

# Good Governance Problem at Local Level: Study of Village Funds Management Accountability in Madura, West Java

Haniah Hanafie<sup>1</sup> and Masrul Huda<sup>1</sup>

<sup>1</sup>Universitas Islam Negeri Syarif Hidayatullah Jakarta, Indonesia

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Abstract: The purpose of this paper to explain the issues of good governance at the local level, especially the study of accountability in the management of Village Funds in Madura, East Java. Use of theory the Good Governance perspective focuses on one of the principles of good governance is accountability. The accountability which is used as a reference in this study includes vertical, horizontal, local and social accountability. This study uses a qualitative approach, data collection techniques are interviews, document review and observation. Techniques of data analysis is qualitative descriptive. The results has found that accountability of Good Governance in management of village funds at Madura was **still weak**. Term of Vertical Accountability, independence in making reports does not yet exist, because it is made by The Third Parties. Horizontal Accountability it is also still weak, because the BPD does not provide supervision the development funded by the Village Funds. Local Accountability is also weak, because the BPD and the village head have no cooperation in development planning. Social Accountability is still low, because the involvement of community participation in development has not done well. Conclusion, The accountability of good governance at the local level (Madura) has not yet done properly.

## 1 INTRODUCTION

The Village Funds (Dana Desa) becomes an important issue and draws the attention of wider community due to the recent implementation of new policy that has been taken from Indonesian budget (Anggaran Pendapatan dan Belanja Negara) policy which was done by the government.

The allocation of the Village Funds (Dana Desa) has continued to increase by 2015 with Rp. 20.76 trillions to Rp. 46.9 trillions in 2016 continued in 2017 by Rp. 60 trillions, and currently the budget is on Rp. 120 trillions.

Several studies have shown that the Village Funds (Dana Daerah) program has resulted a positive impact, as Daraba (2017: 52) suggests that village participation can be enhanced by the Village Funds (Dana Daerah) program. In contrast to Daraba, the result of the research that was conducted by Sari and Abdullah (2017: 46-47) (Sari, 2017), shows that the Village Funds (Dana Daerah) has succeeded in reducing local poverty. Tangkumahat, Panelewen, and Mirah (2017: 341-342) (Tengkumahat, 2017), noticed that the Village Funds

program in Pineleng Sub-district can also improve the local economy as the infrastructure has been built from the Village Funds Program.

Indonesia has 74,093 villages, and 20,168 villages (27.22%) are in underdeveloped condition. Distribution of Village Funds (Dana Desa) is based on the number of villages: the level of geographical difficulty and population, area, poverty rate, and cost of living index. However, 90% is divided equally to all villages and 10% is taken into the variables. Thus, the more villages the region has, the larger the Village Funds is, and the greater the accountability will be.

Based on the results of studies and coordination and supervision activities from the Corruption Eradication Commission (KPK) (Directorate of Research and Development (R & D), 2015), it turns out that the accountability of the financial management in the regions is still weak. Therefore, in order to enhance the accountability, the local government should provide supervision or assistance to the village government in managing the village funds.

According to the Regulation of the Minister of Home Affairs (Kementerian Dalam Negeri) (Regulation of the Minister of Home Affairs (Pemendagri) on Management of Village Finance, 2014), Village Fund (Dana Daerah) should be managed on the basis of transparency, accountable, participatory principles and carried out in an orderly and budgetary discipline. In fact, these principles have not been well implemented by every village resulting in ineffectiveness of the village funds management.

The conclusion of Farida's research (2015: 118) (Farida, 2015) show that HR causes the inefficacy of the village financial management since the authorities are unable to generate an accountable financial administration. Ade Irma (2015: 136) (Irma, 2015) in Dolo Selatan District, Sigi District, discovered that the local government calls for support from the local authorities due to the deficient situation of the administration.

Astri Furqani (2010) (Furqani, 2010) stated in her research in Kalimo Village, Kalianget District, Sumenep Regency, that financial management does not fulfill the principle of the accountability because there are several processes that are not in accordance with Minister of Home Affairs Regulation (Kementerian Dalam Negeri) No. 37/2007. One of the examples is the absence of the Board of Local Advisor (BPD) during the meeting made it impossible to have transparency from planning to executing.

Likewise, with the research in Desa Aglik (Putriyanti, 2012), it was found that the low of reinforcement of the Village Government in Aglik because the people were slow in responding the information of the Village Implementation Report and the lack of supervision to the accountability of the village government.

