

## **Evaluation of Village Financial Management Implementation Based on Law Number 6 of 2014 in the Context of Realizing Good Governance Government in Maluku Village, East Amurang Sub district, South Minahasa.**

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**Abstract:** This study aims to evaluate the implementation of village financial management based on Law Number 6 of 2014 and Minister of Home Affairs Regulation Number 20 of 2018 in the context of the realization of Good Governance Government (GGG) in Maluku Village, East Amurang Sub district, South Minahasa Regency. This study uses a qualitative method that will explain the various data obtained by the researchers, through informants, in this case the village government officials and the Village Consultative Body, as well as community leaders in the village. Completing the information from the research informant taking administrative data related to the use of village funds for village community development. The results of the study state that the role of the government in implementing Village Financial Management is quite good because it is in accordance with the stages of budget implementation regulated in Law Number 6 of 2014 and Minister of Home Affairs Regulation Number 20 of 2018, namely starting from the planning stage, budget implementation, up to the preparation of financial reports in the framework of accountability, it has shown the implementation of GGG principles.

**Keywords:** Village Financial Management, Good Governance Government

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### **I. Preliminary**

Reforms in economic development carried out by the government in the last few years have focused on development both physically and non-physically in every village in the territory of the Republic of Indonesia. The reform in the economic sector in rural areas is that the central and regional governments entrust directly to the village government by involving the village community to carry out various development activities that have been programmed by the village. Development activities in each of these villages receive village funding assistance from the central and regional governments. The implementation of development in every village that uses village fund assistance has been regulated in the management of village finances in Law Number 6 of 2014 and Home Affairs Regulation Number 113 of 2014 which was updated in Home Affairs Regulation Number 20 of 2018 concerning management of village finances.

Village financial management plays an important role in providing rural infrastructure services and is involved in poverty reduction activities, social welfare, basic education, and public health. Therefore, government administration and village development must be able to accommodate the aspirations of the community and realize the active role of the community to participate in the development of life together as villagers.

In terms of the realization of village financial management, it is technically carried out based on the implementation stages starting from the village development planning which is collectively based on the hamlet plan, and then this plan is proposed through the existing sub-district, district, provincial and central governments for approval. Then at the stage of realization of the village budget it is important to have documents and the division of duties and responsibilities of the village government by forming a drafting team for the Village Medium-Term Development (*RPJMN-Des*) and Local Government Work Plans (*RKP-Des*) for the current budget year, as well as Village Consultative Board (*BPD*) and there are community groups that oversee the implementation of village builders. Then the final stage is the preparation of village reporting which is manual or using the Village Financial System (technology-based).

In the implementation of the financial management village can be said not everything is going well because there are village governments that do not have enough human resources to carry out and finance administration village, so that the management of village finances administration is not in accordance with the regulations. And it can be seen that there are still problems in the management of village wealth that have not been maintained.

The implementation of good village financial management is to show the embodiment of the Good Governance Government (GGG) where the principles of GGG include transparency and accountability in village financial management.

The village of Maluku, which is the object of research, is one of the recipients of village fund assistance, therefore to find out the implementation of village financial management it is very important to evaluate village financial management starting from the planning or budgeting process starting from the hamlet plan then the village plan involving the village executive, BPD, the Community Planning agency as the village development planning agency, as well as community elements involved in supervision, where development planning is carried out through village deliberation forums. Furthermore, at the implementation stage of the village budget, evaluating the completeness of administration and the results of the village development, also at the stage of preparing the accountability report based on existing documents such as *RKP-Des*, Village Income and Expenditure Budget (*APB-Des*), Reports per Semester and Annual Reports. In addition, evaluating the presidential instruction on the use of part of the village budget during the Covid-19 pandemic has been implemented.

## **II. Methods**

This research was conducted in Maluku Village, East Amurang Sub district, South Minahasa Regency, with the object of research at the Maluku Village office. This research will use qualitative approach that was realized on the phenomenon and logically explored in accordance with the provisions of the science. This study uses a case study developed, among others, Yin (1986) and Dr. Boy as well as Moleong. This approach explains (explanatory) how the implementation of village financial management based on Law Number 6 of 2014 and Home Affairs Regulation Number 20 of 2018, for the sake of realizing GGG in using village funds. As for the type of data, primary data are obtained from the results of interviews with informants in this case village government officials and community leaders related to the management of village fund assistance. And as secondary data are existing documents such as *RKP-Des*, the Draft of *APB-Des* and its elaboration, *APB-Des* and their elaborations, Semester Reports, Annual Reports (*LKP* Village Head). Also related literature according to the research title. The following are the stages of the research.

