

DETERMINING THE EFFECTIVENESS OF VILLAGE FINANCIAL MANAGEMENT: ANALYSIS OF VILLAGE FINANCIAL PLANNING AND MANAGEMENT

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ABSTRACT

The purpose of this research is to determine the presentation and reporting of the budget realization report and to determine the implementation of the village financial management cycle in preparing the budget realization report. Data analysis uses qualitative descriptive analysis techniques, using data from the Banua Village Government website via the internet in the form of data from the Budget Realization Report for Banua Village, Kintamani District, Bangli Regency, Bali Province for the 2022 fiscal year. For the 2022 budget year, Banua Village experiences a surplus, and the results of this analysis prove that the funds obtained from both the central government and district/city governments are managed well by the Banua Village Government. The financial management cycle as regulated in Minister of Home Affairs Regulation No. 113 of 2014 has been implemented well and in accordance with existing regulations.

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1. Introduction

The Indonesian government continues to carry out reforms to strengthen village autonomy and promote village independence. The reforms that have been carried out by the government can be proven by the issuance of Government Regulation No. 72 of 2005 concerning Villages, which was later expanded with the enactment of Law Number 6 of 2014 concerning Villages, known as Village Independence (Eko et al., 2014). Law Number 6 of 2014 concerning villages makes the role of the village government even stronger. Village is a village, and village customs, or what is called by another name, hereinafter referred to as village, is a legal community unit that has territorial boundaries with authority to regulate and administer government affairs, local community

interests, origin rights, and/or traditional rights that are recognized and respected. in the government system of the Unitary State of the Republic of Indonesia (Law Number 6 of 2014). The presence of this law aims to strengthen the status of villages as community governments as well as advance and empower village communities.

Village empowerment is an effort made by the government to increase knowledge, attitudes, skills, behavior, abilities, awareness, and utilization of resources through the establishment of policies, programs, activities, and assistance that are in accordance with the essence of the problems and priority needs of village communities (Law Number 6 of 2014). Achieving government targets cannot be separated from the role of the community, which also plays a role, because the management of village funds in village development is basically development from the community, by the community, and for the village community. Village funds are funds sourced from the State Revenue and Expenditure Budget through the Regency/City Regional Revenue and Expenditure Budget to facilitate financing for government administration, implementation of development, community development, and community empowerment (Rohman & Ika Sasti Ferina, 2018). Details of village funds are calculated based on basic allocation data per district divided by the number of villages, which are then allocated to villages that are left behind and have a high number of poor people.

Village Fund Allocation is a source of funds originating from the State Budget and Revenue and Expenditure (APBN) aimed at villages that are transferred through the Regency/City Regional Revenue and Expenditure Budget, which is also used to finance the implementation of government activities, development, community development, and community empowerment (Sika Br. Hutabarat & Ratna Sari Dewi, 2022). The allocation of village funds received by the village government from the regency or city government is 30% for operational costs of administering the village government and the Regional Consultative Body (BPD), while 70% is for empowering village communities, such as building village economic facilities and infrastructure, empowerment in the fields of education and health. , community economic empowerment, and financial assistance to village community institutions (Soleh & Rohmansjah, 2014).

The objectives of the Village Fund Allocation (ADD) are: 1) overcoming poverty and reducing disparities; 2) improving development planning and budgeting at the village level and empowering the community; 3) increasing rural infrastructure development; 4) increasing the practice of religious and socio-cultural values in order to realize social improvement; 5) improving public peace and order; 6) improving services to village communities in the context of developing community social and economic activities; 7) encouraging increased community self-help and mutual cooperation; and 8) increasing village and village community income through Business Entities Village Owned (BUMDesa) (Nurcholis, 2011). This is in line with the aim of the village fund allocation if it can be utilized properly so that the welfare of the village community will increase and the poverty level in the village will decrease.

