

## **Analysis of the Implementation of Village Fund Financial Accounting: Case Study in Semutan Village**

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### **ABSTRACT**

*This research aims to analyze the implementation of Village Fund financial accounting in Semutan Village, with a focus on compliance with applicable regulations, effectiveness of recording, and transparency and accountability in Village Fund management. The research method used is a case study with a descriptive qualitative approach. Data was collected through interviews, observation, and analysis of village financial documents. The research results show that the implementation of Village Fund financial accounting in Semutan Village is by applicable regulations, but there are still several obstacles in terms of financial reporting and village officials' understanding of accounting concepts. Nevertheless, this village has demonstrated significant efforts to increase transparency and accountability through more open reporting to the community. The implication of this research is the importance of increasing human resource capacity at the village level through ongoing training and mentoring and developing a better accounting system. simple and easy to understand. In this way, it is hoped that Village Fund management will be more effective and accountable, which will ultimately support sustainable village development.*

**Keywords:** *Financial Accounting, Village Funds, Transparency, Accountability, Semutan Village*

### **Introduction**

The Indonesian government has implemented the Village Fund program since 2015 as an effort to accelerate development at the village level. This program aims to improve the welfare of village communities through infrastructure development, improving public services, and empowering the local economy. Village Funds are an important instrument in implementing village autonomy, where the village government has full authority in planning, implementing, and being accountable for the use of these funds.

However, Village Fund management often faces various challenges, especially those related to financial accounting. Financial management that is not transparent, village officials' low understanding of accounting principles, and lack of effective supervision can lead to misuse of funds and reduce community trust in village government. Therefore, implementing good financial accounting is the key to ensuring that Village Funds are used according to their intended purpose and can be accounted for in a transparent and accountable manner.

Semutan Village, as one of the Village Fund recipient villages, faces similar challenges in managing its finances. Even though there are various regulations governing the use of Village Funds, in practice there are still obstacles found in implementing financial accounting in accordance with established standards. This encourages the need for an in-depth analysis of the implementation of financial accounting in Semutan Village to identify existing obstacles and find solutions that can increase transparency and accountability in Village Fund management.

This research aims to analyze the implementation of Village Fund financial accounting in Semutan Village, with a focus on compliance with applicable regulations, effectiveness of recording, and transparency and accountability in Village Fund management. Through this research, it is hoped that it can contribute to efforts to improve the financial accounting system at the village level and support more sustainable development.

### **Library Review**

Village Funds are budget allocations given by the central government to each village in Indonesia as part of efforts to increase village development. According to Law Number 6 of 2014 concerning Villages, Village Funds aim to finance village development and community empowerment. Village Fund management must be carried out transparently, accountably, participatively, and in accordance with applicable laws and regulations. In its implementation, Village Fund management includes several important stages, namely planning, implementation, administration, reporting and accountability.

Financial accounting in village government functions to record and report all financial transactions that occur in the context of managing Village Funds. Based on Minister of Home Affairs Regulation Number 113 of 2014 concerning Village Financial Management, village financial accounting must be carried out systematically and follow basic accounting principles, such as reliability, and relevance, and can be understood by interested parties. However, in practice, many villages still face difficulties in implementing accounting systems that comply with standards, especially due to the limited understanding of village officials regarding accounting concepts and practices.

Transparency and accountability are the two main pillars in managing public finances, including Village Funds. Transparency refers to the openness of information regarding financial management to the community, while accountability refers to the village government's ability to account for the use of Village Funds. Research by Alimuddin and Zaini (2020) shows that increasing transparency and accountability in village financial management can reduce the risk of corruption and increase public trust in village government. However, the main challenge faced is how to ensure that financial information is conveyed clearly and on time, and how village officials can be accountable for the proper use of funds.

Research by Setiawan and Putri (2019) revealed that one of the main obstacles in implementing financial accounting in villages is the low capacity of human

resources, especially in terms of accounting knowledge. Village officials often do not have an adequate educational background in accounting, so they experience difficulties in recording and reporting financial transactions accurately. Apart from that, another influencing factor is the limited information technology infrastructure that can support the implementation of financial accounting effectively. Therefore, intervention is needed in the form of training and mentoring to increase the capacity of village officials in implementing good financial accounting.