Likewise, with the research in Desa Aglik (Putriyanti, 2012), it was found that the reasons of the low reinforcement of the local government in Aglik are because of responsiveness of the local people and the lack of supervision in the accountability of the regional bureaucracy. The problem of ineffectiveness of the village financial management shows that both the central and local government are not aware of the development of the villages. (Series Discussion Institute of Civilization, 2015)

Some villages have received training and assistance by district governments and NGOs, hence development is possible to achieve. In contrast with villages that did not receive adequate training and

assistance, they are still struggling to improve the quality of the village.

The village is believed to be one of the spearheads of the government organization and seen as the success factor of one nation. Partial perspective is still related to the government authorities which indicates that proper management has not been able to be implemented at the local level.

The research of Sudarno Sumarto, Asep Suryahadi and Alex Arifianto (2004: 5) (Sumarto, 2004), revealed that donor countries believe the foreign aid cannot reduce the poverty in the developing countries. Therefore, to be able to eliminate destitution, the country needs professional and reliable management from the government. In this case, Village funds can help the local administration to use the natural resources to provide welfare prosperity for the local people.

The implementation of good governance, both central and local levels, can better the situation of local people, especially in the rural areas if only the accountability of the village funds management is well implemented.

Many types of research that had been taken mainly focused on the accountability in the general spectrum. Thus, as expected by The Villages, Disadvantaged Regions and Transmigration Ministry, this paper aims to dig into more detailed and focused on 4 types of accountability, namely vertical, horizontal, local and social accountability (Jafar, 2015). The main reason for choosing these 4 types of accountability is as a focus of study in the management of Village Funds because the four accountabilities must be conducted by the local government.

This paper examines the problem of good governance at the local level: Village Funds Accountability Study in Madura, East Java. this paper discusses the 4 types of accountability and will be using a qualitative approach to describe the phenomenon of the accountability in the village funds management in the context of a good governance.

## **2 PLANNING AND IMPLEMENTATION OF VILLAGE FUNDS MANAGEMENT**

The islands of Masalembu District is located in Sumenep Regency. Sumenep Regency is one out of

29 districts in Madura. This district has 4 villages named Karamian, Masalima, Masakambing, and Sukajeruk. These four villages have received village funds from the district government. The amount of budget each village received in 2016 was Rp. 2.618.609.019 and in 2017 Rp. 3.342.655.700. Thereby, the number of village funds received per village has increased as can be seen in the following table:

Table 1: Number of Village Funds Received by Masalembu Sub-district

No	Name Villages	Years 2016	Years 2017	Total Rp.
1	Masalima Village	692,501,651	884,658,100	1,557,159,751
2	Karamian Village	631,899,240	806,211,300	1,438,110,540
3	Masakambing Village	624,660,278	796,840,800	1,421,501,078
4	Sukajeruk Village	669,547,850	854,945,500	1,524,493,350
	Total	2.618.609.019	3.342.665.700	5.961.264.719

Source: Secondary Data from Kemendesa PDTT RI, 2017

The source of the village fund is from Indonesian Budget (Anggaran Pendapatan dan Belanja Negara Indonesia), and transferred to the District Government Treasury and eventually to the Village Government's treasury. Once the Village Funds is received, the village government must make a plan. The planning stage consists of 1). Determination of Priority of Development Sector, 2). Priority of Empowerment Field, 3). Agreed and decided in Village Deliberation, 4). Preparation of the Village Government Work Plan (RKP Des), 5) Budgeted in APB Des (Village Revenue Expense Village), 6). Village RKP and Village APB must be established in Village Regulation (Perdes). The flow chart is as follows (Village Development Planning Ministry of Village PDDT RI, 2017):

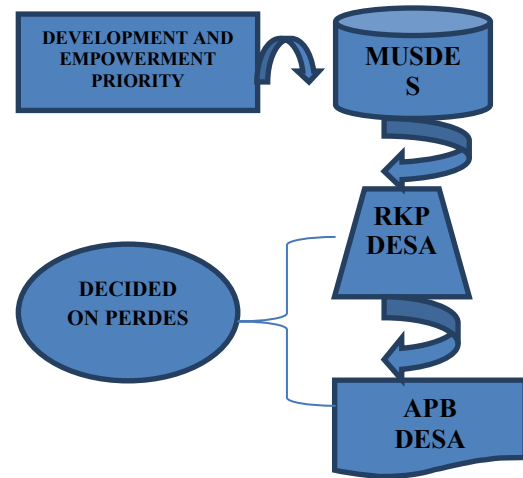


Figure 1.

