

Improvement of Effectiveness of Village Fund Policy in Indonesia

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ABSTRACT

After the legalization of the Village Law, the amount of funds flowing into villages is getting higher and higher. Every year it continues to increase. In 2015 the amount reached Rp. 20.8 trillion, and in 2016 it was Rp. 46.96 trillion, and now it raised to Rp. 60 trillion, and in 2018 it would be increased to Rp 120 trillion. The greater authority of the village government to manage the finances and resources is not balanced with the controls in the use of the budget. Automatically, it results in the arising of some problems. Supervision and monitoring are very important things to do so that earlier detection can be carried out if there are some irregularities, dissipations, misappropriations, obstacles, and mistakes in the use of funds, also failures to achieve the goals and objectives. They are done in stages involving various stakeholders such as the community, the regional government, the ministries, Audit Board, and the Corruption Eradication Commission; House of Representatives or Parliament, Regional People's Representative Assembly, and Village Consultative Body (*BPD*) (Regional Planning Agency) politically have a function of supervision of the village officials in managing the village funds. It can be started from empowering the local communities to participate in the management of the village funds to reporting the implementation of the planning of the programs. Involving the local people is highly expected that the village funds are used as optimally as possible based on the interests and needs of the local community.

Keywords: Supervision, Community, Village, Finance.

Introduction and background of study

Community participation in the development of villages is still very poor. Their involvement in the stages of planning, implementation and evaluation or supervision is very low. In his research (Ray Septianis Kartika, 2012: 188) Ray recommended (2) that the community be involved in preparing a Letter of Responsibility (LoR) considering that there were many potential people with their adequate educational background around the village and they had the ability to be maximally empowered in the process of making reports (3) Increasing the amount of the budget of village funds (BVF) that should be received considering that BVF is very useful for the progress of village development; (4) The people involved in the management of BVF need to be supervised by the officers of village government. In the study of Faizatul Karimah, it was suggested that the village government should be able to encourage the level of community participation by giving them more chances to take part in it. Opening dialogue forums and having such various cooperations involving the village government and the community can be carried out to establish good communication. (Faizatul Karimah,: 62) Socialization in terms of planning, implementation, and supervision should be strongly encouraged so that the development would be maximized and also the people understand and realize about their roles in the Allocation of Village Fund. Socialization makes the village people feel that they are also very much needed in improving the village development. (Suwandi , 2015: 1193) It is necessary to involve the community in preparing to make LoR considering that there were many potential people with their adequate educational background around the village and they had the ability to be maximally empowered in the process of making reports. (Ray Septianis Kartika, 2012: 187). Transparency is not a threat to the village government organizers. The key to the implementation of the development lies in the strong participation of the people referring to the willingness of citizens to bear the proposed costs of the projects. (Bambang Hidayana: 20)

There are several conditions for the effective public supervision, namely: (1) The right of the people to obtain the data and information, especially, related to the funding, project specifications, and terms of reference (2) Pathways and effective mechanisms for the community to channel the feedback. (3) Procedures that guarantee the certainty of the follow-up from any feedback submitted by the community. (4) There is a kind of recognition of the community findings. (5) Motivating and building the awareness, skills and knowledge of the community or people in conducting the supervision (Ade Cahyat 2005: 6)

The inhibiting factors in the management of BVF related to the community empowerment is human resources (HR). The lower level of the quality of the human resources and people of the villages is the main obstacle to the management of BVF started from the planning and implementation to the accountability processes. In addition, the lack of public supervision is also one of the inhibiting factors. (Chandra Kusuma Putra, 1212)

Potential Problems of Supervision (Anoname, 2015) (1) The effectiveness of the Regional Inspectorate in supervising the financial management in villages is still low. (2) The channels of public complaints are not well managed by all regions. (3). The scope of the evaluation and supervision carried out by the head of the subdistrict is unclear. In Lany's research it was suggested that the professionalism behavior of public services should always be based on the legal rules, transparency, and accountability. (Lany Ramli, 2006: p. 47) In Sri Rahayu's research it was suggested that it be important to do further researches to prevent corruption by increasing the independence in carrying out the supervision of the implementation of Regional Government and improving the aspects of openness to the public regarding the results of activities and supervision of the administrative affairs of Regional Government . (Sri Rahayu: 2014).