1. Carrying out direct observations of the performance of the village government.
2. Conducting interviews with informants related to research.
3. Observing documents at the village office.
4. Seeing firsthand results of physical development.
5. Analyzing primary and secondary data using check matrix analysis.

## **III. Results And Discussion**

With the implementation of Law Number 6 of 2014 concerning villages, Home Affairs Regulation Number 20 of 2018 concerning village financial management is issued. For this reason, research in Maluku Village, East Amurang Sub district, South Minahasa Regency, is to analyze the principles in Article 2 paragraph 1, namely the principles of transparency, accountability, participation, and is carried out in an orderly manner and budget discipline. In terms of the implementation of all these principles in the management of village funds, a village financial management system is needed with implementation stages in accordance with established regulations so that everything goes well and the achievement of the goal of using aid funds for development is realized.

The implementation of village financial management in physical and non-physical development needs to be evaluated by means of surveys or research, and through research to obtain information about the real conditions that exist in these villages. Based on this information, various aspects of village development can be continuously improved and developed. In conducting the research, the research team interviewed several village officials who represented the entire village apparatus because they were obstructed by the social restrictions that were applied in the area which was caused by the COVID-19 pandemic. At the time of the research, the village head was still an official while waiting for a decision from the district government to hold a definitive old law election.

Based on the data obtained by the researcher, it can be stated about how village financial management in Maluku Village through the following analysis. The following is an evaluation of financial management in Maluku Village.

a. Implementation of Maluku Village Financial Management Based on Home Affairs Regulation Number 20 of 2018.

Based on Home Affairs Regulation Number 20 of 2018, village financial management includes 5 stages, namely planning, implementation, administration, reporting and accountability.

- Planning Stage

The Maluku Village Government has prepared a village development plan in accordance with its duties and authorities by still paying attention to the development plan for South Maluku Regency. The following is a description of the evaluation at the planning stage by the Maluku Village Government from the results of a direct interview with the Village Secretary.

The flow in the preparation of the development design in Maluku Village is as follows.

- Preparation of a Village Development Budget begins with a Hamlet Deliberation consisting of the hamlet heads and community leaders in the hamlet, to discuss budget requirements for physical and non-physical development in the hamlet.
- The results of each Hamlet Deliberation on the Development Program are submitted to the Village Head through the village secretary.
- The results of the village deliberations are forwarded by the village head to the BPD as the Village Deliberation organizing team as data to be discussed in the village deliberations after the DPD receives the annual work report.
- The results of the village deliberations are stated in the minutes which form the basis for the preparation of the village regulation on the Village Medium Term Development Plan.
- After the Village Medium Term Development Plan Village Regulations (*Perdes*) was issued, the village government prepared a *RKP-Des* which was stipulated by the *Perdes* as the basis for the *APB-Des*. After everything was finalized about the preparation of the *RKP-Des* by the team, the village head submitted it to the Sub district through the head of Sub district.

| No. | Criteria  | Y | T | Information |
|-----|---|---|---|-------------|
| 1   | Has the Village Secretary drafted a village regulation on <i>APB-Des</i> based on the <i>RKP-Des</i> ?                                  | √ |   |             |
| 2   | Has the Village Secretary submitted the Draft Village Regulation ( <i>Raperdes</i> ) of <i>APB-Des</i> to the Village Head              | √ |   |             |
| 3   | Has the Village Head conveyed the <i>Raperdes</i> of <i>APB-Des</i> to the BPD for further discussion?                                  | √ |   |             |
| 4   | Has the <i>Raperdes</i> of <i>APB-Des</i> been mutually agreed upon?  | √ |   |             |
| 5   | Has the agreed <i>Raperdes</i> of <i>APB-Des</i> been submitted to the Regent for evaluation?   | √ |   |             |
| 6   | Have the results of the evaluation been followed up and corrected by the village head to become a Village Regulation ( <i>Perdes</i> )? | √ |   |             |

• Implementation Stage

In the implementation of the village budget that has been previously determined, transactions, both revenue and expenditure, arise. All receipts and expenses must be a dissertation with complete and valid evidence. The Maluku Village Government has fulfilled this mechanism with complete documents and proof of transactions.