The study result in Madura indicates that the procedure of planning stages has been properly performed by the local government, in Karamian, Masalima, Masakambing, and Sukajeruk.

The improvement of the village fund is more focused on the infrastructure development (roads, beach embankments, ditches, etc), while the betterment in the area has not received attention. This means the provision in PP no. 60 of 2014 (Government Regulation on Terms of Use of Village Funds, 2014) and Minister of Finance Regulation No. 247 of 2015 (Regulation of the Minister of Home Affairs (Pemendagri) on Management of Village Finance, 2014) prioritize community development and empowerment, but the objective of the village funds has not been justly applied by the local authority.

The development of the Village Funds Program Planning needs to make Musyawarah Dusun (Musdus) before holding Village Deliberation (Musdes) meeting. In the process of Village Deliberation (Musdes) assembly, not all members of the community are involved in the Village Deliberation Community (BPD) meeting as the Chairman of the neighborhood (RT), and the Chairman of the hamlet have represented them in the conference.

The absence of all members of the BPD in the Musdes indicates that the village head ignored the suggestion to hold the Musdes along with the BPD. Besides, the BPD (Pemendagri on Village Financial Management) is an institution that must obtain a written statement of government administration at

the end of the fiscal year of the village head (Law on Village, 2014).

Musdes produces Village Government Work Plan (RKP Des) which becomes the basis of Village Revenue Expenditure Budget (APBDesa). After RKP Des and APBDes are drawn up, it is stipulated in Perdes (Village Regulation) by the village head. Although it must be established with Village Regulation (Perdes) However, the research team has never received the Perdes which made by the village head since the Local Village Assistant (PLD) is responsible for the existence of Perdes. Unfortunately, the PLD is unable to show the Perdes to the board research team..

In addition to the Perdes, Village Budget Plan (RAPBDesa) also should not be broadcasted to the community, including to the Research Team. The attitude of the village head and PLD indicates that transparency of information is very difficult to realize. Hence, transparency becomes one of the principles in village governance that must be implemented by the village head in organizing the government (Law on Village, 2014). The village success management can automatically enforce good governance at the local level. Therefore, all of the village government officials should be perspicuous, professional and free from Corruption and Nepotism (KKN) (Law on Village, 2014).

Although the Village Funds Program has been planned to accommodate community proposals through Musdus and Musdes from the beginning, that does not mean all the village community proposals can be met. Since the development of the Village Funds Program is aimed only at the location, residence of the village head; village officials and village head supporters, the outcome of the Village Funds development is considered to be uneven and discriminating,

In addition to the low quality of development, the construction of coastal embankments has always been damaged, and the development of Village Funds is considered to be unuseful as it only builds sub-district signboards that are not directly beneficial to the community.

The transparency and participation principles of good governance in village financial management, as outlined in the Minister of Home Affairs Regulation No. 113 of 2014 (Regulation of the Minister of Home Affairs (Pemendagri) on Management of Village Finance, 2014) are not fully implemented in Madura. Because the villagers are skeptics about the amount of the village funds and the lack of involvement from the community in the

development planning or even in the public dialogue.

The Implementation of the transparency and participation is still infirm: there are geographic and demographic inhibiting factors. The area of Masalembu Subdistrict is geographically isolated and situated on an island off the coast of Java Sea, adjacent to South Kalimantan and South Sulawesi. The intensity of departure only twice a week and the journey takes 16 hours by ship. When the weather is terrible, the boat trip is often canceled.

The condition of the remoteness hinders the process of coaching, empowerment, assistance, and supervision given by the central, provincial and district governments to streamline the management of village funds. At the time of the interview with auxiliary experts at Sumenep Regency, the geographical condition of Masalembu Sub-district was recognized as a significant obstacle, so the co-chairs had never been to Masalembu for assistance.

The geographical barrier also affects demographic conditions, the population of Masalembu Sub-District is 23.75 people, the majority of 18,640 people or 78% do not graduate from elementary school (SD). The demographic condition also influences the weakness of the authorities in managing the government including the village funds. The activities of empowerment and assistance that should be done by a higher government are not conducted because of the constrained natural conditions.

### **3 ACCOUNTABILITY OF VILLAGE FUNDS MANAGEMENT**

#### **3.1 Vertical Accountability**

Accountability is the responsibility of the village government given by the government above it (district government) in the management of village funds. In this paper, we examine four types of accountability, namely vertical accountability, horizontal accountability, local accountability and social accountability.

