

# Management of Village Finance to Achieve Good Governance in Talagasari, Garut

## Pengelolaan Keuangan Desa untuk Mewujudkan Good Governance di Talagasari, Garut

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### ABSTRACT

*This study aims to explore village authority in village financial management to realize village governance in accordance with the principles of Good Governance. One of the financing for the Village Government program is the Village Fund Budget (ADD). The research method used is descriptive analysis to get a clear picture by examining secondary data. Secondary data is obtained through literature studies from primary legal materials and secondary legal materials related to regional autonomy in villages in the management of Village Government, particularly with regard to the performance of Village-Owned Enterprises based on Law Number 6 of 2014 concerning Villages. The data obtained from this study were analyzed juridically normative with a statutory approach. The results showed the accountability of the village head in managing village finances. In exercising the power of village financial management, the village head authorizes part of his power to the Village apparatus. (2) The village head as the holder of the village financial management power as referred to in paragraph (1), has the authority to: a. establish policies regarding the implementation of APBDesa; b. determine PTPKD; c. determine the officer who collects village revenue; d. approve expenditures for activities stipulated in APBDesa; and e. take actions that result in spending at the expense of the Village Budget. The factors that become obstacles in Talagasari, namely the lack of information and lack of direction in the distribution of ADD, so that it contributes low to community empowerment.*

Keywords: *management of village finance, village and community welfare*

### ABSTRAK

Penelitian ini bertujuan untuk mengeksplorasi kewenangan desa dalam pengelolaan keuangan desa untuk mewujudkan pemerintahan desa yang sesuai dengan prinsip *Good Governance*. Salah satu pembiayaan terhadap program Pemerintah Desa adalah dengan Anggaran Dana Desa (ADD). Metode penelitian yang digunakan adalah deskriptif analisis untuk memperoleh gambaran yang jelas dengan meneliti data sekunder. Data sekunder diperoleh melalui studi kepustakaan dari bahan hukum primer dan bahan hukum sekunder yang berkaitan dengan otonomi daerah di desa dalam pengelolaan Pemerintahan Desa, khususnya berkaitan dengan kinerja Badan Usaha Milik Desa berdasarkan Undang-Undang Nomor 6 Tahun 2014 tentang Desa. Data yang diperoleh dari penelitian ini, dianalisis secara yuridis normatif dengan pendekatan perundang-undangan. Hasil penelitian menunjukkan pertanggungjawaban kepala desa dalam pengelolaan keuangan desa. Dalam melaksanakan kekuasaan pengelolaan keuangan desa, kepala desa menguasai sebagian kekuasaannya kepada perangkat Desa. Kepala desa sebagai pemegang kekuasaan pengelolaan

keuangan desa sebagaimana dimaksud pada ayat (1), mempunyai kewenangan: a. menetapkan kebijakan tentang pelaksanaan APBDesa; b. menetapkan PTPKD; c. menetapkan petugas yang melakukan pemungutan penerimaan desa; d. menyetujui pengeluaran atas kegiatan yang ditetapkan dalam APBDesa; dan e. melakukan tindakan yang mengakibatkan pengeluaran atas beban APBDesa. Faktor-faktor yang menjadi penghambat di Talagasari, yaitu minimnya informasi dan kurang terarahnya distribusi ADD, sehingga kontribusi rendah pada pemberdayaan masyarakat.

**Kata Kunci :** Pengelolaan Keuangan Desa, Desa dan Kesejahteraan Masyarakat

## INDTRODUCTION

Village government arrangements have undergone a major paradigm shift in terms of authority. It is understood that the central government and regional local governments no longer intervene directly but provide new, guidance, training / learning including village regulations and the Village Revenue and Expenditure Budget (APBDes). The government on January 15, 2014 has enacted Law Number 6 of 2014 concerning Villages. The preamble to the Law states that villages have rights of origin and traditional rights in the development and interests of local communities and play a role in realizing the ideals of independence based on the 1945 Constitution of the Republic of Indonesia.

Law Number 6 of 2014 concerning Villages is very clear about village governance, which states that a village is a legal community unit that has territorial boundaries that regulate and administer local communities who act and are respected in the government system of the Unitary State of the Republic of Indonesia.

