

**GOOD GOVERNANCE IN FINANCIAL MANAGEMENT OF VILLAGES  
PERSPECTIVES REGULATION OF THE MINISTER OF THE INTERIOR  
NUMBER 113 OF 2014**

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**Abstract**

This study is aims at examining and analyzing about the management processes of rural financial good governance regulation perspective No. 113 of 2014 that carried out by the villages in East Lombok. This study used qualitative method with case study approach, the method of facing the problems were describing the state of the villages in carrying out the process of financial management which is based on the facts that occurred by using interview and documentation study. The results of this study is explaining that there is no implemented financial management processes of the villages that accordance with the principles of good governance and notaccordance with Regulation No. 113 of 2014 which were the lack of transparency, accountability, and participation in the planning, implementation, administration, and financial accountability of the villages. Furthermore, the cause of the authority of the villages are exceed the limits as the authority as authorized financial manager. The lower officials resource capabilities of the villages and the head of that villages have seen from the competences of the quality and the quantity as financial management actors. The weakness of effective monitoring system and thorough out of its function as monitors in implementing the activities undertaken by financial management of the villages. Thus, the causing of behavior aberrant on the duties and the function. While the three problems occurred in the process of financial management of the villages in East Lombok districted tends as the lead to the ineffectiveness of the principles of good governances as set out in regulation No. 113 of 2014 to achieve transparency, accountability and participation.

**Keyword** : Management of village financial, Good governance, Regulation No. 113, 2014

## **1.Introduction**

Based on law No. 6 of 2014 on the village, and Government Regulation (PP) No. 66 of 2014 on Village Fund Originating From State Budget of the village is a mandate that directly from the law No. 6 of 2014, the newly inducted to bring into a reality as a programs of village governance that relating to the village. Under this provision, the village was given the understanding as the legal community unit that has territorial limits that authority to control and manage the interests of the local community, based on the origin and local customs that recognized and respected in the governance system of the Republic of Indonesia. In the 2015, the budget of state document agreed upon Article 2 of Regulation No. 60 In 2014, it was mentioned that the Village Fund managed in an orderly, obedient to laws and regulations, efficient, economical, effective, transparent and accountable to take fairness and compliance as well as the interests of local communities. In regulation was also mentioned that the village government organization adheres to the principle of decentralization and assistance. The principle of decentralization raises the internal village funding (village budget), while the principle of co-administration provides an opportunity for the village of obtaining funding from existing government above (APBN).

In 2015 the government issued a policy Budget village fund, which is marked by the issuance of Government Regulation (PP) No. 66 of 2014, the purpose is more directed at rural empowerment to create governance *pemerintahan* good (good governance) in the administrative villages in setting the village fund to realizing the public service. One characteristic of a good service is giving satisfaction to need for fast, easy, and if there is no certainty the cost it must be affordable. Besides, the service must be relatively close to that need, the position of government closest to the community is the village government. Associated with the existence of the village administration is dealing directly with the public in line with the intended regional autonomy, efforts to empower (empowering) Village governance must be implemented and can not be *ditunda* delay in order to bring good governance *pemerintahan* (good governance) in the village administration which leads to the well-being of society. In terms of the development of community participation, the village government as a coach, guardian and steward to the community that was instrumental in supporting easy it is mobilized to participate.

As a logical consequence of their authority and autonomy demands from the village is the availability of sufficient funds. Wasistiono (2006: 107) states that the financing or finance is an essential factor in supporting the implementation of village autonomy, as well as in the implementation of regional autonomy. In line with the notion that "autonomy" identical with the "auto money", then to organize and manage their own household village in need of funds or adequate cost as support the implementation of its authority. Forms of transfer funds in question is a village fund (DD) which allocated Rp 46.9 trillion in budget 2016 were distributed to 74.754 villages across in Indonesia. Village Fund (DD) distributed in two phases, the first will be distributed in March by 60 percent or about Rp 28.2 trillion. While the second phase 40 percent will be distributed in August amounted to Rp 18.7 trillion. The government is targeting a budget that can be immediately distributed to the entire village. In addition to receiving funds directly from the Center, the source of financial funding large villages also came from the central fund transfers through the budget, known as the Village Fund Allocation (ADD).

