

VILLAGE FINANCIAL MANAGEMENT IN IMPROVING COMMUNITY WELFARE

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ABSTRACT

This research identifies village financial management in Mokong Village, Moyo Hulu District, Sumbawa Regency through financial ratios consisting of financial independence, effectiveness, efficiency and activity ratios. Management of village financial management includes planning, implementation, supervision, accountability and reporting. Implementation of strategies/efforts to improve village financial management in order to encourage community welfare. The results showed that village financial independence was still low, the effectiveness ratio was classified as very effective, the efficiency ratio was in the criteria of inefficiency and the activity ratio was in the unfavorable category and was still low. From a management point of view, financial management is not yet optimal, so a strategy is needed in order to increase village progress which can improve the welfare of the community for a better standard of living.

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1. INTRODUCTION

As in Government Regulation No. 6 of 2014 concerning Village Fund Policy sourced from the State Revenue and Expenditure Budget. This policy is intended to create a strong, advanced, independent and democratic village, so that villages must have the right goals, play an active role and have the potential to improve village development. Therefore, the government hopes that the village fund allocation program can increase people's income. To be able to carry out its role effectively and efficiently, the village government needs to continue to be developed in accordance with the progress of the village community and the surrounding environment.

Rural development carried out must be in accordance with the problems faced and the participation of the community by using the resources needed to design and build the economy that is owned and take advantage of the existing economic potential so that it can further improve people's welfare [1]. The government's strategy to help villages become independent and autonomous is to provide ADD. The existence of village funds aims to improve public services in the village, overcome poverty, advance the village economy and overcome village development gaps.

Village Financial Management or village fund allocation (ADD) must be transparent and accountable to the community, especially in the planning and implementation processes. Implementation of financial management according to proper administration, based on appropriate reports or records and responsible based on the results of reports [2]. The procedure for granting ADD is regulated in district/city statutes. The distribution of ADD from districts to villages takes place in stages, with district/city norms based on ministerial regulations and applicable laws and regulations [3]. A village government that can properly manage village finances will encourage an increase in the standard of living and welfare of the community. With village funds, village officials can form economic units or carry out development in all fields so that they can absorb a large number of workers in the village so that people can live more prosperously.

Welfare is a thing or state of well-being, security, safety and peace. The basic word is prosperous which means safe, secure and prosperous while social welfare is the welfare of society [4]. Therefore, the efforts made by the village government to create community welfare are to organize a safe, orderly, law-abiding and harmonious community life. Strengthening the social and cultural resilience of the community

based on the noble values of local culture. Welfare is meeting the needs of villagers and improving the quality of villagers.

Based on the author's observations, it was found that the problems faced by the villagers were inadequate facilities in the village, human resources were still minimal, dissemination of information was not optimal, service quality was not optimal, and the construction of facilities and infrastructure was still low. Even though there are still some obstacles in the progress of the village, Mokong village is still improving infrastructure in the agricultural sector, such as irrigation canals, road access to residents' agricultural locations, and repairs to the village office. Village financial management has not fully aimed at meeting the needs and welfare of the community. Mokong village, MoyoHulu sub-district, in carrying out financial management, always tries to manage village funds as best as possible as a step for village development and the welfare of its residents. Based on the data that the author obtained, the size of the target income was running effectively with the realization amounting to Rp. 1,450,846,500, - while for shopping it is Rp. 1,455,641,774.24. The occurrence of wasted budget spending on existing infrastructure is one of the impacts of mistakes in making financial planning that is right on target. Inadequate budgeting and lack of broad insight skills in preparing financial management.

This study aims to determine and examine village finances through village financial independence ratios, effectiveness ratios, efficiency ratios and activity ratios in terms of capital expenditures and expenditures on goods and services. The use of these financial ratios as a tool for analyzing village financial performance in achieving the set targets.[5]. Village financial independence shows the level of village ability to finance government activities, development and community empowerment. The level of effectiveness of the village's ability to realize the village's original income as planned. While the level of efficiency describes the amount of costs incurred in obtaining income with the realization of income received. While the level of activity shows how the village government prioritizes the allocation of funds to routine expenditure (operations) and development expenditure (capital expenditure) optimally.

This research also provides information about village financial management which consists of planning, implementation, monitoring and accountability and reporting. Management is needed in managing village finances in achieving goals and being able to mobilize resources to increase village development. Therefore, the use of village finances can achieve priority to finance community development and empowerment. There are inhibiting factors in managing village finances in increasing development, for example the lack of awareness of people who are curious about the use of village finances without asking for representation, causing misunderstandings between the community and the Mokong village government. From this description, the author describes several financial management efforts or strategies that aim to organize and improve village financial management in improving the welfare of the village community.

