

# Transparency and Accountability in Management of Village Funds in Indonesia

M. Hadi Shubhan; Rr. Herini Siti Aisyah, L. Budi Kagramanto, Siswanto, Sudarsono

Fakultas Hukum Universitas Airlangga Surabaya

Correspondent : herini@fh.unair.ac.id

## ABSTRACT

Since the enactment of Law No. 6 of 2014 concerning villages it is stated that villages are given the authority by the central government to regulate and develop their own areas by utilizing the available natural and human resources. The village government must be strongly encouraged to make a transparent and accountable planning, management and evaluation due to the greater amount of the Village Fund. The high allocation of the funds from the central government has some juridical implications. They must be managed effectively, efficiently, transparently and accountably in the planning, management, evaluation and reporting stages. Transparency is an important instrument in the management of the funds so that they can really be used for the village development and progress.

**Keywords:** Transparency, Accountability, Village, Finance, Funds

## Correspondence:

M. Hadi Shubhan

Fakultas Hukum Universitas Airlangga Surabaya

Correspondent : herini@fh.unair.ac.id

## INTRODUCTION

Since the enactment of Law Number 6 of 2014, villages have been given the authority by the central government to regulate and develop their own regions by utilizing the available both natural and human resources so that they become the party who are fully responsible for the management of their resources. This is in line with the aim of the regional autonomy giving the authority to each region to manage and regulate all government affairs as well as create efforts for regional independence with their potential. The law is also intended to provide some encouragement to the community to build and manage villages independently. For this reason, each village will receive such very significant amount of funds through the State Budget and Revenue (APBN). The amount of the funds continues to increase by 41.5% every year from Rp. 20.8 trillion in 2015 to Rp. 832.3 trillion in 2019.<sup>1</sup>

The implication of the large village funds encourages the village governments to make a transparent and accountable planning, management and evaluation in order to maximize the use of the funds for development.<sup>2</sup> The management of the funds uses a transparent and accountable system so that the realization and the total contribution ratio are known for the effective implementation.<sup>3</sup> Legal certainty, accountability, transparency and an open information system, participation, technical and managerial skills and organizational capacity are very important to encourage transparency and accountability in the management of village fund<sup>4</sup>

Considering such large amount of village funds, the village officials and people must be highly supported to be ready to run a transparent, accountable, and efficient financial management related to them so that excess abuse of power causing legal violations or public interest neglect can be avoided and prevented. It is a form of accountability of the village management holders to provide any information related to all activities on the management and implementation of the programs and plans financed

by the village funds. On the other hand, the amount of village funds raises some concerns for many parties. There is a potential for financial mismanagement starting from budgeting, implementation, administration, accountability to reporting. For this reason, in the context of running the governance in the village, transparency, accountability and participation are demanded for finance, performance, and compliance with the laws and regulations resulting in preventing corruption due to the uncontrolled power or abuse of power<sup>5</sup>.

The village budget is a form of accountability from the village management holders to provide any information about all activities related to the management of village funds and the implementation of program and plans supported by village funds to the people. The village budget contains the income, expenditure and financing. Such large amount of village funds received by every village throughout Indonesia raises concerns for many parties because there is a potential for financial mismanagement starting from budgeting, implementation, administration, accountability to reporting. In the context of running the governance in the village, it is strongly demanded to have such transparency, accountability and participation in finance, performance, and compliance with laws and regulations.

