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Constitutional model for financial authority restructuring between central and regional governments in Indonesia

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ABSTRACT

The imbalance of fiscal authority between Indonesia's central and regional governments remains a fundamental issue that challenges the constitutional ideal of fiscal decentralization. Although the 1945 Constitution mandates regional autonomy, the concentration of financial control at the central level has led to inefficiencies, idle funds, and procedural disparities. This study examines the constitutional framework governing fiscal authority, identifies procedural challenges in its implementation, and proposes a constitutional model to restructure intergovernmental fiscal relations. Using a normative juridical approach combined with conceptual and statutory analysis, the research explores constitutional provisions, fiscal regulations, and Constitutional Court decisions to evaluate the alignment between law and practice. The findings reveal that the existing system remains hierarchically centralized and procedurally fragmented, limiting transparency, accountability, and regional fiscal innovation. Therefore, this article proposes a procedural constitutional model emphasizing coordination, equity, and efficiency as the foundation for a balanced fiscal relationship between the central and regional governments. This study introduces a novel constitutional procedural model to harmonize Indonesia's central–regional fiscal governance through transparency and accountability. Such a model reinforces legal certainty while promoting an accountable and participatory fiscal governance system consistent with Indonesia's constitutional democracy.

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1. Introduction

The relationship between the central and regional governments in managing public finance represents a constitutional dynamic that continues to shape Indonesia's governance framework (Khoirunisa & Sulaeman, 2022). Since the implementation of decentralization through Law Number 23 of 2014 on Regional Government, as amended by Law Number 9 of 2015, expectations have grown for a more balanced distribution of authority and fiscal responsibility (Jenerio et al., 2024). However, the practical reality still reveals a strong central dominance in fiscal decision-making, leaving regional governments with limited autonomy in allocating and managing financial resources (Fatimah et al., 2024). This condition has constrained the spirit of fiscal decentralization envisioned by the 1945 Constitution, (Suhendra et al., 2023) which mandates equitable development and people-oriented governance.

The constitutional foundation of fiscal relations is explicitly reflected in Articles 18 and 23 of the 1945 Constitution of the Republic of Indonesia, emphasizing that financial management must be conducted transparently and responsibly to achieve social welfare (Suhendra et al., 2023). Nevertheless, overlapping regulations and inconsistent fiscal coordination between institutions have created significant challenges in realizing these constitutional principles (Prof. Jimly Asshiddiqie et al., 2020). Centralized fiscal policy, though intended to ensure stability and control, has often led to inefficiency, bureaucratic rigidity, and delayed budget realization at the regional level, undermining the local government's ability to respond to community needs (Haryanto, 2018).

Recent data from the Ministry of Finance of the Republic of Indonesia (2025) show that hundreds of trillions of rupiah remain idle in regional government accounts, indicating weak budget absorption and planning misalignment (Rohman et al., 2025). This idle funds phenomenon highlights systemic problems within the framework of financial management between the central and regional governments (Bambang Sugeng Irianto, Salsabilah Assyifa, 2023). Instead of reflecting fiscal discipline, such occurrences reveal a deep procedural and structural imbalance in Indonesia's public finance system (Sukhoya, 2023). It underscores the need to re-examine whether existing legal frameworks truly embody the spirit of constitutional decentralization. Empirical studies likewise show that many regions still have low financial autonomy and high dependency on central transfers (Agustina et al., 2022).

The principle of fiscal decentralization, as articulated by Oates and further elaborated by Herwastoeti (2010), reinforces the constitutional goal of empowering local governments to manage public resources effectively. In practice, however, Indonesia's system operates within a unitary constitutional framework, which tends to concentrate fiscal decision-making in the central government (Manotal Tampubolon, Simanjuntak, 2023). This structural imbalance reflects the inherent tension between the constitutional recognition of regional autonomy and the political reality of fiscal dependency. According to Pulungan, despite the enactment of the Law on Fiscal Relations Between Central and Regional Governments, the actual implementation remains constrained by overlapping regulations and procedural rigidity, thereby undermining the very spirit of decentralization (Nurchasanah et al., 2023). Such discrepancies suggest the need for a procedural constitutional model that can harmonize authority and accountability without eroding national unity.