2. METHOD

2.1 Data Source

Sources of data used in this study are primary data and secondary data. The primary data in this research is in the form of data from interviews and secondary data in this research is accountability reports on the implementation of the Village Revenue and Expenditure Budget for the 2021 Fiscal Year. The data collection techniques used are observation, interviews and documentation.

2.2 Analysis Method

This research is a descriptive study with a qualitative and quantitative approach. The research location was carried out in Mokong Village, MoyoHulu District. The selection of research locations was based on considerations as regional representation. The data analysis used in this study is quantitative analysis, namely financial ratios. In addition, this research provides information about financial management which consists of planning, implementing, monitoring, accountability, and financial reporting as well as village government efforts or strategies in improving people's welfare.

3. RELUST AND DISCUSSION

3.1 Results of implementing 2021 village financial budget as Sample Data

Based on the results of research conducted in Mokong village, MoyoHulu sub-district regarding village financial management in improving community welfare, in this study the authors took data from the results of implementing the 2021 village financial budget as described below:

Table 1. Mokong Village Revenue and Expenditure Budget for Fiscal Year 2021
Sumber data di olah :Realisasi Anggaran Pendapatan dan Belanja Desa Mokong

URAIAN	SATUAN
PAD	Rp. 5.000.000,00
ADD	Rp. 527.548.300,00
DD	Rp. 892.521.000,00
PBH	Rp. 25.777.200,00
Pendapatan Desa	Rp. 1.450.846.500,00
Bidang Penyelenggaraan Pemerintah Desa	Rp. 655.213.674,24
1. Belanja siltap, tunjangan dan operasional pemerintah desa	Rp. 550.371.232,24
2. Penyediaan sarana dan prasarana pemerintah desa	
3. Pengelolaan administrasi kependudukan, pencatatan sipil, dan kearsipan	Rp. 31.056.042,00
4. Penyelenggaraan tata praja, pemerintahan, perencanaan, keuangan dan pelaporan	Rp. 3.755.600,00
	Rp. 67.129.100,00
5. Sub bidang pertahanan (pajak PBB-P2)	Rp. 2.901.700,00
Bidang Pelaksanaan pembangunan Desa	Rp. 327.248.875,00
1. Sub bidang pendidikan	Rp. 30.410.800,00
2. Sub bidang kesehatan	Rp. 152.536.075,00
3. Sub bidang pekerjaan umum dan penataan ruang	Rp. 17.860.000,00
– peningkatan jalan usaha tani peliuk babango	Rp. 5.300.000,00
– rehab jembatan jalan usaha tani peliuk kalimian	Rp. 38.700.000,00
– pembangunan penahan tebing lapangan dusun pelita	Rp. 7.380.000,00
– rehab pelat dwiker rt 001 rw 003 dusun mokong	Rp. 6.340.000,00
– pelat dwiker rt 002 rw 001 dusun mokong	
4. Sub bidang kawasan pemukiman	Rp. 47.436.000,00
– Kegiatan Tempat Pembangunan Sementara	Rp. 1.186.000,00
5. Sub bidang perhubungan komunikasi dan informatika	
6. Bidang pariwisata Desa	Rp. 20.100.000,00
Bidang Pembinaan Kemasyarakatan	Rp. 85.263.569,41
1. Sub bidang ketentraman, ketertiban umum	Rp. 6.336.000,00
2. Sub bidang pos siaga tingkat desa	
3. Sub bidang kebudayaan dan keagamaan	Rp. 54.940.000,00
4. Sub bidang kelembagaan masyarakat	Rp. 15.041.300,00
Bidang Pemberdayaan Masyarakat	Rp. 15.585.000,0
1. Sub bidang pertanian dan peternakan	
– kelompok ikan lele + sayur hydroponic	Rp. 10.510.000,00
– register ternak	Rp. 2.445.000,00
2. Sub bidang penyuluhan perlindungan anak	Rp. 2.610.000,00
Bidang Penanggulangan Bencana Darurat dan Mendesak	Rp. 341.022.325,00
1. Sub bidang penanggulangan bencana dan keadaan darurat	Rp. 9.822.325,00
2. Sub bidang keadaan mendesak	
	Rp. 331.200.000,00
Jumlah Belanja :Rp. 1.455.641.774,24	

Based on the table above, it shows that the village's total income is Rp. 1,450,846,500.00. The source of village income that makes a large contribution is the Village Fund of Rp. 892,521,000.00. After that, the village fund allocation is in second position after the village fund budget, which is IDR 577,548,300.00. While the rest comes from Village Original Revenue and Profit Sharing Tax. The lack of village original income is still a factor causing village progress in improving people's welfare. Compliance and awareness of taxpayers or fees is still low, village income administration is weak and the quality of village apparatus human resources. Therefore it is necessary to have a strategy in anticipating the lower PAD, including re-data collection of taxpayers, collaborating with the private sector in managing villages and making improvements to the management of local tax management. However, when viewed from the point of view of village expenditure posts, it is necessary to emphasize budget efficiency on matters that are village priorities. The total realization of village spending as a whole is Rp. 1,455,641,779.24. This illustrates that spending on implementing village development, which is a priority for community welfare, is still stable. The amount of Rp. 327,248,875.00 is budgeted for the education, health and community development posts. Meanwhile, spending on village administration is Rp. 655,213,674.24. The important role of the village government in creating jobs, guiding the community in developing the creativity of villagers which is useful for building businesses so as to improve the community's economy.