The village funds have some implications to the high responsibility to strictly apply a transparent, accountable financial management so that effectiveness and efficiency can be achieved. That is why it is very important to increase the capacity building of the village apparatus.<sup>6</sup> Because the higher the knowledge of budget managers, the better the control in managing village funds.<sup>7</sup> Although the village financial accountability is both technically and administratively good, the competence of managing human resources is still a major obstacle. Some assistance from the Village Government apparatus is still required for a better management and

adjustments for such changes related to the existence of various new regulations<sup>8</sup>

The Regulation of the Minister of Home Affairs (*Permendagri*) 20/2018 Article 2 paragraph (1) states that there are several general principles as guidelines that must be considered in managing village funds, namely: transparent; accountable; participative; carried out in an orderly manner and with budget discipline. Whereas Law No. 6 of 2014 Chapter X of Law 6/2014 states that BUMDes is a Village-Owned Business Entity as a village-owned business institution that is allowed to gain profits and at the same time it is expected to be able to empower the village economy so that village funds can be used to strengthen the BUMDes capital. As a form of responsibility, even though it is a business institution, it must still be managed professionally in accordance with the principles of Good Corporate Governance<sup>9</sup>. BUMDes is very appropriate if it is developed as a business institution owned by the village government because sociologically the village community is a society prioritizing a mutual cooperation, kinship, and deliberation; in such a community the funds can be used to support some joint efforts for economic empowerment in the forms of increasing the development of community capacity, productive economy, institutions, appropriate technology, and job training<sup>10</sup>. Thus, it can be seen that there are principles of professionalism in the financial management of the funds, and also a sharing welfare; The five principles of Good Corporate Governance as stipulated in the Decree of the Minister for State-Owned Enterprises (BUMN) No. Kep-117/MBU/2002, article 3 are: a. transparency - it means an openness in implementing the decision-making process and presenting the material and relevant information about the company; b. independence- it is a condition in which the company is managed professionally without any conflicts of interest and influences/pressures from any parties that is not in accordance with the prevailing laws and regulations and sound corporate principles; c. accountability - it means clarity of the functions, implementation and accountability of the Organs so that the company management is carried out effectively; d. responsibility - it means the conformity in the management of the company to the prevailing laws and regulations and sound corporate principles; e. fairness - it is justice and equality in fulfilling the rights of the stakeholder arising from the agreements and laws in force.

The existence of various rules supporting each other indicates that Indonesia has already got some significant regulations related to the village funds including the Village Law, and eight other regulations that are directly or indirectly related to the system of governing and monitoring the management of village funds. At the regional level the financial management of the funds is actually closely supervised by many parties such as the Regional Inspectorate playing an important role as the leading institution for the monitoring, meanwhile, at the central level, the duty goes to the Financial Supervisory Agency and the Financial and Development Supervisory Agency (BPKP) also oversee the management of village finances. The village funds are the domain of their

supervision because it is the money coming from the State Budget and the management must be accounted for in accordance with rules in force. The central government has also formed a controlling team consisting of some officials from across ministries to coach, supervise, and monitor the implementation of village fund.<sup>11</sup>

#### Influencing Factors in Transparency and Accountability of Village Funds

Transparency is an essential democratic process in which every citizen is able to see openly and clearly the activities of their government rather than leaving them secret.<sup>12</sup> Community participation in determining the public policies is such kind of a driving force to accelerate the fulfillment of the accountability principles of government administrators in the village; the principles and indicators include: a) Access to active public participation in the process of program formulation and budget decision making; b) The existence of regulations providing a place to control and monitor done both individually and institutionally by independent institutions and public as a medium for checks and balances. c) It is really necessary to have such a proactive attitude of the local governments to encourage community participation in the budgeting process.<sup>13</sup> There is a relationship between the application of transparency and accountability to the financial management of village funds.<sup>14</sup> Transparency and accountability lead to the improvement of the effectiveness and efficiency.<sup>15</sup> Professional behavior of public services should always be based on legal rules, transparency and accountability.<sup>16</sup> Improvement in the commitment and competence on the accountability of public service are strongly needed for better services<sup>17</sup> Transparency and accountability must be effectively carried out by village government officials, Village Consultative Body (BPD) to encourage and motivate the community to develop the Villages.<sup>18</sup> Guiding and coaching to the team of the Village Fund Allocation management are crucial things to do so that the targeted goals can be achieved and reports are prepared according to the applicable financial standards.<sup>19</sup> Transparency of public policies is still in the discourse stage and its implementation is still at a formality stage while the access to public policy information is still difficult to reach and can only be accessed by certain people<sup>20</sup>. It is necessary to develop a working mechanism and standard operating procedures (SOP) for each function of goods management. Clear, operational mechanisms in each scope make each stakeholder knows and understands their duties, functions, obligations, and responsibilities<sup>21</sup>