Several previous studies have conducted case studies related to Village Fund management in various regions in Indonesia. For example, research by Kusuma (2018) examined the implementation of financial accounting in a Village. Another study by Rahmawati (2021) on Village Y found that continuous training and education can improve the ability of village officials to manage Village Funds more effectively and efficiently.

## **Research Methods**

### **Research Approach**

This research uses a qualitative approach with a case study method. This approach was chosen because it allows researchers to conduct in-depth exploration of the implementation of Village Fund financial accounting in Semutan Village. Case studies are an effective method for understanding complex phenomena in real-life contexts, especially in the case of village financial management which involves various aspects, such as policies, reporting practices, and operational challenges.

### **Location and Research Subjects**

This research was carried out in Semutan Village, which is one of the Village Fund recipient villages in Grobogan Regency. The selection of Semutan Village as a research location was based on the consideration that this village has representative characteristics in terms of Village Fund management, as well as the existence of special challenges that are relevant to the research focus. Research subjects include village officials who are directly involved in managing Village Funds, such as the village head, village treasurer, and members of the Village Consultative Body (BPD).

### **Data Collection Techniques**

The data in this research was collected through several techniques, namely:

- a) In-depth Interview: Semi-structured interviews were conducted with village officials, including the village head, village treasurer, and BPD members, to gain an in-depth understanding of the process of implementing Village Fund financial accounting, the challenges faced, as well as their views regarding transparency and accountability in village financial management.
- b) Observation: Researchers made direct observations of the financial management process in Semutan Village, including recording, reporting, and monitoring mechanisms implemented. This observation was carried out

to understand in detail the practices that take place in the field and identify potential problems that were not revealed in the interviews.

- c) Documentation: Researchers collect and analyze documents related to Village Fund management, such as village financial reports, Village Revenue and Expenditure Budget Plans (APBDes), and accountability reports. This documentation is used to verify data from interviews and observations and to evaluate compliance with applicable regulations.

### **Data Analysis Techniques**

The data that has been collected is analyzed using the thematic analysis method. The analysis stages include data collection, data reduction, data presentation, and drawing conclusions. The analysis process begins by grouping data based on the main themes that emerge from the results of interviews, observations, and documentation. The data is then reduced to remove irrelevant information and focus on significant information. After that, the grouped data is presented in the form of a descriptive narrative, which is then used to draw conclusions and recommendations.

### **Data Validity**

To ensure the validity of the data, this research uses triangulation techniques, namely by comparing and verifying data obtained from various sources and methods, such as interviews, observation, and documentation. In addition, internal validity is maintained by double-checking the data that has been analyzed, as well as by asking for confirmation from informants regarding the correctness of the data interpretation.

### **Results and Discussion**

Results of Implementing Village Fund Financial Accounting in Semutan Village Based on the research results, the implementation of Village Fund financial accounting in Semutan Village has been carried out in accordance with applicable regulations, but with several important notes. The process of recording village finances includes making a Village Revenue and Expenditure Budget Plan (APBDes), disbursement of funds, and financial reporting. In general, Semutan Village has followed the format and procedures regulated in Minister of Home Affairs Regulation Number 113 of 2014 concerning Village Financial Management. However, it was found that village officials' understanding of basic accounting principles was still limited. This causes inaccuracies in recording several financial transactions, especially in terms of budget classification and recording capital expenditure. Apart from that, the lack of training and assistance in the field of accounting is one of the factors that influences the effectiveness of implementing financial accounting in Semutan Village.

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

The results of observations and interviews show that transparency and accountability in the management of Village Funds in Semutan Village still need to be improved. Although village officials attempt to convey financial reports to the community through village meetings, this process is not yet fully effective. Several village residents stated that they still had difficulty understanding the financial reports presented, thereby reducing the level of community participation in monitoring Village Fund management.

