



Research Paper

Measurement of Village Fund Responsibility Effectiveness through Analysis of Village Study Financial Statements

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ABSTRACT: Village governments in Indonesia are required to be able to apply the principle of accountability in its implementation, where all the end of the activities of implementing village government must be accountable to the village community in accordance with the provisions. In terms of village financial responsibility, the village government is obliged to prepare a Village Budget Realization Report and a Village Budget Realization Accountability Report. This study aims to measure the effectiveness of accountability for village funds and is carried out by calculating the ratio of the level of decentralization of village funds, the ratio of dependency on village funds and the ratio of the effectiveness of capital spending. This type of research is descriptive exploratory and the data used is secondary data. Of the 15 villages in Cibungbunglang District, Bogor City, West Java Province. The research was conducted in only three villages, namely Girmulya Village, Ciaruteun Udik Village and Cimanggu Dua Village. The results of this study show that the three villages are seen from the decentralization ratio, the level of independence is very low with an instructive relationship pattern, the ratio of regional / village financial dependence is very high, where in service activities the source of funds is very dependent on assistance from the center, province and district. There has been no effort to reduce dependence on assistance (transfers) from the central as well as provincial and district levels. The Capital Expenditure Effectiveness Ratio in the three villages in service activities to the community in the field of capital expenditure (infrastructure) is in a fairly good category, but for Ciaruteun Udik Village it has decreased every year and in 2019 it experienced the lowest even point. although still in the pretty good category. Village-owned companies (BUMDes) that are formed in each village have not yet contributed to Village Original Income for the capital investment provided. To improve this condition requires cooperation, coordination and control of the central and local governments.

KEYWORDS: village funds, Capital Expenditure Effectiveness Ratio, Village Original Income

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I. INTRODUCTION

The Government of the Republic of Indonesia provides opportunities for rural communities that all interests and needs can be better accommodated through the ratification of Law Number 6 of 2014 [1] concerning Villages, so that it is possible for villages to take care of their own governance and equitable development implementation is expected to improve welfare and the quality of life of rural communities, so that problems such as inequality between regions, poverty and other socio-cultural problems can be minimized. With this opportunity, the village government is required to be more independent in managing the government and its various natural resources, including the management of finances and assets belonging to the village.

Regulations provide a basis for increasingly autonomous villages in practice, not just normative ones. With the authority to manage village finances [3] and the allocation of village funds [4], the village should be more transparent and responsible for the financial management process so that with this autonomous right it is hoped that the village can manage its finances independently, both managing income and managing the expenditures that have been set.

The Village has Income from Village Original Income and Transfer Income in the form of Village Fund Allocation; Share of Regency / City Taxes and Levies; and Financial Assistance from the Provincial / Regency / City Regional Expenditure Budget which is received by the village [1], of course, accompanied by a large amount. The village government must be able to apply the principle of accountability in its governance, where all end-of-the-day village governance activities must be accountable to the village community in

accordance with the provisions. In terms of village finance responsibilities, the village government is obliged to prepare a Village Budget Implementation Realization Report and Village Budget Implementation Accountability Report. Allocation of village funds must be managed independently to have a positive impact on both the village government and the community [5]

Indicators to measure the effectiveness of village fund accountability are carried out by calculating the Ratio of Village Fund Decentralization Degree, Village Fund Dependency Ratio and Capital Expenditure Effectiveness Ratio [6]. According to the Decree of the Indonesian Minister of Home Affairs number 20 of 2018 [3] Village Budget Realization Report and notes on financial reports, activity realization reports, and lists of sectoral programs, regional programs and other programs that enter the Village.

Cibungbulang District is one of the Districts in the West region of Bogor Regency, West Java Province, Indonesia, with an area of 3,266,158 Ha and administratively consists of 15 villages including one of the West Bogor development areas with an Accelerated Zone development strategy which is expected to be able to implement village financial management accordingly. with the Minister of Home Affairs and the law.

Some of the problems that are a phenomenon related to village financial management in Cibungbulang District, Bogor Regency are that there has never been an analysis of the realization of village fund management to meet the improvement of community welfare, especially supporting basic services such as infrastructure, education, and health and not yet ready human resources and other infrastructure with computer-based technology in facing public demands for transparency, accountability for financial management performance based on the concept of value for money to lead to good governance.