The government, through Minister of Home Affairs Regulation No. 113 of 2014 concerning Guidelines for Village Financial Management, which is a benchmark for village heads and their officials to carry out good financial management, Based on the Regulation of the Minister of Home Affairs, what is included in the Village Revenue and Expenditure Budget includes village revenue, village expenditure, and village financing. Village income consists of 1) original village income (PADesa), 2) transfers, and 3) other income. Expenditure groups are divided into 5 groups, namely:

1) Village Government Implementation Expenditures; 2) Development Implementation Expenditures; 3) Community Development Expenditures; 4) Community Empowerment Expenditures; and 5) Unexpected Expenditures (Permendagri No. 113 of 2016). Village development comes from village original income (PADesa) and transfers. Village expenditures are all village account expenditures, which are the village's obligations in one budget year for which the village will not receive repayment. The purpose of village spending is to fund the implementation of village authority. Villages are given full authority to manage their own finances in accordance with the potential that exists in the village in an effort to improve the quality of life for the welfare of the community.

The dynamics of government policy becomes a forum for the government to serve all elements of society as representatives of the state's existence towards the people (Irfadat & Nurlaila, 2021). Banua Village, located in Kintamani District, Bangli Regency, Bali Province, is one of the villages that receives Village Fund distribution and Village Fund Allocation. The funds obtained are used to finance government administration activities, implementation of village development, development of village communities, empowerment of village communities, and management of emergency and urgent village disasters. The priority use of village income is expected to provide benefits to the community in the form of improving the quality of life, increasing welfare, overcoming misery and escalating public services at the village level (Silfiani et al., 2021).

Formulation of the problem

Regarding the phenomenon that occurred, the formulation of the problem is 1) How is the Budget Realization Report presented and reported in Banua Village for the 2022 fiscal year?, and 2) How is the implementation of the village financial management cycle applied in preparing the Budget Realization Report in Banua Village for the 2022 fiscal year?

Research purposes

Based on the background that has been presented, this research aims to: 1) Understand the presentation and reporting of the Budget Realization Report in Banua Village in the 2022 fiscal year, and 2) Find out the implementation of the village financial management cycle applied to the preparation of the Budget Realization Report.

2. Literature Review

2.1. Village

Village or referred to by other names, hereinafter referred to as Village, is a legal community unit that has territorial boundaries and is authorized to regulate the interests of the local community, based on local origins and customs that are recognized and respected in the Government system of the Unitary State of the Republic of Indonesia (Law Number 6 of 2014). Based on the geographical review he put forward, a village is a result of geographical, social, political and cultural manifestations that exist in an area and have reciprocal relationships with other areas (Bintarto, 1989). The village is one part of government administration which has a very strategic role in achieving overall community welfare because the village is the part of the government system that is closest to the community. In particular, villages play an important role in providing rural infrastructure services and engaging in poverty reduction, social welfare, basic education, and public health activities.

2.2. APBDesa (Village Revenue and Expenditure Budget)

The Village Revenue and Expenditure Budget (APBDesa) is the village's annual financial budget which regulates village income and expenditure used in the areas of village government administration, development implementation, community development and unexpected areas. The Village APBD consists of:

a. Village Income

Village income includes all money received through the village account which is the village's right within 1 (one) budget year which does not need to be paid back by the village. Village Income consists of groups: 1) Village Original Income (PADesa), 2) Regency or City Tax Revenue Sharing, 3) Part of Regency or City Levy, 4) Village Fund Allocation (ADD), 5) Financial Assistance from the Government, Government Provincial, Regency/City and other Village Governments, 6) Third Party Grants or Contributions.

b. Village Shopping

Village Expenditures include all expenditure from the village account which is the village's obligation in 1 (one) budget year for which the village will not receive repayment. Village Expenditures consist of: 1) Village Government Implementation Expenditures, 2) Development Implementation Expenditures, 3) Community Development Expenditures, 4) Community Empowerment Expenditures, 5) Unexpected Expenditures

c. Village Financing

Village financing includes all revenues that need to be repaid and/or expenditure that will be repaid, both in the relevant budget year and in subsequent budget years. Village Financing consists of:

1) Financing receipts include:

- a) The excess remaining from the previous year's budget calculation (SILPA).
- b) Disbursement of Reserve Funds
- c) Proceeds from the sale of separated village assets
- d) Loan Receipt.

