



Accountability and Transparency of Allocated Village Funds

Enni Savitri^{a*}, Andreas^b, Volta Diyanto^c

^{a,b,c}Department of Accounting, Faculty of Economics and Business, Universitas Riau, Kampus Bina Widya Km. 12.5, Pekanbaru, 28293, Indonesia

Abstract

This research focuses on the accountability of monetary funds allocated to villages and the factors which inhibit the good management of the funds by village leaders. The main contribution of this research is to outline the process of the management of *Allocated Village Funds (AVF)* by village leaders and to ensure that the management is both transparent and has accountability. This research used the qualitative approach. The data collection was done through interviews, observation of procedures and research of documentation collected by the regional government. The triangulation method was used to ensure the reliability of the research. The outcome of this research is expected to benefit the government of Bengkalis Regency in helping to improve the accountability and management of the *AVF*. This research was done in the villages of the Bengkalis Regency, Riau Province, Indonesia. Interviews were conducted with the leaders of the villages, the village secretaries and the village treasurers. The result of this research showed that the funds were managed well by the villages who were obedient to government regulations, transparent, accountable, followed judicial processes, distributed funds appropriately and benefited the villagers in Bengkalis Regency. However, there was one significant factor found that inhibited the implementation and management of *AVF* and that was the inadequacy of human personnel (village leaders and government officials). Other factors that could also hinder the implementation and management of the funds were the processing time for the disbursement of the funds to the villages and the lack of training of village leaders.

Keywords: Funds allocated to villages, Transparency, Accountability

Received: 23 March 2018; Accepted: 24 August 2018

1. Introduction

The policy on village finances from the Central Indonesian Government was implemented as a result of the decentralization of the financial system. This meant that villages could be more autonomous. This was originally written in Regulation No. 22 in 1999 which was renewed to be Regulation No. 32 in 2004 for the Regional Government. This was also a consequence of Regulation No. 25 in 1999 being renewed to Regulation No. 33 in 2004 in regards to the financial relationship between the Central Government and the Regional Government. Therefore the Central Government expected the Regional Government would function more independently and especially that village governance would also become more independent in its finance management. According to the Regulations of the Department of Internal Affairs No. 113 (2014), the management of village finances would incorporate all these aspects: planning, implementing, management, reporting, and finance responsibility [1].

The independence of villages in the formulation of government administration and development of programs at the village level requires an urgent implementation and a village financial management system [2]. Because

substantial monetary funds are given from the Central Government, accountability is expected of the Provincial Government, the Regional Government and the villages who are required to organise their own governance and development proper implementation processes. Furthermore, with the increase of the village people's demand towards good governance there has been pressure on the Central Government and the Regional Government to implement public accountability [3].

Accountability can be defined as a form of obligation to account for the success or failure in implementing the organizations mission in achieving its predetermined goals and targets stated beforehand through periodical reporting [4]. Regulation No. 6 (2014) also regulates the village arrangement. The village arrangement aims to create effective implementation of village governance, to quickly improve the prosperity of the villagers, improve the quality of public services, improve the quality of village governance and to improve the competitiveness of the village [5].

The preparation of the Village Revenue and Expenditure Budget (VREB) must meet several principles, namely legal compliance, orderly governance,

*Corresponding author. Tel.: +628-127532400
E-mail address: enni.savitri@lecturer.unri.ac.id
DOI: 10.27512/sjppi-ukm/ses/a10052020

public order, openness, be proportional, professional, accountable, effective, use local wisdom, reflect diversity and have the participation of all the village community.

The most important principle of those stated is that of accountability. Accountability is the principle which states that each activity and the final result of the activity is accountable to the village community according to Regulation No. 6 (2014). In the context of public organizations, public accountability means the provision of information and the disclosure of information about activities and financial performance of the government to the parties concerned. The Central Government and the Regional Government must be subject to giving information in order to fulfill the public rights [6]. Public accountability is needed to anticipate and minimize the emergence of divergent government [7].

Bureaucracy accountability in implementing programs for the benefit of the community is an obligation that must be implemented. This is because the community as the target group of a program always demands transparency and accountability in the budget process [8].

