

Implementation of Village Fund Financial Management in Supporting Development and Empowerment Rural Communities

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Abstract—The Village Fund is a fund sourced from the State Revenue and Expenditure Budget, which is destroyed for the village, financial assistance from the APBN is expected to be a source of village income to support existing development in the village. The Village Fund is fully utilized to facilitate the development and empowerment of rural communities which aim to improve the welfare of rural communities, improve the quality of life and alleviate poverty. Implementation, administration, reporting and accountability of village funds must be in accordance with the Regulation of the Minister of Home Affairs (Minister of Home Affairs Regulation) No. 113 of 2014. Villages are given the authority to take care of governance and implementation of development independently to improve the welfare and quality of life of rural communities. The village government is expected to independently manage the government and the various resources it has, including the management of finances and assets belonging to the village. The purpose of this study was to determine the description of the implementation of Village Fund financial management in the planning, implementation, administration, reporting and accountability processes as well as the obstacles faced during the implementation of village fund financial management. To achieve these objectives, researchers used data collection techniques through, observation, interviews and documentation. The data obtained from the research results are processed using qualitative analysis to determine the implementation of village fund allocations in Kuatae Village, Soe City District, TTS Regency. Sources of data used are primary data sources (observation and interviews) and secondary (documentation of various book sources) relating to the empirical situation and conditions regarding the implementation of Village Fund Management. The results showed that the implementation of the Village Fund Policy in supporting development in Kuatae village has been carried out, although there are still deficiencies in its management. The output of this research are: 1) Implementation of Village Fund Financial Management in Supporting Development and Empowerment of Rural Communities in Kuatae Village, Soe City District, TTS Regency.

Keywords—*fund financial management, development, empowerment, Kuatae Village*

I. INTRODUCTION

The village is the front line in community service, this is because the village is in direct contact with the community, this fact is the basis for the current government to develop Indonesia from the village, this is supported by the provision of abundant funds, but in fact the readiness of each village is different. The Village Fund is fully aimed at facilitating the development and empowerment of villages as mandated by the laws and regulations stipulated by the Indonesian Government. Village Funds are used to finance village development to improve community welfare, improve quality of life, and reduce poverty. Village financial management challenges are often cited as the main dangerous factor for the fulfillment of substantial socio-economic development in the village [1].

With the issuance of Law No. 6/2014 on villages, the position of village government has become stronger. The presence of laws regarding the village is not only a strengthening of the status of the village as community government, but also as a basis for advancing the community and empowering the village community. For this reason, the government issued a policy, namely the formation of Village Fund Allocation (ADD) as a manifestation of financial decentralization towards an independent village. Village Fund Allocation is a fund allocated by the Regency/City government for villages, which comes from a portion of the central and regional financial balance funds received by the district or city to support all sectors in society, as well as to facilitate the government in carrying out government, development and empowerment activities [2].

The use of village funds is prone to fraud committed by parties entrusted with managing village funds. The reality is that now there are several problems that arise regarding village funds. Each village that receives the village fund assistance program also has various convoluted constraints, these indications are commonly seen in the print media, online, that some obstacles are still found regarding village funds such as, starting with the low absorption of village funds by the village government to the apparatus governments that have not been

able to manage the village funds, such as government officials who are not experienced in managing large amounts of finances to the readiness of the apparatus. This was caused by the inability of the actors managing the funds that involved village officials, who in fact did not have sufficient competence to manage the funds. According to Mujahida [3], the most critical resources in an organization are human resources or people who provide energy, talent, creativity and effort to the organization. In addition, development in the village has not been maximally implemented from community proposals or has not been included in the participatory development category as is the goal of Law Number 6 of 2014 concerning Villages. Village Fund governance is still not very effective in its implementation. Asni's [4], research in Dayun District, Siak Regency, states that in terms of planning, the institution's function is not functioning, the quality of the planner is low, and the level of community participation is low. Then in terms of implementation, the regulations are convoluted, and the level is still low in implementing human resources. Furthermore, in terms of monitoring and evaluation, there is still a lack of apparatus and there are no indicators that can measure village performance.

