

REVIEW ARTICLE



The legal impact of unreported campaign funds by political parties in Indonesia

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ABSTRACT

Elections serve as a mechanism for upholding people's sovereignty in selecting legislative representatives through a direct, general, free, confidential, honest, and fair process. Campaign funds consist of financial resources in the form of money, goods, and services used by candidates and/or political parties to finance election campaign activities. This study specifically examines campaign funding based on reports of campaign fund receipts and expenditures, detailing the financial resources utilized for legislative candidates' campaigns. The research employs a normative legal approach, utilizing statutory and analytical methods, with data collected through literature reviews and secondary data analysis. The findings indicate that the legal consequences of political parties failing to report campaign funds, as stipulated in General Election Commission Regulation No. 18 of 2023 on Election Campaign Funds, underscore the importance of campaign fund reports as evidence of participants' integrity and accountability. Failure to submit the Campaign Fund Receipt and Expenditure Report (LPPDK) may result in the annulment of an election victory. This aligns with Article 118, paragraphs (3) and (4) of the regulation, which stipulate that if the central, provincial, or regency/city leadership of a participating political party fails to submit the LPPDK to an appointed public accountant (KAP) within the deadline set in Article 53, paragraph (4), the party may face sanctions, including the disqualification of its candidates for the House of Representatives (DPR), provincial legislative council (DPRD Provinsi), and regency/city legislative council (DPRD Kabupaten/Kota).

KEYWORDS

Campaign fund reporting, election law, political parties, general election

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1. Introduction

The use of money in election campaigns is regulated under Law No. 7 of 2017 on General Elections and further stipulated in General Election Commission (KPU)

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Regulation No. 24 of 2018 on Election Campaign Funds. These regulations reinforce the argument that money plays a crucial role in elections. This argument is further supported by the increase in the campaign donation limit for the 2019 elections, as set out in Law No. 7 of 2017 on Campaign Funds. The details of this increase include individual campaign donations for the 2014 Legislative and Presidential Elections, which previously had a maximum limit of IDR 1 billion, rising to IDR 2.5 billion. Meanwhile, the donation limit from corporations and groups for legislative and presidential election participants also increased to IDR 25 billion, up from the previous IDR 7.5 billion.

The reporting of campaign funds is governed by Article 338, paragraph (3) of Law No. 7 of 2017 on General Elections, which states that if the central, provincial, or regency/city-level leadership of a political party participating in the election fails to submit a campaign fund receipt and expenditure report to the public accounting firm appointed by the KPU within the stipulated deadline, as referred to in Article 335, paragraph (2), the party in question will face sanctions, including the disqualification of its candidates for the House of Representatives (DPR), the Provincial Legislative Council (DPRD Provinsi), and the Regency/city Legislative Council (DPRD Kabupaten/Kota).

In election campaigns, four key factors determine a candidate's success: the candidate themselves, their work program, the political party, and campaign funding. Among these factors, campaign funding is the most influential, as financing is necessary for candidate promotion, public engagement, and party capacity-building (Damsar, 2012).

The timeframe for reporting campaign funds is regulated under Article 335, paragraph (2) of Law No. 7 of 2017 on General Elections, which mandates that political parties participating in the election must submit reports on campaign fund receipts and expenditures to the public accounting firm appointed by the KPU no later than 15 (fifteen) days after election day. The campaign fund reporting requirement for regency/city-level legislative councils (DPRD Kabupaten/Kota) is further stipulated in Article 338, paragraph (3) of the same law, which reiterates that failure by political parties at the central, provincial, or regency/city level to submit their campaign fund reports within the specified deadline will result in sanctions, including the disqualification of their elected candidates.

Based on this background, the author is interested in analyzing the legal consequences of political parties' failure to report campaign funds, as reviewed

under General Election Commission (KPU) Regulation No. 18 of 2023 on Election Campaign Funds.

2. Literature review

2.1. *Political parties*

A political party is an organization formed to influence the shape and character of public policies based on specific ideological principles and interests. This influence can be exerted through direct political power or by encouraging public participation in elections. Political parties compete with other organizations to partake in decision-making processes, mobilize the public to take action, and serve as a channel for public aspirations. Additionally, they function to represent public interests, educate responsible citizens, act as an intermediary between the government and the people, and select leaders (Neumann, 1980).

