Transparency and Accountability of Village Fund Management

Dedy Junaidi¹*, M. Fachri Adnan²
¹² Universitas Negeri Padang, Indonesia
*Corresponding author: dhejoe@gmail.com

ARTICLE INFO

Received 10 October 2023
Received in revised form 22 November 2023
Accepted 15 December 2023

ABSTRACT

This Literature System Review seeks to assess the application of financial management principles, specifically transparency and accountability, in the management of state finances at the Village APBDes. The Elucidation to Law of the Republic of Indonesia Number 17 of 2003 on State Finances states that the overall objective of state financial management is to promote good governance in state administration. Therefore, state financial management should be conducted in a professional, transparent, and responsible manner, adhering to the fundamental regulations outlined in the Constitution. The extensive litigation surrounding the misappropriation of village finances by village heads and officials serves as a fundamental premise for this research. When discussing the state financial management system, it is essential to address the management of village funds. These monies are a component of state finances, and their utilization must be properly accounted for. Analysis of fiscal matters at the state level. To ensure the proper functioning of state activities, it is imperative for the government to establish a robust and transparent state financial administration system. This system should effectively prevent any instances of financial leakage, both in terms of revenue collection and expenditure management. State financial management refers to the comprehensive actions undertaken by state financial management officials in accordance with their position and power. These actions encompass planning, execution, oversight, and responsibility. The findings of the literature system review research indicate that in order to establish transparency and accountability in the management of village funds, it is necessary to have legal clarity, coordination and oversight, and community engagement. Additionally, this endeavor requires officials who possess competence and have access to suitable facilities.

Keyword:
Transparency, Accountability, State Finances

INTRODUCTION

A widespread lack of confidence in governmental institutions at both the national and regional levels has resulted from the perception of ineffective governance, which is characterized by instances of corruption, collusion, and nepotism (Folarin, 2021; Khan & Krishnan, 2019; Soesastro, 2003). This lack of trust...
has persisted during the previous administration and the period of extensive reform (Fiantis, 2018). The promotion of good governance is one of the reform initiatives that government stakeholders are implementing (Ashaye & Irani, 2019; Beeri et al., 2019; Hassan & Lee, 2019; Ramirez, 2016). Over time, the concept of good governance has gained popularity among the government, the private sector, and society at large. The notion of good governance entails guidelines for a democratic government system that prioritizes equality among state institutions at both the central and regional levels, as well as the private sector and society (Fiantis, 2018). According to Fiantis (2018), good governance refers to a cooperative arrangement between the government, society, and the private sector on the creation of state laws. paradigm of government administration has transitioned from the traditional approach of "rule government" to the contemporary concept of "good governance."

The government, in implementing governance, development, and public services, consistently depends on existing laws and regulations in accordance with the "rule of law" concept (Pech, 2016; Versteeg & Ginsburg, 2017; Zalnieriute et al., 2019). Unlike the "good governance" model, the management of government, development, and public services does not rely entirely on the government or state (Beeri et al., 2019; Chien & Thanh, 2022; Keping, 2018). It must encompass both internal and external aspects, including those within and beyond the bureaucracy. Public refers to something that is related to or involves the whole society (Cardoso et al., 2019; Jancsics et al., 2023). A government that is more closely aligned with its constituents will have a better understanding of their needs, problems, desires, interests, and aspirations (Ike et al., 2019; Maier & Meyer, 2017). As a result, the policies it formulates will accurately reflect and address the interests and aspirations of the people it serves. Effective implementation of good governance is essential for delivering public services. Good governance emerged in accordance with the principles and vocabulary of democracy, civil society, citizen engagement, human rights, and sustainable community development (Farsakh, 2016; Hammett & Jackson, 2018; Kalandides, 2018; Li, 2020). The concept of good governance arose in response to the growing complexity of problems, serving as evidence that there was a lack of favorable conditions for effective government and so promoting public sector change (Aristovnik et al., 2022; Christensen et al., 2017; Sharma-Wallace et al., 2018).

Undoubtedly, the administration of the state and government will necessitate substantial funds. Hence, protocols and systems governing the receipt and expenditure of funds are regulated to ensure the smooth functioning of the state and government. Article 23 regulates the subject of state financial management. Pursuant to Article 23 paragraph (2) of the 1945 Constitution, the government is obligated to annually formulate a draft state revenue and expenditure budget for joint deliberation. was later ratified by the People’s Representative Council, considering the deliberations of the Regional Representative Council, as a framework for government governance in the financial industry. According to the Explanation to Law of the Republic of Indonesia Number 17 of 2003 concerning State Finances, state financial management should be conducted professionally, transparently, and responsibly to promote good governance in state administration. This should be done in accordance with the established constitutional rules.