To obtain information on how vertical accountability in Village Funds (DD) management in Masalembu district, the indicator used is how the accountability report of Village Funds (DD) management is made and given by the Village Government to the superiors (Sumenep District Government).

Meanwhile, the Village Funds Reporting Procedure and responsibility are held by the Village Head as the holder of the village financial management authority. The reporting procedures of the Village Funds are related to the APBDesa, and the realization is submitted to the Mayor (Pemendagri on Village Financial Management), in the form of (a) First-semester report; and reports for the end of the year. (b) The first-semester reports is a report on the realization of Village Funds (APBDesa). (c) The realization report of Village Fund (APBDesa) implementation should be submitted no later than the end of July of the current year. (d) The final semester report is filed no later than the end of January of the following year.

The village head submits the accountability report of the realization of the APBDesa implementation to the Regent / Mayor at the end of the fiscal year. The accountability report for the understanding of APBDesa implementation, the elements of the income, expenditure, and finance. Village Regulation determines the accountability report for the realization of APBDesa implementation.

Although the village head holds the power of village financial management, it does not mean the village head and the apparatus who make their accountability report. The village head received and entirely handed over the report to the PLD (Local Village Assistant) because of those whom so-called "brokers" (consultants, third parties) from the district or regency. Nevertheless, vertical accountability will remain in place if the village head does not report the liability for the use of the Village Funds (APBDes) reports on usage, and the next phase of the Village Funds will not be lowered. Therefore, reports on the usage of APBDesa must be made and sent to the district while the problem is the village government does not make the report.

The Village Funds accountability report is part of the realization of the APBDesa implementation, but it does not separate itself from the village governance report and submit it to the regent/mayor through the sub-district head or other designation. This report can be informed to the public in written or information media that is accessible for everyone. The media information can be varied from bulletin boards, community radio, and other media information.

However, in reality, there are different types of information regarding Village Funds, and some of the data is not fully shared to the research team even the RAB Desa (Budget Plan) should not be informed to the community, including the research team. The

transparency of the information is very difficult to obtain, let alone the data collection which coincidentally happened with the case of Pamekasan Regent related to corruption of Village Funds. Therefore, the village government is worried about providing information, because it is believed that clean and free from corruption and nepotism environment is still challenging to implement yet.

It can be said that the local government has fulfilled vertical accountability, only the independence in making the accountability report is not yet apparent because the village administration just received the "transparent" report, without much effort to make it.

The downside of the village government lies in the human resources which cannot fulfill and understand the task appropriately. According to Tangkumahat et al., 92017: 340) (Tengkumahat, 2017): The village government's human resources are still unable to comprehend the process of implementing the Village Funds Program, and the delay in reporting due to the lack of knowledge and skills of PTPKD. Besides, the lack of technical guidance from the PLD and the availability of third parties as the middleman make the village head feel secured as well as deny the responsibility.

### 3.2 Horizontal Accountability

Horizontal Accountability is the accountability provided by an authorized institution/body/organization that has authority, and the supervision given by the Village Consultative Body (BPD).

Surveys have shown that the supervision of BPD has not been optimally implemented because during the Village Deliberation (Musdes), not all official BPD officials were invited to discuss the Village Funds (Dana Desa) Program, as what had been experienced in Masalima Village. The Secretary of BPD was not included in the Musdes, as it does not support the village head, that is why the decision on the Village Funds is vague. Meanwhile, in Karamian Village the Chairman of BPD was involved in the Musdes, but the supervision was not optimally done since the wife of the Chairman of BPD also acts as the staff of the village head, therefore the decision made by the village head is entirely supported by the chairman of BPD.

Mostly, local BPDs are not independent and do not have the power to supervise village heads because of the absence of their supervisory during the planning, development and implementation process. Whereas in Law No. 6 of 2014 on villages it is said that BPD will receive reports on the

administration of the village head (Law on Village, 2014). There must be cooperation between the village head and BPD, so BPD is expected to intensify its control over the village administration.

Cooperativeness plays a vital role to generate the harmonious relationship between the village head and BPD so the supervision will not get weaker and there will be no room for fear of corruption and nepotism (KKN) in the system.

### 3.3 Local Accountability

Local Accountability is done internally within a particular region, for example, in this case, it is undergone by village government along with BPD to plan and evaluate the development of the village.