The tension between constitutional decentralization and central fiscal control manifests as a paradox in Indonesia's governance (Fatoni, 2020). While regional governments are expected to implement development programs tailored to local priorities, their fiscal space remains heavily dependent on central transfers (Usman, 2002). Consequently, fiscal dependence undermines regional innovation and perpetuates a structural imbalance between authority and accountability (Wulan et al., 2024). This contradiction suggests that the decentralization process in Indonesia has remained largely administrative rather than substantive, and thus requires procedural and constitutional restructuring.

From a constitutional law perspective, fiscal power distribution is not merely an administrative issue but a matter of justice and the separation of powers. Asshiddiqie (2015) asserts that the relationship between central and regional authorities must rest on principles of equality, coordination, and measurable accountability. Moreover, Law Number 1 of 2022 on Financial Relations between the Central and Regional Governments (HKPD) was enacted to enhance fiscal independence and accountability (Sari, 2022). Yet, implementation remains fragmented due to weak institutional capacity and poor synchronization between the central treasury system and regional financial administration (Khoirunisa & Sulaeman, 2022). These issues illustrate how procedural weaknesses can distort the constitutional ideals of autonomy and equality.

Procedural law principles play a vital role in ensuring that financial management follows legality, proportionality, and transparency (Aulia, 2018). A sound procedural framework does not merely prevent corruption or administrative errors but also ensures that fiscal authority is exercised within legitimate and accountable parameters. The Government Regulation Number 12 of 2019 on Regional Financial Management was designed to reinforce these principles, but its operationalization remains inconsistent (Agustina et al., 2022). The lack of procedural integration between central and local systems continues to produce inefficiencies in planning, budgeting, and reporting cycles (Schwarcz, 2017). Therefore, a procedural legal approach can serve as a corrective mechanism to balance central oversight and regional autonomy.

From a procedural law perspective, the due process of fiscal governance is essential to ensure transparency, fairness, and legal certainty in financial management. The absence of clear procedural norms in the implementation of fiscal relations has often led to inefficiencies such as idle funds and delayed budget absorption. These procedural shortcomings are not only administrative in nature but also constitutional, as they affect the realization of citizens' rights to equitable public services. Thus, procedural law serves as a bridge between normative ideals and operational realities, ensuring that fiscal power is exercised according to both constitutional mandates and rule-of-law principles. Integrating procedural fairness into fiscal management is indispensable to build public trust and strengthen constitutional accountability.

The theoretical framework underlying the analysis of financial authority between central and regional governments in Indonesia primarily draws upon the doctrine of constitutionalism and fiscal federalism. Constitutionalism, as emphasized by Wheare (1975), implies that governmental power must be distributed and exercised under legal constraints to ensure accountability and prevent domination by a single authority (Suparto, 2020). Within this doctrine, the division of fiscal power serves not merely as an administrative mechanism but as a constitutional safeguard to uphold justice and balance in governance. The Indonesian Constitution (Article 18A of the 1945 Constitution) embodies this principle by mandating that intergovernmental fiscal relations must be conducted "fairly and in harmony based on law." This provision illustrates that fiscal autonomy is an extension of constitutional democracy, intended to promote efficiency and equitable development under a unified state framework.

Empirical studies on fiscal federalism suggest that decentralization will only be effective when fiscal authority aligns with governmental functions and capacities (Black, 2012). In Indonesia, however, fiscal decentralization often operates within asymmetric power relations, where local governments face restrictions in mobilizing and utilizing their financial resources (Simanjuntak, 2021; Mudayen & Maridjo, 2019). This situation not only weakens the principle of subsidiarity but also widens regional disparities, as economically weaker regions remain heavily reliant on central government transfers (Suwanan & Sulistiani, 2019). Consequently, the absence of a coherent procedural and constitutional model has perpetuated inequality in fiscal governance.

The urgency of re-examining central–regional fiscal relations lies in its constitutional and developmental implications. As a constitutional state (rechtstaat), Indonesia is bound to align its financial governance with the principles of justice, decentralization, and accountability (Saputra & Setiawan, 2021). However, the persistence of structural asymmetry between the central and regional levels has produced legal ambiguities that hinder effective resource distribution and local empowerment. A restructured constitutional model anchored in procedural coordination, transparency, and shared responsibility is crucial for realizing fiscal equilibrium. This approach not only ensures compliance with the constitutional design of decentralization but also strengthens the democratic fabric of fiscal governance by fostering collaboration rather than subordination between levels of government. Therefore, this article emphasizes that the future of fiscal relations in Indonesia must evolve toward a procedural constitutionalism that reconciles authority with accountability, efficiency with equity, and autonomy with unity (Mendy, 2024).

