

# **Analysis on the implementation of goods/services procurement electronically at District Government Gresik**

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## ***Abstract***

*Benefits of e-procurement is not only for the agency or the developer of the system itself but also for the providers of goods and services and the general public who want to know the process of procurement of goods and services procurement organizers get More bid prices and more simple nobility processes. As for the provider of goods/services can expand the business opportunity, create a healthy business competition, open the opportunity of business actors openly for anyone and reduce administrative costs. Additionally, e-procurement is also believed to improve collaboration between buyers and suppliers, reducing personnel needs, improving coordination, reducing transaction costs, shorter buying and selling of goods, facilitating Greater inventory and transparency. Information technology can make costs more effective and public procurement systems are more innovative.*

**Keywords:** *corporate social responsibility; local government; company*

## **A. Introduction**

Procurement of Government goods/services is the most vulnerable government activities with corruption<sup>1</sup>. A total of 38% of cases handled by KPK are corruption cases of procurement of goods/services<sup>2</sup>. Therefore, in the year 2010 the president of Indonesia set firmly in the Presidential regulation number 54 year 2010 that the procurement of goods/services of the Government is obliged to be done electronically or e-procurement, namely the central government, the

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<sup>1</sup> Daniel Kauffman, *et.al.* "Measuring Corruption: Myths and Realities". <http://www1.worldbank.org/publicsector/anticorrupt/corecourse2007/Myths.pdf> diakses pada 12 Februari 2017

<sup>2</sup> Tim Penyusun Laporan Tahunan KPK Tahun 2012. (2012). *Laporan Tahunan KPK Tahun 2012*, KPK: Jakarta. h. 73

province, Regency/City must carry out the procurement of goods/services electronically (e-Procurement).

Before 2008, procurement of government goods and services was carried out using conventional systems. The system requires direct, face-to-face interaction between the Procurement Committee and the service provider. But in the process of procurement of goods and services are conventionally found various deviations. The deviation is largely in the process of implementing goods/services Procurement.

According to the Government procurement policy of goods/services The problem is due to the announcement of the auction that is not transparent, the arrangement of tenders, violate procedures in the procurement process, the intervention of the organizers, Specifications or conditions of procurement documents directed to a particular party and not the focus of the Committee in carrying out the task due to double/side duty. These deviations are administrative and related to budgets, such as corruption, collusion and budget mark ups that ultimately hurt the state or region's finances.

Conventional procurement also takes a long time, so it is considered a waste of time and cost, lack of information as well as less healthy competition that results in the quality of procurement, there is an exclusion against potential suppliers and Granting special rights to certain suppliers<sup>3</sup>. According to Purwanto various issues that arise in the procurement of goods/services can be classified as follows (a) lack of monitoring; (b) Misuse of authority; (c) Breach of contract; (d) Collusion between public and associate officials; (e) manipulation and not transparent; (f) HR weakness.<sup>4</sup>

With e-procurement opportunities for direct contact between the provider of goods/services with the Procurement Committee becomes increasingly lower, so the procurement process can be more transparent, save time and cost and easy in the responsibility of the answer Financial. To improve the efficiency of the country's financial usage spent through the process of procurement of Government goods/services, necessary efforts to create openness, transparency, accountability as well as the principle of competition/competition healthy In the process of procurement of Government goods/services financed by APBN/APBD. This effort is required in order to obtain goods/services that are affordable and qualified and accountable both

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<sup>3</sup> Tatsis, *et.al.* (2006). "Procurement in the Greek Food and Drink Industry", *Journal of Purchasing & Supply Management*, Vol. 12, h. 63–74

<sup>4</sup> Purwanto, (2008), "Kajian Prosedur Pengadaan Jasa Konstruksi Secara E-Procurement", *Jurnal Teknik Sipil*, Vol. 9 No. 1, h. 45-46

in terms of physical, financial or beneficial for the smooth tasks of government and public services.

By applying the principle of transparent, accountability, openness, competing, fair/not discriminatory in the process of procurement of goods/services will increase public confidence in the procurement process of goods/services, because the results can be and accountable to the public in terms of administration, technical and finance. The procurement of government goods and services that are committed transparently, open and competitive accountable will also impact the improvement of public services.

