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Village Fund Management to Improve Community Welfare in Tenggela Village, Tilango District, Gorontalo Regency

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Abstract

The purpose of this study was to determine the planning, implementation of village fund management and the level of community participation in improving community welfare in Tenggela Village, Tilango District. This study used a descriptive method with a qualitative approach. The results of the study show that in the process of realizing each stage of financial management, management is still found in accordance with the provisions of the regulation. This can be seen from the planning process to the reporting stage which is often not timely, so this also affects the final reporting and accountability carried out by the Village Head. From the results of the study, it was found that one of the influencing factors was the quality of village apparatus resources that were less competent and the performance and discipline that needed to be considered and improved considering that the village financial management process was the most important thing for the village itself. In addition, the role of the sub-district government which lacks space to be involved in overseeing the financial management process is because all stages of financial management have been carried out by the relevant agencies

Keywords: Village Fund Management, Community Welfare

Introduction

The development of the Indonesian government system progressed well after the reform era, following the implementation of democratic principles (Ulum, 2020). The previous centralized government system began to be abandoned, as evidenced by the implementation of regional autonomy. Regional governments were given the authority to manage their own governance, aiming to ensure equitable development for the benefit of the region (Morrison, 2014).

Regional autonomy represents a new chapter in the implementation of governance, emphasizing a more decentralized character (Pearce & Ayres, 2009). The first government regulation on regional autonomy was enacted in 1999, namely the regional autonomy policy, based on Law No. 22 of 1999 concerning Regional Government and Law No. 25 of 1999 concerning the Financial Balance between the Central and Regional Governments. The government's regulatory policy on regional autonomy is contained in Law No. 23 of 2014 concerning Regional Government (Amendment to Law No. 22 of 1999 and Law No. 32 of 2004).

However, the regional autonomy policy has not been implemented well, according to the Institute for Development of Economics and Finance (2017). "Regional autonomy, which emerged after the shift from the New Order era, has actually become one of the causes of widening inequality and disparities in Indonesia." The gap between rural and urban communities persists due to unequal development. Villages have grown and developed significantly within a modern nation, now known as the Republic of Indonesia. However, along the way, villages have sometimes become tools for reaching and disciplining their people.

Villages are positioned as state organs at the lowest level. Furthermore, within the current government bureaucracy, villages play no more than a mere accomplice to the government (Villanueva & Salazar, 2015). Villages are essentially viewed in two ways: first, they are a social institution passed down through generations. Through these villages, local communities organize and manage themselves, including in terms of conflict management and developing the common good. In this connotation, villages are defined as legal communities and socio-political entities that not only have the right but are also capable of organizing and managing their own interests.

Village funds are a crucial component of village development. According to Maolani (2019) Villages are the spearhead of development for community welfare. Therefore, village development plays a crucial role so that it can be directly utilized by the community to improve their well-being. In managing village funds, villages are given authority and a budget from the State Budget (APBN), known as village funds. Village funds are sourced from the State Budget (APBN) allocated for villages, transferred through the Regency/City Regional Budget (APBD) and used to finance governance, development implementation, community development, and community empowerment.

These village funds aim to increase community economic growth, oriented towards creating as many jobs as possible, creating social and political justice, and all aspects of community economic development (da et al., 2022). Development is not only seen in terms of physical development but also encompasses development in the socio-political and economic fields of the community. Economic development is a process that increases the per capita income of a community in the long term (Storper, 2005). Economic development aims to increase real national income and increase productivity. Economic development is always aimed at improving community welfare. as wide as possible.

Reflecting on past village development, particularly during the New Order era, village development was a centralized state-programmed approach. Village development was carried out by the government, both through its own (domestic) efforts and with the support of developed countries and international organizations. Village development during the New Order was known as Village Community Development (PMD) and Village Development (Bangdes). Then, in the reform era, the term "Village Community Empowerment (PMD)" became more prominent.

