

Examining Village Financial Management through the Lens of Village Officials' Perspective: Case in Penajam Paser Utara

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ABSTRACT

Purpose: To analyze the extent of management and its implementation in the field of Village financial management in realizing improved services to the community.

Design/Methodology/Approach: This type of research is descriptive qualitative. The number of informants in this research was nine people. By using data collection techniques interviews, observation, and documentation.

Findings: The research findings indicate that village financial management, as perceived by Sidorejo village officials in Penajam sub-district, Penajam Paser Utara district, exhibits well-planned initiatives and effective role fulfillment by all stakeholders. However, challenges persist primarily during the APBDes phase, where delays occur awaiting ADD priority ceiling and regulatory approvals such as PMK DD, and sub-district evaluation results. While implementation progresses smoothly overall, hurdles include slow approval of District APBD impacting village activities, regulatory delays, and uncertain weather conditions affecting project timelines. Additionally, budget discrepancies between field prices and RAB budgets pose challenges. Despite these obstacles, administrative processes function adequately, with active engagement from administrative heads who demonstrate a good understanding of their duties. Reporting mechanisms are robust, featuring progress reports and accountability measures such as APBDes implementation reporting

Keywords: *Planning; Implementation; Administration; Reporting; Village Financial Management*

INTRODUCTION

One form of village self-reliance is in the management of village finances, as mandated in the Minister of Home Affairs Regulation Number 20 of 2018 concerning Village Financial Management, which states that village financial management encompasses all activities including planning, implementation, bookkeeping, reporting, and

accountability of village finances. Village financial management must be based on the principles of transparency, accountability, and participation, and conducted in an orderly and disciplined budget manner. Adherence to these four principles in village financial management is key to the effective governance of the village, aiming to provide quality public services that are both effective and efficient to the community. Therefore, when village financial management is based on these four principles, it fosters a program of good village governance.

Village Financial Management from 2017 to early 2018 initially still utilized a manual system, and within one year of its implementation, encountered numerous issues stemming from the manual nature of village financial management. Recognizing these challenges, the Central Government initiated discourse to transition village financial management to an online-based system, aiming to streamline administrative processes effectively and efficiently.

The disbursement of Village Funds is adjusted according to the geographical conditions, population size, and mortality rates in each village. As seen over the past 3 (three) years in Penajam Paser Utara Regency, in 2021, it received a budget allocation of Rp. 38,775,111,000,-, followed by Rp. 27,029,362,000 in 2022, and Rp. 28,440,430,000 in 2023. From this data, it is evident how substantial the budget provided by the Central Government to the Village Governments for financial management in the villages of Penajam Paser Utara Regency is. This underscores the need for strengthening supervision and management of village finances. For instance, in the initial stages, financial management in Penajam Paser Utara Regency experienced delays in administrative submissions for the disbursement of Village Funds and Village Allocation Funds, resulting in a lack of budget discipline in financial governance.

The substantial budget poses a challenge for village governments to manage finances effectively, with the hope of addressing issues within the villages and providing quality public services to the community while adhering to the principles mandated by applicable regulations.

Several indications point to certain conditions, such as disbursed village budgets not translating into physical development, poor quality infrastructure, inadequate healthcare and education facilities, high levels of unemployment and poverty, insufficient clean water and sanitation, and communities receiving only partial or delayed Direct Cash Assistance (BLT) from the Village. Identification of the causes of these issues points to poor management of village finances by village officials, which negatively impacts service delivery to the community.

Administratively, village financial management must be well-organized and executed, encompassing planning, budgeting,

bookkeeping, reporting, accountability, and financial supervision processes. Empirical aspects such as the education level of village officials, the balance of budget allocations with real conditions in the village, supporting facilities for financial management, and participation and oversight from the community and relevant stakeholders must also be considered. Effective management is a form of public service by village officials to realize good, transparent, effective, efficient, clean, and accountable village governance.

Based on these issues, the researcher is interested in analyzing the extent to which financial management practices and their implementation in the field contribute to improving services to the community.