In addition to applying the principles of procurement of goods/services can encourage good procurement of goods/services and suppress the budget leak. To fulfill this should be arranged procedures for procurement of goods and services, so the government issued presidential regulation No. 54 year 2010 governing the procurement of goods/services of the Government (hereinafter called Perpres 54/2010).

The implementation of E-procurement is included in one national program to realize clean and free government corruption, collusion and nepotism. Where later through the program all government agencies both central and regional should implement e-procurement in the procurement of goods/services. The implementation of e-procurement was socialized throughout the region in Indonesia in 2009. The government requires all government agencies in Indonesia to use e-procurement in 2011 without exception for the process of procurement of goods/services.

In line with this, the government of Gresik followed up the policy with the establishment of the Indonesia's Electronic Procurement Service (LPSE) which was launched on 23 March 2011. The objective of LPSE is to avoid the occurrence of KKN practices in the process of procurement of Government goods/services in Gresik Regent. In addition, LPSE is expected to ensure transparency, accountability, openness and healthy business competition during the auction process so that monopoly practices and intimidation/premanism in the auction process can be eliminated.

Through the adoption of e-procurement, the opportunities for fraud with conventional procurement can be minimized because the possibility of direct contact between the buyer (the government) with the seller (vendor) is limited by Utilizing information and communication technologies. Procurement of goods/services by E-procurement is a challenge because KKN practices that are rooted in the implementation of goods procurement/services.

The implementation of E-procurement goods/services in Gresik is poured through the rule of regent number. 20 years 2011 on implementation of e-procurement implementation in the District government of Gresik Regency (hereinafter Dsiebut D. Gresik, 20/2011). Gresik District Government implemented a full electronic e-procurement system in 2013, having previously been using semi e-procurement.

With the formation of electronic procurement Services (LPSE) using e-procurement, in the year 2016 there is budget efficiency in Gresik District by 15% from 78 work auction package and in 2017 occurred 4% efficiency From 109 completed work packages auctioned. The implementation of e-procurement in Gresik has only run three years and is carried out by minimizing the meeting between the Committee and the service provider in order to have a fair competition. This can be seen in the entire process of implementing an electronic auction that starts from the announcement of auctions, registration, explanation of Auction documents (aanwijzing), entry and opening of offers, evaluation of offers and Qualifications, and the determination and announcement of the winners.

Based on the above description, theoretically the procurement of goods/services electronically more profit than manually either by the user or provider of goods/services. Nevertheless, often the instrument is theoretically good, in its execution not so. In fact, e-procurement still has weaknesses and barriers in its implementation, such as lack of financial support, there are several agencies and service providers more comfortable with conventional systems, lack of support from Management, lack of skills and knowledge about e-procurement and security assurance of the system.<sup>5</sup>

Based on the above background, then the problem formulation in this research is how the implementation of goods procurement/services electronically (e-procurement) in the Government of Gresik regency by looking from the announcement stage of the auction, Auction registration, job description, inclusion and opening of the offer, evaluation and qualification of the offer documents as well as the determination and announcement of winners, as measured by the principles of procurement of goods/services by E-procurement in accordance with Presidential regulation No. 54 Year 2010.

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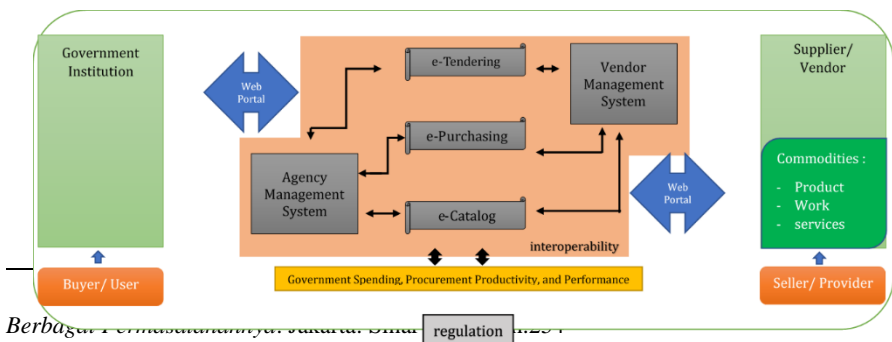
<sup>5</sup> Gunasekaran, A., McGaughey, R.E., Ngai, E.W.T., & Rai, B.K. (2009). "E-procurement adoption in the Southcoast SMEs". *International Journal of Production Economics*, 122, 161-175