In addition, even though financial reports are prepared in accordance with regulations, the reporting tends to be late and is not always submitted to interested parties on time. This has the potential to reduce accountability in Village Fund management and can reduce community trust in the village government.

**Obstacles in Implementing Financial Accounting in Semutan Village** One of the main obstacles found in implementing financial accounting in Semutan Village is limited human resources. Village officials, especially those responsible for financial recording and reporting, do not have adequate educational background in accounting. Even though there has been training from the local government, the material presented is often too technical and difficult to understand, so it is not fully applied in daily practice.

Apart from that, inadequate information technology infrastructure is also an obstacle. Semutan Village still uses manual methods in financial recording, which increases the risk of errors and slows down the reporting process. The absence of an integrated accounting information system makes the process of tracking and verifying financial data more difficult and vulnerable to manipulation.

## **Discussion**

Based on the findings above, it can be concluded that although Semutan Village has tried to implement financial accounting in accordance with regulations, there are still various obstacles that affect the effectiveness and efficiency of Village Fund management. The importance of a better understanding of accounting and the application of technology in village financial management cannot be ignored. More practical and in-depth training, as well as ongoing mentoring, are needed to increase the capacity of human resources in villages.

In addition, greater efforts are needed to increase transparency and accountability in the management of Village Funds. Preparing financial reports that are simpler and easier for the public to understand, as well as using information technology that can support real-time reporting, can be a solution to overcome this problem. Implementing a village accounting information system that is integrated with local government can also help increase efficiency and reduce errors in financial management.

Overall, this research shows that although there has been progress in implementing Village Fund financial accounting in Semutan Village, there is still room for significant improvement. Appropriate steps in increasing capacity and using technology can help Semutan Village, and other villages, manage Village Funds better and more accountable.

## **Conclusion**

This research aims to analyze the implementation of Village Fund financial accounting in Semutan Village. Based on the research results, it can be concluded that the implementation of financial accounting in Semutan Village has followed the applicable regulations, however, there are still several obstacles that hinder the effectiveness and efficiency of Village Fund management. The main obstacles found include village officials' limited understanding of accounting principles, limited competent human resources, and inadequate information technology infrastructure.

Transparency and accountability in the management of Village Funds in Semutan Village also still need to be improved. Although this village has attempted to convey financial reports to the community, these reports are often not easily understood by village residents, and the process tends to be delayed. This shows the need to improve the quality of reporting and community participation in monitoring Village Fund management. Overall, this research shows that the implementation of Village Fund financial accounting in Semutan Village requires continuous improvement, especially in terms of increasing human resource capacity and using more sophisticated information technology to support more effective and accountable financial management.

## **Suggestion**

### **1. Increasing Human Resources Capacity**

Regional governments and related parties should provide more practical and sustainable training and assistance for village officials, especially those responsible for financial management. This training needs to focus on improving basic understanding of accounting and accounting practices that are appropriate to village needs so that village officials can be more competent in carrying out financial recording and reporting.

### **2. Development of Accounting Information Systems**

Semutan Village needs to consider developing and implementing an accounting information system that is integrated with local government. The use of more sophisticated information technology can help increase recording efficiency, speed up the reporting process, and minimize the risk of errors or manipulation of financial data. This system should also be designed to be easily accessed and understood by the public, in order to increase transparency and public participation.

### **3. Increased Transparency and Accountability**

To increase transparency and accountability, villages can adopt a financial reporting format that is simpler and easier for the community to understand. Apart from that, villages also need to hold regular outreach to residents regarding the use of Village Funds and the importance of community participation in monitoring financial management. This step will help

increase community trust in the village government and encourage better management of Village Funds.

4. Continuous Monitoring and Evaluation

The regional government needs to increase monitoring and evaluation of the management of Village Funds in Semutan Village on a regular basis. This evaluation aims to identify problems that arise and provide timely solutions, as well as ensuring that the village remains compliant with applicable regulations. With stricter supervision, it is hoped that the implementation of financial accounting in villages can run more effectively and accountably.

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