



## Analysis of Transparency and Accountability of Village Fund Management in Bengkalis Sub-district

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### ARTICLE INFORMATION

### ABSTRACT

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The existence of village autonomy makes villages free to manage their own household, including in the case of village financial management. The amount of funds obtained by the village demands the village government to be able to manage its finances well, because based on the Minister of Home Affairs regulation no 113 2014 village finances are managed on the basis of transparent, accountable, participatory principles and carried out in an orderly and disciplined budget. The purpose of this study is to determine the level of Transparency and Accountability and how the management of village finances in the district Bengkalis. This research was conducted in Bengkalis District with total 28 villages using Mixed research method. The population in this study were 28 villages and using the Saturated sampling technique. The results of this study indicate that the level of Transparency and Accountability for each Financial Management Stage from Planning, Implementation, Administration, Reporting and Accountability is at the lowest value of 86.64% to 100%, meaning that in managing the financial village of Bengkalis Sub-district has fulfilled the Principle of Transparency and Accountability. Meanwhile, qualitatively there are various obstacles in each stage, ranging from regulatory changes, natural constraints, quality of human resources, even until the delay. However, the local government continues to improve this condition by always providing assistance to the village government, one of which is in the form of training so that village officials as the spearhead of village finance managers have good capacity so that they can manage the village finances well and expected to give a significant impact to the welfare of rural communities.

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## **INTRODUCTION**

In 2014, the 6th President of the Republic Indonesia, Susilo Bambang Yudhoyono, passed Law No. 6 of 2014 on Village. Which contains the rules and authority given to the village. Villages are given the opportunity to take care of governance as well as carry out development to improve the welfare of rural communities. In line with that President Joko Widodo designed the Nine Agenda Priority or called the Nawacita which on the third point mentioned that the government is determined to build Indonesia from the periphery by strengthening the regions and villages within the framework of the unitary state.

The enactment of Law Number 6 Year 2014 About the Village, the administration of village government experienced some changes to its implementation. The enactment of this Law establishes the existence of the village as a subject in development. The law encourages communities to build and manage villages independently. For that, every village will get funds through the State Budget (*APBN*) with a very significant amount.

The amount of village funds that will be received every village throughout Indonesia raises concerns for many parties. There is potential for mismanagement of village funds from abuses, implementation, administration, accountability, and reporting. Therefore, in the framework of governance in the village, it requires transparency, accountability, and participation, both on financial, performance, and compliance with laws and regulations.

This year, villages in each province will potentially manage the budget of the Indonesian Rupiah. Thus, Village Governments should be able to apply the principles of accountability, effectiveness and efficiency in governance, especially in managing the Village Funds to be accountable to the public and avoiding potential budget misuse. The potential for the emergence of fraud in the implementation of the Village Fund policy is possible if not balanced with good managerial skills and strict supervision.

Bengkalis District itself gets the Village Fund (DD) from the State Budget (*APBN*) of Rp. 110 billion, In addition to funds from the above *APBN*, the village also received funds from the *APBD* which in 2017 amounted to Rp. 254 billion. So if it's calculated, Bengkalis District will manage the

Village Fund either sourced from *APBN* & *APBD* Rp. 364 b. The funds will be fully managed by the village government for the infrastructure sector and community empowerment. Transparency and accountability are crucial to financial management in every organization, Transparency is an organization's efforts to openly provide material and relevant information that is accessible and understandable to the use of interests. While the accountability and obligations of the organization to provide accountability or answer and explain the performance and actions of a person leader a unique organization to the party who has the right or authorized to hold accountable. For the realization of transparency and accountability must be supported by a good financial management and reporting system in order to produce relevant information and easily understood by stakeholders.

Some of the issues concerning the management of village finances are: First, the slow liquefaction process caused by the tortuous bureaucracy. As a result, the effectiveness of village funds in mobilizing the village economy has not been optimal. Second, the conditions of village governance vary greatly from the very least to the already relatively advanced. Inequality also occurs in the availability of village facilities and infrastructure in addition to the diversity of social and cultural conditions of rural communities. This has an impact on the level of accountability and effectiveness of administrative management and financial reporting. Thirdly, the village does not have the necessary procedures to ensure orderly administration and financial management. There are still villages that have not prepared the Realization Report of *APBDes* Semester in accordance with the provisions. Fourth, the quality of village human resources in general is very limited. As a result, villages have not been able to produce good planning documents and reports of effective and accountable use of funds.

In general, village financial management is in accordance with the Principles of Transparency and Accountability, but there are some obstacles. This research is the development of some research. In this research the authors do the development of some research above by using mixed method research methods that combine descriptive and qualitative approach Quantitative. The selection of this method is expected to produce more

comprehensive facts in researching the research problem

Based on the problems and the above description, the authors are interested in conducting research entitled "Analysis of Transparency and Accountability of Village Fund Management in Bengkalis Sub-district" in which the results are expected to provide additional material for the evaluation of effective, transparent, accountable and participatory village financial management mandate of the law.

