

Village Budgeting: Where Does It Come From?

Simin¹, Denok Kurniasih¹, Darmanto Sahat Setyawan Manurung¹, Guntur Gunarto¹, Zaula Rizqi²

¹Public Administration Department, Faculty of Social and Political Sciences, Universitas Jenderal Soedirman, Indonesia;

²Public Administration Departemen, Nahdlatul Ulama University, Purwokerto
siminwisnuaji@yahoo.com

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Abstract: Budget problems are experienced by most villages in Banyumas District. There are 301 villages that makes Banyumas District has a great chance to develop the potential of its region based on the development of rural areas. Overall, Banyumas District received allocation of village fund (ADD) amounting to IDR 148.9 billion. That number decreased from the previous year which was IDR 165 billion. Nationally, through the APBN (State Budget), villages have received ADD of 60 trillion in 2017. Through large financial transfers, villages should have a good budgeting system so that the use of funds for village communities can be accounted for. The budgeting system carried out by the village government seems to be merely carrying out the obligation to obtain funds from the district and central government. This study discusses public budgeting in the village context, specifically relating to public services and budget support. The purpose of this research is to produce a model of public budgeting based on the basic service needs of rural communities in Banyumas District. The research method used consisted of quantitative and qualitative research methods. The results showed that the village budget that had been running in 18 villages from various sub-districts in Banyumas District had not yet been oriented to the needs of village communities, but rather to the tiered proposal, the budget ceiling, and the proportion of programs between hamlet areas. Through the existence of a public budgeting model based on the basic services needs of the community, it can later be given input to local and village governments related to improve the quality of village budgeting.

1 INTRODUCTION

Budgeting has an important role in determining the direction and policy of the organization, which in this case is village government. Through budgeting the village government has implementation guidelines for various activities. Besides, budgeting also has a decision-making function related to the many needs and desires of the community. Not all community needs and desires can be accommodated in the budget, therefore budgeting is also a political tool that serves to determine budget priorities (Miller, 2002; Morphet, 2008; Malgwi and Unegbu, 2012 Struic and Bratic, 2017).

There is a research on budgeting that has been conducted by Struic and Bratic (2017). In their research in Croasia, they found that to increase public participation in budgeting there must be a mechanism for community involvement in the budgeting process at the legislative level. Therefore,

legally, community participation must be clearly and legally regulated.

Research on public sector budgeting performance has also been conducted by many experts, including on the measurement of budgeting performance through a balanced scorecard by Malgwi and Unegbu (2012). His research explained about the importance of evaluating budgeting to see the alignments to the community, especially at the grassroot level. By using a balanced scorecard, it can be seen how far the achievement of the budgeting mission has been carried out.

Other research was also conducted by Alain and Melegi (2017) who examined the performance-based budgeting system in Saudi Arabia. This research found that the use of a performance-based budgeting system has improved the quality of public services and also increased the efficiency and effectiveness of resource use.

From various previous studies it can be seen that research on the focus of budgeting is mostly done in

the country context. Therefore this research will contribute to the concept of public budgeting especially with regard to the budgeting system which combines a performance-based budgeting system with the basic community service needs at the village level.

In arranging the village budget, the village government must refer to the Regulation of the Minister of the Village number 17 of 2017 concerning the priority of the use of village funds, including to finance the implementation of programs, activities in the field of village development, empowering the village community, and to finance the implementation of cross-sectoral programs and activities. The intended programs and activities include the activities of superior products in villages or rural areas, BUMDesa (Village Owned Enterprise) or BUMDesa Bersama, reservoirs, and village sports facilities in accordance with village authority. Village budget planning is contained in the APBDes (Village Government Budget) document, which in its preparation refers to the RPJMDes (Village Medium Term Development Plans) and RKPDes (Plans for Village-Level Development).

Based on the results of research conducted by Thomas (2013), it was found that most of the allocation of village funds was only used for building construction and procurement of goods. This causes an increase in the welfare of the village community has not been able to be realized through village funds. Whereas theoretically, the existence of fiscal decentralization such as village funds should be able to create more efficient community services, increase public participation, democracy and equity, and in turn encourage local economic growth and the welfare of local communities (Oates, 1993; Gramlich, 1993 in Khusaini, 2006: 45).

The budgeting problem is also experienced by villages in Banyumas District. With a total of 301 villages, Banyumas District has great chance to develop the potential of its region based on the development of rural areas. Overall, Banyumas District received an allocation of funds for ADD amounting to IDR 148.9 billion. That number decreased from the previous year which was IDR 165 billion. Whereas nationally through the State Budget (APBN), villages receive an ADD of 60 trillion in 2017. With large financial transfers, villages should have a good budgeting system, so that the use of funds for village communities can be justified. However, so far the budgeting system implemented by the village government seems to be

still merely carrying out the obligation to obtain funds from the district and central government.