During the New Order era, village development tended to be carried out uniformly (standardized) by the central government. Village development programs were more top-down in nature. In the reform era, village development is more focused on the villages themselves. While the central and regional governments tended to act as facilitators, providing financial assistance, guidance, and oversight (Romeo, 2003). Many poverty alleviation programs have been implemented, including those implemented through the Presidential Instruction for Underdeveloped Villages (Inpres) and assistance for underdeveloped communities.

Village development programs are more of a bottom-up approach, or a combination of top-down and bottom-up approaches. These bottom-up village development programs are enshrined in the Regional Autonomy Law (OTDA). Village autonomy is considered an existing authority, rooted in village customs and traditions, but does not necessarily mean granting or decentralization. Village autonomy is a condition in which village governance is carried out by the community through their institutions, not solely by the village government. Village autonomy also implies community capacity.

Village autonomy has become a new hope for the government and village communities to develop their villages according to the needs and aspirations of the community (Agustina, 2019). For most village government officials, autonomy represents a new opportunity that can open up space for creativity for village officials. Villages, as the smallest governmental units and under the sub-district, have certain authorities to manage and regulate their residents or communities. Law No. 6 of 2014 concerning Villages states that villages have the authority to regulate and manage community interests based on ancestral rights, customs, and socio-cultural values, establish and manage village institutions, and obtain sources of income.

Karim et al. (2021) In the process of improving village welfare, village governments certainly require significant funds, considering the numerous improvements the government must undertake to achieve community welfare. Although villages actually have sources of original village income, including village business results, village asset results, village market results, self-help and participation results, mutual cooperation results, and other original village income (regulated in Article 72 paragraph 1 point a of the Village Law). Relying solely on original village income funds will undoubtedly hinder the process of achieving village community welfare.

will be hampered by a lack of funds. Therefore, villages desperately need a budget to finance their activities. However, the financial situation and condition of most village governments still do not allow them to finance their own needs in carrying out their activities (Suyatna, 2021). This has given rise to the creation of a village budget, known as the Village Fund (DD). Village Funds are funds sourced from the State Budget (APBN) allocated for villages, transferred through the district/city budget and used to finance government administration, development, community development, and community empowerment (in Government Regulation No. 43/2014 concerning Implementing Regulations of Law No. 6/2014 concerning Villages). These APBN-sourced village funds represent a manifestation of the state's concern for villages.

Village Fund management, which aims to improve the socio-economic well-being of the community, begins with the use of Village Funds. This means determining what the existing Village Funds are used for and their priorities. Prioritization of Village Fund use must be based strictly on the community's needs. Village Fund management is also inseparable from the principles applied to support the success of the Village Fund program. Principles can be understood as conditions that must be present or executed. They may or may not also mean general rules used as guidelines (for example, for basic behavior). Principles serve as a basis (guidelines) for action; they can serve as a reference for processes and also for achieving targets.

Villages, as government units directly in contact with the community, are a primary focus of government development, due to the majority of Indonesia's territory being rural. Law Number 6 of 2014 concerning Villages states that village government financial administration is separate from district government finances. This separation in village financial administration is not only a desire to delegate authority and funding from the central government to regional governments, but more importantly, a desire to increase the efficiency and effectiveness of financial resource management to improve welfare and public services. This relates to the delegation of independent village financial management by villages, hereinafter referred to as Village Fund Allocation (ADD).

Article 1, number 11 of Government Regulation Number 72 of 2005 concerning Villages states that Village Fund Allocation (ADD) is a fund allocated by the district/city government to villages, sourced from a portion of the central and regional financial balance funds received by the district/city. Villages have the authority to manage their own areas according to the capabilities and potential of their communities to achieve prosperity and equitable distribution of economic capacity (Liu et al., 2010). Development progress is equally important; this development requires planning, implementation, and accountability.

Village Fund Allocation (ADD) management must be carried out openly through village deliberations, with the results outlined in Village Regulations (Perdes). This provision demonstrates the commitment of decision-makers to adhere to the principles of good governance, which must be implemented by village actors and the community. The role of the village government as policymakers and the village community is crucial in the planning and implementation of village fund programs to build more advanced and developed villages (Putubasai, 2018).