The management of village finances are healthy in order to establish good governance that should also be followed by other factors that influence the success of the financial management of the village as well, namely 1) the regulation of the complete and clear and 2) Privileges village head as the authorized financial operators village 3) Competency head village and village officials 4) supervision. A review of the four factors may indicate that there are still many fundamental flaws in each factor. Based on the explanation above, the motivation of this study was due to 1). there still exists a gap (research gap) between the expectations and the fact the field; 2) This study takes place in the (10) ten villages in East Lombok district for the financial management of villages have not been implemented according to the principles of good governance perspectives of Regulation No. 113 of 2014. And it is the only district that is not in the category of good governance pioneer village in Nusa Tenggara west due to not applying the principles of good governance, human resources were still weak, the authority of the village chief, supervision is lacking. This study was inspired by research conducted by Surya (2013), Furqani, (2010), Oktay, (2010), Putriyanti, (2012), Sudarmaji, (2009), Wisakti (2008), Supriyadi (2009), Subrto (2009 ),

Anwar (2013), Sasangko (2013). The results of the overall study shows that in the process of financial management (APBDes) either from the process of planning, implementation, penatausahaan, reporting and accountability only proceduralism or formalism cause APBDes takes place is not meaningful, because it is not based on good governance principles of transparency, accountability and participation which some times does not match the needs of the community and village based plan, but only as the procedures to be bypassed. Based on the description in the above background, the research questions in this study are as follows: 1) .Why village financial management (ADD and DD) has not been implemented according to the principles of good governance in East Lombok by Regulation No. 113 of 2014; 2) what are the factors that led to the financial management of the village in East Lombok district has not been implemented according to the principles of good governance. The purpose of this study was to examine and analyze the factors that cause the financial management has not been implemented according to the principles of good governance village in East Lombok perspective Permendagri 113 of 2014

## **2. THEORITICAL FRAMEWORK**

### **2.1. The Concept Of Good Governance**

The management of financial and the rural economy can be used as knowledge based on society. Namely the regulations on the village that extent which we have to comply, whether in accordance with the direction of the desired destinations. What are the benefits that can be generated for the local government, the village of business government, communities and institution. Furthermore, it is very important in face of a movement challenging, and that is what is called good government with all methodology of financial economic management system.

In the village, could be scroll through its state of policy , script to build a mechanism for a village as an oriented development. Villages finances are managed based on the principle of transparent, accountable, participatory and orderly of discipline budget. This is an important step that should be supported in order to realized of management financial. The area that has an important role in representing

all activities, political and economic policies of local government. Due to the transparency and accountability of the financial management is one of the effectiveness and efficiency of good governance. In this connection of responsibility, transparency and accountability I the management of village finance inter[rated as part of a system management financial which provides as financial information that is opened to the public in order to realized a good governance and accountable management of resources and the implementation of policies In order to achieve the goals.

## 2.2. Stewardship Theory

The theory of stewardship can be applied for accounting study of public sector organization such as organization of government. ( Morgan,1996;David, 2006 and Thornton, 2009) and non profit other ( Vargas,2004. Caers Ralf 2006 an d Wilson 2010) since the beginning of its development, organization of the accounting of public sector has been prepared to meet the information needs of the relationship between steward with the principle. Accounting as a driver of financial information( driver) goes towards increasingly complex of transaction and followed by the growth of specialization in accounting and development of public sector organization. Increasingly, complex of conditions with increasing of demands for accountability in a sector of public organizations, principal increasingly the difficult to carry out their own function of management. The separation between the functions of ownership by the community with the management function of government are becoming increasingly apparent.

The various limitation, resource owners are more capable. Contractual relationships between stewards and principals on the basis of the trust, in acting of collectively an accordance with the objectives of the organization. Moreover, the corresponding model in the case of public sector organization is the stewardship theory.

## 2.3. The Financial Of Accounting Village

The village should have the duty to enforce of accounting to support the financial management accountability to the public. If it is faced with the choice of accounting standard that exist today, the suitable

of accounting standard for village is Government Accounting Standard (SAP). There are at least two reasons in strengthen this opinion. First, The village in the charge of affairs of government ( Law 6/2014,Article 1). And the head of village must submit a report to the village. Second, the village earned revenue which comes from State and the local budget (law, 6/2014, article 72). Two of these reason indicated a close relationship between the activity of the village by the government activity. It is also possible to develop its own accounting standard or keep referring to SAP but with different accounting of central and local government . the budget of village (APBD) consist of revenue system of the village, a expulsion of village and financing. The draft of budget( APBD) discussed in the developing of planning. The head of village along with village consultative (BPD) set year by village regulations. APBD drafting of guidelines, the changes APBD, APBD of village calculation and accountability of APBD defined by regulation regent or mayor. The operation of village government as output in the form of.