## **LITERATURE REVIEW**

### **Agency Theory**

Agency theory concerns the contractual relationship between two parties namely principal and agent. Agency theory discusses the agency relationships in which a particular party (principal) delegates work to another party (agent) who does the work. The agency theory sees that local governments as the agent for the society (principal) will act with full awareness for their own interests and see that local government cannot be trusted to act best for the benefit of society. Agency Theory assumes that there is much information asymmetry between the agents (government) that has direct access to information with the principal (community). The existence of this asymmetry information that allows the occurrence of fraud or corruption by the agent. Consequently, local governments should be able to increase accountability for their performance as a mechanism of checks and balances in order to reduce information asymmetry. Based on the Agency theory, local government management should be supervised to ensure that the management is carried out in full compliance with applicable laws and regulations. With the increased accountability of local government, the information received by the community becomes more balanced against the local government, which means that information asymmetry can be reduced. As the information diminishes asymmetry the possibility of corruption also becomes smaller.

### **Stewardship theory**

Another theory underlying this research is part of the agency theory of stewardship theory, which describes a situation in which management is not motivated by individual goals but rather aimed at their primary outcome goal for the benefit of the

organization. The consideration of using stewardship theory in relation to the problem in this research is that management as stewards believes that organization management as "stewards" will act with full awareness, wisdom and prudence for the benefit of the organization. This study discusses good village quality management practices, the village government acts as stewards, the recipient of the trust provides useful information for the organization and users of government financial information, either directly or indirectly through its representatives.

The implications of the stewardship theory of this research can explain the existence of the Village Government (steward) as a trustworthy institution and act in accordance with the public interest by performing its duties and functions appropriately for the welfare of society (principal). The village government performs its duties in making financial accountability in the form of an accountable and transparent presentation of financial statements in accordance with the characteristics of the financial statements (relevant, reliable, comprehensible and comparable).

### **Accountability Theory**

According to the Minister of Home Affairs Decree No. 113 of 2014, village finances are managed on a transparent, accountable, participatory basis and are conducted in an orderly and disciplined manner. The principle of public accountability is a measure that shows how much the level of service conformity with the size of the values or external norms owned by stakeholders with an interest in the service.

Accountability can be defined as the obligations of individuals or authorities entrusted with managing the public and related resources. In relation to the accountability of village financial management can be interpreted as the embodiment of the village head's responsibility to account for the management of village finances entrusted to him the order of achieving the objectives that have been established through the media of accountability periodically.

### **Transparency**

Transparency of public finance management is a principle of good governance that must be met by public sector organizations. According to Mardiasmo, transparency means the government's

openness in providing information related to public management activities to those who need information. The Government is obliged to provide financial information and other information that will be used for decision making by interested parties.

Transparency will ultimately create horizontal accountability between local governments and communities to create clean, effective, efficient, accountable and responsive local governments. Transparency is a principle that guarantees access or freedom for everyone to obtain information about governance, i.e. information on the policy making process and its implementation as well as the results achieved.

### **Framework**

Based on Law No. 6 of 2014 on the Village that there are several sources of village income, among others, sourced from APBD and APBN. Since the disbursement of the Village Fund sourced from the state budget then the village government will manage the Billions of Rupiah Budget. In addition, based on *Permendagri* 113 of 2014 on the Implementing Regulations of Law No. 6 of 2014 that village finances are managed by principles such as Transparent, Accountable and Participatory Principles.

Bengkalis Regency which is one of the autonomous regions in Riau Province that has also channeled the Village Fund Allocation (ADD) sourced from the APBD and the Village Fund sourced from the APBN to all villages located in the Bengkalis area. ADD and DD are one of the village finance instruments that are expected to carry out village development and the local government's commitment to strengthen the village as an autonomous region. So please know the transparency and accountability of its management.

### **METHODS**

Based on the nature and purpose of the study and viewed from the object used, then this research is included in the type of Mixed Methods Research is a study that combines or combine qualitative and quantitative research approach according to Creswell (2014: 5) mix-methods is a research approach that combines or associates qualitative and quantitative forms, this method focuses on collecting and analyzing data and combining quantitative and qualitative data. Based on this, the

purpose of this mixed research method is to find better results of research compared to using only one approach, for example using a quantitative approach only or with a qualitative approach only). By using this method will be obtained data that is quantitative and qualitative.

