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Implementation of Village Financial System in Village Financial Management

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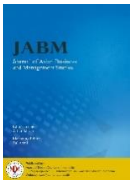

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Abstract

Using the approval of law no. 6 of 2014, for villages, villages are given the mandate to organize government and development in their country. The central government provides crucial funding sources for the country to manage the country's potential to increase the economy and people's welfare. The implementation of state financial management must be based on the principles of transparency, accountability, participation, order, and discipline of the rules. To build clean, transparent, accountable, effective, and efficient state financial governance, the Financial Supervision and Development Agency (BPKP) and the Directorate General of Village Government Development of the Ministry of Home Affairs collaborate to build software called the Village Financial System (Siskeudes) in village management. Rules in the country. The goal is to help the government of a country become more independent in managing state finances effectively and efficiently, and to increase transparency in state financial accountability. Some factors suggest state financial management such as leadership, human resources, commitment, and communication.

Keywords: Village Financial System, Village Government, Financial Management

Introduction

Using the ratification of Village Law Number 6 of 2014, villages are given the authority as referred to in Article 1 of the Village Law, namely that villages organize development to improve the welfare of the people. In addition, using the ratification of the Village Law, village governments are required to be more independent in implementing good governance, managing all village potentials such as ownership of natural resources (SDA), financial management, and state property. In managing state finances, they must pay attention to the principles of transparency, accountability, participation, and orderly and disciplined rules.

The central government provides authority and large financial resources to the state to be able to manage all the potentials in the country using the hope of being able to increase the level of the economy and public welfare to implement state financial management, the government then issued a regulation, namely Permendagri number 20 of 2018 on state financial management. Because the amount of budget allocated by the central government to countries continues to increase and in larger amounts, it is necessary to ensure good management of state funds. Then, to regulate the management of state funds, the Ministry of Finance issued a law, namely Financial Regulation Number 93. 2015 on the customs of allocation, distribution, use, monitoring, and assessment of state funds. This regulation aims to ensure that the state budget allocated by the central government to countries can be perfectly targeted and adjusted from distribution to assessment.

In 2017, the government donated Village Funds to 74,954 villages in Indonesia worth 60 trillion which was distributed in 2 (2) terms, namely phase I which was distributed in March and up to July of the current year amounting to 60%. And phase II. . . in August the proportion was 40% (source: Kompas, July 5, 2018). a large budget makes banks in this country very vulnerable to corruption. Based on data from Indonesia Corruption Watch (ICW) on corrupt practices in state financial management from 2015 to 2017, there were 154 cases of state fund corruption which caused losses of Rp47.56 billion. In 2015 there were 17 corruption cases which caused losses of Rp9.12 billion, in 2016 there were 41 cases with losses of Rp18.9 billion. 30.11 billion (source: Kompas, November 21, 2018). from the data above we can conclude that corruption in domestic banking was quite high in 2018. 2015-2017. therefore it is necessary to build a state financial management system so that these funds can be distributed properly for the prosperity and welfare of the people of the country.

The management of state finances must pay attention to the principles of transparency, accountability, participation, and order of rules and discipline. To realize a clean, transparent, accountable, effective, and efficient state management, the Financial and Development Supervisory Agency (BPKP) and the Directorate General of Village Government Development of the Ministry of Home Affairs collaborated to form an application called the Village Financial System (Siskeudes). The Siskeudes software is designed to receive priority government events as displayed in Nawacita. The development of the implementation of the state financial system is carried out based on Commission donations.

The state financial system (Siskeudes) is software used by the state in the process of budgeting, administration, and reporting state finances. The state financial system (Siskeudes) automatically forms various reports as needed, saves time and costs, reduces the risk of fraud and errors, and facilitates data collection. In addition to being web-based, the state financial system is also compiled offline or manually using consideration of the resource capabilities available in countries and conditions in each region. The implementation of the state financial system (Siskeudes) refers to the Regulation of the Minister of Home Affairs n. 20 of 2018 concerning state financial management.

By using the state financial system (Siskeudes) it is needed to help the state government in managing the sources of income received by the state government.