### **3. RESEARCH METHOD**

This study used a qualitative method with case study approach, the method of solving problems are a portrait of the state which was the villages in the process of management financial based on the facts that occur by using interview techniques and documentation. In answering the problems and phenomena to be studied, According to Yin (1994), quoted from Husnan (2006) there are four (4) typology kinds of design case study, single-case (holistic), single-case (embedded), multiple-case (holistic), and multiple-case (embedded). The choice between four types of design is dependent on the aspects examined. In this study, the type of study design used is a multiple-case (holistic) as the unit of analysis used only one (single unit of analysis / holistic) is a village in East Lombok district with the object as es of the management financial based on *good governance*.

Determination of informants using purposive sampling (samples intended). According Sugiono (2008: 218-219) purposive sampling informants researchers determine the people according to the researcher has the information required in this study, because they (the informant) always relate to problems

that are meticulous researcher. Sekaran (2003) states that purposive sampling was used for the information to be retrieved from sources that intentionally selected based on the criteria established. In addition, a purposive sampling technique.

This study also will use snowball sampling technique is a technique of exploration of data at first are few long been great. This is done because the number of data sources that little has been unable to satisfy, then find someone else who can be used as a source of data is done in a way that snowball sampling technique so that the information obtained through the saturation point and there is no variation answers from informants. Until finally diitemukan 6 (six) the informant with a different task, namely the head of the village as the proxy of the financial manager, secretary of the village as koordinator TPKD, treasurer of the village as the receiving, storing and posted financial, Village Consultative Body (BPD) as supervisor in the village, Head of Empowerment society, and assistant village.

This study uses primary data and secondary data, where the primary data sourced from interviews and secondary data from the review of financial documents, scientific papers and text books. Interviews in this research is using a semi-structured interview was initiated by Sarosa (2012; 47), which is the type of interview by making a list of topics and questions guide (interview protocol). Documentation is complementary techniques of the use of interview and observation. Researchers collected data such as documents and photographs that are relevant to the research topic. The documents in question are: Budget Village (APBD) Village Government Work Plan (RKPD)), the Inspectorate of Audit Reports (LHP) and other related documents.

Furthermore, testing the validity of the data, using internal validity (credibility) on the aspects of the value of truth, the external validity (transferability) on aspects of the application, reliability (dependability) on aspects of consistency and objectivity (confirmability) on aspects of the naturalist (Bungin, 2007; 250). In qualitative research, more emphasis on the level of validity of the data obtained. Based on this research, the confidence of research data can be said to be have a significant influences on

the success of the study. The procedure of data analysis in this study was using a model of qualitative data analysis interactively from Miles and Huberman (1992), which consists of data reduction, data presentation and conclusion are performed simultaneously, while the step - step analysis of the data in this study were adopted from step analysis and interpretation of the data recommended by Creswell (2010).

#### **4. RESULT**

The management financial of village basically follows the pattern of financial management is an area where the village chief authority management financial of the village. Revenue, expenditure should be set in the village danpembayaan Budget (APBDes) stipulated in the regulations along the village by the village chief Village Consultative Body (BPD). Accountability against the use and management of village finances is Accountability the village chief to be submitted to:

- a. Regent / Mayorat the end of each fiscal year presented by the subdistrict head,
- b. Village consultative Body at eachend of the budget year,and
- c. Community in village meetings.

#### **Sources Financing of the Center**

The budget comes from the state budget to flow to the village is divided into two (2) distribution mechanism, funds transfers to the regions (on top) is gradually known as the Village Fund (DD) and the mechanism of transfer of funds through the district / city APBD allocated 10% by the local government to be channeled into the village treasury gradually known as the Village Fund Allocation (ADD).

- a. Village fund

Determination of the definition, assignment and transfer mechanism for the village fund stipulated in Government Regulation (PP) No. 60 of 2014 on Village Fund sourced from the State Budget. Under PP 60 In 2014, the village fund is a fund sourced from the State Budget and Expenditure earmarked for the village that is transferred through Budget (APBD) district / city and used to fund

governance, implementation of the development, fostering social and community empowerment. PP 60/2014 was later revised by PP 22/2015. The substance is converted into PP PP 60/2014 to 22/2015 is the formula allocation or distribution of funds from the center to the village from district to district and village.

