Analysis of Transparency and Effectiveness of Village Fund Management: a Case Study in Kubucolia Village, Berastagi

Reza Fernanda, Fitri Yani Panggabean, Oktarini Khamilah Siregar

Abstract

This study aims to analyze the level of transparency and effectiveness in the management of village funds in Kubucolia Village, Berastagi District. Village funds serve as a crucial instrument to support rural development and community empowerment. However, the effectiveness of their utilization largely depends on how transparently and accountably the funds are managed. This research employs a qualitative approach using a case study method. Data collection techniques include in-depth interviews with village officials, direct observation of fund management processes, and documentation of financial reports. The findings indicate that although efforts have been made to implement transparency principles through public reporting and village deliberations, there are still obstacles in information dissemination to the community and in the financial management competencies of village officials. Furthermore, the effectiveness of village fund utilization has not been fully achieved, as several programs do not align with the actual priorities of the community. This study recommends enhancing the capacity of village officials, strengthening community involvement in oversight, and utilizing information technology to support data transparency.

Keywords: Transparency, Effectiveness, Village Fund Management, Case Study, Community Participation.

Reza Fernanda[1]
[1]Bachelor of Accounting, Universitas Pembangunan Panca Budi, Indonesia e-mail: rezafernandaginting8@gmail.com[1]

Fitri Yani Panggabean[2], Oktarini Khamilah Siregar[3]
[2,3]Master of Accounting, Universitas Pembangunan Panca Budi, Indonesia
e-mail: fitriyani@dosen.pancabudi.ac.id[2] , oktarinikhamilah@dosen.pancabudi.ac.id[3]
2nd International Conference on Islamic Community Studies (ICICS)
Theme: History of Malay Civilisation and Islamic Human Capacity and Halal Hub in the Globalization Era
https://proceeding.pancabudi.ac.id/index.php/ICIE/index

Introduction

According to the Republic of Indonesia Minister of Home Affairs Regulation Number 114 of 2014 Chapter 1 (Article 1, paragraph 1), a Village is a custom or what is called by another name, then a Village is a legal community unit that has territorial boundaries and has the authority to regulate and manage Government affairs, the interests of local communities based on community initiatives, rights of origin, and/or traditional rights that are recognized and respected in the Government system of the Unitary State of the Republic of Indonesia (Ramadhan, Fitri, Nia., 2023). Accountability for public funds collected by local governments requires reporting, not only verbally but also in written form. Presenting financial reports is one form of written accountability for achieved financial performance (Panggabean, 2019).

In the era of fiscal decentralization, granting regional governments the authority to manage their own affairs is expected to support improved services in various sectors, particularly the public sector (Siregar and Ginting, 2017). The role of regional governments in financial management is crucial for the success of economic growth in a region. Therefore, evaluating the Regional Revenue and Expenditure Budget Realization Report is essential for measuring the financial performance of regional governments each period, thus encouraging them to improve their performance in the following year. (Siregar and Rioni, 2018).

Public sector reform also means regional financial reform. The implementation of regional financial reform will also impact budget reform, which encompasses the process of budget preparation, approval, and accountability (Siregar and Panggabean, 2021). Village financial management is a crucial aspect in realizing sustainable development at the local level. Through Law Number 23 of 2014 concerning Regional Government, the central government gives authority to regions to regulate and manage government affairs themselves in the context of implementing regional autonomy. One concrete form of implementing regional autonomy is village financial management, which aims to improve community welfare through development in Paya Geli village. Village autonomy provides an opportunity for villages to manage financial resources independently, in accordance with local needs and potential, as well as increasing community participation in development. Dethan, M. A. (2019).

Kubucolia Village, located in Berastagi District, Karo Regency, is one of the villages that receives Village Fund allocations every year. Like other villages, the Village Fund in Kubucolia is directed to finance various physical development activities and community empowerment. However, in implementation, there are still various challenges, especially those related to the transparency and effectiveness of fund management.

