ANALYSIS OF VILLAGE GOVERNMENT'S FINANCIAL PERFORMANCE IN MANGING THE VILLAGE FUND ALLOCATION

ANALISIS KINERJA KEUANGAN PEMERINTAH DESA DALAM MENGELOLA ALOKASI DANA DESA

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Abstrak

This study aimed to describe the Village Government's Financial Performance in Managing the Village Fund Allocation at Kemiri Subdistrict in 2016 based on the analysis of Expenditure Variance, Expenditure Growth, Expenditure Harmony, and Expenditure Efficiency**.** This is descriptive quantitative study conducted on population of 40 villages. Data has been collected then analyzed by using descriptive statistics. Based on this research result can be concluded that the Village Government's Financial Performance in Managing the Village Fund Allocation at Kemiri Subdistrict in 2016 (1) based on the analysis of Expenditure Variance is assessed good, (2) based on the analysis of Expenditure Growth there was a decrease of expenditure amounted to 7%, (3) based on the analysis of Expenditure Harmony it can be known that the Village Fund Allocation mostly used for Operational Expenditure with 80% percentage, and (4) based on the analysis of Expenditure Efficiency it can be considered efficient.

Keyword: Village Government's Financial Performance, Expenditure Variance, Expenditure Grwoth, Expenditure Harmony, Expenditure Efficiency

Abstract

Penelitian ini bertujuan untuk mengetahui Kinerja Keuangan Pemerintah Desa dalam Mengelola Alokasi Dana Desa di Kecamatan Kemiri tahun anggaran 2016 berdasarkan analisis Varians Belanja, Pertumbuhan Belanja, Keserasian Belanja, dan Efisiensi Belanja. Penelitian ini merupakan penelitian deskriptif kuantitatif yang dilaksanakan pada populasi dengan jumlah 40 desa. Data yang didapat dianalisis dengan menggunakan statistik deskriptif. Berdasarkan hasil penelitian dapat disimpulkan bahwa Kinerja Keuangan Pemerintah Desa dalam Mengelola Alokasi Dana Desa di Kecamatan Kemiri Tahun Anggaran 2016 (1) berdasarkan analisis Varians Belanja dinilai baik, (2) berdasarkan analisis Pertumbuhan Belanja dapat diketahui bahwa terdapat penurunan belanja sebesar 7%, (3) berdasarkan analisis Keserasian Belanja dapat diketahui bahwa Alokasi Dana Desa paling banyak digunakan untuk Belanja Operasional dengan persentase 80%, dan (4) berdasarkan analisis Efisiensi Belanja dinilai efisien.

Kata Kunci: Kinerja Keuangan Pemerintah Desa, Varians Belanja, Pertumbuhan Belanja, Keserasian Belanja, Efisiensi Belanja

PENDAHULUAN

Decentralization is essensial in governance due to decentralization provide a lot of benefits. Some benefits of decentralization are increase the participation at lowest level, increase administratively efficiency, reduce the delay, and reduce the workload of higher

level (Marume and Jubenkanda, 2016: 3). Currently, Indonesia practices the decentralize principle in its governmental system. By this principle, each region has its own autonomy or authority to manage its resources and account the management to its people (Widada, 2010: 1). Mardiasmo mentions that theoretically decentralization is expected to encourage communities' participation and creativity in the effort of developing and distributing the result of development based on justice principal and replace the decision making from the central level government to the lowest level government (Subroto, 2009: 2). The lowest level government in Indonesia is a village.

By those authorities and roles, the village need fund. One of village income is Village Fund Allocation. Village Fund Allocation (*ADD*), village receives fund allocation at least 10% from Balancing Fund (*Dana Perimbangan*) allocated by district/city government stated in District/City Budget (*APBD*) after deducting Special Fund Allocation (*Dana Alokasi Khusus*) annually. The cycle of Village Fund Allocation management is same as the other village financial management: planning, budgeting, implementing, organizing, reporting, and accountability. The first stage in Village Fund Allocation management plays an important role because on this stage,

village government decided the priority of expenditures will be implemented along with its budget. Budget is a package of incomes and expenditures expected to occur in one or more period(s) (Bastian, 2001: 79). The focus of performance measurement based on the analysis of budget is to measure the financial performance of regional government (Mahsun, 2013: 147).