In relation to the accountability of the management of Allocated Village Funds (AVF) there is the realisation that the village leader is to be responsible to account for

the Allocated Village Funds (AVF) which has been trusted to them. This is in order to achieve the goals that have been stated through the process of periodical reporting and accountability [9]. The village financial report is a form of transparency, which supports the requirement of accountability and the existence of openness by village leaders on the management of activities and public resources. If the village financial report can be done well, then the performance of the village leaders work will increase [10].

One of the purposes of regional financial accounting is to provide complete, precise and accurate financial information. The regional financial accounting can then be justified and can be used as a basis for evaluating the past financial performance in order to make economic decisions by external parties of local government for the future. Thus, the accountability of the village financial statements should be held responsible.

From several regencies located in Riau Province, Bengkalis Regency is one of the most autonomous regencies. It has implemented the principles of regional autonomy by optimizing the potential of the villages to shape a clean governance process.

Table 1. The Distribution of Allocated Funds for Villages in Bengkalis Regency in 2018 in Indonesian Rupiah

Sub-district	The Number of Village Fund Allocation	The Number of Village Fund
Bengkalis	48,486,852,384	22,148,900,000
Bantan	38,392,527,593	18,095,823,000
Bukit Batu	14,404,050,601	6,954,578,000
Bandar Laksamana	11,435,210,579	5,433,229,000
Mandau	3,621,481,064	1,566,547,000
Bathin Solapan	30,123,558,040	10,862,508,000
Rupat	20,965,129,491	9,557,784,000
Rupat Utara	15,510,325,255	6,576,269,000
Siak Kecil	26,901,014,443	13,158,099,000
Pinggir	16,967,227,282	6,599,452,000
Talang Muandau	17,136,862,345	7,216,681,000

Source: *The Department of Village and People Empowerment, Bengkalis Regency, Riau, Indonesia (2018)*.

Currently the situation of the management of village funds in Bengkalis Regency is as follows;

Firstly, there is limited regulation. The good will and political will of the government in presenting particular regulations to villages was insufficient and so far has not helped all the leaders of the villages and their staff. This condition is clearly seen from the delays and difficulties encountered by the village leaders in planning activities and managing AVF. Almost all village legislations that mandate the existence of regulatory accountability from the local and regional government have not yet been followed up.

Secondly, in regards to institutional regulation, (in the form of incomplete regulations and technical guidance on the implementation of the village finance regulations), there is the potential of an overlap from two different authorities; The Ministry of Village Advancement of

Underdeveloped Regions with the General Directorate of Supporting Village Government. It is not transparent the formula for the distribution of village funds according to Regulation No 22 (2015) and is based only on the basis of equity [11]. The budgeting of AVF is regulated by Regulation No. 43 (2014) and is considered to be less than fair [12]. The obligation of preparing Accountability Reports (AR) by the village was not efficient, mainly because of the overlap of regulations, the unavailability of the standard price of goods or services used as a reference for the villages in preparing the Village Revenue and Expenditure Budget (VREB), the low transparency of the plan of use and accountability of the VREB.

Thirdly, the allocation of village funds can also cause concerns to a number of stakeholders. This is because not all village leaders and staff have the capability to spend funds nor make Accountability Reports (AR). Surely this

will be a challenge in the administration of village finances.

Fourthly, lack of accounting knowledge about the village funds by village leaders and staff to manage the funds.

Fifthly, in fact there were many villages that did not take advantage of this privilege. The dependence of funds from the Central Government and local government is still very strong. Because of this, villages still do not optimize the income resources based on the wealth and potential of the village. The preparation and the implementation of VREB should be filled with programs which are needed by the people but have not been conducted yet. For instance, physical development activities are not implemented in accordance with the VREB.

This research focused on the accountability and management of the AVF and the factors which inhibited the good management of the village funds. The main aim was to create a transparent and accountable village funds procedure, and thus give benefits so that villagers can enjoy being empowered through their local village economy.

2. Theoretical Background

2.1. Action Theory

This theory was founded by Weber (1864-1920) who stated that individuals do an action based on experience, perception, understanding, or interpretation because of an object or a certain situation. Therefore, it can be said that action is the ability of individuals to take action, in the sense of setting options or ways or tools from a number of alternatives available in order to reach their goals [13].