Tabel 1. Amount Of Funding Of West Nusa Tenggara Provincial Budget Year 2016

No.	District	Villages	Allocation of village funds (Rp)
1	Bima	191	122.722.136
2	Dompu	72	47.728.950
3	West Lombok	119	84.996.512
4	Central Lombok	127	92.903.644
5	Lombok Timur	239	164.568.763
6	Sumbawa	157	101.242.549
7	West Sumbawa	57	37.299.165
8	North Lombok	33	27.022.708
<b>Amount</b>		<b>995</b>	<b>977.494.427</b>

Source: Kemendes 2016

b. Village Fund Allocation (ADD)

The process of village financial funding through transfer mechanism of RKUD which were actually been done long ago. Under PP to allocate funds transfer from the Center to be forwarded to the account of the village known as the Village Fund Allocation (ADD). The definition of ADD in PP 72 2005 is the funds allocated by the Government of Regency / City to the village, which is sourced from the financial balance of central and local received by Regency / City. Part of the financial balance of central and local received by District / City to the Village at least 10% is distributed in proportion to each village. The calculation of the amount of the budget that should be allocated local ADD to be forwarded to the account of the village, is also regulated in the PP 72 2005 72 2005 about the village, local governments have an obligation

Tabel 2. Recapitulation Of Village Fund Allocation ( ADD) And Village Fund (DD)  
Of East Lombok 2016

No.	District	Allocation of village funds (Rp)	Village funds (Rp)
1	Keruak	7.919.853.379	9.835.625.000
2	Sakra	5.687.545.812	8.167.727.000
3	Terara	8.388.102.572	10.716.917.000
4	Sikur	7.389.939.645	9.848.267.000
5	Masbagik	5.985.135.525	7.469.024.000
6	Sukamulia	4.433.469.422	5.998.691.000
7	Selong	561.655.808	664.531.000
8	Pringgabaya	8.448.586.413	10.982.325.000
9	Aikmel	12.419.652.866	16.656.923.000
10	Sambelia	6.373.978.649	7.645.923.000
11	Mt.Gading	4.602.845.449	5.592.716.000
12	Pringgasele	5.586.106.933	7.102.263.000
13	Suralaga	7.332.658.543	10.093.601.000
14	Wanasaba	7.305.517.960	9.369.283.000
15	Sembalun	3.511.821.148	4.456.149.000
16	Suela	4.763.803.036	5.709.237.000
17	Labuan Haji	4.249.637.542	5.508.978.000
18	East Sakra	5.235.223.860	6.735.181.000
19	West Sakra	9.020.276.331	11.746.845.000
20	Jerowaru	8.130.961.106	10.168.557.000
<b>Amount</b>		<b>127.286.808.000</b>	<b>164.468.763.000</b>

Source : BPMPD East Lombok

### **The problems in Rural Perspectives Financial Management Regulation No. 113 of 2014**

Village is the overall financial management activities including planning, budgeting, administration, reporting, accountability and financial oversight of the village. Village financial management is a subsystem of the system of state financial management and governance regions fund the village and rural community empowerment. In connection with this, the village financial management required in a standard setting at the start of the aspects of planning and budgeting as well as aspects of implementation, the financial administration of the village and village financial accountability.

Based on observations and interviews about the knowledge of the village head of the Law No. 6 of 2016 and Regulation No. 113 of 2014 obtained a description that the heads of villages in East Lombok is not yet fully aware of the Law No. 6 of 2014 and Regulation No. 113 of 2014 because they have not read and only heard when he joined the socialization held by the government. As dictated by some village chief an dvillage officials in East Lombok districtas follows :

*: "It was on the subject of the village but if Permendagri I do not know if the financial management that we are here first to take the policy of the village head, sekdes, treasurer and kaur People`s Welfare after the village head did the Review how the funds are disbursed after that we will do the construction and check point which will be built-point and view sof how the funds with the team TPK us down"*

*"It's about the village and I really appreciate the central government has poured substantial funds for the village and this is the history for the first time we got the funds from the state budget if Permendagri that I just read half and half, and on financial management was also only half of our understand but that structure already IMA run and the plot starts from APBDesa then spp created by TPK and then given to the treasurer "*

Based on the results of the interview, it can be concluded bring the head of village and village officials in East Lombok who handle the financial management do not fully understand about government regulations and financial management from the planning, implementation, administration and accountability reporting. This is because there is no desire from village officials to learn and understand about government regulations that exist. As we know the regulations and cycle management of village finances that those described in Regulation No. 113 of 2014 concerning financial management of the village is the overall activities that included planning, implementation, administration, reporting, accountability and financial oversight of the region must be understood clearly and perfectly by the officer the financial manager. The authors found a different reality, that such understanding was never meant as an obligation that must be fulfilled to positions and the task in hand today. The mandate entrusted to him should be able to motivate the financial management officers to implement the vision and mission of the organization.

