing was obtained from the two candidates in Madiun Regency. They admitted that the money for opening a special campaign fund account, recorded in the initial campaign fund report, was the candidate's funds spun in and out of the special account many times without being used. One candidate in the Madiun district explained that he opened a special campaign fund account

with an initial deposit of 50 million rupiahs. This 50 million rupiah is recorded as the initial balance in the campaign finance report. Every time there is an activity, the treasurer of the campaign team will take the money in the account before the campaign activity and put it back into the account after the campaign activity is over, without using it at all. It is done so that records and transactions in the account are always good and maintain fairness. Money for campaign activities is not using money stored in a special campaign fund account. The informal treasurer or the candidate himself keeps the money for campaign activities. The money is not all money from candidates, and there is money from anonymous donors that are not reported through reports on receipt of campaign fund donations. There is still money outside the reported cash and money saved by the informal treasurer and the candidate.

A statement from the head of the campaign team of one of the chief candidates in the Madiun district stated that not all of the donation money reached the candidate or treasurer. The money is directly distributed during campaign activities in the regions after the approval of the campaign team leader and candidate. This money comes from prospective legislative members who will advance in the 2019 legislative elections (Prasetyo, 2019; Sukmajati & Perdana, 2018). On average, one prospective legislative member from the supporting party is asked to prepare around 50-100 million rupiah to secure votes in each electoral district. In the Madiun district, there are 15 sub-districts. Each sub-district chairperson controls three candidates for legislative members to help secure votes in their respective electoral districts. If it is accumulated from 45 people in all sub-districts with 100 million rupiahs per person, about 4.5 billion rupiahs do not reach the candidate or treasurer. The money is directly distributed for campaign activities in the regions and money politics ahead of the vote.

Reports on campaign fund donations are rigged by placing a small number of contributors with a not-so-large nominal. During the final campaign finance report, donors with large numbers tend not to be reported due to balancing the balance of revenues and expenditures. The money is also related to illicit money and covert political spending. For example, an independent candidate for the city of Madiun revealed that an entrepreneur from Jakarta contributed campaign funds with a nominal value of around 1 billion rupiahs. The independent candidate for Madiun city chose not to report the donation. If it is included in the campaign fund contribution report, he/she must also report the expenditure using the money. Independent candidates used the money for the city of Madiun to create and turn on the political machine and the practice of money politics.

#### **4.2. Surabaya case**

In 2015 Surabaya head local elections were held to elect the mayor and deputy mayor of Surabaya. Two pairs of candidates compete in this election: the incumbent Tri Rismaharini/Whisnu Sakti Buana promoted by the Indonesian Democratic Party of Struggle (PDI-P); and Rasiyo/Lucy Kurniasari, who

was announced by the Democratic Party and the National Mandate Party. Tri Rismaharini/Whisnu Sakti Buana, promoted by the Indonesian Democratic Party of Struggle, won the election with 893,087 votes (86.34%). However, frauds were suspected, such as improper donations, such as 50 million rupiahs, by a driver and construction worker to the candidate Tri Rismaharini-Whisnu Sakti Buana. Use other people's identity cards (ID Card borrowing) to register donations. Even the candidate Tri Rismaharini-Whisnu Sakti Buana exceeded the deadline in submitting a report on campaign funds receipt (Sari, 2018).

On December 6, 2015, the Risma-Whisnu campaign team submitted a Report on Revenue and Expenditure of Campaign Funds to the Surabaya City General Election Commission. Risma-Whisnu contributed 388 million rupiahs in cash in manual bookkeeping, but it was not in their special campaign fund account. According to the regulations, all campaign funds are money, which must be recorded and placed in a special account before being used for campaign activities. Therefore, the Surabaya City General Election Commission should examine the special campaign fund account contents and the Campaign Fund Revenue and Expenditure Report (Sahab, 2017; Sari, 2018). The inspection is carried out by checking the conformity between banking books and manual bookkeeping. If there is a discrepancy or discrepancy, it is necessary to provide a note, and the record is submitted to the auditor from the public accounting firm, which the Surabaya City Election Commission has appointed as part of the audit material that must be followed up. Unfortunately, the Surabaya City General Election Commission only received files and checked the files' completeness without checking the report's contents.

