ACCOUNTABILITY OF VILLAGE FUNDS MANAGEMENT

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Abstract: This study analyzes the accountability and transparency of village funds management in Riau Province of Indonesia. In particular, it focuses on the implementation, reporting, planning, and accountability stages, to review the community participation in management of village fund and the obstacles to its implementation. Research participants were chief of the villages, village secretaries and village treasurers of coastal villages in Riau Province. There were 31 respondents. Results showed that all stages of village management were in accordance with the existing provisions. Some obstacles were found in the program implementation. These include the lack of human resources, the community participating in all the procedures and stages of the village finances, the government conducting supervision, and giving guidance through counseling and training for village officials. In further research management of village financial using Siskeudes for financial reporting.

Keywords: Allocated Village Funds, Planning, Implementation, Reporting, Accountability

One way the government shows empowerment of rural community is in the form of Allocated Village Funds (AVF) which are specifically budgeted in the Village Revenue and Expenditure Budget (VREB). Law No. 33 the year 2004 concerns the Regional Governments implementation of a decentralized system. The Central Government gives greater authority to the regions in the form of regional autonomy. This autonomy gives the regions the authority and freedom to optimally manage and utilize their resources. The granting of authority to the village government is expected to make the village an autonomous region. To create an autonomous region, budget planning is needed. This is regulated in the Government Regulation No. 60 the year 2014, concerning Village Funds. Based on the Government Regulations, the source of village funds comes from the State Budget through the District / City Regional Budgets. The Ministry of Internal Affairs Regulation No. 113 the year 2014, regulates the management of Village Funds. This process starts with planning, implementing, reporting, and finishes with accountability. This management is based on the principles of accountability, participation, and transparency. Village
fund management is one form of good governance where the pillar is accountability. Kazimoto (2013) showed management committees of village financial should be formed and informed to implement financial policies and make into consider all other finance aspects such as communication, feedback, and reporting with stakeholders.

However, based on observations and initial evaluations, there were some problems with village fund management. The village did not have an understanding of Village-Owned Enterprises. The capacity of village officials and the utilization of the village potential were still not evenly distributed. The local government had a low commitment to the village, did not facilitate nor give guidance of District and City responsibilities to the village. The village fund management scheme was not running in all districts. There was a lack of accounting knowledge about village funds for the members of the village government in the management of the village funds.

The purpose of this study was to analyze the mechanism of accountability of the village funds management in a transparent and accountable manner, to find inhibiting factors in the management of Allocated Village Funds (AVFs) and to find the benefits of AVFs in supporting development of village.

The factor of inequality in the village funds distribution was because the roles and responsibilities given by the village government were not matched by adequate human resources manpower. Also, the village did not have financial procedures and had limited facilities and infrastructure to manage its finances (Makalalag et al., 2017). The number of funds managed by government of the village had a high risk for the positions of leader, treasurer, secretary of the village government. Village organizations and village communities who are represented by the Village Consultative Body must have an understanding of the laws and other provisions (Nugroho, 2003).

LITERATURE REVIEW

Concept of Accountability

According to the National Institute of Administration and the National Development Audit Agency (2000:12), accountability is the obligation to provide accountability or answer and explain to the performance and actions of a person/leader of an organizational unit to those who have the right or the authority to ask for accountability. Accountability is important to guarantee values such as efficiency, effectiveness, reliability, and predictability. Accountability is not an abstract concept but a concrete one and must be determined by law through a very specific set of procedures regarding the problem that must be accounted for. Fikri et al. (2018) showed the strategy to realize accountability and transparency is a synergy of electronic village budgeting applications and electronic monitoring systems. Harrison (2008) showed Transparency is a practice that becomes a financial criterion, especially as it relates to auditing and controlling expansion of sub-centers.

Village Funds Management

The village is regulated by Law No. 6 (2014). This law regulates the general provisions, sources of income, the village budget, and its management and the formation of Village-Owned Enterprises. The Ministry of Internal Affairs Regulation No. 113 (2014) explains that Village Finances is the right and obligation for all villages that can be measured by money and also everything in the form of money and goods related to the implementation of village rights and obligations. Village financial revenue comes from the original village income, funds from the Government, and the results of Village-Owned business units. The implementation of local government responsibilities by the village government is to be funded from the Village Revenue, and Expenditure Budget (VREB) and the implementation of Central Government matters is organized by the village government and are funded by the National Budget.

The effectiveness of managed village funds has become an interesting topic to study. For example, Mondale et al. (2017) showed that there are supporting and inhibiting factors in the process of managing village funds in Central Aceh district. These factors include competence, quality of human resources, community participation, and supervision...
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by the Village Consultative Body. Astuti and Yulianto (2016) contended that the obstacle in the implementation of village funds management with good governance was the human resources/manpower in the village government was not competent. Hehamahua (2015) emphasized the need for intensive assistance for villages from local governments to help with accountability of the management of village funds. Fitri (2014) showed that the implementation of AVFs in Perawang Barat Village, Siak Regency, Riau Province was quite smooth. AVFs preparation involved village officials even though the goal of AVFs was not optimal.