The rationale for regulating the village is diversity, participation, genuine autonomy, democratization and community empowerment. The village is administratively located under the Regency/City government. This can be seen from the position of villages in regencies/municipalities in the government system as regulated in Article 18 paragraph (1) of the 1945 Constitution, where based on the provisions of Article 18 paragraph (1) of the 1945 Constitution it is stated that the Unitary State of the Republic of Indonesia is only divided into two autonomous regional governments, namely provincial government and provincial government divided into district/city governments. Therefore, a village that is domiciled in a Regency/City or a type of government that is separate from the Regency/City government, because based on the 1945 Constitution Article 18 paragraph (1) that Indonesia is only divided into two levels of regional government, namely Province and Regency / City. For this reason, a village that is domiciled in a Regency/City will automatically come under the scope of Regency/City government.

The administrative position of the village government which is under the Regency / City government (local self-government), does not eliminate the rights and authorities of the village as a customary law community unit to manage community affairs according to their origins and living customs (self-governing community). Therefore, Law No. 6/2014 on villages also regulates the authority of community affairs according to their origins and living customs.

Regulatively all of these village finances will be documented in the form of APBDes whose management follows various statutory guidelines. This means that the village government is no longer carelessly managing village finances even though the authority as the power of budget users and budget users rests with a village head. According to the general provisions of Article 1 paragraph 6, Permendagri Number 113 of 2014 village financial management is all activities which include planning, implementation, administration, reporting, and village financial accountability. These boundaries are very clear and the first thing we have to understand together is planning. Planning has become a characteristic as well as a basic requirement for village financial management. Therefore, as the organizer, the village government is obliged to provide planning documents before managing village finances.

There are several problems in relation to village financial management so far, namely limited regulations, no budget to finance the preparation of designs and RAB, lack of human resources, lack of supervision of budget use. The purpose of ADD is to finance village government programs in carrying out government activities and community empowerment, so that income distribution, work opportunities and business opportunities for village communities can be increased. This is due to the

lack of empowerment carried out to the community and the absence of socio-cultural development carried out because what appears from the implementation of ADD is only the procurement of goods and the procurement of planting fertilizers. Village financial management can be very sensitive among the community if it is not managed properly, therefore transparency in village financial management is very important so that there are no bad accusations against village officials, so that people know the management and use of village finances annually, people who seem busy with their interests each individual or more seems not willing to interfere in matters of village affairs, is used by the authorities to do something wrong, but if the village government apparatus is good and wise and carries out their duties and functions properly and well, then they always embrace, give the best for the village and villagers.

Responding to the above problems, the researcher is interested in seeing the function of the village government in managing village finances to carry out their obligations in accordance with Law Number 6 of 2014 concerning Villages, especially in Article 77 number (1), namely "Management of Village property is carried out based on the principle of public, functional interests, legal certainty, openness, efficiency, effectiveness, accountability and certainty of economic value". In carrying out its obligations and functions as mandated by the Law, it has been criticized. This is not without reason, but limited human resources and infrastructure to support the village government to carry out the mandate of the law and the aspirations of the community so far have not been properly channeled.

This study aims to identify, understand and analyze the accountability of village heads in managing village finances in Talagasari Village, Kadungora District, Garut Regency. As well as to find out, understand and analyze the obstacles and solutions for implementing the accountability of the village head in managing village finances in Talagasari Village, Kadungora District, Garut Regency to realize Good Governance.

This research has a theoretical impact, for the development of knowledge, especially legal science related to implementation and constraints in village financial management. In practical terms, (1) for the village government, this research is expected to be a reference for employees and parties in the village government so that they always work in a transparent, clean and authoritative manner ; (2) For the user community, this research can provide a source or information regarding the role and implementation of the functions of the village government.

## **RESEARCH METHODS**

The research conducted in this study is analytical description, which describes all the information and data obtained in the form of primary and secondary data. Provide a clear and systematic description of the facts, characteristics and symptoms that arise in the relationship between the provisions of the applicable law and the situation on the ground. This research uses an empirical juridical approach by studying or analyzing secondary data in the form of secondary legal materials by understanding law as a literature research, namely research on secondary data. The type of data in this study is secondary data. Secondary data is data obtained through library materials. Secondary data consists of primary legal materials, namely legal materials that are binding on the issues under study. Secondary legal materials, namely materials that support primary legal materials, including scientific journals, articles, magazines, and other related materials. Tertiary legal materials, namely materials that provide instructions and explanations for primary and secondary legal materials, such as encyclopedias and others.

In this research, data collection techniques are used through library research, which is research conducted by collecting data contained in literature books, laws and regulations, magazines, newspapers, seminar results and other sources related to problem taken. The data obtained is then processed and analyzed in a descriptive qualitative manner, namely a data analysis technique that is not based on numbers but is carried out by describing and explaining the data obtained through sentences and words that are systematically arranged.