### **The Financial managemen to village based "Good Governance"**

The concept of good governance has long been implemented by all parties, namely the Government, Private and Public, however, still a lot of ambiguous in understanding the concept of governance. Simply put, many people translate governance as Governance. Governance here is not only in terms of the structure and management of the so-called executive agencies, because the government (government) is only one of the three major actors that make up the institution called governance. Two other actors are the private sector (private sector) and civil society (civil society). Therefore understand governancea dalam understand how the integration of roles between the government (bureaucracy), the private sector and civil society in a mutually agreed rules. Government agencies should be able to create an environment of economic, political, social, cultural, legal and conducive security. The private sector plays an active role in fostering economic activities which will expand employment and increase income, while civil society must be able to interact actively with a wide range of economic activities, social and political, including how to control the course of these activities. The main key to understand good governance is an understanding of the principles in it.

### **Openness and Transparency (openness and transparency)**

In the sense of community is not only able to access a tetepi policy also played a role in the formulation process of the opening of access for all parties interested in any related information such as the regulations of the village, the village head of the regulation, as well as the village government policy at a minimal cost. Reliable information (reliable) and periodically must be available and accessible to the public (for the village context usually through BPD besifat meeting is open to the public and the wide distribution of the planned development, APBDesa, reports etc). That is, the transparency is built on the foundation of adequate free flow of information is provided to understand and (then) be monitored. Transparency obviously reduce the level of uncertainty in the process of decision making and implementation of public policy. Therefore, the dissemination of information which have access only owned the village government can provide an opportunity for the various components of society to participate in decision making. Therefore, it should be noted that this information is not only available, but also relevant and understandable

public (villagers). In addition, this transparency can help to narrow the opportunities for corruption among village administration (BPD, the village chief and other village) with the "invisibility" of all decision-making processes by the public.

*"Here we believe strongly in maintaining transparency in accordance with the diamatkan by law and appeal of BPMPD to make an announcement to the public about the activities and funds spent so here we are trying to have a web to be as expected but for the moment we are still in the preparation stage and learn there regardless of the direction in the planning we always involve all levels of society "*

### **Accountability (accountability)**

Which is interpreted as an obligate to account for its performance, the capacity of an institution of the village government to be responsible for the success or failure in carrying out the mission in achieving the goals and objectives as set periodically. In the context of the village administration, every government institution village (the village authorities and BPD) have an obligation to account for the achievement of the organization in the management of the resources entrusted to him, from the planning phase to implementation and monitoring and evaluation. Accountability is key to ensure that power is well run and in accordance with the public interest. Therefore, accountability requires clarity about who is accountable, to whom, and what accounted for. Therefore, accountability could also mean the establishment of a number of criteria and indicators to measure the performance of government institutions, as well as a mechanism that can control and ensure the achievement of the various standards. As excerpts of an interview with the head of village and village of ficials below:

*"Our belief down together sekdes, kasi inform community development and treasurer will bebuilt such roads or other infrastructure"*

*"Financial accountability that we can use our highly accountable because the evidence we have opened new roads that facilitate the public to carry out daily activities can mom see also"*

### **Participation**

Community participation in various activities of public administration and development of the embodiment of changing the paradigm about the role of people in development. Society is not just a

beneficiary (beneficiaries) or a mere object, but rather an agent of development (subject) that have a significant portion. With the principle of "from and for the people", they must have access to a variety of institutions that promote development. Therefore, the quality of the relationship between the village government by citizens who served and protection becomes a very important thing in a relationship of first come in to be ing through the process of avillage administration selected.

*"Participation starts from the meetings of villages members and then brought into the villag and as here sult of its will be brought if it is have good responsibility".*

*"Very good public response will be rural development here because the village heads pack passion so citizens participate in building the spirit let alone building that was worth billions'*

Tabel 3. Realizing The Good Governance Principles Event Planning

<b>Principle</b>	<b>Implementation</b>	<b>Required</b>
Participation	<ol style="list-style-type: none"> <li>1. The village government opens space and involves the community in preparing the village RKPDes and the design of APBDes</li> <li>2. BPD conducts consultations with the community before discussing the draft APBDes with the village government</li> </ol>	<ol style="list-style-type: none"> <li>1. The villages heads commitment to engage the community optimally</li> <li>2. People who understand the provisions and technical preparation APBDes</li> <li>3. Rules and working mechanism of BPD to ensure the existence of publik consultation</li> </ol>
Transparency	<ol style="list-style-type: none"> <li>1. Announced informing the schedule of the agenda and planning process and planning results openly to yhe public</li> </ol>	<ol style="list-style-type: none"> <li>2. Socialization is done officially by the village govrnment and BPD</li> <li>3. facilities of information dissemination</li> <li>4. People care about information</li> </ol>
Accountability	<ol style="list-style-type: none"> <li>1. Process activities are carried out according</li> <li>2. Activities carried out by the competent team</li> <li>3. Plans are based on community aspirations and data</li> <li>4. Plans agreed by the parties concerned</li> </ol>	<ol style="list-style-type: none"> <li>1. Disseminate provision in the process of draftinh APBDes</li> <li>2. The discusion of the draf APBDes is done openly the sense that it can be attended by the community</li> <li>3. People care about information</li> </ol>