2) Financing Expenditures include:

- a) Establishment of a Reserve Fund
- b) Village Capital Inclusion.
- c) Debt Payment

2.3 Village Financial Management Cycle

Village Financial Management is all activities which include planning, implementation, administration, reporting and accountability for village finances (Permendagri No. 113). According to Nafidah and Anisa (2017), village financial management is all activities from planning to financial accountability which are carried out using transparent principles, accountable principles, participatory principles and carried out in an orderly and budgetary manner. In practice, village financial management is carried out using a cash basis, where transactions are recorded when cash enters or leaves the village cash account.

Village finances are based on the principles of transparency, accountability, participation, and are carried out in an orderly and disciplined manner in accordance with the budget. A series of principles and cycles of village financial management must be implemented and fulfilled by each

village for the income received. The following is an overview of the village financial management cycle:

Figure 1. Village Financial Management Cycle



Source: (Permendagri No. 113)

2.4 Previous Research

Several researchers have conducted research, including one entitled The Obstacles of Implementation of Village Allocation Fund Program in the North Konawe Southeast Sulawesi, showing that the implementation of village fund allocation for village government autonomy has gone well. However, a comprehensive policy model for implementing village fund allocation is needed so as to increase the capacity of village governments in planning and controlling village development (Warsono & Ruksamin, 2014). Further research entitled Financial Accountability in the Management of Village Fund Allocations (ADD) at the South Warat Village Office, Marang Kayu District, Kutai Kertanegara Regency, concluded that financial accountability in the management of ADD at the South Warat Village Office, from implementation to the achievement of results, can be accounted for in front of all officials. Village Government, however, cannot be held accountable to all village communities (Setyoko, 2011).

3. Method, Data, and Analysis

The research method used in preparing this journal is descriptive qualitative research. Qualitative research is the collection of data on a natural background using natural methods and carried out by people or researchers who are naturally interested (Moleong, 2013). The research object is in Banua Village, Kintamani District, Bangli Regency, Bali Province. The data collection method used is documentation of budget realization reports sourced from the official Banua Village website. Data analysis uses descriptive data analysis to document the budget realization report in Banua Village for the 2022 fiscal year.

4. Result and Discussion

Descriptive Analysis

Village financial management is generally regulated in Government Regulation Number 113 of 2014 which contains Guidelines for Village Financial Management and is specifically regulated in

Bangli Regent Regulation Number 31 of 2019 concerning Guidelines for Village Financial Management in Bangli Regency. Banua Village, Kintamani District, receives the Village Revenue and Expenditure Budget (APBDesa) which is sourced from the Bangli Regency Regional Budget and Expenditure Budget, Bali Province, which consists of:

Table 1. Banua Village Village Revenue and Expenditure Budget (APBDesa) for Fiscal Year 2022.1. Table and Figure

No.	Source of funds		Amount
1.	Village Fund	Rp	655.990.000,00
2.	Tax and Levy Profit Sharing	Rp	90.698.000,00
3.	Allocation of village funds	Rp	822.418.000,00
4.	Provincial Financial Assistance	Rp	28.000.000,00
5.	Regency/City Financial Assistance	Rp	19.000.000,00
	Total	Rp	1.616.106.000,00

Source: Banua Village Website, Kintamani District, 2022, data processed

Based on the table above, the Banua Village Government has budgeted Transfer Income originating from Village Funds, Tax and Levy Profit Sharing, Village Fund Allocation, Provincial Financial Assistance, and Regency/City Financial Assistance with a total of IDR 1,616,106,000.00.

