

THE INDICATORS OF VILLAGE ADMINISTRATIVE OFFICER'S UNDERSTANDING OF SISKEUDES: A Literature Study

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ABSTRACT

This research is grounded by the enforcement of Village Law and disbursement of Village Fund. The substantial amount of Village Fund demands a more complex accountability. The limited time and inadequate human resources available, this village fund is susceptible to leakage which may be caused by either errors or irregularities.

Using literature study method, this research attempts to explore the factors potentially related to village administrative governance and understanding of Village Financial System or Sistem Keuangan Desa (Siskeudes).

The results indicate that there are five resultant variables, namely: understanding of Siskeudes, village financial management principles, special fund distribution or Village Fund Allocation (Alokasi Dana Desa/ADD), village financial administration, village financial reporting and accountability and understanding of village-owned property report. This research still needs to be developed further to test the validity of each variable generated in this research.

Keywords: Indicator, Understanding, Siskeudes, Governance, Village Fund

INTRODUCTION

Indonesia has diversities in many things. One of them is in the way they refer to the term "village" (Indonesian: desa) along with their customs applicable to it. As a result, the diverse characteristics and types of village are surfacing. These characteristics can be viewed from their socio-political, economic and legal aspects and also from the regulations applicable and so forth. In addition to the villages governed under the scope of urban administration, in Indonesia there are also traditional villages (desa adat), with their own unique ways of socializing and distinct characteristics from urban administration (Hamzah, 2015). The number of villages in Indonesia is around 80,000 spread in approximately 20,000 islands (BPS - Statistics Indonesia, 2015)

From what has been presented above, the government should have prioritized their development programs in villages since long ago. Nevertheless, in reality their developments are mostly performed in cities, rather than in villages, making cities more advanced. These development with more focus on cities are what drive villagers to move to these cities, or urbanization, to earn a living. It is only when many problems rooting from the lack of

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development in villages occur that the government begins to consider development in villages. For this purpose, Law No. 6 Year 2014 is issued.

However, this law does not immediately solve the problems. The educational background of many village chiefs in Indonesia is mostly low and varied. These village chiefs also tend to stop improving their competence once they are elected the village chiefs. The government does not provide any chance for special trainings for village chiefs to enable them to improve their competence. Geographic obstacles and the not-so-easy access to villages sometimes become the cause of their reluctance to organize training in villages. Consequently, many village chiefs are confused when they are asked to implement Law No. 6/2014. These village chiefs have been accustomed to making accountability report with non-standardized format. In the field, most village chiefs delegate the job to make an accountability report to the village secretary (carik).

Upon the enactment of this new Village Law, village chiefs can no longer delegate the job of preparing accountability report to village secretary, because the amount Village Fund allocated by the central government is quite substantial. Village administrative officers should cooperate to improve the village welfare and to level the village development through public services in villages. Additionally, also thanks to this village fund, village administrative officers are demanded to be able to advance the village's economy, deal with development gap between villages and strengthen villagers as the development subjects, rather than development objects.

This new Village Law is prepared based on the government's vision and missions as covered in Nawa Cita program, i.e. to develop Indonesia from rural areas to strengthen regional developments, particularly borderlines and villages. Whilst this Village Law is only recently applied, it will be better if, as earlier as possible, the administrative officers in villages apply village administrative governance well, in order to prevent errors and irregularities from occurring.

This research is still in its earliest stage. So far, no research has been conducted in Indonesia regarding village administrative governance. Therefore, this study is intended to surface the factors potentially having correlation with village administrative governance in general and Siskeudes in particular, ever since the enforcement of Law No. 6 Year 2014.

LITERATURE REVIEW

This research uses Forced Compliance Theory as developed by Festinger & Carlsmith, 1959. This theory suggests that those parties with greater authorities (superordinate) have the ability to force the parties with lesser authorities (subordinate) to make statements or perform duties which do not accord with their desires and at the end of the day can change the individual subordinate's attitude through persuasion and authority (Festinger & Carlsmith, 1959). The theory has tight correlation in this research.

The central government issues Law No. 6 Year 2014. This Law is issued in relation to the issuance of village fund. Village governments/village administrative officers, who until recently do village administration only perfunctorily, are now forced to improve the way they

manage their villages. Many activities should be done to empower their villagers. Likewise, many reports need to be made for the accountability of these activities. All these additional jobs are not fun. Yet for common good, all of these jobs should be done until the village governments/village administrative officers think that what have been done are beneficial and they will do these delightfully.

