

Electronic Village Financial System Implementation in Banyuwangi: Ready or Not?

Anak Agung Gde Satia Utama^a, Triyan Rediyanto^b, Pending Puji Dwi Astuti^c, Yashinta Setyowati^d, ^{a,b,c,d}Faculty of Economics and Business, Universitas Airlangga, Indonesia, Email: ^agde.agung@feb.unair.ac.id, ^btriyian.rediyanto-2014@feb.unair.ac.id, ^cpending.puji.dwi-2014@feb.unair.ac.id, ^dyashinta.setyowati-2014@feb.unair.ac.id

This study aims to provide input to the local government of Banyuwangi District about the readiness for village financial system implementation in Banyuwangi district. The research approach used was descriptive qualitative with the case study method. Data was obtained through interviews with 15 informants consisting of DPMD, BPKAD, Inspectorate and 12 villages in Banyuwangi. The results of this study indicate that the understanding of village officials regarding the prevailing regulations tends to be weak and age and education factors influence the response to change for human resources (HR). The implementation of Electronic Village Budgeting (EVB) is able to meet the needs of village financial management based on Banyuwangi Regulation 15 of 2015. However, the application of village finance that is currently being used needs to be responsive to changes in policy direction, especially relating to village financial management. The difference in the application of village finance in the form of EVB and Sistem Keuangan Desa (SISKEUDES) lies in the platform and basic, namely web-based and online EVB whereas for SISKEUDES tends to be dashboards and offline. Based on the usefulness and ease of use in TAM theory, village officials see the need for applications that are able to answer the principles of accountability and transparency in managing village finances and are able to reduce risks and ease of use and responsiveness to changes in the direction of policies that apply.

Key words: *Village Financial Management, Evaluation, E-Village Budgeting (EVB), SISKEUDES, HR.*

Introduction

The allocation of village funds reached Rp. 60 trillion in the 2018 Draft Budget Presented to the Parliament (*Rancangan Anggaran Pendapatan dan Belanja Negara/RAPBN*) for underdeveloped villages of at least Rp. 864 million and a maximum of Rp. 2.8 billion (Ariyanti, 2018). The allocation of village funds has been regulated in Law No. 6 of 2014 concerning Villages (Indonesia, 2014). Banyuwangi District consisting of 189 villages also manages village funds (DD) and also village fund allocations (*Alokasi Dana Desa/ADD*) sourced from the APBN and APBD of Banyuwangi District since 2015. Following are the total amount of village funds and allocation of village funds for each village in Banyuwangi District (Banyuwangi, 2015); (Banyuwangi, 2016); (Banyuwangi, 2017); (Banyuwangi, 2018):

Table 1: Total Amount of DD and ADD for Each Village in Banyuwangi District in 2015-2018

No.	Source of Fund	Fiscal Year (Rp) (In Millions)			
		2015	2016	2017	2018
1	Dana Desa (DD)	59.888	-	172.183	167.707
2	Alokasi Dana Desa (ADD)	61.900	83.018	148.638	148.638

Village financial management principles are managed based on transparent, accountable, participatory principles and are carried out in an orderly and budgetary manner and village financial management as referred to in paragraph (1), is managed within 1 (one) budget year starting from January 1 to date December 31 in Minister of Home Affairs Regulation No. 113 Year 2014 article 2 paragraph 1 and 2 (Indonesia, 2014). Good financial management will increase the effectiveness and efficiency of village budget funds. The village government has paid attention to the welfare of the village and the community by looking at the results of the relationship between efficiency and effectiveness with equity value of r 0.786 which means that the village has developed the village well (Anwar and Jatmiko, 2014).

The application of the village financial system or SISKEUDES is carried out in various regions based on a memorandum of understanding between the Minister of Home Affairs and the Head of the State Development Audit, Agency Number 9001627115J and MOU-16/I(D412015) concerning village financial management. Banyuwangi District has implemented financial governance by using innovative technology in the form of E-Village Budgeting applications (Banyuwangi, 2005). The program is aimed at transparency in the development and distribution of village development consisting of three parts of planning, governance and evaluation (PR and Protocol 2016). Based on innovative technology or proposals, E-Village Budgeting (EVB) has been tested since 2014 and implemented as a whole since 2015 in all villages in Banyuwangi District. The challenge in absorbing village

funds lies not in the nominal amount of the budget, but rather how 75 thousand villages can reduce poverty and basic facilities (Ariyanti, 2018). The application of the principle of accountability is still limited to physical accountability while administration is still not fully carried out perfectly (Subroto, 2009). The implementation of EVB requires the readiness of village tools and capacity building (PR and Protocol, 2016) (Banyuwangi, 2005).