A transparent and accountable management of village funds based on the laws and regulations is not easy to carry out because of many factors and obstacles such as follows: (a) delays in distributing the funds from the Regional General Treasury Account (*RKUD*) to the Village Treasury Account (*RKD*) due to some additional requirements related to a Budget and Expenditure Plan (*RAB*) for activities financed by the Village Fund. The additional requirements are intended to prevent any problems in the management. (b) lack of understanding of the Village Fund

management regulations due to the quality and quantity of human resources of the local government apparatus. **(c) delays in drafting some regulations on Regional Government Work Plans (RKPD)**<sup>22</sup>

#### RESEARCH METHODS

This is a legal research based on legal arguments. It was a research that focused on the main characteristics of examining the application or enforcement of a rule of law accompanied by legal arguments/considerations made by the law enforcers, and the interpretation behind it.<sup>23</sup> It was a normative research that placed law as a norm system building consisting of principles, norms, rules of legislation, court decisions, agreements and doctrines. It was conducted by reviewing and analyzing some statutory regulations or other legal materials related to the development of lawsuits against the law by the government. The statutory and conceptual approaches were applied. Reviewing all laws and regulations related to the legal issues being handled were carried out. The statutory regulations analyzed in this study were the laws and regulations about village financial management.

#### RESULT

##### Principles and Foundations of Good Governance

The principles of good governance are as follows: (1) Community Participation. Every citizen has a voice in decision making, either directly or through representative institutions. Participation aims to ensure that every policy taken reflects the aspirations of the community. (2) Tegaknya Supremasi Hukum. (2) Enforcement of Law Supremacy. In the political process and formulation of public policies systems and legal rules are needed and balanced with a commitment to uphold the rule of law, the supremacy of law, legal certainty and responsive law. (3) Transparency. It is the openness of all actions and policies taken by the government. The principle of transparency creates mutual trust between the government and the public by providing and ensuring the access to obtain accurate and adequate information. (4) Care for Stakeholders. In the context of field practice of the business world, the corporation has a moral responsibility to support how good governance can run well in their respective institutions. (5) Consensus Oriented. It is stated that any decision must be made through a deliberation process through consensus in order to bind every party so that it has the power to compel all components involved to implement the decision. (6) Equality. All members of society have the opportunity to improve or maintain their welfare. The principle of equality creates mutual trust between the government and the public by providing and ensuring an uncomplicated access to obtain the accurate and adequate information. (7) Effectiveness and Efficiency. Effective and efficient criteria are measured by product parameters that can reach the greatest possible interest of the community from various groups and social strata. Government officials must be able to compile plans rationally and measurably according to the real needs of the community. (8) Accountability. It is the responsibility of public officials to the community giving them the authority

to take care of their interests. (9) Strategic Vision. It is a strategic view to face the future. Leaders and communities have broad and far-reaching perspectives on good governance and human resource development, and also a sensitivity needed to make the development a reality.