METHODS

The research conducted by the researcher is a qualitative study with a descriptive approach that reveals visible problems by obtaining facts about the perspectives of village officials in Financial Management of Sidorejo Village, Penajam Subdistrict, Penajam Paser Utara Regency. The selection of informants is based on the purposive sampling method, where the researcher independently determines the sample/informants of the study who have credibility in providing information. Thus, the informants in this study are the Village Officials of Sidorejo Village, Penajam Subdistrict, Penajam Paser Utara Regency, totaling nine individuals. This research utilizes the triangulation technique to test the validity of the data.

RESULTS

Minister of Home Affairs Regulation Number 20 of 2018 regarding Village Financial Management in Sidorejo Village

The performance of the Village Government in Financial Management in Sidorejo Village, utilizing the guidelines of Minister of Home Affairs Regulation No. 20 of 2018 concerning Village Financial Management, is quite commendable, as evident in terms of Planning, Implementation, Bookkeeping, and Accountability of village financial reports. This aspect needs to be further enhanced to achieve better performance of the Village Government in Sidorejo Village, enabling the implementation of development projects within the village. Based on research findings concerning Planning, Implementation, Bookkeeping, Accountability, and Financial Reporting, the performance of the Village Government in Sidorejo Village closely adheres to local regulations, directives from the Village Head, and decision-making processes in determining village programs prioritized by the village itself.

Village finance consists of Village Funds calculated from the Intergovernmental Transfer Fund received by the Regency,

amounting to 10% after deducting the Village Specific Allocation Fund (DAK) and other revenue sources. Village financial management encompasses the processes of Planning, Implementation, Bookkeeping, Reporting, and Accountability. All these processes are carried out by the Village Government, supported by the District Assistance Team. Moreover, the community also participates in overseeing village finances by Minister of Home Affairs Regulation No. 73 of 2020.

1. Planning

Before planning the Village Fund management, the determination of the Village Fund amount is conducted first. The determination of the Village Fund amount to be received by each village in Penajam Paser Utara Regency is based on the calculation of the Minimum Village Fund and the Proportional Village Fund. The Minimum Village Fund is the fund allocated equally to all villages in Penajam Paser Utara Regency. Meanwhile, the Proportional Village Fund is determined based on the value of the village's weight formulated by the Regency Facilitation Team and established in the Regent's Decree.

Specifically the Proportional Village Fund (DDP), is calculated by considering the population, poverty rate, area size, and geographical difficulty index of each village in Penajam Paser Utara Regency. The Minimum Village Fund constitutes 60% while the Proportional Village Fund constitutes 40%. The Proportional Village Fund calculation is based on data on population, poverty rate, area size, and geographical difficulty index sourced from relevant ministries and/or institutions responsible for statistical governance.

The planning stage of fund utilization begins with Village Development Planning Deliberations (Musrenbangdesa) involving the Village Consultative Body (BPD), Village Development Agency (LPMD), and other community leaders. The planning of Village Fund management is conducted by soliciting aspirations and needs from the community through village deliberations. Village Fund management is one of the village's revenues, the utilization of which is integrated with the Village Revenue and Expenditure Budget (APBDes). Therefore, the planning program and activities are formulated through the Village Development Planning Deliberation forum.

Before conducting the Village Development Planning Deliberations, the village government prepares the Village Development Plan (RKP) format involving the community. Subsequently, the village government compiles a list of community needs to be presented during the Village Development Planning Deliberations.

During the Village Development Planning Deliberations, the village government holds pre-meetings to generate activity programs to be

implemented. Regarding the involvement of the community in general in the Village Development Planning Deliberations, it is essential to determine whether the residents of Sidorejo village are aware that the Village Government receives funding from the Regency Government, namely the Village Fund management. After the Village Government prepares the RKP Desa format, the Village Fund activity implementation team prepares the Budget Plan (RAB) format.

Village Development Planning Deliberations (Musrenbang desa) are forums for deliberation discussing proposals for village development activities, guided by the principles of participatory development planning and transparency of the government to the community. Work programs in the field of village development implementation in Sidorejo village have been jointly agreed upon by the community, community leaders, LPMD, and BPD elements within the Village Development Planning Deliberations forum. Development proposals suggested by the residents of Sidorejo village have been implemented, with budget details based on the Budget Plan (RAB) prepared by the Activity Implementation Team (TPK) for Village Fund management.

