

**ANALYSIS OF VILLAGE FINANCIAL ACCOUNTING SYSTEM IN  
GIRIREJO VILLAGE INCOME AND EXPENDITURE BUDGET  
MANAGEMENT**

**Arung Restu Buana<sup>1\*</sup>**

<sup>1</sup> Universitas Tidar

E-mail: <sup>1)</sup> [arungrestubuana7@gmail.com](mailto:arungrestubuana7@gmail.com)

**Abstract**

*This study aims to find out how the application of village financial accounting in the context of managing the Village Revenue and Expenditure Budget (APBDes) in Girirejo Village, Tegalrejo District, Magelang Regency, Central Java Province. Furthermore, in the Village Fund Allocation (ADD) there are several activities such as planning, implementation, reporting, accountability. This research uses descriptive qualitative analysis method. The speakers consist of several resource persons such as the Village Apparatus, namely the Village Head, Carik/Village Secretary, and other staff. The data collection method by means of interviews. Based on the results of this study, the application of the accounting system in Girirejo Village, Tegalrejo District, Magelang Regency, Central Java Province still tends to be low because many village officials have only high school education levels so that knowledge about the world of accounting is still low. However, the management of the Village Revenue and Expenditure Budget (APBDes) starting from the planning, implementation, administration, reporting, and accountability stages is in accordance with applicable laws and regulations based on the principles of transparency, accountability, participatory, orderly and budgetary discipline.*

**Keywords:** *Village Financial Accounting, Village Revenue and Expenditure Budget (APBDes), Village Fund Allocation*

## **1. INTRODUCTION**

Accounting is a field that is always evolving, particularly in the public sector. Public sector accounting is a part of government accounting. There are a variety of ways in which village governments record and report their finances, and these financial reports are used by interested parties, such as village officials and their constituents, to gain an understanding of the village's financial health (Yuliansyah & Rusmianto, 2016). According to Government Regulation Number 72 of 2005 and Revision of Law Number 6 of 201 concerning Villages which regulates village administration very clearly, and stipulates that the village is a legal entity with the authority to regulate and manage the interests of the local community, which are in the national government system and are in the district area (Indonesia, 2015). Girirejo Village is a village located in Tegalrejo District, Magelang Regency, Central Java Province. In Girirejo Village, there are several hamlets, namely Geger, Salakan, Pending Wetan, SoboKarang, Kaliampo, Beran and parts of Sindas Hamlet.

The Village Revenue and Expenditure Budget (hereinafter referred to as APBDes) is a financial plan established by the village administration which is then evaluated and approved by village officials before being governed by village rules (Soleh & Rohmansjah, 2014). APBDes is made up of village expenditure, income, and finance. Village income is made up

of incoming money received through the village treasury account that becomes the village's right within 1 (one) fiscal year and does not have to be repaid by the village, which includes Village Original Income (hereinafter referred to as PADes), Village Fund Allocation (hereinafter referred to as ADD), support government finance, grants, and donations from third parties (Arief, 2018).

Minister of Home Affairs Regulation (*Permendagri*) Number 20 of 2018 concerning Village Financial Management is held based on four basic principles, namely transparent, responsible, participatory, orderly, and budgetary discipline. These principles must be used as guidelines in managing village finances so that village funds can be used effectively and efficiently (Pembangunan, 2015).

Based on some of these backgrounds, this study aims to find out how to apply village financial accounting in the context of managing the Village Revenue and Expenditure Budget (APBDes) in Girirejo Village, Tegalrejo District, Magelang Regency, Central Java Province.