## B. Discussion

In accordance with article 106 Perpres 54/2010, procurement of goods/services of government can be done electronically by carae-tendering or e-purchasing. E-Tendering is the procedure of choosing a provider of goods/services that is done openly and can be followed by all providers of goods/services registered in the procurement system electronically by delivering 1 (one) time offer in A predefined one. While e-Purchasing is the procedure to purchase goods/services through an electronic catalogue system.

Agency for procurement of goods/services Government (LKPP) as a mandated institution to develop the procurement system electronically issued the regulation of Head LKPP (Perka) No. 1 year 2011 which has been changed with Perka No. 1 year 2015 About e-tendering as for the procurement referred to in this research is procurement through the method of e-Tendering. Procurement of goods and services is one of the stages of the project cycle required by the government agencies whose process starts from the planning needs until the completion of all activities to obtain goods and services between the two parties in accordance Agreements or contracts. The following can be seen in the procurement phase of goods/services.

E-Procurement can be interpreted as an application for the implementation of the procurement of goods/services electronically by utilizing Internet-based information technology. Electronic procurement of goods/services is done by carae-tendering or e-purchasing. The definition of e-procurement of various literature, shares the meaning of the procurement of goods/services using information and electronic technology. Sutedi stated e-procurement is an auction system in the procurement of government goods/services by utilizing technology, information and communication based on the Internet to be effective, efficient, open and accountable<sup>6</sup>.



In the application of e-procurement has gained some benefits as described by Teo & Lai which divides the profit from the e-procurement into 2 namely, the benefits are perceived directly (increase the data validity, increase the efficiency In the procurement process, faster application process, reduce operational costs also administration) and indirect profits (e-procurement makes procurement more able to compete, improve services to consumers, and Improving relationships with co-workers)<sup>7</sup>.

In general, E-Procurement dapat is done through 2 (two) ways i.e. e-tendering and e-purchasing. E-Tendering is an ordinance of selection of goods/services providers that are carried out openly and can be followed by all providers of goods/services listed on the electronic system by delivering a one-time offer up to the time that has been Determined. The scope of e-tendering includes the process of procurement of goods/services until the announcement of winners executed using the procurement system electronically.

The e-Tendering process is all using the Internet or done online. Starting from the procurement committee make announcements through the Internet on the site LPSE by using the SPSE application. At the announcement stage, the Committee prepared an auction document containing the conditions for the bidders. At the registration stage, the bidders must refer to the Committee's assigned auction document. Participants can ask questions online without face-to-face through the SPSE app. These questions are then directly answered by the Pokja ULP or procurement Committee.

The next stage is the inclusion of bids by bidders. The quote document is delivered in the form of uploaded files via the SPSE app. The offer letter delivered by the auction participant electronically does not require a wet signature and stamp. The offer letter is signed electronically by the company's chief/director or appointed power of attorney. After the period of entry of the offer document expires, proceed with the opening.

At the opening stage of the offer, the Committee downloads (downloads) and performs a description of the bidding file by using the

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<sup>7</sup> Teo, T. S., Lin, S., & Lai, K.-h. (2009). "Adopters and non-adopters of e-procurement in Singapore: An empirical study". *Omega, Elsevier*, vol. 37(5), pages 972-987, October.

Document Protection application (APENDO). The bid price and arithmetic correction results are included in the facilities available in the SPSE application. The committee or Pokja ULP then conducts evaluation (administration, technical and price) as well as qualifications and clarification on the supporting documents of the offer. After evaluation, the PPK will determine the winners and the committee or the ULP will announce the winner of the auction online. The SPSE app will automatically send notifications including by e-mail to the auction winner.