The reason for choosing this method is to generate more comprehensive facts in researching the research problem, since the researcher has the freedom to use all data collection tools according to the type of data required. In quantitative approach of sample selection by using saturated sampling method, data source used is primary data by using research questionnaire, while for qualitative approach used by interview method, documentation and observation. Informants selected with criteria that understand village financial management as well as directly involved. The method of analysis used is content analysis. This method is part of the text and language analysis method used to analyze the interview data from the interview. The next step is data analysis activities consist of: data reduction, data display and conclusion are done interactively to produce a good conclusion.

### **Findings and Argument**

According to the Minister of Home Affairs Regulation No. 113 of 2014 on the management of village finances, there are at least 5 indicators of successful management of village finances, consisting of planning, implementation, administration, reporting and accountability to measure the level of accountability of village financial management, the five items must exist. Here are the results of research for the five items

### **Planning**

From the results of the questionnaires that have been distributed, the percentage of planning accountability is 100%. In this case accountability of village fund planning is said to be very good. Based on the results of interviews related to planning with various informants all the processes in the management of village finances both from the Village Fund and Allocation of village funds must all be subject to the rule of *permendagri* no 113 of 2014 on Village Financial Management while ensuring the participation of various elements of society, this regulation of the planning process begins with the process of deliberation of

development planning by applying participatory principles.

However, based on the results of Documentation and Observation found something a little different, for the year 2018 musrenbang slightly changed in its mechanism, village musrenbang no longer held at the beginning of the year. This is in line with the Minister of Home Affairs Regulation No. 86 of 2017 on Procedures for Planning, Control and Evaluation of Regional Development and Minister of Home Affairs Regulation 114 of 2014 on the guidelines of village development that musrenbangdes held in June.

Based on the results of interviews with informants in the Village Empowerment Office, it is known that this change has been long since the legalization of Permendagri 114 years 2014 on the village development guidelines which is a change of permendagri 66 of 2007, will remain Bengkalis Regency just applied it because Bapeda has designed accordingly with permendagri 66 year 2007, where planning starts at the beginning of January, so DPMD can only follow, while continuing to socialize. In addition, the existence of simultaneous village head election held in 96 villages in Bengkalis Regency in 2017 is also a constraint in the implementation of this latest regulation

Meanwhile, Based on Field Observations at the Bengkalis District Musrenbang event held on Thursday 8 February 2018, it is known that for the Process of Planning and Budgeting there are three things that have changed. (1) Regarding the Musrenbang schedule that is no longer held at the beginning of the year. (2) The main subject of the mind of the Regional People's Representative Council (*DPRD*) becomes part of the RKPD document submitted in writing later to the local government of Bengkalis Regency (3) The discussion phase at the district level will be done longer and more detail

The existence of this musrenbang is a manifestation of the existence of Participatory Principles in the village's financial planning process, which was attended by *BPD*, village apparatus, institutions, community leaders and community representatives. With this involvement is expected what the community proposed. At the musrenbang event each participant will be given a document that contains all the planned activities to be carried out in the future. The existence of this

means that in addition to participatory. The principle of transparency is also done by the village government.

### **Implementation**

Quantitatively the level of Transparency Implementation Phase is at 86.64% in this case the village is able to carry out the planned program with very transparent and accountable. At this stage of implementation, the most important thing is the existence of Transparency.

Based on the results of the interviews it is known that all villages are obliged to provide information in the form of information boards about APB Desa, on this information board Village government must show details about its managed fund. In addition to the Development Program, all physical activities must be accompanied by information boards of activities posted in the location of activities. The information boards contain at least the name of the activity, the volume of activities, the amount of the budget, and the timing of the activity.

Based on the results of documentation and observations in the field that in general in Bengkalis District alone almost every village has put up *baliho - baliho* about APB Desa, as well as for various types of physical development, there is already a board information. So that every society can see details of funds managed by the village.

By definition transparent is a principle of openness that allows the public to know and get access to information as widely as possible about village finances. Principles that open themselves to the right of the people to obtain correct, honest, and non-discriminatory information about the administration of village government with due regard to the provisions of legislation. So that is said to be transparent does not mean open clear, there are still rules. it can not be in Pungkiri that during this process of implementation, there are still constraints faced by the village government. However, the Bengkalis Regency Government continues to improve all these obstacles. Various steps taken by the government, among others, with the village assistance program and with the training

### **Administration**

Quantitatively the percentage level of Transparency and Accountability at the stages of Administration reaches 100%. in this case the

village is able to implement the administration of village funds that are managed very transparently and accountably. According to *Permendagri* 113 Year 2014 Administration of Village Finance is a recording activity that is mainly done by the Village Treasurer. Documents used by the Village Treasurer in carrying out the administration include: General Cash Book, Bank Book Aid Book.

