

Village Finance System (SISKEUDES): Transparency of Village Asset Management toward Open Government Partnership

1st Fitrotun Niswah
*Department of Public Administration
 Faculty of Social Sciences and Law
 Universitas Negeri Surabaya
 Surabaya, Indonesia
 fitrotunniswah@unesa.ac.id*

2nd Goinpeace Handerson Tumbel
*Department of Public Administration
 Faculty of Social Science
 State University of Manado
 Manado, Indonesia
 tgoince@yaho.com*

3rd Aslinda
*Department of Public Administration
 Faculty of Social Science
 State University of Makassar
 Makassar, Indonesia
 aslindah@unm.ac.id*

Abstract—The logical consequence of the concept of regional autonomy is the presence of fiscal decentralization. The independence of rural communities in the formulation of programs for the administration of governance and development at the village level becomes the space of urgency of village financial management, because substantially, through the enormous financial support Central Government, Provincial Government and Regency / City Government, the village is required to be able to organize governance and development implementation properly and correctly. Furthermore, increasing public demand for good governance has encouraged the central government and regional governments to implement public accountability. Krina describes accountability as a principle that guarantees that every administration activity can be accounted openly by the perpetrator to those affected by the implementation of the policy. Based on the problem, the paper builds on literature reviews covering various dimensions of Open Government and its applicability to village finance to build the empirical evidence and the frameworks.

Keywords—*Transparency, Village Finance system, Open Government Partnership,*

I. INTRODUCTION

In the development of the village, government experienced changes in line with the change of law on local government in Indonesia[4]. The allocation of funds to the village which is so large, diverse number of reporting as well as the critical points in the management of village finances would require greater responsibility by village government officials. Therefore, the village government should be able to apply the principle of accountability in the financial management of the village, where all the end of village governance activities should be accountable to the villagers in accordance with the provisions of that materialized village governance Good (Good Village Governance).

The preparation of village financial statements still using a manual system that feared the absence of transparency in the financial statements. Information and communication technology has great potential to be utilized in government activities both at the top and bottom levels. By using

information and communication technology, at least it will make the service process participatory and interactive, rationalization process and bureaucratic structure, increase understanding and expectation from society, as well as international and global competition.

With the progress of information technology is expected to facilitate the making of financial statements. then the government took the initiative to create an application that can facilitate the preparation of financial statements, but because there is no regulation that regulates the application causes in each district/city the application has a different name.

Acceleration of the implementation of electronic governance as a whole becomes a very important and urgent plan. Moreover, the community has also received benefits, although it is still partial. The adoption of electronic governance has also been shown to increase transparency, accountability and participation. The reason will help the integration of systems and data from various branches of government, both at the center and in the regions and villages. If this can be done, then the data-information government will be accepted by a society in actual and intact so that public services will be more prime[3].

Sachs (2015) in the article "Data for Development" published in Project Syndicate believes that information technology has spawned a data revolution that is driving the revolution of sustainable development, which will accelerate the success of poverty alleviation, assist in the promotion of social inclusion and environmental protection[3].

Sachs invites us to see the changes. Currently, with GIS (Geographic Information Systems), we will be able to monitor in real time the development of local government even in remote and marginal areas. Information technology will provide governments with multiple capabilities in public service, combating corruption, reaching remote areas, and emergency services. In addition, the electronic government will also cut bureaucratic bureaucracies and energize the bureaucrats for agile and agile serving. It is indeed a very promising era for improving the quality of human life.

Cases of corruption that continue to hit local government led to the lack of public confidence in local government in the management of local finances. Disclosure of regional financial management information in the current digital era should be obtained by the community through the development of information technology to be accessible anywhere, anytime and for anyone. As a financial transparency effort at the regional level, local governments must commit not only to publish information and documents related to regional finances. The meaning of transparency of regional finance conducted through e-government certainly not only provides convenience for the public in obtaining information but also provides space for the community to participate in the process of supervision to the local government in the management of regional finances [5].

Attempts to dismiss the public service problems in Indonesia undertaken can begin to feel, many government institutions have begun in the center and in regions that have developed electronic governance so as to slightly heal citizens' wounds on the future gloom of governance electronically. Even some regions have become the "champions" of government administration electronically so it can be a good example for all of us. Local governments are developing web portals and applications of public services such as access to information on education, health, business, economy, traffic security, tourism, and so on. This practice has provided real benefits to the government and citizens.