Source: Financial Management Module Village

Based on interviews and research conducted on the planning of the financial management of the village in a few villages in East Lombok district all the village heads and village officials have been applying the principles of transparency in budget planning to announce and disseminate the results of the planning to the public but the result of planning that has not been disseminated through the noticeboard and information media such as the web in accordance with what is suggested by BPMPD East Lombok district due to lack of adequate facilities and infrastructure. Relation to accountability in the planning stage of activities in accordance with the provisions which starts from the hamlet meetings, Musdes, musrenbangdes.

Tabel 4. Realizing The Good Governance Principles In Implementing Activity

<b>Principle</b>	<b>Implementation</b>	<b>Required</b>
Participation	1. Communities are involved in: <ol style="list-style-type: none"> <li>1. Price surveys</li> <li>2. Preparing RAB</li> <li>3. Facilitate the procurement process of goods and services</li> </ol>	1. There are people who understand about the procedure and skill fully calculate RAB
Transparency	<ol style="list-style-type: none"> <li>1. Goods and services needed to be announced publicly</li> <li>2. Standar pricing of survey result openly published</li> <li>3. The required goods and specifications are publicly</li> <li>4. When procured through the tender offer from the winning bidder announced published</li> </ol>	<ol style="list-style-type: none"> <li>1. Price data and specification of goods and services that are generally applicable in the local village</li> <li>2. Citizen who are knowledgeable about the price and specifications of goods and services required</li> <li>3. Announced the procurement plan of goods and services</li> </ol>
Accountability	<ol style="list-style-type: none"> <li>1. Activities shall be carried out in accordance with established procedures</li> <li>2. Activities carried out by competent party</li> <li>3. Each activity is supported and be proven with the required documents</li> <li>4. Open space for the community to conduct monitoring</li> </ol>	<ol style="list-style-type: none"> <li>1. Announced it socializing activities to be implemented</li> <li>2. Socialize provisions and procedures for implementation of activities</li> <li>3. Citizens who have the skills to do the monitoring</li> </ol>

Source: Financial Management Module Village

Activities carried out by the competent authorities, the plan is based on the aspirations of the people and most importantly the plan agreed upon by the parties involved .But there are some villages that do not implement hamlet meetings and Musdes plans drawn up by interest groups and the job does not involve TPK but the part third.. Community participation in the planning process almost all cases involving the wider community composed of religious leaders, traditional leaders, youth, BPD, LKMD but rarely involving the representation of women, the poor, a group of fishermen. The state of the above is in conformity with Regulation No. 113 of 2014 although there are deviations of a few villages.

Planning is the beginning of an activity. If the planning is done properly and well, will give a great influence on the implementation and then the results of the activities. The accuracy of the planning will be assured if the process is actually referring to the provisions and principles are based on the Financial Management of the Village.

Transparency in the implementation of financial management as expected by Regulation No. 113 of 2014 in terms of procurement of goods and services were never disclosed to the public both about goods and services of what is needed or the results of a survey on the standard price. The mean time of the village is not have a standard price. Moreover, the villages are requested in conform to the standard price of the local government, but some villagers do not want to follow the standard price of the local government on the grounds so low that village officials made the standard price of its own so that the inspection inspectorate in all villages surveyed in East Lombok district myriad findings on the costliness Price Analysis (lack of work on the physical volume) and the excess cash should be returned to the village to be in use rebuild the infrastructure according to the need so feach village.

Accountability in the use of funds from ADD and DD have not been conducted in accordance with applicable rules, for example not in accordance with the RAB, the proposal with the different physical realization with the discovery of the volume of work and jobs shortage was provided to a third party by some villagers.

Community participation as well as in planning but in implementation increasingly weak. The condition is not in accordance with the Decree of the Regent of East Lombok No. 188.45 / 103 / ADPEM / 2015 on Standard Rates and East Lombok Regent Regulation No. 5 of 2014 on Procedures for Procurement of Goods and Services. This is because work does not refer to the applicable regulations, the absence of detailed planning image as a reference for carrying out the work, supervision of the head of the village is less because of ignorance.