According to the Financial Audit Agency (BPK), the central government’s
financial reports uncovered 14,501 issues amounting to IDR 8.37 trillion. The aforementioned facts were disclosed in the Summary of Examination Results for Semester I 2021, subsequently submitted to the DPR. Chairman of the BPK, Agung Firman Sampurna, gave a detailed explanation of the results, which showed that there were 6,617 problems with the internal control system (SPI) and 7,512 times when laws were not followed, totaling IDR 8.26 trillion. The remaining 372 issues of inefficiency, ineffectiveness, and inefficiency were valued at IDR 113.13 billion. Regarding issues related to non-compliance, he disclosed that this problem resulted in state losses amounting to Rp. 1.94 trillion, with prospective losses of Rp. 2021.

Additional information from Gatra.com in 2019. A recent instance of corruption in the village fund has taken place in Talang Babungo village, located in the Giliran Gumanti District of Solok Regency. This case implicates both the village head and the treasurer. Both individuals have been identified as suspects in the crime, and the Solok District Prosecutor’s Office is currently managing the investigation. Both individuals embezzled village finances totaling IDR 800 million. Previously, there were also accusations of corruption pertaining to the allocation of village funding in Nagari Sungai Janiah, located in Solok Regency.

Transparency has a significant impact on the accountability of village fund administration, according to research by Ramadhan (2019). The findings of Sukmawati’s (2019) research contradict the notion that transparency has a significant impact on accountability in the management of village money. Various scholars, such as Rahmah (2019), Umami & Nurodin (2017), Sukmawati & Nurfitriani (2019), Ramadan (2019), and Masruhin & Elfan (2019), have done studies on village finance management. Nevertheless, their research findings exhibited incongruous outcomes. Hence, this finding remains intriguing to examine. Prior studies have explicitly investigated the management of village funds, as exemplified by Setiawan & Yuliani (2019), Andriani (2020), and Firdaus et al. (2019), with a particular emphasis on the administration of village finances. They identified multiple elements that impact village financial management, one of which is transparency. According to Manopo’s (2016) research, budget management has demonstrated effective accountability by being adequately accounted for. Nevertheless, the primary
hindrance to financial administration accountability is the efficiency of human resource managers. Consequently, they still require support from local government officials to adapt to regulatory modifications. Annually (Alwindria et al., 2020). Nafidah & Anisa (2017) research revealed that accountability in village fund management is commendable, but is hindered by the inadequate competence of human resources. Furthermore, there are several instances of mismanagement in the utilization of village Funds. Rahmah’s (2019) study shows that accountability has a big impact on how villages manage their finances. However, as found in Mutia Basri et al. (2020) research, a study by Manopo (2016) found that accountability had no effect on village financial management.

Considering the aforementioned research findings, data from BPK RI, and electronic media reports, the author aims to examine the implementation of village finance in accordance with the principles of transparency and accountability. The objective is to investigate potential solutions and identify the obstacles that hinder their effective execution. In order to facilitate the writing process, the author narrows down the focus of this paper to the specific issue of implementing transparency and accountability measures for village funding. The issue at hand is the application of openness and accountability in the management of village funds. We need to identify the obstacles that hinder this implementation and propose appropriate remedies.

RESEARCH METHODS

The purpose of this study was to provide a detailed account of how financial administration principles are applied in the management of public finances. The employed approach entails qualitative research through the utilization of library research tools. Qualitative research is a scientific research approach that aims to describe and comprehend observed social phenomena (Ahyar et al., 2020). The library study research technique involves conducting a systematic investigation by gathering pertinent information from many sources, primarily relying on literature as the primary reference (Sugiyono, 2018). Researchers conducted a comprehensive review of scientific articles, journals, books, and other literature to gather data on the use of financial administration concepts in the management of state finances. The qualitative analysis methodology involves four distinct stages: data gathering, data reduction, data presentation, and conclusion drawing and verification.