After obtaining approval from the local government and the central government regarding the *RKP-Des* submitted with the State Revenue and Expenditure Budget (*APBN*) and Allocation of Village Funds (*ADD*) of ± 1,300,000,000, the allocation is 70% for physical and non-physical development and 30% for village government operational costs. Accompanied by the realization of the budget that goes to the village account, the use of the development budget which has been stated in the *RKP-Des* is carried out with evidence of administrative documents and physical evidence which will later be reported as accountability for the use of village bank funds.

The use of village funds in 2020 is in accordance with the Indonesian president's instructions in the presence of the Covid-19 pandemic, the holding of a 25% budget allocation from the Village Fund to help village communities affected by the Covid-19 pandemic.

| No. | Criteria   | Y | T | Information |
|-----|--|---|---|-------------|
| 1   | Is the village government prohibited from levies as village revenue other than those stipulated in the village regulations?  | √ |   |             |
| 2.  | Can village expenditures that result in the burden of the APB-Des not be carried out before the village regulation draft on APB-Des is stipulated as a village regulation?   | √ |   |             |
| 3   | Are village expenditures not included for personnel expenses that are binding and office operations stipulated in village regulations?   | √ |   |             |
| 4.  | Should the use of incidental fees be made in the details of the Budget that have been approved by the Village Head?  | √ |   |             |
| 5   | Must the implementation of the application for funding to carry out activities be accompanied by documents such as a Budget Plan?  | √ |   |             |
| 6   | Is the budget plan verified by the village secretary and endorsed by the Village Head?   | √ |   |             |
| 7   | Is the activity implementer responsible for expenditure actions that result in the burden of the activity budget by using the activity cash auxiliary book as accountability for village activities?                                   | √ |   |             |
| 8   | Is the village treasurer, as the compulsory taxpayer ( <i>PPh</i> ) and other taxes, obliged to deposit all withholding and taxes collected into the State treasury account in accordance with the provisions of laws and regulations? | √ |   |             |
| 9   | Is there good coordination between the Village Head, Village Secretary, and Village Treasurer?   | √ |   |             |
| 10  | Is the implementation of the village development budget known to the local community?  | √ |   |             |
| 11  | Has the Maluku village government carried out the President's instructions to allocate village bank funds to help the community deal with the Covid-19 pandemic?   | √ |   |             |
| 12  | Is the community involved in budget execution?   | √ |   |             |
| 13  | Is there community involvement in budget execution funded by the Village Government?   | √ |   |             |

#### Administration Stages

Administration is a recording activity that is especially carried out by the Head of Finance who is assigned as Village Treasurer. Administration media in the form of general cash books, tax books, bank books as well as accountability reports per month which are made directly by the Head of Finance. Following are the results of the evaluation of the administration activities carried out by the Finance Unit.

| No. | Criteria   | Y | T | Information |
|-----|--|---|---|-------------|
| 1   | Has the Chief of Finance for Maluku Village produced a general cash book?            | √ |   |             |
| 2   | Has the Chief of Finance of the Village of Maluku created a tax auxiliary cash book? | √ |   |             |
| 3   | Has the Village Finance Chief of Maluku Village written a bank book?                 | √ |   |             |

- Reporting Stage

Home Affairs Regulation Number 20 of 2018 explains that in carrying out duties, powers and rights, the village head is obliged to report the use of village funds.

Table 1. Related data about the problem under study

| No. | Criteria  | Y | T | Information |
|-----|---|---|---|-------------|
| 1   | Does the Village Head Deliver the <i>APB-Des</i> Realization Report to the Regent?  | √ |   |             |
| 2   | Does the Village Head submit a First Semester Report in the form of a Village Budget Realization Report?                                | √ |   |             |
| 3   | Does the Village Head deliver a Year End Semester Report?   | √ |   |             |
| 4   | Does the Village Head convey the Village Governance Implementation Report ( <i>LPPD</i> ) at the end of each fiscal year to the Regent? | √ |   |             |
| 5   | Does the Village Head convey the <i>LPPD</i> at the end of each term of office?   | √ |   |             |
| 6   | Does the Village Head submit a written statement of the village government administration to the <i>BPD</i> at the end of each year?    | √ |   |             |
| 7.  | Is the Village Financial Report prepared using the Village Financial System?  | √ |   |             |