The existence of the Village Law can be described like having two sides of a coin in the financial management of the village. In one side the village government has a high authority, and in another one there are more opportunities for abuse of authority

resulting in acts of corruption. In accordance with the function of public control as a supervisor of the development in the village, people has a significant role and they must also be empowered to conduct the financial supervision in the village so that corruption can be prevented as early as possible; Those are the reasons why the following problems are raised in this study: What is the Management and Monitoring System of Village Fund and How to Increase the Effectiveness of Monitoring of Village Fund Policy?

Literature Review

In micro terms there are three main things that hinder the supervision of the state financial management, namely: (a) Not yet synergized supervision, (b) Weak Internal Supervision, (c) Weak Supervision Policy in macro terms because of four things such as: (a) The existence of political interests of the head of the region. (b) Lack of exemplary leadership. (c) Lack of commitment of the political elite towards good governance. (c) Lack of commitment of the political elite towards Good Governance. (d) Complexity of guidance and supervision systems. (Herini Siti Aisyah, 2011: 99) Ministerial regulation on poor villages (*Permendesa PDTT*) No. 21 of 2015 concerning the Determination of the Priority of Village Funds of 2016 regulates the implementation of the functions of guidance, monitoring, evaluation and supervision conducted by (a) district/city government, (b) village government and Village Consultative Body (*BPD*), and (c) community participation (I Nyoman Shuida, 2016: 98) It is stated in the Regulation of the Government of the Republic of Indonesia Number 43 of 2014 concerning Article 49 of the Regulation of the Implementation of Act Number 6 of 2014 on Villages that (1) Report on the implementation of Village Government as referred to in Article 48 letter a shall be submitted to the regent/mayor through the head of sub-district or other designation no later than 3 (three) months after the end of the fiscal year. (2) Report on the implementation of the Village Government as referred to in paragraph (1) shall at least contains: a. accountability for the implementation of Village Government; b.

accountability for the implementation of development; c. implementation of community development; and d. implementation of community empowerment. (3) Report on the implementation of the Village Government as referred to in paragraph (1) is used as the materials for evaluation by the regent/mayor for the basis of guidance and supervision.

The Inhibiting and Supporting Factors for the Management of the Allocation of Village Funds (Faizatul Karimah, 61)

a. The Inhibiting Factors: The inhibiting factor in the implementation of the activities of the allocation of village fund is the paternalistic culture that is still inherent in the village community. It causes not all people to know about the existence of the management program in the allocation of village fund, and it results in the low supervision and monitoring of the community in carrying out these activities. In addition, the dominance of the sub-district in the preparation of the Letter of Responsibility (LoR) is considered to be able to hamper the independence of the village.

b. Supporting factors. Based on the results of the research and observations, it is known that the supporting factor in the implementation of the activities of the allocation of village fund is the existence of clear legislation so that the implementation team can do the job properly. The existing legislations and regulations also make it easier for the team to share the budget for the allocation of the village funds in each post. Another inhibiting factor is the limitation of Allocation of village funds (*ADD*) funds which cannot accommodate the needs of the people. The role of the supervisor will not be optimal without any supporting roles of other professions such as sociologists, politicians, educators, moral advocates, and the community themselves. (Haryono Umar, 2012: 120)

In Tatiek's research it was concluded that the inhibiting factors in the financial management of regions include: The application of political law, Political Will of the regional government; and lack of competency in Human Resources. (Tatiek Sri djamiati, 2014: 62)

The Provisions of the Government Regulations No. 60 of 2014, Article 19 include 1) Village Funds are used to finance the administration of the government, development,

community empowerment, and sociological programs. 2) Village Funds as referred to in paragraph 1 are prioritized for the development and community empowerment. Article 20 on the Use of Village Funds refers to the Medium Term Development Plan of the Village and Work Plans of the Village Government. Village Funds are funds originating from the State Revenue and Expenditure Budget intended for Villages and Indigenous Villages (Desa Adat) which are transferred through the district/city Regional Revenue and Expenditure Budget and are used to finance the administration, development, and community empowerment, and sociological programs.