Transparency in the management of Village Funds is very important to create public trust, encourage community participation, and prevent irregularities and corruption. On the other hand, the effectiveness of Village Fund management is closely related to the extent to which the programs and activities implemented are able to achieve planned development goals and provide real benefits for village communities.

The problem that often arises is the lack of access to information for the community regarding the allocation, use and results of activities funded by the Village Fund. Apart from that, the lack of community participation in the planning and monitoring process and the low capacity of village officials in financial management are also obstacles. Based on this background, this research was conducted to analyze the level of transparency and effectiveness of Village Fund management in Kubucolia Village. Through this study, it is hoped that a clearer picture can be obtained regarding Village Fund management practices at the local level, as well as providing recommendations for future improvements.

Literature Review Village Fund

Village Funds are a strategic fiscal policy instrument in encouraging development at the village level. Formally, Village Funds are defined as funds originating from the State Revenue

and Expenditure Budget (APBN) which are allocated through the Regency/City Regional Revenue and Expenditure Budget to finance government administration, implementation of development, community development and empowerment of village communities (Law No. 6 of 2014) concerning Villages.

Transparency in Village Financial Management

According to (Nurhasanah, 2021), transparency can increase community participation and prevent abuse of authority. There are three main indicators of transparency in village financial management, namely information openness, accessibility and accountability (Saragih et al., 2023).

Theory of Village Fund Management Effectiveness

Theoretically, effectiveness is defined as the level of achievement of program goals or targets based on predetermined indicators (Oktavia et al., 2016). According to (Oktavia et al., 2016) effectiveness must include three main dimensions: output (immediate results), outcome (medium-term impact), and impact (long-term change).

Village Financial Management Accountability Theory

Accountability is a key concept in public financial management. In the context of Village Funds, accountability is defined as the village government's obligation to account for the management of funds to the community and the authorities.

Theory of Community Participation in Village Fund Management

According to (Nanda et al., 2019), in the context of Sasakpanjang Village APBD planning, using Arnstein's Ladder of Participation framework, and shows that even though residents participate, this participation is still limited to the level of tokenism, not yet reaching full control. Meanwhile, (Santoso & Moenek, 2018) in a study of social forestry in Sanggau used the same scheme and found that community participation had reached the level of delegated power, namely that the community had a role in making program decisions.

Research Methodology

This research uses a descriptive qualitative approach to gain a deep understanding of the implementation of transparency and the effectiveness of Village Fund management in Kubucolia Village, Berastagi District, Karo Regency. This approach is considered most appropriate because the issues studied involve processes, behaviors, perceptions, and social dynamics that cannot be measured solely with numbers or statistics (Creswell, 2014).

This research is an intrinsic case study, conducted because the case itself is interesting to study, not simply as a representation of other cases. The focus is on a single village location, and the results are not intended to be generalized, but rather to comprehensively describe the reality on the ground.

