The Contribution of Village Fund Management for Creating More Prosperous Society: an Empirical Study at Central Java

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**Abstract.** The purposes of this research are first to explain the readiness of villages in managing the village fund. Second, to generate a mapping of priorities for the use of village fund. Third, to analyze the implementations of financial management of the village fund. This research uses a case study. The main data sources of this research are the village chiefs, village secretaries, village treasurers, and society in Central Java. The results show the villages are ready to manage the village fund originating from the national budget. The village fund is used to finance physical and non-physical development and empower the society. The implementation of the use of the village fund have been by certain procedures and can be justified so that transparency and accountability can be realized well. The business activities of Village-Owned Enterprises originating from the village fund have proven to be able to move the economy of the village community forward*.*

**Keywords**: Mapping Priorities; Financial Management of Village Fund; Village-Owned Enterprises

**Abstrak.** Tujuan penelitian ini adalah pertama untuk menjelaskan kesiapan desa dalam mengelola dana desa. Kedua, menghasilkan pemetaan prioritas penggunaan dana desa. Ketiga, menganalisis pelaksanaan pengelolaan keuangan dana desa. Penelitian ini menggunakan studi kasus. Sumber data utama penelitian adalah kepala desa, sekretaris desa, bendahara desa, dan masyarakat di Jawa Tengah. Hasilnya menunjukkan bahwa desa sudah siap untuk mengelola dana desa yang bersumber dari APBN. Dana desa digunakan untuk membiayai pembangunan fisik dan non fisik serta pemberdayaan masyarakat. Pelaksanaan penggunaan dana desa sudah melalui prosedur yang benar dan dapat dipertanggungjawabkan sehingga transparan dan akuntabel.. Kegiatan usaha Badan Usaha Milik Desa yang bersumber dari dana desa terbukti mampu memajukan perekonomian masyarakat desa.

**Kata Kunci:** BUMDesa; Pengelolaan Keuangan Dana Desa; Prioritas Penggunaan Dana Desa

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### INTRODUCTION

The National Law Number 6 of 2014 concerning on Villages (Village Laws) and its implementing regulations have mandated the village government to be more independent in managing the government and various natural resources owned, including the management of village finances and assets. Based on the Village Law and clarified in the Regulation of Minister of Finance Number 93 / PMK.07 / 2015 concerning on Procedures for Allocation, Distribution, Use, Monitoring, and Evaluation of Village Funds, the central government will allocate the village funds, through certain transfer mechanisms to the district/city. Article 4 of the Regulation of Minister of Finance Number 93 / PMK.07 / 2015 states that the breakdown of the village fund for each regency/city based on allocations is calculated by taking into account the population, poverty rate, area and geographical issues of each regency/city calculated with a weighting of 25% for the population of the village, 35% for the village poverty rate, 10% for the area, and 30% for the geographical issues of the village in each regency/city.

The main issue that has ever become a polemic was about the authority of the Ministry of Home Affairs and the Ministry of Village and Remote Areas Development despite the issuance of Presidential Regulation number 11 and 12 of 2015. The Ministry of Home Affairs through The Directorate General of Village Government Development, under Presidential Regulation No. 11 of 2015, has the task of organizing the formulation and implementation of policies in the field of village government development (related to village government officials). Meanwhile, the Ministry of Village and Remote Areas Development has the duties relates to the village area development and empowerment of the village communities (Menteri Dalam Negeri Republik Indonesia, 2018).

The village fund management is expected to run effectively, which is shown by more equitable development in various villages. One of the problems faced by the village people mostly includes the timeliness of the distribution of village funds, the timeliness of the delivery of accountability reports, the taxes that have not been deposited to cash, and the use of village funds for the private one. For the constraints in managing the village fund finances which have been summarized in 25 cases in 12 villages (the period June 2017 to October 2018), the Village Fund Inspection Report states that some irregularities in the management of village fund include the misuse of authority carried out by the village head, embezzlement of the fund, fictive accountability reports, the quality and quantity of physical works, and negligence of the village treasurers (Batara, 2017).

Better development is expected to be able to improve the standard of living of rural communities and be able to reduce existing poverty levels. Meanwhile, the quality of human resources is explained to be an obstacle for village development (van Helden & Uddin, 2016). The results of their research described the implementation of the policies and viewed the factors that hinder the implementation of the village funds. The development process in the village has proceeded according to regulations, but in the distribution phase, there is a delay from the date that has been set. Besides, some obstacles in the implementation of village development are caused by delays in the preparation of technical guidelines and the low quality of human resources.