Friedrich (1972) defines a political party as a stable and organized group of people whose goal is to seize or maintain government power for its leaders. By securing this power, the party can provide both material and ideological benefits to its members.

2.2. *Functions of political parties*

Political parties serve various functions to ensure their sustainability and effectiveness in the political system. According to Budiardjo (1992), political parties perform four primary functions. First, they act as a means of political communication, facilitating the exchange of political ideas and aspirations between the government and the public. Second, they play a role in political socialization, educating citizens about political systems, values, and the importance of participation in governance.

Third, political parties are responsible for political recruitment, which involves selecting and preparing individuals for leadership and governance roles within the state. Lastly, they function as instruments of conflict management, helping to mediate and resolve political disputes to maintain stability within the political system.

According to Neumann (1980), political parties in democratic states have additional responsibilities. They must manage the diverse public interests that exist within society. They also have an obligation to educate citizens on political responsibilities, ensuring that the electorate is well-informed and engaged. Furthermore, political parties serve as intermediaries between the government and

public opinion, ensuring that the concerns of the people are addressed within policymaking. Finally, they play a crucial role in selecting leaders who possess open-mindedness and the capacity to govern effectively.

2.3. Campaign funds

The regulation of campaign funds in Indonesia began after the reformation era, with the introduction of Law No. 3 of 1999 on General Elections. This law was the first to establish a legal framework for campaign financing in Indonesia's post-reform elections. It introduced two key provisions, Articles 48 and 49, which regulated the sources and limitations of campaign funds and mandated financial reporting. The provisions were later refined in Law No. 12 of 2003 on General Elections to improve accountability and oversight.

Despite these legal developments, the campaign finance system in Indonesia remains complex and challenging to regulate. The existing laws have not been entirely effective in implementing principles of transparency and accountability. Loopholes in the reporting mechanisms allow for uncontrolled campaign spending, while the absence of clear sanctions for non-compliance weakens enforcement.

A campaign fund report is an essential document that ensures election participants are accountable for the management of their campaign finances. The report must include details on the sources of funds and how they are utilized. First, all campaign fund reports must be prepared and submitted to the General Election Commission (KPU). Second, election participants may seek assistance from specialized accounting staff to ensure accurate financial reporting. Lastly, the reports must be submitted within the legally specified timeframe to comply with election regulations.

2.4. KPU

The KPU is an independent national institution responsible for organizing elections in Indonesia. According to Article 1, Paragraph (6) of Law No. 15 of 2011, the KPU is established as a permanent, autonomous body that oversees the electoral process. The same law also defines Provincial KPU and Regency/city KPU, which are tasked with administering elections at their respective levels. Article 1, Paragraph (7) states that the Provincial KPU manages elections at the provincial level, while Paragraph (8) designates the Regency/city KPU as the authority responsible for conducting elections at the district or municipal level.

As an independent state institution, the KPU operates autonomously despite being formed by the central government. Similar independent bodies in Indonesia include the National Human Rights Commission (Komnas HAM), Corruption Eradication Commission (KPK), and Indonesian Broadcasting Commission (KPI). The KPU is considered a supporting institution rather than a primary governing body, meaning it does not hold the same constitutional status as other state institutions defined in the 1945 Constitution.

Following the enactment of Law No. 10 of 2008 on Legislative Elections and Law No. 42 of 2008 on Presidential Elections, lawmakers did not introduce significant improvements to the campaign finance system. Even with the implementation of Law No. 8 of 2012, the legal framework remained inadequate, failing to close regulatory loopholes and strengthen enforcement mechanisms. One of the key issues in campaign finance regulation is the maximum limit on campaign donations, which has undergone several adjustments over time.

Currently, Law No. 7 of 2017 on General Elections governs campaign financing in Indonesia. This law defines campaign funds as the total value of money, goods, and services used by candidates or political parties that support them in financing campaign activities. These funds play a crucial role in determining the effectiveness of political campaigns and the overall fairness of the electoral process.