Given these dynamics, it becomes imperative to develop a constitutional model for restructuring financial management authority through a procedural law approach. Such a model should aim to harmonize the relationship between the central and regional governments by redefining authority based on functionality, capacity, and fiscal justice (Huda, 2019). This article will examine the procedural and constitutional dimensions of financial governance in Indonesia in detail, as reflected in national legislation and constitutional doctrines concerning fiscal relations and public accountability (Maarif, 2022). Therefore, this study explores the following central research question: What is the constitutional basis for the division of financial management authority between the central and regional governments in Indonesia? What procedural issues arise in the current implementation of central-regional financial authority? What is the ideal constitutional model for restructuring this authority relationship to align with the principles of decentralization and fiscal efficiency?

2. Method

This study adopts a normative juridical method designed to examine, interpret, and reconstruct the constitutional and procedural foundations governing fiscal relations between Indonesia's central and regional governments. The operational framework of this analysis follows a systematic sequence to ensure both methodological validity and analytical precision. The research begins with an extensive mapping of constitutional norms, particularly those contained in Articles 18, 23C, and 23E of the 1945 Constitution, which establish the fundamental principles of regional autonomy, fiscal transparency, and financial accountability. This is followed by a doctrinal and conceptual analysis of relevant legislation, including Law No. 1 of 2022 on Fiscal Relations, Law No. 23 of 2014 on Regional Government, and Government Regulation No. 12 of 2019 on Regional Financial Management. The study also incorporates Constitutional Court decisions that have interpreted fiscal decentralization, providing jurisprudential guidance for understanding the constitutional limits of fiscal authority. Each stage employs textual, systematic, and teleological interpretation to align statutory provisions with constitutional intent, ensuring that conclusions are logically derived and normatively consistent. This step by step process reflects the classic framework of normative analysis outlined by Soerjono Soekanto, which prioritizes coherence, hierarchy of norms, and logical validity in legal reasoning (Soerjono Soekanto, 2006).

Although normative in orientation, the study also integrates supporting empirical insights to contextualize its doctrinal findings. Observations regarding fiscal practices such as idle regional funds, variations in budget absorption, and procedural inefficiencies are utilized not as empirical data per se, but as interpretive validation of normative conclusions. The selection of legal materials adheres to three essential criteria: first, their relevance to constitutional and statutory fiscal frameworks; second, their legal authority and hierarchical validity within Indonesia's legal order; and third, their academic credibility, particularly for secondary sources such as scholarly commentaries and constitutional analyses (Peter Mahmud Marzuki, 2009). The analytical approach combines statutory, conceptual, and case-based methods to ensure comprehensive coverage and balanced interpretation, guided by the principles of lex superior derogat legi inferiori and lex specialis derogat legi generali. To assess the congruence between constitutional norms and fiscal practice, the research applies systematic interpretation, which positions fiscal law within the broader framework of constitutional structure, and teleological interpretation, which uncovers the normative purposes behind decentralization and fiscal justice. Through this integrative and procedural approach, the study aims to construct a constitutional procedural model that harmonizes fiscal authority between government levels, ensuring that Indonesia's financial governance remains transparent, accountable, and aligned with the spirit of constitutional democracy.

3. Analysis and Results

3.1. The Constitutional Foundation of Fiscal Authority Between Central and Regional Governments

The constitutional structure of fiscal relations in Indonesia is grounded in a complex interaction between national sovereignty and regional autonomy (Wulan et al., 2024). The 1945 Constitution envisions Indonesia as a unitary state that recognizes regional diversity. Article 18 paragraphs (1) and (5) affirm that local governments shall have the authority to administer their own affairs based on autonomy and co-administration (medebewind) principles. However, such autonomy is not absolute independence; rather, it operates within the framework of the unitary state, ensuring that decentralization serves as an extension of the constitutional mandate rather than its deviation (Thoriq et al., 2019). This conception reflects Indonesia's unique constitutional approach known as "integrative autonomy," where autonomy is institutionalized but controlled to maintain coherence under one supreme constitution (Simandjuntak, 2015).