Some researchers have found that the planning and implementation of village fund activities indicate that the management has been accountable and transparent (Anthopoulou et al., 2017) (Walker, 2014). Nonetheless, financial accounting policies, the budgeting process, and village financial analysis, based on the findings of (Triani & Handayani, 2018) showed the accounting treatment of transactions that occur in the village. The Regulation of the Minister of Finance 07/2016 also emphasizes this point, which describes and explains the allocation of village fun in more detail. The use of the village fund is prioritized for development and community empowerment. This is supported by the research conducted by (Carter et al., 2013) which discusses the effect of implementing village fund policies on village financial management in increasing the effectiveness of village development programs. This shows that the implementation of village fund policies significantly and positively influences the village financial management and the effectiveness of village development programs.

There are eight samples of villages that are ready to implement the of Law No. 6 of 2014 concerning on the village budgeting. However, they are not yet fully ready due to some obstacles in the implementation of the rule. The main factor is the limited time in the preparation of administration and understanding of the contents of the Act as the basis for the rules. Another factor is the lack of human resources support (Hesti Irna Rahmawati, 2015). The Village Fund conducted by the Thai government had been started since 2004 (Boonperm et al., 2009) (Boonperm et al., 2013). The channeling process of the village fund into poor rural communities is done through the microfinance so that the funds can be distributed well to the communities. The village fund imposed by the government of Thailand is very suitable for traditional farmers with relatively short credit terms so that the cash flow becomes faster.This is in line with research conducted by (Haughton & Khandker, 2014) who explained that the village fund in Thailand is distributed using a micro-credit scheme. The value of loans managed by the village fund committee in Thailand has been quite stable since 2006 even without the injection of funds from the new government. However, the village fund exceeded the costs incurred so that they exceeded the breakeven point that had been received, and most village funds have a social nature because it is very unlikely that the microfinance to take risks and innovate.Research has shown that the implementation of the Village Fund in Moyag and Kobo Kecil villages has in principle been carried out based on regulations. However, not all works are carried out in orderly manners. Its implementation has not fully supported the principles of village financial management (Bernstein et al., 2015). Also, the Village Government does not have SOP (standard operating procedure) yet related to the village fund implementation. This is a requirement to support the implementation of the village funding programs. The Village Fund Administration in Moyag and Kobo Kecil villages has a supporting facility; it is the Village Financial System Application. Howeverthis application has not been maximally utilized by the Village Government. Based on the background above, this research first to explain the readiness of villages in managing the village fund. Second, to generate a mapping of priorities for the use of village fund. Third, to analyze the implementations of financial management of the village fund.

**RESEARCH METHOD**

This research uses a qualitative approach, the case study. Case study are used because it is considered more flexible in supporting the researchers to find important factors that arise from real-life contexts and cannot be manipulated directly (Yin; 2003b). The case studies research is carried out in villages in Central Java Province. The research will be divided into each residency in several regencies in Central Java; they are Pati, Banyumas, Kedu, Surakarta, Semarang, and Tegal. The village funds disbursed by the central government in all villages in Central Java Province in 2018 amounted to 700 million respectively.

The data are collected through firstly in-depth interviews using interview guidelines. The interviews are conducted with the village chiefs, secretaries, treasurers, and local people. Second, the observations are made to get some real descriptions of the implementation of village fund management. The data are also taken from a literature study, government regulations on the village funds and village finance, as well as scientific journals related to the problem under study. Interview guides are developed based on four indicators; there are the priority use of village funds, implementation of village fund financial management, absorption of use of village funds, and accountability for the use of village funds. The priority use of village funds interview consists of types of priority use of village funds (physical and non-physical development). The implementation of village fund financial management interviews consists of a mechanism for receiving village funds and using village funds (planning, organizing, actuating, controlling). The absorption of the use of village funds is the amount and parties related to the mechanism of absorption of village funds. The accountability for the use of village funds interview is an effective monitoring system based on the division of authority, roles, rights and responsibilities of the stakeholder (external user).