II. RESEARCH METHODS

A. *Research Methodology*

This paper is a theoretical research paper. It builds on literature reviews covering various dimensions of OG and its applicability to village finance in developing countries. It also describes the networks and mechanisms of its adoption to suit the economic, capability and infrastructural facilities. The articles for this study were collected from Science direct, emerald insight and google scholar databases using a combination of "Open Government", "asset management" and "Village Finance" as keywords. After careful reading of the abstract, conclusion and the main body (when required), the pertinent papers were selected to build the empirical evidence and the frameworks.

B. *Overview Of Village Finance*

With the enactment of Law No. 6 of 2014 on the village, the village was given a great opportunity to take care of his own government system, including financial management, and conducting development to improve the welfare and quality of life of rural communities. The emergence of the enactment Law into a fresh wind for the construction of the village that existed in Indonesia but it also makes the village seems to elicit a dilemma because apparatus in the village should be able to set up and manage the finances of the village with good, if it is not above begging then reasonable only if there is ahead of the village is designated as a suspect because the village chief thought that the village Fund is money her personally so that activities that they do to the construction of the village report made in accordance with her wishes not be made based on the existing rules of the game[6].

Provision of funds to the village is so large, the number of diverse reporting and the existence of critical points in the management of village finances would require a great responsibility also by the Village Government Officials. Therefore, the Village Government should be able to apply the principle of accountability in the management of village finances, where all the end of village governance activities must be accountable to the village community in accordance with the provisions so as to achieve good village governance.

In addition to the Village Fund, in accordance with Law No. 6 of article 72 village, the village is also managing finances Revenue derived from the Village and other transfer income in the form of Village Allocation Fund (ADD); Part of the results of Taxes and Levies Regency / City; Budgets and Financial Assistance Provincial / District / City.

Besides the village government is expected to be more independent in managing government and various natural resources that are owned, including financial management and wealth belongs to the village.

So great a role accepted by the village, of course, accompanied by a big responsibility as well. Therefore, the village government should be able to apply the principles of transparency and accountability in financial management in view of the village, the village government is required to make some reports.

To be able to apply the principle of accountability, it takes a variety of resources and supporting facilities, including competent human resources and support facilities of information technology, is adequate and reliable.

However, from the inadequate condition of village human resources, many parties are concerned about the implementation of this Village Law. There are risks that must be anticipated to avoid what is feared.

In the digital era such as the current implementation of E-government into life for the transparency of public finance which is one of the spirits of the realization of good governance. Local financial management has indeed undergone various regulatory changes from time to time. The change is certainly a series of desires for local governments to create good governance. The success of a development in the region can not be separated from the aspects of regional financial management that must be managed with management information systems and open[5].

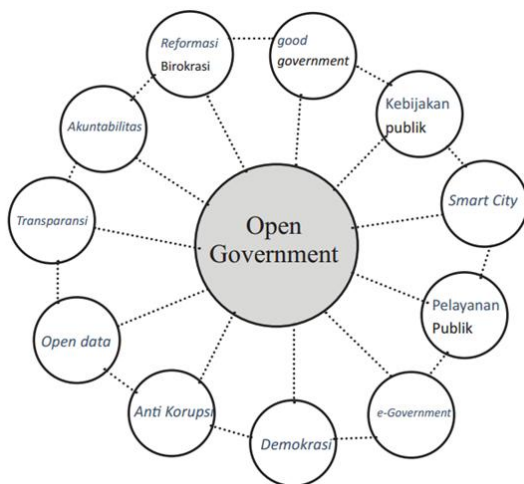
C. *Village Finance System (SISKEUDES) : Transparency of Village Asset Management Toward Open Government Partnership*

Declaring itself as one of the Open Governments in the world, the Government of Indonesia in recent years has carried out various openness initiatives to realize the real role of society in maintaining a transparent, accountable, responsive and clean government [7]. (OGD) is significant to the political, economic, social, and cultural development of a country [8]. The concept of Open Governments strengthens Community understand how the government works. With public involvement, the public can influence the way their government works by engaging in government policy processes and service delivery programs. Accountability

means that the community can ask the government to account for the performance of its policies and services.