Research by Muhammad Ismail, Ari Kuncara Widagdo, Agus Widodo (2016) with the title accounting system for village fund financial management. This study discusses village fund management (Ismail et al., 2016). Other studies have also been conducted by Lusiono, Eko Febri and Suharman (2017) on the acceptance analysis of siskeudes applications in the local government of Samba Regency. The purpose of this study was to determine the acceptance of the SISKEUDES application. While Pratiwi's research, Ratih Nur in 2016 about village financial management through EVB innovation, focused on the community empowerment agency and village government of Banyuwangi district. In addition, research on the implementation and evaluation of the SISKEUDES in East Java Province was also carried out by Nafi'ah, Nur Khasanaton (2018). This study aims to find out the implementation of SISKEUDES in East Java and provide an evaluation of its implementation. The results of this study indicate that SISKEUDES is used to realise the accountability of village financial management (Nafi'ah, 2018). Constraints in the implementation of SISKEUDES lie in human resources in the form of age, educational background, and adaptation processes.

Agency theory is a theory that explains between principle and agent who have a relationship or relationship between the two. According to Jensen and Meckling (1976) Agency relationships as a contract under which the principle of engaging another person (the agent) to perform some service on their behalf involves delegating some decision making to the agent (Company et al., 1976). The supporting theory in this study is the technology acceptance model (TAM). The Technology Acceptance Model (TAM) is a theory used to test the use of information systems and technologies that explain individual acceptance of the system. According to Davis, 1989 in Gupta et al (2015) there are two factors that influence the use of a system (Gupta et al., 2015).

The purpose of this study was to find out the readiness of village officials in village financial management, the application of village finance applications currently used, differences in EVB and SISKEUDES and expected village financial applications. The contribution offered from the results of this study is to provide government input related to recommendations for the application of village financial applications in Banyuwangi District to achieve the principles of accountability and transparency in financial management.

Methodology

This study uses a qualitative descriptive approach by collecting, presenting and analysing data and not changing the original data so that its validity can be accounted for. This study uses a qualitative descriptive approach according to Kotler (2015), a study whose purpose is to describe something. Based on this, this study will look at how villages can manage village finances in a computerised manner in accordance with applicable policies (Kotler et al., 2015). Creswell (2014: 14) explains that a researcher establishes a direct relationship with the object of research by looking at the activities and processes that the researcher develops deeper analysis. This study uses Creswell's 2014 guidance on qualitative research procedures (Cresswell, 2014).

Result and Discussion

A. What is the Readiness of Village Officials in Village Financial Management?

The management of village finances has been regulated in Law Number 6 of 2014 concerning villages which is strengthened in its application through the Minister of Home Affairs Regulation No. 113 of 2014 concerning village financial management (Indonesia, 2014). The village in Banyuwangi District has implemented village financial management based on the Banyuwangi Regulation Number 15 of 2015 on the village financial management guidelines. There are several principles of village financial management that are transparent, accountable, participatory and carried out in an orderly and budgetary manner. The village financial management cycle begins with planning, implementation, administration, reporting and accountability. This cycle is an important thing that must be understood by village officials in managing village finances (Indonesia, 2014).

Based on agency theory, it is related to the relationship principle and the agency shows that the role of the government in regulating financial management, especially the management of village finances, has been stipulated in regulations in the form of laws and other regulations according to the level of each government. In this case, the active role of the Banyuwangi District government in participating to facilitate the village is very good. This is reflected in the regent's regulations and the existence of EVB that can be used by the village government in managing finances to achieve accountability. In addition, from the Village Government side the management process carried out by involving the community shows a transparent and participatory village financial management process. So that the readiness of financial management based on agency theory has been carried out by the government, both the District and the Village, has been done well. Measurement of ciphers in village financial management in this study was reviewed from several aspects, namely the Application of Laws and Permendagri, Manusaia Resources (HR) and available infrastructure.

B. How is the evaluation and application of village financial applications currently used?

Systemic village financial management will facilitate the work of village officials in managing village finances. The Banyuwangi District Government in controlling and also coaching uses the application of website-based village financial managers. The application has been used by the Banyuwangi District Government in facilitating villages to manage accountable and transparent village finances. The application known as EVB has been implemented since 2015 until now. Therefore, this study tries to evaluate the extent to which the application of financial applications is currently used based on the evaluation theory perspective. According to Government Regulation No. 39 of 2006, monitoring is an activity of observing carefully a situation or condition including certain behaviours or activities with the aim that all data or information obtained from observations becomes the basis for making the next decision needed. Indicators used in problem solving, output / output, usefulness and impact of the application.