• Accountability Stage

Accountability items in Home Affairs Regulation Number 20 of 2018 are as follows.

| No. | Criteria  | Y | T | Information |
|-----|---|---|---|-------------|
| 1   | Does the Village Head submit an accountability report for the realization of the <i>APB-Des</i> implementation to the Regent through the Head of district at the end of each fiscal year? | √ |   |             |
| 2   | Does the accountability report for the implementation of the <i>APB-Des</i> implementation consist of income, expenditure and financing?  | √ |   |             |
| 3   | Is the accountability report for the realization of the <i>APB-Des</i> implementation submitted no later than a month after the end of the current fiscal year?                           | √ |   |             |

b. Evaluation of Maluku Village Financial Management Based on the Principles of Good Governance Government Home Affairs Regulation Number 20 of 2018.

The results of the analysis of the research team from the statements in this case the results of interviews and analysis of financial files in Maluku Village, show that the running of the governance process in Maluku Village has fulfilled the aspects of Good Governance, namely transparency, accountability, participatory and most effective and budgetary discipline and still empowers every element of society that exists.

Table 2 Evaluation of Village Financial Management Implementation

| Object  | Role of Government |   |    | Implementation of MKD |   |    | Good Governance Government |   |    |                |   |    |                       |   |    |
|---|--------------------|---|----|-----------------------|---|----|----------------------------|---|----|----------------|---|----|-----------------------|---|----|
|   |                    |   |    |                       |   |    | Transparency               |   |    | Accountability |   |    | Society participation |   |    |
|   | BB                 | B | SB | BB                    | B | SB | BB                         | B | SB | BB             | B | SB | BB                    | B | SB |
| <b>Village government</b>   |                    |   |    |                       |   |    |                            |   |    |                |   |    |                       |   |    |
| - Village Head  |                    | √ |    |                       | √ |    |                            | √ |    |                | √ |    |                       | √ |    |
| - Village Secretary   |                    | √ |    |                       | √ |    |                            | √ |    |                | √ |    |                       | √ |    |
| - Village Treasurer   |                    | √ |    |                       | √ |    |                            | √ |    |                | √ |    |                       | √ |    |
| - Other Village Officials   |                    |   |    |                       |   |    |                            |   |    |                |   |    |                       |   |    |
| <b>Village Financial Management</b>                                 |                    |   |    |                       |   |    |                            |   |    |                |   |    |                       |   |    |
| <b>A. Planning</b>  |                    |   |    |                       |   |    |                            |   |    |                |   |    |                       |   |    |
| - Village Medium-Term Development Plan ( <i>RPJM-Des</i> )          |                    | √ |    |                       |   |    |                            | √ |    |                | √ |    |                       | √ |    |
| - Village Local Government Work Plans ( <i>RKP-Des</i> )            |                    | √ |    |                       |   |    |                            | √ |    |                | √ |    |                       | √ |    |
| - Draft of Village Income and Expenditure Budget ( <i>APB-Des</i> ) |                    | √ |    |                       |   |    |                            | √ |    |                | √ |    |                       | √ |    |
| <b>B. Budgeting</b>   |                    |   |    |                       |   |    |                            |   |    |                |   |    |                       |   |    |
| - Village Original Income ( <i>PAD</i> )                            | √                  |   |    |                       |   |    |                            |   |    |                |   |    |                       |   |    |
| - State Revenue and Expenditure Budget ( <i>APBN</i> )              |                    |   | √  |                       |   |    |                            | √ |    |                | √ |    |                       | √ |    |
| - Allocation of village funds ( <i>ADD</i> )                        |                    |   | √  |                       |   |    |                            | √ |    |                | √ |    |                       | √ |    |
| - Help  |                    | √ |    |                       |   |    |                            | √ |    |                | √ |    |                       | √ |    |
| - Grant   |                    | √ |    |                       |   |    |                            | √ |    |                | √ |    |                       | √ |    |
| <b>C. Event organizer</b>   |                    |   | √  |                       | √ |    |                            | √ |    |                | √ |    |                       | √ |    |
| <b>D. Payment</b>   |                    |   | √  |                       | √ |    |                            |   | √  |                | √ |    |                       | √ |    |
| <b>E. Reporting</b>   |                    |   | √  |                       |   |    |                            |   |    |                |   |    |                       |   |    |
| - By Manual   |                    |   |    |                       |   |    |                            |   |    |                |   |    |                       |   |    |
| - With the Village Financial System                                 |                    |   | √  |                       | √ |    |                            | √ |    |                | √ |    |                       | √ |    |
| <b>F. The completeness of document</b>                              |                    | √ |    |                       | √ |    |                            |   |    |                | √ |    |                       |   |    |

