

The Effectiveness Of Village Fund Management

Enni Savitri, Andreas, Volta Diyanto

Abstract: This study aimed to analyze the impact of plan, implementation, supervision, and transparency aspects to the effectiveness of village fund management. This was a quantitative and qualitative study with samples obtained from several villages located in the coastal area of Riau Province. A total of 160 people, including village heads, secretaries, treasurers, village consultative body, and the local community took part in this study. Data were collected by using questionnaires, interviews, and documentation. Double linear regression technique was also employed. The result of the study therefore showed that planning, implementation, supervision, and transparency gave impact to the effectiveness of village fund management.

Index Terms: Budgeting Plan, The implementation of the village fund, Supervision of Village Fund and Effectiveness of Village Funds.

INTRODUCTION

In Indonesia law number 6 of 2014 stated that villages have the right to regulate and manage the affairs of the government, interest of the community based on its initiatives, rights of origin, and tradition concerning the laws of the government (Siregar & Syam, 2017), (Kloot & Martin, 2001). Furthermore, these laws focus on development equality from villages to urban areas (Gignoux & Menendez, 2016), (Kirana & Eriswanto, 2018), This development aims to strengthen community prosperity and quality of life to tackle poverty by sustainably fulfilling basic daily needs, developing structure and infrastructure, local economic potential, natural resources and environment (Dibnick, 2003) (Gayatri et.al., 2017). Villages have the rights to regulate and manage its local community based on their social, cultural state. However, the general problem faced is derived from Village Revenue and Expenditure Budget, unbalanced income and outcome, with its source poorly managed (Dye, 2005), (Sulumin, 2015).

One of its sources emerges from fiscal balance transfer from the government to local regions. Funds management comprises of principles written and stated by the Ministry of Home Affairs law number 113 year 2014. According to Article 2 paragraph 1, village funds are managed based on transparency, accountability, and participative principles along with order and discipline budget. Furthermore, it is responsible for managing funds effectively and efficiently (Siregar & Syam, 2017). Village fund management can be seen as the commitment of the local government to work for the public (Hasman, 2015), (Hupe & Hill, 2007). Good governance related to its management needs an accountable and transparent system, therefore, people have an understanding of how it is planned, implemented, supervised, and reported. However, according to the participative principle, local community role is needed in this process (Alfasadun et.al., 2018). Furthermore, this fund management is required to pass through the discussion process and stick to good governance principles. (Septriani and Kore, 2016) stated that the management of the fund in Onggari village was quite transparent and accountable because the local community proactively took part in the development process. However, the amount of budget for each sector failed to follow the requirements adequately. (Meutia and Liliana, 2017) stated that generally, the village fund management has been in line with law number 113 the year 2014 of the ministry of home affairs along with the budget principles. Accountability report still became the main problem of some villages. (Hartono, 2008) stated that the participation of the local community was yet to be

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optimized. (Savitri, 2018) also stated that there was a change of accountability, from the traditional use of line approach into a performance budgeting system. (Febrian, 2014) also reported that village fund management in Lubuk Sakat had been arranged and implemented well from planning, budgeting, managing and followed by financial accountability, report, and supervision. According to previous studies, the management of village fund is not effectively implemented, because less human resources were utilized. Some unbalanced aspects are found in the development process, with are new and interesting because the distribution started in 2015 with some obstacles faced. This study therefore aimed to determine the impact of plan, implementation, supervision, and transparency aspects towards the effectiveness of village fund management.

LITERATURE REVIEW AND HYPOTHESIS

Budgeting plan is the main step of village fund management. This process starts from arranging Village Revenue and Expenditure Budget (APBDes) and local government work plan (RKPDes) which leads to the Development Plan Discussion (Musrenbang). It also follows the Mid-term development plan (RPJM). Similarly, APBDes an important role in the supervision and control of funds (Savitri, 2018). A good budgeting plan will determine the right APBDes and leads to effective fund management. H1. Budgeting plan process gives impact to the effectiveness of village fund management. After the budgeting plan process, implementation is the next step. A well-arranged plan is ready to be executed and implemented using all facilities and infrastructure available by meeting the demand of target given by the government (Wenda, 2017). An information board is put on the location for transparency and openness. This shows how a good village fund would lead to effective management. H2. The implementation of the village fund gives impact to the effectiveness of village fund management. Supervision is conducted by authorized politicians, government officials, and local community since it deals with the village fund. They supervise the process of development to prevent it obstructing the law (Putra, 2013). Monitoring and evaluation are conducted to keep the process well-tracked. Good supervision will create effective fund management. H3. Supervision of Village Fund Gives Impact to the Effectiveness of Village Fund Management.

Article 4 paragraph 7 from the Ministry of Home Affairs law, number 37 the year 2007 on the guidance of village fund management states that transparency is openness principles for the local community to obtain access to information. By this transparency, it grants the community free access to understanding its fund management, such as the policy, planning, implementation, and result (Astuti et.al, 2016). Transparency means the openness for the supervision of public policy, which is publicly accessed. This is expected to create fair and tolerant competition, and this policy is based on public preferences (Bappenas, 2003). To support the transparency and the availability of information, the board needs to be put on the location. According to the Ministry of Home Affairs Law number 113 the year 2014, the report and accountability of APBDes should be informed to the community both written and using media easily accessed as this would create effective fund management (Makalalag et.al., 2017).