Analysis of Village Financial Calculations and Presentation

Based on Minister of Home Affairs Regulation no. 113 of 2014, the village head submits the Budget Realization Report for the implementation of the Village APBD to the Regent/Mayor via the Subdistrict Head. The reports submitted to the sub-district head are in the form of first semester reports and year-end reports. The first semester report is in the form of a report on the realization of APBDesan implementation which is submitted no later than July of the current year, while the end of year report is submitted no later than the end of January of the following year. The following is a presentation of the realization report data for Banua Village, Kintamani District, Bangli Regency, Bali Province.

Table 2. Realization Report on the Implementation of the Banua Village Government's Village Revenue and Expenditure Budget for Fiscal Year 2022

Description	Budget (Rp)	Realization (Rp)	More or less (Rp)
4. INCOME			
4.1. Village Original Income	3.000.000	6.204.296	-3.204.296
4.1.4 Other Village Original Income	3.000.000	6.204.296	-3.204.296
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4.2. Transfer Income	1.616.106.000	1.613.329.680	2.776.320
4.2.1 Village Fund	655.990.000	655.990.000	0
.			
4.2.2 Tax and Levy Profit Sharing	90.698.000	90.698.000	0
.			
4.2.3 Allocation of Village Funds	822.418.000	819.641.680	2.776.320
.			
4.2.4 Provincial Financial Assistance	28.000.000	28.000.000	0
.			
4.2.5 Regency/City Financial Assistance	19.000.000	19.000.000	0
.			
4.3. Other income	3.000.000	5.635.435	-2.635.435

4.3.6	Bank interest			3.000.000	5.635.435	-2.635.435
TOTAL INCOME				1.622.106.000	1.625.169.411	-3.063.411
5. EXPENSE						
01	Village Government Administration Sector			934.605.080	871.466.295	63.138.785
02	Field of Village Development Implementation			288.781.269	245.928.149	42.853.120
03	Village Community Development Sector			203.905.500	192.695.500	11.210.000
04	Village Community Empowerment Sector			4.895.000	4.070.000	825.000
05	Village Disaster, Emergency and Urgent Management Sector			279.452.233	266.411.000	13.041.233
TOTAL EXPENSE				1.711.639.082	1.580.570.944	131.068.138
SURPLUS / (DEFISIT)				89.533.082	44.598.467	134.131.549
6. FINANCING						
6.1.	Acceptance of Financing			89.533.062	89.533.062	0
6.1.1.	SILPA Previous Year			89.533.062	89.533.062	0
NET FINANCING				89.533.062	89.533.062	0
SILPA/SILPA FOR THE CURRENT YEAR				-20	134.131.529	134.131.549

Source: Banua Village Website, Kintamani District, 2022, data processed

Based on Table 2 above, in 2022 Banua Village will receive Village Funds of IDR 655,990,000, Tax and Levy Profit Sharing of IDR 90,698,000, Village Fund Allocation of IDR 822,418,000, Provincial Financial Assistance of IDR 28,000,000 and Financial Assistance Regency/City amounting to IDR 19,000,000 so that the total transfer income obtained by the Banua Village Government is IDR 1,616,106,000. The overall income managed by the Banua Village Government is IDR 1,622,106,000 because it receives additional income from Village Original Income of IDR 3,000,000 and also income obtained from Bank Interest of IDR 3,000,000.

The amount of income managed by the village government is allocated to Government Administration Expenditures, the realized percentage is 93.24% or IDR 871,466,295 from the proposed budget of IDR 934,605,080. The income obtained was also allocated to the Village Development Implementation Expenditure, the realized percentage was 85.16% or IDR 245,928,149 from the proposed budget of IDR 288,781,269, the realized percentage of income allocated to Village Community Development Expenditure was 94.50% or worth IDR 192,695,500 from the proposed budget of IDR 203,905,500, apart from that the income obtained is also realized into Village Community Empowerment Expenditures where the realization percentage is 83.15% or worth IDR 4,070,000 from the proposed budget of IDR 4,895,000, and this income is also allocated to Village Disaster, Emergency and Urgent Management Expenditures, the realized percentage of which is IDR 266,411,000 from the proposed budget of IDR 279,452,233.