2. Implementation

Implementation is an action or execution of a well-prepared and detailed plan. Implementation usually takes place after planning is deemed ready. In the implementation of assistance programs to the Village Government, every year the Regent of Penajam Paser Utara issues a letter regulating the implementation of a program that can assist village officials in following up on the Regent's Decision Letter of Penajam Paser Utara. Hence, the Regent of Penajam Paser Utara issued Regional Regulation Number 16 of 2021 regarding amendments to Regional Regulation Number 7 of 2019 concerning village financial management, which is distributed to all villages in Penajam Paser Utara Regency. These Technical Guidelines are intended as a guideline for Village Officials.

Regarding the implementation of Village Funds, the Village Head acts as the person responsible for managing activities funded by the Village Funds, as confirmed by the Head of Sidorejo Village, Muhaji. However, the appropriateness of Village Fund usage by the community serves as informant feedback. The implementation of Village Fund usage by the Sidorejo Village Government has received criticism from one of the residents of Hamlet I. The development carried out by the Village Government tends to prioritize certain hamlets. The community hopes that the Village Government will establish a Village-Owned Enterprise (BUMDES). In Sidorejo Village, it is evident that recording the usage of Village Funds has been done well. The utilization of Village Funds in the operational

governance sector as well as in the implementation of village development has been detailed appropriately. The usage of Village Funds aligns with existing regulations.

3. Administration

Financial Bookkeeping of the Village encompasses all financial activities conducted by the village government and executed by the Village Treasurer. This includes the bookkeeping of revenues and expenditures, as well as reporting and accountability to stakeholders. The Village Head holds the highest authority in village financial management due to their role as the head of government at the village level. In their execution, the Village Head is assisted by the Technical Implementation Team for Village Financial Management (PTPKD), appointed by the Village Head. The PTPKD or Technical Implementation Team for Village Financial Management assists the Village Head in executing financial management tasks. The Village Treasurer is responsible for receiving, storing, depositing, or paying, recording, and accounting for the village's revenue and expenditure within the framework of the Village Revenue and Expenditure Budget (APBDesa).

The Village Treasurer is required to record every receipt and expenditure, perform monthly reconciliations in an orderly manner, and be accountable through accountability reports. These reports must be submitted to the Village Head no later than the 10th day of the following month. Documents used by the Village Treasurer for financial bookkeeping include general cash books, tax auxiliary cash books, and bank books. The general cash book is used to record all financial transaction evidence of the village. The tax auxiliary cash book records transaction evidence related to tax collection and payment by the Village Treasurer. The bank book records transaction evidence related to receipts and payments through the bank.

According to Regional Regulation Number 16 of 2021 amending Regional Regulation Number 7 of 2019 concerning village financial management, the Village Treasurer must conduct bookkeeping for all receipts, storage, payments, and reconciliations under their responsibility, and perform monthly reconciliations systematically. Additionally, aside from the regulated bookkeeping steps, the Village Treasurer is obligated to systematically record all transactions, including receipts and expenditures, and maintain separate systematic records of financial transactions. Constraints experienced during village financial bookkeeping include a lack of proficiency in computer usage and the absence of training conducted by authorized parties.

4. Reporting

Reporting on activities within the Village Revenue and Expenditure Budget (APBDesa) consists of two stages. The first stage is periodic reporting, which includes reports on the implementation of fund usage made routinely every semester or 6 months, in line with disbursement stages and accountability. These reports contain the realization of village fund receipts and expenditures. The second stage is the final report on the usage of village funds, encompassing fund implementation and absorption, encountered issues, and recommendations for resolving the outcomes of village fund usage.

These two reports are prepared by the Village Head, Village Secretary, and Village Treasurer. Periodic reports and final reports on the usage of village funds must be made by the regent's regulations. The submission of reports on the realization of fund usage financed by the village fund is carried out hierarchically, starting from the Village Head to the District Assistance Team, then the District Assistance Team produces village-level reports. These reports are subsequently reported to the Regent through the BPMPDK of Penajam Paser Utara Regency as the basis for fund disbursement.