2.2. Accountability Concept

According to the Indonesian National Institute of Administration and Board of Development and Finance Monitoring of Republic of Indonesia [14], accountability is an obligation to give responsibility or an answer and explain the effort and action of the individual/leader of a unit or organization to a party who has the right or has the power to ask for responsibility. Accountability is very important to guarantee the values of efficiency, effectiveness, reliability, and predictability. "Accountability" is not an abstract concept but a concrete one and should be determined by regulations through a very specific set of procedures on the issues to be accounted for.

2.3. Management of Village Funds

Institutionally, the village is regulated by the Regulation No 6 (2014) which is about village which become the basis of its jurisdiction. The regulations explain about village finances, starting from the general provision, income sources, Village Revenue and

Expenditure Budget (VREB) and its management, to the formation of a board for village businesses. These rights and obligations create income, expenses, accounting, and the management of village finances.

The Ministry of Internal Affairs Regulation No 113 (2014) explains that the village finances is the right of every village and an obligation to the village [15]. It can be valued with money and other things that are like money or things related to the rights of the village or obligated to the village. The source of village income comes from the village's original income, funds from the government, and results from a village owned enterprise. The implementation of Regional Government business by the village government will be funded by the Village Revenue and Expenditure Budget (VREB), while the implementation of Central Government business conducted by the village government will be funded by the VREB.

2.4. Transparency

Article 4 Paragraph 7, of Internal Affairs, Republic of Indonesia Regulation No 13 (2006) [16], gives guidelines on Regional Finance Management (RFM) and states that transparency is the principle of openness which enables people to know and access information about regional finances. With the existence of transparency, there is a guarantee for the access and freedom for everyone to get information about the running of government. Also the information about Government policies, its planning and the implementation process, and the results achieved. Open information is expected to produce healthy political rivalry, tolerance, and policies made and based on public preference.

Transparency becomes very important for the implementation of government functions in carrying out the mandates from the community. Considering the government has the authority to make various important decisions which affect many people, the government has to provide complete information about what it does. With transparency, falsehood is difficult to hide.

The transparency principles can be measured through a number of indicators [17] as follows: 1) the mechanisms which guarantee a system of openness and standardization of all public service processes, 2) the mechanism which facilitates public questions about various policies and public services, or the process within public sector; 3) mechanism which facilitates reports or spreading information or the deviation of public service staff in service activities. The government's openness on various aspects of public services will in the end make the government responsible to all stakeholders concerned with the processes or activities in public sectors.

3. Methodology

3.1. Types of Research

The approach used in this research was qualitative research. The data collection was obtained through observation, interviews and the reviewing of documentation. Subsequently data processing and data analysis was performed, the report arranged, and conclusions made from the data obtained.

3.2. Types and Source of the Data

The type of data used was primary data and secondary data. Primary data was obtained through interviews with village leaders or with those who create or obtain information and data. While the secondary data were obtained from documents in Bengkalis Regency related to the AVF program in 2018.

3.3. Data Collection Technique

The data collection technique was by interview, from documentation, and through observation. The interviews were done by using open-ended questions and also used a handycam to record. The interviews were done of highly competent participants. Documentation was done by collecting, analyzing, and processing the data which then produced a collection of documents explaining many aspects of the AVF and their corresponding activities. While observation was done by direct observation of the situation.

3.4. The Research Participants

The interviewed participants of the research were the village leaders, village secretaries, and village treasurers.

3.5. The Location of the Research

The location of the research was in villages in the Bengkalis Regency, Riau Province, Indonesia in 2018.

3.6. Data Reliability

According to Moleong [18], to test the reliability of the data obtained the technique "Data Triangulation" was to be used. The type of data triangulation technique used is to source three types of data which can be compared and rechecked. This means the degree of confidence on certain information can be obtained through the process of time and through different tools in qualitative analysis. These can be achieved in the following ways: (1) comparing observation data and interview data; (2) comparing what people say in public and what they say in private; (3) comparing what certain people say in the research situation and what they say at other times; (4) comparing someone's perspective and other various peoples opinions and points of view (ie villagers and

government officials); (5) compare the result of the interview and the content of related documents.

