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## IMPLEMENTATION OF VILLAGE FINANCIAL SYSTEM IN VILLAGE FINANCIAL MANAGEMENT

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### ABSTRACT

#### KEYWORDS

Village Financial  
System, Financial  
Management

In the government financial system in Indonesia, according to Law no. 6 of 2014, namely article 1 paragraph 1 which explains that the village is a legal community unit that has boundaries with the authorized area to regulate and manage government affairs and the interests of the local community based on community initiatives and rights and origins that are recognized and respected in a government system The Unitary State of the Republic of Indonesia. Villages are given such large financial resources by the central government with the aim that villages are able to improve the economy and the level of social welfare through these funds. To create clean, transparent, accountable, effective and efficient financial governance, the Financial and Development Supervisory Agency (BPKP) and the Directorate General of Village Government Development, the Ministry of Home Affairs, collaborated to create an application called the Village Financial System (Siskeudes). Human resources, leadership commitment are factors that can influence village financial management

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### INTRODUCTION

According to Law Number 6 of 2014 article 1 paragraph 1 namely About Villages, which explains that villages carry out development for the welfare of the people. In addition, the village government is also expected to be able to independently carry out good governance, manage human resources and manage village finances. In managing village finances, it is necessary to pay attention to the principles of transparency, accountability, participation, and order and discipline in budgeting knowledge. Villages are given such large financial resources by the central government with the aim that villages are able to improve the economy and the level of social welfare through these funds.

In implementing village financial management by the village government, a regulation was issued, namely Pemdagri Number 20 of 2018 concerning Village Financial Management. The budget budgeted by the central government for villages continues to increase every year with such a large amount, therefore it is necessary to have good management of village funds. In regulating the management of village funds, the Ministry of Finance issued a regulation, namely Minister of Finance Regulation number 93 of 2015 concerning Procedures for Allocation, Distribution, Use, Monitoring and Evaluation of Village Funds. This regulation was issued with the aim that the budget given by the central government to villages could be

channeled according to the target and properly regulated from allocation to evaluation.

The Central Government has budgeted a large enough Village Fund to be given to Villages. In 2018, the central government provided village funds of IDR 60 trillion, the realization of village funds that had been disbursed reached IDR 59.86 trillion or 98.77%. In 2019, Village Funds increased to IDR 70 trillion, with the realization of village funds that had been disbursed until August 2019 reaching IDR 42.2 trillion or 60.29%, and in 2020 it increased again to IDR 72 trillion. The village funds were transferred to 434 District/City Regional Governments in 33 provinces, with a total of 74 thousand villages. In 2018 each village received an average village fund allocation of IDR 800.4 million, in 2019 it was IDR 933.9 million, and in 2020 it was IDR 960.6 million. This large budget can make village funds vulnerable to corruption. Data from Indonesia Corruption Watch (ICW) for 2017-2019 there were around 277 cases of corruption at the village level in the village fund budgeting sector, most of which were carried out by village heads. In 2015 there were 15 cases of corruption, increasing to 61 cases in 2016, then there were 66 cases in 2017, and 89 cases in 2018 and in 2019 there were 46 corruption cases in the village. (Teguh Firmansyah, 2019). Therefore a village financial management system is needed so that these funds can be properly channeled for the welfare and prosperity of the village community.

To support the implementation of village financial governance by applying the principles of accountability, clean and transparent, the government through the Financial and Development Supervisory Agency (BPKP) together with the Ministry of Villages, Development of Disadvantaged Regions and Transmigration (Kemendes-PDRT) developed a novelty in financial governance in villages in the form of a financial management system. information technology-based village finance in the form of an application called the Village Financial System (SISKEUDES). And the Financial and Development Supervisory Agency (BPKP) collaborates with the Directorate General of Village Government Development at the Ministry of Home Affairs in increasing accountability for village financial management by developing village financial governance through the Village Financial System (Siskeudes) application. In accordance with the Circular Letter of the Director General of Village Government Development of the Ministry of Home Affairs number 145/8350/BPD dated 27 November 2015 Concerning Village Financial Management Applications, that the launch of SISKEUDES is with the aim of being able to improve the quality of Village Financial Management by producing Accountable financial reports.

## **THEORETICAL FRAMEWORK**

### **Village Financial System**

The village financial system application (SISKEUDES) is an application developed by the Financial and Development Supervisory Agency (BPK) with the aim of improving the quality of village government financial governance (BPK, 206). The village financial system is able to produce various reports needed, using this application will also save costs, time and minimize errors and fraud. The Village Financial System (SISKEUDES) is not only online based but also online, this is due to the circumstances, conditions and capabilities of different resources.