Good Governance

Governance is a term many have used in various international development literatures to describe numerous normative thoughts about how a public institution should manage many public issues and resources. These numerous normative thoughts are frequently justified based on the basis that public institutions ought to support the economy such as successful poverty eradication and economic development. Nonetheless, many organizations hold different definitions about governance according to the normative conditions expected by the relevant organizations, including:

1. The manner in which power is exercised in the management of a country's economic and social resources for development (World Bank, 1991).
2. Traditions and institutions by which authority in a country is exercised (World Bank)
3. The use of institutions, structures of authority and even collaboration to allocate resources and coordinate or control activity in society or the economy (Bell, 2002).
4. Governance has been defined as the rules of the political system to solve conflicts between actors and adopt decision (legality). It has also been used to describe the "functioning of the institution and its acceptance by society" (legitimacy). Governance has also been used to appeal for the success of government and the achievement of consensus in a democratic manner (participation) (Applebaugh).

Meanwhile, according to the National Committee for Governance Policy, there are ten good governance principles as follows:

1. **Accountability:** Improving the decision makers' accountability in any aspect related to public interests.
2. **Monitoring:** Improving the effort of monitoring how the governmental affairs and development are organized by procuring the private and general public involvements.
3. **Responsiveness:** Improving the government administrators' sensitivity to people's aspirations indiscriminately.
4. **Professionalism:** Improving the government administrators' ability and morality in order to provide easy, fast, appropriate, and cost-effective services.
5. **Efficiency and Effectiveness:** Ensuring that services can be given to the society using the available resources optimally & responsibly.
6. **Transparency:** Creating reciprocal trusts between government and society by providing information and ensuring the ease in obtaining information.
7. **Equality:** Giving the same opportunity for each member of society to improve their welfare.
8. **Far-sighted Insight:** Developing regions based on clear vision & strategies & involving people in all processes of development, enabling their sense of belonging and responsibility towards their regional advancement.

9. Participation: Driving every person to exercise their rights in expressing their opinions in the processes of making decision regarding public interests, be it directly or indirectly.
10. Law Enforcement: Realizing a just law enforcement for all parties with no exception, upholding human rights and respecting the values living in society.

Village Financial Management

Village financial management is the entire activities which include planning, budgeting, administration, reporting, accountability, nurturing and monitoring of village finance as well as reporting and supervision and evaluation. This activity constitutes an effort of promoting village governmental administration, village development implementation, village society nurturing and village society empowerment (Hamzah, 2015).

The cycle is one integrated unity, in which no discontinuance is allowed between a phase and another phase. Therefore, all of these phases should be implemented to the best possible extent. When one phase is hampered, other phases will also be hindered. As a consequence, the financial management goals cannot be reached. When one phase is obstructed, it is important to immediately remedy it to allow the next phases to run well. (Hamzah, 2015)

Village administrative officers should cling firmly to good administrative governance principles, namely participation, accountability, and transparency in managing the village finance. Village financial management will not go efficiently when the village administrative officers do not hold tight those aforementioned aspects. Hence, in order for everything to run smoothly, the village government officers should involve Village Deliberation Agency or Badan Pemusyawaratan Desa (BPD) such as village figures, religious figures, woman representatives, representatives from farmers, representatives from poor people, and so on. The accountability and transparency of village financial management are not just of horizontal nature (between Village Chiefs and BPD), rather they should also be of vertical quality (between Village Chiefs and villagers, or Village Chief superordinate). All documents and reports related to village financial management should be accessible to villagers without any discrimination to certain group of society (Hamzah, 2015).

Village Asset Management

Village asset management is a cycle of activities which include planning, procurement, usage, utilization, securing, maintenance, write-off, transfer, administration, reporting, valuation, nurturing, monitoring, and control of village-owned assets. Village-owned asset itself is all goods acquired using Village Income and Expenditure Budget (APB) or other legal ways of acquisition which does not use Village APB (Hamzah, 2015). Meanwhile, the village-owned assets acquired without using Village APB include:

1. Assets from grant/donation or the like;
2. Assets from performance of agreement/contract;
3. Assets from regulatory provision;
4. Assets from a court decision which receives a permanent legal power.