This should also be the case in the implementation of village development planning in Tenggela Village, Tilango District, Gorontalo Regency. The implementation of the Village Fund Program Planning has not been well-targeted because community desires outweigh actual needs in determining program activities. Community participation in village deliberations, as part of the village fund program planning stage, has not been optimal (Ayub et al., 2020). Consequently, over nearly three years, the allocation of village funds from the central government through the State Budget (APBN) has not been able to reduce poverty, which is the stated goal of village funds, namely to alleviate poverty and reduce inequality.

Numerous research studies on village financial management have been conducted, including several references for researchers, including "The Implementation of Financial Management in Sumberadi and Tlogoadi Villages in Sleman Regency: Evaluation of Transparency and Accountability Practices" by Novi Ferarow and John Suprihanto 2018, and a study by Iska Amelia Harahap 2018 entitled "The Effectiveness of Village Financial Management in Sijungkang Village, East Angkola District, South Tapanuli Regency."

Based on the above background, this research focuses on how village government mechanisms plan and implement village development according to community needs and the involvement of all community elements in the planning and implementation process. The objectives to be achieved in this research are to determine the planning, implementation of village fund management and the level of community participation in improving community welfare in Tenggela Village, Tilango District.

Methods

The type of research conducted in this study on Village Fund Management in Improving Community Welfare in Tenggela Village, Tilango District, Gorontalo Regency is descriptive research with a qualitative approach. Hsu (2005) states that descriptive research is research conducted to analyze one or more variables without making comparisons or connecting one variable to another. Ulum (2020) state that descriptive research aims to explain something through descriptive research, without examining relationships or comparisons. This research was conducted in Tenggela Village, Tilango District. The research period was two months, starting from the issuance of the research recommendation from the Faculty. This study used research instruments/data collection, including primary data obtained through direct interviews with informants and secondary data obtained through observational data, including data supporting the primary data.

Results and Discussion

To assess the extent of the implementation of the village financial management process in Tenggela Village, based on the theoretical study used, namely, according to Minister of Home Affairs Regulation Number 20 of 2018 concerning Village Financial Management, there are five stages in implementing good village financial management, including the following: The following is a discussion of the three indicators for measuring effectiveness.

Planning

The Village Revenue and Expenditure Budget (APBDesa) elucidates regional needs for village development, as stipulated in Minister of Home Affairs Regulation Number 37 concerning Guidelines for Village Financial Management. The utilization of the Village Fund Allocation (ADD) as contained in the APBD must be followed up by the village government and supported by local village potential and self-reliance. This is simply how the regional government empowers village governments to be more creative in responding to the needs of their communities. The government strives to regulate and manage government affairs and the interests of the local community. Revenue is essential to achieving development and village welfare goals. One source of village revenue, which serves as a source of village operations and for community empowerment, is the Village Fund Allocation, also known as ADD.

According to Law Number 6 of 2014 concerning Villages, the village fund allocation is at least 10% (ten percent) of the balancing funds received by the Regency/City in the Regional Revenue and Expenditure Budget, after deducting special allocation funds. The allocation of village funds is 30% (thirty percent) for village apparatus and operational expenses, and 70% (seventy percent) for community empowerment costs. Upon receiving these funds, the village government must be prepared and capable of managing them based on the principles of transparency, accountability, and participation, and in an orderly and disciplined budget, in accordance with Minister of Home Affairs Regulation No. 37 of 2007 concerning Guidelines for Village Fund Management.

Village finances are managed through activities including planning, budgeting, administration, reporting, accountability, and financial oversight, carried out by the Village Head, assisted by the Village Financial Management Technical Implementer (PTPKD). During the planning stage, the Village Head prepares the village's medium-term development plan (RPJMD) and the village development work plan (RKPDesa). The district/city government then budgets and disburses these funds for village development, which is the village's core program. Prior to any development, the Village Consultative Body (BPD) and the village government also involve community members to deliberate on matters related to village programs.