Budgeting has a problem that can be reviewed from two things, namely the issue of administrative order and substance. Technically administrative, the problem of budgeting is related to the level of village compliance with various applicable regulations. This becomes a problem when villages have to deal with the many budget management procedures that must be carried out. Village financial management starts from the planning, implementation, accountability, up to an evaluation which must be done in all villages and properly documented. With the limited ability of village officials, sometimes this technical problem becomes important, because it can be a gap of budget deviations.

In addition to administrative technical issues, budgeting issues are also related to the substance of the budget prepared and implemented by the village. With the leading sector dualism that handles villages (Ministry of Human Affairs and Ministry of Village, Development of Disadvantaged Regions, and Transmigration), village budgeting guidelines including allocations also ultimately limit the village's space for budgeting. The budget is a planning tool that should provide guidance in achieving organizational goals, so it should contain substantially planned activities that are appropriate to the needs of each village. This is also very important for the village to do, which is to prepare a budget that is in accordance with the basic service needs of the village community. Therefore, this research is expected to produce research outcomes in the form of village budgeting models based on basic service needs. This model has great potential for solving village financial management problems. Village budgeting based on the basic service needs of the village community will be an important solution in realizing social justice in village financial management..

2 THEORETICAL

2.1. Public Sector Budgeting System

In its development, the budgeting system continues to experience evolution. The traditional budgeting system which is closed and strongly refers to economic growth, and is incremental in nature, has experienced a shift to a more open budgeting system for the public. In the Emerging New Paradigm period, the Evaluation of Budgetary Theory is explained that the evolution of the current budgeting

theory is a comprehensive budgeting system that is carried out multi-yearly and is more directed at maintaining budget balance (Leloup, 2002).

One of the budgeting system model that is currently widely adopted in the public sector is the performance-based budgeting system. Performance-based budgeting systems are very management-oriented, where the use of funds must have implications for obtaining greater results, such as improving public services and utilizing resources more efficiently and effectively (Alain and Melegi, 2017). Performance-based budgeting systems can support the achievement of the public sector budgeting mission, which is to help people's lives, especially at the grassroots level. The mission will be achieved if the need to improve the quality of people's lives is manifested in the public budget. Services to education, health, roads, water, and shelter are needs that cannot be excluded (Malgwi and Unegbu, 2012).

Therefore the village budgeting system also needs to refer to the performance-based budgeting system. The basic service needs of village communities must appear in the budget as a form of village budgeting performance. In order to find out whether the village budget has referred to the basic service needs of the village community, it is necessary to measure the performance of the village budgeting system.

Measuring the performance of the budgeting system is not a simple thing, because the public budget has a broad impact on society which is sometimes difficult to measure. But in general the measurement of the performance of the budgeting system can be seen from the perspective of inputs, processes, and outputs (Ghiasi, 2013). By measuring inputs, processes, and outputs in budgeting, overall we can find out whether the budgeting has gone well and has an impact on the community. Therefore in this study the instrument used to measure the performance of village budgeting refers to Ghiasi's opinion, which consists of inputs, processes, and outputs.

2.2. Village Finance Policy

The mechanism for transferring funds to the village is realized in the allocation of village funds. The village fund itself has various financial sources, including the APBN and regional balance funds. In the village context, village financial management must still refer to the management of state finances, because village funds are sourced from state finances. In addition, the management of village

funds must also have an accountability mechanism for the village community as the mandator.

Therefore, Dwihandaka (2009) explained that fiscal decentralization is not just a matter of balance formula, but rather lies in the governance system that is run in government. Regardless of the transfer of funds given to the village government, if it is not followed by good governance, the funds will evaporate and cannot improve the welfare of the village people. So far, the use of village funds has not yet led to the fulfillment of basic community service needs. The basic service activities needed by the village community have not become a reference when the village develops its budget planning.

Most village governments tend to only carry out administrative tasks, and do not reflect village government autonomy (Nurmandi, 2010). Furthermore, Eko (2014) also found a similar phenomenon, where the duties and authority of the village government tended to be "assisting tasks", trapped by redundancy, minimal innovation and breakthroughs. This is due to the pattern of relations between the village government and the regional government which tends to be unequal, and even seems like a "command". Various coaching carried out by the regional government to the village, often fell into the practice of "uniformity" and "coercion", as if the village government did not have discretion and autonomy.

3 METHOD

This research uses descriptive quantitative and qualitative research designs. The method is used because this study aims to interpret the empirical data in the form of a measurable picture related to the village budgeting system. A qualitative approach is needed to identify and dig deeper into the pattern of village government program design in utilizing village funds, so that a village budgeting model can be found based on the basic service needs of the village community. The target of this research is the village apparatus involved in the management of village funds in Banyumas District..

4 RESULT AND DISCUSSION

4.1. Mapping the Basic Service Needs of Village Communities

Basic services are services for things that are the basic needs of the community and must be provided by the government. There are 8 basic services that

should be available in a village including education, health, agriculture, infrastructure, demographic administration, clean water, electricity and transportation. Agriculture is the most basic type of service facing problems in the village. There are 89% on average problems related to basic agriculture services in the majority of villages in Banyumas District. The next basic service problem that is often faced in villages is education and infrastructure. Both of these basic services have an average problem of 72% for the majority of villages in Banyumas District. Basic services in the transportation sector have the lowest level of problem ownership compared to others by only 17%.