The village asset management is not merely administrative, rather it is also about how to improve the efficiency, effectiveness and to create added value in village asset management. Therefore, in managing the village assets, there is a need for planning, procurement, usage, utilization, securing, maintenance, write-off, transfer, administration, reporting, valuation, nurturing, monitoring and control. The phases in this asset management is a village asset management cycle. When a phase is obstructed, it is highly likely that the next phases will also be hampered, resulting in undesired course of village asset management (Hamzah, 2015).

RESULT AND DISCUSSION

This research generates research variables along with their indicators which have never been used in any previous study. These indicators are also expected to serve as questions in questionnaire for village government officers' understanding of Siskeudes. Below are the variables along with their indicators:

SISKEUDES (Village Financial System) Understanding

1. Village Financial System (SISKEUDES) can deal with the problems in providing accountability report to the government.
2. Village Financial System (SISKEUDES) is readily accessible whenever it is needed.
3. Village Financial System (SISKEUDES) generates accurate information.
4. Village Financial System (SISKEUDES) presents information which can be used in making decisions and showing accountability.
5. Village Financial System (SISKEUDES) presents information which is helpful to predict the magnitude of resources needed.
6. Presents village's financial statements using terms understandable to the information users.
7. The society can access the village's financial statements via internet (website).
8. The government provides Guidance and consultation service to village administrations on village finance, ranging from planning, execution, administration and accountability reporting.
9. BPKP Launches Village Financial Governance System as an embodiment of Village Financial Governance Quality Improvement.
10. The village financial governance system can help village administrative officers to minimize fraud in their accountability report.
11. In its operation the Village Financial System (SISKEUDES) is designed quite simply and can be operated easily by the village government officers.
12. The government applies the financial transparency and accountability principles starting from planning, execution, administration, reporting, accountability and monitoring.
13. The report on village government administration consists of Village APB execution realization report and Village-owned property report (Yearly).
14. The enactment of Law Number 6 Year 2014 allows the villages to have a great chance to manage their own governance as well as the implementation of development to improve

villager's welfare and life quality. Therefore, villages should be able to apply the accountability principle in their governance.

15. Any activity and information related to village financial management can be known to and monitored by other parties with authority and nothing may be concealed and hidden.

Village financial management principles

1. Financial information is presented honestly and transparently to the public to fulfill their rights to know the entire government's accountability in managing resources.
2. Village chiefs report and are held accountable for the implementation of Village Income and Expenditure Budget in an orderly manner both to the public and to the relevant government.
3. Village financial management always involves stakeholders in the villages through representative institutions which can convey their aspirations.
4. Budget should be implemented consistently by recording the usage according to the village financial accounting principles.
5. Village financial management is a set of activities which lasts along the planning, execution, administration, reporting and accountability cycle.

Special Fund Distribution or Village Fund Allocation (ADD)

1. Any village receiving ADD (Village Fund Allocation) \leq Rp.500,000,000.- may only use 60% of ADD for Village officers.
2. Any village receiving ADD (Village Fund Allocation) Rp.500,000,000.- to Rp.700,000,000.- may only use 50% of ADD for Village officers.
3. Any village receiving ADD (Village Fund Allocation) Rp.700,000,000.- to Rp.900,000,000.- may only use 40% of ADD for Village officers.
4. Any village receiving ADD (Village Fund Allocation) more than Rp.900,000,000.- may only use a maximum of 30% of ADD for Village officers.
5. Any village receiving additional Fund 10% of the regency/municipality's regional tax and retribution income realization. 60% of this additional Fund is divided evenly for all villages and the remaining 40% is distributed proportionally based on the proceeds of each village.
6. The total income of all village officers is determined by Regent/Mayor at an income amount of village secretary a minimum of 70% of the village chief's income and other village officers a minimum of 50% of the village chief's income.

Village Financial Administration

1. Village Treasurer must make recordings of all transactions made in the form of income and expenditure.
2. Village Treasurer in recording the cash income and expenditure uses General Cashbook (Tax Subsidiary Ledger and Bank Book).
3. Village Treasurer makes record of all cash income and expenditure in cash nature in the General Cashbook.

