

## Development Model of E-Budgeting and E-Reporting System on the Management of Village Fund Finance

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### Abstract

This study aims to analyze the ability of villages in conducting village funds management and subsequently develop e-budgeting and e-reporting system for the realization efficiency of the village fund allocation in Balesari Village. Research method used was research and development research model in which the research was conducted to develop a system. The research method used was qualitative method with case study model. The research informant was village apparatus with 10 officers. Research data was obtained by depth interview method with interviewees and field observation. The result of the research showed that the compilation of e-budgeting in budget activities of Magelang Regency Government has helped to efficient village fund realization that was by making the budget activities process, starting from planning, budgeting, to budget control became faster and could reduce the cost spent by Balesari Village Government in achieving budget realization. All of the data from the proposal stage until the end of the budget year has been integrated and stored properly so that if it is necessary the search for the origin of the budget and implementation can be quickly obtained through e-budgeting and e-reporting system. The conclusion of this study is the model of village finance that is appropriate to use is a village financial system that has been provided by the government. However, village officials are not yet ready for the implementation of Law 6/2014 and have not fully understood the management of village funds based on Permendagri 113/2014.

**Keywords:** E-budgeting, E-Reporting, Village Fund Accountability, Village Fund Management

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## INTRODUCTION

In line with the Government's vision to "Build Indonesia from the Fringe in the Framework of the Unitary State of the Republic of Indonesia", it is allocated more funds in APBN-P 2016 to strengthen village development. By law No. 4 of 2014 about village places village as the object of development (Development, 2017). The continuation of this law is the allocation of village funds. The allocation of Village Funds is conducted by using equally distributed allocations and allocations divided by population size, area wide, poverty number, and geographic difficulty. These funds are sourced from the APBN allocated for villages transferred through the district / city APBD and used to finance the implementation of governance, development implementation,

community development, and community empowerment. The allocation of village funds is expected to improve the equity of village welfare development through improving public services in villages, promoting village economics, overcoming the gap between village development, and strengthening village communities as the subject of development.

The government's hope with the disbursement of village funds will make the village more prosperous and village funds can be managed professionally as a manifestation of village transparency and accountability. However, this expectation is constrained in the field. Some villages have not been able to manage village funds. This is evidenced by many findings of village fund misuses. The Indonesian National Police (Polri) in 2012 until 2017 found approximately 214 cases of village fund misuses involving a budget of Rp 46 billion (Sohuturon, 2017). In fact, president Joko Widodo in his report submitted until 2017, as many as 900 village heads were involved in misuse of village funds (Supriyadin, 2017). The number of this misuse underlies the Minister of Finance of Indonesia to improve the management of village funds in accountability (Alrosid, 2017).

Several studies have shown that increased accountability of village funds is still difficult because of constrained human resources (Hanifah, 2016; Hasniati, 2017; Nafidah & Anisa, 2017). Many village apparatus who do not have undergraduate background in accounting economics which leads to confusion in administering village funds in accordance with regulations regarding village funds. This resource is the spearhead for the village government in reporting the use of village budget funds (Simangunsong & Wicaksono, 2017; Yulihantini & Wardayati, 2017). Weak research resources lead to poor understanding on village accounting (Syaifullah, 2017).

Low human resources are also a problem faced by Balesari Village. During this time the village apparatus in carrying out the work program is still done manually and this gives difficulties for the village apparatus in the process of budgeting and reporting. Manual budgeting and reporting and coupled with village apparatus background other than an accounting economics degree led to high errors arising in various processes of using village funds.

Based on the background above, it is necessary to develop e-budgeting and e-reporting model in village fund management. It is expected that this reporting and budgeting system model will be able to provide easy tool in managing village funds. This is due to the system helps humans in carrying out the recording and reporting, so as to improve performance (Soudani, 2012). Furthermore, it will increase accountability of village funds.

Balesari village is a village that manages finances independently. The village fund that is distributed by the central government to Balesari village reaches almost 1 billion rupiahs supported by the village income. The Village Fund is a fund sourced from the State Revenues and Expenditure Budgets devoted to Indigenous Villages and Villages which are transferred through the District's Revenue and Expenditure Budget and are used to finance the implementation of governance, community development and empowerment, and society. The important focus of this fund distribution is more related to the implementation of the Village Funds allocation in order to be as perfect as the initiators' ideas. The initial Scenario of the Village Fund is provided by replacing the government program that was formerly called PNPM, but with the enactment of the Village Fund, it can close the opportunity of some foreign parties to distribute funds to regions in Indonesia with programs that may actually be a trigger for regional development.