In order for the Headman and the officials of the Village to manage the finance accountably, it is necessary to prepare the following: (<http://desa-membangun.blogspot.co.id/2016>) (1) Integrity of the headman and the officials of the village. Integrity is the first thing to be inherent or tightly attached to the headman and the officials of the village. (2) Governance. The second things that must be highly considered are a simple and strong system, and transparency in order to be accountable (3) Capacity of HR, a competent financial manager is strongly needed (4) Supervision of Community, one of the safety valves to prevent corruption is the direct supervision of the community. It is stated in Article 28 of Government Regulation No. 79 of 2005 that the Affairs of Regional Government, such as monitoring and evaluating the implementation of government administration in the regional and village governments, are supervised by the Inspectorate. There are several reasons why the leakage is low in terms of supervision. First: The high commitment of the village government elements and the Village Consultative Body (*BPD*) to carry out the realization of autonomy and development of the village. Second: The cultural supervision which means that the community will spontaneously carry out the supervision by using the media in the community forum. Third: The application of transparent budget management and development systems. (Bambang Hudayana: 16)

Communities are the main stakeholders in the implementation of the development in the village. The use of village funds should be based on priority, and accountability and transparency in the implementation are strongly considered. Also, the community can be involved to participate in the supervision through: a. Complaints related to the problems in handling and the use of village funds are submitted through a crisis center and b. Assistance or guidance in the process of using the village funds is in accordance with statutory provisions, and/or. c. Studying, monitoring and publishing the good and bad practices in applying the priority to the use of village funds according to the authority. (Nyoman Shuida, 2016: 100) Regional financial management is based on the essence of the Good Governance concept. It can be realized in a regional financial management based on good financial governance so that the applicable acts of the regional financial management must be based on the principles of Good Financial Governance in order to have juridical, normative, sociological and empirical validity. (Soekarwo 2005: 263)

If it is historically examined, the existence of the village has already existed long before the establishment of Indonesia as an independent country. The villages have been established with the simplicity of the life of the people and their governance. A long history of the existence and arrangement of villages in Indonesia can be traced based on the periods of pre-independence, colonialism, and independence with several different eras of post-independence period, old order, new order, and reformation until Act No. 6 of 2014 concerning Villages (hereinafter referred to as Village Act) was legalized and promulgated. Although the villages have existed before independence, the regulations to manage the administrative matters of the government from the colonial period to the present time is always in the vortex of the political interests of the elites (Ni'matul Huda, 2015: 2).

Ateng Syafrudin and Suprin Na'a stated that (Ateng Syafrudin and Suprin Na'a, 2010: 10) as a consequence of the legal concept of the Republic of Indonesia not only decentralized authority but also autonomous regions which results in the regional autonomy, but it is

more than that, such as the recognition or protection of the existence of the autonomy of the villages as the original autonomy of the Indonesian nation since before the arrival of the Dutch colonialism, the development of the Indonesian constitutional structure from the center to the regions which then lead to the regulation of village autonomy which is still guided by the authenticity of the village as a legal community unit.

In the body of the 1945 Constitution there is no explicit arrangement regarding the villages even though the villages or what is called by another name have already existed long before the Republic of Indonesia was established. Pasal 18 Article 18 of the 1945 Constitution of the Republic of Indonesia (prior to the amendment) states that in the territory of Indonesia there are approximately 250 *zelfbesturende landschappen* and *volsgemeenschappen*. The constitution recognizes that the villages as customary legal community units with the rights of origin/history and customs make them be able to be called by other names in accordance with the conditions of local socio-culture. It can be described through these examples: the word "village" is called "*desa*" in Java and Bali, "*nagari*" in Minangkabau, "*gampong*" in Aceh, "*dusun and marga*" in Palembang, "*lembang*" in Toraja, "*negeri*" in Maluku, and so on. These regions have their original structures and are therefore considered special (Nyimas Latifah Letty Aziz, 2016: 195).

