

# READINESS OF VILLAGE FUNDS MANAGEMENT IMPLEMENTATION

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## ABSTRACT

This research is explorative in nature using a qualitative approach with the aim of obtaining an overview of: (1) village funds management practices before and after the launch of the village funds system (SISKEUDES), (2) obstacles that arise in the implementation of SISKEUDES, (3) level of readiness and understanding from users of the village funds system within the village head and village funds management equipment in the Jatisrono sub-district. Data analysis techniques using the triangulation model, through the process of data reduction when interviews were conducted with informants who then interpreted the data interactively until valid data was obtained that reflected the actual information. The results showed that in order to maintain the idea of village independence in villages in Jatisrono Subdistrict, Wonogiri District, the implementation of village funds needs to be monitored and monitored closely as a preventive measure so that there are no mistakes in administration and management of village finances. Some solutions and solutions need to be sought and explored so that the interests of services at the village level with funds management can run according to the applicable laws and regulations. For this reason, several strategies as a solution to achieve the objectives of good village financial management are proposed in this study such as increasing the capacity of village officials as executors of village funds management. On the other hand, strengthening the capacity of the sub-district's role and apparatus in the sub-district as village supervisors and evaluators also needs to be improved as applicable regulations where the sub-district becomes one of the links to cut bureaucracy in community service in the village.

**Keyword:** *public accounting standard, village financial system, stakeholders*



## 1. INTRODUCTION

### 1.1 Background

Financial performance nowadays becomes public attention, it is closely related to government policy to run *good corporate governance* (GCG) principle. Financial report is one of means of accountabilities on financial performance management from the government to public (Prasetya, 2005). Stakeholders take the benefits of information in financial report which help them to make decision. The decision will be hopefully bring about a better government. It is supported by legal law, Regulation of the Minister of Home Affairs Number 37/2007 about village financial management which is practically give outonomy. The given autonomy to manage financial village (based on Regulation of the Minister of Home Affairs Number 37/2007) and the existence of allocation of village funds (based on regulations 72/2005) should be fair and accountable in the process of financial report. In Regulation of the Minister of Home Affairs Number 37/2007 about village financial management chapter 3 verse 1 states that "Village Chief as head of village government is the person in charge who manages financial village as the representative of the government in case of village seperated possession." Considering that the position of village chief is as independent government entity, thus the financial management in the village which comes from the central government have to be audited by *BPK*. In this case, the role of village chief as the person in charge who manages financial village and the administrator of the village who runs that task should have a good understanding about *good budgetary governance* and the expertise of finance report.

Village financial system is a brand new, it is the program from *BPKP* that tries hard to implement the system by giving technical guidance but unfortunately, *BPKP* find it difficult especially from human reseources view. It is certainly affect the financial report. There are several previous researches about the influence of district financial report. Ropiyantie (2012) proves that the better human resource competence and the application of regional financial accounting system, thus the better quality of regional financial report. Another previous research, Junnaini (2012) shows that the application of standardized accounting contribute significant affect to the quality of regional financial report. Based on the background, the present researcher is eager to find how far the preperation started from the plan, execution, administration, reporting, accountability, and supervision toward the success of the implementation of village financial system which give significant affect to the quality of regional report.

### 1.2 Research Problem

- How far does the description about the practice of village financial management, the obstacle and village chief's readiness as well as the administrator to implement Village

Regulation Number 6 year 2014 which derived from *BPKP* about village financial system?

Based on the research problem above, the objective of the research is:

- To get a clear description about the practice of village financial management, to identify the problem which slowdown the village financial management and to portray the readiness of the village to implement the Law number 6 year 2014 about Village which is closely related to program *SISKEUDES* by *BPKP*.

## 2. UNDERLYING THEORY

### 2.1 *Regional Autonomy Concept and Decentralization*

Regional autonomy is a regional authority to manage and take care of its affair based on the own initiative which is in accordance with Law number 32 year 2004. The principle of the implementation of this law is that it gives the region a chance to manage their own affair (decentralization).

### 2.2 *The Cycle of Village Financial Management*

The management of local authority in the village is funded by *APB Desa*, *APBN*, and *APB Daerah* as well (Regulation of the Minister of Home Affair Number 113 year 2014). Disbursement of money in village account is signed by the village chief and treasurer. Every village in the program of Village Regulation has to obey the cycle of village financial management based on the Regulation of the Minister of Home Affair Number 113 year 2014 which covers: planning, execution, administration, reporting, and accountability.

### 2.3 *Financial Accountability and Human Resource*

Accountability is one of the principles of good governance. Accountability is about financial integrity, disclosure, and obedience to the law. Simanjuntak (2011:9) states that public accountability consist of vertical accountability and horizontal accountability, whereas the doer of the accountability is human resource. The quality of human resource is important to support the quality of the report (Ria Sandra dan Fidelis, 2004).