The implementation of Good Governance in Indonesia has a positive impact not only on the government system but also on non-governmental enterprises such as a Good Corporate Governance. It is expected that a strong foundation will result in a clean and trustworthy government. 24 The principles of Good Governance are: (1). Legal certainty. A constitutional state gives a special priority on the basis of statutory regulations, compliance and justice in every state administration policy. (2) Orderly State Administration. It is one of the foundations for orderliness, harmony and balance in running the administration of the state. (3) A Public Interest Principle. It is a foundation prioritizing the public welfare in an aspirational, accommodative, and selective way. It means that the government must prioritize the public interest first. (4). Openness. It is the principle to open oneself to the rights of the people to obtain any true, honest and non-discriminatory information regarding the state administration and paying attention to the protection of personal and communal human rights and state secrets (5). Proportionality Principle. It prioritizes the balance of the rights and obligations of State Administrators. (6). Professionalism. It is a principal prioritizing expertises based on a code of ethics and the provisions of the prevailing laws and regulations. (7). Accountability. It is a principle to determine that every activity and final result of the state administration must be accountable to the public or the people as the holder of the highest state sovereignty in accordance with the provisions of the prevailing laws and regulations. (8). Efficiency. It means that the use of resources is at a minimum in order to achieve optimum results. It assumes that the correct goals have been determined and tried to find the best ways to achieve these goals. (9). Effectiveness. It is defined as a means to measure success in achieving the predetermined goals. (10) Good governance. It is a policy intended to protect freedom with an approach of transparency and accountability which are very important in a regional decentralization and deconcentration within departments.<sup>25</sup>

##### Implementation of Good Governance in Village Fund Management

The Legal Basis for the Village Financial Management that must be known and understood by the administrators of the village government are: (1) Law Number 6 of 2014 concerning Villages; (2) Law Number 30 of 2014 concerning Government Administration; (3) Government Regulation Number 43 of 2014 concerning Implementation of Regulations of Law Number 6 of 2014 concerning Villages as amended by the Government Regulation Number 47 of 2015; (4) Government Regulation Number 11 of 2019 concerning Second Amendment to the Government Regulation Number 43 of 2014 concerning the Implementation of Regulations of Law Number 6 of 2014 concerning Villages; (5) Government Regulation Number 60 of 2014 concerning Village Funds from the State Budget as amended by the Government Regulation Number 22

of 2015; (6) Regulation of the Minister of Home Affairs Number 111/2014 concerning the Technical Guidelines for Village Regulations; (7) Regulation of the Minister of Home Affairs Number 114/2014 concerning the Guidelines for Village Development; (8) Regulation of the Minister of Home Affairs Number 20/2018 concerning Village Financial Management; (9) Regulation of the Minister of Finance Number 257/PMK.07/2015 concerning the Procedures for Delaying and/or Withholding the Balancing Funds for Areas Not Fulfilling the Village Fund Allocation; (10) Regulation of the Minister of Finance Number 49/PMK.07/2016 concerning the Procedures for Allocation, Distribution, Use, Monitoring and Evaluation of the Village Funds; (11) Regulation of the Minister of Finance Number 50/PMK.07/2017 concerning the Management of Transfers to Regions and Village Funds as amended by PMK Number 112/PMK.07/2017; (12) Regulation of the Minister of Villages, Development of Underdeveloped Regions and Transmigration Number 1 of 2015 concerning the Guidelines for Authority Based on the Origins and Village-Scale Local Authority; (13) Regulation of the Minister of Villages, Development of Underdeveloped Regions and Transmigration Number 2 of 2015 concerning the Village Deliberations; (14) Regulation of the Minister of Villages, Development of Underdeveloped Regions and Transmigration Number 3 of 2015 concerning the Village Assistance; (15) Regulation of the Minister of Villages, Development of Underdeveloped Regions and Transmigration Number 4 of 2015 concerning the Establishment, Arrangement, Management, and Dismissal of BUMDes; (16) Regulation of the Minister of Villages, Development of Underdeveloped Regions and Transmigration Number 11 of 2019 concerning the Priority for the Use of Village Funds for the Year 2020. Villages are given the authority to regulate and manage their authority according to the needs and priorities. The main constraint is in implementing the village development and transferring the enormous responsibilities to the treasurer and other apparatus for carrying out the development due to the insufficient funds received. However, the implementation of village fund management is in accordance with the regulations in force, the regulation of the Minister of Home Affairs number 113 of 2014 concerning the village financial management.<sup>26</sup> In order to realize transparency, accountability, and participatory in the management of the village funds, an orderly and disciplined manner related to the budget must be strictly applied and monitored as it is regulated in Law no. 17 of 2003 concerning the State Finances Article 3 paragraph (1) which states: State finances are managed orderly, obeying statutory regulations, efficiently, economically, effectively, transparently, and accountably by taking into account the sense of justice and appropriateness. Article 2 of the Law No. 14 of 2008 on Openness of Public Information states that: (1) Every piece of Public Information is open and accessible to every User of Public Information. (2) Exempted Public Information is strict and limited. (3) Setiap Informasi Publik harus dapat diperoleh setiap pemohon Informasi Publik dengan cepat dan tepat

