

Analysis of Financial Management of Kembang Village in Simalungun Regency

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ABSTRACT

The objective of this study is to analyze how the local government, particularly the administration of Kembang Village, manages village funds and financial assets. This study employs a qualitative research approach. The research subjects include ten individuals: the Village Head, Village Secretary, Village Treasurer, Hamlet Head, Neighborhood/Community Unit Leaders (RT/RW), Community Leaders, and local community members. Data collection methods in this study consist of observations, interviews, and document analysis. The findings indicate that the Kembang Village government manages finances effectively, adhering to the principles of transparency and high community participation. Additionally, several factors hinder the management of village assets.

Keywords: Village, Financial Management

INTRODUCTION

Law of the Republic of Indonesia Number 6 of 2014 concerning Villages is a product of the reform era which is an early form of Village independence in organizing Government and in managing Village finances. Given that the funds received by the Village are quite large and continue to increase every year in accordance with the budgeted budget. On this basis, in organizing Government and Village Financial Management, the capacity of Village Apparatus is needed who have knowledge and are reliable as well as adequate facilities and infrastructure so that its implementation becomes more focused. All activities involved in village financial management include planning, implementation, administration, reporting, and accountability for the use of these funds. The budget or costs used for village development are very large. Therefore, the central government provides or transfers significant funds to each village every year. It is hoped that with this finance, the village government can progress and fulfill facilities and infrastructure that are not yet owned. The health of the village community is greatly influenced by village funds, especially with the formation of the law on villages.

The establishment of Law Number 6 of 2014 concerning villages provides new hope for village communities as a whole, with several objectives including improving public services to improve the welfare of village communities. Villages have the authority to regulate and supervise the needs of their citizens in all matters, such as services, regulations, and community empowerment. Village government is very much needed in various aspects of community life. New innovations and rapid attention to village facilities are also needed to ensure complete development.

The village serves as one of the spearheads of government organizations and contributes to the success of government tasks that were originally under the central government. This is based on collaboration between village officials and the community, which allows them to run government programs quickly and cooperatively. The government is confident that the planned

programs will be successful because the village community is strong. In accordance with the mandate of Law Number 6 of 2014 concerning Villages, villages are given the authority to organize government, development, community development, and empowerment. Because village officials are directly related to the people, they face many challenges when carrying out village government functions.

At this time, the village government is very important to support all initiatives aimed at developing the village. With the Village Law, villages are given power as community governments and are given the authority to build infrastructure and empower their communities. With the Village Law, more government funds will be transferred to the village level. However, in order for the impact of the policy to be right on target and felt by the village community, this policy must be accompanied by transparent and accountable village financial management. The amount of funds that will be received by the village will improve the welfare of the village community and encourage development progress. On the other hand, accountable and transparent village financial management must also be followed by technical regulations (Halim & Kusufi, 2016).

In village financial management in Negeri Dolok, Silau Kahean, Simalungun, North Sumatra. Silau Kahean District provides funds to each of its villages in 2019. These funds range from 135 million rupiah (one hundred thirty five million rupiah) to 140 million rupiah (one hundred forty million rupiah) per year, all of which have been included in the village apparatus budget (Village Financial Manager, 2023). After Law number 6 of 2014 was issued, the position of the village government became stronger because the village government was better able to prioritize the needs of the community than the district government, which had more complex problems. Thus, the rural development carried out must meet the problems faced, as well as community participation by using the resources needed to design and build the economy they have, and utilizing existing economic potential to improve community welfare. Considering this phenomenon, the main objective of this study is to determine how the use of village fund allocations impacts community welfare in Kembang Village, Negeri Dolok, Silau Kahean, Simalungun, North Sumatra. This study will also investigate how the implementation of the 2019 village fund allocation program has an impact on improving community welfare in Kembang Village, Negeri Dolok, Silau Kahean, Simalungun, North Sumatra. This study aims to analyze financial management in Kembang Village, Simalungun Regency.

METHODS

This study uses a qualitative research approach. The aim is to gain a better understanding of the Management of Village Fund Allocation (ADD) and Village Wealth in Kembang Village. The name "Kembang" is a substitute name used, in connection with a request from the village apparatus to disguise the identity of the village. The informants in this study were 10 people, including the following: 1. Head of Kembang Village 2. Secretary of Kembang Village 3. Treasurer of Kembang Village 4. Head of BPD Kembang Village 5. Head of Hamlet 6. 2 Community Leaders 7. two Community Members.