4. Results and Analysis

4.1. The Description of Research Area

Bengkalis Regency is one of regencies in the Riau Province which has an area of 7,773.93 Km² and is divided into 104 villages. In 2015, there were 11 sub-districts in Bengkalis Regency, with 19 political districts, and 136 villages. The number of "Neighbourhood" leaders (first-level of local government) was 2,877 and the number of "Community" leaders (second-level of government) was 964. The population of the Bengkalis Regency in 2015 was 543,897. This consists of 279,255 males and 264,732 females spread throughout the 8 sub-districts. For those seeking work, the job seekers in Bengkalis Regency in 2015 was dominated by senior high school graduates and undergraduates. As for the Bengkalis Regency population aged 15 years old and older who worked, the dominated population age group 25-54 years old, which was around 75% of the working population.

4.2. The Accountability of Village Fund Allocation (VFA) Management

Based on the results of the interviews completed, the AVF program was in 136 villages of 11 sub-districts in Bengkalis Regency and was shaped by four stages; planning, implementing, supervision and responsibility. This is in accordance with the Bengkalis Regency Regulation No. 24 (2015) [19] concerning the Guidelines for Village Finance Management in Bengkalis Area, Regency Regulation No. 5 (2017) [20] about the Allocated Village Funds (AVF) and Regency Regulation No. 9 (2017) [21] about the methods of distribution, determination and details of the Village Funds (VF) for villages in the Bengkalis Regency Budget 2017.

4.3. The Procedures of Village Fund Allocation

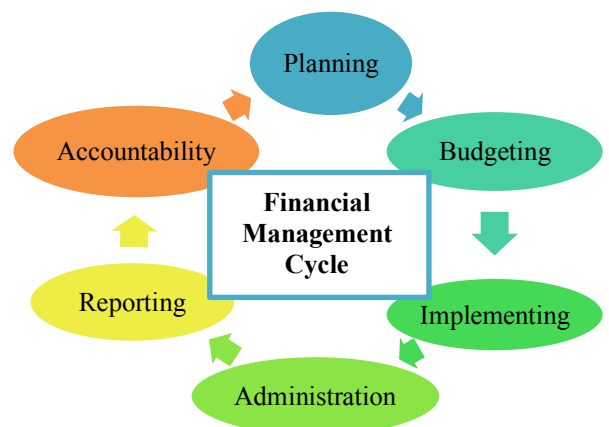


Fig. 1. Procedure of allocating Village Funds

4.4. *The Planning Stage of Allocation Village Fund (AVF)*

The planning of AVF is an activity to aid village development. The planning for AVF is necessary to be done so that the usage of funds can be more effective, efficient, economic and right on target. The planning of the use of AVF in 136 villages in 11 sub-districts was obtained through the results of village planning conferences and the results adapted for the AVF.

The planning of AVF was done by encompassing the aspirations and the needs of the community through village discussions or meetings. In Bengkalis Regency, village meetings talked about the planning of the Village Revenue and Expenditure Budget (VREB) and Community Consultations on Development Planning (which is held annually). This is in line with the result of the interview with the secretary of Kelapa Pati Village, Bengkalis Regency (Mr. Edy Firdaus on March 12th, 2018):

“For the Allocated Village Fund, the community participates because the activities in that village start from discussions in neighbourhood and then is taken to village discussion, and then this activity comes to realization”. In addition he also added “Before the village meeting, there was a process to make 11 teams. The results of the 11 teams was given to the village leader to be evaluated. After planning had been done, there was more discussion at village level”.

In addition, this was also expressed by the secretary of Senggoro Village who said that:

“The community participates and the planning process is based on work plans of the village government team”. In addition, the secretary of Air Putih Village (Mr. Khaidir KMS on March 12th, 2018) explained, “The planning adjusts to the program established by the government which are in four fields such as government, development, community welfare, and community development”. He also added, “The work plans created are based on Medium-Term Development Plans (a 5 year development plan drawn up at village level) and the Rural Development Plan (an annual plan for village-level development). Most people are in support of these plans”.