RESEARCH RESULTS AND DISCUSSION

Definition / Concept

The objective of this literature review is to identify and assess the prevailing patterns, datasets, methodologies, and frameworks employed in studies pertaining to the execution of transparency and accountability in the management of state finances from 2017 to 2021. After applying the specified inclusion and exclusion criteria, a total of 20 studies published from January 2017 to December 2021 were identified and are currently under investigation. This literature review has been conducted using a systematic approach. A systematic literature review is a methodical examination of all existing research data in order to locate, evaluate, and interpret it with the purpose of addressing specific research inquiries. The analysis of the primary studies chosen indicates that current research primarily concentrates on two main areas: the adoption of transparency and accountability in village fund management and strategies for addressing these challenges.

State finances
To achieve effective governance in state administration, the Government Financial Management Reform was implemented several years ago. The reform was solidified by the passage of Law No. 17 of 2003, which pertains to state finance; Law No. 1 of 2004, which pertains to state Treasury; and Law No. 15 of 2004, which pertains to the assessment of state financial management and Responsibility. When discussing the state financial management system, it is essential to include a discussion of state finances. According to Article 1 Number 1 of Law Number 17 of 2003 concerning State Finances Law, state finances encompass all the monetary rights and responsibilities of the state, as well as any tangible or intangible assets that can be owned. The state is intricately connected to the execution of these rights and responsibilities. To ensure the proper functioning of state activities, it is imperative for the government to establish a robust and transparent state financial administration system. This system should effectively prevent any instances of financial leakage, both in terms of revenue collection and expenditure management. State financial management refers to the comprehensive actions undertaken by state financial management authorities in accordance with their position and power. These actions encompass planning, implementation, supervision, and accountability. The fundamental tenets of state financial management are integral to government implementation, with the aim of optimizing the utilization of available funds, specifically directed towards financing all predetermined activities or programs. The source cited is Anggara's publication from 2016. C.S.T. Kansil asserts that in order to achieve effective governance in state administration, it is imperative to conduct state financial management in a professional, transparent, and accountable manner, adhering to the fundamental regulations outlined in the Constitution. According to the study by Diamar et al. (2011), state financial management encompasses the following: 1) State fiscal planning; 2) Execution of state finances; 3) Oversight of state finances; 4) State fiscal responsibility.

Transparency

According to Mardiasmo (2012:30), transparency refers to the government's willingness to openly share information regarding the management of public resources with relevant stakeholders. The government has a responsibility to furnish interested parties with financial and other pertinent information that will be utilized for decision-making purposes. The citation is from Fajri et al. (2021). Pamungkas (2012) defines good governance as being defined by three interrelated pillars of basic ingredients. The three pillars under consideration are (1) transparency; (2) participation; and (3) accountability (Agusti & Riani, n.d.).

Accountability

The reference (Alwindria et al., 2020) is mentioned. According to the Indonesian Administrative Institute and Financial and Development Supervisory Agency (2000:12) in Subroto (2019), accountability refers to the obligation of a person or organization leader to give an explanation and justification for their performance and actions to those who have the right or authority to demand responsibility. Accountability can be achieved by granting interested parties access, inquiring about, or demanding accountability from decision-makers and implementers at the program, regional, and community levels. In his work, Mardiasmo (2021) defines accountability as the fundamental concept of public responsibility. This entails ensuring that the entire budgeting process, including planning, preparation, and implementation, is accurately documented and reported to both the DPRD (Regional People’s Representative Council) and the
general public. The public possesses both the entitlement to be informed about the budget and the authority to insist on responsibility for the formulation and execution of the budget. Sabarno (2007) defines accountability in the administration of regional government as the responsibility of regional governments to be answerable for the management and execution of regional government activities within the context of regional autonomy, with the aim of achieving predetermined goals. This accountability is measured through quantifiable means, assessing both the quality and quantity of performance. Regional governments, as governmental entities, have a responsibility to fulfill their tasks, exercise their authority, and meet their obligations to the community (Sartika & Nini, 2018). As per Article 4, Paragraph 7 of the Republic of Indonesia Internal Affairs Regulation No. 13, transparency refers to the agency’s willingness to provide the public with access to information regarding the government system and financial management. Every institution that has involvement with the broader community or the public must exhibit information transparency, allowing the public to access and scrutinize the institution as a means of oversight. Transparency refers to the act of an organization openly and truthfully sharing information with the public while conducting its operations (Latif et al., 2021).