3. Methodology

The type of legal research used in this study is normative legal research, which involves the study of legal principles, legal norms, statutory regulations, and expert opinions. The research is conducted by examining library materials to obtain secondary data. Therefore, this study focuses on library research as the primary research method.

The approach methods used in this study include the statute approach, the case approach, and the analytical approach.

1. Statute approach

Statutory regulations are written rules that contain legal norms with general binding force, established by state institutions or authorized officials through legally prescribed procedures. This approach involves analyzing all laws and regulations relevant to the legal issues under study. The statutory approach also examines the consistency and conformity between various regulations.

2. Analytical approach

The analytical approach is used to analyze legal materials by interpreting the conceptual meanings of legal terms used in legislation. This approach also examines how these legal concepts are applied in legal practices and court decisions. There are two primary methods of legal examination in this approach: (1) The study aims to derive new meanings contained within the relevant legal provisions; (2) Legal terms are tested in practical applications through an analysis of judicial decisions.

4. Results and discussion

The discussion aims to answer the research problem regarding the legal consequences of failing to report campaign funds by political parties, as reviewed under General Election Commission Regulation Number 18 of 2023 concerning Election Campaign Funds. Several studies related to political parties and campaign fund reporting include Tosika et al. (2020) on the integration of financial and campaign fund reports of political parties; Rahmatika (2021) on the analysis of audit results of campaign fund financial reports as a measure of political party compliance; Hermanto (2020) on issues in campaign fund reporting in the 2019 legislative elections; and Marpaung & Saragih (2023) on transparency issues in party and campaign funds in Indonesian elections.

A political party is an organization established to influence the form and character of public policy within the framework of specific ideological principles and interests, either through direct power practice or public participation in elections. Political parties compete with other organizations, participate in decision-making, mobilize citizens for action, and function to manage public will, educate responsible citizens, act as a liaison between the government and the people, and select leaders. Austin Ranney defines political parties based on their fundamental characteristics: (1) they are identifiable social groups; (2) they consist of organized individuals who deliberately act together to achieve a goal; (3) they have legitimacy recognized by the public, allowing them to organize and develop themselves; (4) they work through governmental mechanisms reflecting public choice; and (5) their core activity is selecting candidates. According to Neuman (1980), the functions of political parties in a democracy include (a) managing diverse public interests; (b) educating citizens to be politically responsible; (c) acting as intermediaries between the government and public opinion; and (d) selecting leaders with an open mindset.

Campaign funds are the total value of goods, services, and money used by prospective candidates or a combination of political parties endorsing them to

finance operations conducted during election campaigns. The campaign fund report serves as an accountability measure for election participants in managing campaign funds, including sources and expenditures. Campaign fund reporting consists of two key elements: recording time and reporting. Campaign funds must be obtained, managed, and accounted for based on legal, accountable, and transparent principles, with reporting being the responsibility of candidates or their party alliances. Candidates must submit their campaign fund reports to the Jombang Regency KPU for the Presidential and Vice-Presidential elections, the House of Representatives (DPR RI), the Regional Representative Council (DPD), the Provincial Regional House of Representatives (DPRD Province), and the Regency/City Regional House of Representatives (DPRD Regency/City). Candidates may receive assistance from special staff with accounting backgrounds in preparing these reports.

Compliance is adherence to clear regulations or laws established by an organization or institution with authority in a specific field. Campaign funds must be obtained, managed, and accounted for legally, fairly, transparently, and independently, with the following stipulations: (a) Election participants are responsible for campaign funds and their reporting; (b) All procurement and expenses must be recorded in a special Campaign Fund ledger; (c) Information on revenue types, amounts, and expenditures must be documented, along with proof of accountable expenses; and (d) Bookkeeping begins when the Special Campaign Fund Account (RKDK) is opened and closes when the campaign ends.

A Campaign Fund Report provides financial information for donors, political party members, election participants, supporters, the general public, and other stakeholders authorizing the organization's resources for campaign purposes. It ensures election participants are accountable for managing campaign funds, detailing sources and usage, including (a) submission of the report to the KPU; (b) election participants may seek assistance from dedicated accounting staff for report preparation; and (c) reports must be submitted within the designated timeframe.