## RESULTS AND DISCUSSION

Villages according to Law Number 6 of 2014 concerning Villages, villages are customary villages and villages or what are referred to by other names, hereinafter referred to as villages, are legal community units that have territorial boundaries that are authorized to regulate and administer government affairs, the interests of local communities based on community initiatives, rights of origin, and/or traditional rights that are recognized and respected in the government system of the Republic of Indonesia.

While the term village in everyday life or in general is often termed village, which is an area far from the city crowd, which is inhabited by a group of people where most of their livelihoods are farmers while administratively a village consists of one or more or more. The hamlet is combined so that it becomes an independent region or has the right to manage its own household (autonomy).

Semantically, there are various terms attached to the word village. Some terms that are often juxtaposed with the word village include rural, village, and community. The term rural is the opposite of urban which is widely used in sentences which show the characteristics of the village. If translated into Indonesian, rural means rural. In contrast to the word village, in this synonym, village shows more of the authority where certain residents live. Meanwhile, the term community describes a social community. In contrast to the semantic term village, there are several experts who define village in a formal sense. According to Guy Hunter, the village as an administrative area is an autonomous governmental area.

From a community perspective, there are 4 basic elements that make up a village, namely solidarity, actors, structure (customary organizations), and the material basis (ulayat: territory and law). These four elements serve as the background for the formation of the "original village" as a unit that conventionally binds the community both geneologically and territorially. From this context the village system is built independently, tightly and strongly, led by an adat tribal leader or village head who has the power to manage resources according to existing customary laws.

Mukhtar Sarman explained that based on the main determinants of ecological characteristics and their supporting factors, a village typology can be made. In general, the village typology can be classified into: (a) coastal villages; (b) villages in rural areas, and (c) villages in enclaves.

Village communities in general are often understood as a uniform and general social category, and village communities are often identified with farmers. However, without realizing it, actually within the village community there are differentiations or differences. In sociology, the concept of culture is very important and society cannot be separated from culture. This cultural concept refers to a description of the way of life of rural communities. Citizens of a rural community have a closer and deeper relationship than their relationship with other members of the rural community. Living systems are usually grouped on the basis of a kinship system.

### Village Authority

Talking about the format of village autonomy actually cannot be separated from a study of village authority. There are several models of distribution of authority based on the position of the village: first, if the village is given a position as a community unit (self-governing community) which regulates itself based on its origins and traditional rights (the position of the village as a customary village), then the authority possessed by the village is original authority based on the principle of recognition. Second, if the village is positioned as an autonomous local government unit (local self-government), then the village authority is the authority "handed over" from the government, in accordance with the principle of decentralization; and Third, the village is placed as an administrative unit or an extension of the state (local self-government), so the village authority is the authority "delegated" by the superior government in accordance with the principle of deconcentration or co-administration.

The history of regulating the village, its position and authority is very long and has even existed since the time of the Dutch government through the *Inlandsche Gemeente Ordonantie*

(IGO) to regulate villages in Java and Madura; and *Inlandsche Gemeente Ordonantie Buitengewsten* (IGOB) to organize villages outside Java and Madura. IGO and IGOB are what make the forms and patterns of villages diverse by having their own characteristics.

Article 19 of Law Number 6 of 2014 concerning Villages, Village authorities include: (a) authority based on rights of origin; (b) Village-scale local authorities; (c) authorities assigned by the Government, Provincial Government, or Regency / City Regional Government; and (d) other authorities assigned by the Government, Provincial Government, or Regency / City Government in accordance with the provisions of laws and regulations.

### **Principles of Good Governance in Village Financial Management**

The word "management" can be equated with management, which also means arrangement or management. Management is defined as a series of jobs or efforts carried out by a group of people to carry out a series of work in order to achieve certain goals. It is said that management is a process of planning and decision-making, organizing, leading, and controlling human, financial, physical and resource information organizations to achieve organizational goals efficiently and effectively.

Nanang Fattah argues that the management process involves the main functions displayed by a manager or leader, namely planning, organizing, leading, and controlling. Therefore, management is defined as the process of planning, organizing, leading, and controlling organizational efforts in all its aspects so that organizational goals are achieved effectively and efficiently.

Management is the process of planning, organizing, directing, and supervising the efforts of members of the organization and other users of organizational resources to achieve predetermined organizational goals. Stoner emphasized that management is focused on processes and systems. Therefore, if the systems and processes of planning, organizing, directing, budgeting, and monitoring systems are not good, the overall management process is not smooth so that the process of achieving goals will be disrupted or failed.