**Village Fund**

The term “village,” as defined by Law No. 6 of 2014 pertaining to villages, refers to a legally recognized community unit with defined territorial boundaries. Villages possess the power to govern and administer public affairs, safeguard the welfare of local communities through community-driven initiatives, and uphold ancestral and traditional rights that are acknowledged and honored within the government framework of the State. The Republic of Indonesia is characterized by its unity (Alwindria et al., 2020). The village is the primary administrative unit with the jurisdiction to execute governmental functions and oversee local finances. The financial resources of a village, as outlined in Law Number 06 of 2014, Article 72, primarily consist of local indigenous revenue. This includes income generated from business activities, asset returns, self-help initiatives, participation fees, cooperative efforts, and other forms of revenue exclusive to the community. Furthermore, the sources of funding include regional taxes, regional levies, allocations from the Village Fund, which are a portion of the balancing funds received by the Regency/City, financial support from the province APBD and Regency/City APBD, and and non-binding grants and gifts from third parties, among others. Additional lawful revenue generated by the village. There are multiple methods available to assess the degree of transparency in the management of state finances by the government. As stated by Kristianten (2006), the primary measure that can be implemented is to assess the extent to which documents are accessible to the public. The document accessibility summary, encompassing all activity reports conducted within a single fiscal year, is currently available (Miranda & Akmal, 2019).

**1. Techniques and Instruments used in synthesis**

In this writing the author uses key studies in the research found, in accordance with the opinion of Cronin, et al. (2008) and Sally (2013) explain that one of the techniques used in synthesis is to use a synthesis matrix which is managed based on key studies. The Synthesis Matrix is as follows:
<table>
<thead>
<tr>
<th>No</th>
<th>Author, Year, Research Title</th>
<th>Description of Implementation of Transparency and Accountability of village funds and how to overcome them</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ferarow, N., &amp; Suprihanto, J (2018) Implementasi Pengelolaan Keuangan Desa Sumberadi dan Tlogoadi di Kabupaten Sileman: Evaluasi Praktik Transparansi dan Akuntabilitas</td>
<td>Transparency and accountability in village financial management and identifying obstacles faced in making it happen. There are efforts to overcome obstacles, namely coordination and supervision, but it does not state who the implementers are.</td>
</tr>
<tr>
<td>2</td>
<td>Sartika, D., &amp; Nini. (2018). Akuntabilitas Dan Transparansi Alokasi Dana Desa (Add) Pada Nagari Labuah Gunung</td>
<td>According to researchers, the actions taken by the apparatus do not fulfill one form of transparency, namely ease of access to data by the public. The author suggests that special training be given to the nagari apparatus, especially the Treasurer, and the nagari apparatus does not need to feel afraid in managing the Nagari’s finances, while always referring to the regulations.</td>
</tr>
<tr>
<td>3</td>
<td>Fajri, R., Agusti, R., &amp; Julita. (2021). Pengaruh transparansi, partisipasi masyarakat, kompetensi aparatur desa, dan pemahaman regulasi terhadap akuntabilitas pengelolaan dana desa</td>
<td>Transparency, community participation, competency of village officials, and understanding of regulations have a significant effect on accountability in managing village funds,</td>
</tr>
<tr>
<td>4</td>
<td>Latif, A., Savitri, E., &amp; Susilatri. (2021). Pengaruh akuntabilitas, transparansi dan kualitas sumber daya manusia terhadap pengelolaan keuangan desa (Studi empiris pada pemerintah desa di Kabupaten Solok, Sumatra Barat).</td>
<td>This research aims to examine the influence of accountability on village financial management. The influence of transparency on village financial management. The influence of the quality of human resources on village financial management. The results of this research show that accountability has an influence on village financial management. Transparency influences village financial management. The quality of human resources influences village financial management</td>
</tr>
<tr>
<td>5</td>
<td>Miranda, P., &amp; Akmal. A. (2019). Transparansi Penggunaan Dana Desa di Nagari Taloak Kecamatan Bayang</td>
<td>Transparency in the use of village funds in Nagari Taloak is in accordance with indicators, but in the Nagari deliberations, community support is mixed and the Nagari apparatus carries out its functions not yet optimally.</td>
</tr>
<tr>
<td>6</td>
<td>Widyanti, R. (2018) Analisis Akuntabilitas dan Transparansi Pengelolaan Dana Desa pada Nagari Ulakan Kecamatan Ulakan Tapakis.</td>
<td>Accountability and Transparency in Village Fund Management in Nagari Ulakan has referred to Minister of Home Affairs Regulation Number 113 of 2014, however its implementation has not been effective. Due to the lack of village assistants and the budget which is often late in entering Nagari’s account.</td>
</tr>
<tr>
<td>7</td>
<td>Mutia Basri, Y., Desti Marianti, T., &amp; Rofika, R. (2020). Pengelolaan Keuangan Desa:</td>
<td>Examining the influence of transparency, accountability, community participation and quality of human resources (HR), the results of this research indicate that transparency, accountability, community participation and quality of human resources influence village financial management.</td>
</tr>
<tr>
<td>8</td>
<td>Grahani, A., &amp; Kurniawan, R. (2017). Implementasi Keterbukaan Informasi Publik Dalam Pengelolaan Keuangan Desa (Studi Di Desa Buran Kecamatan Tasikmadu</td>
<td>Implementation of transparency of public information in village financial management to ensure certainty in the financial management process. The results of transparency research are not optimal because it uses limited media.</td>
</tr>
<tr>
<td>9</td>
<td>Ika Asmawati, &amp; Prayitno Basuki. (2019) Akuntabilitas Pengelolaan Keuangan Desa.</td>
<td>The researcher focuses on the accountability of village officials, not only the village head, this research shows that the financial accountability of the village government is not functioning well. There is still a need to improve the capacity and competency of village officials through training or courses for village officials as well as providing media as a tool to account for the management of village funds so that accountability in village government financial management can be more optimal.</td>
</tr>
<tr>
<td>Page</td>
<td>Author(s)</td>
<td>Reference</td>
</tr>
<tr>
<td>------</td>
<td>-----------</td>
<td>-----------</td>
</tr>
<tr>
<td>11</td>
<td>Shuha, K. (2018).</td>
<td>Analisis Pengelolaan Desa (Studi Kasus pada Desa-desa Selengkungan Kecamatan Lubuk Alung Kabupaten Padang Pariaman).</td>
</tr>
<tr>
<td>12</td>
<td>Kristini, M. A., Luhsasi, D. I., &amp; Ismanto, B. (2020).</td>
<td>Akuntabilitas Pengelolaan Dana Desa.</td>
</tr>
<tr>
<td>13</td>
<td>Saputri, S. A., Sebrina, N., &amp; Sari, V. F. (2019).</td>
<td>Akuntabilitas Penatausahaan, Pelaporan Dan Pertanggungjawaban Dana Desa.</td>
</tr>
<tr>
<td>14</td>
<td>Alwindria, Y., Taufik, T., &amp; Azlina, N. (2020).</td>
<td>Akuntabilitas pengelolaan dana desa (Studi Kasus pada Desa Sako Kecamatan Pangean Kabupaten Kuantan Singingi)</td>
</tr>
</tbody>
</table>