This research is the result of the development of a training that was conducted by a member of the researchers in Lembata District, East Nusa Tenggara Province in 2014 related to the improvement of indigenous areas. Studies on the implementation of Law [1] to achieve accountability in village financial management have been carried out [7] and [8] show that the principles of transparency, participation and accountability have worked well, only the expertise of Human Resources in making reports is still inadequate so that guidance from local government.

Although this research has been conducted, the problems that exist in each village are certainly different. This research, apart from looking at the implementation of Law [1], also wants to know the effectiveness of the accountability of Village funds in Cibungbulang District when measured by the Decentralization Degree Ratio, the Regional / Village Dependency Ratio and the Capital Expenditure Effectiveness Ratio.

II. LITERATURE RESEARCH

Village is defined as a legal community unit that has territorial boundaries and is authorized to regulate and administer government affairs, the interests of the local community based on community initiatives, rights of origin, and / or traditional rights that are recognized and respected in the government system of the Republic of Indonesia. Meanwhile, the definition of Village Government is the implementation of government affairs and the interests of the local community in the government system of the Unitary State of the Republic of Indonesia. The village government is obliged to carry out financial management in an orderly manner and in accordance with the provisions, therefore the village government needs to formulate various regulations, both in the form of village regulations regarding the allocation, use, and monitoring and evaluation of the funds allocated in the Village Budget.

According to the Decree of the Minister of Home Affairs of Indonesia [3] regarding village financial management, it consists of: a). Village Income and Expenditure Realization Report; and notes to financial statements., b). Report on the realization of activities and c) List of sectoral programs, regional programs and other programs that enter the Village. It is argued [9] Financial analysis is the process of observing indexes related to accounting for financial statements such as balance sheets, income statements, and cash flow reports with the aim of assessing the financial performance of a company. This analysis is used to provide an overview of information about the company's financial position and performance that can be used as a guide in making decisions in the future. Financial report analysis ratios are needed to be able to provide information on decision-making considerations through measurement by utilizing financial report data and information in evaluating performance in public sector institutions, especially in the government sector (central government, regional government and village government) [6], states that in conducting analysis Financial ratios are measured for performance, including the Decentralization Degree Ratio, the Regional / Village Dependency Ratio, and the Capital Expenditure Effectiveness Ratio.

The ratio of the degree of decentralization describes the ability of the original income in the context of village decentralization to the total village income as a measure of village autonomy. The higher this ratio, the lower the level of dependence on external assistance (especially the central, provincial / district governments) the lower, and vice versa.

The ratio of village financial dependence illustrates the dependence of village funds on all income earned in order to support the realization of village autonomy. The higher the dependency ratio for village funds, the higher the level of dependence on external assistance (especially the central government, district provinces), and vice versa.

Capital Expenditure Effectiveness Ratio illustrates the level of effectiveness of capital spending compared to the total expenditure issued. The higher the Capital Expenditure Effectivity Ratio, the higher the village government provides services to the community in the field of infrastructure (roads, buildings, irrigation canals, computer bridges, operational vehicles and other supporting facilities) and vice versa.

III. METHOD OF ANALYSIS

This type of research uses exploratory descriptive and the data used in this research is secondary data obtained from documents in the form of financial reports for 3 years, from 2017 to 2019. The research was conducted in three villages namely Girimulya, Cimanggu Dua and Ciaruteun Udik villages. in the Cibungbulang Subdistrict, Bogor Regency, West Java Province, Indonesia.

The analytical method used is financial ratio analysis which consists of:

a.
$$\text{Decentralization Degree Ratio} = \frac{\text{Village original income}}{\text{total village income}} \times 100\%$$

b.
$$\text{Regional Dependency Ratio} = \frac{\text{Transfer income}}{\text{total village income}} \times 100\%$$

c.
$$\text{Capital Expenditure Effectiveness Ratio} = \frac{\text{Capital Expenditure}}{\text{Total Expenditure}} \times 100\%$$

Table of effectiveness of degree of decentralization and independence of regions (villages)

No.	Information	Size
1	<10 %	very
2	10 % - 25 %	low
3	26 % - 45 %	moderate
4	46 % - 60 %	enough
5	> 60 %	high

