

CRITICAL REVIEW OF IMPLEMENTATION OF VILLAGE FINANCIAL MANAGEMENT PRINCIPLES BASED ON LAWS AND REGULATIONS IN REALIZING SUSTAINABLE NATIONAL DEVELOPMENT

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Abstract

The village is the beginning of the implementation of government policies into the community as a representation of the presence of the state. The village is the vanguard that is directly related to the community. To support this great responsibility, the village government is given the authority to manage village finances as a means to implement the realization of a prosperous society as the embodiment of sustainable national development. Therefore, this scientific paper examined and critically analyzed the financial management of villages that should be carried out under the principles of village management based on the mandate of applicable laws and regulations. To analyze the subject matter in this scientific paper, the research method used was the normative legal research method. Because what was studied and analyzed were the laws and regulations related to village financial management, which were elaborated with an analysis of social problems about village financial management. Eventually, this scientific paper can reveal the dynamics of the principles of village financial management that occur in the process of realizing sustainable national development.

Keywords: *Principles, Village Finance, Laws and Regulations, Sustainable Development*

I. INTRODUCTION

Governance has been variously defined as the exercise of authority or control to manage a country's affairs and resources¹. Good governance requires that the government is governed in accordance with the governance principles, namely, transparency, accountability, [1] The village's financial management is one of the responsibilities of the local government mandated by Law. Financial management in the village must be carried out in line with the mandate of existing laws and regulations. It will undoubtedly need close monitoring and oversight. Village financial management requires a high level of accuracy due to the social, cultural, and geographical characteristics of various village regions in Indonesia. The

principles of village financial management have evolved into a direction to serve as a standard guideline for village governments across Indonesia as they carry out their obligations in village financial management.

In general, village governance is regulated by Law No. 6 of 2014 concerning Villages. In its arrangement, the law explains that the village is a unitary legal society that has territorial boundaries that are authorized to regulate and manage government affairs, the interests of local communities based on community initiatives, origin rights, and traditional rights that are recognized and respected in the system of government of Indonesia. [2] Furthermore, following the study of this scientific paper, the Village Law explains that Village Finance is all village rights and obligations that can be assessed with money and everything in the form of money and goods related to the implementation of village rights and obligations. Then, specifically, village financial management is defined as a whole activity that includes planning, implementation, management, reporting, and accountability according to the Minister of Home Affairs Regulation No. 20 of 2018 concerning Village Financial Management.

The main objective of village financial management based on productive financial governance will undoubtedly support the community's welfare in the process of sustainable national development. Development is defined as a process of activities carried out to develop or make changes toward a better state. While national is something that relates to the characteristics of a particular nation, in this case, it is the Indonesian nation. Then, it can be concluded that national development is a development from, by, and for the people. [3] In Law 25 of 2004 concerning the National Development Planning System, it is explained that national development is an effort carried out by all components of the nation to achieve state goals. [4] Meanwhile, concerning sustainable development, Law No. 32 of 2009 concerning Environmental Protection and Management defines sustainable development as a conscious and planned effort that combines environmental, social, and economic aspects into development strategies to ensure the integrity of the environment and the safety, ability, welfare, and quality of life of present and future generations. [5] Thus, it is clear that good village financial management as one aspect of sustainable development, namely economic aspects to support the safety, ability, welfare, and quality of life of present and future generations, can contribute to national development.

Then, based on the sustainable national development process that until now continues to develop rapidly, there is a need for critical analysis to evaluate the problems faced in Indonesia's sustainable national development process. One aspect that needs to be critically examined is the management of village finances as one form of the community development process in Indonesia. Thus, this scientific paper will be studied and analyzed related to the implementation of village financial management principles to realize sustainable national development in Indonesia. For many years, government's programs have been directed for development and considerably are concentrated to reduce poverty in which the development aims to improve the social welfare. [6] This is important to be explored more deeply, because

good village financial management in accordance with the regulated principles will have a significant impact on the sustainable development process in the community. Both human resource development and economic development. Because the reality on the ground shows that village financial management is very difficult to be accessed by the community for the realization that is actualized in village government programs. So it is difficult for the community to ensure that the village government has contributed to village development according to the needs of the community in its jurisdiction.