Table 2 Realization of Mokong Village Expenditures in 2021

No	Jenis Belanja	Jumlah Belanja Desa	
		Rupiah	Persentase (%)
1	Penyelenggaraan Pemerintahan	19.183.600,00	1,31
2	Pembangunan Fisik	472.202.500,00	32,43
3	Pembinaan Kemasyarakatan	25.847.500,00	1,77
4	Pemberdayaan Masyarakat	8.571.600,00	0,58
5	Total Belanja	1.455.641.774,24	100%

Table 2 shows that 1.31% of the field of village government administration contributed. The lack of support for performance facilities in the village is very limited, the role of village performance has not been maximized in absorbing the aspirations of the villagers. However, physical development of IDR 472,202,500.00 or 32.43% contributed the most to village development. Even though human resources are still low and knowledge and insight is still minimal, village officials are sufficient to participate in working together to build the village. However, there are some residents who are still less responsive and have little awareness of knowing the condition of village financial management. While the field of community empowerment and community development is 0.58% and 1.77% or IDR 8,571,600 and IDR 25,847,500.00

3.2 Financial Ratio Analysis

Village Financial Independence

$$\begin{aligned}
 \text{Original village income} &= 5,000,000 \\
 \text{Transfer income} &= 545,060,200.00 \\
 \text{Financial independence ratio [100\%]} &= \frac{PAD}{PTP} \times 100\% \\
 &= \frac{5,000,000}{545,060,200.00} \times 100\% = 9.17\% \text{ (very low)}
 \end{aligned}$$

Effectiveness Ratio

$$\begin{aligned}
 \text{Real village original income} &= 5,000,000 \\
 \text{Original village income budget} &= 5,000,000 \\
 &= \frac{5,000,000}{5,000,000} \times 100\% = 100\% \text{ (very effective)}
 \end{aligned}$$

Efficiency Ratio

$$\begin{aligned}
 \text{Realization of village spending} &= 145,564,1774.24 \\
 \text{Village income realization} &= 145,084,650.00 \\
 &= \frac{145,564,1774.24}{145,084,650.00} \times 100\% = 100.03\% \text{ (not efficient)}
 \end{aligned}$$

Ratio of Activity to Capital Expenditures

$$\begin{aligned} \text{Total capital expenditure} &= 30,860,000 \\ \text{Total village spending} &= 145,564,1774.24 \\ &= \frac{30,860,000}{145,564,1774.24} \times 100 \% = 4.4 \% \text{ (not good)} \end{aligned}$$

Ratio of Activity to Spending on Goods and Services

$$\begin{aligned} \text{Total spending} &= 934,605,200 \\ \text{Expenditure on goods and services} &= 208,276,700 \\ &= \frac{208,276,700}{934,605,200} \times 100 \% = 0.22 \text{ (very low)} \end{aligned}$$

Based on the financial ratio analysis above, it shows that the financial performance of the Mokong village government, MoyoHulu sub-district for the 2021 fiscal year based on the regional independence ratio is 9.17% or very low criteria. This shows that the village government is still very dependent on financial assistance from the central and regional governments in financing the activities of organizing, developing and empowering the community. This very low regional independence occurs because the village's original income is very low at IDR 5,000,000, compared to transfer income. Meanwhile, the financial performance of the Moyo village government, when viewed from the effectiveness ratio and efficiency ratio, is in the very effective category of 100%, meaning that the village government has been able to realize the village's original income beyond what was budgeted, while in terms of efficiency, it is in the inefficient criteria, meaning that the village government supports realizing the budgeted income or the village government incurs very large village costs or expenditures. That is equal to 100.03%. It is said to be efficient if the efficiency ratio is less than 80%. on the other hand, when viewed from the activity ratio on capital expenditure and goods and services expenditure, namely the capital expenditure ratio, which is in the unfavorable category of 4.4%. This means that the village government of Mokong has not paid maximum attention to the use of funds for village development. Meanwhile, in terms of spending on goods and services, it was in the very low category, or 0.22%. This shows that the government's need to run the wheels of government in carrying out development is still low. Therefore it is necessary to increase the participation of MSMEs and increase the use of other products in advancing the village.