Overall, all researchers state that transparency and accountability in village fund management have been implemented but are not yet effective and need monitoring for public trust in village government administrators; Ferarow, N., & Suprihanto, J. (2018); Sartika, D., & Nini. (2018); Fajri, R., Agusti, R., & Julita. (2021); Latif, A., Savitri, E., & Susilatri. (2021); Miranda, P., & Akmal, A. (2019); Widyanti, R. (2018); Kristini, M. A., Luhsasi, D. I., & Ismanto, B. (2020); Alwindria, Y., Taufik, T., & Azlina, N. (2020). Meanwhile, the principles of public financial administration are influenced by the competence of the apparatus and community participation; Mutia Basri, Y., Desti Marianti, T., & Rofika, R. (2020), and to implement accountability and transparency in village fund management, supporting facilities are needed; Grahani, A., & Kurniawan, R. (2017). Then the transparency and accountability of village fund management is influenced by the development of apparatus and understanding of regulations; Ika Asmawati, & Prayitno Basuki. (2019); Kurnia, R., Sebrina, N., & Halmawati, H. (2019); Shuha, K. (2018); Saputri, S. A., Sebrina, N., & Sari, V. F. (2019).

CONCLUSION

Based on the results above, the author concludes that to implement transparency and accountability in village fund management, legal certainty, coordination and supervision as well as community participation are needed, to support this requires officials who have competence and adequate facilities. Village officials need to be given increased competence or good recruitment, so that they can support the implementation of management in accordance with the principles of public financial administration, namely transparency and accountability.
DAFTAR PUSTAKA