Based on these two cases, the candidates have a formal management system for campaign finance reporting needs and an informal one for the internal needs of the candidates and their team. With a management system like this, what is in the campaign finance report does not reflect the actual reality on the ground. In practice, it may be possible for the expenditure or receipt of funds to be more than ten times higher than the official report. Another conclusion is that the weak regulation and design of the campaign finance reporting system creates gaps in its implementation. This trend is carried out by almost all candidates participating in the election. Violations are carried out by circumventing reports of receipts and expenditures of campaign funds they manage. In addition, the politics of financing local head elections that benefit the incumbent is also a *modus operandi* for campaign finance violations (Sari, 2018). Thus, transparency and accountability are fundamental problems in managing election funds in Indonesia so far. Considering that the efforts made by the election management body are still far from ideal, it is feared that this fundamental problem will also continue in implementing the next local elections.

According to Muhtadi's (2018) findings, informal campaign funds that are not reported will

generally be used to finance money politics. The need to invest money in politics encourages candidates to open up as many funding sources as possible, including unreported sources. It implies that some revenues and expenditures have escaped audit monitoring and concludes that not all campaign finance receipts and expenditures are reported. Meitzner (2015) once mentioned the receipt of campaign funds from entrepreneurs who were not recorded. In addition, some are not reported in terms of expenditure, and money politics is not recorded because of the prohibited expenditure categories (Mietzner, 2015).

In some cases, informal sources of financing generally come from entrepreneurs. This condition will then give birth to patterns of clientelism. Clientelism can be understood as a power relation between political actors who give something (patrons) non-programmatically and those who receive (clients) based on loyalty by the recipient (paternalistic) (Aspinall & Mietzner, 2019). This situation will seed a corrupt ecosystem that can lead to post-election corruptive behaviour.

The problem of dysfunctional regulation is unable to encourage transparency and accountability is caused by several undeniable reasons, such as the high cost of campaigning and the low financial support from grassroots groups which has implications for the dependence of election participants on private and state donors; the prevalence of illicit financing practices, where the source of income is unclear; the desire of business groups to provide campaign fund support to candidates with compensation and profit expectations to business groups if the candidate succeeds in occupying a public office; inequality of access to financing sources; and weak law enforcement (Sukmajati & Disyacitta, 2019; Sukmajati & Perdana, 2018). Political corruption that often occurs is related to licensing. Often inflation in the issuance of business licenses in the mining sector increases before and after the election (Claessens et al., 2008; Hayati, 2011; Norris & van Es, 2016). Inflation in granting permits is closely related to the candidate's commitment to obtaining campaign financing support.

## 5. DISCUSSION: REDESIGNING CAMPAIGN FUND POLICY

At least three objectives for regulating campaign finance in head local elections; the first, in a negative context, regulating campaign finance prevents the dominance of one or two political parties or candidates who have significant funds in delivering their vision, mission and program. Meanwhile, if used positively, regulating campaign finance guarantees diverse information sources about candidates to voters (Supriyanto & Wulandari, 2013). Second, to prevent campaign funders from dictating policies to be taken by local head candidates. Or in other words, the regulation of campaign funds ensures that candidates pay more attention to constituents' aspirations and interests in making and implementing executive bodies' decisions. Third, to prevent those who are rich and not qualified who can be chosen or ensure that someone is not rich

but has integrity and capacity as a local head candidate (Supriyanto & Wulandari, 2013). It shows that the financial element will provide enough opportunities to win candidates. Because these elements can be converted into various tools to fulfil campaign needs. With the fulfilment of campaign needs, candidates can conduct campaigns more intensely and massively. Thus, candidates who can portion more to campaign themselves more intensely and massively will get more opportunities to promote themselves.