Application of Law No. 6 of 2014 concerning the village, indicating the village will receive funding through the state budget of Rp. 1 billion per year. Whereas so far, the village government has managed finances sourced from Village Fund Allocation with an amount not too large in the range of Rp. 150,000,000, - up to Rp. 200,000,000, - (Sinovik DPMD 2017). Increasing funding sources in the village government demands that the participation of local governments such as districts / cities and provinces to play a role in controlling and supervising village financial management.

Based on the problems faced in village financial management, the Banyuwangi District Government participated in assisting in the planning, implementation, and monitoring of village development. The application of this innovation is offered to assist in village financial management in all villages in Banyuwangi District. The EVB application is an application that functions as a tool to control the implementation of village government, from planning, administration to reporting.

Financial applications are one way to make village financial management effective and efficient and to achieve financial report accountability and transparency of reporting on budget usage. The application of village financial applications has a positive impact on the village government and also the Banyuwangi District government. The benefits of implementing EVB in Banyuwangi District based on the Sinovik Dinas Pemberdayaan Masyarakat Desa (DPMD) proposal consist of several things, namely the ease in the village financial administration process, efficiency and effectiveness of village financial management can be carried out in an orderly, transparent and accountable manner. A high level related to the use of APBDes and the ease in presenting village financial data as well as in the

formulation of policies related to the utilisation of DD, ADD and other financial assistance funds.

C. What is the difference between E-Village Budgeting (EVB) and SISKEUDES?

The principle of financial management that wants to be realised through the application of village finance is the principle of accountability and transparency. Village financial applications are a way of how village officials can manage village finances effectively and efficiently. Regarding the difference between the two financial applications it is not very significant. The output that is produced also stands in the village financial report. Based on observations and also reference sources regarding village finance applications, the following are presented the differences between the two applications in general:

Table 2: Differences in Village Financial Applications

Description / Indicator	E-Village Budgeting (EVB)	SISKEUDES
Developer	Banyuwangi District	BPKP
Fungtion	As a tool to control the administration of village government from planning, administration to reporting	As a system of village financial governance
Platform	Website	Dashboard
Basic	Online	Offline
Database	Website	Microsoft Access, SQLserver
Work Principle	Optimal	User Friendly

Based on the presentation of these differences, both applications are only ways of working that distinguish between using online and offline systems only. Both systems in this application have their advantages and disadvantages. The following is a table of differences in strengths and weaknesses of how the application works:

Table 3: Application Strengths and Weaknesses

Description / Indicator	E-Village Budgeting (EVB) Online	SISKEUDES Offline
Strengths	<ul style="list-style-type: none"> ✓ Minimising damaged / lost databases ✓ Data is backed up online ✓ Controls connected to related parties such as SKPD 	<ul style="list-style-type: none"> ✓ Do not experience network interference ✓ Ease of access
Weaknesses	<ul style="list-style-type: none"> ✓ Weak network connection 	<ul style="list-style-type: none"> ✓ Weak control only users can access

The difference that appears is online-based EVB as it is offline based SISKEUDES. Besides that, the use of EVB is not due to the time of application, but the villages in Banyuwangi are familiar with EVB and also the EVB application has been connected to the (IMS) system built to monitor village development.

D. How is the Village Financial Application Expected?

The financial application is a tool that helps in managing village financial management. Appropriate application is an application that can answer how the principles of accountability and transparency of financial statements can be produced so that effective and efficient management can be achieved. Supporting theory, technology acceptance model (TAM) which examines the use of information systems and technology that explains individual acceptance of the system is influenced by two factors in the use of a system. These factors are perceptions of usefulness and perceived ease of use. Based on the theory, the opinion of the informants in this study also wants the application of village finance to be is easy to use and also useful in the preparation of the principles of village financial management and reduce the risk of fraud.