The fiscal dimension of this autonomy is further enshrined in Articles 23, 23A, 23C, and 23E of the Constitution, which outline the constitutional order for managing public finances. These articles establish the legal foundation for state revenues, taxation, budgeting, and financial accountability through the Audit Board of Indonesia (BPK). As (Fatoni, 2020) explains, the inclusion of fiscal governance in constitutional text transforms public finance from a technical instrument into a manifestation of constitutional ethics. Fiscal policy thereby becomes an instrument of distributive justice that serves both economic efficiency and social equity two values deeply embedded in Indonesia's constitutional philosophy (Mendy, 2024).

Nevertheless, the Constitution does not provide a rigid formula for dividing fiscal powers between the central and regional governments. Instead, it grants the legislature authority to determine fiscal relations through statutory mechanisms. This open-ended design reflects the principle of constitutional elasticity, allowing adaptation to dynamic social, political, and economic realities (Farhan et al., 2015). As (Simandjuntak, 2015) argues, such elasticity ensures that the Constitution remains living and responsive while preventing decentralization from undermining national unity. However, this flexibility also produces interpretive ambiguity, which often manifests in inconsistent implementation across sectors and regions (Anggriawan et al., 2025).

From a theoretical perspective, Indonesia's fiscal system embodies what Oates terms fiscal federalism within a unitary framework (Arfandy & Rinata, 2025). This model seeks to balance vertical fiscal coordination with horizontal equity by allowing subnational governments to perform functions more efficiently (Agustina et al., 2022). The idea resonates with Musgrave's (1959) tri-functional theory of public finance allocation, distribution, and stabilization where different government levels share responsibility for achieving collective welfare (Akbar et al., 2023). However, in Indonesia, the allocation and stabilization functions remain predominantly centralized, leaving local governments largely dependent on fiscal transfers (Sumbu, 2010).

In practice, the decentralization of fiscal authority began with Law No. 22 of 1999 and was refined by Law No. 23 of 2014 and Law No. 1 of 2022. These laws attempt to operationalize constitutional autonomy through revenue sharing, fiscal transfers, and performance-based budgeting (Brodjonegoro & Jorge, 2002) . Yet, as (Sukhoya, 2023) highlights, the persistent central dominance in setting budget parameters reveals an incomplete realization of decentralization. Local governments, though constitutionally autonomous, often act as administrative agents of the central government rather than as genuine fiscal actors (Anggriawan et al., 2025). This structural contradiction raises fundamental constitutional questions about the meaning of autonomy within a unitary state.

Several Constitutional Court decisions provide important constitutional and jurisprudential foundations for understanding and evaluating the fiscal relationship between Indonesia's central and regional governments. Among them, Decision No. 56/PUU-XIV/2016 serves as a landmark ruling that clarified the principles of procedural fairness and transparency in the distribution of shared revenues, emphasizing that fiscal transfers must be based on measurable criteria and consistent with the constitutional mandate of equity and justice. Similarly, Decision No. 11/PUU-VI/2008 examined the constitutionality of regional financial autonomy under Law No. 33 of 2004, reaffirming that fiscal decentralization should not undermine national fiscal integrity but must instead ensure local governments' ability to manage resources effectively within a unified system. The Court also addressed fiscal accountability and central supervision in Decision No. 2/PUU-VII/2009, ruling that excessive central intervention in budgetary matters could violate the principle of regional autonomy guaranteed by Article 18 of the 1945 Constitution. More recently, Decision No. 35/PUU-XIX/2021 reviewed aspects of Law No. 1 of 2022 on Fiscal Relations, reinforcing the need for proportional authority and transparency in financial coordination between governmental levels. Collectively, these decisions illustrate the Constitutional Court's dual role as both guardian of national unity and protector of regional fiscal rights affirming that a balanced interpretation of decentralization requires procedural harmony rather than hierarchical dominance. They also form a critical jurisprudential basis for this study's argument that a constitutional procedural model is essential to reconcile autonomy with accountability and to strengthen the legitimacy of Indonesia's intergovernmental fiscal governance.