II. METHODS

Legislation is a formulation of norms that each state must implement by the mandate of the laws and regulations themselves. It is to realize the creation of legal compliance in the system adopted by Indonesia as a country of Law. Thus, social problems analyzed in-depth in this scientific paper were related to implementing village financial management laws and regulations that mandate the actualization of village financial management principles. Therefore, the method used in this scientific paper was a normative legal research method by examining the dynamics of the implementation of village financial management principles following the mandate of applicable laws and regulations. Normative legal research will be in line with the study of the subject matter of this scientific work. This is because the dynamics of the principles of village financial management in laws and regulations have not been properly actualized by the village government in accordance with the mandated activities.

III. RESULTS AND DISCUSSION

The village marks the beginning of the community's implementation of government policy. The village is the front directly tied to the community as a manifestation of the state's presence. The village and its apparatus have their challenges due to this situation. Management grew increasingly varied as the era progressed, including the handling of village finances. The achievement of policy goals will be significantly influenced by the performance of village officials at the forefront. As part of the entire policy implementation process, the village apparatus, at the forefront, occupies the last position that interacts directly with the community—included in the village's financial management. Therefore, it is essential for village officials in Indonesia who are truly qualified, professional, trustworthy, and loyal to truth and goodness to carry out the power given. [7]

As one of the government organizations with the largest number and having the widest network spread throughout Indonesia, the village government requires an arrangement of good structure and work procedures so that the internal village government can divide the roles and carry out its main duties and functions optimally. A good governance structure and work ethic

will support us in providing services to the village community to realize the welfare of village communities in all corners of Indonesia. [8] including in terms of village financial management. If the village government has good governance of the village finances, it will positively impact people's social lives. Therefore, juridical reviews and implementation of village financial management principles need to be studied further.

A. Juridical Review Of Village Financial Management

Village Fund Management is an inseparable part of Village financial management as stated in the Village Budget so that activities sourced from the Village Fund are accounted for administratively, technically, and legally. [9] To find out the extent to which village financial accountability is regulated, it is necessary to first know the legal basics that form the foundation for village financial management.

1. Law No. 6 of 2014 Concerning Villages

Historically, regarding village regulation, several arrangements have been made on villages, namely Law No. 22 of 1948 on the Subject of Local Government, Law No. 1 of 1957 concerning the Principles of Local Government, Law No. 18 of 1965 concerning the Principles of Local Government, Law No. 19 of 1965 concerning Praja Village as a Transitional Form to Accelerate the Realization of Level III Areas throughout the Territory of the Republic of Indonesia, Law No. 5 of 1974 concerning the Principles of Government in the Region, Law No. 5 of 1979 concerning Village Government, Law No. 22 of 1999 concerning Local Government, and Law No. 32 of 2004 concerning Local Government. The implementation of village arrangements that have been in force is no longer based on times, especially regarding the position of indigenous peoples, democratization, diversity, community participation, progress, and equitable development. Thus, it causes gaps between regions, poverty, and socio-cultural problems that can interfere with the integrity of Indonesia.

This Law regulates materials on the Principles of Village Regulation, Position and Type of Villages, Village Arrangements, Village Authority, Village Government Administration, Village Rights and Obligations, Village Regulations, Village Finance and Village Assets, Village Development and Rural Area Development, Village Owned Enterprises, Village Cooperation, Village Community Institutions and Village Customary Institutions, and Development and Supervision. Thus, the existence of this Law, which one of its substances discusses and explores related to village financial

management in realizing sustainable national development, is nothing but aimed at encouraging initiatives, movements, and participation of village communities for the development of village potential and assets for mutual welfare and the professional, efficient and effective, open, and responsible village government. [10]

2. Government Regulation No. 43 of 2014 concerning the Implementation Regulation of Law No. 6 of 2014 on Villages

The formulation of Government Regulation No. 43 of 2014 concerning the Implementation Regulation of Law No. 6 of 2014 on Villages is intended to implement the provisions of Article 31 paragraph (3), Article 40 paragraph (4), Article 47 paragraph (6), Article 50 paragraph (2), Article 53 paragraph (4), Article 66 paragraph (5), Article 75 paragraph (3), Article 77 paragraph (3), and Article 118 paragraph (6) of Law No. 6 of 2014 concerning Villages and to optimize the implementation of Village Government, village development, village community development, and empowerment of village communities. Along with the dynamics of village development in this government regulation, there have been several changes in provisions. In 2015, a government regulation was issued that changed some of the provisions of Government Regulation No. 43 of 2014 concerning the Implementation Regulation of Law No. 6 of 2014 on Villages, i.e., Government Regulation No. 47 of 2015 concerning Amendments to Government Regulation No. 43 of 2014 regarding the Implementation Regulation of Law No. 6 of 2014 on Villages, which has been renewed through Government Regulation No. 11 of 2019 concerning the Second Amendment to Government Regulation No. 43 of 2014 regarding the Implementation Regulation of Law No. 6 of 2014 on Villages.