Balesari village should implement a computerized village activity which is integrated with the government. So that the convenience can be perceived by the village apparatus and how the computerized system can be implemented should consider the conditions faced by the village. Therefore, the problem in this research is how to develop information technology system for village in financial management of village fund This study aims to analyze the preparation and preparation of e-budgeting and e-reporting system on the efficiency of realization of village fund allocation in Balesari Village. This research is interesting to do due to the village fund program is a government program that must be supported and the problems in the field, especially Balesari Village is manifest related to the confusion of the apparatus in the process of budgeting and

reporting so that it is needed solution for this problem.

## METHODS

The process of data analysis began by reviewing all available data from various sources i.e. from interviews, observations, documents, photographs, images and so forth. (Moleong, 2012). Data obtained from the field would be processed through data reduction, data display and conclusion drawing/verification (Moleong, 2012).

In qualitative approach, data was analyzed by using interactive model that was through process of data collection and data presentation. At the time the data presented could not be concluded or found irregularities then the data was reduced through verification. Data reduction was done continuously during data collection took place. Since the data analysis and verification done, then at that time also researchers began to give meaning and interpret the data obtained. The researcher's decision to give the meaning was basically to draw a temporary conclusion which was still possible to be fixed. The temporary conclusions that have not been clearly reduced again through verification. Then after the researchers believed that the conclusions have been strong, the researchers interpreted the results of research by interpreting these meanings in final conclusion form.

Data sources were divided into two, namely: (1) human; and (2) not human. Sources of human data served as subjects or key informants. Whereas non-human data sources came from documents of implementing organizations and related institutions. The determination of informant as a data source using purposive sampling technique or with certain consideration that is knowing and involved in village fund management in Balesari Village. Data collection used techniques: (1) in-depth interviews; (2) observation; (3) Focus Group Discussion; (4) questionnaires; and (5) documentation studies (Moleong, 2012). Interview technique used was structured interviews by using interview guidelines. Besides, the researchers also noted affective responses that appeared during the interview process, and then sorting through, and observing the management of the Village Fund.

This research used the following principles and steps, but it could not be applied completely because of the limitations of the researcher, then it was done the simplification of the steps into four stages were: (1) preliminary study stage that was to design conceptual model based on theory and field study; (2) model development stage by designing the model design; (3) the stage of internal validation through FGD with peers and experts and limited trials; (4) extensive trial stage of models and final model dissemination models recommended (Bentley, Dittman, & Whitten, 2000; Sudana, 2007).

## RESULTS AND DISCUSSIONS

The village heads realized that the distribution of village funds sourced from the State Budget (APBN) required accountability for every use of the rupiah. The Decree of the Minister of Home Affairs (Permendagri) No. 113 set in detail the reporting process. Permendagri regulated account number, recording process, and reporting format of village funds. On the other hand, the village heads and their officers do not yet have a proper understanding on the regulation. They complained about the details of the recording and reporting of the village funds. This was further exacerbated by the lack of human resources at the village level. Most of the village officials were old, and only a few young village employees may be asked to study the Permendagri.

These have caused fears among village heads to spend village funds. The village heads preferred to get assistance with a blockgrant pattern compared to village funds. They argued that the process of accountability for assistance with the blockgrant pattern was relatively simpler than the village funds. Nevertheless, although the accountability reporting of village funds raised fears on the village heads, they were still trying to succeed in the implementation of the village fund

program from the government. The village heads created more physical programs to absorb the 2015 village fund allocations. They assumed that these physical programs were relatively simpler and clearer accountable than nonphysical programs.

They regarded this as a middle ground, the village funds absorbed and the village heads were also easier in making accountability. Certainly, these physical programs have already been discussed among village heads, village fund management teams and community representatives. The results of interviews indicated the existence of various problems that existed in the village level related to the implementation of village funds. In general, the problems which successfully identified by researchers were not much different from the problems that have been raised previously by academics such as the low quality of human resources at the village level (Hanifah, 2016; Hasniati, 2017; Nafidah & Anisa, 2017; Simangunsong & Wicaksono, 2017; Yulihantini & Wardayati, 2017), and their low understanding of village fund accounting (Syaifullah, 2017). However, this study found one interesting thing, namely the spirit of the village government officials to keep implementing the village fund program which was a central government program. They kept trying to make programs even though everything was still physical programs to absorb the village funds allocated to the village. This showed the spirit to keep succeeding the government's national program. It indicated that there was still local wisdom at the village level in facing the challenges in the implementation of village funds.

