

Conference Paper

Reporting Financial Data Based on Permendagri No. 113 of Year 2014 and Tanah Datar Regency No. 11 of Year 2015

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Abstract

This study focuses on the financial reporting of village funds based on Permendagri No. 113 of 2014 and Tanah Datar Regency No. 11 of 2015, in line with Law No. 6 of 2014 that in 2015, every village will get funding of 10 percent of the state budget without an intermediary. This study aims to see how the financial reporting of village funds that should be based on 'Permendagri' No. 113 of 2014. This research was expected to be a reference material for all villages, especially villages in Tanah Datar regency in financial reporting. This research is a qualitative research with comparative descriptive approach. The population in this research was 'nagari' located in Tanah Datar regency with samples of Village/'Nagari' Cubadak and Tabek. The techniques used to carry out in this study were in-depth interviews of the head of 'nagari' (*wali*) and 'nagari' treasurer who was taken as informants in this research. The financial statements of village (*nagari*) Cubadak and Tabek in 2015 were still done with a temporary manual system, but for 2016 'nagari' financial statements, Cubadak and Tabek had started to use *Siskeudes* even though the learning process. The result of this research showed that financial reports generated manually or through '*Siskeudes*' made by 'nagari' Cubadak and Tabek were still much different from the reporting of the fund of village by 'Permendagri' No. 113 of Year 2014 and Tanah Datar Regency No. 11 of Year 2015, both in delivering the Realization Report of Implementation of Revenue Budget and Village Expenditure (APBDes) and Village Property Wealth Reports. This means that there were still financial reports that had not been reported by Cubadak and Tabek villages.

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1. Introduction

Law No. 6 of Year 2014 states that the village has the authority to organize the government development, community development and community empowerment. The purpose of village development is to improve people's welfare, quality of life and poverty alleviation. For the implementation of the development, the government created a funding program in the form of village funds distributed to each village. The funding of the village is sourced from APBN funds. The budget obtained from the APBN is regulated in Law No. 60 of Year 2014 on village funds.

In 2015, every village received funding of 10 percent of APBN (Law No. 6 of 2014), where the funding did not pass through intermediaries. The funds went straight to the village. But, the nominal amount given to each village differed depending on the village's geography, population and death rate. The 10 percent APBN allocation, when received by the village, lead to increased revenues. Increased village revenues were certainly required to have village accountability reports. The accountability report on the village fund is regulated in Permendagri No. 113 of Year 2014 (V. Wiratna Sujarweni, 2015: 16).

Permendagri No. 113 of Year 2014 regulates the village financial management or the management of village finance. Based on the Permendagri No. 113 of 2014, it was known that there are six village financial management arrangements, namely: planning, implementation, administration, reporting, accountability, guidance and supervision. In addition, in Chapter II of Article 2, paragraph 1, it was said that: "*village finances should be managed on the basis of transparent, accountable, participatory principles, and carried out in an orderly, disciplined manner*" (Permendagri No. 113 of Year 2014). In line with this, Tanah Datar Regency Regulation No. 11 of 2015 also regulates the procedures for allocating, distributing the *nagari* funding allocations for fiscal year 2015.

The financial reporting process based on the Minister of Home Affairs Regulation No. 113 of 2014 on Financial Management of Village, Part IV, Article 37 explains that: the village head submits the realization report of the APBDesa to the head of Regency (*Bupati*)/Mayor in the form of the first semester report and the final semester report. The first semester report is a report on the realization of APBDesa submitted no later than the end of July of the current year. The final semester report is submitted no later than the end of January of the following year (Permendagri No. 113 of Year 2014). The fourth part of the Tanah Datar Regulation No. 11 of 2015, Article 38 on reporting, also explains the same thing about the village (*nagari*) financial reporting process. Part V, Article 38 of Permendagri No. 113 of Year 2014, on accountability of village finance

management explains that the village head submits an accountability report on the realization of the implementation of ABDesa to the head of regency (*Bupati*)/Walikota at the end of each fiscal year. The accountability report on the realization of the implementation of ABDesa consists of income, expenditure and financing as stipulated in the village regulation. Village Regulation on Accountability Report of the realization of the implementation of ABDesa attached some points:

1. Responsibility Report Format of the realization of the implementation of the ABDesa fiscal year concerned.
2. Village Property Wealth report format as of December 31 of the fiscal year concerned.
3. Format of reports of government and local government programs coming into the village (Permendagri No. 113 of Year 2014).