The results showed that the village government was not yet able to provide basic services well to the community. Especially for villages that are far from urban areas, the problem of basic services reaches an average of 65%, while for villages that are close to urban areas, the problem of basic services reaches 35%. Community needs that still need the government's attention through basic services include education, agriculture, infrastructure, demographic administration and clean water issues.

Basic service problems in agriculture is mostly complained by villagers in Banyumas District include the lack of maximum facilities for irrigation, fertilizer distribution, rainfed land and the difficulty of farmers' regeneration. The basic problems that face many subsequent problems in the education sector consist of dropping out of school, lack of teaching staff, and inadequate facilities and infrastructure. The problem of basic services in infrastructure in the villages is mostly complained in the form of damaged roads in several locations.

4.2. Village Budgeting

The village government in general has prepared a work program in accordance with applicable regulations, namely by involving the community and stakeholders through several forums that can be held such as: RT / RW meetings; hamlet deliberation; and village development planning meetings (musrenbangdes) with the principles of participation, accountability and transparency.

In general, the pattern of its preparation has approached the principles of participation, accountability and transparency. The difference is seen as in the ownership of the forum, where rural communities who are far from the city center tend to lack / need a forum to convey or capture public needs. But on the contrary, the communities who are close to the city center, their presence in the village

development planning meetings tend to be less compared to people who are far from urban areas.

Community proposals should be accommodated entirely in the RKPDs. However, due to the limited budget capacity of the village government, the village government always applies priority scale, and classifies the level of needs and desires of the village community. Programs included in the RKPDs and APBDs funded are programs that are considered urgent by the village government and all stakeholders involved such as: Village Consultative Body (BPD); Religious leaders; Public figure; Youth Organization; Family Welfare Movement (PKK); the military (TNI) / POLRI elements serving in the village; Partner / Entrepreneur; and other Village Institutions.

The government provides information media related to work programs and transparency in their implementation, such as through: (1) village information boards; (2) village community "gathering" forums; and (3) village graphic information. Whereas the mechanism of accountability for the use of village funds, was conveyed through the submission of the Accountability Statement Report (LKPD) in village deliberations.

In general, villages use village funds in accordance with a predetermined plan, although there are still some village fund implementations that are not in accordance with the Musrenbangdes proposal. As in program planning, the distance between the village and the center of the district government also shows differences in the mechanism for accountability of village funds. Communities in villages close to urban areas have more opportunities to access information related to accountability report of village funds. Likewise with the level of utilization of information media for village government accountability.

Regarding to supervision, in the use of village funds, the village government has two types of supervision, namely internal supervision and external supervision. Internal supervision is carried out through an inherent supervision mechanism. The external supervision is carried out through the Village Consultative Agency (BPD) and government audits from the District/ Provincial Inspectorate, Financial Audit Board (BPK) and State Development Audit Agency (BPKP).

Village fund management in general can be divided into three stages. Those are the planning stage, the stage of use of funds, and the stage of oversight and accountability of funds. The most urgent issue in the village budget is in the aspect of

expenditure. The following is an overview of village fund management in three representative villages from each category (near villages, medium villages and far villages).

Villages that are far from urban areas actually have a budget for capital expenditure greater than others, and conversely villages that are close to cities have a higher budget for spending on goods and services than others. In the process of managing village funds, several problems were found, including:

1. Proposals from the community have not been fully accommodated in every program of activities funded through the APBDes;

2. Most jobs are often found to be underfunded, allegedly because of the payment mechanism that uses an ad-cost system, while third-party partners are notably village communities themselves who are basically not big businessmen;

3. The supervision pattern is not yet open enough to the wider community, because it is only carried out by the Village Government itself and the BPD as a community representative;

4. The absence of a mechanism that allows the wider community to know and access information on accountability for village funds;

5. Less optimal results of reporting by the Village Government, due to limited resources owned by the Village Government, so that it still considers the need for assistance in the preparation of reporting and audit preparation.

The results also show that the village budget that has been running in 18 villages from various sub-districts in Banyumas District is not yet oriented to the needs of the village community, but rather to the tiered proposal, budget ceiling and proportion of programs between hamlet areas. The existence of the Existing village budgeting model can later be used to compare the performance of the budgeting that has been produced with the priority needs of the basic community services of the village. Through the existence of a public budgeting model based on the basic services needs of the community, it can later be given input to local and village governments related to improving the quality of village budgeting.

5. CONCLUSION

The compliance of the village government with the regulations in developing work programs, has not yet fully guaranteed the effectiveness of the APBDes in meeting the basic needs of the community. The oversight and accountability mechanisms that have

been implemented have not been able to improve the performance of village governments in providing basic services to the community. The village budget is not yet oriented to the needs of the village community, but rather to the tiered proposal, the budget ceiling and the proportion of programs between hamlet areas. There are still many problems in the basic service matters that occur in the community, which is the responsibility of the government.

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