3.3 DISCUSSION

The implementation of financial management in Mokong Village, MoyoHulu District, is still not optimal. At the planning stage, there is still weak planning capacity at the village level so that information on village fund allocations is not fully conveyed due to lack of mature planning, the community thinks that village finances are only intended for village officials. Planning for ADD for Mokong Village for the 2021 fiscal year has become a priority in village infrastructure development. However, when viewed in terms of budget efficiency, there has been an excess of village spending, this is due to a lack of good planning in determining the amount of the budgeted income to be received and the allocation of the amount of village spending.

The programs that have been planned are clean water procurement, sports facilities, construction of irrigation canals, construction of settlement roads, and empowerment of cattle breeds. What has not been planned is the Direct Cash Assistance (BLT) program. The results of the development are in the form of physical construction of mosques, provision of clean water, provision of sports facilities, construction of irrigation canals, and construction of local residents' settlement roads. Village assets are in the form of service motorbikes and laptops. The results of development are in the form of non-physical villages, one of which is in the livestock sector, namely empowering cattle breeds, and Direct Cash Assistance (BLT). Mokong village activity program planning has been prepared through village development forums. The importance of careful planning and assessment in the financial management process is to anticipate obstacles in village management.

Financial management must be based on development growth. Village money is given to carry out development in the form of community supporting facilities and infrastructure, with 30% of the funds used for village administration. In carrying out the program, of course, it cannot be separated from the finances or available funds. The fact that occurs in the field is that the lack of facilities or infrastructure in Mokong Village is not in accordance with village expenditures. Not yet fully evenly implementing coordination and

cooperation with related agencies in order to determine optimal financial management. Sometimes in the implementation of preparing the budget, we do not understand the financial statements properly. Accumulation of work in the village so that errors often occur in reporting the results of activities, some people do not understand the benefits of managing village finances.

At the monitoring stage, the management of funds in Mokong Village is still well organized. Already have a deliberation facilitation team with village officials, village leaders and the community in providing information related to village financial management. Oversight relies more on regular procedures with priority only on the role of the Village Consultative Body (BPD). Even so, it is necessary to add personnel, namely to form independent supervisors to oversee village financial management with the aim of avoiding misuse of financial management by the implementing party managing village finances.

Absolute transparency is carried out by the village government so that public trust and citizens will use village finances. The importance of making good and correct accountability reports as material for evaluating the entire process of implementing activities that have been running. So that the results of this evaluation will be used as material for consideration to make improvements or increase the quality of village management activities in the future. The village government of Mokong, although sometimes late in reporting village financial reports, still continues to improve in improving the quality of human resources, especially the village treasurer, to socialize and work together with accountants to prepare village financial reports appropriately. As accountability to the public, the village government has utilized technology by reporting village income and village spending in a transparent and open manner through social media.

Therefore, the management of village financial management needs to be properly implemented to advance the village. Because villages are sometimes difficult to develop, for example due to the low level of education and human resource skills, lack of jobs, undeveloped local economic potential, lack of village community training, lack of technological facilities and infrastructure and minimal formation of BumDesin improving people's lives. Thus, it is necessary to have a strategy as a tool used to reach the long term in order to advance the village for the better. The strategies in an effort to improve the welfare of rural communities through managing village finances include the following:

1. Making aid funds effective in order to boost the economy and utilize potential human resources
2. Increasing access to good cooperation between the central government and the village government
3. Encouraging the growth of local products as centers of new economic activity
4. The strategy for developing facilities and infrastructure in villages and community empowerment programs
5. Strategies to improve the quality of human resources and increase community participation in development
6. Utilization of government facilities in the form of guidelines for implementing village funds.

The involvement of the community as the main subject of development is a manifestation of awareness and concern as well as community responsibility for the importance of development which aims to improve the quality of life of the community, the community as the key to determining the success of the village. [6]. The importance of improving infrastructure and improving the human resources of village officials so that they can achieve the goals of the community's standard of living, involve the community in development and the government's role as a facilitator in terms of funding. Community development in developing the knowledge and skills of villagers so that they are more efficient starting from introducing, repairing, growing, and increasing community awareness to be better at encouraging village progress is aimed at improving the quality of life of the community.

4. CONCLUSION

Based on the results of the analysis and discussion of the research that the authors found, it can be concluded that the performance of village financial management in terms of financial ratios is that village financial independence is still low, although the level of effectiveness is classified as very effective but budget inefficiencies occur in village finances, and the ratio of activity to capital expenditure is classified as very low and spending on goods and services is classified as unfavorable. Meanwhile, seen from the management of village financial management, starting from planning, implementing, monitoring, and accountability and reporting, it is still being improved optimally so that village progress is better than before. The importance of the village government in implementing and developing strategies to encourage villages to become more independent, participatory and efficient for this purpose, increasing community capacity, making the function and role of local government effective, developing partnership networks and

increasing the quality and quantity of basic social and economic infrastructure facilities for the village community. continuously developed and developed.

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