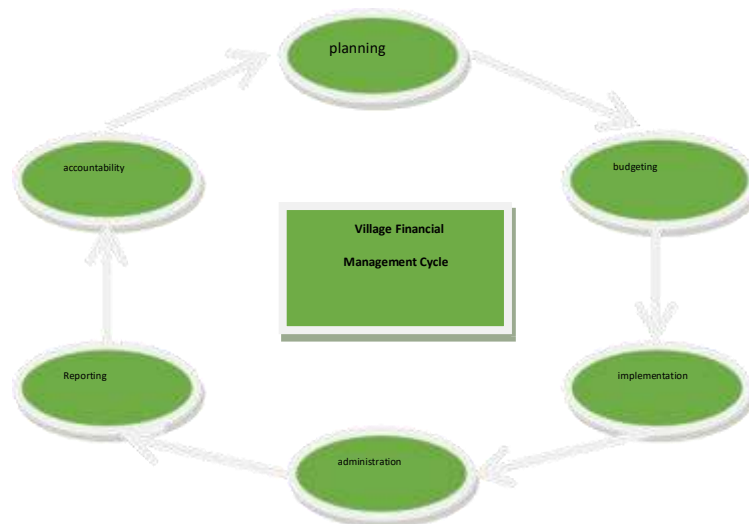
Implementation of the village financial system (siskeudes) refers to Minister of Home Affairs Regulation number 20 of 2018 concerning village financial management.

The features in the system are made simple and user friendly to address the varying village conditions. With one input according to an existing transaction, SISKEUDES can produce output in the form of administration documents and reports in accordance with statutory provisions. Apart from convenience, both are also equipped with an Internal Control System (Built-in Internal Control) and are supported by Implementation Guidelines and Application Manuals.

Prior to the existence of the Village Financial System (SISKEUDES) it was difficult for the district government to evaluate the APBDes in village financial reports. Because the village is in the process of making budgeting, administration and financial reports, it is still manual with a format that is not in accordance with standards. So that a village financial system is implemented with the aim of being able to help village officials in managing village finances properly

### **Village Financial Management**

Law No. 23 of 2014 Regarding all village rights and obligations measured by the value of money and all matters relating to the implementation of village rights and obligations are measured by the value of money or goods. of these rights and obligations raises elements of village income, financing and spending so that they can be managed with an appropriate management system. The village financial management cycle includes planning, implementing, administering, reporting and accountability with a period of 1 fiscal year up to December 31.



Herlianto 2017 states that there are several principles in village finance, namely the first is that the community plays a role in managing village finances, not only the authority of village officials, but the community also plays an active role. The second is in the field of government, namely being able to create quality human resources, namely competent village officials. Third, the community sector is made a priority of programs or activities in the village as mandated by law and obtains sufficient budget allocations.

Village financial management is a combination of a component of activities from planning, implementation, reporting and financial accountability. In this process there are rules that must be implemented and considered as well as a predetermined time limit.

In the planning process, village financial management is prepared in a timely manner starting from the hamlet head where each hamlet will hold a deliberation attended by the hamlet head, RT, RW of the village with the aim of accommodating the aspirations of the community regarding what activities will be carried out in the village program. In the process of implementing financial management, the parties involved will be formed to be responsible for each program based on the APBDes, this party is called the Activity Implementation Team. The administration process is carried out by the Village Treasurer. In addition, the treasurer also acts as the operator of the Village Financial System and other village officials, such as the Village Secretary. At this stage the village treasurer will submit to the village head the accountability report of village revenues and expenditures. The process of reporting village finances, in this process, begins with the preparation of accountability reports on the APBDes of each activity by the Activity Implementation Team. Then the report will be given to the treasurer to be input into the SISKEUDES application, then it will be heard by the BDP, then the sub-district head will submit it to the regent. The process of Accountability and Village Financial Management, in the process of accountability for the realization of the APBDes carried out by the village head will then be submitted to the sub-district head and then the sub-district head will convey it to the regent.

## RESEARCH METHOD

The approach used in this study is qualitative research, the Prastowo method, (2011) states that qualitative research is a systematic research method used to study or research an object in a natural setting without any manipulation and without hypothesis testing. Qualitative research is also interpreted as an inquiry strategy that emphasizes the search for meaning, understanding, concepts, characteristics, symptoms and descriptions of a phenomenon; phenomenal focus and natural character that prioritizes quality and is presented in a narrative manner

## RESULTS AND DISCUSSION

According to Sartono (2011: 50), the term financial management can be interpreted as good fund management related to allocating funds in various forms of investment effectively as well as efforts to collect funds for financing investments or spending efficiently. Agus, Sartono. 2011. Financial Management Theory and Applications. Yogyakarta: BPFE. Venkateswaran (2014) states that there are 4 basic components of public sector financial management, namely Budgeting, Accounting, Financial Reporting and Auditing:

Budgeting is the annual financial plan of the local government, which sets operational priorities and explains how the plan will be financed. Some important things in budgeting are: First Budget Preparation. There are several steps in the budgeting process including the budget cycle, budget formulation, budget estimates, budget approval and supplementary budgets to help governments

maintain financial discipline and accountability. Second Participatory Budgeting. Participatory budgeting is a democratic process in which individuals or community members are directly involved in decisions about how to spend and determine the priorities to be implemented from the budget managed by the government. Public participation in the budgeting process can be done directly or through representatives. Third Budget Monitoring. Success in implementing finance is very dependent on monitoring, supervision and control carried out by the government which aims to find out weaknesses in financial implementation and immediately make decisions.