Data analysis is carried out in two stages: 1. Data Collection: Data collected from informants through interviews, observations, or documentation are combined into research notes consisting of two aspects: descriptive notes, which are natural notes that include what is heard,

experienced, recorded, seen, and felt without any response from the researcher. 2. Data Reduction: The process of simplifying, abstracting, and transforming raw data derived from written reports in the field is known as data reduction. 3. Data Presentation: Data presentation helps researchers see the results of the study. The large amount of data obtained can make it difficult for researchers to describe the results of the study and the process of drawing conclusions.

RESULTS AND DISCUSSION

Results

Kembang Village Financial Manager

According to Law No. 6 of 2014 concerning Villages, village finances include all village rights and obligations that can be assessed monetarily as well as everything related to the implementation of village rights and obligations. Villages also have the responsibility to generate income, expenditure, and financing, all of which need to be properly regulated by village financial management. This management includes planning, operations, reporting, and accountability. It lasts for one budget year, from January 1 to December 31.

Each step in village financial management has rules that must be understood and implemented within a specified time limit. Village financial management activities must be carried out properly if they have adequate financial systems and procedures and competent and qualified human resources. According to Permendagri Number 20 of 2018, the basic principles of village financial management are transparency, accountability, participation, and budget oversight.

Planning

To prepare the APBDes, the village head, who is also the head of Kembang village, must follow the village's Medium-Term Development Plan (RPJM). RPJM ensures that development is carried out in accordance with the decisions of the deliberation, so that development can be carried out in accordance with the initial planning. To encourage the progress of a village, village financial management is very important, which includes the planning process, implementation, report management, and responsibility. In accordance with government regulations stipulated in Law Number 6 of 2014 concerning Villages, management is based on the amount of village funds received by each Regency, especially in Kembang Village. The Sub-district Assistance Team assists the village government in carrying out its duties properly. In addition, the community is involved in supervising the distribution of village funds. Village financial management is managed by a team of holders and those in charge. This team consists of the village head, who is responsible for the use and expenditure of village funds, and also represents the village government in the ownership of village assets.

Furthermore, the Village Head is assisted by the Village Financial Technical Implementer (PTKD), consisting of the Village Secretary, Section Head, and Village Treasurer. The task of the Village Secretary is to prepare written evidence of village financial management, and the task of the treasurer is to receive, store, deposit, pay, administer, and account for recipients of village income and expenditure in the context of implementing the Village Budget. Based on findings made with the Village Secretary regarding the management of finances and

assets of Kembang Village, "Village fund management in 2023 begins with planning carried out in 2022 when preparing the Village Government Work Plan (RPKDes), then in December 2022 a follow-up is carried out by preparing the Village Revenue and Expenditure Budget (APBDes), which is always carried out at the end of 2022." The RPKDes has set many work programs, but some cannot be implemented due to minor or major obstacles. As a result of the interview with the Head of Kembang Village, he explained, "Of the several programs that have been approved in 2022 to be implemented in 2023, there are several work programs that cannot be implemented due to insufficient financial conditions."

The work program that is implemented must be carried out every day because it is a priority and mandatory. Work programs that are not implemented are usually small work programs that are carried out every weekend to provide training, teach MSMEs, and so on. From the results of the interview with the Head of Kembang Village regarding the implementation of the work program that has been determined in the preparation of the RPKDes which consists of 5 fields where there is a work program that is not implemented due to the lack of village financial budget. This is because the Village Head prioritizes urgent and priority work programs to be implemented first.

Village finances are all village rights and obligations in the implementation of village governance that can be assessed monetarily. This is included in the village development deliberation that has been approved. One of the policies of the Kembang Village government is to utilize Village Original Income (PAD) to manage village finances. Kembang Village PAD is used to sell rice produced by the village community. However, PAD cannot be used for village government operations, so the village still depends on assistance from the Simalungun Regency government.