## **2. LITERATURE REVIEW**

### **2.1. Village Financial Accounting**

Village financial accounting encompasses all aspects of financial accounting in the village administration, including recording and reporting financial data in the form of financial reports for use by interested parties such as village officials and community members (Pembangunan, 2015). Village Finance is defined as the rights and duties of the Village that can be valued in money, as well as everything in the form of money and goods connected to the implementation of Village rights and obligations, according to article 71 paragraph (1) of Law Number 6 of 2014. Furthermore, it is mentioned in paragraph (2) that the existence of rights and obligations will result in Village Finance income, expenditure, financing, and administration. Village financial reports must be reported by the village government in the form of a budget, cash book, tax book, bank book, and budget realization reports, according to *Permendagri* No. 113 of 2014. The financial information of an entity is the product of accounting. Financial report is the name for this type of financial data. Moreover, internal and external parties can use these financial reports (Pembangunan, 2015).

Each village has a different ability in financial management. In managing village finances, the most important thing is that the competence and commitment of human resources are reliable (Arief, 2018). At present, most of the village officials have an education level of only high school graduation, so their knowledge of the world of accounting is still low. Therefore, many find it difficult to record financial transactions in the village. Under these conditions it can be difficult in responsible for the village's finances.

The execution of village fund budgeting is based on the accountability concept, which states that the final result must be accountable to the community in accordance with applicable laws and regulations. The most significant aspect of village financial administration is the quality of good financial reports. As a consequence, village administrators must grasp accounting in order to handle the community's finances. The government must also monitor the administration of village funds to ensure transparency and accountability (Faiqoh, 2019). As a practical matter, the establishment of village financial accounting is extremely beneficial in overcoming these issues. It is vital to create village financial accounting in an easy and hence precise way so that it is easily understood by

various parties.

### **2.2. Village Income and Expenditure Budget (APBDES)**

The Village Revenue and Expenditure Budget (APBDes) is a financial plan made by the village government which is then discussed and approved by village officials and then stipulated by Village Regulation. The APBDes budget covers one year, from the beginning of January until the end of December (Indonesia, 2015).

Each village has a different Village Original Income (PAD). Village Original Income comes from village authority based on origin rights and local village scale authority, Village business results include the results of Village-owned enterprises (BUMDes) and *tanah bengkok* (a land that is accepted to be cultivated in lieu of salary for villages officials and so on). Various sources of village income can also be obtained from central government assistance, central and regional financial balance funds, local tax collection, and district/city levies. In the event that the donation/grant is recognized as village treasury/village inventory. Villages also receive budget allocations from the Central Government and Regional Governments. The budget is a budget allocation for each village which is channeled through transfers from the Regional Revenue and Expenditure Budget which is then entered into the Village Revenue and Expenditure Budget and is used for the development of village facilities and infrastructure, community empowerment, and administration (Soleh & Rohmansjah, 2014).

The amount of the budget charged to the Village is 10% of the regional transfer funds in stages. The Village Revenue and Expenditure Budget sourced from the State Revenue and Expenditure Budget is calculated according to the number of villages allocated according to the population, poverty level, village area, geographical conditions. With the Village Revenue and Expenditure Budget, it is expected to improve community welfare and equitable development of village facilities and infrastructure.

### **2.3. Village Fund Allocation (ADD)**

In this Village Fund Allocation (ADD), there are several stages such as planning, implementation, reporting, accountability (Sanjiwani, 2015). Meanwhile, village expenditures are all expenditures from the village and are the village's obligations in 1 fiscal year which are not repaid by the village. Village expenditure can be divided into two, namely:

- 1) Direct Spending
  - a) Spending for goods and services,
  - b) Employee spending,
  - c) Capital expenditure.
- 2) Indirect Spending
  - a) Allowance shopping,
  - b) Grant shopping,
  - c) Subsidy spending,
  - d) Shopping for financial aid
  - e) Social aid spending,
  - f) Unexpected spending.

Furthermore, village financing is also divided into two, namely:

- 1) Funding Receipt
  - a) Village loan receipts,
  - b) Receipt of village receivables,
  - c) Reserve fund transfer,
  - d) SILPA (The rest of last year's budget calculations)
  - e) Proceeds from the sale of separated village assets.
- 2) Financing Expenditure
  - a) Establishment of a reserve fund,
  - b) Lending,
  - c) Principal payment of maturing debt,
  - d) Capital participation/investment.