waktu, biaya ringan, dan cara sederhana. (3) Every Public Information applicant must be able to obtain any Public Information quickly, simply, on time, and cheaply. (4) Exempted Public Information is confidential in nature in accordance with the Law, propriety and public interest.

The Minister Decision Kepmen No: 63/KEP/M.PAN/7/2003 states Public Service Principles which include: (1) Transparency (2) Accountability (3) Condition (4) Participatory (5) Equal Rights (6) Balance of Rights and Obligations. In line with the principles of good governance, the management of state finances within the framework of modern good financial governance must be legally embodied in a set of legal provisions containing the principles of transparency, and public participation. National and regional legal arrangements governing the financial management should be formulated in accordance with the meaning of good governance. The Regulation of the Minister of Home Affairs Number 20 of 2018 concerning the Village Financial Management with a special provision regulating the village financial management must be enforced to ensure that the funds are transparently and accountably managed. The Regulation of the Minister of Home Affairs Number 20 of 2018 includes several matters on the regulation of the implementation of village finances that must be adhered related to revenues and expenditures. Disbursement of funds in the Village Treasury Account is signed by the Village Head and the Chief of Village Finance. Through this arrangement, the payments to the third parties are normatively made by transfer to a third-party bank account. In its implementation, the Village Finance affairs section can save the money at a certain amount in the village treasury to meet the operational needs of the village government; In its implementation, the Village Finance affairs section can save the money at a certain amount in the village treasury to meet the operational needs of the village government; while the limit on the amount of cash deposited in the village treasury is stipulated by a regent or mayor regulation.<sup>27</sup>

#### **Transparency and Accountability of Village Fund Management**

In the Annex to the Government Regulation of the Republic of Indonesia Number 24 of 2005 dated June 13, 2005, Introduction to Government Accounting Standards states that one concrete effort to achieve transparency and accountability in the management of state finances is the submission of government financial accountability reports complying with the principles on time and in accordance with government accounting standards generally accepted. Transparency and accountability are like two sides of a coin, both of which are interrelated and cannot be separated. It can be said that transparency encourages accountability and vice versa. If the management of village funds is transparently carried out, it will encourage the apparatus to manage it properly. It can also be applied to manage the village finances accountably and encourage them to communicate transparently. To ensure the transparency and accountability in the implementation, it is necessary to have supervision in the use of village finances as stipulated in article 74 of

the Regulation of the Minister of Home Affairs number 20/2018 concerning Village Financial Management in which the Village Government Apparatus and Village Consultative Body must have an understanding of the laws and regulations and other provisions, and also the ability to carry out accounting and/or bookkeeping so that it is easy to coordinate with the Regional Government, Provincial Government and Central Government. In this case, the Ministries of Home Affairs, of Finance, of Villages for underdeveloped regions and Transmigration are expected to more understand their roles in supervising and coaching the Village Government Apparatus in the village financial management.