The management of village expenditure financing is carried out in the Village Budget which is prepared together with village institutions consisting of elements of the Village government, BPD, community leaders, women leaders, religious leaders and farmer elements who have received approval from participants in the Village Development Planning Meeting or the community as stipulated in the minutes of the 2022 Village Development Planning Meeting. The financing of all development implementation is managed by the village treasurer and technical team. The technical team consists of; (1) the Government Activity Implementation Team; and (2) the Community Empowerment Activity Implementation Team. After the Village RKP is ratified, the next step is to prepare the Village Budget. The Village Budget is the village government's annual financial plan which aims to organize programs and activities owned by the village. The Village Budget is an abbreviation for the Village Revenue and Expenditure Budget. All village officials in Kembang Village participate in the process of preparing the Village Budget through the BPD. To ensure the smooth running of the budget management process, the Kembang Village government is currently preparing village regulations related to the Village Revenue and Expenditure Budget (APBDes).

This draft regulation is submitted by the Village Head to the Village Consultative Body (BPD) to be discussed and to obtain mutual agreement. In this process, the draft that has been prepared is accompanied by a submission note from the Village Head before being discussed by the BPD and the village government. After reaching an agreement, the BPD issues a decision to determine the draft as the valid APBDes. The ratification of the draft APBDes must be carried

out by considering the timeliness of its preparation, where the maximum limit for determination is one month after the Regency Revenue and Expenditure Budget (APBD) is determined. The document is submitted to the Regent or Mayor through the sub-district head within a maximum of three working days after being agreed upon with the BPD and determined by the Village Head. Evaluation of this draft is carried out by considering its suitability with the public interest and applicable laws and regulations.

In the administrative aspect, the management of the Village Budget covers four main aspects, namely administration, legality, policy, and budget structure. Each of these aspects has an important role in ensuring that the management of the village budget runs in accordance with the established rules. As a form of compliance with applicable regulations, the Village Regulation on the Village Budget must be ratified no later than December 31 of the current budget year. Thus, all stages in the preparation and determination of the Village Budget are expected to support transparency and effectiveness of village financial management.

Implementation

The Village Head and Activity Implementation Team are fully responsible for the implementation of activities funded by the 2022 Village Budget. For the current budget year, the village head is responsible for creating and disseminating village community empowerment programs and informing the community about the amount of the Village Revenue and Expenditure Budget (APBDes). After that, in the Musrenbangdes activity involving various stakeholders in Kembang Village, including the Village Consultative Body (BPD), community organizations, PKK groups, and community leaders, it was decided to realize the previously prepared plan. The decisions taken in the Musrenbangdes become the basis for the Village Government and BPD in preparing the Village Government Work Plan (RKPDs), which is then designed as a village regulation related to the Village Revenue and Expenditure Budget (APBDes).

After the planning stage, the implementing team is responsible for preparing the Budget Plan (RAB) to support various village development and community empowerment programs based on the established Village Budget (APBDes). Based on the results of an interview with the Village Secretary, he explained that the budget approval process for the implementation of the annual program will involve village officials and community leaders before the draft budget is submitted in the Village Budget (APBDes). The Village Secretary emphasized that his role is limited to verifying the RAB, while its ratification is the authority of the Village Head with the support of the Head of Public Welfare Affairs (Kaur Kesra). With this mechanism, it is hoped that every village development program can run transparently and in accordance with the needs of the community. Every Village Government activity related to preparation for implementation requires training from the sub-district support group.

Through socialization and coaching to the village, the assistance team at the sub-district level needs to continue to monitor the implementation of activities and assess all the required requirements. The process of disbursing ADD and DD requires these requirements. If the required requirements have been met, funds can be disbursed to ensure that the activity plan that has been prepared can be implemented immediately, efficiently and on time. There should be a principle of transparency and accountability in the implementation of the budget sourced from

the Village Government's APBDes. In the implementation of programs funded or sourced from the APBDes, in accordance with the Simalungun Regent's Regulation, the village government must provide information so that the community can understand the activities funded by ADD and DD listed in the APBDes. At the Kembang Village Office, banners related to certain activities are installed to increase the transparency of information provided to the community. Banners must at least show the name of the activity, the amount, the total budget from the APBDes and community contributions, and the date of implementation. According to the results of an interview with the village secretary, "The village government will make banners at events and village offices as information that the activities come from the APBDes budget."