The village head must be able to implement all forms of village financial management based on the existing rules. This is very interesting to examine, because if not fulfilled the principles as described in Permendagri No. 113 of Year 2014, and Perbup No. 11 of 2015, it will cause a fairly wide impact in the village, such as misappropriation of village fund management.

Tanah Datar regency as one of the regencies in West Sumatra Province has many villages, which are 75 villages in total. The village of Tanah Datar regency is called '*nagari*'. One of them is Nagari Tabek in Paringan region. Nagari Tabek has considerable potential in order to develop its *nagar* progress. One aspect that plays a role in village development is financial and village assets. The management of village finances in Nagari Tabek in 2015 refers to the Regulation of the Regent (Perbup), which is Pemup No. 11 of 2015. In the following year, the BPKP (Finance and Development Supervisory Board) in cooperation with the Ministry of Home Affairs signed Mou to make Village Finance System (Siskeudes) for reporting finance of village funds. However, in the preparation of financial reporting of village fund in Nagari Tabek still uses manual system and is still at learning-process stage of Siskeudes usage (Beni Monika, interview, Thursday, October 6, 2016.).

Another, Nagari Cubadak is a nagari located in the Regency Five Kaum Tanah Datar West Sumatra Province. It is one of the fastest progressing *nagari* in Tanah Datar Regency in completing its financial report/report on the realization report of APBDesa monthly implementation in 2016. In preparing its village finance report, it has already started using an application system created by BPKP to prepare the village's

own finance reports in August 2016 (Hasrini, interview, Thursday, October 6, 2016). BPKP is a non-ministerial government institution under the President, appointed and accountable to the President, and has the duty to oversee the State General Treasury activities sourced from the State Budget and the special assignment of the President (<https://igedeauditta.com/2015/09/16/perbedaan-antara-bpk-with-bpkp/>).

Prior to the enactment of Siskeudes, in 2015, Nagari Cubadak was still preparing the financial reports of village funds manually, in which the village fund's financial statements are reported directly to the regent in accordance with the Regent's Regulation (*bupati*). The form of manual report in accordance with this Perbup, the accounts contained in the financial statements are still made by Nagari Cubadak in reporting the realization report.

While, the form of reports produced by the financial system of Cubadak village, seen from the realization of the implementation of its APBDeses, the format of its financial statements and the accounts contained therein have been referred to Permendagri No. 113 of 2014. The amount of expenditure from each field of activity Nagari Cubadak had made in detail in accordance with the expenditure done, so that each expenditure already has an account code in accordance with the accounts contained in siskeudes tersebut. The reports generated by Siskeudes can be monthly reports, quarterly or semester. However, the report on the realization of APBDesa reported to Regent's Regulation (*bupati*) is the realization report of the monthly APBDesa implementation, so that every month Nagari Cubadak reports the realization report of the APBDesa implementation to be able to disburse the funds next month (Hasrini, interview on Thursday, October 6, 2016).

In August 2016, Nagari Cubadak in its financial reporting used a village financial system created directly by BPKP aimed at all villages in Indonesia. The use of this system has not been fully implemented in every village. In Tanah Datar regency, only three villages have started implementing the Siskeudes including Nagari Cubadak as one of them (Hasrini, interview, Thursday, October 6, 2016). From the preliminary data, it can be seen that in the financial statements as a whole with this manual system, there were still shortcomings, or items in its financial statements had not met all the items covered in the financial reporting guidelines.

2. Review of the Related Literature

2.1. Public sector finance report

The general purpose of financial reporting is to provide information about the financial position, performance and cash flows of an entity that is useful for a large number of users to create and evaluate decisions on allocation of resources used by an entity in its activities to achieve its objectives (Bastian, 2010: 297). In general, the objectives and functions of the public sector financial statements are as follows:

1. Compliance and management (compliance and stewardship)
2. Retrospective accountability and reporting (accountability and retrospective reporting)
3. Planning and authorization information (planning and authorization information)
4. Organizational sustainability (viability)
5. Public relations
6. Source of facts and figures (source of facts and figures)

(Mardiasmo, 2009, p.161–162).

2.2. Village and village fund

Villages, traditional villages and villages called by other names, hereinafter referred to as '*Desa*' (villages), are unity of legal communities with borders with authority to regulate and administer government affairs, the interests of local communities based on community initiatives, traditional rights and/or traditional rights which are recognized and respected in the system of government of the Republic of Indonesia (Law No. 6 of Year 2014).