Conclusion

This study aims to provide input to the local government of Banyuwangi District about the readiness of the implementation of the village financial system. Implementation readiness is seen from the readiness of village officials and the application of village financial applications that are currently being used. In addition, this study provides a comparative picture between SISKEUDES and EVB in assisting the process of village financial management and village financial applications that are expected by village officials in managing village finances. Based on agency theory in this study the role of the District and Village governments in acting as agents was well done. This is reflected in the regulations implemented in village financial management. In addition, supporting theories, namely the

TAM theory, the ease and usefulness of village finance applications that are applied are important in achieving the principles of village financial management and reducing the risk of fraud in its management. Based on the results and discussion, it can be concluded that:

1. Readiness of village officials in managing village finances in terms of several aspects consisting of the application of the Law, Human Resources (HR) and available infrastructure. Based on these three aspects, village officials in managing village finances are weak in understanding the Law and the response of village officials to changes. Age and education level factors influence the capacity of village officials in responding to changes. Whereas in terms of facilities and market aspects, especially the supporting facilities for the application of village finance applications have been fulfilled with computer and internet facilities.
2. Evaluation of the application of village financial applications that are currently being used in terms of problem solving, the output produced and the usefulness of the application shows that the current financial application is quite good in terms of meeting the needs of village financial management based on Perbup 15 of 2015. However, the application village finance that is currently used needs to be responsive to changes in policy direction, especially with regard to village financial management.
3. The difference in the application of village finance in the form of EVB and SISKEUDES lies in the platform and basic, namely web-based and online EVB whereas for SISKEUDES tends to be dashboards and offline. In addition, EVB has advantages and disadvantages related to database security and control due to internet connection and access to related agencies. Whereas SISKEUDES lies in ease of use and does not depend on internet signal interference.
4. Based on the usefulness and ease of the TAM theory, village officials see the need for applications that are able to answer the principles of accountability and transparency in managing village finances and are able to reduce risks and ease of use and responsiveness to changes in the direction of the prevailing policies.

REFERENCES

- Anwar, M. and Jatmiko, B. (2014). Kontribusi Dan Peran Pengelolaan Keuangan Desa Belanja Desa Yang Transparan Dan Akuntabel (Survey Pada Perangkat Desa Di Kecamatan Ngaglik , pp. 387–410.
- Ariyanti, F. (2018). Pemerintah Kucurkan Dana Desa Triliunan Rupiah, Apa Hasilnya? - Bisnis Liputan6.com. [Online]. Available: <https://www.liputan6.com/bisnis/read/3066326/pemerintah-kucurkan-dana-desa-triliunan-rupiah-apa-hasilnya>. [Accessed: 03-Mar-2018].
- Banyuwangi, K. (2005). Bagian Peraturan Perundang-undangan Biro Hukum & Humas BPKP 1
- Banyuwangi, K. (2015). SK 18 DD Tahun 2015.
- Banyuwangi, K. (2016). SK Perubahan Besaran ADD, pp. 2–4.
- Banyuwangi, K. (2017). SK 4 ADD Tahun 2017.
- Banyuwangi, K. (2018). SK 56 DD Tahun 2018.
- Company, P., Jensen, C. and Meckling, H. (1976). Theory of the Firm : Managerial Behavior , Agency Costs And Ownership Structure I . Introduction and summary In this paper WC draw on recent progress in the theory of (1) property rights , firm . In addition to tying together elements of the theory of e, vol. 3, pp. 305–360.
- Cresswell, J. W. (2014). Research Design. Qualitative, Quantitative and Mixed methods approaches. Research design Qualitative quantitative and mixed methods approaches. p. 398.
- Gupta, G., Zaidi, S. K., Udo, G. and Bagchi, K. (2015). The Influence of Theory of Planned Behavior, Technology Acceptance Model, and Information System Success Model on the Acceptance of Electronic Tax Filing System in an Emerging Economy, *Int. J. Digit. Account. Res.*, vol. 15, no. October, pp. 99–126.
- Indonesia, R. (2014). Peraturan Menteri Dalam Negeri Republik Indonesia Nomor 113 Tahun 2014 Tentang Pengelolaan Keuangan Desa Dengan Rahmat Tuhan Yang Maha Esa Menteri Dalam Negeri Republik Indonesia, pp. 1–16.
- Indonesia, R. (2014). Undang-Undang No. 6 Tahun 2014, no. 1.



Ismail, M., Maret, U. S., Widagdo, A. K., Maret, U. S., Widodo, A. and Maret, U. S. (2016). Sistem akuntansi pengelolaan dana desa, vol. XIX, no. 2, pp. 323–340.

Kotler, P., Keller, K. L. and Opresnik, M. O. (2015). Marketing Management.

Nafi'ah, N. K. (2018). Implementasi Dan Evaluasi Sistem Keuangan Desa (Siskeudes) Di Provinsi Jawa Timur.

Subroto, A. (2009). Akuntabilitas Pengelolaan Dana Desa (Studi Kasus Pengelolaan Alokasi Dana Desa Di Desa-Desa Dalam Wilayah Kecamatan Tlogomulyo Kabupaten Temanggung Tahun 2008).

Yin, R. K. (2013). Qualitative Research from Start to Finish, vol. 53, no. 9.