Conceptual Framework

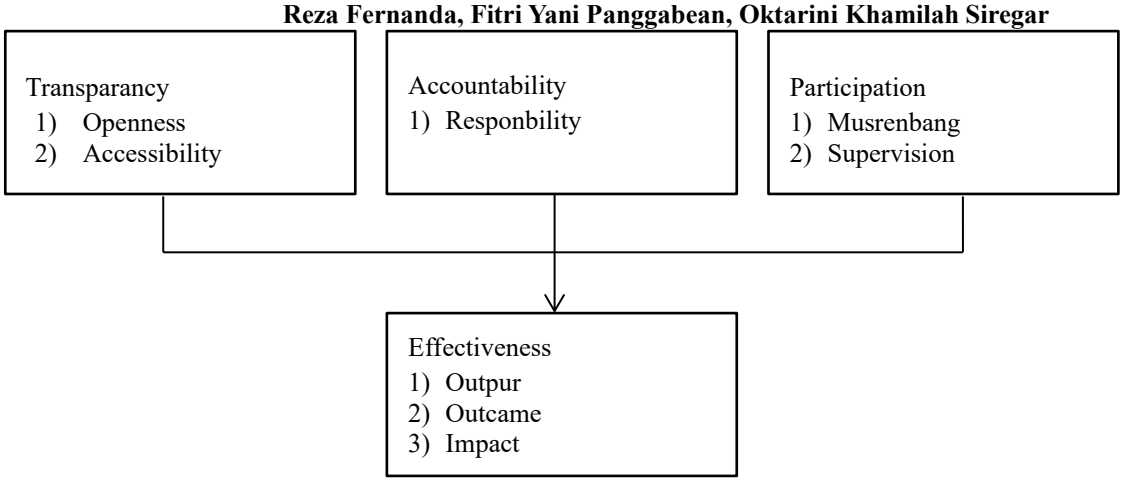


Figure 1. Conceptual Framework

Results

The data in this research was obtained through a combination of three main methods, namely in-depth interviews with 10 key informants, direct observation in the field, and analysis of official documents related to Village Fund management. This data triangulation approach was carried out to ensure the validity and validity of the findings. The following is a summary of the data that has been collected and analyzed, which is the basis for further discussion.
Summary data as follows:

1. Transparency:

The results of interviews and observations show that the level of transparency in Village Fund management in Kubucolia Village still has room for improvement. Even though the village government has made efforts, implementation in the field has not been fully optimal.

a. The majority, namely 70% of citizen informants, stated that they were aware of the existence of the Village Fund. This shows that basic information has been conveyed. However, this knowledge is general. When asked in more detail, only 40% of them understood the details of how funds were used, such as allocations for each program or budget details. This indicates that there is an information gap between the village government and the community, where the information provided is one-way and lacks depth.
b. Information Media: Direct observation shows that APBDes information and realization reports are generally displayed on notice boards at village offices or other strategic places. However, these boards are often not updated regularly or the information is not presented in a format that is easy for everyone to understand. As a result, people who do not frequently interact with the village office become less informed.

2. Effectiveness:

In terms of effectiveness, research findings show a positive picture, although there are several challenges.

a. Program Suitability: The majority of informants, namely 80%, considered that the activities funded by the Village Fund were right on target and in line with the real needs of residents. This assessment is based on the results of the Village Conference (Musdes) which prioritizes proposals from the community, such as building roads, irrigation channels and empowerment programs. This proves that a participatory planning process has a significant impact on program relevance.
b. Monitoring Barriers: However, there are obstacles in monitoring post-implementation activities, especially in empowerment activities. For example, after MSME training is completed, there is no clear system to monitor whether the participants actually

started or developed their businesses. This makes it difficult to measure the long-term outcomes of the program, and creates a gap in measuring overall effectiveness, especially in the dimensions of outcome and impact.

However, there are obstacles in monitoring post-implementation activities, especially empowerment activities.

Analysis and Evaluation

From the research results, it can be analyzed that:

1. Transparency in Kubucolia Village has begun to take shape, but is not yet optimal. Limitations in disseminating information and low public literacy are the main obstacles. For example, information boards are often not updated and residents rarely attend Musdes because they do not feel actively invited.
2. The effectiveness of village fund utilization is relatively good. Most infrastructure projects were completed on time and provided tangible benefits.

However, empowerment activities such as MSME training have not produced sustainable impacts because they are not accompanied by post-training mentoring.

Hypothesis Testing

The hypothesis testing in this study was conducted using a qualitative approach, namely by analyzing the correspondence between the data found in the field and the initial assumptions (hypotheses) that had been formulated. This process not only confirmed or rejected the hypotheses but also provided an in-depth understanding of the dynamics of Village Fund management in Kubucolia Village.

Hypothesis 1: Transparency in Village Fund management has a positive impact on program effectiveness.