These deliberations are held at least once a year and are commonly referred to as Musrembangdes (Village Development Planning Deliberation). The village community includes the Village Head, Village Officials, and community representatives. The results of these deliberations reflect all aspirations, as village programs originate from community aspirations and needs. Furthermore, community participation prevents disputes and conflicts between the community and the village government. Planning (actuating) in village financial management is the primary foundation for achieving sound goals. Goals can be achieved if they are based on sound planning, ensuring that the intended goals are achieved.

The process of sound village financial management begins with sound planning, ensuring that any goals are achieved. In Tenggela Village, Tilango District, the village financial management process is carried out in accordance with established regulations. The Tenggela Village government consistently involves the community in the planning process for each program. However, the Tenggela Village government frequently encounters issues related to the timely implementation of financial management, which sometimes experiences delays and does not comply with regulations. However, the Tenggela Village government has consistently strived to ensure that all village financial management processes are timely and meet regulatory requirements.

Implementation

Village Finances encompass all Village rights and obligations that can be valued in money, as well as all cash and goods related to the implementation of Village rights and obligations.

Village funds are managed based on the principles of transparency, accountability, and participation, and are conducted in an orderly and disciplined budget. Village finances are managed over a period of one fiscal year, from January 1 to December 31. The Village Revenue and Expenditure Budget, hereinafter abbreviated as APBDesa, is the annual financial plan of the village government, discussed and approved jointly by the village government and the Village Consultative Body, and stipulated in village regulations. The Village Revenue and Expenditure Budget (APBDesa) is the annual financial plan of the village government. The APBDesa is a formal document agreed upon between the village government and the Village Consultative Body. It outlines the expenditures allocated to carry out village government activities for one year, the expected revenue sources to cover these expenditures, and the financing required if a deficit or surplus is anticipated.

From the results of the study, the process of implementing village financial management in Tenggela Village has been running with a reference to the Minister of Home Affairs Regulation Number 20 of 2018. The Tenggela Village Government also often involves the community in every stage of village fund management, such as at the planning stage, the community participates in the discussion meeting of the draft APBDes until the stage of reporting the realization of programs whose budgets are sourced from village funds. The entire process is attempted to be in accordance with the provisions of the regulation, however, the researcher found that there are still obstacles in the implementation process that affect the final process of village financial management. This is due to the process of implementing activities from each program whose person in charge is each kaur and kasi not being on time in preparing the program budget until the realization stage so that this also affects the delay in submitting reports for each activity which results in the village secretary not being able to make the SPP for the disbursement of the program budget. Thus, this needs to be a matter of concern for the Tenggela Village government to further improve its performance and make improvements in the future.

Administration

Villages, as the smallest administrative units within the government, are a primary focus of the government's development efforts. As they develop, villages are required to reactualize to achieve a prosperous and poverty-free society. This can be achieved, among other things, through sound financial management. According to Minister of Home Affairs Regulation No. Law No. 20 of 2018 states that "Village finances are managed based on the principles of transparency, accountability, and participation, and are carried out in an orderly and disciplined budget." With this regulation, village governments have a foundation for managing village finances, and it is expected that village governments will be able to manage village finances effectively.

To prevent misuse in village financial management, all levels, from authorized officials to the community, must understand the basic concepts of accountability and transparency to prevent apathy in the village financial management process. Village financial management, as regulated by Minister of Home Affairs Regulation No. 20 of 2018, encompasses all activities, including planning, implementation, administration, reporting, and accountability for village finances. Administration is carried out by the Head of Finance, as the executor of the treasury function. The Head of Finance is required to record all receipts and expenditures in the general cash book and close the books at the end of each month. The Head of Finance is required to account for funds through an accountability report. The Accountability Report is submitted by the Head of Finance to the Village Secretary no later than the 10th of the following month.

Based on research, in terms of the financial management process, Village finances in Tenggela Village are indeed carried out according to regulations. However, obstacles remain at each stage of village financial management. As researchers found, the administration process, which is indeed one of the stages of financial management, relates to the completeness of reporting documents that will later be reported and accounted for by the village head regarding budget realization in one year. The administration process is the task of the finance head as a function of the village treasury, however, this function has not been fully implemented optimally. Report documents that will later be verified by the village secretary for completeness are still lacking, this is caused by the lack of discipline of the finance head in each activity implementer in compiling and paying attention to the administration related to the realization report of programs that use village funds.