A good campaign regulation design must meet the principles of transparency, accessibility and accountability. Clarity is needed to encourage the disclosure of campaign funds. Transparency regarding campaign finance information allows the public to see and monitor the fairness of the money coming in and going out. The public can also look at the source of funds and their designation (Wood, 2017a). The existence of transparency allows the public to monitor campaign funds actively. The principle of transparency also facilitates law enforcement in ensuring the compliance of candidates, political parties, campaign teams, and donors to the rules for disclosing campaign funds.

The principle of transparency must be balanced with the principle of accessibility. The principle of accessibility means that disclosure of campaign funds should not burden the candidate. Rules that tend to be administratively heavy but substantively weak can create counterproductive laws and democracy (Gagnon & Palda, 2011). For example, administratively burdensome rules may prevent some potential candidates from running because of the complexity of disclosing campaign funds. The complexity of the rules that emphasise the administrative side can also result in candidates becoming much more secretive and looking for ways to cheat campaign finance disclosure rules. It can potentially negate the benefits and distance the principle of transparency itself.

The rules are like two sides of a coin that has two faces. The two faces are flexible on the one hand and consistent on the other. Candidates tend to want flexible rules and have discretionary spaces in implementation. It is related to the tendency to be administratively burdensome but substantively weak. These discretionary spaces are expected to make it easier for candidates to disclose campaign funds while maintaining the principles of accountability and accessibility (Gagnon & Palda,

2011; Wood & Spencer, 2016). In addition to flexibility, regulators and election administrators must ensure consistency in implementation. The rules for disclosing campaign funds must be consistently complied with and applied by all candidates in all regions. The rules for disclosing campaign funds are an integral part of the campaign finance financial system.

The principle of accountability forces candidates to dare to be open and transparent. Candidates will be held accountable for all activities in the campaign finance report. The candidate must explain how much money has been received and spent, the budget allocation to finance activities, and the donor of funds received so far.

Campaign finance regulations must at least accommodate two legal logics. One consists of the legal and ethical rules that govern the relationship between individual politicians and donors. Another is the macro-level setting of total campaign spending and the acceptable level of personal influence over the public sector (Ansolabehere, 2007). These two legal logics are basic regulatory requirements that can be developed into more practical regulations. However, the problem of disclosing campaign funds often arises at this practical level of regulation. There are regulatory loopholes that candidates can potentially exploit to disclose campaign funds fraudulently. It is inseparable from the candidate's efforts to cover hidden sources of funds and political spending (Garrett & Smith, 2005).

Overall, the existing literature tends to link campaign finance disclosures to political parties and legislative elections rather than to candidates at the local level. Although several studies have shown that the failure to disclose campaign funds is related to covert political spending, it is rare to link it directly to money politics. In developed countries, hidden political spending is more often examined in massive political advertising spending (Lee et al., 2016), which is not the case in local elections in developing countries. Moreover, developing countries are often characterized by patronage and clientelism in money politics. Based on this, at least there is a policy framework formulated by the Organisation for Economic Co-operation and Development (OECD) related to comprehensive efforts to promote integrity measures and increase the effectiveness of campaign finance arrangements which are described as follows:



Table 1. Campaign fund legal policy framework

<i>Objectives policy</i>	<i>Options</i>	
Promote level playing fields	Using direct and indirect public donation mechanisms to balance financing	Money transfers to parties or candidates are required as financial arrangements and regulations must meet clear and equal standards. Indirect support, such as tax breaks, subsidized media access, meeting facilities, etc.
	Framing the private corporate funding prohibition	Prohibit private contributions, in particular: <ul style="list-style-type: none"> <li>Foreign interests. Cooperatives that have government contracts or are partially owned by the government.</li> <li>Prohibition of contributors to companies, trade unions, etc.</li> <li>Limit anonymous donors.</li> </ul>
	Limits on campaign spending	It is unmistakably evident. Limitations based on a specific number of absences or a proportion of overall public financing, at a given amount per inhabitant in the constituency, and so forth.
	Limiting privileged access to state resources	Control misuse of state resources: <ul style="list-style-type: none"> <li>Prohibition of the use of state resources for political purposes.</li> <li>Prohibition of state resources granted or received by political parties or candidates (except and regulated public).</li> <li>Excessive government expenditure on advertising before and during elections, recruiting additional public officials, and signing significant public contracts would be prohibited.</li> </ul>
		Prevent transactional practices against opposition: <ul style="list-style-type: none"> <li>A prohibition on using state funds to support or oppose a political party or candidate.</li> <li>Reforming sensitive areas to prevent bribes from being paid in exchange for campaign donations.</li> </ul>
Ensure transparency and accountability	Reporting	Arranging the preparation of comprehensive reporting, with the criteria: <ul style="list-style-type: none"> <li>Timely provision of information.</li> <li>Does not limit reporting on how public funds are spent but includes private contributions.</li> </ul>
	Enable supervision	<ul style="list-style-type: none"> <li>Timely, reliable, accessible and understandable disclosure of public reports.</li> <li>Media promotion and civil society scrutiny.</li> </ul>
Fostering a culture of integrity	Implementing an integrity framework	<ul style="list-style-type: none"> <li>Code of Ethics.</li> <li>Conflict of interest and asset disclosure requirements.</li> <li>Disclosure in the lobby.</li> <li>Inclusive policymaking, public consultation, etc.</li> </ul>
	Encourage private donors to adhere to professional, ethical, and transparent standards	Self-regulation on the financing of political parties and election campaigns: <ul style="list-style-type: none"> <li>Private sector codes of conduct.</li> <li>Responsible lobby.</li> </ul>
Ensures compliance with a series of evaluations	Provides independent and efficient supervision	Strengthen the independence of oversight bodies and processes: <ul style="list-style-type: none"> <li>Independent appointment of members.</li> <li>The existence of a firm tenure.</li> </ul> Independent budget for the agency to carry out monitoring by providing the capacity to: <ul style="list-style-type: none"> <li>Adequate resources.</li> <li>Special audit capacity and methodology.</li> </ul>
	Provide preventive and repressive sanctions	Proportionate and deterrent sanctions, for example: <ul style="list-style-type: none"> <li>Reducing campaign subsidies.</li> <li>Confiscation of illegal donations or funds.</li> <li>Fines.</li> <li>Criminal provisions, such as prison.</li> <li>Provisions that eliminate the right to participate in elections.</li> <li>Deregistration or suspension of a political party or candidate.</li> </ul>
	System evaluation	Periodically review (with stakeholder engagement) system functions and make adjustments: <ul style="list-style-type: none"> <li>Identification of new risks in system policy objectives.</li> <li>Identification of mitigation strategies.</li> </ul>
	Support for political parties	Provide support to political parties to help them comply with regulations: <ul style="list-style-type: none"> <li>Establishing a compliance-focused agency or support unit within a monitoring organization.</li> <li>Dialogue between political parties and institutions to improve regulatory compliance and political finance knowledge.</li> </ul>

Source: Terracino and Hamada (2014).

When referring to General Election Commission Regulation No. 5 of 2017, the regulated aspect concerns the source of campaign funds, the form of campaign funds, the maximum limit of contributions from various parties permitted to contribute, the total amount of campaign expenditure, the requirements regarding the identity of donors and the origin of donations, procedures the method of accounting for campaign funds which must be separate from the bookkeeping of receipts and expenditures of parties for non-campaign

activities, recording of receipts in the form of money in a particular account of campaign funds, a reporting mechanism for campaign revenues and expenditures, requirements of the public accountant firm that the General Election Commission can appoint to audit reports on income and spending of campaign funds, public accountant firm work mechanism, audit procedures, prohibitions and sanctions. Two principles usually underlie general election campaign fund arrangements: transparency and justice. When examined in-depth, the Local

Election Law's current provisions already have the subject matter of regulating campaign funds commonly practised in several countries to ensure transparency and accountability in using campaign funds. The focus of transparency requires political parties participating in the election and candidates to be open to all the processes of managing campaign funds, specifically in revenue or income and expenditure or expenditure (Falguera et al., 2014). Here many obligations must be carried out by political parties and candidates, such as making a list of contributors, a list of income, a shopping list, a balance sheet and others. The purpose of creating a list of contributors, income lists and, shopping lists, balance sheets is to test the principle of accountability. (Avis et al., 2017).