The government is listening (listening government), either listening directly or with an intermediary of digital communication media. The government is willing to provide information and educate, namely informing all activities that have been, will and have been done, and not done, including the government's efforts in implementing the planned program are things that must be informed. Strong links with the people, namely regarding community participation in determining the direction of policies and programs. Protection of all levels of society, ranging from minorities, critics, even those that are contrary to government policy, the government must provide protection treatment. The following is a picture of the benefits of open government in village financial management:

Fig. 1.
Benefits of the Open Government Initiative



Source: opengovindonesia.org (2017)

Open government is based on a number of principles, such as transparency, participation and collaboration. By opening and expanding access to information about government (including reducing various bureaucratic processes in accessing information), the government will automatically be demanded to further improve the quality of public services as well as the quality of the information itself. We can feel the desire to realize one of them in the form of a system of financial management.

This can be realized with the concept of sustainable society can be applied to the awareness that meets the various needs of all "existing and future residents; contribute to a high quality of life "; and offer the ladder the right opportunities for household progress, either locally or through an external connection. They also limit external effects that are detrimental to the environment, society and the economy [9].

On behalf of the public, the government engages in the public financial activities, and manages public properties the called of Asset management. The public has property rights and interests and has the right to

know financial information, so government financial reports must establish an open and transparent financial information disclosure system. To enhance the transparency of government financial information, we should consider two aspects: First is the openness of the financial information. The government should disclose timely and reliable information to the public, so as to help inform users evaluate financial condition, results of operations activities, and the financial risk of the government. Another aspect is the clarity. Public disclosure itself does not necessarily lead to transparent, so government financial information should also be clear and easy to understand[2]. Asset management is a systemic approach to building, maintaining, and performing decommissioning of physical assets. Government's assets are economic resources owned and/or controlled by the government. These assets must be well managed, so they can benefit the government and society [7].

Data has the potential to transform the relationship between governmental agencies and their stakeholders. For example, open government data has been linked to the increase of public accountability by Cerrillo-i-Martínez, and Ponti and citizen collaboration as stated by Evans & Campos Meng, as well as the improvement of public services by Kaufman, Smith & Heath. Importantly, Stott mentioned that open government data also has been shown to foster private sector innovation. In spite of this, the issue of value creation in the commercial use of open government data remains, largely, an unclear topic as uttered by Zuiderwijk, Helbig, Gil-Garcia, & Janssen. Critics have drawn attention, for example, to the limited empirical data available by Cranefield, Robertson, & Oliver as well as to the lack of systematic and structured research by Zuiderwijk & Janssen, 2014[8].

What however is an enterprising village? Arguably, the only way to satisfactorily differentiate between an "enterprising" and a "non enterprising" village is to consider the drivers and barriers to enterprising behaviors which lead to the overall economic and social health of a village [9].

Sustainability is concerned with realistic social and economic activity. Sustainability involves understanding the role the wider institutional milieu of agencies, that contribute to the "localized innovation cluster system" such as legal, financial, social and behavioral aspects of businesses and communities; the vital ingredients which make rural economies enterprising[9].

Village financial management has to :

1. Ensure that all terms and policies in the implementation of Act Rural finance and rural development, in particular, can be performed well for the whole of government level
2. The village government can implement a financial management cycle accountable form of planning, implementation, administration, reporting, accountability and oversight,

Scope: The Financial policy and rural development and its implementation and the Rural Financial Management Process are:

- a. Planning:
 - 1) Alignment Planning in its RPJM and RKP Village with programs of the Central Government (Ministry / Agency), the Provincial Government and District / City
 - 2) Participation Rate BPD, Village Community Institutions, RW and RT.
 - 3) Quality RKP of the village
- b. Budgeting:
 - 1) Preparation of APBD
 - 2) Harmonization of the village chief and BPD
 - 3) Evaluation of APB village by the District
- c. Implementation:
 - 1) Procurement of Public Goods / Services
 - 2) Tax Obligations
 - 3) The authority of a large village chief
- d. Administration:
 - 1) Administration of bookkeeping
 - 2) How's lawyer-SPJ
 - 3) Registration of village wealth
 - 4) Concept Capital Expenditure and Expense Items still ambiguous
- e. Reporting and Accountability:
 - 1) The number of reports that have to be made
 - 2) Reporting
- f. Standards of Supervision:
 - 1) Effectiveness of supervision
 - 2) Readiness surveillance,