The main data sources in this qualitative study are speeches and actions (Silverman, 2007). Therefore, the main instrument of this research is the researcher itself through some interviews that are expected to be able to analyze more deeply the qualitative data obtained. The data sources of the research are the village chiefs, secretaries, treasurers, and local people in Central Java obtained using purposive sampling. Purposive sampling is a technique for sampling data sources with certain considerations (according to research purposes). The analysis of the data used in this research uses Miles and Huberman's (2009) qualitative data analysis techniques. There are three paths of qualitative data analysis, namely data reduction, data models (data display), and concluding / verification

**RESULT AND DISCUSSION**

The readiness of the villages in managing the village fund can be seen from the capacity of human resources in the village environment including the latest education, experience, workshops, and training that have been attended, as well as an insight into the village officials related to the village fund management.

Mrs. Andina said that her village has qualified for human resources management.

“…Rakit Village has a competent human resource that can be good management of village funds.”

Similarly, the district head (Mr. Amin) also stated.

“… My village treasurer has a degree in accounting, so he can manage money properly.”

Based on the interview, the village chiefs’ last education is senior high school to the bachelor program. There is an academic qualification of the village apparatus in six districts.

**Figure 1.** Academic Qualification

**Figure 1**. Academic Qualification of



**Source: Research 2019**

The low quality of human resources is explained to be a barrier to village development according to the results of (van Helden & Uddin, 2016). On the other hand, the village officials have already understood what should be prepared in disbursing and channeling the village fund. In preparing the disbursement of the village fund, several things that need to be prepared are proposals and budget plans for one year. The proposal contains details of the results of the officials’ meetings, consisting of the Village Government Work Plan and the Village Medium Term Development Plan. For the first stage of realization, the submission of village fund disbursements is usually complemented by the report of the realization of the previous year's budget, village budget, and most importantly the current Village Government Work Plan. The process of disbursing the village fund starts from the transfer of regional cash to the village fund involving the village chiefs, treasurers, secretaries, and those from the sub-district as representatives of the district, as well as the activity implementation team. The chiefs, treasurers, and secretaries are the village representatives as the submitting party should obtain approval from the sub-district officials. If the approval has been obtained, it will proceed to the Village Community Empowerment Office.

Mr. Suyud said there are three stages of the disbursement of village funds.

“…the disbursement of phase I was 20% of the funds, in addition to the request letter, the APBDes of the current year were also attached, then the RKKD (Village Activity Work Plan). The RKKD is made 100%. For stage I, it is 20%, stage II is 40%, and then stage III is 40%.”

Similarly, the district head, Mrs. Rubiah also stated.

“… The Village Fund from the central government has 3 phases, each 20%, 40%, 40%. The first stage in March, the second stage in April, while the third stage has not yet been disbursed, because the conditions have to absorb 75% of funds.”

Furthermore, in the distribution of the village fund, there is a mechanism or procedure for channeling the fund from the village budget to the details of activities. The draft village fund activities are prepared before submitting the fund. The Village Budget Plans proposal to the Village Development Planning Office is intended to disburse the fund. After that, the village fund is received in some stages. After the fund has reached the village, it is then distributed to each activity to the activity implementation team (physical team) by considering the activity proposal submitted by the previous technical team. The Activity Implementation Team plays a role in assisting the implementation of activities or Head of Activities in the procurement of goods and services.The village fund distribution is done quarterly (every three months), but the exact time is uncertain. It is usually done around March, August, and November.

The disbursement of the fund can be decreased after the accountability report in the last period is over. The results of the study are in line with (van Helden & Uddin, 2016)(Gödecke & Waibel, 2011) who found that the development process in the village has been running according to applicable regulations, but in the distribution phase, there has been a delay from the specified date. Also, the implementation of village development is due to delays in the preparation of technical guidelines and the low quality of human resources.

The priority of using the Village Fund is based on some principles, i.e. justice, which means prioritizing the rights or interests of all villagers without any discrimination. The second one is to prioritize the interests of the village which are more urgent, more needed, and are directly related to the interests of most of the people. Third, the village typology is to consider the circumstances and reality of geographical, sociological, anthropological, economic, and ecological characteristics of the village, as well as changes or developments in the village progress.

The priority of using village funds for village development activities as said by Mrs. Ragil (the treasurer).

“…For the development is still the same as last years, such as road construction, making slides, and repairing kindergarten.”

Similarly, the district head (Mr. Amin) also stated.

" …village funds used for road construction and also empowerment. The focus is on empowering PKK cadres.

The priority of using village funds for village development activities as said by the district head (Mrs. Rubiah).