Another primary principle that limits campaign funds from the expenditure side is applying justice and equality between parties participating in the election and candidates. This principle becomes the basis for creating equal opportunities among political parties participating in the election in competing for votes. It means that the election results are not determined by who has the most funds but rather by the political parties' performance and creativity in the election and the candidates in the campaign. This principle is the basis for creating healthy competition because each political party and candidate has the same opportunity to campaign to convince voters (Muhtadi, 2018). Thus, the legal framework containing these principles should meet the following criteria. First, a system allows or provides space to support competitive campaigns. Second, a system that can maintain the opportunity for all residents to participate equally. Third, there is an open system to bring up participation. Fourthly, some methods can prevent corruption by freeing candidates, parties, and elected candidates from their contributors' undesired influence. Fifth, a system can free voters from candidates or parties' pressure from the lure of financial support (vote-buying). So far, the Local Election Law of 2015 and 2016 states that seven campaign methods: closed meetings; face-to-face conversation; public debate/open debate between candidates; public distribution of campaign materials; installation of instructional aids; print and electronic media advertisements; and/or other actions that do not infringe laws and regulations. So, the candidates only finance a limited meeting campaign and face-to-face meetings and dialogue. However, the provisions governing campaign funds are still minimal, both in the number of articles and paragraphs and in the content of regulatory material. Regarding the regulation of campaign funds, there are some differences between the Election Law of 2016 and the previous Election Law of 2015, such as in Art. 74 para. (5), where there is an increase in the contribution limit and no funding limit campaign from donations of candidates. The absence of provisions that emphasize the limitation of a candidate's campaign contributions that may not exceed the campaign financing limits specified by this regulation shows that the current rules are still not optimal. Sanctions are not entirely relevant because the actual violation of campaign finance restrictions means that there are excess funds from the limits that should be

adhered to. The threat of sanctions must submit the extra campaign funds to the state treasury.

In the 2018 elections, the campaign funds were vulnerable to being violated by the candidates. Violations of campaign funds have been primarily based on the high political costs at this time. This factor concerns the election organizer, the General Election Commission and the General Election Supervisory Agency. Many parties still believe the amount of campaign funds is always the determining factor of victory in elections. In Art. 74 para. (9), The Provincial and Regency/City General Election Commission sets the ceiling on candidate campaign funds, considering the number of voters, coverage or area, and regional cost guidelines. Individual and corporate donations are likewise subject to campaign financing rules. Even though the rules have been firmly made, many parties still find violations due to high political costs. Not a few candidates who advance in elections are determined to violate the report on the receipt and expenditure and information on the receipt of campaign fund contributions. We can learn from the election of the regent in Lembata district in 2017. At that time, the case of individual campaign donations was estimated at hundreds of millions of rupiahs. Based on the local Election Supervisory Committee statement, which refers to the report on the receipt and expenditure of campaign funds and information on campaign fund contributions, Eliazer Yentji Sunur — Thomas Ola received an individual contribution of 170 million rupiahs. Simultaneously, Herman Wutun-Vian Burin received a donation of 250 million rupiahs ("Abai soal dana kampanye", 2018). As reported by the election monitoring agency, that sort of thing was decomposed in 2015. In the simultaneous local elections that year, the election monitoring agency claimed to find allegations of manipulating campaign fund contributions in the three electoral districts that held simultaneous local elections. The election monitoring agency claimed to have found donation funds exceeding the limit in Seluma District, the pattern of solving the number of donations in the city of Balikpapan, and the existence of the fictitious donor identity of the City of South Tangerang. The findings in these three regions, the election monitoring agency recognized, have similarities with risky patterns occurring in all areas in Indonesia.