Based on the definition of management above, an outline of the stages in management includes planning, organizing, implementing, and monitoring. Planning is the basic process of a management activity and is an absolute requirement in a management activity. Then the organizing is related to the implementation of a predetermined plan. Meanwhile, direction is needed in order to produce something expected and close supervision. With evaluation, it can be a process of monitoring activities to determine whether individuals or groups obtain and use their resources effectively and efficiently to achieve goals.

Good governance is an agreement regarding state regulation that is jointly created by the government, civil society and the private sector where the agreement includes the formation of all mechanisms, processes and institutions in which citizens and community groups express their interests, exercise legal rights, fulfill obligations and bridge the differences between them (Indonesian Transparency Society, 2002).

On the other hand, the term good governance according to Dwipayana (2003) is something that is difficult to define because it contains ethical meaning. This means that something that is considered good in one society, but for other communities does not necessarily get the same assessment. Various other definitions of good governance (in Dwipayana, 2003) are as follows: "Good governance" is often defined as "good governance". There are those who define it as "good governance" and some mean "good governance system". Furthermore, it is also explained that the term "governance" is the process of exercising state power in implementing public good and services. Meanwhile, the meaning of "good" in "good governance" contains two definitions, first, values that uphold the wishes / will of the people, and values that can increase people's ability to achieve (national) goals of independence, development, sustainability and justice social; second, the functional aspects of government that are effective and efficient in carrying out their duties to achieve these goals. The best practice is called "good governance" or good governance. Thus, "good governance" is defined as "solid government administration. and responsible, and effective and efficient by keeping the constructive interaction between the domains of the state, private sector and society".

According to Riswanda Imawan (2005) good governance is defined as the way state power is used in regulating economic and social resources for community development (the way state power is used in managing economic and social resources for development of society).

According to Sedarmayati, (2003) good governance is a form of development management, which is also called development administration. Thus he argues that the government is in a central position (agent of change) of a society in a developing society. In good governance, it is not only the government, but also citizens, the society in question is an organized society, such as NGOs, work associations, even associations.

According to Zulkarnain (2002) good governance is something new for Indonesian society, where the application of this concept often depends on the cooperation of the government and society to achieve two goals, namely a clean and democratic government. It was also explained that the crisis was due to the many irregularities and abuse of power that had damaged the principles of state administration and various aspects of national life. Since the reformation began, the concept of good governance has been included in the treasures of Indonesia's economic recovery. To find out the ideas and practices of good governance, the essence of good governance is the art of government based on the rule of law with elements of transparency, accountability, fairness, and responsibility. These elements make us realize that good governance is a set of actions that provide a clearer fence from the government process with its functions and authorities.

The principles of good governance, according to the large Indonesian dictionary, say that principles contain the meaning of "principles" (truths that are the basis for thinking and acting, etc.). Literally, principles can be interpreted as the basis for which a person or group is upheld because they are believed to be true. In relation to this study, the factor that is emphasized is how a "principle" can be applied in real life in everyday life as a general truth, not just knowing or understanding the nature of the principle itself. In addition, it also talks about how a principle is applied in a balanced and harmonious manner so that it does not cause chaos and inequality (overlapping) in the lives of the people, nation and state. The State Administration Institute provides an understanding of good governance, namely the implementation of a state government that is solid and responsible, efficient and effective, by keeping constructive interactions between the domains of the state, the private sector, and society (Anti-Corruption Committee, 2002: 55).

The principle of good governance is related to information, which is seen from the principles of transparency, participation and public accountability, as described below: one of the principles contained in good governance and closely related to information disclosure is the principle of transparency. Information disclosure is expected to result in healthy, tolerant political competition, and government policies are made based on public preferences. Transparency as stated by LAN is an attempt to create trust between governments, the business world, and the public by providing information in obtaining accurate and adequate information (LAN, 2003: 7).

Transparency means access or freedom for everyone to obtain information about government administration and various public policies. According to Solihin (in LAN, 2003) the minimum indicators of an institution can be said to be transparent, among others: first, the availability of adequate information in every process of formulating and implementing public policies. Second, there is access to information that is ready, easy to reach, free to obtain, and on time.