### 2.4 *The Effectiveness of Village Financial System (SISKEUDES)*

*SISKEUDES* is the application which is developed by *BPKP* to improve the quality of village financial management. Features in *SISKEUDES* is so simple and friendly that the user will find it easy to operate. It is only once input process based on the transaction, then there will be an output in the form of document administration and the report such as: 1) document administration; 2) receipt; 3) payment request slip (SPP); 4) tax payment slip; 5) another document; 6) budgeting report (Village Regulation *APB Desa*, *RAB*, *APB Desa* each

source of fund); 8) Administration report (General Cash Book, Bank Account Book, Tax Book, Auxiliary Book, and Register ([www.bpkp.go.id](http://www.bpkp.go.id)))

Efectivity means the achievement of the intended target. It usually tend to the result, cause and effect, and synonymous with success since it becomes a means to reach the target and previous plan (Livari, 1994 dan Ramezan 2009).

### **3. RESEARCH METHOD**

#### ***3.1 Type of Research and Limitatation of the Research***

This is qualitative research. The research is in Wonogiri. The sample of research is village chief and the administrator of *SISKEUDES* in Jatisrono, Wonogiri.

#### ***3.2 Data Collecting Technique***

To Moleong (2009), primary source of data in qualitative research are words, actions and the rest is just a complement such as document and others. Based on that opinion, the present researcher employs questionnaire, interview, observation, and documentation to collect the data.

#### ***3.3 Data Analyzing Technique***

After collecting the data, the next step is analyzing them by using interactive analysis. In this method, there are three primary components, they are: 1) data reduction, 2) data display, 3) drawing conclusion (Miles & Huberman, 1992).

### **4. RESEARCH RESULT**

#### **4.1 Organizational Structure Analysis**

The final research in 2017 in all villages (15 villages) in Jatisrono Subdistrict has carried out Human Resources (HR) recruitment tests to fulfill / complete the existing Organizational Structure and implement Law Number 6 of 2014 concerning Villages, Domestic Ministerial Regulation Number 84 of 2015 about the Organizational Structure and Work Procedure of the Village Government, Wonogiri Regent Regulations Number 28 of 2016 concerning Guidelines for Organizing and Working Procedures of the Village Government while fulfilling the Organizational Structures on Financial Management in the village government as below.

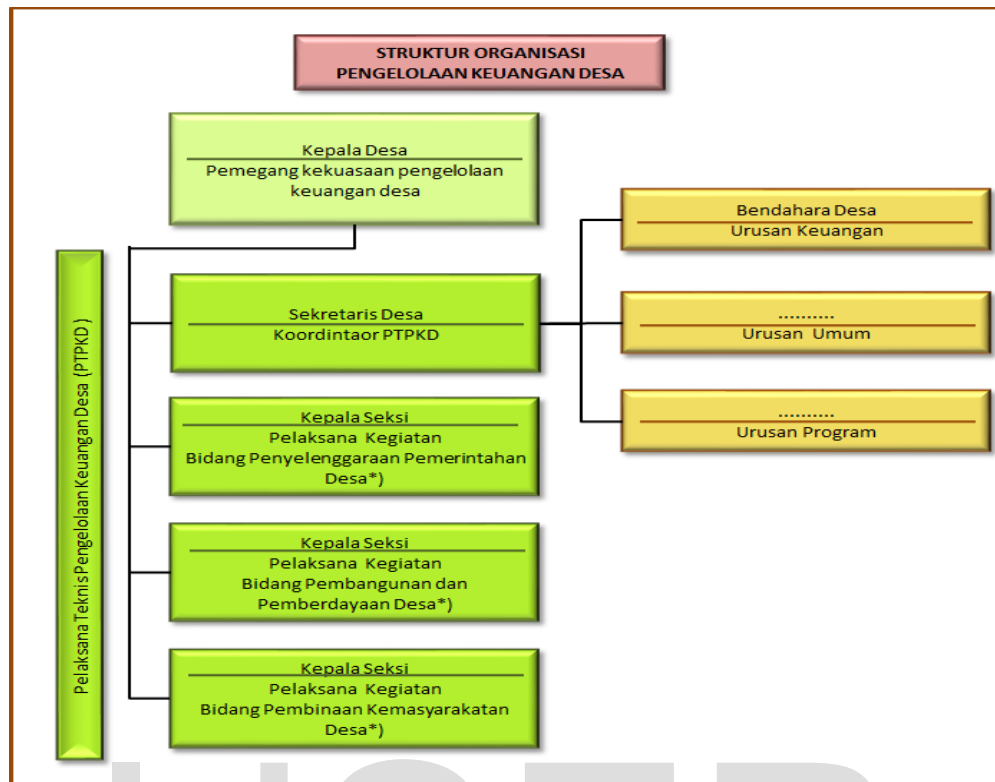


Fig. 1  
 Village Financial Management Organization Structure

All villages in Jatisono Subdistrict, Wonogiri District have placed their human resources together to organize / manage Village Finance. The Village Head as the holder of the village financial management power is assisted by the Village Secretary as the Village Financial Management Technical Officer with section heads and also assisted by the Village Treasurer with heads of affairs. Even so, in order to manage village finance, there are still few people who have accounting knowledge.