Based on the results of interviews that the administration undertaken by the village treasurer is assisted by village counselors or accounting personnel. They will create a kind of program from Microsoft Excel that is deliberately made easily. So that every village bendara able to operate it well. Meanwhile, from the field observation that the Office of Community Empowerment and Village demands the whole process of village financial management including one of which is the administration must use the Village Financial System Application (*Siskeudes*)

Although the management system of village financial management conducted by the Village Treasurer has been in accordance with the demands of *permendagri* 113 of 2014, still there is still to be fixed one of them is related to cash closing registration. The Office of Community and Village Empowerment continues to improve the system of Administration through various trainings on Application of village financial system. In order for the village's financial management to be better and meet the Accountable Principles.

### Reporting

Quantitatively the percentage level of reporting accountability is 100%. Thus, in this case the village apparatus represented by the village head has been instrumental in reporting the use of village funds to stakeholders in a highly transparent and accountable manner.

In *APB* for the village, there are at least five sources of funds managed by the Village Government: Village Fund Allocation, Village Funds, P3ID, Profit Sharing Funds and Levies, and Provincial Relief Funds. In the case of the realization report the village government will make a general budget realization report containing the five sources of funds but for P3ID and the Village Fund there is a separate report that must also be reported because the source of this fund has its own rules.

Based on the results of interviews and documentation that the existence of Village Financial System Application (*Siskeudes*) has provided ease in the reporting process, yet some villages admit *masi* not too understand this application, to ensure every village treasurer can use this system Bengkalis District Government Through Related Institutions have often Training, for now from 136 villages in Bengkalis District, almost all villages have used it. Only the remaining 6 villages that *masi* not yet use this system.

Use of this village financial system application is a demand from the KPK, so that all villages must have used this system, in the case of *masi* existence of the village using the manual system DMPD *masi* accept the file, but *masi* retained.

### Accountability

Quantitatively, the percentage accountability level of Village Finance Accountability reaches 99.71%. in this case the village apparatus represented by the village head has played a role in accountability for the use of village funds in a highly transparent and accountable manner.

Based on the results of interviews and documentation In terms of accountability, the implementation of *APBDes* Bengkalis district has largely met the theory of accountability. This is supported by implementation in the field which shows that all the money spent has been accounted for physically, although from the administrative side has not been completely perfect. However, efforts to learn, improvement, and improvements from the administration side continue to be done to perfection. The weakness of human resources becomes the main obstacle in the effort to improve administrative accountability of *APBDes*.

By doing so the principle of accountability will gradually support the community's confidence in the implementation of village development which will eventually reach the level of participation of the villagers who will cultivate the success of the success of regional development. From the results of the entire series of research ranging from interviews, documentation and Obersevation can be summarized that the village financial management system in the District Bengkalis already transparency and accountable, although not perfect. It is therefore necessary to make continuous improvement while still adjusting

the situation and conditions and the development of applicable legislation.

## CONCLUSIONS

### Quantitative Results

From the research questionnaires that have been disseminated it can be seen that the level of Transparency and Accountability of Village Financial Management in Bengkalis District is in the range of 86.64% to 100%. If in detail then for the planning level is at 100%, Implementation 86.64%, Administration 100%, 100% Reporting, and 100% Accountability. This means that the management of village finances quantitatively has been properly implemented and in accordance with existing regulations. In this case *Permendagri* No. 113 of 2014 on the management of village finances.

### Qualitative Results

#### Planning.

The planning phase of village financial management in Bengkalis district. The concept has already been done by the principle of participatory and transparency. One form of the existence of this participative principle is the Development Planning which in practice has involved stakeholder in the village. However, regulatory changes also resulted in the village apparatus being slightly confused. In fact, the old rules are still in place where the planning process begins in January of the current year. The new regulations have only been implemented starting in 2017 even though the latest regulation has been in effect since 2015. The mechanisms of both ADD and DD planning remain the same that distinguishes only on the source of funding tupoksi.

#### Implementation.

In general, the implementation phase has been well implemented in this case by the Implementing Team. At this stage of implementation, one of the demands of the Government and the public is the existence of Transparency. The transparency principle has been well implemented, evident in every village has put up banner containing details of *APBDes*, as well as in development project also equipped with information board activity.

#### Administration.

In general the administration system of village financial management conducted by the Village Treasurer has been in accordance with the demands of *Permendagri* 113 2014. Although there is still many problems that must be fixed one of them is related to cash closing registration. The existence of a good system of administration ultimately also affects good financial management.

#### Reporting.

In terms of Reporting, every village has done well, every village has fulfilled the demands of the regulations. Especially for funds sourced from the Center (Village Fund) then there is a separate report. In general, the reporting system has been good, but one obstacle is the village apparatus does not understand about the financial report. However, the government through the DPMD continues to make improvements for the creation of good village financial management in accordance with the mandate of the law

#### Accountability.

Accountability is a manifestation of accountability. In general the system of accountability of the implementation of *APBDes* in Bengkalis district has applied the principle of accountability although not perfect, especially in terms of system of administration of financial accountability *APBDes*.

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