The meaning of the arrangement as stated in Article 18 of the 1945 Constitution and its explanation is a reflection of the recognition of the state towards the village autonomy today. Moreover, only certain villages with the original structure and rights of origins, according to the 1945 Constitution, are the ones with the autonomy status (Ni'matul Huda, 2015: 53). Therefore, their existence is obligatory and given a guarantee of their survival in Indonesia .

Methodology

A qualitative approach was applied in this study, and it was highly expected that the study was comprehensively and deeply carried out. The research began with the need

for an assessment of the capacity of village officials in managing the village funds. Then, it was followed by an assessment towards some various factors and problems that influenced the supervision of village fund management. This research took place in Sidoarjo regency, East Java, Indonesia. Geographically its location is close to Surabaya, the capital city of East Java Province. More factual information was expected to be obtained for managing village fund with its various problems. The election of this regency as the location of the study and its results were highly expected to be able to be used as Prototype of other regions. The main sources of information were the village apparatus of the village and the sub-district, and community leaders. Data was obtained by collecting legal materials and secondary data; then the legal materials already collected were studied carefully so that the essence contained in them were obtained in the forms of ideas, proposals and arguments, as well as related provisions. Interviews were conducted to obtain data because this technique was very appropriate to obtain data relating to organizational activities, motivations, feelings, attitudes and so on (Heru Irianto, 2001). In-depth interviews were also conducted with the intention of comprehensively and deeply digging for more information. After in-depth interviews, the results were discussed with the techniques of Focus Group Discussion or FGD (Bungin, 2001: 172). It is suitable for multiplying data from various perspectives and complementary thoughts and also mutual corrections more comprehensively and deeply. FGD was used to capture some information from various parties directly involved in the management of village fund. It was expected that the information obtained related to various laws, regulations, and problems faced by each party and found some solutions together so that a more comprehensive and holistic draft of the Model was drawn up.

PRESENTATION AND DISCUSSION OF FINDINGS

Legal Basis for Village Financial Supervision

Article 1 Paragraph 1 of Act Number 6 of 2014 concerns Villages. Villages (Desa) are villages (Desa) and customary villages (desa adat) or what are called by other names, hereinafter referred to as Villages (Desa), are legal community units that have the territorial boundaries which are authorized to regulate and administer the government, interests of the local community based on the community initiatives, origin rights, and/or traditional rights that are recognized and respected in the system of government of the Unitary State of the Republic of Indonesia. Referring to article 1 point 10 of the Village Act the Definition of Village Finance is all village rights and obligations that can be valued with money and everything in the form of money and goods related to the implementation of the rights and obligations of the Village.

Village finance is also regulated in Article 71-75 of the Village Act. In Article 71 paragraph (1), it is stated that Village Finance is all Village rights and obligations that can be valued with money and everything in the form of money and goods related to the implementation of the rights and obligations of the Village. The stakeholders in the village financial management have the different patterns and supervision targets, and it can be described in the following table:

Targets and Legal Basis for Village Financial Supervision

No	Stakeholders	Supervision Targets	Legal Basis
1.	People or Community	1. Monitoring the implementation of village development 2. Organizing village government and development	<i>UU No. 6/2014 ps 82</i> <i>PP 43/2014 jo PP 47/2015 Psl 127</i> Act No. 6/2014 Article 82 Government Regulation 43/2014 jo Government Regulation 47/2015 Article 127
2.	Badan Permusyawaratan Desa (BPD) Village Consultative Body	Supervision of the Performance of the Village Head	<i>UU 6/2014 ps 55, 61</i> <i>PP 43/2014 jo 47/2015 ps 43</i> Act No. 6/2014 Articles 55, 61 Government Regulation 43/2014 jo 47/2015 Article 43
3.	Sub-District	Supervising Villages through Facilitating the activities	<i>PP 43/2014 jo PP 47/2015 ps 154</i> Government Regulation 43/2014 jo Government Regulation 47/2015 Article 154
4.	<i>Aparat Pengawasan Intern Pemerintah (APIP)</i> Supervisory Apparatus of Internal Government	Supervision of Village Financial Management, Utilization of Village Assets, and Implementation of Village Government	<i>UU 6/2014 ps 112 s.d 115</i> <i>Permendagri 113 ps 44</i> Act No. 6/2014 Articles 112 to 115 Regulation of Minister of Home Affairs 113 Article 44
5.	Badan Pemeriksa Keuangan (BPK) (Financial) Audit Board of the Republic of Indonesia	Examination of the Management and responsibility of State Finance	<i>UU No. 15/2004 ps 2 ayat</i> Act No. 15/2004 Article 2 paragraph
6.	Komisi Pemberantasan Korupsi (KPK) Corruption Eradication Commission	Conducting investigations and prosecutions of criminal acts of corruption. Conducting preventive activities of criminal acts of corruption	<i>UU 30/2002</i> Act No. 30/2002