### **Village Finance Planning and Budgeting**

Village Government Village Budget Planning prepared village development planning in accordance with its authority (Derfuss, 2009) with reference to district development planning. Village Development Planning included Village RPJM and RKP which were arranged in futures and defined by Village Rules.

Village Medium-term Development Plan (RPJM Desa) for a period of 6 (six) years while the Annual Village Development Plan or so-called Village Government Work Plan (RKP Desa) for a period of 1 (one) year. RKP Desa was an elaboration of the Village Medium Term Development Plan. Village development planning was arranged based on the outcome of the agreement in the village meeting which was conducted no later than in June of the current fiscal year.

Village Medium Term Development Plan (RPJMDesa) In preparing RPJM Desa  
Village Government Work Plan (RKP Desa)

### **Financial Accounting System of Village Fund Management**

Financial Accounting System of Village Fund Management From interview data and preliminary observation about the unpreparedness of the village head and its officials was more caused by technical problems, such as lack of socialization, guidance and low capacity in the field of financial administration and its reporting. Further interviews were conducted to obtain data on the wishes and expectations of the village head and his apparatus in the implementation process of Law 6/2016. From the results of interviews and further observations it was found that the village head and his apparatus wanted a breakthrough to facilitate the management, administration of village funds and their reporting.

The computerized accounting system for managing village funds was appropriate regarding the basic education of the village head and his apparatus not the accounting field. Data storage of financial management did not require many files and stored data could be used for a relatively long period of time. In addition to computer was the right data processing tool with research access and high speed, computerized system would also save time and work with more accuracy than the manual system.

Some previous researchers discovered various benefits of applying a computerized accounting system to the public sector. For example, Ratih (2012) stated that the design and understanding of local financial accounting system made a process became easy and fast and the ability of local financial administration and management of local property affected simultaneously

on the performance of SKPD. Sudana(2007) stated that accounting information system was a computerized application system capable of performing data processing of corporate financial transactions in an integrated system. Rusmayanti (2013) stated that the existence of financial management system in the Village, Kaur Finance became more helped. Data storage of financial management did not require many files and data could be used in a relatively long period of time.

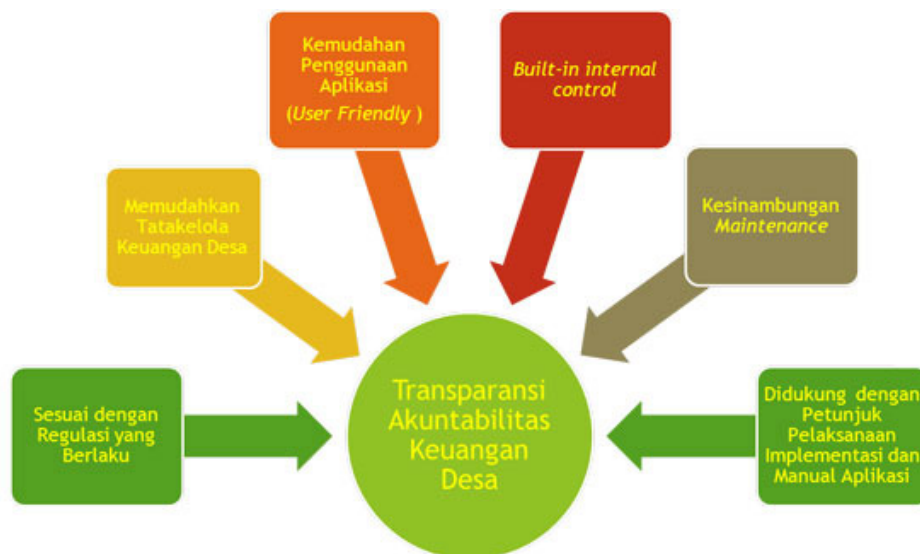
### Computerized Fund Village Accounting System with SisKeudes application

Based on the data of interview results, follow-up observation and literature review on village law 6 6/2014 and Permendagri 113/2014, this research designed a computer-based village fund accounting system and succeeded in establishing a village fund management program. This program was then applied to Balesari Village. In this research also conducted training for the village officials related to the implementation of the application computer program of the village funds.

This village fund application program was a program based on Village Financial System that has been provided by the village ministry. The computerized system would produce management and reports in accordance with the instructions in Permendagri 113 /2014, could be seen in Table 1.