Village funds according to Law No. 60 of Year 2014 is a fund sourced from the State Budget (APBN), which is allocated for villages transferred through the regency and municipal budget (APBD) and is used to finance the implementation of governance, development implementation, community development and community empowerment.

Village fund allocation (ADD) based on PP No. 34 of Year 2014 is a balancing fund received by regency/municipalities in the regency and municipal budget (APBD) after deducting special allocation funds (DAK). PP No. 34 of 2014 states that regency/municipal governments allocate ADDs in regency/city revenue and expenditure budgets for each fiscal year. ADD is allocated at least 10 percent of balancing funds

received by regency/municipalities within the regional expenditure budget after deducting special allocation funds (Yuliansyah, Rusmianto, 2016: 33).

To improve the welfare of the village community and the quality of human life and poverty alleviation, the priority of the use of village funds is directed to the implementation of village development programs and activities, including the following:

1. Development, development and maintenance of infrastructure or physical facilities and infrastructure for livelihoods, including food security.
2. Development and maintenance of educational, social and cultural facilities and infrastructure.
3. Development of community economic enterprises, including the construction and maintenance of production infrastructure and distribution facilities.
4. Development of renewable energy facilities and environmental conservation activities.

(Permendes Number 21 of 2015)

2.3. Reporting on village financial management based on Permendagri number 113 year 2014

According to the Minister of Home Affairs Regulation No. 113 of 2014, the Village Treasurer must record every receipt and expenditure while closing the books at the end of the month in an orderly fashion. The village treasurer is obliged to account for money through an accountability report. The accountability report of the treasurer shall be submitted monthly to the village head and no later than the 10th of the ensuing month. The reporting process based on Permendagri No. 113 of 2014 on Village Financial Management in section IV section 37 explains that:

1. The village head submits reports on the realization of the implementation of APBDesa to the Regent/Mayor in the form of:
 - a. first semester report and
 - b. reports of the end of the year.
2. The first semester report as referred to in paragraph (i)(a) shall be a report on the realization of APBDesa.
3. The realization report of the implementation of APBDesa as referred to in paragraph (i)(a) shall be submitted no later than the end of July of the current year.

4. The end-of-year report as referred to in paragraph (i)(b) shall be submitted no later than the end of January of the following year (Permendagri No. 113 of Year 2014)

In addition to submitting the report, the village head submits an accountability report on the realization of the APBDesa implementation to the regent's regulation (*bupati*)/Mayor through the subRegency head in the end of the fiscal year. The accountability report for the realization of APBDesa implementation is an inseparable part of the village administration report. The accountability report for the realization of APBDesa implementation consists of income, expenditure and financing. The accountability report on the realization of the implementation of APBDesa shall be submitted no later than 1 (one) month after the end of the related budget year (Permendagri No. 113 of Year 2014).

3. Research Methods

This research is field research, a qualitative approach. The researcher analyzed the village finance report in Tanah Datar regency and comparative compatibility with Tanah Datar Regent Regulation No. 11 of 2015 and Permendagri No. 113 of Year 2014 on village financial management.

3.1. The technique of the data collection

The techniques of the data collection applied by the researcher were by doing interview and collecting documents. Implementation can be done directly against the interviewee but may also indirectly like giving a list of questions to be answered on another occasion (Umar, 2009: 51). The researcher did a direct interview with informants associated with financial reporting of the village funds.

Then, a document is a complement of the use of observation and interview methods in qualitative research. The document used in this study was the Accountability Report Realization of the Implementation of APBDesa (Sugioyono, 2015: 386-387).

3.2. Population and sample

The population of this research was all *Nagari* residing in Tanah Datar regency counted as 75 *Nagari*. While, the sample of this research was Nagari Cubadak and Nagari Tabek by using Purposive Sampling technique.

3.3. The technique of the data analysis

Through this research, the researcher used qualitative data analysis procedures by adopting Miles and Huberman model (2014: 33) who state that in qualitative data analysis there are three flows of activities that occur simultaneously. They are as follows:

1. Condensation Data (Data Condensation)
2. Presentation of Data (Data Display)
3. Conclusions Drawing

4. Discussion

4.1. Nagari Cubadak financial statements

Nagari Cubadak financial statements in 2015 were created manually with account code which is also created manually using Microsoft excel. While, the financial statements of Nagari Cubadak in 2016 were prepared by using the village financial system (Siskeudes) made by BPKP. In the village financial system, the account code, monthly statements and semester reports are created automatically by the system, the system user only needs to input the necessary data.