Source: Modul Sistem Keuangan Dana Desa BPKP 2016

There are several mechanisms for monitoring and supervising the village funds, and they are as follows: (Corruption Eradication Commission, 2015: 23-24) a. Tiered supervision by the Regency/ City Government, Central Government, in this case the Ministry of Home Affairs, Ministry of Village, and Ministry of Finance (Article 26 Government Regulation No. 60 of 2014). In running the operations, the supervision done by the district/city government is the responsibility of the Regent/Mayor. The function of the supervision is delegated by the Regent/Mayor to the head of the sub-district and the Regency/ City Inspectorate. The results of the supervision of the Regency/City Government are submitted to the Central Government related to the elements of supervision. The supervisions of the village funds were submitted to the Ministry of Finance, of the village development to the Ministry of Village, and of the government to the Ministry of Home Affairs. b. The other supervisions are the ones carried by Audit Board of the Republic of Indonesia (the Supreme Audit Agency) and the Financial and Development Audit Agency. It is based on Act No. 15 of 2004 concerning the Examination of the Management and Responsibility of State Finance in which the village finance originating from the Central Government and Regional Government is included in the category of the State Finance because the sources are taken from the State and Regional Budget. PP No. 60 of 2008 concerning the Government's Internal Control System also gives authority to the BPKP to oversee the management of village finances because the sources come from the APBN or APBD. c. The supervision by the Village Consultative Body institutions is as part of the supervision function of the performance of the Village Head related to the responses to the accountability of the Village Head and public complaints submitted to Village Consultative Body (articles 55 and 82 of the Village Act). Like the functions of the House of Representatives (Parliament) and Regional People's Representative Assembly, Village Consultative Body) also has a function of monitoring and supervising the village officials in managing the village finances. d. Supervision by the people or community, guaranteed their rights, is used to monitor and respond to the

accountability of the statements or reports of the Village Head (article 82 of Village Act). The supervision of the people or community towards the village officials in managing the village finance is supported by Village Information System as an implementation of the provisions of the community rights to obtain such information (Article 26, 55, 82 of Village Act).

Improving Supervision of Management of Village Funds

The Government Regulation Number 43 of 2014 Article 48 Point c states that the village head is obliged to submit the financial statements or reports of the government administration in writing to the Village Consultative Body at the end of each fiscal year. In Article 51 it is stated that: a. The Head of the Village submits the report of the implementation of the Village Government as referred to in Article 48 letter c at the end of each fiscal year to the Village Consultative Body. in writing no later than 3 (three) months after the end of the fiscal year. b. The report on the implementation of the Village Government as referred to in paragraph (1) shall at least contain the implementation of Village regulations. c. The report on the implementation of the Village Government as referred to in paragraph (1) is used by the Village Consultative Body in carrying out the supervisory function of the performance of the village head (Article 51 of the Government Regulation Number 43 of 2014 concerning the Implementation Regulations of Village Act)

Given the large amount of the village fund, its allocation must be closely monitored from the beginning to the end. It is very important to do to minimize the misappropriation or fraud of the village development funds. In addition to the supervision, socialization and debriefing are also needed for the village heads as the managers of the allocation of the village fund so that they can take some advantages and use it effectively. The district or city government must upgrade or improve the quality of the village heads. If the allocation of village funds is not properly socialized, it is feared that many village heads will deal with some legal problems and face up the police or prosecutors. It is also

necessary to provide some competent consultants or facilitators in each village because their independent assistance in budgeting, technical infrastructure and finance is strongly needed. These provisions are the implementation of the Village Act so that the efforts to build villages and make them an axis of the state security can be realized.