Table 5. Realizing the Good Governance Principles in the Activity Reporting and Accountability

<b>Principle</b>	<b>Implementation</b>	<b>Required</b>
Participation	1. Open space for the community to observe the accountability report of village financial management	1. Schedules submission of accountability report in deliberation of villages
Transparency	1. Publicly inform the realization report of the implementation of ABBDes 2. Submit accountability report in village consultation forum 3. Accountability report in accordance with the provision	1. The effective management of media or means of information delivery 2. The aspirations of the community for the LPJ to be scheduled in village meetings
Accountability	1. Accountability reports are prepared through the deliberation process with BPD 2. Report submitted to the regent or mayor in accordance with the provisions 3. Reports are publics informed 4. Reports are done on time 5. The data in the report is consistent	1. Concerned citizens and paying attention to accountability reports on village financial management

Source: Financial Management Module Village

Based on an interview with the village head and village officials in East Lombok district on the accountability report is always delivered on time so that DD can be liquid quickly, it kadangyang lead responsibility report which made the village has not followed the standards and prone to manipulation as seen from some checks Inspectorate the area where the evidence of use of money is often not included in the report. Similarly, the evidence of the handover of goods or the activity report is often not delivered.

From field observations and conversations with several companion village there are several villages that use special lanes for reports pertanggungjawabanya in other words they have received so by giving rewards to the service providers. If this trend continues, it could potentially lead to the function of the accountability report will be narrowed as the administrative requirements A and lost its primary function as evidence of accountability in addition to the permissive attitude of the financial statements of villagers who are not in accordance with provisions to create the perception of the village that the report does not need to pay attention to the truth of substance and more easily manipulated.

Reporting is one of the mechanisms to realize and ensure the accountability of financial management of the village, as affirmed in principle Rural Financial Management (Principle Accountability). The essence of this report is the Financial Management of the Village can accountability of various aspects: Legal, administrative, and morally. Thus, financial management reporting obligations Government village became inseparable aspart village of Organizing desa. Pelaporan government as a tool to determine the progress of the implementation of control activities and evaluate various aspects (obstacles, problems, influencing factors, success, and so on) related implementation activities

### **The Power of Authority Rural Finance Manager**

Chapter III Article 3 Permendagri 113 In 2014, it was mentioned that the village chief as the head of the village administration is the authority's financial management and represent his government's rural village in the village property ownership are separated, with the authority to: 1) Establish policies regarding the implementation of APBDesa; 2) Establish policies on management of the village: 3) Establish the village treasurer, the chief decision des: 4) Establish polling officer who made the village reception: 5) Establish officer who manages the property of the village. The village head in implementing the financial management of the village, assisted by the technical implementation of the financial management of the village (PTPKD), consisting of: the village secretary, village advice and treasurer.

In the village financial management based on the rules are still valid today, still found a

discrepancy between the rules and the practice. The case occurred in the field, there are several heads of villages in East Lombok there are transgressors to save and spend their own village finances without involving the treasurer and implementation teams for security reasons of course it is contrary to Article 7 of Regulation No. 113 of 2014 which reads: Treasurer referred to in paragraph (1) has the task: to receive, store, deposit / pay for, administer, and account for revenue receipts and revenue expenditure rural village in order to implement APBD. Financial of villages that usually concurrently performed directly by the treasurer of Villages which were officials can not do much, considering the head of village is authorized financial managers lead them to make the omission. This incident certainly can not be allowed because it is not in accordance with Regulation No. 113 of 2014 concerning management of village finances as expected by the existing regulations and to realize good governance with accountability principle in maintaining public confidence in the village authorities of transparency in the use of funds and participation by involves treasurer and TPK. This statement is reinforced by (W.K.pem.8-12-16) as Acting director of LD head of the village said emphatically:

*"In the village needs to be addressed is the mental from the village chief as leader for HR village it's very, very less boro-boro want to read and read the legislation let me know the rules but they were busy at the project so that in some villages the village head there begandong nganget own staff moth dikasi worse still would not know the rules that ensnared so many village heads law because ignorance of some village heads against the rules"*

Similar feelings were expressed by the village assistant (W.PD.Im.13-12-16) as follows:

*"Each village we find an assortment of characters from the village heads there were greatly assisted by our presence but there is also a feeling of being spied upon and consider the wind and then there are also village heads who feel there is a stumbling block if there are people who are smarter and more critical of he concluded" I between the village heads who have good morals in the lead of the same village the village heads were selfish in East Lombok is a fifty-fifty point that can be held socialization of mental revolution for the village heads'.*