In the process of reporting the usage of village fund management, the relevant Village Head is required to submit reports on time. If these reports are not submitted on time, the Regent has the right to postpone the disbursement of funds for the next stage and reduce the funds sourced from the regency's APBD for the following year by the evaluation of the regency control team and the district facilitation team formed by the regent's decision. Implementing the reporting process as stipulated in the regent's regulations, the researcher conducted a study on the reporting process carried out by the village government in Sidorejo Village in implementing village fund management reporting. The reporting of fund usage is carried out in two stages: the first semester and the second semester. Based on interview results, the first stage of reporting, namely the periodic report, is carried out in January and submitted no later than the end of June to the BPMDK and BPKD for fund disbursement. Furthermore, the final report is carried out in August and submitted no later than January. However, before being received by the BPMDK and BPKD, these reports are verified by the district assistance team, as stated by the head of the finance and asset section of the village PMD office of Penajam Paser Utara Regency.

5. Accountability

The accountability of village fund management is integrated with the accountability of the Village Revenue and Expenditure Budget (APBDesa). Therefore, this accountability is the accountability of APBDesa. This accountability is presented in the form of the Village

Government Administration Report (LPPD) at the end of each year. The format of the village government administration report refers to Minister of Home Affairs Regulation Number 20 of 2018 concerning village financial management and Regional Regulation Number 16 of 2021 amending Regional Regulation Number 7 of 2019 concerning village financial management. The technical guidelines for creating the Accountability Report are stipulated in Regional Regulation Number 16 of 2021 amending Regional Regulation Number 7 of 2019 concerning village financial management issued by the Regent of Penajam Paser Utara. Additionally, the reality in Sidorejo village indicates that the preparation of the accountability report is considered satisfactory.

DISCUSSION

Planning

Based on interviews and direct observations conducted, it was found that the planning for the use of village funds in Sidorejo Village, Penajam District, Penajam Paser Utara Regency, has been carried out by applicable regulations. This can be seen from the alignment between the planning conducted and the preparation of activity plans regulated in Regional Regulation Number 16 of 2021 amending Regional Regulation Number 7 of 2019 concerning village financial management. However, there are still difficulties in the waiting stages for the budget and the regency-level priority regulations for the General Allocation Fund (ADD), and Village Allocation Fund (DD), and waiting for the results of district evaluations.

Implementation

From the results of interviews and direct observations, it was found that the planning for the use of village funds in Sidorejo Village, Penajam District, Penajam Paser Utara Regency, has been carried out quite well. However, there are constraints in the implementation of development activities from the perspective of village finances. These constraints include the slow approval of the Regency Budget (APBD), which impacts the implementation of activities in the village government, as well as the delay in existing regulations or regency regulations. Furthermore, the implementation is often hindered by timing and unpredictable weather conditions. Additionally, there is a mismatch between the budget in the field and the budget in the Detailed Budget Plan (RAB).

Administration

Based on the interview results, the administration conducted by the Sidorejo village government, specifically by the Village Financial Management Task Implementer (PTPKD), is by Minister of Home

Affairs Regulation Number 20 of 2018 concerning village financial management and Regional Regulation Number 16 of 2021 amending Regional Regulation Number 7 of 2019 concerning village financial management.

Reporting

Based on the interview results, the reporting of village fund usage consists of periodic reports and final reports. The process of creating periodic and final reports is similar but differs in the attachments to the report. However, the progress in reporting has been quite good. In each implementation report, the financial books consisting of the general cash book, cash assistant book, bank assistant book, activity assistant cash book, tax assistant cash book, advance assistant cash book, expenditure SPP register, and receipt payment register are reported monthly to the village secretary and village head.

Accountability

The purpose of creating the Accountability Report is to ensure that every activity carried out by the Village Government is based on established rules and does not deviate. This is also a form of transparency of the Village Government to the community. The accountability of village financial management from the perspective of Sidorejo village apparatus is considered quite good and responsible. The accountability is demonstrated by reporting the implementation of the APBDesa for the first and second semesters of the year to the regent through the sub-district head no later than the 10th of the following month and copying to the DPMD. The accountability conducted by relevant parties is by expectations, and any discrepancies are rectified and accounted for.