Table categorization value of effectiveness

No.	Information	Size
1	100 %	very effective
2	90 % - 99 %	effective enough
3	75 % - 89 %	less effective
4	60 % - 74 %	ineffective
5	< 60 %	very ineffective

Table of village financial conditions and dependency ratios

No.	Dependency Ratio	Condition
1	0 -10 %	Very low
2	> 10 % - 20 %	Low
3	> 20 % - 30 %	Moderate
4	> 30 % - 40 %	Enough
5	> 40 % - 50 %	High
6	> 50 %	Lofty

IV. FINDINGS AND RESULTS

Each year the village government budget is accumulated to see the amount of funds received and disbursed for the needs of the village government and also for regional development, both in terms of income and expenditure. The description of this income can be seen from the village's original income and the balance (transfer) funds received. For the description of expenditures, it can be seen from operating expenditures, capital

expenditures, and unexpected expenditures, so that from there it can be seen the surplus or deficit of the village government budget each year.

The following is the Budget Realization Report in the village of Girimulya:

Description	Realization / year (Rp)		
	2017	2018	2019
INCOME			
Village Original Income	48,720	-	-
Transfer Income	448,519,623	1,701,581,861	2,091,573, 867
Total income	448,568,343	1,701,581,861	2,091,573, 867
EXPENDITURE			
Operations Shopping	207,743,812	1,121,081,861	859,991,638
Capital Expenditure Total	290,796,532	518,500,000	1,231,581,450
Expenditure	498,540,344	1,639,581,861	2,091,573,088
Surplus / deficit		62,026,192	779
Financing			
Use of SILPA		12,000,000)	
Equity capital		50,000,000	0
Financing		62,000,000	0

From the Budget Realization report in Girimulya village, in 2017 all income was used for capital expenditure, while in 2018 the surplus was IDR 62,026,192 which was used as capital participation of IDR 50,000,000. 2019 can be said to be breaking even.

The following is the Budget Realization Report in Ciaruteun Udik Village:

Description	Realization / year (Rp)		
	2017	2018	2019
INCOME			
Village Original Income	2,372,208,432	1,841,530,546	2,342,678,667
Transfer Income	2,372,208,432	1,841,530,546	2,342,678,667
Total income			
EXPENDITURE			
Operations Shopping	872,936,000	911,416,000	1,350,113,667
Capital Expenditure Total	1,547,497,000	843,110,000	937,220,000
Expenditure	2,420,233,000	1,754,526,000	2,287,333,667
Surplus / deficit	(48,024,568)	87,004,546	55,345,000
Financing			
Use of SILPA	50,489,432	(4,546)	31,655,000
Equity capital		87,000,000	87,000,000
Financing	50,,489,000	87,000,000	87,000,000

From the Budget Realization report in Ciaruteun Udik village, 2017 experienced a deficit, while in 2018 the surplus was IDR 87,004,456 which was used for capital participation of IDR 87,000,000. In 2019 there was also a surplus which was used as capital participation for local BUMDes.

The following is the Budget Realization Report in Cimanggu Dua Village:

Description	Realization / year (Rp)		
	2017	2018	2019
INCOME			
Village Original Income	448,179		
Transfer Income	2,055,891,517	1,778,753,553	2,172,030,618
Total income	2,056,339,696	1,778,753,553	2,172,030,618
EXPENDITURE			
Operations Shopping	1,043,142,562	751,164,955	1,297,330,504
Capital Expenditure Total	1,025,479,955	937,588,598	790,699,442
Expenditure	2,068,622,517	1,678,753,553	2,082,029,946
Surplus / deficit	(12,282,821)	10,000,000	90,000,672
Financing			
Use of SILPA	12,282,821	(10,000,000)	9,999,328
Equity capital			100,000,000
Financing	12,282,821	(10,000,000)	(90,000,672)

From the Budget Realization report in Cimanggu Dua village, in 2017 it experienced a deficit, a deficit of IDR 12,282,821, while in 2018 the surplus was IDR 10,000,000 and in 2019 the surplus was used as capital participation for local BUMDes.

From the Budget Realization Report above, financial performance measurements are carried out to see the effectiveness of accountability in the three villages through the Decentralization Degree Ratio, Regional / Village Dependency Ratio, Regional Independence Ratio and Capital Expenditure Effectiveness Ratio. The results of the overall ratio analysis for Girimulya, Ciaruteun Udik and Cimanggu Dua villages can be seen in the table below.