Using one login, state officials can produce reports and documents used in state accountability. The state financial system (Siskeudes) can also be utilized by the district government for the process of merging the state PPD with the settlement of the state NDP carried out by each state.
Before the existence of the state financial system (SISKEUDES), the process of preparing the budget, administration, and state financial reports was still done manually using MS Excel using an incomplete format using standards. This makes it difficult for the district government to carry out the APBDe assessment process in the village financial report. So with the implementation of the state financial system (Siskeudes), state finances can be managed very well.

Results And Discussion

Village Financial Management

The Siskeudes application is software developed to improve the quality of state financial governance, using the state financial management process, namely on the one hand Planning and regulations that contain alignment with the Government plan. Village residents. Medium-Term Development (RPJMdes) which contains the vision of the head of state. And the mission, the direction of state development policy, and business plans that cover the field of state government administration, state development applications, village community development, and village community empowerment; the Village Government Work Plan (RKPDes) is the preparation of the RPJMdes for 1 (one) year and the Village Revenue and Expenditure Regulation (APBdes) which is the annual financial plan of the state government which is discussed and approved. Jointly by the state. Government and the State Advisory Body (BPD) and stipulated in state regulations. Second, implementation and administration include administration of income and expenditure, accounting administration, and accountability. Costs Third, Reporting and Accountability, which includes reports on the realization of the state budget based on budget sources, reports on the realization of the PPBD application for the first six months, and reports on the realization of the PPBD application. During the last six months, mid-year, the APBD application report for the regulatory year.

State financing can be claimed as a public good that is expected to finance all state needs and activities (Herlianto, 2017). State finance is closely related to development, government, and citizens. Therefore, several very crucial principles in state finance must be considered by Herlianto (2017), namely first, financial management is not only the authority of state officials, but the people of the country should also play a role, therefore the role of the people in APBD planning, people must have a transparent understanding of state finances. Second, in the government sector, state finances must not only be allocated for the salaries of state officials but also how state funds can create good human resource capacity for state officials. Third, the social sector must also be a priority in state programs or activities, as regulated in the mandate. Laws and receive a relatively large budget allocation.

In terms of management objectives, village finances are not much different from the management of central, provincial, and district/city government finances. Given the limited number of state officials and their ability to carry out state financial management, state financial management must be simplified without reducing the principles of transparency and accountability. In managing state finances, it is also necessary to identify the risk of administrative and financial errors. The main battle that can cause regulatory problems is caused by the inadequate competence of leaders and state apparatus in the process of administering, reporting, and accounting for state finances. The success of a country's development cannot be separated from good state financial management.

State financial management means a mixture of activity components starting from planning, application, reporting, and financial accountability. This process creates regulations that must be respected and implemented and deadlines when determined. At the planning stage, village events can involve community participation by optimizing village discussions. The application stage is related to the implementation of the event, namely the management and mobilization of human resource activities and funds to manage state events. Administration is then a registration activity carried out specifically by village officials. Reporting and accountability are carried out in a patterned manner, every six months, and annually. Furthermore, monitoring and evaluation aim to find out whether the implementation is going according to plan and achieving results, and formulating improvements that must be made in the following year.

Financial management is a crucial part of regional and state governance. It enables local and state governments to plan, mobilize, and use financial resources efficiently and effectively, and fulfill their accountability obligations to their citizens. According to Venkateswaran (2014), there are 4 (four) basic components of public sector financial management, namely budgeting, accounting, financial reporting and auditing. For details, see the image below:

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The budget is the annual financial plan of the local government, which sets operational priorities and explains how the plan will be financed. The budgeting process is crucial for selecting spending priorities and identifying the resources needed to carry out planned spending. The role of budgeting in public sector financial management helps to understand the purpose of the regulatory process, the elements of a good budget, the steps to be followed. the regulatory process, and the relationship between regulations and other aspects of the public sector financial management process. Some important things in the budgeting process are:

1. Rulemaking.Rulemaking. The budget process involves several stages, including the rule cycle, rule formulation, budget estimates, budget approval, and supplementary budgets, to help the government maintain financial discipline and responsibility. Participatory rules.
2. Participatory budgeting is a democratic process in which individuals or members of the public are directly involved in spending decisions and setting priorities. It is implemented from a government-managed budget. Citizen participation in the budget process can be done personally or through representatives.
3. Budget oversight. The success of financial implementation is highly dependent on monitoring, supervision, and control carried out by the government, which aims to identify weaknesses in financial implementation and make immediate decisions.