Based on the Regulation of the Minister of Home Affairs (Permendagri) No. 113 of 2014, the Village Finance Report consists of the Realization Report of Village Budget and Expenditure (APBDes) and Village Property Wealth Report. The following is an explanation of the conformity of the Cubadak *nagari* financial report in 2015 and 2016 with the financial statements according to Permendagri No. 113 of 2014 as drawn:

4.2. Report on the realization of the implementation of the village revenue and expenditure budget (APBDes)

4.2.1. Income

Nagari Cubadak reported income items in the detailed report on the implementation of the revised budget and expenditure of *nagari* 2015, whereby based on Permendagri should be presented in general. And on items of financial assistance originating from provincial assistance and regency/municipal assistance in the realization report of APBNagari Cubadak, a general and specific financial aid is made. While the systematic

financial report according to Permendagri financial aid is not separated between the aid of a general nature with the help of a special nature.

4.2.2. Expenditure

Expenditure post in Permendagri No. 113 of Year 2014 was divided into field of administration of village administration, area of development of village development, area of community development, field of community empowerment and unexpected field.

(1) Field of administration of village government

Based on the Permendagri, between the village head's permanent incomes and devices with village head allowances and village apparatus should be separated. While, the Nagari Cubadak reported incorrectly. It means that they united in one item between fixed income and the wali *nagari's* allowance, the *nagari* secretary, the chauvinist, the head of the jorong and the treasurer. Besides, there are some items that are not presented by Cubadak villages, such as RT/RW operations.

(2) Field of implementation of village development

In the report on the realization of APBDes according to the MoHA, it is detailed about what activities have been undertaken in the village development such as improving irrigation channels and paving village roads, while the realization report of APBNagari Cubadak presents its general activities such as development, utilization and maintenance of infrastructure and environment in the *nagari*, development/rehabilitation/maintenance of health facilities and prasarana.

(3) Field of community coaching

Based on the report on the realization of APBDesa, implementation by Permendagri on items of goods and services expenditure, there are items of training materials for every activity done. While in the realization report APBNagari Cubadak, there was no spending on training materials as presented in the systematics report realization APBDesa.

(4) Field of community empowerment

Based on the realization report of the implementation of APBDesa according to the Minister of Home Affairs in the field of community empowerment, there were items of training material expenditures for each activity undertaken, while in the realization of APBNagari Cubadak report there is no item of spending on the training materials at each activity expenditure.

(5) Unexpected field

Based on the systematic report according to Permendagri No. 113 of 2014, there were items of goods and services spending such as team honor expenses, consumption and drugs. However, in the realization of the implementation of APBNagari Cubadak, there were no items of goods and services.

4.2.3. Expenses

Based on the realization report of the implementation of APBNagari Cubadak on post financing, in general, it has been in accordance with the systematic report of the realization of the implementation of APBDesa according to the Minister of Domestic Affairs No. 113 of 2014. In the realization of the implementation of APBNagari presented by the government Cubadak had contained details of SiLPA items consisting of exceedance of acceptance of PAN, transfer funds, exceedances of acceptance of other legitimate *nagari* revenues, and residual savings on expenditures or other consequences of remaining budgetary calculations, and items of capital participation consisting of private/private enterprises as well as revolving funds to community groups. In addition, in the realization report of the implementation of APBNagari Cubadak presents items of receipt back lending, debt payments and lending of *nagari* which are the items not contained in the systematic reports APBDes according to the MoHA.

4.3. Village property wealth report

Nagari Cubadak had presented investment items, fixed assets, reserve funds and other non-current assets as part of village assets, while in village property reported based on Permendagri No. 113 of 2014, the item of permanent investment, fixed assets, reserve fund and other non-current assets are assets villages contained in the non-current

assets section. In 2016, there were three posts in the Cubadak village's wealth report that are assets, liabilities and equity items consisting of equity and SAL equity. While, based on village property report according to Permendagri No. 113 of Year 2014, there were two posts in village property report that were post asset of village and post short-term obligation, and there was no equity post in presenting of report.

4.4. Nagari Tabek financial statements

The Comparison of Nagari Tabek Financial Statements in period 2015 with Systematic Financial Statements based on Flat Ground Map No. 11 of 2015.