#### 4.2 Analysis of SISKEUDES

The Village Financial System (SISKEUDES) which consists of planning, executing, administering, reporting and accountability of village finance cannot be fully implemented in accordance with the expectations of the BPKP who have prepared the application. Knowledge of the village finance manager's accounting is still limited even though HR in the organizational structure has been added. However, the minimum registration process has been carried out, among others, using the Cash Register Book, Cash Out Book, Account Code. While the preparation of financial reports is still as usual carried out each year, namely the Budget and Realization Reports and the balance of the Village Revenue and Expenditure Budget (APB). At the end of 2017, all villages in the District of Jatisono tried to collect information and record village assets that

would later be included in the financial reports as village assets. In accordance with Minister of Home Affairs Regulation No. 113 of 2014 concerning Village Financial Management, SISKEUDES began to be implemented in 2018. But in reality the system could not be implemented in that year because the study of authorized officials turned out that this regulation still had many weaknesses, the financial management regulation was changed to Minister of Home Affairs Regulation Number 20 Year 2018.

#### 4.3 Village Fund Analysis

Village Funds are funds sourced from the State Revenue and Expenditure Budget (APBN) intended for villages that are transferred through the district / city Regional Revenue and Expenditure Budget (APBD) and are used to finance government administration, implementation of development, community development and community empowerment. The government budgeted the Village Fund nationally in the APBN every year.

Based on the size of the Village Fund for each district / city, the regent / mayor determines the amount of the Village Fund for each village in the region. The procedure for the distribution and determination of the Village Fund size for each village is determined by the regent / mayor's regulations.

District / City calculates the Village Fund size for each village based on the number of villagers, village area, village poverty rate, and geographical difficulty, with weights:

- (a) 30% for the number of villagers.
- (b) 20% for the area of the village.
- (c) 50% for village poverty rates.

The geographical difficulty level of each village is used as a multiplier of results. The level of geographical difficulties is determined by factors which include: availability of basic services, conditions of infrastructure, transportation and communication of villages to districts / cities. Data on the number of villagers, the area of the village, the village poverty rate, and the level of geographical difficulties are sourced from the Central Bureau of Statistics.

The provisions for allocating and channeling Village Funds are based on Government Regulation Number 60 of 2014. When preparing the bimkon operational guidelines, these Regulations will be revised with the most important issues related to allocation by means of 90% being equally distributed, while 10% proportionally. In addition, Phase III of the Village Fund channeling which was previously in November was advanced to October.

Village Funds (DD) that have been released by the central government through the APBN with the aim that more independent villages have been implemented for 3 years, starting in 2015. Likewise, 15 villages in the District of Jatisrono have each received the following:

**Table 1**  
**Village Fund Budget**  
**For the District of Jatisrono**

No.	Village Name	2015	2016	2017
1.	Tasikhargo	Rp 96.726.000	Rp 606.890.000	Rp 774.819.000
2.	Pandeyan	Rp 270.624.000	Rp 668.624.000	Rp 777.367.000
3.	Watangsono	Rp 88.070.000	Rp 619.229.000	Rp 791.098.000
4.	Jatisari	Rp 276.447.000	Rp 602.595.000	Rp 769.157.000
5.	Gunungsari	Rp 80.558.000	Rp 619.629.000	Rp 791.621.000
6.	Gondangsari	Rp 445.968.000	Rp 612.461.000	Rp 782.164/000
7.	Sumberejo	Rp 268.193.000	Rp 604.057.000	Rp 771.085.000
8.	Jatisrono	Rp 269.067.000	Rp 605.772.000	Rp 773.345.000
9.	Tanggulangin	Rp 68.816.000	Rp 606.032.000	Rp 773.686.000
10.	Sambirejo	Rp 270.719.000	Rp 609.009.000	Rp 777.613.000
11.	Rejosari	Rp 367.000.000	Rp 668.000.000	Rp 783.209.000
12.	Sidorejo	Rp 275.021.000	Rp 617.442.000	Rp 788.729.000
13.	Ngrompak	Rp 274.050.000	Rp 615.538.000	Rp 786.220.000
14.	Semen	Rp 268.102.000	Rp 603.880.000	Rp 770.851.000
15.	Pule	Rp 86.254.000	Rp 603.549.000	Rp 770.415.000

Source: each village

Table 1. above shows the receipt of Village Funds starting in 2015, 2016 and year 2017. At the end of each year all villages have accounted for the use of Village Funds by making a Realization Report on the Use of Village Funds in accordance with the programs set for each village.