Transparency in the management of village funds means that self-managed procurement of goods and services is done by maximizing the use of materials from the local area and having a mutual cooperation involving the community participation to expand employment opportunities and empowering the local communities; the community participation in determining the public policies is a driving force to accelerate the fulfillment of the accountability principle of government administrators in the village. Transparency is a strategic step to increase the effectiveness and efficiency of the management of village funds because it can encourage the community to ensure that the funds are truly managed for the benefits of the community. The government is expected to build an extensive communication with the people regarding the various matters in the context of development related to the community. The people have the right to know various things done by the government in the implementation of the tasks. Transparency is very important for the implementation of government functions in carrying out the mandate of the people. They must also: (a) publish plans of budget utilization to the public, (b) hold some regular meetings with the community at least once every three months, such as a discussion or a deliberation with the Development Planning Consultation (Musrenbang), (c) publish the results of financial reports, (d) have a proactive closeness to the public regarding the publication of budget transparency through website, (e) allocate Human Resources (HR) to transform some information to the public and professionals in serving the community, (f) state all these points in the law.<sup>28</sup>

In the context of transparency, the public sphere must always be available or open to enable the public to convey their aspirations to the government while at the same time the government is obliged to accommodate and satisfy the community. Government transparency and accountability will certainly never be materialized in a totalitarian or authoritarian country where policies are taken and determined by the policy-making elite. They position themselves as smart people who no longer need to disclose to the public what they do, especially in a certain process, they are considered to be the representatives of the interests and aspirations of people. The people, in other words, are considered to be ignorant, or no longer need to be informed or asked for their aspirations because everything has been deemed done by the ruling elite. Thus, the capacity of the state (represented by the government)

to shape and control the lives of individuals in society is maximized so that at the same time it negates the rights of the people to participate in the processes of state life. The state will violate the people's rights if the management of village funds is neither transparent nor accountable. It can no longer happen in a country that adheres to a democratic system because everything that the state does must also be known by the public<sup>29</sup>

On the micro level, there are three main things that hinder the effectiveness of the management of state finances, and they include:<sup>30</sup> (a) no synergy of supervision, (b) Weak internal supervision, (c) Weak Policy Control. On the macro level, there are four obstacles to face, and those are: (a) The political interest of the regional head. (b) Lack of exemplary leadership. (c) Lack of commitment of the political elite to good governance. (d) Complexity of guidance and supervision systems. Another obstacle in managing the Village Fund is due to the paternalistic culture that is still attached to the village community.<sup>31</sup> Lower quality of human resources are needed to be improved through some technical trainings in the application of village financial system for a better performance of village apparatus. Any supports and participation from village officials are necessary to prepare the regeneration.<sup>32</sup> The collaboration built between the government and the community will create a harmonious pattern of relationships in the process of implementing the development in rural areas. The role of mass media, online media and social media is very high to encourage transparency in the management of village funds because through the media, any matters related to inappropriateness or financial fraud will be easily noticed by the community.

Accountability is the obligation to provide responsibility or liability for the performance and actions of a legal entity or leader of an organization to parties who have the right or are involved in requesting such information or accountability. In implementing the accountability within the government agencies, it is necessary to pay attention to the following principles: (1) There must be a commitment from the leaders and all agency staff to manage the implementation of the missions so that they are accountable; (2) There must be a system that can ensure the use of resources consistent with the prevailing laws and regulations; (3) It must be able to show the level of achievement of the goals and objectives already set; (4) It must be oriented towards achieving the vision and mission as well as the results and benefits obtained; (5) It must be honest, objective, transparent and innovative as a catalyst of change in the management of government agencies in the form of updating the performance measurement methods and techniques and preparing the accountability reports. It is the financial problem regarding the accountability of development issues of the village government<sup>33</sup>. Accountability is a form of responsibility or liability for the authority of a given position in the form of reporting and disclosing all activities that are the responsibility of the trustees who have the right and authority to ask for this accountability<sup>34</sup>. Whereas the principle of Village financial accountability is good responsibility or

liability in the forms of community empowerment and administration activities, periodic reports for program implementation at the District level government and application of village financial system, as well as the community involvement in planning through village meetings. However, continuous improvements must be carried out as a part of the village fund allocation program that is always based on the latest laws and regulations so that the village government can manage the budget properly, especially in spending it.<sup>35</sup> Therefore, it is expected that every official is obliged to convey his performance both administratively and politically because accountability is an obligation that must be conveyed legally before the public who have entrusted him.