4.4.1. Income

Nagari Tabek's financial statements in the presentation of income items do not specify the sources of each post. However, based on Tanah Datar perbud No. 11 of 2015, it should be reported in detail, regardless of whether or not the amount of budget and realization. In addition, other items of the original *nigari*, original revenues must also be specified whether they come from village fees, demand deposits, interest income, receipts for claims for *nagari* damages, penalties for late implementation of the work, fines income from the management of the village's wealth, revolving fund. Revenue from transfer funds have been detailed in accordance with Tanah Datar Regions No. 11 of 2015.

4.4.2. Expenditure

Based on the Perbud of Tanah Datar regency, for Nagari Expenditure Post was divided into four areas, namely: Nagari Administration Sector, Nagari Development Sector, Community Development Sector and Community Empowerment Sector. The Realization Report of APBDesa Nagek Tabek in period 2015 has presented four such areas in the village expenditure post, but there are some items that were not yet appropriate.

The non-compliance lies in the Provision of Operational Cost and Office maintenance items. The maintenance expenditure in Nagari Tabek financial statements consisted of: expenditure for the maintenance of office equipment amount, expenditure for the maintenance of some office supplies and expenditure for the maintenance of some computers. Based on the purchase of office equipment maintenance and computer maintenance, this item should not exist because the equipment has an economic life

of less than 12 months, so there was no need for maintenance costs and for the post computer maintenance cost becomes the cost of maintaining the communication tool.

Based on the systematic report on the realization of APBDesa Tanah Datar No. 11 of 2015, poverty reduction activities/items were not included in the field of community empowerment, but this activity was included in the field of *nagari* development implementation.

4.4.3. Financing

Presentation of realization report of APBDesa Nagari Tabek in period 2015 for financing post did not explain the form of revenue and expenditure of financing. Nagari Tabek financial statements only presented financing receipts from residual spending savings or other consequences. The remaining balance of spending or other expenditure was part of *SILPA*. The financial statements of Nagari Tabek should specify the form of revenues and expenditure of financing in accordance with the Flat Land Concession regardless of whether or not the amount of budget and realization.

4.5. The comparison of Nagari Tabek financial statement in period 2015 with financial statements based on Permendagri No. 113 of year 2014

The difference of income post in the presentation of realization report of APBDesa Nagari Tabek in period 2015 with systematic report of implementation realization according to Permendagri No. 113 of Year 2014 had lied on the post part of result of tax and retribution of regency/city. Where, the financial statements of Nagari Tabek gave detailed results of taxes and user charges, the systematic according to Permendagri combined the two results. In addition, in the systematic according to the Minister of Home Affairs, revenues are sourced from three things, namely: the original income of the village, transfer income and other incomes. Other revenues included grants and donations from non-binding third parties and other legitimate village revenues. While, the realization report of the APBNagari Tabek implementation had presented two sources of income: only the original revenue of *nagari* and transfer funds. Nagari Tabek is supposed to present the three sources of pendapatan regardless of whether or not the amount of budget and its realization.

On the expenditure item side, there was a difference in capital expenditure between the realization report of APBDesa Nagari Tabek implementation and the format of

realization report of APBDesa implementation according to Permendagri. The capital expenditures according to Permendagri were the materials used for procurement. While, in the financial statements of Nagari Tabek, the capital expenditure was the procurement itself. Then, on financing items, there was also a difference in the post between the presentation of reports on the realization of the implementation of APB-Desa Nagari Tabek systematically according to Permendagri. The realization report of APBDesa Nagek Tabek implementation had presented the financing post coming from the financing receipt originating from the residual spending savings or other consequences. The financial statements of Nagari Tabek seemed that it did not present the net amount of net and SiLPA of the current year.

5. Conclusion

The financial statements reported by the Nagari Cubadak and Nagari Tabek in general were almost in accordance with Permendagri No. 113 of 2014 and Tanah Datar Regions No. 11 of 2015, but the non-conformity lied on three points as follows:

1. The items had to be detailed as suggested and based on the Permendagri and Perbup, but they were presented in general by these *Nagari* (Cubadak and Tabek), or vice versa.
2. The items had to be presented in line with Permendagri and Perbup, but they were not presented by these two *Nagari* (Cubadak and Tabek).
3. The order of some posts were still not systematic.

6. Suggestion

Given that the village in 2015 would get funding of 10 percent of the state budget without an intermediary, this means that the funds would go straight to the village. So, the village administration needs to be quick in understanding the rules of accountability report of the fund. And, the need for conformity of items had to be reported in accordance with Permendagri No. 113 of 2014 about village funds.

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