Meanwhile, Putra (2017) found that the use of AVFs in Ujung Batu Timur Village, Ujung Batu District, Rokan Hulu Regency was not yet effective. The factors causing this was the lack of effective human resources, poor coordination of management of the AVFs between the Service of the District Government, the Village & Community Empowerment Agency, the District Governments, and the Village Governments, as well as a lack of community participation in village meetings. Thus, there are still great variations on the practice of the management of the AVFs. Further elaboration is essential to find out the main issues related to the management of AVFs. Winarsih and Dwi (2017), showed that good governance principles are needed in budgeting and the use of village funds. These include transparency, accountability, and participation.

METHOD

The approach used in this study was qualitative research. Data collection was obtained through observation, interviews, and also documentations such as data local government work plan and village revenue and expenditure budget. The validity of the data was carried out using the triangulation method. The type of triangulation used was source triangulation. Thirty-one villages were being the targets of the study in the coastal areas in the Province of Riau, Indonesia. The informants were the chief of the village, the village’s secretaries and the village’s treasurers.

RESULTS

Total informants of the study are 31. There 21 people graduated from Senior High Schools, and 10 were university graduates. Four people were chief of the village, 16 were village treasurers, and 11 were either leader or head of finance. Given the number of funds managed by the village government, there is a relatively high element of risk for the village officials. There is a high possibility of funds mismanagement. That is why the Village Council, composed of Village Officials and village communities, must have an understanding of the laws and other provisions. The legal basis for AVF was Laws No. 6 the year 2014 and No. 113 the year 2014 of Ministry of Internal Affairs concerning Village Funds Management.

Table 1 Actual Allocated Village Funds Per-Regency in Riau Province (the Year 2017)

<table>
<thead>
<tr>
<th>No</th>
<th>Regency</th>
<th>District</th>
<th>Village</th>
<th>Per Village</th>
<th>Per Regency/City (IDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bengkalis</td>
<td>8</td>
<td>136</td>
<td>720,442</td>
<td>97,980,112</td>
</tr>
<tr>
<td>2</td>
<td>Kampar</td>
<td>21</td>
<td>242</td>
<td>720,442</td>
<td>174,346,964</td>
</tr>
<tr>
<td>3</td>
<td>Pelalawan</td>
<td>12</td>
<td>104</td>
<td>720,442</td>
<td>74,925,968</td>
</tr>
<tr>
<td>4</td>
<td>Siak</td>
<td>14</td>
<td>122</td>
<td>720,442</td>
<td>87,893,924</td>
</tr>
</tbody>
</table>

Sumber: www.djpk.depkeu.go.id.

As shown in Table 1, 4 regencies in Riau Province were observed in this study, Kampar District ranked the highest with the total of AVF of IDR174.3 billion. While Pelalawan District had the lowest amount of IDR74.9 billion. Riau is a province in Indonesia which is located in the central part of the Indonesian island of Sumatra. The inequality of the distribution of village funds was mainly caused by
unmatched the roles and responsibilities of the local village government in terms of human resources. The villages did not have financial procedures and had limited facilities and infrastructure to manage the funds (Makalalag, 2017).

DISCUSSION

Allocated Village Funds Planning Stage

Allocated Village Funds (AVFs) Planning is an activity to assist development in a village. Planning for the use of AVFs is obtained through the results of the village meetings and is adjusted to the AVF figures. AVFs planning is done by capturing the aspirations and needs of the community through village elder’s meetings or village meetings. AVFs planning needs to be completed so that the use of funds can be spent more effectively, efficiently, economically, and kept on target in accordance with the principle of value for money. The planning and activities for the program are prepared through the Village Development Planning Consultation Forum. This was confirmed by an interview with the Boncah Mahang Village Secretary, Mr. YR:

“The legal basis for planning of the Village Government Work Plan was what agreed on in 2016 which later became the Village Regulation”.

The results of budget planning and programs which have been ratified by the Village Regulations will be used as the guidance on the implementation of governance in the village and its development for just one year. Thus, the agreed issues were important as they will be used as the basis for the planning of the activities. This importance was stressed by the Treasurer of Pematang Duku Timur Village, (ZEF) who said:

“In preparing the Village Government Work Plan, the things that became the priority in the Village Government Work Plan we kept for the preparation of the Village Revenue and Expenditure Budget (VREB) and then it was discussed again at the village level. We noted several things that were to be a priority in the VREB and coordi-

nated this to the village level meeting for the leaders. They checked and ascertained that the village level priorities were in accordance with the financial limits”. Haning (2018) showed many actors and multi sectors had influenced the village government when they wanted to formulate the village fund planning.

Allocated Village Funds Implementation Stage

In the implementation of AVFs, the village government officials have a very important role. As the village leaders, they should become the chief executives of the AVFs activities. The chief of the village is also a member of the implementation team along with the other village government officials. To run the project well, it is necessary to have an implementation team.