The results of the research show that the existence of BPD is considered to be one-sided, because not all BPD managers join in the discussion of the Village Funds in the Musdes. The initial meeting initiatives merely come from the village head, that is why BPD does not have the power to initiate a discussion related to village funds. The village head only cooperates with members or administrators of BPD who can follow the rule and term that are implemented by the village head. While members who are not in line with the leadership of the village head will be excluded from the assembly.

It is difficult to create a strong relationship between the village head and the overall BPD officials to do the planning and evaluation of the Village Fund Program. In Permendagri No. 110 of 2016 on Village Consultative Body (BPD) (Permendagri on Village Consultative Body (BPD), 2016) it is written that members of BPD are representative of villagers and elected democratically through direct election process or deliberative consideration. Thus, the BPD can be considered as people's representative (Village Parliament), and the aspirations of village communities can be represented and submitted by BPD, both in the planning and evaluation of the Village Funds Program. Therefore, establishing cooperation with BPD can be interpreted as having served the people of the village.

According to Alexander Abe (2002) in Daraba (2017: 57) (Daraba, Influence of Village Funds Program on Community Participation Level of North Galesong Sub-district, Takalar District, 2017), there are two forms of participatory planning, namely direct planning prepared with the community and plan developed through representative mechanisms. In Masalembu district, specifically the second participatory planning, the

village head does not adequately discuss the village funds program since all members of BPD, as the legitimate representative institution, are not invited to the discussion.

### 3.4 Social Accountability

Social accountability is the accountability that must be provided to the community by involving the citizens in the planning, supervision and social audit in the process of village development in particular in the management of the Village Funds (village finance).

Citizens have made their involvement in planning which their participation only presented by the representative. In Sukajeruk Village, the village head does not include RT, RW, and BPD either in planning, supervision or social audit, therefore it is difficult for the local people to supervise and audit the program impartially. According to Geddesian in Daraba (2017: 57) (Daraba, Influence of Village Funds Program on Community Participation Level of North Galesong Sub-district, Takalar District, 2017) from the planning stage, communities can actively involve through Musdus and Musdes.

In the planning stage through legitimate representatives, e.g., BPD, according to Alexander Abe (2002) in Daraba (2017:57) (Daraba, 2017), stated that society should not remain silent, but still provide input, criticism, and control, so that people's aspiration can be heard and actualized.

The research concluded that despite the protest made by one member of Sukajeruk Village community on the quality of coastal embankment construction and its construction site being built, the village officials did not respond to it. Furthermore, the RAB (Budget Plan) on the development of Village Funds should not be published and broadcasted to the public to frightened the public in doing an upcoming protest.

Social accountability is getting more difficult to achieve due to the lack of community involvement in village funds development especially in planning, monitoring, and social auditing. None of the mentioned accountability above can be implemented sufficiently in Masalembu sub-district, for one of the principles of village law No.6 of 2014 on Villages (Law on Village, 2014) has not been correctly applied and used into the process of village improvement.

In terms of financial accountability, it is claimed that Mohamad et al. (2004) (Fajri), accountability which includes financial statements consisting of revenue, storage, and expenditure cannot be

accomplished by the village government administrators independently because a third party still assists it, and incompetent human resources becomes one of the reasons.

Concerning the benefit accountability (Fajri), the accountability that includes the achievement of objectives following the procedure to achieving the effectiveness of the purposes. One of the prominent obstacles stand in However, it has not been taken into account due to the lack of involvement from the community and BPD. The most important thing from achieving the objective is effectiveness, not yet well said, because the procedure that should be done by involving the community and BPD is not fully realized. The alignment of the village head to the community or the BPD Board in line has become one of the obstacles.

Similarly, from the side of procedural accountability (Fajri), accountability relating to the procedures implementation concerning the principles of ethics, morality and legal certainty, is not fulfilled thoroughly since the ethical and moral issues have not yet been upheld by village government apparatus. It can only be accomplished by reducing the quality of development and essential mechanism. By lowering the variety of construction and significant procedures that should be passed.

#### 4 CONCLUSION

From the above description, it can be concluded that:

1. The implementation of vertical, horizontal, local and social accountability in the management of village funds should be taken into serious consideration, in this way the officiated chairman of the village can acknowledge the central issue to create a sustainable system in the government in the local level. So that automatically good governance at the local level can be realized.
2. The intensity of assistance from the Local Village Assistants (PLD) and the District Assistant should be intensified to the specific degree to achieve the target of the village in its development.
3. The local government need to consider the competency of the human resources in the village financial system.

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