**Table 1.** Management and Report of Village Fund Application Program

Application Program	Explanation
Budgeting Report	Detailed Budget Report per Activity. This report contained a detailed budget per activity. Detailed Budget Report per Budget Account (Ledger). This report contained budgets prepared in detail per budget account with reference to a specific activity or it could be said that this report was an activity budget ledger. Summary Budget Report. This report contained a summary budget per budget account without referring to a specific activity in which each budget item could contain multiple activities that shared the same budget
Realization Report	Detailed Realization Report per Activity. This report contained detailed realizations per activity. Detailed Realization Report per Budget Account (Ledger). This report contained detailed realizations per budget account by referring to specific activities or it may be said that this report was a book of activities realization. Summary Realization Reports: i) Detailed Summary Realization Reports. This report contained realizations against existing budgets that were arranged in detail by referring to specific activities; ii) Total Summary Realization Report. This report contained realizations against existing budgets that were summarized per total budget item accounts.
Form	Forms of Budget. Form organized in accordance with the budget input per activity. It could also be used as a form of budget support per activity. Form of Realization. Form arranged in accordance with the input of activities implementation. It could also be used as a form of evidence supporting of activities implementation.
Realization of Previous Period	After closing the book of a budget, all of the data would be eliminated and only the budget realization remaining from the previous period could be printed from this sub-report.



**Figure 1.** Siskeudes Application Features

### Operating System and Hardware

The SISKEUDES or SIMDA Village application run on Windows operating system and could works well on WindowsXP, Windows7 and Windows8. Computer operating systems other than Windows could not be used for the implementation of SISKEUDES. Computer hardware requirements for SISKEUDES had minimally Intel Celeron 1.5Ghz application with 1 Gb of RAM memory and empty space harddisk remaining minimum 10Gb. This requirement was a minimum requirement and more specifications available was recommended than the standard.

### Computer Setting Configuration

In relation to the estimation of calculations for certain periods and parameters related to the date of the computer, the configuration settings of the calendar in the windows control panel should be set with the date format according to the format applicable in Indonesia that was “dd / mm / yyyy”. Incorrect computer calendar format caused errors during report preview and inaccurate calculation.

### Siskeudes Database and Data Connection

Siskeudes application used Microsoft Access database so it was more portable and easy to apply by even lay application user. Technically, village financial transactions were included in small-scale groups, making them more appropriately and easily handled with this access database. The use of applications by using SQLServer databases was reserved for a particular purpose or the volume of transactions were included in the medium-scale category. In the interface, data connection was available in 2 connection options, via ODBC (Open Database Connectivity) or Direct Access. With connection via ODBC, the village financial application did not directly read the data to the MsAccess Driver but used the ODBC engine on the windows operating system. Meanwhile, Direct Access read the files directly to the corresponding database file.

The use of ODBC connection option required the computer system was installed Microsoft Jet OleDB 4.0 in Microsoft Office 2000-2003. So for a computer that was not installed Microsoft Office 2003 could not use this feature. If we wanted to keep using this feature was by adding Microsoft Office Access 2003application or adding access database engine. Technically, the use of ODBC was more recommended and better ensure data security from damage (corrupt) and could be used in multiuser mode by sharing folder database “Data APB Desa2016.mde”.

The use of the Direct Access option allowed the application to directly read the files in the village financial database. This option was used when computer did not provide Microsoft Jet

OleDb4.0 for “\*.mdb” on computer that was only installed Microsoft Office 2007, 2010 or 2013. The use of this option was not recommended because under certain circumstances, such as slow computer, low-memory or computers infected virus could create corrupted database. The use of this option was only for single user or in other words only for PC or Laptop computer in stand alone (not using network).

The use of application with OCBC mode was preferred when compared to Direct Access mode for data security. For advanced computer installed Microsoft Office 2007 s.d 2013 to add Microsoft Office Access 2003 so that it could use ODBC feature.

## CONCLUSIONS

Based on the results of research in both villages it is known that village officials do not have readiness in implementing Law 6/2014. They have not fully understood the management of village funds based on Permendagri 113/2014. This is worsened by the low quality of human resources, lack of socialization and guidance. Nevertheless, village officials have a passion to keep succeeding the implementation of the village fund program from the central government, that is by increasing the physical program to absorb village funds. The model of village finance that is appropriate to be used is the village financial system (siskeudes) already provided by the government. Siskeudes makes it easy for village officials to budget, implement and report village funds. With this system, the use of village funds can be controlled effectively, efficiently and accountably.

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