Next, the result of the interview with the treasurer of Kuala Alam Village (Mr. Norman on March 12th, 2018):

“The planning process follows defined stages such as discussing activities which wanted to be attached in Village Revenue and Expenditure Budget (VREB) with the Village Council then prepares Medium-Term Development Plan and Rural Development Plan and the last the Village Revenue and Expenditure Budget (VREB)”.

The result of the budgeting planning and programs that have been approved by the Village Regulations becomes the guideline on village governance and village development within a period of one year. The AVF planning in Bengkalis Regency met the criteria of transparency and accountability which meant it was known by the whole community to be providing

information about the programs that were implemented. Information was given through meetings and announcement boards.

4.5. *The Implementation Phases of Village Fund Allocation*

In the implementation of the AVF, the village leaders and staff have a very important role because it is their obligation to ensure the execution of the implementation plan, as well as members of other implementation committee. In order that the development in a village can run well, an implementation team is necessary because they can work together in managing the process of development.

This is in line with the interview with the secretary of Senggoro Village in March 12th, 2018:

“In Senggoro Village, the implementation process is suitable with the planned budget plan and the management team of the Allocated Village Fund has been running well and the coordination has been quite well established”.

The same thing was said by the secretary of Air Putih Village (Mr. Khaidir KMS on March 12th, 2018);

“In accordance with Rural Development Plan of the village, the plan has been written and observes our Medium-Term Development Plan, it cannot diverge from village Medium-Term Development Plan for activities in 2017. Also there was a high quality management team and it had a great ability to work well together and cooperate with the development and economic advancement”.

Furthermore, the secretary of Kelapa Pati Village (Mr. Edy Firdaus on March 12th, 2018) in an interview with him said:

“Before formulating the budgeting, the process was to formulate 11 teams, these teams produced Rural Development Plans, then the Rural Development Plans became the basic of *Village Revenue and Expenditure Budget (VREB)* which has been undertaken by the Village Secretary. In addition, the coordination among the members of the management team ran well, starting from the village leaders and staff, Village Council, Public Empowerment Agency for Villages, Rural Community Empowerment Force, public leaders, youth leaders, and all the representatives of the community as proven by the village conference which represented them”.

Next is the result of the interview with the treasurer of Kuala Alam Village (Mr. Norman in March 12th, 2018), he said:

“The implementation of AVF follows the existing procedures, will issue Payment Request Letters and Minimum Service Standards first by the treasurer in paying to the relevant department for the implementation of the activity”. Also, management is suitable with the fields of government business and public business”.

In the implementation stage of AVF in 136 villages in Bengkalis Regency, each village has given information

openly and transparently to the community about any developments that had been done. Village Leadership posted announcements through street banners which contained the physical schedule of the implementation. Additionally the street banner mentioned the usage of 2017 AVF money. The AVF aims at empowering the physical development of the villages by improving basic infrastructure. The empowerment of the community was found to have correlation with the improvement of the community's economy.

4.6. *The Supervision Stage of the Allocated Village Fund (AVF)*

Supervision is carried out on the village government and developers so that implementation does not diverge from the stated plan and rules applicable to the physical implementation or financial management. The monitoring of the functionality of the Allocated Village Fund (AVF) is supervised by the monitoring departments or the Bengkalis Regency Government. The Bengkalis Regency Government has 8 sub-districts which conduct the supervision.

The Regency and District governments are required to guide and supervise the implementation of the AVF and its management. Based on the evidence in the field, supervision by the Provincial, Regency and District Governments occurred in the management of the AVF in Bengkalis Regency in accordance with regulations. This observation was strengthened by the result of the interview with the treasurer of Kuala Alam Village (Mr. Norman in March 12th, 2018):

"In the last 3 years, the management of the AVF was done well, and there was no fictitious village activities".

The secretary of Kelapa Pati Village (Mr. Eddy Firdaus in March 12th, 2018) also commented:

"The management of the Allocated Village Fund was done well in our village, however in the case of delays we tried to follow the procedures so we could do management well".

Next comment comes from an interview with the secretary of Air Putih Village (Mr. Khaidir KMS in March 12, 2018):

"Every stage of the implementation of activities was carried out in accordance with the provisions."