### **General Principles of Proper Government**

The general principles of proper governance (AAUPL) can be understood as general principles which serve as the basis and procedures for proper governance, in which way the administration of government becomes good, polite, fair and respectful, free from injustice, violation of regulations, acts of abuse of authority and arbitrary actions. The general principles of proper governance are an open concept (open begrif). Because it will develop and be adapted to the space and time in which this concept is located. According to Jazim Hamidi, the definitions of general principles of proper governance are as follows: first, general principles of proper governance are ethical values that live and develop in the state administrative law environment. Second, general principles of proper government function as a guideline for state administrative officials in carrying out their functions, are a test tool for administrative judges in assessing state

administrative actions (in the form of stipulation / beshikking), and as a basis for filing a lawsuit for the plaintiff. Third, most of the general principles of proper governance are unwritten, abstract, and can be explored in the practice of community life. Fourth, some of the other principles have become written legal principles and are scattered in various positive legal regulations (Imadudin, 2017). In fact, the general principles of good governance are mostly unwritten. These principles have lived in the awareness of society's law and are general / universal principles that live in our sense of justice.

### **Village Money Management Mechanism**

In the implementation of village development, villages must implement the principles of transparency and involve community participation in planning, implementation as well as in supervision and monitoring. Within the framework of the Village Law, the village development cycle includes 3 (three) important stages, namely planning, implementation and accountability.

**Planning.** Village development planning refers to the concept of building a village and building a village. The concept of building a village in the context of planning is that in planning development, the village needs to refer to district / city development planning.

**Implementation.** Based on government regulation no. 60 of 2014 concerning village funds sourced from the State Budget and Government Regulation No. 43 of 2014 concerning Implementation Regulations of Law No. 6 of 2014 concerning Villages has regulated several main uses of village finances. In article 100 PP No. 43 of 2014 states that the village expenditure stipulated in the APBDesa is used with the provision that it is at least 70% of the total village budget and a maximum of 30% of the total village budget.

**Accountability.** The village head is responsible for the overall village financial management. In PP No. 43 of 2014 articles 103-104 regulate the reporting procedures that must be carried out by the village head. The village head is required to report the report on the realization of the APBDesa implementation to the Regent / Mayor every semester of the current year (semester report). In addition, the village head is required to submit an accountability report for the implementation of the APBDesa to the Regent / Mayor at the end of each fiscal year (annual report). Reports made by the village head are submitted to the Regent / Mayor which is submitted through the Camat. The reporting arrangements and accountability for the use of APBDesa are listed in Permendagri No. 113 of 2014 concerning village financial management. The Permendagri also stipulates the standard and format of accountability reporting that must be prepared by the village head.

### **CONCLUSIONS AND RECOMMENDATIONS**

The accountability of the village head in managing village finances as the holder of power in village financial management. In exercising the power to manage village finances, the village head delegates part of his power to village officials. The exercise of authority in village financial management demands responsibility for realizing the welfare of the people which is carried out in the corridors of the prevailing laws and regulations. The village head is basically responsible to the people whose accountability procedures are conveyed to the Regent / Mayor through the Camat.

Factors that obstruct the management of the village income and expenditure budget in Talagasari Village, Kadungora District, Garut Regency: village government policies are less clear, government policies in general can be interpreted as everything related to government decisions, in the form of programs, regulations and others. Lack of information, lack of direction in the distribution of ADD so far can be seen from the reality that most villages allocate their ADD budget for physical repair/improvement of roads, buildings, which contribute low in encouraging community empowerment and very few villages direct their ADD budget. Human resources, in relation to resources with ADD implementation, there are several factors that hinder policies. The solution is to increase the role of the central and regional governments, in relation to regulations / policies and facilitation from the central government consisting of 3 (three) related ministries. Efforts to simplify regulations for villages related to the distribution of village funds, and in order to expedite the process of distributing village funds, it is necessary to provide documents such as RPJMDes, RKPDes, and APBDes on time every year. To support this, village assistants are needed, so as to facilitate the preparation of documents and the process of managing village funds; adjusted to

the priority of using village funds that are prioritized on the implementation of village government, implementation of village development, village community development, and empowerment of village communities.

The policy recommendations in this study are, first, that the Talagasari village government in managing village finances needs to involve adequate human resources in terms of numbers and experts in the fields according to their duties and functions. Thus the village government needs assistance from professional experts in an orderly financial administration system so that the role of each stakeholder is needed in realizing community welfare. Second, the acceleration of the Talagasari village government in realizing community welfare, which is expected by the village government to play a more active role in conducting two-way communication between the village government and the community because every activity that is held requires community participation in order to serve the community's needs optimally to create community welfare. Third, in the process of managing village fund allocations starting from the planning stage in carrying out musrembang activities, it should involve all levels of society and transparency of information conveyed by village officials to the village community. Fourth, the need to improve the quality of human resources (HR) for each team that manages village fund allocation. Then the need for transparency of information conveyed to the community in managing village fund allocations so as to increase community participation can achieve the objectives of village fund allocation.

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