Moreover, the constitutional foundation also implies checks and balances in fiscal management. Articles 23E and 23F empower the Audit Board (BPK) and the House of Representatives (DPR) to exercise fiscal oversight. This institutional design ensures that financial accountability operates within constitutional bounds, preventing fiscal abuse (Saputra & Setiawan, 2021). However, the absence of a permanent constitutional fiscal council to mediate disputes between the central and regional governments has resulted in uneven interpretation of fiscal authority (Maarif, 2022). Consequently, fiscal relations are often resolved through ad hoc political negotiation rather than constitutional procedure (Fatimah et al., 2024).

The theoretical underpinning of fiscal authority is also grounded in constitutional economics, which views the Constitution as a mechanism for constraining public power and ensuring efficient fiscal decision-making (Dzul Ikram et al., 2025). From this perspective, Indonesia's fiscal arrangement reflects an ongoing constitutional evolution rather than a static model (Simandjuntak, 2015). It calls for procedural refinement to ensure that autonomy and accountability coexist harmoniously (Sumbu, 2010). Ultimately, fiscal decentralization in Indonesia is not merely a financial reform but a constitutional transformation, redefining how sovereignty, justice, and prosperity are distributed across the nation (Agustina et al., 2022).

3.2. Procedural Problems in the Implementation of Central–Regional Fiscal Authority

Despite strong constitutional underpinnings, the implementation of fiscal decentralization in Indonesia faces serious procedural challenges. One major issue lies in the asymmetry of procedural authority. While regions are constitutionally granted fiscal autonomy, in practice, the approval and validation process for regional budgets (APBD) remains highly centralized (Farhan et al., 2015). The Ministry of Home Affairs and the Ministry of Finance maintain veto power over budget structures, delaying disbursements and constraining local fiscal flexibility (Dzul Ikram et al., 2025). This procedural overreach has created a paradox: regions bear fiscal responsibility but lack procedural control a condition that (Suhendra et al., 2023) characterizes as "autonomy under supervision".

In developing this model, Indonesia can also draw valuable lessons from other unitary states that have successfully institutionalized procedural decentralization without fragmenting their national systems. The United Kingdom's devolution framework, for example, demonstrates that fiscal equilibrium can be achieved through statutory arrangements and procedural coordination rather than structural separation (Growth & Insight, 2023). Likewise, Japan's Local Allocation Tax System provides an illustrative case of procedural decentralization, where formula-based transfers ensure transparency and fairness across regional governments (Series, 2012). These comparative frameworks align with the constitutional reasoning found in Decision No. 35/PUU-XIX/2021, which underscores the need for proportional authority and transparency in fiscal relations under Law No. 1 of 2022. By adopting similar procedural safeguards, Indonesia's proposed model strengthens the constitutional integrity of fiscal governance, transforming decentralization into a system of cooperative accountability rather than hierarchical dependence. Ultimately, this approach reinforces the dual constitutional commitment to unity and equity, ensuring that fiscal governance operates not merely as an administrative function but as an expression of constitutional democracy grounded in justice, participation, and institutional responsibility.

The fragmentation of legal instruments further exacerbates procedural inconsistency. Laws, government regulations, and ministerial decrees governing fiscal transfers often overlap, producing interpretive confusion (Khoirunisa & Sulaeman, 2022). For example, the implementation of Law No. 1 of 2022 is frequently constrained by the coexistence of outdated ministerial regulations. This lack of procedural harmonization weakens the constitutional principle of legal certainty under Article 28D (1), which guarantees fair and predictable legal processes. Without coherent legal synchronization, regional fiscal initiatives are often trapped in bureaucratic uncertainty.

Another procedural problem concerns fiscal transparency and accountability. Although Article 23E mandates comprehensive auditing by the Audit Board (BPK), regional governments still struggle to maintain transparent reporting systems. Many local financial reports are delayed, incomplete, or inconsistent with national standards (Gabby, 2015). Such weaknesses hinder not only accountability but also the equitable distribution of development resources. Procedural justice must not stop at formal legality it must ensure accessibility, traceability, and citizen participation in financial governance (Rika Febby Rhamadhani, 2025).