A study conducted by Randhita [5] shows that the most successful leadership styles applied by successful village heads are participatory and consultative leadership styles. Participative leadership style devotes all attention and gives opportunities to subordinates to be able to participate through the contribution of ideas or suggestions in the management decision-making process. The findings in this study are in line with similar studies previously conducted by Mada, et al [6] that participatory leadership style has a positive influence on job satisfaction and financial perform

The purpose of this study is to determine the description of the implementation of Village Fund financial management in the planning, implementation, administration, reporting and accountability processes as well as the obstacles faced when implementing village fund financial management. The urgency of this research is related to the management of Village Funds sourced from the State Revenue and Expenditure Budget, which is destroyed for the village, which is expected to be a source of village income to support existing development in the village and the implementation and accountability of village funds must be in accordance with the Minister of Home Affairs Regulation (Permendagri) No. 113 of 2014 [7]

Based on the pre-research conducted in Kuatae Village, Soe City District, TTS Regency, there were several problems and obstacles that occurred in the village fund program. In connection with the background, the authors are interested in researching the Implementation of Village Fund Financial Management in Supporting Development and Empowerment of Rural Communities (Case Study in Kuatae Village, Soe City District, TTS Regency).

II. RESEARCH METHODS

A. Type of Research

This type of research conducted in this research is descriptive qualitative research with a case study approach.

B. Data Collection

Data collection techniques used by the author to obtain data are as follows:

1) *Field research (field research)*: The author conducts a direct observation of the object under study to obtain primary data from the research source. This field research can be done by:

a) *Observation*: Collecting data through direct observation of financial management village funds being researched to get a real picture of implementation financial management of village funds [8].

b) *Interview*: Namely establishing direct communication with the authorities in the village in East Kupang sub-district to obtain the required data and information. Interviews were conducted with the Village Head, the Village secretary and the Village Treasurer [8].

2) *Library research*: This library research can be done to collect data by searching and studying literature, books and documents or other available reading sources to do with the problem under study. This is meant to gain ground theory that can be used as a comparison with the reality at the location research. The data collected is secondary data, that is, data obtained by indirectly from research sources [8].

3) *Data analysis methods*: The data obtained will be processed using qualitative analysis to determine the implementation of village fund allocations in Kuatae Village, Soe City District. This research is a descriptive study (descriptive research) with a qualitative approach. Sources of data used are primary (observation and interview) and secondary (documentation of various book sources) related to the empirical situation and conditions regarding the implementation of Village Fund Management. In general, data analysis is an effort to systematically find and organize notes on observations, in-depth interviews, documentation and literature reviews to improve understanding of the problem under study. The understanding is an analysis that is followed by looking for meaning. Information in the form of words is organized into an extended text. The analysis is carried out simultaneously with the information collected in the form of field reports, as well as writing periodic reports throughout the field research activities. Testing and validity of the data in this study using triangulation. Triangulation is a data checking technique that uses something other than this [8]. The process of checking the data in this study was carried out by checking and comparing the interview data with the observation data and other complementary data. The triangulation technique

used in this research is theoretical triangulation, namely using theoretical data, primary and secondary data as well as researchers' perceptions, to be clearer.

III. RESULTS AND DISCUSSION

The allocation of village funds is very important for the welfare and prosperity of both the community and the village itself. From the research results, it can be concluded that the ADD policy implementation process in Kuatae Village, Soe City District has been going well, although there are still many deficiencies in managing village fund allocations in Kuatae Village, Soe City District.

Based on the Regulation of the Minister of Home Affairs Number 113 of 2014 [7] that the Village Fund Allocation Management is a unit of village financial management. In line with this, the management of ADD in Kuatae Village, Soe City District is carried out including the planning, implementation, supervision and accountability processes.

A. Planning Stage

Planning can be defined as the selection of a set of activities and the following focus on what to do, when, how and by whom. Planning aspects, including: a. What is being done? b. Who did? c. Where will it be done? d. What are needed so that the goals can be achieved? e. How to do it? f. Whatever is done to achieve the maximum goal.

Planning carried out by the Kuatae Village ADD Implementing Team in Soe City District in managing the Village Fund Allocation through the preparation of a work plan in managing the Village Fund Allocation (ADD) includes the following activities.

- Establishment of Village Fund Allocation Management institutions to manage ADD.
- The village head held a socialization on the implementation of ADD.
- The Village Head and Village Officials make plans on the use of Village Fund Allocation for governance.
- The Village Head together with community leaders plan regarding Village Fund Allocation for community empowerment.
- The village head sets out the activities funded by ADD in the Village Budget (APBDes).