The village finance is managed based on the principles of Village Financial Management stated in the regulation of Minister of Home Affairs Number 113 of 2014 which include transparent, accountable, participatory and is carried out in an orderly and budgetary discipline with the following description: (Sujanto, 1987: 17) (1) Transparent is the principle of openness that enables the community to know and get access to information as widely as possible about village finance. It is the principle to self open to the right of the community to obtain correct, honest and non-discriminatory information about the administration of village governance while taking into account the provisions of legislation; (2) Accountable is the realization of the obligation to account for the management and control of resources and the implementation of the entrusted policies in order to achieve the stated objectives. It determines that every activity and final outcome of the administrative activities of the village government must be accountable to the village community in accordance with the provisions of the legislation; (3) Participatory is the implementation of village government engaging the village institutions and elements of the village community; (4) Orderly and budgetary discipline is that the village financial management must refer to the underlying rules or guidelines. The cycles of the village financial management include planning, implementation, administration, reporting, and accountability with a period of 1 (one) fiscal year, starting from January 1 to December 31 (*Badan Pengawasan Keuangan Dan Pembangunan, Financial and Development Supervisory Agency, 2015: 33*). When it is viewed from the beginning, the village financial management starts from the planning. Firstly a village meeting is held by the Village Consultative Body to discuss the strategic matters. Then, the results of the village consultative discussion, in the form of village development planning, are

followed up with the consultative meetings or discussions of village planning development (*Musrenbangdes*) organized by the village head and officials. It is these *Musren-bang* that discuss The Mid-Term Village Development Plan (*RPJMDes*) with the periode of every six years and the Village Government Work Plan and the annual budget of village income and expenditure (*APBDes*). After the annual budget of village income and expenditure is approved in Raperdes by the village head and Village Consultative Body no later than October, and already evaluated by the regent/mayor or head of sub-district, then stated that it does not have any contradictions with public interests and higher legislation, and finally the the annual budget of village income and expenditure is set.

The government can provide assistance to the village community on an ongoing basis, including in the availability of Human Resources (HR) and management. There are seven companion assignments including: (1) assisting villages in planning, implementing, and monitoring village development and empowering rural communities; (2) assisting villages in managing basic social services, developing village economies, utilizing natural resources and appropriate or efficient technology, developing village facilities and infrastructure, and empowering rural communities (3) increasing the capacity of village governments and community institutions; (4) organizing village community groups; (5) increasing the capacity of cadres to empower rural communities and encourage the creation of new community development cadres; (6) assisting villages in participatory rural area development; and (7) coordinating the mentoring at the sub-district level and facilitating reports on the implementation of assistance by the sub-district head to the regent/mayor.

In terms of the supervision, the kyai and ulama have a strategic role to make the village development program successful because so far they have informally been acting as leaders and role models for the community. They can play an active role in monitoring the use of village fund allocations and empowering the village economy through the

establishment of Village-Owned Enterprises (*BUMDes*). Besides as a leader and role model of the surrounding community, the religious leaders have a real role in helping the village development programs. In addition, they can use various religious forums to encourage the community to support and participate in village development. According to Marwan that village religious leaders can also build friendship and synergy with other community elements to monitor and oversee the use of village funds so that they are in line with their allocations and able to provide real benefits for village progress and community welfare. They are able to actively involved in the formulation of the Mid-Term Village Development Plan, the Village Government Work Plan (*RKPDes*), and budget of village income and expenditure. according to Minister Marwan, they certainly know a lot more about the village potential so that they can play an important role in empowering the village economy through the establishment of Village-Owned Enterprises ([Http://www.tribunnews.com](http://www.tribunnews.com))