Accounting is the basis for documenting, classifying, and systematically managing financial information. The accounting system is used to provide complete, timely and accurate information related to what is done by the government.

According to the Financial Accounting Standards Board (FASB) the qualitative characteristics needed in good financial reporting are: Relevance in financial reporting, the information presented can be used for decision making. Faithful representation in financial reporting must reflect economic phenomena that occur or are based on the conformity between facts and information in financial reporting. Comparability in financial reporting of the quality of information makes it possible to identify similarities and differences to be used as a basis for decision making. Understandability in financial reporting is made clear and concise so that it is easy to learn and understand management activities and financial reports. Materiality Financial reporting must include all material information, both the nature and amount of goods, so that there are no misstatements that make financial reports less useful in decision making. Benefits and costs The benefits of financial reporting information must justify the availability of costs and their use in financial management. The auditing process helps ensure that in financial management there are no errors, waste, and misuse or errors in reporting.

The auditing process helps to ensure that in financial management there will be no misuse or lapses in financial reporting. In addition, public sector audits also help to ensure that entities carry out financial management according to predetermined procedures. There are several types of audits, namely A financial audit, A compliance audit, A management audit,

Mardiasmo, 2004 states that financial management is an activity in the form of administrative actions related to activities starting from the process of budget planning, storage, use, recording and monitoring of the entry and exit of money or agency funds. There are several principles that form the basis of financial management, namely the first is the principle of transparency, Article 4 paragraph (7) of the Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 13 of 2006, concerning Guidelines for Regional Financial Management, it is said that transparency is the principle of openness that allows the public to know and obtain wide access to information about regional finance. The second principle of Accountability is the obligation to provide accountability or answer and explain the performance and actions of a legal entity leading an organization to parties who have the right or have the authority to request information or accountability. The third principle is value for money, which means that it must be based on the basic



principles of budgeting, namely economy, which means selecting and using resources in a certain quantity and quality at a lower price.

The implementation of the Village Financial System (SISKEUDES) in village financial management is influenced by several factors, namely the lack of competence of village apparatus human resources. This can result from initial recruitment to payroll. In addition, facilities and infrastructure are still lacking, especially in underdeveloped areas, even though in siskeudes they must be supported with adequate facilities and infrastructure. And communication or cooperation between stakeholders, be it the village government, village officials or village community institutions.

From various literature, both from books and previous research, it explains that village financial management is influenced by several factors. Asegid (2015), states that the factors of resources (resources) and communication (communications) affect the implementation of financial management. Gatchair (2018), states that leadership has an important role in implementing financial management.

Resource factors, Asegid (2015) states that the adequacy of resources greatly influences the implementation of financial management. What is meant by resources are both human resources and financial resources. Barney (1991), classifies resources into 3 types: the first is physical resources in the form of technology and supporting equipment, the second is human resources in the form of training and education, experience and insight possessed and organizational resources (formal structure).

On the leadership factor, Stanley (2017), states that the leadership factor has a significant effect on financial management. Gatchair (2018), that leadership factors have a very important role in the implementation of financial management.

Commitment factor. Organizational commitment is an important attitude that affects performance. So that performance is affected by commitment in its implementation. Commitment factor. Furtmueller, et.al. (2011), organizational commitment is very relevant and influences financial management in both the public and private sectors.

## CONCLUSION

Implementation of the Village Financial System (Siskeudes) in the territory of Indonesia with the hope that there will be uniformity in management and the resulting financial reports. With uniformity, it will be easier to assess the quality of performance in each village and is a form of accountability by users of financial reports. In addition, villages are expected to be able to manage village finances starting from the process of budgeting, implementation, accountability and reporting of village finances to run well. Then the factors that influence the implementation of the Village Financial System (Siskeudes) such as human resources (HR) who do not understand the siskeudes application, inadequate facilities and infrastructure and applications when data input is used, reported from [www.bpkp.go.id](http://www.bpkp.go.id). In addition there are other factors such as human resources, village leadership and commitment must also be a concern for the village so that

with the implementation of the village financial system (siskeudes) financial management in the village can run well.

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