Implementation of the procurement of goods/services electronically (e-procurement) with e-tendering is expected to improve the system of Government goods/services provider selection conducted so far, so that in the implementation can fulfill Principles of procurement of goods/services, namely increasing transparency, accountability, openness, and fair and equitable/not discriminatory in any of its stages. In March year 2011, the Institute for Goods Procurement Policy (LKPP) officially gave access rights to the LPSE District Government Gresik as the organizer of electronic procurement system (SPSE) by obtaining the website <http://www.lpse.gresikkab.go.id>

The legal basis for the establishment of Gresik Regency LPSE is Presidential decree No. 54 year 2010 of article 111 on the procurement of government goods/services. The operational technical provisions are governed by the regulation of the head of LKPP No. 2 year 2010 on electronic procurement services and the regulation of Gresik Regency Regent No. 12 year 2013 on Electronic Procurement Service Unit (LPSE) District government Gresik.

The function of the establishment of LPSE in District Government Gresik is as follows”

1. Implementation of program of e-procurement management activities in District Government Gresik.
2. Implementation of training/training to the Committee/procurement Office of ULP, Auditor and the provider of goods/services in each working area.
3. As a media provider information and helpdesk that serves the Committee/procurement Office/ULP and goods/services providers related to the e-procurement system.
4. As a provider of information and data relating to the process of procurement of goods/services that have been done by the user for the benefit of the audit process, the implementation of the administration of the LPSE Unit.

5. Register (registration) and verify against the PPK/Committee and the provider of goods/services. So that the user is registered by obtaining access rights to the system in the form of user name, password.

6. Implementation of task evaluation and reporting.

The task of Gresik's LPSE district is:

1. Facilitating PA/KPA to announce RUP (General Plan of Procurement).
2. Facilitating ULP to serve the announcement of electronic procurement of goods/services.
3. Facilitating ULP/PPK conducting electronic selection of goods/services provider.
4. Facilitating the provider of goods/services and other interested parties to be SPSE users.
5. Carrying out other duties provided by the Chairman K/L/D/I.

From the results of the research, it is known that in general the stage of auction announcement on procurement of goods/services by E-procurement in Gresik Regency government year 2015 has applied the principles of procurement of goods/services that include transparency, Accountability, open, competitive and fair/not discriminatory. It is in accordance with presidential Regulation No. 54 year 2010 about the procurement of government goods/services..

The announcement of an e-procurement auction on procurement in Gresik local Government year 2015, has been conducted by the Committee or Pokja ULP District Government Gresik by preparing the timetable of the auction time, procurement package and qualification requirements and documents of procurement uploaded to the Website LPSE. The procurement package has been established by the activities of the Implementing Office (PPK) coordinating with Intansi/SKPD related to the procurement of goods/services. The announcement will be directly accessible to the general public and prospective providers in accordance with the established schedule.

With the principle of transparency in every phase of the implementation of goods/services procurement will create an effective public surveillance system that can minimize the emergence of public suspicion and prevent corruption in the procurement of goods/services . As stated by the OECD, 2007 and Schapper, 2009 that transparency is a key factor in preventing corruption in the procurement of goods/services.

Transparency in terms of auction announcement is evidenced by the application of SPSE or Website LPSE announcement package with as many as 109 packages with total budget value of Rp.



170,603,998,990 spread in several SKPD in the government District Government Gresik. In general, procurement carried out by ULP District Government Gresik in the form of procurement of goods/services, construction and consulting services.

From the results of the study, on the dimension of accountability is known to be very accountable or very good category. This is possible because the accountability indicator is made by pouring the provisions in the Presidential decree No. 54 year 2010 and Perka LKPP No. 1 year 2015 in the implementation of goods procurement/service. Accountability in this research emphasizes on the rules and regulations related to each stage of procurement of goods/services so that it can be held accountable.

### C. Conclusion

This research provides implications for the Gresik and LPSE Procurement Service Unit of Gresik Regency, in order to implement the procurement of goods/services can fulfill the principles of procurement of goods/services so that the procurement process can run More transparent, accountable, open, competitive and fair/not discriminatory. The process of procurement of goods/services electronically if applied in accordance with the principles of good procurement, will minimize the occurrence of irregularities, abuse and fraudulent practice in each stage of procurement of government goods/services that adversely affect the country's financial.

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