Besides that. There are the parties who take part in the preparation of the APBDes, such as:

- 1) Village officials;
- 2) Citizen Representative;
- 3) Village Consultative Body;
- 4) Regent/*Camat*.

The village head is the holder of the highest authority in the village and also the holder of the power to manage village finances. Various tasks carried out by the village head related to village financial management are:

- 1) Establishing goods management policies in the village;
- 2) Establishing APBDes policy; and
- 3) Assign village treasurer.

### **3. RESEARCH METHOD**

The research method used in this article is a qualitative descriptive method, also known as a problem formulation, which guides researchers to explore and/or photograph social situations that are discussed in detail, generality, and complexity (Sugiyono, 2017).

Furthermore, the location of the research conducted in this article is in Girirejo Village, Tegalrejo District, Magelang Regency, Central Java Province. Moreover, the primary data is gathered directly through interviews with parties with the authority to supply information in this article. Besides that, secondary data was gathered by searching for references relevant to this study.

### **4. RESULT AND DISCUSSION**

Girirejo village location based on its topography is in the form of mountains. The altitude of Girirejo Village ranges from 0 meters to 470 m above sea level. Meanwhile, the temperature in Girirejo Village varies between 18 to 35 degrees Celsius.

Girirejo Village is administratively located in the Tegalrejo District, Magelang Regency, precisely to the west of Tegalrejo District. The distance from the sub-district office to the village is about 7 Km, while the distance from the regent's office is about 30 Km. The travel time to the sub-district office is approximately 10 minutes, while to the district office is about 30 minutes. Geographically, the boundaries of Girirejo Village are:

- 1) West side: Pancuranmas Village, Secang District
- 2) North side: Purwodadi Village, Tegalrejo District
- 3) East side: Purwodadi Village and Glagah Ombo Village, Tegalrejo District
- 4) South side: Ngasem Village, Tegalrejo District

Girirejo Village, Tegalrejo District, Magelang Regency has a population of 3.710 people with 1.208 families. To be the basis of development, a large population must be accompanied by quality human resources. Dealing with population is very important so that the existing potential can become a machine development especially development in Girirejo Village. Regarding population, aspects that need to be considered include population growth, density level, structure, and distribution. Judging from the age structure, the residents of Girirejo Village are relatively young. The total population aged 0 to 5 years is 218 people, the population aged 6 to 1 year is 227 people. Then the total population aged 26 to 3 years is 212 people and the total population aged 31 to 35 is 206 inhabitants. Moreover, the gender proportion of the population of Girirejo Village shows that the female population is relatively higher than the male population.

The village government in carrying out village financial management there are several stages of activities that are passed such as planning, implementation, administration, reporting, and accountability. All sources of village income are received by channeling them through village accounts. Then its use is determined in the APBDes (Soleh & Rohmansjah, 2014).

In the financial planning stage, starting with the General Budget Policy (hereinafter referred to as KUA) including the indicative upper limit of the Village Fund Allocation (ADD), profit sharing, village funds, and financial assistance that is socialized to villages as the basis for preparing the Village Revenue and Expenditure Budget (APBDes). The procedure for preparing APBDes is:

- 1) Team building

The APBDes drafting team was formed by the Girirejo Village Head by making a village head decree whose task this team was to listen and discuss the village head's vision and mission. The results of the discussion are used as a reference for the preparation of the Girirejo APBDes.

- 2) Alignment of planning policy directions

The Girirejo APBDes with the Magelang Regency APBD in addition to other planning documents must be the same in direction and policies.