No	Village Name / Ratio	2017 (%)	2018 (%)	2019 (%)
1	Giri Mulya Village			
	Decentralization Degree Ratio	0.01	0	0
	Regional Dependency Ratio	99.99	100	100
	Capital Expenditure Effectiveness Ratio	58.3	32.6	58.8
2	Ciaruteun Udik Village			
	Decentralization Degree Ratio	0	0	0
	Regional Dependency Ratio	100	100	100
	Capital Expenditure Effectiveness Ratio	63.9	48.1	41.0
3	Cimanggu Dua Village			
	Decentralization Degree Ratio	0.02	0	0
	Regional Dependency Ratio	99.98	100	100
	Capital Expenditure Effectiveness Ratio	49.6	55.9	38.0

Based on the results of the degree of decentralization ratio, it is clear that in the three villages above the level of independence is very low where the value is zero with the pattern of instructive relationships. There is a very large difference between the amount of central, provincial and district assistance funds compared to the Village Original Revenue for regional autonomy. Large amounts of assistance from the central, provincial and district levels are not followed by the amount of Original Income, this condition is in accordance with Farida's research [10], analysis of the 2019 Subang Regency regional government financial statements, that the financial performance of the Subang Regency government in 2014 - 2017 is the ratio of independence low.

The ratio of regional dependence on the three villages in service activities for the community, the source of the funds is very dependent on assistance from the central, provincial and district levels. There has been no effort to reduce dependence on assistance (transfers) from the central or provincial and district levels in the analysis of the Indonesian Ministry of Home Affairs' research development team in providing services to the community, which is very high dependence on funding sources.

The ratio of the effectiveness of capital expenditures in the three villages in service activities to the community in the field of capital expenditures (instructors) ranged from 32% to 63.9% in the analysis of the

Ministry of Home Affairs' libang team in the quite good category (30% to 60%) but for Ciaruteun Udik Village decreases every year and in 2019 it has experienced its lowest point even though it is still in a pretty good category. The results of this study are different from Research [11] in villages in Deli Serdang Regency, North Sumatra that financial management tends to be still inefficient, while [12] from the results of his research in Lambean Village, Kintamani District, Bangli Regency, the allocation of village funds has shown effective results.

The following table is Village Capital Inclusion for BumDes and contributions to Village Original Income (IDR) :

No	Village Name	Equity participation in BUMDes			Contribution to Village Original Income		
		2017	2018	2019	2017	2018	2019
1	Giri Mulya	0	50.000.000	0	0	0	0
2	Ciaruteun Udik	0	87.000.000	87.000.000	0	0	0
3	Cimanggu Dua	0	0	100.000.000	0	0	0

From the table above, it can be seen that the BUMDes that were formed have not contributed to the village's original income for the capital participation provided, this can also be seen from the income and expenditure realization reports in Girimulya village in 2018 and 2019, in Ciaruteun Udik village in 2018 and 2019 and in Cimanggu Dua village in 2019. Based on the data above, it is clear that in the three villages in service activities to the community, the source of funds is very dependent on assistance from the central, provincial and district levels. There has been no effort to reduce dependence on assistance (transfers) from the center as well as provinces and districts.

V. CONCLUSION

Based on the research results, in financing village expenditures for community service activities, it is still very dependent on assistance from higher levels of government, namely the central, provincial and district governments. This is not in line with the purpose of regional autonomy (decentralization), which is to optimize the potential of the village to obtain Village Original Income. As for BUMDes, they have not contributed to the Village Original Income for the provided capital, this can be seen from the results of the analysis:

- a) In terms of the degree of rural finance decentralization ratio and village financial dependency ratio, it is known that in providing services to the community, funds still rely heavily on balancing funds / transfer funds from higher institutions (central government, provincial government, and district / city governments and do not exist yet). efforts to optimize while natural resources and human resources have the potential to increase village original income.
- b) In terms of the effectiveness ratio of capital expenditures, it is generally implemented with a range of 32.6% to 63.9% (in the Ministry of Home Affairs R&D it is categorized as quite good).
- c) The BUMdes that was formed have not contributed to the Village Original Income for the capital participation provided (according to an explanation from the village apparatus, the capital participation provided by the village is mostly for revolving funds)

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