



FAA-09

FINANCIAL ACCOUNTABILITY IN THE MANAGEMENT OF VILLAGE FUND ALLOCATION

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ABSTRACT

The allocations of village fund are grants from the central government to village government. The purpose of giving the village fund allocation is to finance the implementation of governance and development, social development and empowerment of rural communities. These funds are managed based on the principles of transparent, accountable, participatory, in orderly and disciplined budget. Financial accountability will determine the quality reports village fund allocation program. In the implementation of the Village Fund Allocation has some constraints, e.g : unclear regulatory, the low competence of human resources and the lack of coordination and supervision. The purpose of this study is to provide an overview phenomena and to solve the problems so the implementation of village fund allocation is in accordance with the rules and recommendations of previous studies. The method of this research uses literature study, it is using secondary data are from of books and articles. The results of the study provide solutions to problems that occur. So it is realize the financial accountability of the allocation village fund program. Recommendations are given, among others, to make regulations and technical guidelines are clear and socializing the program and the benefits of the village fund allocation. Conducting technical guidance for human resources and provide mentoring and good supervision.

Keywords: village fund allocation, financial accountability

1. Introduction

Application of the Law No. 33 of 2004 on Financial Balance between the Central Government and Local Government brought great changes for financial management. Application of revenue sharing between the central government and local governments is reflected in governance and public services which are based on the principle of decentralization. Decentralization is a division of power and authority from the central government to local governments which is always followed by financial decentralization (fiscal). Fiscal decentralization is

decentralizing revenue raising of money to a local government to discover their own financial resources. Fiscal decentralization policies brings consequences of financial management should be based on healthy management.

Financial management is reflected in the Regional Government Budget (APBD) which shows the regional authority to finance the construction. Likewise, the village finances is reflected in the Budget of the Village (APBDes). One of the balance funds allocation for the village administration is the village Fund Allocation (ADD). Based on Government Regulation No. 22 of 2015 on Village Fund resources from the State Budget explained that part of the central and regional equalization funds which received by District / City to the village, at least 10% proportional distribution for each village. The purpose of giving ADD is to fund the government implementation of development, social development and empowerment of rural communities. These are managed based on the principles of transparent, accountable, participatory it done in orderly and disciplined budget. ADD sourced from the state budget so that the management system of ADD are also set according to the country's financial regulations. ADD funds put into APBDes so the financial accountability ADD can be guaranteed in accordance with the financial management of the state.

Village financial management accountability is necessary for public trust in the village government will be maintained. Transparency of village financial management is very important information bond between the government and society. Good financial management is expected to support the village program so the goal of increasing prosperity and equitable rural development can be achieved as well as the participation of rural communities can be improved.

Several studies on the implementation of ADD has been done. They put several obstacles in the implementation of ADD. According Fastari (2012) the calculation of giving ADD ignores the principle of fair so sparked envy among regions. Thomas (2013) found barriers in the management of ADD because of low of human resources and lack of coordination between the village government and local government so the accountability in the management of ADD is less than optimal. Setyoko (2011) in his research found that beside the ability of financial administration, the villagers are less concerned about the ADD program. Financial

management accountability ADD less optimal can make a space of financial abuse thereby increasing the potential for corruption. It evidenced by the corruption cases by six village headmen in the eastern part of Seram, Maluku (www.kompas.com, May 12, 2016) and corruption officers village head in Wonogiri, Central Java that cost the state Rp. 416 million (www.okezone.com, June 8, 2016). Abidin (2015) in his research added that supervision and transparency issues are less in the administration of the village administration.

This article tries to give an idea of how to realize the financial accountability in the management of the Village Fund Allocation program, the problems occurred and corrective measures that can be done to overcome the problems that occur.

2. Literature Review

2.1 Fiscal Decentralization

According Kurniasih (2013) Fiscal decentralization is a process of budget distribution from higher levels of government to lower government to support government functions in the public service. It is important to note that the basic principles of implementation is the money follow functions that followed by a government delegation of authority delegated funding as a consequence of the financing necessary to exercise these powers (PKP2A III LAN 2008).

The purpose of fiscal decentralization by Sidik (2004) are :

- a. Improve national allocation and operational efficiency of local government;
- b. Fulfill the aspirations of the region, improving the overall fiscal structure, and mobilize regional and then national income;
- c. Improve accountability, transparency, and developing constituent participation in decision making at the local level;
- d. Reducing fiscal disparities among local governments, ensure the implementation of basic public services throughout Indonesia, and promote government efficiency targets; and
- e. Improve the social welfare of the Indonesian people.

2.2 Financial Accountability

According Ihyanal Ulum (2004: 40) Accountability is the embodiment of the obligation to account for the success or failure of the organization's mission implementation in achieving the goals and objectives that have been established through a periodic media accountability. There are two types of accountability: financial accountability and performance accountability. Financial accountability is accountability regarding financial integrity, disclosure, compliance with the legislation. The goal of this responsibility is the financial statements and the legislation in force which includes the reception, storage, and expenditure of money by government agencies.