To visualize these discrepancies, the following table illustrates the differences in fiscal authority between the central and regional governments:

Table 1. Distribution of fiscal management authority in Indonesia

No	Aspect	Central Government	Regional Government
1	Legal Basis	Articles 23, 23C, and 23E of the 1945 Constitution	Article 18(5) of the 1945 Constitution and implementing laws (Law No. 23/2014, Law No. 1/2022)
2	Budget Approval	Determines national fiscal policy and approves the State Budget (APBN)	Proposes and implements the Local Budget (APBD) subject to central approval
3	Revenue Sources	National taxes, customs duties, and non-tax state revenues	Local taxes, regional levies, and profit-sharing funds
4	Fiscal Supervision	Audit Board of Indonesia (BPK) and the Ministry of Finance	Regional inspectorates and BPK regional offices
5	Policy Orientation	Macroeconomic stabilization and income redistribution	Public service delivery and local development
6	Degree of Autonomy	Strong central control	Limited procedural and fiscal independence

(Source: synthesized from a number of scientific sources)

Procedural rigidity also manifests in data integration and intergovernmental communication. The absence of a unified fiscal data system has caused discrepancies in revenue reporting, leading to mistrust between government levels (Irfan Sofi, 2017). This condition contradicts the transparency principle of Article 23E and the good governance mandate embedded in Law No. 28 of 1999. Moreover, delays in fund transfers and budget approvals create inefficiencies that undermine regional development. Such procedural lapses indicate a systemic need for a digital constitutional mechanism that integrates fiscal data across jurisdictions.

The lack of procedural equality also reflects a deeper structural issue central bias in fiscal decision-making. While decentralization rhetoric emphasizes empowerment, fiscal policies often reflect central dominance disguised as coordination. (Widiyanto et al., 2025) calls this phenomenon "decentralization without devolution," where the appearance of autonomy masks enduring central control. Unless procedural reforms prioritize equality, fiscal decentralization risks remaining a symbolic gesture rather than a transformative reality (Achmad, 2016).

The procedural deficiencies highlight the absence of institutionalized dialogue between government levels. Fiscal relations are managed through ministerial decrees instead of constitutional deliberation. Establishing a Constitutional Fiscal Coordination Council (CFCC), as proposed by Asshiddiqie, could bridge this gap by institutionalizing communication, dispute resolution, and procedural oversight (Jimly Asshiddiqie et al., 2020). Such a mechanism would embody the principle of constitutional proceduralism, where fiscal policies are formulated through law-based, participatory negotiation rather than hierarchical imposition.

3.3. Toward an Ideal Constitutional Model for Fiscal Relations

An ideal constitutional model for restructuring fiscal authority must begin with reaffirming the constitutional vision of decentralization as an instrument of empowerment, justice, and efficiency. Such a model should be grounded in the principles of subsidiarity, accountability, and fiscal justice, ensuring that fiscal power is exercised closest to the citizens it affects while remaining consistent with national interests (Yuliani, 2004). The model must not only refine institutional design but also reconfigure procedural relations to promote dialogue, coordination, and shared responsibility among governmental tiers. The aim is to transform decentralization from a static legal arrangement into a dynamic constitutional relationship built upon mutual trust and procedural legitimacy (Jimly Asshiddiqie et al., 2020).

From a structural perspective, the proposed model envisions a tripartite fiscal system that balances authority, responsibility, and oversight. The central government should focus on macroeconomic stability and interregional equity, while regional governments exercise fiscal autonomy tailored to local conditions (James Manor, 1999). To bridge these levels, an Intergovernmental Fiscal Council could be established as a constitutional coordinating body tasked with standard-setting, dispute resolution, and fiscal performance evaluation (World Bank, 2022). This council would institutionalize procedural fairness by providing a platform for dialogue and negotiation, reducing the need for ad hoc judicial intervention and ensuring that fiscal decisions reflect shared constitutional objectives (Blöchliger & Kantorowicz, 2015). Building upon the jurisprudential foundations established by several Constitutional Court decisions, the movement toward an ideal constitutional model for fiscal relations in Indonesia reflects a constitutional evolution shaped by the pursuit of procedural justice, balanced authority, and institutional harmony. The Court's landmark rulings particularly Decisions No. 56/PUU-XIV/2016, No. 11/PUU-VI/2008, and No. 2/PUU-VII/2009 have consistently affirmed that fiscal relations between the central and regional governments must not rely solely on administrative discretion but must operate within a transparent and procedurally accountable framework