Before the Village Regulations are stipulated, there should be no expenditure on the activities in any form. This is done to avoid a cash deficit. This was confirmed by FM, the village treasurer of Mulya Subur, who stated:

“Before the Village Regulation is established, there are no activities that can be carried out by the village council”.

The use of the village budget must be regulated by the Village Regulations before the budget is used. In the implementation phase of AVFs, each village transparently provides information to the community regarding the development that has been decided. This announcement is provided by the village government and contains a schedule of physical activities to be carried out. The meeting shall produce a report containing the agreed types of activities. Haning (2018) showed the social capital weakness might reduce the success of village fund programs. To strengthen the capacity of village fund management shared knowledge, understanding, norms, rules, and expectation are needed.

Allocated Village Funds Reporting Phase

Reporting is used as an evaluation tool to see if the village finances were managed and carried out effectively, efficiently, and economically in accor-
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dance with the principle of value for money. Reporting is useful to find out whether the process of implementing the AVFs was carried out in line with the applicable regulations. There are two forms of reporting, namely periodic reports, and final reports. Reports are regularly carried out by the village treasurer and given to the chief of the village, which is carried out every month no later than the 10th days of the following month. The reports include reports on funds received and the use of funds. Whereas the final report is carried out at the end of the fiscal year and the latest is reported on December 31 of each year. This report is submitted to the Regent via the head of the District which originally comes from the head of the Village Government. This reporting is a form of accountability for all village funds. This is reinforced by the opinion of L, the Treasurer of Village K. Semundam stating that:

“Reporting is a form of accountability and reporting completes the transfer of funds received by the village treasury”.

The chief of the village is obliged to submit a budget realization report to the Regent. This is the accountability of the realization of village funds. The report contains the realization of the amount of the budget that has been used. For the second phase of fund disbursement, the first-semester report must be reported. The final report is known as the Account Realization and Accountability Report. The treasurer’s accountability report could not be given to the chief of the village if there were no funds received into the village cash account. Temenggung (2016) showed village chiefs in carrying out their authorities, duties, right and obligation in the management of village finances, that are required to report periodically (quarterly and annually).

Allocated Village Funds Accountability Stage

Allocated Village Funds Accountability is integrated with Village Revenue and Expenditure Budget (VREB) accountability. In AVFs accountability, the chief of the village is responsible and in charge of the Activity Management Team. Accountability covers all stages of AVFs management. The village related to finance must be accounted for every activity. This is done as evidence of completed activities. This was confirmed by L, the village treasurer of Mulya Subur who stated:

“Every activity in the village that is related to finance must be accounted for as evidence of having carried out the activities”.

The chief of the village presents a report on the implementation of the village government to the Village Consultative Body at the end of the fiscal year. The head of the village submits the VREB, and it is approved via the Minutes of the Village Council Meeting. This is the responsibility report of the chief of the village to the Village Consultative Body. This practice has been in accordance with the principle of transparency. Asniet al. (2013) showed the process of administering the allocation of funds is the authority of the village treasurer village of good acceptability and administering expenses. Administering the reports are recorded in a document in the form of cash book, cash book helpers.

Community participation in managing Allocated Village Funds

The community participates in every activity in the village. This participation starts from hamlet meetings until village meetings and then to the realization of the activities. The village government is transparent to manage the funds and does this in the form of publicizing activities to the community through the form of billboards. The response and reaction from the community are expected to sustain and increase village development. Ramli (2018), showed the use of village funds is very useful for the society, which can increase the development of infrastructure and village services that are held by the village. Wibisono et al. (2017) showed the stakeholder’s participation in the management of local budgeting could be seen on providing of their funding and activities through the available official institutions. Participation in arranging. Participation in arranging the budget was done through the aspiration’s hearing.
Obstacles in managing Allocated Village Funds

There is an inadequate quality of human resources in the financial sector, especially in the village council. Competencies of the human resource managers of the village finances are the major obstacle in making financial reports. The length of the process for disbursing village funds hampers the process of implementing AVFs. In the development process, there is a strong influence in terms of weather factors. To improve the skills of the community, training is needed for village officials. Good management of central government or local government, it requires many steps. Kuncoro (2015) showed they are such as improvement of public, accountability of government, and improvement of public welfare.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

In general, the management of village funds can be said to fulfill the principle of accountability. The village government also appears to have implemented good governance, and the community has access to understand how the village funds and the types of activities should be carried out. In managing the village funds, it is necessary to pay attention to and adhere to the general principles of the village funds management. That is, village funds must be managed in an orderly manner, abiding by laws and regulations, transparent, accountable and participatory by taking into account the principles of justice, propriety, and benefits for rural communities. The success of the development program can only be effective when all stakeholders participate in the program, from the beginning to the end. Village financial procedures include planning, implementing, monitoring, and reporting. Guidance and supervision from the government and the province, including the need for training of village council members and village level counseling, shall be in place. Also, supervision of financial management shall be carried out by the District inspectorate.

Recommendations

In terms of human resources, village governments in Riau Province should be able to Siskeudes (master computerization) with the village financial system to be able to run administrative and information systems.

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