Constraints in Village Fund Management

In managing village finances in Sidorejo village, there are certainly inhibiting factors. This cannot be denied, as in every activity there are hindering factors. Based on the analysis results, the inhibiting factors in village fund planning include delays in waiting for the budget allocation (Pagu) and regency-level priority regulations for the General Allocation Fund (ADD), Village Fund Allocation (PMK DD), and waiting for the results of district evaluations, which consume considerable time. Additionally, assistance for the Physical Activity Detailed Budget Plan (RAB) from the Sub-district Public Works Unit (UPT PU) is another hindering factor. Furthermore, inhibiting factors during implementation include unpredictable natural conditions. Planned activities may encounter obstacles due to unforeseen circumstances, such as natural disasters, unpredictable weather, and varying environmental conditions, requiring additional budget allocation to carry out government programs or activities.

Constraints encountered in the field, based on interview results, mostly revolve around timing issues in implementing development projects in the village and discrepancies between the budget allocated and the RAB. Moreover, slow approval of the Regency Budget (APBD) has implications for the implementation of activities in the village government, as well as delays in existing regulations or regency regulations.

CONCLUSION

From the research findings, data presentation, and discussions, several conclusions can be drawn as follows:

1. Financial management planning from the perspective of Sidorejo village apparatus has been well implemented. All involved parties have fulfilled their roles effectively. However, there are still challenges in the APBDes stage, particularly in waiting for the budget allocation (Pagu) and regency-level priority regulations for the General Allocation Fund (ADD), Village Fund Allocation (PMK DD), and waiting for the results of district evaluations.
2. Financial management implementation from the perspective of Sidorejo village apparatus has partially progressed well. Community contributions to village development are quite participatory. However, there are obstacles in terms of village financial management, such as the slow approval of the Regency Budget (APBD), which affects activities in the village government. Additionally, delays in regulations or regency regulations often hinder implementation due to timing issues and unpredictable weather. Furthermore, there are discrepancies between the budget allocated and the Detailed Budget Plan (RAB).
3. Financial management administration from the perspective of Sidorejo village apparatus has been fairly successful. Involved parties such as sub-district officers are actively engaged in administration and have a good understanding of their duties, as they adhere to guidelines outlined in Minister of Home Affairs Regulation No. 20 of 2018 on village financial management and Regent Regulation No. 16 of 2021, which amends Regent Regulation No. 7 of 2019 on village financial management.
4. Financial management reporting from the perspective of Sidorejo village apparatus has been quite good. Progress reports are regularly produced, detailing accounting records such as general cash books, cash assistant books, bank assistant books, activity assistant cash books, tax assistant cash books, advance assistant cash books, outgoing payment warrants, and payment receipt registers. These reports are submitted monthly to the village secretary and village head.
5. Accountability in village financial management from the perspective of Sidorejo village apparatus is adequate. Accountability is demonstrated by reporting on the implementation

of the APBDes for the first and second semesters of the year to the regent through the sub-district head, no later than the 10th month following the reporting period, with copies sent to the Regional Planning and Development Agency (DPMD). Any discrepancies are addressed promptly, and those responsible are held accountable for rectifying them.

The management of Village Funds in empowering the rural community in Sidorejo Village is expected to be more transparent regarding the use of village finances by providing access for the community to know the realization of the Village Budget (APBDesa), which leads to public interests. This is necessary as a form of community oversight over the village government's financial management. The village government must be able to encourage community participation by opening up space for the community to participate. This can be done by opening dialogue forums between the village government and the community or by collaborating with other community institutions to establish communication with the community. These means, indirectly, can stimulate community participation in expressing their aspirations. The village government should have transparency in terms of being accountable for the use of the General Allocation Fund (ADD) to the village community. This can be done by writing and posting the use of ADD funds on the village notice board because the community also has the right to know the use of ADD funds.

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