Some of the problems that occurred in Kuatae Village related to this aspect of planning were:

- Knowledge and understanding of village officials about planning and management mechanisms Village finances are still minimal.
- Village officials are slow to understand the development of rules and regulations and have an impact on the use of old rules in reports from the village government.

- Delays in the implementation of deliberations due to low community participation to participate in providing aspirations for development in the Village.
- Lack of Role of Village Facilitators and Village Local Facilitators because the village does not maximize existing resources, namely Village Local Assistants, Village Facilitators for Infrastructure Engineering and Village Empowerment Assistants.

B. Implementation or Organizing Stage

Implementation can be interpreted as the implementation of planning and organizing, where all the components in one system and one organization work together in accordance with their respective fields to be able to realize the objectives. Implementation or organization can also be interpreted as the process of dividing work into tasks smaller ones, assigning tasks to people according to their abilities and allocating resources and coordinating them to effectively achieve goals. At this implementation stage, there are two processes, namely the distribution and disbursement mechanisms. Village Fund Allocation in the Regency/City APBD is budgeted at the Village Administration section. The village government opens an account at the bank indicated by the Village Head Decree. The Village Head applies for the distribution of Village Fund Allocation to the Regent, in this case the Head of the Village Administration Section for the District Secretariat through the Camat after verification by the District Assistance Team. The Village Administration Section in the District Secretariat will forward the application files and attachments to the Head of the District Secretariat's Finance Section or the Head of the Regional Financial Management Agency (BPKD) or the Head of the Regional Financial and Asset Management Agency (BPKKAD). The Head of the Regional Secretariat's Finance Section or the Head of the BPKD or the Head of the BPKKAD will channel the Village Fund Allocation directly from the regional treasury to the village account. The mechanism for disbursing Village Fund Allocation in APBDes is carried out in stages or adjusted to the capacity and conditions of the district / city.

The ADD implementation stage includes the following activities.

- After the Village Regulation regarding the APBDes is enacted, the Village Level Village Fund Allocation Implementation team (ADD) can start carrying out activities that begin with the preparation of an activity program funded by the Village Fund Allocation (ADD).
- Village Fund Allocation for governance is managed by the Implementing Team in the field of Government
- The Village Fund allocation for community empowerment is managed by the Implementing Team for the Government Empowerment Sector

The implementation of Village Fund management in Kuatae Village, Soe City District, there are several problems, namely:

- Determination of planning is often late so that it affects the stages in implementation, and preparation of documents and price adjustments for goods in stores
- More activities are directed towards physical development in the village.
- The implementation of physical development still involves a third party so that physical development that involves the community is not realized;
- Minimal human resources of village officials in the use of the Village Financial System (Siskeudes) application, resulting in errors in allocating nominal budget amounts.

C. Supervision Stage

Supervision is the activity of comparing or measuring what is being or has been implemented with the criteria of standard norms or predetermined plans. Supervision includes monitoring and evaluation activities; improvements can be made during the activity or to improve the next program of activities so that the planned objectives are achieved properly. Supervision of the management of Village Fund Allocation (ADD) is carried out by the Village Head of Kuatae, the District Level Control Team and the District Level Facility Team.

D. The Accountability Stage

Accountability is a system that measures planning with budgets and activities in terms of the various results achieved by each accountability centre which must be accounted for in the form of periodic control reports. Based on the above statement, the accountability in this study is periodic reports conducted by the Village Head as the Chief Executive of ADD Desa Kuatae. Submission of reports is carried out through structural channels, namely from the Village Level Implementing Team and known to the Village Head to the Sub-district Level Facilitator Team.

The reporting and accountability for the management of the Kuatae Village Fund in Soe District is still far from expectations. This is due to various problems related to the management of the Village Fund as stated above.

IV. CONCLUSION

From the research results it can be concluded that:

- The implementation of the Village Fund Policy in supporting development in Kuatae village has been carried out, it can be seen from the budget used even though there are deficiencies in its management.
- The implementation of the Village Fund Policy in supporting community empowerment in Kuatae village is still minimal because the budget is more for the implementation of physical development

V. SUGGESTION

- Kuatae village government It is necessary to conduct training to village officials on the mechanism planning and management of Village Finance.
- In the future, the Village Fund is more directed at community empowerment to improve the community economy.

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