4. The cash income and cash expenditure transactions via bank/transfer are recorded in the bank book.
5. Tax subsidiary ledger is used by the Village Treasurer to record the income of money deriving from tax withholding and record the expenditure in the form tax payment to the state cash.
6. Each end of month, BKU (*Buku Kas Umum*/General Cashbook) and Bank Book are closed in an orderly manner and signed by the Village Treasurer, as well as Village Chief prior to its evaluation and signing by the Village Secretary.
7. Business Proceeds, Asset Proceeds, Self-Funding, Other Village's generated recurring revenues (PADes), Village Fund, ADD, profit sharing, Financial Aid from Province, Financial Aid from Regency/Municipality and Grant are some kinds of Locally Generated Recurring Revenues.
8. Village Treasurer closes the books at the end of each month in an orderly manner, including General Cashbook, Bank Book, Tax Book and Revenue Detailed Book.
9. Village Treasurer's Accountability Report describes the outgoing flow of money for spending, down payment and others recorded in general cashbook and bank book.
10. In the Village Treasurer's accountability report, Cash consists of Initial balance, Income amount and Expenditure amount.
11. Village Income consists of Village's Recurring Generated Revenue (PADesa), transfer and other revenues.
12. The transfer group in village income consists of Village Fund, Portion of Regency/Municipality's Tax proceeds and Regional Retribution, Village Fund Allocation (ADD), Financial aid from Province's APBD and Financial aid from Regency/Municipality's APBD.
13. Village Expenditure consists of Village Government Operation, Execution of Village Development, Village Societal Nurturing, Village Society Empowerment, and Unexpected Expenditure.

Village Financial Reporting and Accountability

1. Village chiefs deliver the report to Regent/Mayor in the form of semesterly report of Village APB Execution Realization, Accountability Report of Village APB Execution Realization to the Regent/Mayor each budget year and Village Fund Usage Realization Report.
2. Village chiefs deliver a report to Village Deliberation Agency (BPD) in the form of accountability statement report of Village APB Execution Realization consisting of Revenues, Expenditures and Financing.
3. Regent/Mayor passes administrative sanction in the form of reduced Village Fund when their SILPA is abnormal ($\pm 30\%$) due to its use which does not match the priority or money saving in deposit form for more than 2 (two) months.
4. Village APB Execution Realization report is delivered to Regent/Mayor by submitting first semesterly report and second semesterly report at year end.

5. The first Financial Accountability Reporting phase collects SPP Archives, Activity Report, and Revenue Detail and after that the Preparation of LRA (*Laporan Realisasi Anggaran*/Budget Realization Report).
6. In the Village Accountability Report, the APB Execution Realization shall be attached with Format Accountability Report of Village APB Execution Realization Budget of the Current year, Village-owned Property Report per 31 Dec of the Current Budget Year and Report of (Central) Government and Regional Government Programs implemented in the Village.
7. Village APB Report, Levies, Spatial Zoning and Village Government Organization are submitted to BPD in writing at the latest 3 (three) months after the end of budget year.

Village-owned Property Report

1. Village's Assets belonging to Current Assets namely Village Cash, Receivables and Supply.
2. Village's Assets belonging to Non-Current Assets namely Village Government's Capital Participation, Lands, Equipments, buildings, roads and Reserve Funds.
3. The withdrawal of Cash Money Account balance in the Village Treasurer should be from BKU at year end after it is closed while the Village Cash Account is withdrawn from Bank Book after a reconciliation is made with the current account.
4. The Receivable account is completed by inventorying the village's rights which have not been received until the reporting date.
5. Supply is calculated from the supply remaining per report date by using the latest purchasing value.
6. Capital participation is the accumulated amount of money given to Village-owned enterprises in reference to village regulations.
7. Village's short-term liabilities such as Deferred Revenue, the Tax which has been withheld yet has not been paid.
8. Village's net property is the difference between Village's Asset Value and Short-Term Liabilities.

CONCLUSION

This research is an early step of research related to Village Fund. The variables and indicators proposed in this research need to be followed up by distributing questionnaire. Once the questionnaire is distributed, the testing can then be performed to the validity of these indicators. When they are found valid, they can then be used to explain the village administrative officer's understanding of village administrative governance in general and Siskeudes in particular.

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