Regarding the frequent emergence of violations of campaign contributions, this is also always accompanied by the unclear problem of the source of the candidate's campaign contributions, both individuals and companies, which are still found from the election. Unfortunately, the question is, only some election observers can publish the data. The ambiguity that often arises includes the donor's identity, the donor's address, the donor's contact number, the taxpayer's principal number, and the unclear source of income of the donor. Art. 76 Local election Law of 2015 explains that political parties and/or a combination of political parties that propose candidates and individual candidates are prohibited from accepting donations or other assistance for campaigns originating from donors or aid providers whose identity is unclear. Furthermore, in para. (3) and (4), if it is proven to violate the provisions, there will be sanctions in

the form of cancelling the proposed candidate. So, the case of the disqualification of the Sinjai regent candidate, Sabirin Yahya-Andi Mahyoto. The election organizers' courage was demonstrated by the Sinjai Regency Election Commission's delay in filing reports.

Referring to Art. 39 of General Election Commission Regulation No. 5 of 2017, the type of audit used is merely a compliance audit. In contrast, it will clarify who the investor behind the candidate is if it is regulated using the inspection or investigative audit method. Without an investigative audit, the candidate will attempt to manipulate the report on his campaign source. It means that reported campaign funds do not reflect actual conditions. The primary purpose of regulating the audit of this campaign is not to use illegal money. Besides, giving the General Election Supervisory Agency authority to carry out inherent supervision and trace the validity of campaign funding sources is necessary. So that if there are irregularities, then The General Election Supervisory Agency can provide recommendations to the commission to impose sanctions. Another benefit is that The General Election Supervisory Agency's analysis can be comparative data with public accountant firm audit results. The direction of regulation regarding the supervision of contributions from individuals and business entities is significant, given the potential for law violations with the emergence of the relationship between money and political decisions. Therefore, campaign finance regulations must apply many necessary provisions to prevent conflicts of interest, avoid prejudice against political parties and candidates' activities, ensure transparency of the origin of donations, and prevent undisclosed donations. So, regulations must guarantee the independence of political parties and candidates for legislative members and candidates for executive officers to make policies and decisions when occupying post-election positions.

In addition to the need for audits that are not merely compliance, the existence of campaign finance audit controls becomes an essential angle in itself. There has not been any control over the implementation of campaign finance audits conducted by the public accountant firm. During this time, the Ministry of Finance's control of public accountant firms throughout Indonesia has been carried out through government employees with work agreements. The Indonesian Institute of Certified Public Accountants professional association houses Indonesian public accountants. However, there is no control mechanism for conducting campaign finance audits, particularly in the elections. So, if supervision of such audit performance is still weak, then the potential will lead to adverse impacts. In addition to potentially fertilizing public accountants who are not yet competent in auditing campaign funds, the audit results also fear not meeting standards and not being done professionally. The campaign finance audit results were only a "condition" that campaign funds were called transparent and accountable but ignored essential matters.

General Election Commission Regulation No. 5 of 2017 does not entirely follow the purpose of limiting campaign funds, namely to keep the elected

candidates from expressing voters' interests rather than contributors' interests in making policies. Besides, avoid collecting and spending campaign funds, as in previous local elections. For example, the Jakarta General Election Commission stipulates that the Campaign Fund limit is 203 billion rupiahs. Still, in reality, the Anies Baswedan and Sandiaga Uno (candidates) claimed only to spend campaign funds totalling 64.4 billion rupiahs. Besides, campaign funds in West Java in 2013 set a campaign cost limit of 172 billion rupiahs, while the local election winner Ahmad Heryawan-Dedy Mizwar only spent 25 billion rupiahs ("Sandiaga habiskan Rp 108 miliar", 2017). Therefore, restrictions must also be imposed on the expenditure or expenditure side. Because in this way, the political parties participating in the election or the candidates no longer try to raise as much campaign funds as possible because they know that they cannot be used if they are collected beyond the allowed limits. However, when referring to the regulation regarding the limitation of campaign funds, the local head cannot yet entirely limit the campaign funds themselves. The current regulation has not reached the cross-practice cycle of corruption by candidates and donors. The amount of funds needed for the election campaign makes the candidates potentially receive funds from various donors. Some potential funds that candidates often use include personal funds from candidates, which sometimes come from cross-corruption between candidates and entrepreneurs. Besides, assistance and entrepreneurs'/business entities that often work on government projects and utilization of grant funds, social assistance and financial assistance from the regional budget are still objects of regulation that need to be tightened again. The current election regulation implicitly does not regulate regional budget management boundaries ahead of the post-conflict local election so that incumbent candidates do not use them. Art. 89 para. 2 of General Election Commission Regulation 5 of 2017 regulates that it is prohibited to use authority, programs, and activities for six months before determining whether candidates derail or harm one of the candidates. However, the article is difficult to enforce because there are no benchmarks or limits for local heads that exercise authority, programs and activities that have benefited or harmed candidates.