Accounting means the basis for systematic documentation, structured division of and organization of financial information. The accounting system is used to convey complete, timely, and accurate news about government financial management. Accounting is based on several basic principles, namely:

1. The principle of commercial bodies. This principle requires that each program of the organization must be accounted for separately and clearly, and then requires the local government to account for each unit that can be controlled separately.
2. The principle of objectivity. The information contained in the financial report must be supported by evidence so that the financial report is useful and claims that the financial report can be trusted.
3. Cost principle. The gossip contained in the financial report is based on the cost portfolio that is spewed out and is in sync with the principle of objectivity. The principle of continuity of operations. According to this principle, financial reports must be prepared to claim that the event continues to run.

Financial reporting aims to create transparency and accountability in the public sector. Financial reports provide a series of consolidated issues to various stakeholders who need issues about an economic entity. Financial reports are a vehicle for communicating to users issues about the government's financial performance. According to the Financial Accounting Standards Board (FASB), the qualitative characteristics expected in financial reports mean well, this means:

1. Importance. In financial reports, news must be able to be used in decision-making. Crucial news If it can be used, it influences decision-making, and helps evaluate past, present, and future events.
2. Accurate representation. Financial gossip must reflect the economic phenomena that occur or are based on the conformity between the news and the news contained in the financial information.
3. Comparability in quality financial gossip helps identify similarities and differences that can be used as a basis for decision-making.
4. Financial reports are written clearly and concisely so that it is easier to investigate and understand management activities and financial reports.
5. Materiality. Financial information must cover all relevant issues, both about the nature and quantity of goods, to avoid anomalies. Financial reports are less useful in decision making.
6. Benefits and costs. The benefits of financial issues must justify their availability and use in financial management.

The audit process helps ensure that there are no errors, waste, misuse or reporting errors in financial management. Audits in the public sector also help ensure that financial entities comply with the laws and public financial management mechanisms that have been established. Some types of audits are:

1. Financial audit means a focused assessment of what has been done in terms of the accuracy and reliability of financial data. Financial audit aims to determine whether the financial statements prepared by the government reflect the financial situation.
2. Compliance audits aim to determine whether the government has complied with the law and exclusive mechanisms related to financial management.
3. A management audit is a focused assessment of an organization's activities and performance in achieving its goals.

In village financial management must be oriented and reflect on the results or achievements of good performance. which will occur or the performance achieved by the village must be oriented on efficiency and effectiveness, which means it must be aimed at the interests of residents in the village. to achieve this, good financial management is also needed. according to Mardiasmo (2004), that financial management is an activity in the form of administrative actions related to activities starting from the planning process of regulations, storage, use, recording and supervision of the inflow and outflow of money or agency funds. then there are 3 (three) primary principles that are the basis for financial management, namely, 1). The principle of transparency or openness, conveys the meaning of fulfilling the needs of the people's lives, or that all people can have the right and access to finance to be able to know the process in financial management because it concerns the aspirations of the community and the ideals of the residents. 2). The principle of accountability is a form of accountability to the public, namely that residents in addition to knowing their budget, residents also need to know how accountability comes from the implementation of the budget not only have the right to know the rules but also have the right to demand accountability for the plan or application of rules in the implementation of activities and can be accounted for. three) The principle of value for money, is mandatory in accordance with the basic principles of budgeting, namely saving is determining and using resources using exclusive quantities and qualities using cheaper prices. Efficient is the origin of the rules used can have an impact or provide good results for the people. Effective is the origin of the budget used must be in accordance with the targets and objectives for the benefit of the people.