In addition, as part of the socialization to explain where the budget is allocated, one of the community members who attended the meeting or deliberation as an informant was also told: "When an activity is going to be carried out, there is a banner placed in the village hall so that the community gets information about the budget. The banner in the village office shows this. There are four pillars in village financial management: transparency, accountability, participation, and orderly and disciplined budget. The village government can be considered accountable if they implement transparency and participate in the financial management of Kembang Village. This is shown by the fact that the Kembang Village community is actively involved in the implementation of budgeted activities and that all programs, both those that have been planned and those that are in the planning process, are available to the public. Village community empowerment, village community development, and village government are formed through the preparation of the Draft Budget Plan (RAB).

Administration

The village head appoints a village treasurer to handle financial matters in the administration process, which includes recording all money received and spent in a budget supervised by the Village Budget. Based on the financial transactions that occur, the Village Treasurer must record all receipts and expenditures systematically and chronologically, and regularly close the books at the end of each month. Receiving, storing, depositing, or paying as well as administering and being responsible for village income and expenditure in the implementation of the Village Budget is carried out by the Village Treasurer. This can be proven through an interview conducted with the Village Secretary at the village office: "In the administration process, it is the responsibility of the treasurer. Every money that comes in and out goes through the treasurer who is approved by the village head."

In addition to the village secretary, the researcher also conducted interviews with the village treasurer to obtain more valid information. "The administration process is indeed my job as the village treasurer, so my job is to record in detail every finance received and disbursed in the bookkeeping which will later be evaluated at the end of each year to be used as accountability for the use of the budget for one year". Based on the Regulation of the Minister of Home Affairs No. 20 of 2018, the village treasurer is obliged to be accountable for financial management through recording in the general cash book, tax assistant cash book, and bank book. This financial report must be submitted to the Village Head every month, no later than the 10th of the following month.

The Kembang Village Government runs an administration and financial reporting system in accordance with applicable regulations, with each transaction supported by valid evidence. The village treasurer is responsible for recording all receipts and expenditures of funds based on valid transaction evidence. In this process, there are several main stages, namely: first, each activity implementer is required to submit an activity report to the village treasurer. Furthermore, the village treasurer is responsible for managing the records by documenting all financial transactions that occur in accordance with each ongoing activity. Third, the village treasurer is obliged to prepare an accountability report to the Village Head regarding all receipts and expenditures of village funds. Fourth, in addition to recording cash receipts, the finance department also documents contributions in the form of goods and the presence of workers in mutual cooperation activities as part of the accountability report. With this system, it is hoped that transparency and accountability in village financial management can continue to be maintained.

Reporting and Accountability

The village head has the primary responsibility in reporting village financial management, including the tasks, authorities, rights, and obligations carried out. This financial report must be submitted periodically, either in the form of a semester or annual report, to the Regent and the Village Consultative Body (BPD). Several types of reports that must be prepared include: First, a report on the realization of the implementation of the Village Revenue and Expenditure Budget (APBDes) which is prepared in two stages, namely the first semester report which must be submitted no later than the end of July of the current year, and the second semester report which must be reported no later than the end of January of the following year.

Second, the accountability report related to the realization of the Village Budget is submitted to the Regent or Mayor through the sub-district head at the end of the budget year. This report includes details regarding income, expenditure, and financing that must be in accordance with applicable village regulations. In addition, the accountability report on the implementation of the Village Budget is made in the form of a Village Regulation approved by the village government and the BPD. Then, through the sub-district head, the report is sent to the regent or mayor as part of the village government implementation report. Based on the Regulation of the Minister of Home Affairs (Permendagri) No. 113 of 2014 Article 41, this report must be submitted no later than one month after the end of the budget year. Similar reports must also be provided to the BPD periodically as a form of transparency regarding the use of the Village Budget that has been stipulated in the Village Regulation.

The APBDes realization accountability report consists of several main components, namely the current year budget realization report, the village wealth report as of December 31 of the current budget year, and the report on central and regional government programs that have entered the village. Unlike other draft village regulations, the draft village regulation on APBDes realization accountability does not require evaluation as in the APBDes determination process. Based on Permendagri No. 20 of 2018, the technical instructions in the Village Regulation only allow four types of draft village regulations that must be evaluated by the Regent or Mayor through the sub-district head, namely those related to the APBDes, village levies, spatial planning, and village government organization. In accordance with Government Regulation No.