### **Competence village chief and village officials**

Individually resources owned by several villages in East Lombok district can not produce a competitive advantage, seen from the recognition given by the village chief how they understand their duties and functions, how their disability on the mastery of technology and understanding of the regulation

of financial management can not be integrated with other resources to establish a synergistic capabilities as a system for generating the output of the financial management process. This condition becomes omission by the village head for control and evaluation of the performance of the resources owned by the villagers never done or find a solution to this issue is not going on continuously so that dysfunction of duties is not a culture that will ultimately lead to a lack of effective village in process management in accordance with the regulatory financial Permendagri 113 2014. Some of the weaknesses of the illustrated clearly from the interviews that researchers do as of statements made by (W.KD.Ai18-12-16)

*"As a mother look the same as in the villages else especially me as the village heads know less about technology but there are a few employees in villages can and understand but here I do not give priority to the education of my priority is employees who want to work selflessly with a salary of a little but sincere in work if problems with reports sometimes I ask for help at the out side due to limited human resources"*

Not much different from the opinion of the informant on the same thing also expressed by (KD B),namely:

*"Frankly SDM I can said to be less bu together like friends at the office we have much to learn but sekdes me though was old spirit of learning is very good treasurer also has a good ability for longtime treasurer but as we all know almost all the villages even my read up to the national level whose name HR in the village average is still low so are wehere.*

### **Controlling**

Opinions that are described below in two respondents in a portrait that is very minimal supervision carried out both by the local government, provincial and BPD itself this was due to the limitations of government pesonil. Based on research data obtained that the number of objects for surveillance by the government are numbered 239 villages that must be completed within one year of the budget by BPMPD and inspectorate. It then becomes one of the causes of the deviation of the main tasks and functions performed by village officials as happened in the villages in East Lombok. Tests done inspectorate also impressed hasty and slipshod seen from the Report of Examination, it is because the number of personnel and inspection time is less while the object to be examined very much in which a team of six (6) the auditor can examine 1 (a) districts along with 9 (nine) village.

The results showed that the pattern of parallel relationship between BPD and village heads in the administration of the village administration as stipulated in the legislation, it turns out in practice characterized by practices working relationships are less harmonious and lead to conflict, and shows a tendency of domination the village chief on BPD. There are several factors that cause BPD and village heads often get caught up in the differences and conflicts that lead to conflict, such as their attitudes and behaviors, especially the village chief who still want to maintain power, limited human resources, lack of communication and coordination, limited operating budget BPD, low community participation, juridical constraints and the constraints this politis.Hal according to statements made by some members of BPD in East Lombok regency in an interview as follows:

*"Sometimes we as BPD can not fully exist in the village office we also need to find livelihood because the salaries so BPD was very small so a member of the BPD that we think of as a side job alone, let alone the village head stubbornly, but here the village chief do not know anything knows the village authorities but they have not been willing to open, As a result we sometimes lack of communication that they just giving information when the work is finished. I thought that this incident is almost 60% occurred of a village in East Lombok and only a few villages Head of the village will accept input from society "*

*"As a new village in bloom and growing we keep doing surveillance so that no nyimpang-nyimpang in financial management for all forms of funding and activities should we close the inviting public figures but I can not watch every day , I told the other members but sometimes they just come, the sit down and go home because they did not know what to do that's probably our lack here "*

## **5. CONCLUSION, IMPLICATION AND IIMITATION**

### **5.1. Conclusion**

In the process of financial management (APBD) by villages in East Lombok that started from the process of planning, implementation, penatausahaan, reporting and accountability only proceduralism or formalism cause of APBD that takes place is not meaningful, because it is not based on the principles of good governance: transparency, accountability and partisipasiyang sometimes not in accordance with the needs of the community and village-based plan, but only as the procedures that must be passed in order to fund it wears out and immediately disburse the next tranche. This condition is caused by the inability of

those on mastery of technology and understanding of the regulation of financial management can not be integrated with other resources to establish a synergistic capabilities as a system for generating the output of the process of financial management.

## 5.2. Implication

Theoretically, this study implies that there are several factors that need to be considered in the management of village finances carried out by financial managers in East Lombok district which includes financial management principle, the Power Financial Management, competence and resources in quality and apparatus good villages quantity for the implementation of financial management of the village did not happen the negative behavior and irregularities duties, effective and comprehensive surveillance.

## 5.3. Limitation

The results of this study are expected to be useful for studies that will come to consider some of the following limitations:

1. The problem observed is confined to the village fiscal management process based on Good Governance that conducted by the head of village and village officials by Regulation No. 113 of 2014.
2. The research was only conducted in 10 villages in East Lombok district, South Masbagik, Dasan Lekong, Paok Pampang, Nyiur Tebel, Batuyang, North Pringgabaya, East Pohgading, Pringgabaya, Aikmel, and Suntalangu from the original plan, which is 12 villages.because to time limitations in the study.

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