Things that influence Management Finance Village

The implementation of the State Financial System (Siskuedes) in state financial management is still influenced by many factors, for example, the competence of human resources of state apparatus is still low, this is due to the lack of recruitment of civil servants (PNS). process. So far, salaries have not been adjusted. Furthermore, the condition of rural facilities and infrastructure, especially in areas that are categorized as underdeveloped areas, is still very poor, even though it needs to be supported by adequate facilities and infrastructure in this system. adjusted. then related to communication and collaborative correlation between state actors, including the government of the country, its people, and community institutions and forums of the country as well as the state donations.

Several publications from books and magazines reveal many factors that suggest financial management, including Stanley (2017) who explains that leadership factors have a significant influence on financial management. Likewise, Gatchair (2018) explained that leadership factors play an important role in the implementation of financial management. In addition, Asegid (2015) revealed resource and communication factors. hypnotize financial management applications. So Furtmueller is al (2011), organizational commitment is very important and influences financial management in the public and private sectors.

Leadership Factor Stanley (2017), revealed that the leadership factor has a significant impact on financial management. Likewise, Gatchair (2018) explained that the leadership factor plays a crucial role in the implementation of financial management. According to Heifetz and Laurie (2001), good leadership motivates changes in attitudes that increase the potential to overcome internal and external challenges faced by society and organizations by replacing Bjugstad, etc. al. (2006) revealed that managers focus their attention on improving the skills of their subordinates, which is important for building a high-performance organization. Thus, the success of financial management greatly influences the leadership factor in the organization.

Resource factors, Asegid (2015) explains that the adequacy of resources greatly influences the implementation of financial management. It is also explained that the resources in question include financial resources, human resources, and others.

then Barney (1991) states that resources are abilities that fc206ad04f4e2453ce9aad41266780bc, such as skills, organizational processes, attributes, news and knowledge. organizational resources can be arranged and implemented tactics to increase efficiency and effectiveness. therefore, resource factors influence the success of the financial management process. Barney (1991) classifies 3 types of resources, namely physical resources (technology and supporting equipment), human resources (training, experience, knowledge) and organizational resources (formal structure).

Involvement Factor, Furtmueller, et al. (2011), organizational commitment is very important and hypnotizes financial management in the public and private sectors. The most significant increase in organizational commitment is focused on the success of the organization in financial management goals (Furtmueller, et. al, 2011). Employee engagement continues to increase because it has the potential to form benefits for the organization (Meyer, et. al, 2010). In addition to organizational commitment, the commitment of individuals responsible for implementation is also very crucial in the success of financial management (Furtmueller, et. al, 2011). Organizational commitment is an important behavior that affects performance. therefore, commitment greatly suggests performance in the implementation of financial management. High commitment applied to the context of each party can be achieved through better evaluation which is a determinant in the application of work management art (Rampersad, et. al, 2005).

Communication factors, according to Asegid (2015), in addition to adequate resources, communication factors also affect financial management between employees (staff) and between related stakeholders. Good communication between stakeholders is needed so that the financial management process can run smoothly. Ineffective communication of financial information can cause stakeholders to ignore relevant issues or fail to identify correlations. between parts of the issue in various financial sections, resulting in failure. Conversely, if the financial report runs well, the financial management process will be more effective. Communication factors greatly influence the organization in achieving certain goals. According to Shermon (2004), one of the factors that influences an organization in implementing a management system is the communication factor. Internal and external communication, good communication with staff, stakeholders and stakeholders play a very crucial role in the financial management process.

Conclusion

The implementation of the state financial system (siskeudes) in state financial management aims to facilitate the management of state finances in the country. By using this project, it is hoped that the country can manage its finances well as a result of having an impact on the welfare of the people of the country. Starting from the budgeting process, the application and accountability of state financial reports can run well with the implementation of the state financial system (siskeudes). So the factors that are affiliated Factors that influence the implementation of the state financial system, such as human resource factors (HR), deserve special attention because the situation of the country's human resources is very weak. The implementation of the state financial system (siskeudes) must be part of the development of the country's human resources (HR). State officials face challenges using the application-based state financial system (siskeudes) and the lack of supporting facilities and infrastructure, although important. in the implementation of the state financial system (siskeudes). So other factors such as leadership, communication and state commitment must be the state's concern so that the implementation of the state financial system (siskeudes) can run well.

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