43 of 2014 Article 51, all village financial reports must be submitted in writing to the BPD no later than the end of the financial year.

Village financial supervision at the reporting and accountability stage must be carried out based on the principles of accountability and budget order to ensure transparency and effectiveness in the use of village funds. Reporting on financial management in Kembang Village must be carried out in accordance with applicable regulations and follow the stages set out in Permendagri Number 20 of 2018. This process includes systematic recording and submission of reports to the authorities in accordance with the specified time limit. Village financial reports include budget realization reports, accountability reports, and reports on the use of funds sourced from the central and regional governments. Based on Permendagri No. 20 of 2014, the Village Head must submit a Report on the Realization of the Implementation of the Village Budget to the Regent or Mayor through the sub-district head. The first semester report must be submitted no later than the end of July of the current budget year, while the final semester report must be submitted no later than the end of January of the following budget year. Reporting is carried out in a structured manner and follows the existing hierarchy. The Village Head, as the party responsible for implementing activities, will first submit a report to the Assistance Team at the sub-district level.

Next, the team is tasked with compiling a report based on data from the village to then be forwarded to the Regent or Mayor. Kembang Village implements this reporting mechanism by following the stages that have been set and in accordance with applicable regulations. This is in accordance with what one informant said when interviewed, who stated, "For the reporting stage of the use of Village finances used and how much balance is left and will be returned to the state treasury." Realization reports, which are usually referred to as "first semester reports" and "second semester reports", are made twice a year with a calculation of every six months. The first semester report must be submitted no later than the end of July, and the second semester report no later than January of the following year. The accountability of Kembang Village is in line with the accountability of the Village Budget.

Reporting is carried out in stages, where the village head as the activity organizer submits a report to the accompanying team at the sub-district level, which then summarizes the report based on information collected from the village before being forwarded to the regent or mayor. Kembang Village carries out this procedure in accordance with the steps that have been determined and complies with applicable regulations. This is in line with the results of the interview with the village secretary regarding the accountability aspect. Meanwhile, Randubango Village is required to prepare an SPP first before receiving funds for procurement or program implementation needs. After the funds are received, the village must prepare an SPJ (Accountability Letter) as a form of financial report. With this mechanism, the use of funds cannot be carried out carelessly without an official accountability document.

Discussion

The results of the study show that the management of village finances and assets in Kembang Village, Simalungun Regency, has generally been implemented well, one of which is through the flow of funds involving the wider community. Management itself can be interpreted as a series of steps or efforts carried out by a group of individuals to complete various tasks in

order to achieve a specific goal. Several basic principles in village financial management that must be applied so that this process runs well and achieves the goals of village government include: (1) Transparency; (2) Accountability; (3) Participation; (4) Compliance and Discipline towards the budget (Aulia, 2019).

The Kembang Village apparatus has used principles to manage village wealth and funds with the community. This can be seen from the banners that are always installed at every event that uses village funds. In addition, the village apparatus always involves community groups to determine and plan important activities that must be carried out by the village community. Thus, residents can find out what activities have not been carried out. The village apparatus said that the activity could not be carried out because the funds received were insufficient. The village head then decided not to do it. To prepare a work program with village funds from the government, the village apparatus can use this evaluation material.

According to the Regulation of the Minister of Home Affairs of the Republic of Indonesia Number 113 of 2014, village financial management includes all activities related to village finances, including planning, implementation, administration, reporting, and accountability. Village financial management is carried out openly, accountably, and involves community participation, while the budget is regulated regularly and responsibly. At the planning and budget preparation stage, the village government must involve the community through the Village Consultative Body (BPD) so that the planned work programs and activities can cover the needs and interests of the village community, and are in accordance with the potential of the village. As a financial manager, the village government must have the ability to record or at least document every financial transaction.

CONCLUSION

Based on the descriptions and discussions of the research results, the following conclusions can be drawn:

1. Village financial management in Kembang Village has been implemented well, although there are still some aspects that need to be improved. The principles of transparency and community participation in this village have been implemented well in accordance with the provisions of Permendagri No. 20 of 2018.
2. The research findings show that financial management has a positive impact on the management of village wealth allocation and assets owned by the village.

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