4.7. *The Accountability Stage of Village Fund Allocation*

The accountability of the Allocated Village Funds (AVF) is integrated well with the accountability of the Village Revenue and Expenditure Budget (VREB). In the accountability of the AVF, the village leader has a role to be the responsible person for the management team. The accountability covers all stages of the AVF management; starting from the planning stage, implementing stage, to the supervision stage. Each activity done in the management of the AVF is written down and systematically proven in the form of reports. The report consists of periodical reports and a final report. This is

strengthened by Bengkalis Regency Regulation No. 24 (2015) about the guidelines of Village Finance Management in Bengkalis Area, Regency Regulation No. 5 (2017) about Allocated Village Funds, and Regency Regulation No. 9 (2017) about the methods of distribution, determination and details of the village funds for each village in the Bengkalis Regency Budget 2017.

Periodical reports become the job of the village treasurer and are completed no later than the 10th of the following month. The village treasurer must account for money through accountability reports to the village leader. The Final Report contains the report on the usage of the AVF which covers the implementation, the absorption of funds, and the final settlement of the used funds. This Final report is reported at the latest by 31st December in that year and conveyed to the Head of the Regency.

This is in line with the results of the interview with the secretary of Air Putih Village (Mr. Khaidir KMS in March 12, 2018) who said that:

"In making the accountability report, the village treasurer is helped by the village committee". Mr. Khaidir KMS adds that a form of responsibility to the community is by making pamphlets or banners in public areas or have announcements at the village leader's office".

The same thing was said by the secretary of Kelapa Pati Village (Mr. Eddy Firdaus on March 12th, 2018):

"After the budgeting year, there is a meeting conducted by the village government to convey and share the achievements in the previous year".

4.8. *Reporting*

Reporting is done to know about the activities completed through the Allocated Village Fund (AVF), starting from the planning stage, the implementation and the supervision stage. The reporting is also done as a form of responsibility for the village's government to the community and ensures the government is transparent in its processes. In addition, reporting is used as evaluation material for the management of the AVF and ensures it has been running effectively, efficiently, economically, and to know the AVF implementation process has been run in accordance with the applicable government regulations.

There are two forms of reports; periodical reports and Final reports. The periodical report is done by the village treasurer to the village chief by the latest date of the 10th of the month. That report includes the details of the acceptance of funds and the usage of funds. While the Final report is made at the end of every budgeting year and the latest it can be reported is on the 31st of December in that year and submitted to the Regency, in this case the Head of Village Government through the District Head of Government. The title of the Final report is the Fund Realization Accountability Report and Accountability Letter. The treasurer's accountability report to the village chief is not required if no funds were accepted into the village account.

This is in line with the result of the interview with the treasurer of Senggoro Village in March 12th, 2018:

“If there is a remainder from the budgeting of costs it remains in the village bank account. Ready for the withdrawal process after the new budget is given in the next year. Those funds will be involved in the activities of the next year.”

Then the result of the interview with the treasurer of Kuala Alam Village (Mr. Suhartono in March 12th, 2018) firmly stated that:

“The unspent money of the budgeted costs will be put into next year’s budget. For example if there is money leftover in 2017, then the leftover money will remain in the village account and will be put into the next year’s budget, which is 2018”.

4.9. *The Application of the Accountability Principle: Transparency*

Transparency guarantees the community has access to all information related to the Allocated Village Fund (AVF). Basically when the community has participated in the management of the AVF, it automatically means the village government has become transparent to the community. In the last few decades, budgeting transparency has become the foundation of accountability (Carlitz, 2013). With participation, the community can know the amount of funds managed by the village government, the types of activities conducted, and the village government is held accountable by the community knowing what activities they have implemented.

This is in line with the result of the interview with the treasurer of Senggoro Village in March 12th, 2018:

“The people participated in the management of the Allocated Village Fund and this created transparency”.

Then the same thing was also noted by the village secretary of Air Putih Village (Mr. Khaidir MS) on March 12th, 2018) and he said:

“Transparency is shown in our village by making pamphlets or putting up banners in public places and also putting up notices in the office of the Village Leader”. In addition he also stated that, “The participation of the Air Putih Village community started from the planning of work program which we had planned based on Medium-Term Development Plan and Rural Development Plan. Predominantly the people highly support and are involved based on the Ministry of Internal Affairs Regulation No. 113 (2014), the elements and parts of the village, and the existing village institution”.