This Government Regulation is prepared to realize the implementation of villages based on the principle of good governance and in line with the principles of village regulation as mandated by Law No. 6 of 2014 on Villages, including legal certainty, orderly governance, orderly public interest, openness, professionalism, accountability, effectiveness, efficiency, local wisdom, diversity, and participation. In carrying out village development, the values of togetherness and kinship are prioritized to realize peace and social justice. This Government Regulation is a guideline for the government and local governments, communities, and other

stakeholders in realizing the purpose of village implementation as mandated by Law No. 6 of 2014 on Villages, namely the realization of developed, independent, and prosperous villages without having to lose their identity. [11]

3. Regulation of the Minister of Home Affairs No. 20 of 2018 concerning Village Financial Management

The emergence of Regulation of the Minister of Home Affairs No. 20 of 2018 concerning Village Financial Management is an implementing provision of Article 106 of Government Regulation No. 43 of 2014 concerning the Implementation Regulation of Law No. 6 of 2014 on Villages as amended by Government Regulation No. 47 of 2015 concerning Amendments to Government Regulation No. 43 of 2014 regarding the Implementation Regulations of Law No. 6 of 2014 on Villages and has been updated again through Government Regulation No. 11 of 2019 concerning the Second Amendment to Government Regulation No. 43 of 2014 regarding the Implementation Regulation of Law No. 6 of 2014 on Villages.

In the Regulation of the Minister of Home Affairs No. 20 of 2018 concerning Village Financial Management, it is explained that Village Financial Management is a whole activity that includes planning, implementation, management, reporting, and village financial responsibility. This ministerial regulation contains a substance related to the Village Financial Management Power, which includes the Holder of Village Financial Management Power and the Village Financial Management Implementer; the Village Revenue and Expenditure Budget, which includes Revenue, Expenditure, and Financing; Management that includes Planning, Implementation, Management, Reporting, and Accountability; and the correlation towards development and supervision. [12]

B. Implementation of Village Financial Management Principles in Realizing Sustainable Development

The village financial management principle reflects values that the village government administrator must meet as a guideline or reference in implementing village financial management. The village government must manage village finances according to the principles stated in the laws and regulations. [13] Based on the Minister of Home Affairs Regulation No. 20 of 2018 concerning Village Financial Management, which mandates that

Village Finance is all village rights and obligations that can be assessed with money and everything in the form of money and goods related to the implementation of village rights and obligations. It must be managed based on transparency, accountability, and participation and be carried out in an orderly and budget-disciplined manner. However, reality shows that financial management principles in this village are far from being implemented properly. Various problems still occur in the implementation of village financial management.

Transparency is a form of information disclosure that the village government must perform to allow stakeholders to know and access the widest possible village financial management information. Access to information that has not been widely opened results in many people not knowing how the village government carries out the village financial management. Even in some villages, village finance tends to be closed tightly, and only the village government knows the circulation and financial allocation. The existence of a village financial management planning process that is not based on detailed research means that the use of villages is more often less targeted. In implementing development and community empowerment programs, the village government also often prioritizes nepotism if the program is considered profitable. Typically, program information is not distributed evenly but rather to residents who have a personal relationship with the village government.

One of the efforts that can be made to reveal village financial transparency is the use of information and communication media. The use of information and communication technology in the implementation of governance in Indonesia is not new. The era of globalization demands that the public sector and the private sector integrate technology into its existence. In the current era of globalization, Indonesian society demands increased accountability, transparency, and community participation. [14] This scheme is deemed to be effective in upholding the principle of transparency in village financial management.

