

CHAPTER 1

INTRODUCTION

1.1. Study Background

Village funds was the program created by President Joko Widodo government era that officially launch in 2015 that aim to make a better distribution of wealth in Indonesia. In the first year, village funds receive 20,67 trillion rupiahs' allocation form current APBN. Then in 2016, the allocation increased into 46,98 trillion rupiahs. For the year 2017 and 2018 the allocation increase from previous year becoming 60 trillion rupiahs, and planned to stay around 60 trillion in 2019. Since launching of village funds program in 2015, there are several outstanding achievement by village government in managing the village funds and one of the achievement of village funds is Ponggok village in Klaten, Central Java. Jokowi in Tempo.co (2018) stated that because of the village funds, Umbul Ponggok can develop their turism spot that generate revenue 1.4 billion rupiahs. However, Indonesian corruption watch (ICW) record that there are at least 181 corruption case involving the village funds program starting from 2015 until the first semester of 2018.

Starting from the implementation of village funds program, village government receive new source of budget for village funds that comes from APBN. Every village government receive additional budget allocation from village funds that will distribute gradually. The distribution of village funds calculated based on four factors including

number of population, region size, number of poverty and geographical difficulties of the area. The use of village funds focus on program and activities in the scope of infrastructure development, food available that accessible by the community, health care, education and community development. Furthermore, the existence of village funds program is like double side blade for village government. By village funds program, village receive more funds that can be used to develop their village social and economic welfare. In the other hand, village government have problems in managing the funds with current human resource. The village government require to manage village funds efficiently, economically, transparently, and accountable. Village funds also prioritizing the development of infrastructure and human empowerment in village scope. The human empowerment is aim to bring the better wealth and reduce the number of poverty. Furthermore, the area that lived in poverty is remote area (Juwaini, Akram, & Husnan, 2018).

Furthermore, decree number 6 year 2014 described village as a legal community that have regional boundaries and have rights to manage and handle government administration, development, and community interest based on community initiative, origin rights and traditional rights that recognized by Republic of Indonesia government authorities. The shifting of centralization government system become decentralization change the rights of village in maintaining their own region. The centralization system focus on central government as a decision maker in term of development in every aspects. The centralization proof less efficient and did not

distribute the development equally across the Indonesia. In the other hand, decentralization is a system that distribute the rights for local authorities until the lowest element of government which is village government to manage and handle their own area with their own policy. Furthermore, the decentralization aim to stimulate village government to optimally develop their area.

Village government is the lowest level of government authorities in Indonesia. Village government expect to optimally develop their own region, and expected happen in all across Indonesia. By the current role of village government, their performance is crucial to the development of Indonesia as a whole. If all village all over Indonesia optimally developed, the Indonesian government will to improve wealth distribution. The village government have a right to make their own law and regulations before it regulate by higher level government on district government. District level government have supervisory function for village government with aim to control village government development program or policy and make sure that the program is accountable for government and community. In order to improve the welfare of community who live in urban and rural areas, as well as to improve equity in development, Government of Indonesia launch the Decree on Village Fund number 6 in year 2014. Village Governments are given authority and sufficient funding sources to manage their local potency in order to improve community in economical and welfare level.

The legal basis of village funds program regulated in decree number 6 year 2014, decree number. The decree number 6 year 2014 consist of PP 47/2015 that regulate in the scope of village funds implementation policy and PP 60/2014 that regulate the source of village funds is from APBN. The law No. 6 year 2014 clearly stated about the position of village government in the structure of the whole national government. In the implementation level, the law no. 6 year 2014 state the clear task, role and functions in managing the village. Besides managing, this law requires village government to governance and provide services to the people in the area.

In detail, decree number 6 year 2014 regulate the village funds is transferred from regional government to the village government. The amount of village funds allocation is calculated based on population of the village which weighted 30% of the total village funds allocation. The other components of the allocations are village area weighted 20% and number of poverty weighted 50%. Furthermore, Indonesian Ministry of Finance stated that in 2017 the total village funds allocation is 600 billion rupiahs, where every village receive approximately 800 million rupiahs. Furthermore, from the evaluation of village funds program, government success in decreasing number of rural community from 17.4 in 2014 becomes 17.1 in 2017.