The Campaign Fund Report consists of: (1) The Initial Campaign Fund Report (LADK), which records information about the Special Campaign Fund Account (RKDK), initial balance sources, and pre-opening contributions; (2) The Campaign Fund Contribution Receipt Report (LPSDK), submitted after LADK, documenting all received donations; and (3) The Campaign Fund Receipt and Expenditure Report (LPPDK), which records all funds received and used.

Based on General Election Commission Regulation Number 24 of 2018 on Election Campaign Funds and Law Number 7 of 2017 on Elections, an effective

campaign fund report adheres to accountability, transparency, and independence principles, meeting at least 80% of the following criteria: (a) Opening the Special Campaign Fund Account (RKDK) at least one day before the campaign begins; (b) Submitting the LADK, detailing the RKDK, initial balances, and pre-opening contributions; (c) Recording LADK receipts and expenditures from the RKDK opening until the first campaign day; (d) Submitting LADK no later than one day after the closing period, by 18:00 local time; (e) Recording LPSDK receipts starting one day after LADK closure until one day before submission to KPU; (f) Submitting LPSDK as per the KPU's schedule in its election implementation regulations; (g) LPPDK bookkeeping begins three days after political parties register for the election and closes eight days after voting; (h) Submitting LPPDK no later than 15 days after the election; (i) Ensuring contributions reported in LADK or LPPDK do not exceed legal limits and include tangible assets, services, or money; and (j) Prohibiting the use of illegal funds, ensuring their deposit into the state treasury, and reporting them to the relevant KPU.

The General Election Commission is responsible for conducting elections as mandated by Article 22E (5) of the 1945 Constitution, stating that elections are organized by a national, permanent, and independent commission. The commission's duties and authorities are regulated under Law Number 15 of 2011, which amends Law Number 22 of 2007 on Election Implementation.

Legal regulations on election campaign fund reports in Indonesia establish integrity and accountability. Failure to submit the LPPDK can lead to disqualification, per Article 118 paragraphs (3) and (4) of General Election Commission Regulation Number 18 of 2023. The regulation states that political parties failing to submit LPPDK to the appointed public accounting firm by the deadline will not have their candidates designated as elected members. Similarly, independent legislative candidates failing to submit LPPDK will not be recognized as elected candidates. Articles 496 and 497 outline penalties for falsifying campaign fund reports, including imprisonment of up to two years and fines of up to Rp24,000,000.

Election campaign funds are essential resources used by political parties or coalitions to finance campaign activities. Elections allow citizens to choose representatives for public office, ensuring their aspirations are conveyed in governance. Campaign fund reports document financial transactions related to campaign expenses, ensuring transparency and compliance. Legal provisions regarding campaign fund reports are detailed in Articles 334–339 of Law Number 7

of 2017 and further regulated in General Election Commission Regulation Number 24 of 2018.

5. Conclusion

Based on the discussion, the legal consequences of failing to report campaign funds by political parties, as outlined in General Election Commission Regulation No. 18 of 2023, emphasize the importance of transparency and accountability in campaign financing. Campaign fund reports serve as evidence of integrity and financial responsibility among election participants. If an election participant fails to submit the LPPDK, their election victory may be revoked. This is in accordance with Article 118(3) and (4) of General Election Commission Regulation No. 18 of 2023, which states that political parties failing to submit the LPPDK to the appointed public accountant may face penalties, including the annulment of elected candidates. Likewise, independent candidates who fail to submit the report may also face administrative sanctions, preventing them from being declared as elected officials.

Furthermore, any election participant who deliberately provides false information in campaign fund reports may face legal consequences under Articles 496 and 497 of the Election Law, including imprisonment of up to two years and fines of up to IDR 24,000,000. This regulation reinforces the need for political parties and candidates to comply with financial reporting requirements to ensure fair and transparent elections.

The legal framework surrounding campaign fund reporting is crucial for maintaining electoral integrity and ensuring public trust in the democratic process. Proper adherence to campaign fund regulations prevents corruption and undue influence, contributing to a more accountable and transparent electoral system in Indonesia.

Disclosure statement

The authors declare that there is no conflict of interest regarding the publication of this paper.

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