Next the same thing was also mentioned by the secretary of Kelapa Pati Village (Mr. Eddy Firdaus) based on the result of our interview on March 12th, 2018:

“The people are involved in every process of village fund allocation”.

The same thing also stated by the treasurer of Kuala Alam Village (Mr. Sudihartono) in March 12th, 2018:

“The village government is highly transparent about the Allocated Village Fund and is managed by that village, as

an evidence we publish the activities to the people in the form of banner about the usage of the village fund”.

4.10. *The Benefits of Allocated Village Fund (AVF) Towards The Villagers Economy Empowerment in the Bengkalis Regency*

Community empowerment does not only related to the adequate facilities and infrastructure but more importantly is to empower the community and give a better life by utilizing all the resources provided. Empowering the community is done by putting in an effort to improve the standard and the status of the community in their current position. The way to empower the people is by giving the funds from the Allocated Village Fund (AVF) program. The AVF from the government gives a lot of help because the funds empower the people physically and non-physical.

This is strengthened by the result of the interview to treasurer of Senggoro Village in March 12th, 2018:

“The program to empower the community non-physically is through road cementation, building concrete moats and providing clean water. For communities empowerment physically it is through the building education facilities for early age children and Maternal and Child Health Services.

Next the same thing is also said by the secretary of Kelapa Pati Village (Mr. Eddy Firdaus) in March 12th, 2018 based on the result of the interview:

“If physical development is related to the infrastructure of the community’s basic needs, then the empowerment of the community has a direct correlation to the improvement of the community’s economy”.

4.11. *Inhibiting Factors in the Management of the Allocated Village Fund (AVF)*

The management of Allocated Village Fund (AVF) in every stage from planning, implementing until accounting still has some obstacles in its implementation. However that obstacle must be minimized so that the AVF implementation can run well, be punctual and on target. Besides that, that implementation must be able to reflect the transparency principle, be accountable, orderly and disciplined.

One of the factors that can inhibit the process of AVF implementation is the inadequacy of the human resources, especially in village roles like: the village leader, the village secretary, the treasurer of the village. In addition, another factor is the lengthy process of disbursement of village funds thus hindering the process of implementing the AVF. Then, another factor is in the development process, the community gives input in the form of suggestions on activities that should be conducted by the village. Next, it is advisable to conduct training for the village leaders to increase their skill in doing the activities of managing the AVF and its required reporting.

This is strengthened by the result of the interview with the treasurer of Senggoro Village in March 12th, 2018:

“The process of withdrawing the village fund takes a long time because each village has to prepare the accountability report first, and this is because of the weakness of the human resources”.

Then the same thing is mentioned by Air Putih Village Secretary who we successfully interviewed (Mr. Khaidir MS) on March 12th, 2018:

“The complaints always occur in every village. However, when the people’s complaints are too many, we filter it based on the scale of priority. Then in the stage of the development sometimes there was still a little problem but we overcame it and quickly finish it. Another factor in the management of the Allocated Village Funds is the delay of receiving the funds from Bengkalis Regency”.

Furthermore, the same thing was found based on the interview with the secretary of Kelapa Pati Village (Mr. Eddy Firdaus) in March 12th, 2018:

“There are obstacles in the development process. In this case, the community gives input in the form of proposed activities that can be conducted by the village”.

5. Conclusion

The management of the Allocated Village Fund (AVF) generally fulfills the principle of accountability so it can be concluded that it has been done accountability, although there are still some parts that need to be improved like the ability in using the computer/mobile application SisKeuDes (a Village Financial System). It also seems that the village government is an open government because it enables the community to have a larger access to information about the AVF and the kinds of activities conducted. In the management of the AVF it is necessary to consider and obey the principles of the management of the village finance. Village finance must be managed in an orderly manner, obedient to the Regulations, transparent, accountable, followed judicial processes, be proper and beneficial for the people in the village. Participation and transparency are two things that need to be considered. When society is involved then automatically the transparency principle can be fulfilled. The success of a development program can only be effective when all stakeholders can participate, starting from the program arrangement through the supervision and evaluation of the program. Two aspects that are also important are competencies, because one of the requirements for participants is they must have competence in what will be done. The procedure of village finance management conforms with the Ministry of Internal Affairs Regulation No. 113 (2014) about the management of village funds. The principle of the management of the AVF is transparent and encourages participation. The village fund procedure covers: planning, implementing, supervision and reporting. The Central Government and Provincial Government provide guidance and supervision. Training is given to village leaders and detailed explanations of processes done at village leadership level as well as monitoring of the

finance management completed by the Regency inspectorate.