It was found that the level of transparency in Village Fund management in Kubucolia Village is still low.

This hypothesis is accepted because field findings strongly support this assumption. Although the village government has provided basic information regarding the Village Fund, the community's understanding and access to detailed budget usage remains very limited. This is evident in the fact that only 40% of residents understand the details of the fund's use, while the majority are only aware of its existence. Furthermore, limited community participation during the planning stage indicates a gap in transparency. Communities that are not involved from the start tend to lack a sense of ownership and control over the program. This lack of transparency, in line with existing theory, has the potential to hinder effectiveness because the community cannot provide optimal oversight.

Hypothesis 2: Village government accountability has a positive effect on program effectiveness.

Village government accountability was found to be ineffective. This hypothesis is partially accepted because the findings reveal a complex picture. On the one hand, physical development projects (such as roads and irrigation) have demonstrated high effectiveness, indicating a relatively robust accountability process for these projects. However, on the other hand, empowerment programs have not yet demonstrated optimal results, particularly in terms of post-implementation monitoring. This indicates weaknesses in accountability mechanisms, particularly in measuring outcomes and impact. Village governments may have well-organized reports for outputs (program completion), but lack an adequate system for measuring long-term impact.

Hypothesis 3: Community participation has a positive effect on program effectiveness.

It was found that community participation still needs to be improved. This hypothesis is accepted with caveats. Research shows that community participation in Kubucolia Village does contribute to program effectiveness, particularly in terms of relevance (80% of activities were deemed on target). However, this participation is more focused on the planning stage (Musdes)

and is not optimal in the monitoring and evaluation stages. If community participation can be increased throughout the Village Fund management cycle, program effectiveness, particularly in terms of monitoring and sustainability, could significantly improve.

Thus, this qualitative hypothesis testing not only provides a yes or no answer but also explains why and how these three variables interact and influence the effectiveness of Village Fund management in Kubucolia Village. These results provide a strong basis for formulating relevant, evidence-based recommendations

Conclusion

Based on the results of the research conducted on the transparency and effectiveness of Village Fund management in Kubucolia Village, Berastagi District, several key conclusions can be drawn that directly address the proposed problem formulation.

1. **Level of Transparency**

   The level of transparency in Village Fund management in Kubucolia Village is still in its early stages and is not yet fully optimal. Although the village government has made efforts to provide information, such as by posting the Village Budget (APBDes) on the notice board, community access to and understanding of the details of fund usage remains very limited. This indicates a gap between information availability and accessibility and usability. This conclusion is consistent with the finding that only a small proportion of residents understand the details of how village funds are allocated and used.

2. **Management Effectiveness**

   The effectiveness of Village Fund management in Kubucolia Village shows varying results. Physical development programs, such as roads and irrigation, are considered highly effective because the results are tangible and directly meet community needs. However, the effectiveness of empowerment programs remains suboptimal, particularly in terms of post-implementation monitoring and evaluation. This indicates that although program outputs are achieved, measuring long-term outcomes and impact remains a challenge. This uneven effectiveness indicates that the management system needs improvement, particularly in dimensions beyond mere physical implementation.

3. **Inhibiting and Supporting Factors**

   Several factors influence the management of Village Funds in Kubucolia Village. The main supporting factor is the high level of community participation during the planning stage, which ensures that the programs implemented are relevant to the village's needs. However, a significant inhibiting factor is the limited human resource capacity of village officials in reporting and using information technology for transparency. Furthermore, the lack of a structured monitoring and evaluation system after program implementation hinders the overall measurement of effectiveness.

Overall, this study concludes that Village Fund management in Kubucolia Village has shown progress, but still requires significant improvements in transparency and accountability. These improvements will be key to achieving greater and more sustainable effectiveness and building stronger public trust.

References

[1] Dethan, M. A. (2019). Efektivitas Pengelolaan Alokasi Dana Desa (ADD): SuatuPendekatan Teoritis. Jurnal Akuntansi: Transparansi dan Akuntabilitas, 7(1), 15–19.