Several obstacles in implementing transparency in the management of village funds include: (1) the available information boards have not been used optimally by the village government to provide such information of the financial sector related to Village Funds in general and the lack of use of information technology in publications. (2) the human resources who become the village apparatuses or those appointed as the executors of development activities have not sufficiently mastered the basics of accounting and existing procedures which are quite complicated. (3) delay in disbursement of funds makes the implementation and budgeting inconsistent with the predetermined plan. (4) There is a lack of awareness and understanding of the village government and the community regarding the transparency of information, especially in the management of Village Funds. All obstacles mentioned leads to the late disbursement of funds (not in accordance with the provisions of the regulation of the Minister of Home Affairs No.113 of 2014 and the regulation of Sidoarjo Regent No. 17 of 2017) and it impacts the entire process in achieving development goals of the village planned. To address these constraints, it is necessary to: (1) increase awareness of the legal/regulatory aspects including understanding the consequences of violating the law. Providing an understanding of the importance of the legal basis for every action of the village government and authority is very important so that abuse or misuse by harmful parties/ individuals can be avoided, and any suggestions from the community are also very helpful to adjust to the village's authority (2) provide more detailed and easier accounting guidelines for the administration and management of Village Funds adjusted to the provisions of the regulation of the Minister of Home Affairs No. 64 of 2013 concerning the Implementation of Actual-Based Government Accounting Standards and increasing the capacity and regeneration of Village apparatus. (3) have a more intensive and sustainable consultation and technical assistance in the management of Village Funds to realize good village governance and minimize deviations. (4) provide technical guidance in the use of technology for the effectiveness in the preparation of reports so that the constraints of delay in accountability reports are resolved and the disbursement process is overcome. (5) publish any information on village finance. dan mewujudkan tujuan pembangunan desa

yang sudah direncanakan dengan baik.<sup>36</sup> Forms of public accountability include: information boards at village offices or development locations, updating website content or online media with actual information, printing some banners related to APBDes/ village budget in general, and other activities leading to public trust. It is transparency carried out by the village government. The village community, government, and third parties (private) can jointly control and realize the village development goals already well planned.<sup>36</sup>

### CONCLUSION

1. The enactment of Law Number 6 of 2014 concerning Villages states that each village receives a very significant amount of funds through the State Budget from the central government. It shows the strengthening of the existence of the village as a subject in development and is in line with the aim of regional autonomy giving such an authority to each region to manage and regulate all government affairs as well as create any efforts for the regional independence with its potential. This law provides encouragement to village governments and communities to build and manage villages independently.
2. The high allocation of village funds from the central government has juridical implications and the village must be managed effectively and efficiently, the funds must be managed transparently and accountably in the planning, management, and evaluation and reporting stages. The transparent and accountable system in the management of Village Funds will result in the disclosure of the realization of Village Funds received so that the effective and efficient implementation can be reached. How much village funds are used for the public interest are easily informed? The Regulation of the Minister of Home Affairs Number 20 of 2018 concerning Village Financial Management was issued and promulgated to ensure that the management of a large amount of the village funds was very well, transparently and accountably managed for a better village development and progress. Thus, transparency is a very important instrument and plays a significant role.
3. The management of village funds has not run optimally due to some various limitations, especially the low management resources. This condition leads to the poor social growth and change in the village. That is why it is necessary to improve the competence of village apparatus so that they can professionally manage the funds. To increase the transparency and accountability of village fund management, encouragement and participation of the community is highly recommended and expected. It is as a form of supervision so that the effectiveness and efficiency of the financial management go up, and the goals of the village development in favor of

public interest and based on the local wisdom can be realized.

#### SUGGESTION

A serious political commitment of the village government officials is very crucial to increase transparency and accountability in the management of village funds leading to a better improvement in the competence for the greatest benefit of the community and village development.

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