These decisions emphasize that equitable fiscal distribution, as mandated by the 1945 Constitution, can only be achieved when intergovernmental financial arrangements are grounded in measurable, fair, and legally defined mechanisms (Asshiddiqie, 2020). Building on these judicial insights, the proposed constitutional procedural model seeks to translate constitutional principles into a coherent fiscal governance framework that integrates coordination, transparency, and accountability as core procedural standards. This model envisions fiscal decentralization as a constitutional process rather than a political concession, ensuring that the transfer and management of public funds follow rule-based procedures supported by intergovernmental consultation, proportional allocation, and independent audit mechanisms. Such a framework resonates with the Constitutional Court's consistent reasoning that decentralization, to remain constitutionally legitimate, must be guided by procedural norms that safeguard the balance between regional autonomy and national integrity.

Procedurally, the model should emphasize digital transformation and data transparency. The integration of central and regional fiscal information systems into a unified national platform would enable real-time monitoring, reduce corruption risks, and enhance policy coherence (Tanzi, 2006). Digital governance aligns with the constitutional values of transparency and public accountability while promoting efficiency in budget management (Dzul Ikram et al., 2025). Furthermore, open-access fiscal data would empower citizens and civil society to participate in oversight, thereby reinforcing democratic control over public finances (Verico, 2018).

Normatively, fiscal decentralization must embody the principle of fiscal justice, ensuring equitable access to public resources and opportunities for all regions regardless of economic disparities (Anggriawan et al., 2025). This requires revising the formula for general and special fund allocations to better reflect indicators of poverty, population density, and developmental needs rather than political bargaining (Khoirunisa & Sulaeman, 2022). By aligning fiscal transfers with social equity goals, the state fulfills its constitutional duty to realize justice as a substantive value, not merely a formal one (Arfandy & Rinata, 2025). Moreover, periodic constitutional review of fiscal policies would help ensure that decentralization remains adaptive to evolving socio-economic contexts (Rasyid, 2021; Fitrani et al., 2020).

Conceptually, this model represents a shift from hierarchical control to collaborative governance, emphasizing the constitutional idea that decentralization is a means of uniting rather than dividing the nation (Chandra Jha, 2013). It redefines fiscal autonomy as shared sovereignty an arrangement where both central and regional governments are co-guardians of the public interest (Schwarcz, 2017). Through procedural justice and participatory mechanisms, the model aspires to bridge the persistent gap between normative ideals and administrative realities, creating a more resilient and equitable fiscal system (Haryanto, 2018).

Restructuring fiscal relations between central and regional governments demands not only legislative reform but also constitutional recalibration. The proposed model underscores that fiscal decentralization must be guided by principles of legality, transparency, and justice, implemented through coherent procedures and modern governance instruments (Blöchliger & Kantorowicz, 2015). By harmonizing autonomy with coordination, equality with efficiency, and decentralization with unity, Indonesia can build a constitutional framework that transforms fiscal governance into a true vehicle of democracy, accountability, and sustainable national development.

4. Conclusion

This study concludes that the constitutional design of fiscal authority in Indonesia continues to exhibit a structural imbalance, where financial power remains predominantly centralized despite the constitutional mandate to strengthen regional autonomy. Such central dominance has constrained local innovation and weakened the spirit of decentralization envisioned by the 1945 Constitution. Through a normative juridical and doctrinal approach, this research introduces a constitutional procedural model as its key scholarly contribution an integrative framework that emphasizes legal certainty, procedural justice, and accountability as guiding principles for restructuring fiscal relations between central and regional governments. This model provides a new perspective on how fiscal decentralization can be implemented not only as an administrative policy but as a constitutional process grounded in fairness, transparency, and institutional balance. However, this study also acknowledges its methodological limitations, as the analysis remains primarily conceptual and normative, relying on statutory interpretation and selected jurisprudence rather than extensive empirical validation. Future research is therefore encouraged to complement this framework with empirical or comparative approaches that examine how procedural coordination functions in diverse regional contexts. Practically, the findings highlight the urgent need for fiscal reform that embeds procedural coordination, strengthens intergovernmental communication, and ensures equitable financial distribution. Ultimately, this study affirms that restructuring fiscal authority through a procedural constitutional model is not merely a legal reform effort but a constitutional commitment to achieving justice, efficiency, and accountability in Indonesia's evolving public financial governance system.

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