“…In 2019, we will disburse it for stage I for concrete rebate activities in RW IV, then concrete rebates in RW III, then drainage in RW III, then decor plates in RW IV. This is the first development, for the second phase, the construction is only one activity, there is bridge rehabilitation in RW I.”

Based on the interview, the priorities in the use of village funds are intended to encourage the managers to prioritize the principle of prioritizing common interests that are more urgent, more important and directly related to the interests of the majority of village communities. Based on the results of interviews conducted, the village fund is spent to finance both physical and non-physical development. Physical development appears to be in the form of facilities and infrastructure (Menteri Dalam Negeri Republik Indonesia, 2018). Non-physical development is the development that aims to improve the level and welfare of the community in general, both the improvement and welfare of the community in the fields of education, health, and in other aspects.

In managing the fund, each village has considered some priorities on both physical and non-physical development. The physical development is manifested in the construction of a village hall, medical center, roads, bridges, drainage, irrigation, field Retaining wall, wells, educational institutions, and so on. Meanwhile, the non-physical development is in the form of empowerment and training such as increasing the capacity of village officials, increasing the capacity of administrators of Village-Owned Enterprises (BUMDes), and Micro, Small and Medium Enterprises (UMKM) of the community, medical center personnel, capacity building of youth groups and Village Unit Empowerment Cadres (KPUD) and the Qur'an Teaching Center (TPQ). Also, the fund is used to increase the capacity of village institutions, starting from RT/RW (neighborhood associations) and so on. Generally, the programs/activities in the empowerment aspect are non-physical, but this is not always the case. The activities can also be in the form of physical programs that support non-physical ones, for example, procurement/support of equipment for the training.

Mrs. Anna said that the village fund was used for empowerment development.

“…For the empowerment there was an increase in the capacity of village officials, then an increase in the capacity of BUMDes administrators, then an increase in the capacity of village institutions starting from RT, RW and so on. Furthermore, there is an increase in the capacity of youth organizations and empowerment cadres (KPUD).”

The priority of using village funds in Karangbanjar was explained by Mrs. Anggita.

“…village funds have used to the construction of village hall buildings, roads, and village Retaining wall while in the field of empowerment, in 2018 priority is given to training and empowering BUMDesa.”

For the capacity building of the village officials, several villages focus on computerized training. A computer is an important tool for village officials to do their works as part of the village government. This is done by considering that the works will be more effective and efficient than doing it manually by taking notes in thick books. Computers provide data management solutions quickly and accurately and generate reports/information time needed by information users. Thus, computerized training is expected to support good village governance.The priorities of the village fund spending are following the Regulation of the Minister of Villages, Remote Areas, and Transmigration in 2016. Following is the mapping of the priorities of the village fund in Central Java (Table 1).

**Table 1.** The Mapping of the Priorities of the Village Fund in Central Java

|  |  |  |
| --- | --- | --- |
| **No.** | **Physical Development** | **Non-physical Development** |
| 1 | Construction of village hall building | Increasing the capacity of village officials |
| 2 | Medical center development | Increasing the capacity of the management of Village Owned Enterprises (BUMDes), and Micro, Small and Medium Enterprises (UMKM)  |
| 3 | Drainage construction and repair | Capacity building of the youth groups |
| 4 | Irrigation making and repair | Improvement of Village Unit Empowerment Cadres  |
| 5 | Field Retaining wall repair and development  | Capacity Building for the Management of Qur'an Teaching Center  |

Source: Result Research 2019

The Village Budget (APBDes) is implemented under the Village Consultative Meeting (Musrenbangdes). This is because the basis for the preparation of the village budget is the RPJMDes and RKPDes, whereas the RPJMDes and RKPDes are prepared based on Musrenbangdes (Village Development Planning Deliberation). Musrenbangdes (Village Development Planning Deliberation) is implemented to involve all elements of the community, starting from the village chiefs and officials, and the village community which includes the hamlet chiefs, youth, and other residents.

The implementation of village fund management often faces complicated obstacles, one of which is that the use of the village fund is not on target and not following the people's needs. Also, the highly complicated Accountability Report or LPJ remains the main issue faced by most villages in implementing good village fund management. This constraint is related to looking for transaction evidence, especially for activities for which there are no written/printed transaction notes.