METHODS

This was a qualitative and quantitative study. Several villages located in Siak and Kampar regencies, Riau Province, were taken as the location of the study. Head villages, Secretaries, Treasurers, Village Representative Body (BPD), and local community were part of the respondents, with a questionnaire, interview, and documentation, used to collect data. Total Sample of 168 respondents. The data used were classified into two, namely, primary and secondary (Creswell, & Piano, 2007).

RESULT

Descriptive Analysis: The descriptive statistics of variables examined in this study are presented in table 1.

TABLE 1
Descriptive Statistics of Variables N=168

	Plan	Implementation	Super vision	Trans parency	Village Fund Effectivene ss
Mean	44.63	53.55	17.81	8.86	17.74
Maximun	50	60	20	10	20

Minimum	34	40	12	6	12
Deviation Standard	4.16	5.09	1.97	0.98	1.95

Table 1 shows that the variable Plan has an average of 44.63 with a deviation standard of 4.16, which indicates that the average respondents have high conservatism. Variable implementation has an average of 53.55 with a deviation standard indicating that the village fund management has been effectively utilized. Variable supervision has an average of 17.81 with a deviation standard of 1.97, indicating that supervision of the village fund has been well-implemented. It also has an average of 8.86 with a standard deviation 0.98 showing that transparency has been smoothly conducted.

Result of multiple regression analysis. After the regression model has been feasible, the hypotheses were tested with the result shown in Table 2 below.

TABLE 2
Result of Multiple Regression Analysis

Variable	Standardized Coefficients	Standard Error	T-Stat	Sig. Level
(Constant)		0.390	-1.771	0.078
Plan	-1.276	0.112	-5.352	0.000
Implementation	1.894	0.108	6.716	0.000
Supervision	0.268	0.079	3.382	0.001
Transparency	0.087	0.092	1.880	0.062

* denote significant level 5% respectively.

Table 2 Shows that plan, implementation, supervision and transparency have effect on effectiveness of village funds management.

DISCUSSION

Budgeting plan of village fund gives impact to the effectiveness of its management. The system should meet the requirement by using the fund effectively in line with the needs of the local community. However, the local government (village) should arrange the documents needed which comprise of mid-term development (RPJMDes) and local government work plan (RKPDes). While arranging the

budget, they should stick to the mid-term development plan of local government (RPJMD) as the main requirement along with the rights given to them. It means that the government at the village level always put the transparency of the development process to avoid public suspicion. This study is supported by some other studies conducted by (Fredericksen et.al, 2012), (Li, 2016), (Safitri, 2018), (Sari, 2017), (Nasution, 2017), (Savitri et al., 2018) which shows that a budgeting system is required for adequate management of funds. Furthermore, the implementation process should be supervised and supported. Besides that, the quality of human resources working on the development process should be upgraded by advocacy and assistance from Non-Governmental Organization (LSM) or the experts/assistants from universities. It is very important to have experts/assistants in the development process with active and voluntary participation also needed from local communities during this process (Savitri et.al., 2018). This study is supported by some researchers conducted by (Safitri, 2018), (Sari, 2017), (Nasution, 2017), and (Wenda, 2017) which indicates that full participation of village unit apparatus is needed. The supervision of the village fund gives impact to the effectiveness of its management since it supports economic and infrastructure development. It is also important and used to guide the implementation of the village fund. However, Regional Consultative Body takes responsibility from the supervision and realization aspects. As a result of this, supervision becomes the most important factor in village fund management. However, a possible corruption will occur, assuming the supervision is not well implemented. The Audit Board of Indonesia (BPK), local inspectors, local community, and Non-governmental organization also play an important role in this process to prevent corruption. Furthermore, the local community, through Regional Consultative Body or Village Heads, always supervises the process, with the report of the budgeting system displayed on its information board at the head office, for the community to criticize and give suggestions when there is inappropriate fund usage. This research is supported by other studies conducted by (Safitri, 2018), (Sari, 2017), (Nasution, 2017), and (Putra, 2013) showing that the supervision of Regional Consultative Body is very significant for the implementation of village fund management. The transparency in the village-level

government also requires the local community to actively get involved by taking part in the discussion and distribution of budget processes (Carlitz, 2013). The transparent government will guarantee effective fund usage and prevent suspicion between local community and village apparatus, thereby leading to a positive response. A properly utilized usage village fund occurs assuming its apparatus puts the transparency in the first place. This is carried out by putting a billboard on APBDes; therefore, the local community is able to ascertain how the apparatus functions. In addition, it also reports village fund usage through Village Representative Body (BPD). This research is supported by several studies from (Polidano, 1998), (Safitri, 2018), (Sari, 2017), (Nasution, 2017), and (Astuti et.al, 2016) which states that transparency is very important in village fund management.

CONCLUSION AND RECOMMENDATION

CONCLUSION

A village fund management consisting of plan, implementation, supervision, and transparency process has been well conducted. However, there are some processes that have not been properly implemented, as it analyzes the potential and need for the development process. In this case, the government at the village-level has worked well to utilize the potential. From the indicator of implementation, the use of natural resources and the assisting process has been well implemented. However, from the supervision aspect, accountability report of well-tracked and effective usage of village fund is well conducted according to the village level government and local community perspective. Also, the aspect of transparency is also well implemented. Therefore, the four aspects of village fund management consisting of plan, implementation, supervision, and transparency process have been well conducted.

RECOMMENDATION

This research made the following suggestions; Expert of assistant personnel for village fund management is required. A periodical training for making village fund report is highly needed. For village level government (either village heads or Village Consultative Body (BPD) is expected to be more aware and sensitive on the community's potentials and needs.

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