In order to supervise the village funds, the Village Consultative Body has been given the mandate by the Village Act Article 55 to supervise the village funds and it is in accordance with its supervisory function. It is very important to make the development of the village run well. Village Act Article 55 states that: The Village Consultative Body has the functions of: a. Discussing and approving on the Draft Village Regulation with the Village Head; b. Accommodating and delivering or epressing the aspirations of the village community; and c. Supervising the performance of the village head. It is stated in the provisions of article 55 letter c that the Village Consultative Body has the function of overseeing the performance of the village head. Based on the Village Act, the Village Consultative Body is an institution with the supervisory function and is expected to carry out its role seriously, especially in terms of the use of the budget. The Act and Government Regulations have already provided a clear legal protection so that it is not necessary anymore for the Village Consultative Body to have any hesitations in carrying out its functions to supervise the performance of the village head.

One of the supporting factors related to the use of the village funds is the community participation. The level of community participation in the planning process can be seen through the implementation of the village funds. In addition, the community mutual cooperation can provide a great contribution in managing village funds. The role of the village community, involving the supervision of village funds, automatically has a significant influence on the management and implementation of the village funds, and it is considered the right solution for the higher amount of the village funds after the legalization of the Village Act. In reality, some preventive activities are not enough to control the supervision towards the financial abuse. Repressive action is strongly needed for the misuse or manipulation of the funds that occur in the field. The Village Act itself guarantees the participation of citizens to be actively involved in the process of monitoring and supervising the village development. Article 82 of the Village Act explicitly states the right of the community to obtain any information and is actively involved in overseeing or supervising the implementation of development. In order for these community rights to be properly fulfilled, this article also contains the obligation of the village government to provide any information on any development plans which will be carried out so that, based on this information, the village community has the right to supervise and monitor the implementation of village development.

Various findings on the results of supervising and monitoring, including various complaints on the implementation of village development, can be conveyed by the community to the Village Government and the Village Consultative Body. The involvement of village communities in monitoring and supervising the development can also be done by responding to the annual report on the implementation of village development in the Village Discussion/Conference. The existence of a clear statement regarding the rights of the village community to obtain any information and be actively involved in overseeing the implementation of village development is an effort to implement the principles of transparency and accountability. Some efforts to monitor and

supervise the village development and its financial management are highly expected to encourage the accountability of village government so that it will have a positive impact on the village head and his officials in running the government. It can be described that the application of the supervision does not mean that the village community does not believe in the process of development and financial management carried out by the Village Government. The village community can supervise the village development and management of the budget of village income and expenditure in three stages of planning, implementation, and accountability/reporting.

The supervision of village funds is also the main factor related to the village head with a great vision and mission. He should be a figure who wants to devote his life to the prosperity of his people.

Conclusion

The supervision of the village funds is carried out in stages involving various stakeholders such as the community, the regional government, ministries and financial audit agencies, and the Corruption Eradication Commission; Politically, the House of Representatives, Regional People's Representative Assembly, and Village Consultative Body also have a supervisory function on the village officials in managing the village finance. One of the supporting factors in the implementation of village funds is the community participation. Based on community participation, it can be seen the level of the community participation in the planning process and the implementation of the funds. The role of the community involvement in monitoring and supervising has a significant influence in the management of the village funds, and it automatically gives the right solution related to the increasing amount of the fund after the publication of the Village Act.

Recommendations

The improvement of the supervision of the management of the village fund can be started from empowering the local communities. They are invited to actively participate in the supervision started from planning to implementation and reporting it. By involving them, it is expected that the village funds will be used as optimally as possible for the needs of the local community. On the other hands, their understanding about the problems is very low so that they should be empowered to have sufficient the capacity to be able to supervise the village fund management. If the have already had the sufficient capacity to supervise the village, the accountability is improved.

Acknowledgements

We would like to thank Kemenristekdikti for this research, we also say to the Rector of Airlangga University who has given us the opportunity to conduct research, thank you that is also an infinite we also thank the government that has given us the opportunity to work the same in this study.

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