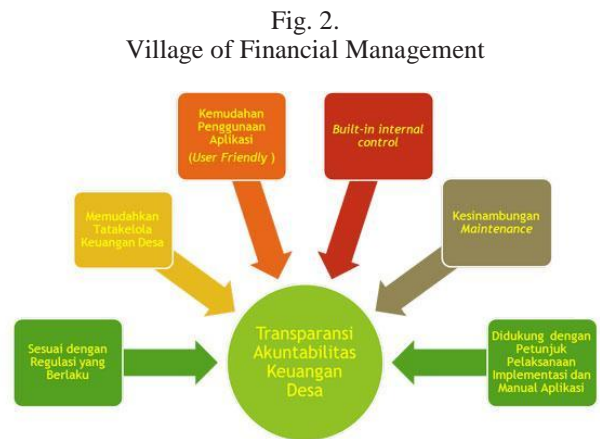
The allocation of funds to the village which is so large, diverse number of reporting as well as the critical points in the management of village finances would require greater responsibility by village government officials. Therefore, the village government should be able to apply the principle of accountability in the financial management of the village, where all the end of village governance activities should be accountable to the villagers in accordance with the provisions of that materialized village governance Good(GoodVillageGovernance). To be able to apply the principles of accountability, the required resources and means of support, such as competent human resources and support appropriate information technology tools and reliable.

However, judging from the condition of the village of inadequate human resources, a lot of the concern in the implementation of the Law in this village. There are risks that must be anticipated in order to avoid what he feared it.

Another constraint that the village has not had the procedure as well as infrastructure support in financial management, as well as the community has not critical for the management of revenues and expenditures of the village. The number of funds to be managed not to be a disaster, especially for the village government apparatus. The phenomenon of local officials who lodged a legal case not to happen again in the scale of the village administration. The village government officials and Village Consultative (BPD) must have an understanding of legislation and other provisions, as well as having the ability to carry out accounting and or bookkeeping. Therefore, as envisaged by Law No. 6 of the Village, the Government represented by the Ministry of Interior, Ministry of Finance, Ministry of Rural Development of Disadvantaged Regions and

Transmigration, the Provincial, regency / municipal government and the District is expected to further streamline their respective roles in carry out supervision and oversight of financial management of this village.

Based on this data, the government engages in the public financial activities, and manages of Asset management. The public has property rights and interests and has the right to know financial information, so government financial reports must establish an open and transparent financial information disclosure system it is hoped that a transparent village financial management system can be realized as shown below :



The adoption of information and communication technologies (ICT) in government over the last decade has grown significantly across the globe [10]. Innovative application of ICT in government (e-Government) over the last decade has resulted in new solutions and ideas to address the complex challenges that governments face. These ICT enabled solutions have helped governments to improve efficiency and transparency, reduce the high costs of delivery of public services, and improve government's reach to the under-served segments of society [10].

Transparency promotes accountability and provides information for citizens about what their Government is doing. Information maintained by the Federal Government is a national asset [11]. From the things mentioned above in the implementation of Law No. 6 of 2014 on the village, Government Internal Control Agency (APIP) have an important role in the financial management accountability village guard, both in terms of Assurance and Consultancy. This is in line with the mandate of the PP 60 of 2008, which states that the internal control Agency oversight over the implementation of the duties and functions of Government Agencies including financial accountability and coaching.

Identification of critical points can be made several steps in accordance escort Government Internal Control Agency (APIP) role of each level of the Ministry / Institution, the Provincial Government and the district/city. Financial and Development Supervisory Agency, in accordance with Presidential Decree No. 192 of 2014 has been given the mandate to guard the financial accountability and national development. Safeguard the financial management accountability escort village is the implementation of national development priorities. BPK participate and fully supports the efforts throughout the

village government to be able to organize financial accountability. Therefore, BPK has made a grand strategy in the form of policies and concrete measures in guarding the village finances.