The results obtained from the checklist matrix show that the financial management process, especially governance in Maluku Village, has been based on the principles of good governance government. The financial management implemented in Maluku Village starting from the planning, implementation, reporting and accountability stages is in accordance with the existing mechanisms as stated in Home Affairs Regulation Number 20 of 2018, where the accountability process for village financial management of the Maluku Village Government in the village financial management process is already technology based, namely *Simkeudes* (Village Financial System) and has also involved village communities directly or represented by the Village Consultative Board (*BPD*) and based;

1) The principle of transparency. The village government in managing the *APB-Des* has carried out in accordance with applicable legal principles to avoid conflicts in the community so as to gain community legitimacy. And obtaining an accountability report may contact the *Hukum Tua* or the Village Head. In desperation transparency of village government announced through village meetings such as religious bodies

work together with religious communities held once a month, parties and even in the event of any grief village government took the opportunity to socialize, as well as through billboards, banners and billboards.

2) The principle of accountability, which starts from the planning process, implementation to accountability, which has been carried out in accordance with the applicable system, starting from guardianship deliberations, village deliberations to accountability at the above levels of government in accordance with statutory regulations.

3) Participatory principle, namely having included community involvement, either directly or indirectly through representative institutions to convey their aspirations through the Village Consultative Body, starting from planning, implementation, to accountability so as to meet the needs of residents, seen from the Maluku village community who themselves feel they have even self-reliance grows in starting development through community service at the beginning to facilitate work in accordance with the set budget.

4) Budgetary discipline and discipline, that is, the village government has consistently implemented it according to the village budget and records use in accordance with the principle of village financial accounting with the aim of avoiding deviations and increasing the professionalism of its management.

Based on the results of data analysis, village government in this case the Village Head, Doni M. Ratu, ST. said that, despite there is an issue that arises is the amount of the Non-governmental organization (*LSM*) in the village, which also impacted the expenditure disbursed to each *LSM* proficiency level but this can be solved. In the end, the government and development in Maluku village is from the community, by the community and for the welfare of the Maluku village community. Based on government principles of good governance, it is because the design process *RPJM-Des*, *RKP-Des* and *APB-Des* design does not involve the community.

#### **IV. Conclusions And Recommendations**

Research activities by the Manado State Polytechnic Lecturer Research Team, Accounting Department in Maluku Village, East Amurang Sub district, South Minahasa Regency regarding the Evaluation of the Implementation of Village Financial Management Based on Law Number 6 of 2018 in the Context of Realizing Good Governance Government. Then it can be concluded as follows:

1. The Maluku Village Government has involved elements of the village community in all stages of village financial management, starting with planning through to the accountability stage.

2. In carrying out financial management, the Maluku Village Government has followed the financial management mechanism according to Law Number 6 of 2018 which is followed by Home Affairs Regulation Number 20 of 2018 which adheres to the principles of transparency, accountability, participatory, orderly and disciplined.

3. In the administrative process, village financial reporting has been based on information technology using *Simkeudes* (Village Financial System).

4. Overall, the principles of accountability, transparency, participatory and orderly and budgetary discipline in financial management have been fulfilled so that it has been based on the working principles of Good Governance Government which has principles from the community, by the community and for the common welfare (of the community) in Maluku Village.

As for some of the inputs that the Manado State Polytechnic Research Team feel necessary to the Maluku Village Government are as follows:

1. Keep maintaining and improving the working principles of Good Governance Government administratively and in terms of financial management.

2. Keep opening yourself to things that are good or can benefit the village from any aspect, so that in running the wheels of government for the welfare of the village, you can always be a role model for other villages.

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