- 3) Village condition assessment

When conducting an assessment of the condition of the village, the Drafting Team for the Girirejo APBDes took actions such as:

- a) Comparison of data collection from village data documents.
  - b) Comparison of village data: comparison of village data with current village conditions.
  - c) Investigation of community ideas: hamlet meetings.
- 4) Village meeting

In this village meeting, an inventory of all activities to be carried out at the hamlet level is carried out which includes all types of activities, both in the form of facilities and infrastructure development activities as well as activities in the field of empowerment.

5) Preparation of APBDes

In carrying out the preparation of the APBDes, the Drafting Team of the Girirejo APBDes carried out the following stages:

- a) Drafting the APBDes in accordance with the minutes taken from the mutual agreement during the village deliberations,
- b) Make news containing the results of the preparation of the APBDes draft by attaching the APBDes draft document,
- c) Sending the minutes of the event and the draft APBDes to the Village Head,
- d) After the village head approves the APBDes draft, followed by village deliberation.

6) Village development plan deliberation (APBDes *musrenbang*)

In this village Deliberations of the Development Plan, the village head of Girirejo and his team, BPD, and community elements discussed and agreed on the APBDes draft. The results of the agreement are included in the minutes of the preparation of the APBDes.

Community elements consist of:

- a) Traditional figure,
- b) Religious leaders,
- c) Public figure,
- d) Education figure,
- e) Representative of farmer groups,
- f) Craftsman group representatives,
- g) Representatives of women's groups,
- h) Representatives of poor community groups.

In addition, the Deliberations of the Development Plan of Girirejo Village was also attended by elements of other communities in accordance with the culture of the local community.

7) Determination of APBDes

The Girirejo Village Deliberations of the Development Plan produces APBDes to be used as Village Regulations regarding APBDes.

In the implementation stage, all receipts and expenditures for the implementation of village authority are sent through the village treasury account. Complete and valid evidence is also required for such receipts and disbursements. In the implementation stage of the APBDes in Girirejo Village, Tegalrejo District, Magelang Regency, it is in line with the laws and regulations, namely transparent, accountable, participatory, and orderly and budgetary discipline.

Furthermore, on the administrative stage, in order to realize the 4 basic principles, it is transparent, accountable, participatory, orderly and therefore village financial administration must be good (Sanjiwani, 2015). The village financial administration is the responsibility of the village treasurer. In Girirejo Village, Tegalrejo District, Magelang Regency, the administration is also in line with the laws and regulations, namely transparent, accountable, participatory, and orderly and budgetary discipline (Indonesia, 2015).

Moreover, on the reporting stage of the APBDes in Girirejo Village, Tegalrejo District, Magelang Regency, it is in line with the applicable laws and regulations, namely transparent, accountable, participatory, and orderly and budgetary discipline.

Last but not least, on the APBDes accountability stage in Girirejo Village, Tegalrejo District, Magelang Regency, it is also in line with the applicable laws and regulations,

namely transparent, then also accountable, participatory, and orderly as well as budget discipline. In his accountability, the village head of Girirejo conveyed it to the Regent of Magelang Regency at the end of each budget year.

## 5. CONCLUSION

Based on the findings, it can be stated that there is still relatively little or low application of financial accounting in the village since many village authorities who have an education level only graduate high school, so understanding about the world of accounting is still low. It can be difficult to account for the village's finances under these conditions. However, from the planning, implementation, management, reporting, and accountability stages, the management of APBDes is in accordance with existing laws and regulations, notably transparent, then accountable, participatory, orderly, and budget discipline.

### Suggestion

Although the Girirejo Village Government in Tegalrejo District, Magelang Regency has implemented the principles of transparency, accountability, participatory, orderly, and budgetary discipline, it is expected to be able to improve it again in order to carry out its duties and responsibilities as effectively as possible. Furthermore, it is vital to publicize the usage of village funds, such as by erecting an information board at the site of each activity. Therefore, accounting needs to be improved in the government of Girirejo Village, Tegalrejo District, Magelang Regency, because accounting will make it easier to manage.

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*Arung Restu Buana*

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