Financial village conducted by BPK itself aims to ensure that all the provisions and policies to implement the Law on Rural particular village finances can be performed well for all levels of government both at the central government (Ministry/Agency), the Provincial Government, District/City Government, District Government and Village Government in accordance with their respective roles. Special to the village level, village governments may implement financial management cycles village well from the planning, implementation, administration, reporting, accountability and oversight. If successfully implemented properly then escort the village would achieve the desired objectives, namely Good Village Governance indicators, including the following:

- a. Good village financial governance;
- b. Village Planning is participatory, integrated and aligned with regional and national planning;
- c. Reduced abuse of power/authority which results in legal problems;
- d. Increased quality of service to the community

The operational steps of Financial and Development Supervisory Agency (BPKP) in escorting the accountability of village financial management have been carried out, as follows:

- a. Review and analyze regulations related to village financial management
Regulation studied and analyzed in the form of law, government regulation, Regulation, *Permendes PDDT*, Regulation financial and other regulations such as Regulation LKPP Head of Procurement of Goods and Services for the village. The study results in the form of risk identification and critical points in the management of village finances.
- b. Conduct Village Survey, a village survey carried out for:
 - 1) Obtain an overview of the financial management practices of the village that had been running;
 - 2) Identify problems that might hinder the village financial management from the planning stages to reporting/accountability; and
 - 3) Photographing village readiness for the implementation of Law No. 6 of 2014 on the village.

The researcher also analyzes documents/reports on the financial implementation village that has been done, for example, local regulations and mayor regulation of the Village Fund Allocation and others. Based on the study and analysis has been done then the Financial Supervisory Agency (BPK) has developed Guidelines Guidance and Financial Management Consulting village. The operational guidelines provide a complete especially for Representative BPK to conduct guidance and financial advice to the local government/villages in their respective areas. The operational guidelines village Financial Management provides financial management flowchart village; systems

and procedures for financial management of the village; Format design documents and forms required in the financial management of the village; and chart of accounts/account codes used village. The Guidelines is expected Representative Financial Supervisory Agency (BPK) and Local Government can provide guidance and consultation in terms of:

- 1) Giving or increasing understanding of village finances, ranging from planning, implementation and administration, to reporting and accountability for local government officials, village authorities and the Agency Village Consultative;
- 2) Providing technical guidance for local governments in formulating policies related to the financial management of the village;
- 3) Providing technical guidance for the Village in the village financial planning;
- 4) Providing technical guidance for the Village in conducting the financial administration of the village;
- 5) Providing technical guidance for the Village in preparing the village's financial reporting;
- 6) Providing technical guidance for the Village Consultative Body in relation to the process of planning and financial reporting of the village.

Coordination was made in relation found any provisions that have not been completed or not implementable in practice from planning to reporting and accountability in Regulation 113 of 2014 on the Financial Management of the Village. Based on the analyzes and studies.

Coordination made in connection with the issuance of PMK 93 / PMK.07 / 2015 on Procedures for Allocation, Distribution, Use, Monitoring and Evaluation of the Village Fund. In regard to taxation, have also been carried out in coordination with the Directorate General of Taxes related tax obligations for the village treasurer.

Rural Financial management Application Development

Application Development System Financial Governance Village has been prepared since the beginning in order to anticipate the application of Law No. 6 of 2014 on the village. Preparation is in line with the attention of Commission XI of the House of Representatives of Indonesia and the Corruption Eradication Commission. Launching an application that was executed on July 13, 2015 is the answer to the question at a hearing (RDP) Commission XI dated March 30, 2015, which asked the certainty of the completion time application built by the BPK, and meet the recommendation KPK-RI to construct a system of village finances together with the Minister of Home Affairs.

Public engagement enhances the Government's effectiveness and improves the quality of its decisions. Knowledge is widely dispersed in society, and public officials benefit from having access to that dispersed knowledge [11]. Because successful internet based models of citizen-government collaborations depend on citizens

responding to the ‘open call’ and sharing their skills and expertise with government online (Hilgers & Ihl, 2010) [12].

A new and innovative concept of OG would not be possible without the outcomes created by previous e-government models and the advances made in technology, policy, and culture. These benchmarks are designed to perform quality and quantity assessment of e-government results and to determine whether e-government goals have been satisfied. They cover a broad range of e-government aspects, including the front and back office domains, e-readiness, e-services, online presence, effectiveness, impact, and gain [13]. The contribution relates to the conditions under which citizens are willing to interact with local government online. This study thereby addresses the lack of integrative research regarding the question of what influences participants' activity in online service reporting.

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