As explained above, the issue of campaign funds is undoubtedly a part that must be the focus of the General Election Supervisory Agency supervision, with various levels of complexity and complexity. This is more because the issue surrounding campaign funds is a classic problem. After all, it always arises in every political momentum, both in the governor and deputy governor's elections, regent and deputy regent, and the election of mayor and deputy mayor.

## **6. CONCLUSION**

This article shows that local head election candidates typically violate existing campaign finance regulations, with election administrators, law enforcement and the public openly tolerating such violations. Although campaign finance regulations continue to develop, they only prioritize administrative aspects in their implementation.

Furthermore, there is a widespread belief that rigorous enforcement of campaign finance regulations would result in the collapse of local governance in Indonesia, as almost every elected politician has broken the law somehow.

Apart from these problems, the main problems created by Indonesia's flawed campaign financing system are post-election rent-seeking, corruption and collusion. Therefore, the weakness of the campaign finance arrangement appears to be the absence of a campaign fund limit for the candidate's contributions. On the one hand, many donations that exceed the individual and corporate donation limits will pass through the door of gifts from potential partners themselves. On the other hand, the reported gap in campaign finance under the campaign team with the election work carried out by the success team informally results in a high level of mandatory contributions to money politics. Moreover, there is no regulation regarding limiting the composition of contributors from the private sector or entrepreneurs, allowing for policies that tend to be corrupt due to the quid pro quo pattern of donations. The type of audit used is only a compliance audit. If it is then regulated using an investigative inspection or audit method, it will clarify who the investors behind the candidate are. Without investigative audits, candidates will try to manipulate reports about the sources of their campaigns. It means that the reported campaign funds do not reflect the actual conditions.

Campaign finance arrangements must have a policy orientation to strengthen morale and a free system from corruption, collusion and nepotism. It can also be a measuring tool to assess whether the accountability aspect of the election campaign has been running in a transparent and accountable manner in the upcoming election contestation. Therefore, the changes needed to optimize fund management are funds obtained from campaigns owned by individuals and then have a reasonable candidate wealth ratio. Second, confirm the composition or balance of donor contributions

from the reported campaign funds. Simultaneously, substantive improvements and synchronization must be made between campaign finance reports and specific campaign finance accounts. So far, campaign finance reports and arrangements do not reflect the reality of revenue streams and campaign finance contests. The systematization of campaign funds can be applied; the campaign funds used are in certain accounts. The third is the re-formulation of sanctions for campaign finance reporting violations by providing an obligation to hand over to the state treasury. If an excess of funds should be obeyed, a threat of sanctions must be submitted on campaign funds to the state treasury. Fourth, the use of investigative audits or audit methods. It will make it clear who the investors behind the candidates are. Without an investigative audit, candidates will benefit from reports on the sources of their campaigns.

So, we suggest improvements must start from the upstream level of regulation as an essential reference in the game's rules. Downstream will still be dirty if the upstream is not cleaned and repaired. The spirit of improving the regulation of campaign finance disclosure must be based on democratic values, namely transparency, accessibility, flexibility and consistency, and accountability. In future research, by focusing on democratizing the campaign finance disclosure law, the disclosure mechanism can work more optimally. On the other hand, with the optimal tool for disclosing campaign funds, the prevention of money politics can be carried out starting from the upstream of the election.

This limitation of this paper is in the fact that this paper only focuses on election campaign funding regulation, especially in local elections in Indonesia. This research uses the Local Head Election Law and its amendment of 2015 and 2016 and the General Election Commission Regulation concerning Campaign Financing of Local Head Election and its amendment of 2015, 2016, and 2017 as the material of this article.

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