As one of the forms of accountability in the implementation of governance stipulated in Law Number 17 Year 2003 on State Finance and Law Number 32 Year 2004 on Regional Governance. The transparency and accountability of government's financial management, both central and local governments, can be seen by submitting

an accountability report in the form of financial statements. The resulting government financial statements must meet timely principles and prepared based on the Government Accounting Standards in accordance with Government Regulation No. 24/2005. The government's financial report is then submitted to the DPR / DPRD and the public after audited by the State Audit Board (BPK). The components of the financial statements were the Budget Realization Report, Balance Sheet, Statement of Cash Flows, and Notes on Financial Statements.

However, several problems still exist in implementation of village funds program. Based on Ministry of Finance, the main problems in village funds implementation are unnecessary spending, lack of transaction evidence, the task is done by the third party, tax is not following the rules and regulations, spending outside the budget, village do not have savings. Besides those problems, Indonesia Corruption Watch researcher, Primayoga, E. (2018) stated that there are 181 corruption case since 2015 until the first semester of 2018 with loss of 46 billion Rupiahs.

Indonesian central government through Ministry of Finance develop an information system software that aim to assist the implementation of village funds namely SISKEUDES. This SISKEUDES software is used as financial information system that meant to enhance the transparent practice, and better accountability. This software provides seven features which consist of suitable with the current government regulations, making the managing of village funds easier, system ease of use, built in

internal control, continuous maintenance, and supported by user guidance manual for the system.

There are several previous research on accounting information system specifically in the area of village funds and village information system. First, Ismail et al., 2016 found that the constraints of village funds accounting information system in Boyolali, Central Java. The main problem cause by village government human resources is not capable handling the finance aspects due to lack of education in the area. Besides education background problems, there are no assistance from district level government that supposed to guide the process.

Furthermore, Salim, Bulan, Untung, Laksono, & Brock (2017) found that there is several constraint in the scope of village finance. Since, the source of village funds comes from central and regional funds, the head of village have difficulties in administration due to dual financial disbursement process, reporting structure and fear of failing to obey the rules that may lead to KPK inspection.

Based on background of the research above and several previous study mentioned earlier, researcher will conduct the research that aim to obtain practical sight on village funds program that conduct by the village government with research entitled “Village Funds Information System at Panggunharjo, Bantul, Yogyakarta”.

1.2. Research Problems

Based on the study background above, the problem are formulated as follows:

1. How do Panggunharjo village government manage the village funds using SISKEUDES?
2. How is the implementation on SISKEUDES' effect toward performance of village fund management?
3. What are the challanges face by the village government in implementing SISKEUDES?

1.3. Research Objectives

Based on the research background, problem formulation and research limitation, the aims of this research are:

1. To describe the usage of SISKEUDES as AIS in implementing the village funds program.
2. To describe the impact of SISKEUDES as AIS implementation on village government performance in village funds program.
3. To describe the challenges in the implementation of SISKEUDE faced by village government.

1.4. The Benefits of Research

The output of this research expected can be useful to following parties:

1. Government

This research expected can be as one of the interpretation of accounting information system in the village level that may suite and can be adopt to the other village to improve the performance of village government in managing village funds.

2. Future Researchers and Academicians

This research expected can be used as reference for the future research in the area of village funds and SISKEUDES as village government information system.

3. Community

This research expects to enhance knowledge regarding the management of village funds by village government. Furthermore, this research expects to enhance village government transparency and accountability.

1.5. Research Systematics

The research entitled “Village Funds Information System at Panggunharjo, Bantul”, consist of five chapters, with writing systematic below:

CHAPTER I INTRODUCTION

Chapter one explain the research background, research problem limitation, problem formulation, research objective, benefit of the research, and research systematics.

CHAPTER II THEORETICAL REVIEW

This chapter illustrate the theoretical basis of technology acceptance, and village funds program legal basis.

CHAPTER III RESEARCH METHOD

Chapter three describe the qualitative and quantitative research method, reason of research location selection, source of the data, how to obtain the data, and data collection technique.

CHAPTER IV ANALYSIS AND DISSCUSSION

This Chapter explain the profile of research location, and analysis for research findings obtained that eventually will be used for answering the research problem which consist of:

1. How do Panggunharjo village government manage the village funds using SISKEUDES?
2. How is the implementation on SISKEUDES effect toward performance of village fund management?

3. What are the challenges face by the village government in implementing SISKEUDES?

CHAPTER V CONCLUSION AND RECOMENDATION

This chapter describe the summary of the findings and recommendations for future research.