References

- [1] Marvanti, I.V. (2017). Allocated Village Funds in the Perspective of Finance and Accounting. *The Journal of Science and Accounting Research*. Vol. 6. No. 2. February 2017.
- [2] Diansari, R.E. (2015). The Implementation Analysis of Allocated Village Fund Cases in throughout all Villages in Kledung Subdistrict, Temanggung Regency in 2013. *National Seminar at PGRI University Yogyakarta 2015*.
- [3] Putra, H. S. (2011). The Implementation of Principles of *Good Governance and Reinventing Government* in the Public Service. *Governmental Science, Knowledge and Islamic*.
- [4] Yuliarta. (2013). The Influence of Finance Administrative Competence, The System of Intern Government Control, and Territory Finance Monitoring Towards The Value of Finance Report Information of Padang City Government. *The Thesis of People's Economic Faculty State University of Padang*.
- [5] The Regulation No. 6 in 2014 about Villages.
- [6] Mardiasmo. (2002). *The Territory Autonomy and The Management of Territory Finance*. Andi: Yogyakarta.
- [7] Mahmudi. (2015). *The Management of Public Sector Work*. Second Edition. Yogyakarta: UPP STIM YKPN.
- [8] Carlitz, R. (2013). Improving Transparency and Accountability in the Budget Process: An Assessment of Recent Initiatives. *Development Policy Review*. Vol. 31 (51) pg 549-567.
- [9] Hasniati. (2016). The Accountability Model of Village Fund Management. *The Journal of Analysis and Public Service*, Vol. 2. No. 1, June 2016.
- [10] Hanifah, S.I and Praptoyo. 2015. The Accountability and The Transparency of Village Income and Expense Budgeting (APBDes) Responsibility. *The Journal of Science and Accounting Research*. Vol 4, No. 8.
- [11] The Government Rule – No. 22 (2015) about The Change Based on The Government Rule - No. 60 (2014) about Village Fund From the Country Income, Expense, and Budgeting.
- [12] The Government Rule - No. 43 (2014) about the Regulation on Running Regulation No. 6 (2014) about Village as Changed in Government Regulation No. 47 in 2015 about The Change on The Government Rule No. 43 in 2014 about The Rule on Running the Regulation No. 6 in 2014 about Village.
- [13] Ritzer, G. (1992). *The Sociology of Science With Double Paradigm*. Rajawali Press: Jakarta.
- [14] The Institution of Country Administration and The Board of Finance and Development Monitoring Republic of Indonesia 2000. *Accountability and*

- Good Governance, Module 1-5, Module of Socialization System in Government Institution Accountability (AKIP)*. LAN BPKP RI, Jakarta.
- [15] Ministry of Internal Affairs Regulations – No. 113 (2014) about The Management of Village Fund.
- [16] Ministry of Internal Affairs Regulations – No. 13 (2006) about The Guideline of Village Fund Management.
- [17] Loina, L. K. P. (2003). Indicators & Measurement Tools of Accountability Principles, Transparency, & Participation, Secretariat of Good Public Governance, The Board of National Development Planning, Jakarta, Pgs. 7-8.
- [18] Maleong, L.J. (2007). *The Methods of Qualitative Research*. Revision Edition. Rosdakarya Teenager: Bandung
- [19] Bengkalis Regent Regulation – No. 24 (2015) about the Guidelines of Village Finance Management in Bengkalis Area.
- [20] Bengkalis Regent Regulation – No. 5 (2017) about Allocated Village funds.
- [21] Bengkalis Regent Regulation - No. 9 (2017) about the methods of distribution and determination the village fund details for each village in Bengkalis Regency in budgeting year 2017.