Accountability is the principle of government administration that must be accounted for by the public. In terms of accountability for village financial management, there is no financial ceiling in every sector that the village government clearly defines. Thus, spending from village finances is not arranged systematically, and development goals do not have a definite direction. Therefore, the period of targets in national development has the potential to regress. The ceiling in question is the systematic division of each sector. These sectors include education, village infrastructure development, capital assistance, and the

development of natural resources and human resources. In addition, the use of village finances in village government spending is still not on target. There are still many uses of village finances that are spent only to realize the village head program (the program during the campaign in contesting the election of the village head) solely without any development renewal that prioritizes the needs of the community following the developments that occur. The result of village government implementation activities must be accountable to the village community in accordance with the provisions of the legislation. If the accountability principle is not met, it will have implications in the village scope. [15]

Participatory is the principle of organizing the village government by involving the elements in the village, especially the community. The implementation of financial management related to the village government community has involved the Village Consultative Board as an institution of democratic realization in the implementation of village government, which is considered to be the "parliament" of the village. However, it does not guarantee the representation of the aspirations of the village community in its application. Because, in its implementation, there are still many villages consultative bodies that do not work to represent the community's aspirations. Absorption of aspirations can also be questioned in implementation because it is rarely performed. Many people still do not know the true role and function of the Village Consultative Board itself.

The Orderly and Disciplined Budget, is the principle of village financial management that refers to the regulations and guidelines governing its implementation in village financial management. It is still questionable whether it is related to implementing the principle of order and budget discipline because this principle is very dependent on the previous principles, i.e., transparency, accountability, and participation. Many problems occurred in implementing the principles of transparency, accountability, and participation causing the problematic questions on the implementation of the principle of order and budget discipline. Because the principles of transparency, accountability, and participation have been fulfilled, then the orderly and disciplined budget has also been implemented properly as the ultimate principle in the implementation of village financial management.

Based on the description that has been presented, it can be understood that the laws and regulations regulating village financial management have been mandated to be implemented following the principles of transparency, accountability, and participatory, orderly, and

disciplined budget. It is intended to ensure that the public can account for the village government's performance in managing village finances. Hence, reality shows that there are still many dynamics in village financial management, including dynamics in the actualization of village financial management principles. It should be a common concern to control the village management process by following applicable laws and regulations. It is intended to provide support in realizing sustainable national development. By actualizing the principles of village financial management that are implemented properly as a form of government support, community productivity will increase, and so the standard of living and welfare of the community too. The government's role as a guarantor of the survival of a prosperous society has a significant impact. It is because the government's behavior will be directed against the people who are in its jurisdiction. Thus, great hopes for improving village financial management following the principles mandated by laws and regulations can be actualized responsibly.

CONCLUSION

The laws and regulations have been strictly stated concerning the principles that must be used as the direct line of the village government in the management of village finances. Systematically formulating laws and regulations from high regulatory hierarchies to implementing rules related to village management is Law No. 6 of 2014 concerning Villages, Government Regulation No. 43 of 2014 concerning Regulations for the Implementation of Law No. 6 of 2014 on Villages as amended by Government Regulation No. 47 of 2015 regarding Amendments to Government Regulation No. 43 of 2014 concerning Regulations Implementation of Law No. 6 of 2014 on Villages, which has then been renewed through Government Regulation No. 11 of 2019 concerning the Second Amendment to Government Regulation No. 43 of 2014 regarding the Implementation Regulation of Law No. 6 of 2014 on Villages, as well as Regulation of the Minister of Home Affairs Number 20 of 2018 concerning Village Financial Management. Hence, reality shows that there are still many dynamics problems in the actualization of the principles of village financial management that occur. The principles of transparency have not been widely implemented in village financial management. The principle of accountability has not been fully accounted for in the management of villages reported to the public. The principle of participatory has not fully involved the community as the main aspiration distributor. The orderly and disciplined budget principle has not fully implemented the applicable village

management guidelines, including village financial management principles. Implementing these principles should be a subject of a joint evaluation because there will never be sustainable national development if the government's performance as a community welfare enhancer is not implemented productively.

As a recommendation for the analysis and review outlined, the village government's supervision of village financial management must be improved again. It will be more productive if a law is formulated that regulates community participation in supervising the village government that covers it in its jurisdiction. In addition, sanctions for not implementing the principle of good village financial management also need to be strictly regulated so that the village government can account for the performance of village financial management to the public by submitting and complying with applicable laws.

Based on the description above and the recommendations that have been proposed, further scientific works can complement the study of this scientific paper in greater depth to discuss the village financial management scheme by involving elements of the community so that there is a balanced evaluation between the government itself and the government itself. has the right and has the authority to supervise village financial management, as well as community elements who are government partners. This aims to make village financial management more targeted and in accordance with community needs.

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