Implementation of financial accountability reflected in the financial statements is a form of accountability. Financial integrity, disclosure and compliance with laws and regulations can be an indicator of financial accountability. Financial accountability of public sector is expected to improve the quality of the performance of government agencies become more transparent government that put the priority of the public interest.

2.3 The Village Fund Allocation

Based on the Regulation No. 113 of 2014 concerning Financial Management of Rural Village Allocation Fund, referred as ADD is an equalization funds received by the district / city in the Budget of districts / cities after decreased by the special allocation fund. According to Regulation No. 37 of 2007 on guidelines for the financial management of the village of article 18 stated that "the Village Fund Allocation derived from APBD Regency / City sourced from the financial balance of central and local governments receive District / City to the village at least 10%. The provision of Village Allocation Fund is a manifestation of the fulfillment the village rights to organize village autonomy to thrive following the growth of the village itself based on diversity, participation and empowerment of rural communities. Management of village fund allocation (ADD) is based on the following principles:

- a. All of the activities carried out in a transparent / opened and known by the public.

- b. The community plays an active role to begin the process of planning, implementation, monitoring and maintenance.
- c. All activities can be accounted for by administrative, technical and legal.
- d. Enabling the role of community institutions in accordance to the duties and functions.
- e. The results of the activities can be measured and assessed by level of success.
- f. Results of the activities can be preserved and developed in a sustainable manner with maintenance efforts through community participation.

According to Regulation No. 37 Year 2007 Article 20 of the Village Fund Allocation management adheres to the principles:

- a. The principle of equitable that the magnitude of the Village Fund Allocation section are the same for each village, called the Village Fund Allocation Minimal (ADDM);
- b. The principle of justice is the large part of the Village Fund Allocation by Weight Value Village (BDX) calculated using the formula and specific variables, (eg poverty, affordability, basic education, health, etc) which called the Village Fund Allocation Proportional (ADDP). The amount of the percentage ratio between the principle of fair and equal as referred to in paragraph (2) above is the amount of ADDM is 60% (sixty percent) of the ADD and ADDP amount is 40% (forty percent) of the ADD.

3. Research Methods

This research is a literature study the research to find relevant theory references with cases or the problems found. The data source from secondary data are the form of books and articles about public sector financial accountability, as well as the village fund allocation program phenomena.

4. Discussion

Implementation of rural fund allocation program is very large role in helping to improve the welfare and empowerment of rural communities. ADD helped to create a national program that is equitable regional economy. In implementation many obstacles encountered in the various area such as low competence of human

resources in managing ADD, the lack of coordination between local and village government in implementing the ADD program and some society views that ADD program will increase the potential of corruption in government area. Various issues raised in the research conducted Setyoko (2011), Fastari (2012) and Thomas (2013) and Abidin (2015) needs improvement in various aspects which has directly or indirectly impact on financial accountability ADD program.

Regulatory aspects become the reference of ADD implementation. The local government should make clear regulations and technical guidelines. The local government do socialization for the ADD program implementation can be run accordance to the planning that has been made. Village government's ability can do the financial management according to the regulations will increasing the quality, accountability and transparency of financial statements. These ability appropriate with the recommendations provided by study of Abidin (2015).

ADD needs for every village adapted to the village weight value calculated by formula and specific variables. To create the fair and equitable principle, ADD sharing formula should be implemented based on the valid government regulations, Regulation number 37 of 2007 about the guidelines of village financial management. This expectation appropriate with then recommended study of Fastari (2012) and Abidin (2015). Likewise, from the aspect of governance, accountability in financial management of ADD should be in accordance with applicable regulations. Setyoko (2011) and Thomas (2013) gives advice when human resource capability is less need to hold technical guidance regarding the systems and mechanisms ranging from planning, implementation to financial accountability ADD. With good skills will create financial administration order ADD and reduce the risk of misuse in the management of ADD.

The local government should assistance the village governments to coordinate ADD activities needed so for the smooth implementation of ADD. Besides, it continues to provide socialization on the distribution of the benefits of ADD for rural communities will increase the awareness of rural communities and foster participation in the development of rural communities. This is in accordance with the recommendation of Thomas (2013) and Setyoko (2011). The role of the regional inspectorate to supervise the management of ADD greatly help the realization of the

ADD program management accountability and to reduce the risk of misuse of the ADD program.

5. Conclusions

The allocations of village fund has an important role in driving the village economy . Therefore this program should be run in accordance with its objectives. In order the implementation of the village fund can run well , need a good financial accountability also to ensure that there are no obstacles anymore. This study has a limitation simply using literature study that researchers do not go directly into the field to identify and assess existing problems.

Based on the results of this research it can be recommended:

1. The local government should make clear regulations and technical guidelines and continues with giving socialization for the ADD program.
2. To create the fair and equitable principle, ADD sharing formula should be implemented based on the valid government regulations.
3. For the lack of human resource capability ,technical guidance regarding the systems and mechanisms are needed.
4. The local government should assistance the village governments to coordinate ADD activities for the smooth of ADD implementation.
5. The role of the regional inspectorate to supervise the management of ADD greatly help the realization of the ADD program management accountability and to reduce the risk of misuse of the ADD program.

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