#### 4.4 Effective Program and Activity Strategies as Problem Solvers

This research also found problems that occurred in connection with village financial management (especially village funds) but tried to provide solutions to existing problems.

In order to facilitate understanding of solutions and solutions to financial management of villages in Wonogiri District, Jatisrono District, real programs and activities as solution strategies are explained in the table below:

Tabel 2  
Activity Program Strategy

No	Masalah	Akar Masalah	Kegiatan yang dilaksanakan
1.	Lack of capacity of Village Devices in understanding village financial management	Ineffective training that has been done	<ul style="list-style-type: none"> <li>• Comprehensive training for Village Heads and Village Staff regarding the planning process, financial management and procurement of goods and services followed up with on-site assistance. This training will run if the training is carried out in collaboration with higher education institutions which will later be linked to thematic (KKN).</li> <li>• Mentoring is also carried out with the cooperation of village facilitators in villages and sub-districts who have been jointly trained so that there is a common vision and method and understanding of village financial management as well as the applicable regulations.</li> </ul>
2.	Less effective village facilitators	Diverse Human Resources (HR) Village facilitators.	<ul style="list-style-type: none"> <li>• It is necessary to coordinate with village facilitators and BPMPD in Province c.q related to strengthening the capacity of village facilitators.</li> <li>• It is also necessary to evaluate and propose to the Bupati or the central government c.q the village ministry to replace the village companion if there are village facilitators who are passive or not working optimally.</li> <li>• It is necessary to conduct in-depth discussions on village facilitator issues, some village facilitators do not work optimally because the rewards they get are also not clear and often late. Because this is not the authority of the Wonogiri District Government, what needs to be done is evaluating and proposing improvements to interested parties (Provincial and Central).</li> </ul>
3	Low Village	The village does	<ul style="list-style-type: none"> <li>• Study of village potential needs to be</li> </ul>



	Original Income in several villages	not have data on village potential	<p>carried out, with the aim being to increase Village Original Income. This study needs to be carried out by cooperating with universities to explore and determine village potential that can be increased as an increase in Village Original Income.</p> <ul style="list-style-type: none"> <li>• Comparative study of management and improvement of Village Original Income in several villages that have succeeded in increasing Village Original Income.</li> <li>• Establishment of Village-Owned Enterprise and Strengthening the capacity of Village-Owned Enterprise management in administrative processes, business improvement strategies and organizational management.</li> <li>• Closing village-owned enterprises that are unproductive and immediately seek better business solutions. For this reason, village potential studies need to be conducted.</li> </ul>
4	Internal conflict in the village	Misunderstandings, or old grudges between stakeholders	<ul style="list-style-type: none"> <li>• Strengthening the function of the District Leadership Communication Forum in resolving conflicts that occur at the Village level with a persuasive and family approach. Here the important role of the District Head's Decree of delegating the authority of the Regent to the important Sub-District Head was arranged with one of his authorities as a function of evaluation, facilitation and coordination with the village. Strengthening the role of the sub-district head will also increase the resentment and respect of the village administration to the subdistrict head, which is currently fading because the village currently coordinates directly with the district through the BPMD.</li> </ul>

			<ul style="list-style-type: none"> <li>• It is necessary to involve community leaders in the village by forming or frequently holding village leaders' forums as a supervisor and control factor for village government from the community.</li> <li>• Strengthening the role of the BPD as a counter part of the village government in organizing village government with training that is more directed at the role and function of the BPD.</li> </ul>
5	Budget implementation is late	Lack of understanding of PTPKD as budget implementers	<ul style="list-style-type: none"> <li>• The need for training and capacity building for PTPKD which is synchronized with the use of management from the BPKP.</li> <li>• Training and strengthening must also be synchronized with planning and budgeting material which has been trained from the beginning to the village apparatus.</li> </ul>
6	The aspect of community empowerment is eroded	Unclear rules of the game	<ul style="list-style-type: none"> <li>• In order to improve the aspect of community empowerment, programs that function as empowerment need to be improved, especially how to empower the RT / RW level so that the Village Budget is not only focused on physical development.</li> <li>• Some programs should be directed as stimulants, so that community contributions can increase and equity at the village level is more achievable</li> </ul>

## 5. CONCLUSIONS AND IMPLICATIONS

Based on the research, found facts and field evidence related to the implementation of the Village Law specifically village financial management in Wonogiri District, both those that have positive and negative impacts. For this reason, solutions and solutions are needed as a preventive step so that legal risks that may occur can be suppressed and eliminated. The solution is needed so

that the independence of the village as the initial goal of implementing the village law can be achieved without raising victims from the stakeholders in the village from impacts that are either intentional or unintentional.

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