Based on data from the Budget Realization Report for the 2022 fiscal year, Banua Village experienced a surplus. This can be proven through Table 2 which implies that the realization of income obtained by Banua Village is greater than the expenditure allocation that has been realized by the Banua Village Government. The actual income managed was IDR 1,625,169,411, while the actual expenditure managed was IDR 1,580,570,944, this shows that there is a difference of more than IDR 44,598,467. The SILPA owned by the Banua Village Government in the previous year was

IDR 89,533,062, so the SILPA owned by the Banua Village Government in the 2022 fiscal year was accumulated with the SILPA in the previous year. The current year's SILPA owned by the Banua Village Government is IDR 134,131,529.

Implementation of the Village Financial Management Cycle in Banua Village

The initial stage carried out by the Banua Village Government in terms of managing village finances is planning and budgeting. Discussion of planning and budgeting is carried out through village meetings which aim to discuss priority activities needed by the village. The next stage carried out by the Banua Village Government is the implementation of the income it obtains. The basis for this implementation comes from the activities contained in the Village Revenue and Expenditure Budget (APBDesa), especially in 2022. The implementation of financial management is based on five expenditure activities contained in the Village APBDesa, including: 1) Expenditures in the Implementation of Government Activities, 2) Expenditures Village Development Implementation Sector, 3) Expenditures in the Village Community Development Sector, 4) Expenditures in the Village Community Empowerment Sector, and 5) Expenditures in the Village Disaster, Emergency and Urgent Management Sector. The next cycle is administration. The administration carried out by the Banua Village Government takes the form of recording all receipts and expenditures that occur. This recording was carried out by the Village Financial Management Team in Banua Village. The next step taken by the Banua Village Government to fulfill all financial management cycles is reporting and accountability. At the end of each year, the Banua Village Government reports on the assets it owns and makes a Budget Realization Report that has been implemented which then reports it to the Regent through the sub-district. The accountability of the Banua Village Government can also be demonstrated through its transparency. The Banua Village Government publishes the Budget Realization Report on the Banua Village Government website.

5. Conclusion and Suggestion

The results of the analysis that has been carried out regarding village financial planning and management can be concluded that:

1. The Banua Village Government, Kintamani District, Bangli Regency, Bali Province, in managing village finances is in accordance with Government Regulation Number 113 of 2014 which contains Guidelines for Village Financial Management and is specifically regulated in Bangli Regent Regulation Number 31 of 2019.
2. Based on the analysis that has been carried out, the Banua Village Government has budgeted Transfer Income originating from Village Funds, Tax and Retribution Profit Sharing, Village Fund Allocations, Provincial Financial Assistance, and Regency/City Financial Assistance with a total amount of IDR 1,616,106,000.00 and The realization received was IDR 1,625,169,411. Due to the realization of financial management of village funds, the Banua Village Government experienced a surplus of IDR 44,598,467.
3. The SILPA owned by the Banua Village Government in the previous year was IDR 89,533,062, so the SILPA owned by the Banua Village Government in the 2022 fiscal year was accumulated with the SILPA in the previous year. The current year's SILPA owned by the Banua Village Government is IDR 134,131,529.

The researcher realizes that in this research there are still many shortcomings, the suggestion for future research is to analyze the Budget Realization Report on the 2-year budget so that it can carry out a comparative analysis regarding the management of village financial funds and also as an assessment of the village's financial performance. The next suggestion is aimed at the Banua Village Government in managing its funds as optimally as possible so that the Silpa for the current year does not increase from year to year. If the management of these funds cannot be carried out optimally due to unsupportive natural factors, it can be conveyed via the Banua Village Government website as follows: realizing village financial transparency.

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