[2] Gunawan, A. (2023). Pengaruh Partisipasi Masyarakat Terhadap Transparansi Pengelolaan Anggaran Pendapatan dan Belanja Desa (APBDesa). Jurnal Ilmu Manajemen Retail (JIMAT), 4(2).

[3] Nanda, L. D., Tan, F., & Noer, M. (2019). Tingkat Partisipasi Masyarakat Dalam Program Penyelamatan dan Pengelolaan Lingkungan Berkelanjutan Danau Maninjau. Jurnal

Kebijakan Sosial Ekonomi Kelautan dan Perikanan, 8(2). https://doi.org/10.15578/jksekp.v8i2.7432

[4] Nurhasanah. (2021). Pengaruh Partisipasi Masyarakat, Transparansi, Komitmen, Kompetensi, serta Spiritual terhadap Keberhasilan Pengelolaan Dana Desa. Journal of Education, Humaniora and Social Sciences (JEHSS), 4.

[5] Oktavia, G., Purnaweni, H., & Rengga, A. (2016). Evaluasi Output dan Outcome pada Program Jaminan Kesehatan Masyarakat Kota (JAMKESMASKOT) di Kota Semarang. Jurnal Sosial Politik. http://www.fisip.undip.ac.id

[6] Panggabean, Fitri Yani (2019) Kinerja Laporan Keuangan Pemerintah Daerah Kabupaten dan Kota Di Sumatera Utara Berdasarkan Opini Audit. Jurnal Akuntansi dan Bisnis: Jurnal Program Studi Akuntansi, 5(2): 151- 159 Rahayu, R. (2021)

[7] Implementasi Akuntabilitas Pengelolaan Dana Desa dan Dampaknya Terhadap Partisipasi Masyarakat. Jurnal Akuntansi.

[8] Ramadhan, P. R., Panggabean, F. Y., & Nia P. L. (2023). Paradoks Modernisasi Vis A Vis Dehumanisasi Dalam Pengelolaan Keuangan Desa. Seminar of Social Sciences Engineering & Humaniora, SCENARIO 2023.

[9] Santoso, E. B., & Moenek, R. (2018). Partisipasi Masyarakat Dalam Pembangunan Di Kota Balikpapan. Jurnal Ilmu Politik, 8(2).

[10] Siregar, Oktarini Khamilah & Ginting, Routh Jubelia (2017). Analisis Silpa Apbd Dan Arus Kas Dalam Penggunaan Belanja Modal Di Pemerintah Kabupaten Karo. Jurnal Akuntansi Bisnis dan Publik.

[11] Siregar, Oktarini Khamilah & Rioni, Yunita Sari (2018). Pengukuran Kinerja Keuangan Daerah dan Pertumbuhan Ekonomi Berbasis Rasio Pemerintah Kota Medan. Jurnal Akuntansi Bisnis dan Publik.

[12] Siregar, Oktarini Khamilah & Panggabean, Fitri Yani (2021). Analisis Kinerja Keuangan Daerah Berbasis Rasio Dan Pertumbuhan Ekonomi Pada Pemerintah Kabupaten Dan Kota Sumatera Utara (Studi Kasus Mebidangrokat). NUSANTARA: Jurnal Ilmu Pengetahuan Sosial.

[13] Saragih, M. A. J., Sari, E. N., & Irfan. (2023). Konstruksi Transparansi, Akuntabilitas, dan Partisipasi Anggaran dalam Mendorong Pengelolaan Keuangan Desa yang Baik. Jurnal Akuntansi dan Keuangan, 3(3).

[14] Sutaryo, S., & Tri Amanu, K. (2020). Transparansi Informasi Pemerintah Daerah Melalui Website: Faktor Politik Atau Keuangan? Media Riset Akuntansi, Auditing & Informasi, 20(1), 43.