The problems related to inaccuracies in the use of village funds occur due to the existing circumstances. For example, the village fund has just been transferred at the end of December, while several activities and developments could not be realized. Therefore, if we want to manage the village fund by the activities written in the village budget, obviously we cannot. To overcome this issue, the village fund manager provides an alternative solution by budgeting it in the following year. However, some villages have tried to touch all aspects of activities and development by adjusting the budget ceiling, but if this is done frequently, the development progress will not be optimal as expected.

The programs set in the village budget are contained in village spending. In Karangbanjar village, for example, the spending is grouped into five main aspects, namely village development, village governance, community empowerment, community development, and disaster bailout. In the 2018 accountability report, all activities could be carried out and realized, except in the disaster sector. This is because in 2018 no disaster occurred, so the fund was diverted to other fields.

The community involvement in the implementation of the village fund can be seen during the preparation of village-level meetings. The local people can participate in proposing any social activities that should be prioritized. Besides, the other tangible form is community participation in physical development such as community service for road construction. Another role that can be taken is supervision. The supervision conducted by the community is carried out through the Village Representative (BPD). Thus, BPD functions as an agency that accommodates community protests and proposals. A simple example is when the road construction is supposed to be 10 metter but it is only realized only 8 meters, the people may complain about this problem to BPD, then BPD tells the village government. Also, the installation of the village budget report in every corner of the village becomes a place for community supervision. The whole community can complain about all matters and observations if they find irregularities in the implementation of village development.

Internal control carried out by the village chefs is to criticize the village budget and activities that will be carried out. The village chief and village secretary together review the proposals submitted to the village. These activities include internal control so that the village fund can be channeled according to the village medium-term development plan and village budget plan. The internal control carried out by the village chief is related to the clear division of tasks for each village official. This is done there is no overlapping work to simplify the supervision process (Susilowati et al., 2020). For examples in development, there is a special section of people's welfare; it is welfare section (Kasi Kesra) responsible. Internal control is also carried out in the financial sector. The village treasury fund is never held by the village chief, and all are directly held by the treasurer to be managed. Both periodical and incidental meetings are also another way of internal control conducted by the village chief.

The absorption of the fund in each village is nominally different, ranging from six hundred million to one billion rupiahs. The village fund spending uses the 40-40-20 model, meaning that in the first phase, it is usually spent as much as 40% of the total proposed fund, 40% in the second stage, and 20% in the third. However, this model is not applied in all villages; some use the 20-40-40 model.

Furthermore, the village fund management does not stop at the implementation stage but also reaches the accountability phase. The report process begins with the collection of transaction evidence and is recorded in a general cash book. Furthermore, the accountability report is made, which is then submitted to the sub-district level to be revised if there are still inconsistencies (Susilowati et al., 2018).

The report is in the form of a report sheet or binding, containing details of activities that have been completed, proof of transactions, and documentation of activities. The implementation of accountability for the use of the village fund is carried out at the end of the year with maximum reporting at the end of the following January. The accountability of the fund is reported to three parties, namely sub-districts, related village offices such as BPD, and regency levels (Regional secretary) if there are any supervisions. Evidence of the accountability contains transaction sheets, general cash books, documentation of activities, and results of the discussion. Also, the village government makes billboards containing the receipts and use of the village fund. The billboards are installed in front of the village office and other strategic locations in the village, so that the financial accountability and transparency can be realized well. These results are consistent with the study of (Walker, 2014) who stated that the planning and implementation of village fund allocation activities indicate that the management is accountable and transparent. There is a village fund management model base on research (Figure 2).

**Figure 2.** Village fund management model base on research

Village Programme

Village Budget

ADMINISTRATION

Record

Display

Report

Village Development Planning Deliberation

Accountability Report by the treasurer

Controlling by Society

Controlling by head district

**Source: Research 2019**

Village-Owned Enterprise (BUMDesa) is a business entity in which entire or most of its capital is owned by the village through direct participation from the village assets that are separated to manage assets, services, and other businesses for the maximum welfare of the village community. Establishment of the village-owned enterprise aims to improve the village economy, optimizing village assets to be beneficial for the people’s welfare; increase community efforts in managing the economic potential of the village; develop business cooperation plans among villages and/or with third parties; creating market opportunities and networks that support citizens' general service needs; open employment; improve community welfare through improving public services, growth and equitable distribution of the village economy; and increase the income of the village community and the villages’ original income.