Reporting

The primary objective of administrative development in financial management is to improve the quality of an agency's efforts to manage finances effectively and effectively for the community, particularly government officials, to be more reliable, professional, effective, and efficient, responsive to community needs and aspirations, and to address the dynamics of strategic environmental change processes with quality and positive value in providing good service for improving services and village financial management.

This government focus is fundamentally linked to current development needs, where officials, as elements of the state apparatus, must possess high levels of dedication and quality to withstand the various challenges that arise in the development process. In the implementation of village government affairs, the village government regulates and manages community interests. This serves as the basis and objective of the village government in fulfilling all community needs. Village financial management still faces minimal oversight and lacks budget utilization. Field evidence indicates that public participation in village financial management is still limited and lacking focus. Oversight relies more on regular procedures.

The latest regulations regarding village finances stipulate that they must be managed based on the principles of transparency, accountability, and participation, and be conducted in an orderly and disciplined budget. Village financial management is carried out within a one-year period. The village financial management system, as stipulated in Home Affairs Government Regulation Number 20 of 2018, stipulates that all stages, including planning, implementation, administration, reporting, and accountability for village finances, are directly managed by the village head, assisted by other village officials as elements in the implementation of village financial management.

One of the most crucial stages in the village financial management process is reporting. The village head will submit a report on the realization of the Village Budget (APBDesa) to the Regent/Mayor in the form of a first-semester report, no later than the second week of July of the current year. Research shows that while the report should be prepared no later than the second week of July of the current year, the Tenggela Village government sometimes fails to deliver the report on time due to incomplete reporting documents. Furthermore, the sub-district government's lack of oversight and evaluation of the village financial management process also contributes to the delay in reporting.

Accountability

Accountability for the realization of the Village Budget (APBDesa), consisting of revenue, expenditure, and financing, will be submitted by the village head to the Regent/Mayor through the sub-district head at the end of each fiscal year. The accountability report must be submitted no later than three months after the end of the relevant fiscal year, as stipulated in the Village Regulation. The realization report and accountability report for the realization of the Village Budget (APBDesa) are disseminated to the public through information media. They include the APBDesa realization report, activity realization report, unfinished and/or unimplemented activities, remaining budget, and a complaint address. The village government prepares village development plans in accordance with its authority, referring to the district/city development plan.

The Village Head submits an accountability report for the realization of the Village Budget (APBDesa) to the Regent/Mayor through the sub-district head at the end of each fiscal year. The accountability report for the realization of the Village Budget (APBDesa) is stipulated in the Village Regulation and is part of the Village Government's end-of-fiscal year report. Research shows that village financial management is accountable, encompassing all aspects of village financial management, from planning, implementation, administration, and reporting. Achieving accountability is a primary goal of public sector reform. While Tenggela Village adheres to applicable regulations in its financial management processes, implementation has not been fully optimized. This is often evident in the untimely completion of management stages. Furthermore, the sub-district government's lack of oversight and evaluation also contributes to the process.

Conclusion

Based on the results of the discussion presented previously, it shows that village financial management in Tenggela Village has not been fully optimally implemented. Overall, village financial management in Tenggela Village has indeed been carried out based on the Minister of Home Affairs Regulation No. 20 of 2018 concerning Village Financial Management. However, in the process of realizing each stage of financial management, it is still found that management is not in accordance with the provisions of the regulation. This is evident from the planning process to the reporting stage which is often not on time, so this also affects the final reporting and accountability carried out by the Village Head. The results of the study found that one of the influencing factors is the quality of village apparatus resources who are less competent and their performance and discipline need to be paid attention to and improved considering that the process of village financial management is a crucial matter for the village itself. In addition, the role of the sub-district government is lacking space to be involved in overseeing the financial management process because all stages of financial management are carried out by the relevant agencies.

Suggestion

Capacity building of village officials, particularly in financial management, is necessary. Regional governments must delegate the role of overseeing village financial management to sub-district governments. Work discipline within government is also essential.

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