The village-owned enterprise capital can come from the people and the village. The village government provides village-owned enterprise's capital from the village fund. The village-owned enterprise management should be approved by the village government so that the revenue share of village-owned enterprise income is determined fairly. The village-owned enterprise can be in form of a corporation as a capital alliance, formed based on an agreement, and conducting business activities with capital that is mostly owned by the village-owned enterprise, under the laws and regulations concerning on the corporations; and Microfinance Institutions with the village-owned enterprise contributing 60 (sixty) percents, by statutory regulations regarding microfinance institutions (Menkhoff & Rungruxsirivorn, 2011).

There are various types of village-owned enterprises in Central Java. Among them are engaged in providing basic needs, such as Asung Daya in Jatijajar village, Bergas sub-district, Sumber Arto in Kenteng Village of Bandungan sub-district. Also, there is a form of the corporation which manages attractions in Serang village, Karangreja sub-district. There is also Maju Jaya enterprise in the form of a savings and loan cooperative in Losari Village, Rembang sub-district.

The village-owned enterprise has successfully managed its business activities. Every year can contribute to high original village income to the village government. The community member as the manager is also very enthusiastic in developing business continuity. Various innovations have been made by the village-owned enterprise so that they can compete with private minimarkets. Through the creativity of the management, the types of products sold are increasingly varied. Therefore, consumers can enjoy high-quality products. The research in line with (Carter et al., 2013) (Suryadarma & Yamauchi, 2013) stated that the implementation of village fund policies has real and positive effects on the village financial management and the effectiveness of village development programs. It is expected that the management of the village fund can run effectively, as indicated by the results of more equitable development in the various villages. The following village-owned enterprises (BUMDes) are growing rapidly in Central Java (Table 2).

**Table 2.** Village-owned enterprises (BUMDes) in Central Java

| **No** | ***BUMDes*** | **Type of *BUMDes*** |
| --- | --- | --- |
|  | *BUMDesa Tirta Mandiri Ponggok* | Tourism |
|  | *BUMDesa Asung Daya* | Shopping mall |
|  | *BUMDesa Sumber Arto* | Minimarket, Garbage collection |
|  | *BUMDesa Silatri Indah Toserva* | Grocery store |
|  | *BUMDesa Barokah Pare* | Grocery store |
|  | *BUMDesa Dananjaya* | Cooperative |
|  | *BUMDesa Andong Jinawi* | restaurant |
|  | *BUMDesa Serang Mandiri Sejahtera* | Tourism |
|  | *BUMDesa Bangun Karya Bangunrejo* | Rural Water management |
|  | *BUMDesa Pembuatan Batako* | Garbage collection |
|  | *BUMDesa Tirto Manunggal* | Rural Water management |
|  | *BUMDesa Mitra Sejahtera* | Grocery store |
|  | *BUMDesa Maju Berkah Wangandowo* | Farm shop |
|  | *BUMDesa Reban* | Garbage collection |
|  | *BUMDesa Ngrembaka Mulya* | Gas station |
|  | *BUMDesa Desa’Smart* | Shopping mall |
|  | *BUMDesa Sumber Damai* | Restaurant |
|  | *BUMDesa Citra Gemilang* | Restaurant |
|  | *BUMDesa Sehat Tlogowungu* | Medical center  |
|  | *BUMDesa Karya Mandiri* | Clothing store |
|  | *BUMDesa Agen Brilink Bumdes Sidomakmur Pingit* | Shopping mall |
|  | *BUMDesa Berkah Abadi* | Grocery store |
|  | *BUMDesa Ngudi Rahayu* | Supermarket |

**Source: Research 2019**

### CONCLUSION

The village fund is spent to finance both physical and non-physical development and empowering village communities. Physical development is the development that seems to have infrastructure and infrastructure. Non-physical development is the development that aims to improve the level of people's welfare in general, such as the improvement and welfare of the community in the fields of education, health, and others. Meanwhile, the community empowerment priorities are used to improve the community skills, so that they can be productive and improve the quality of local wisdom products in the village. The implementation of the use of the village fund is following procedures and can be justified so that transparency and accountability goals can be realized. The business activities of Village-Owned Enterprises originating from the village fund have proven to be able to move the economy of the village community forward.

Thus, it is suggested that first, the village fund management model should be prepared to guarantee more careful planning, effective and efficient implementation, and reliable supervision. Second, socialization and training for the village officials are strongly required to realize more accountable village fund management.

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