So far, the government budgeting was implemented by using the traditional budget system namely incrementalism budget approach, which tends to ignore the financial performance measurement. Financial performance measurement has been mostly done in privat organization, but not yet done in public organization. The measurement of government's financial performance is important because the government often pays less attention to the function of budget as a tool to distribute, allocate, and stabilization. Based on the research conducted by Astriana Nabila Muhibtari indicates that there has been imbalance in expenditures of Magelang City (Muhibtari, 2014). In addition, it can lead inefficiency and leakage in expenditure (Mahmudi, 2010: 155). Jumingan (2006: 239) mention two purposes the measuring of financial performance: to determine the success of government in managing its financial and assess the ability of government in

utilizing its assets. Based on the law, the management of Village Fund Allocation is regulated in District Regulation. Village Fund Allocation used to fund the expenditure which are divided into four sector namely expenditure on Village Administration Sector, expenditure on Village Construction Sector, expenditure on Village Community Development Sector, and expenditure on Village Community Empowerment Sector. The income and expenditure of Village Fund Allocation are reported in a financial statement namely Village Fund Allocation Management Report. The purpose of financial statement is to provide financial information needs of a wide range of users (Conceptual Framework Task Force, 2012: 32). The Village Fund Allocation Management Report contains the information about budget and its realization in the current year that can be used as a tool to analyze the financial performance of village government in managing Village Fund Allocation and can be used by stakeholder to corrective and evaluate the management of Village Fund Allocation. However, not all stakeholders are able to read the information presented in Village Fund Allocation Management Report. Therefore, it's necessary to do analysis of Village Fund Allocation Management Report as a resume to make it easier for stakeholder to assess the

financial performance of village government.

The analysis of Village Government's Financial Performance in Managing the Village Fund Allocation can be done by analysis the budget expenditure and actual expenditure. The analytical tools used to analyze Village Fund Allocation are Expenditure Variance, Expenditure Growth, Expenditure Harmony, and Expenditure Efficiency.

Kemiri Subdistrict is one of subdistricts in Purworejo District. Kemiri Subdistrict has 40 villages. Based on the interview with one of Economics and Development Section staff in Kemiri Subdistrict it is known that in 2016 there is an income budget change from district governmnet, so village government should make a budget change of Village Fund Allocation too; in 2016 the administration of Village Fund Allocation is better than previous year, but the format report made was not accordance with the format report attached in regulation; Kemiri Subdistrict has low capability of village servant; there is no financial performance measurement of village government in managing the Village Fund Allocation; and the Village Fund Allocation mostly used for funding the expenditure on Village Government sector

RESEARCH METHODE

Types of Research

This research used quantitative descriptive approach. According to Umar and Akbar in (Simborarak, 2014: 7) descriptive research is a research that describes the facts in a specified population. The definition of quantitative research is a research number and uses the statistical analysis (Sugiyono, 2016: 11). This research used descriptive formulation problem, it is a problem formulation that asking about independent variable (Sugiyono, 2016: 59). Variable in this research is the Village Government's Financial Performance in Managing the Village Fund Allocation at Kemiri Subdistrict in 2016.

The Place and Time of Research

This research conducted at Kemiri Subdistrict by taking the relevant data about Village Fund Allocation at Kemiri Subdistrict database which is at Kemiri-Kutoarjo Street, Kemiri Kidul, Kemiri, Purworejo. The data will be taken on October to November 2017 then the analysis held on December 2017 to January 2018.

Population and Sample

The population is generalization area consisting of object/subject have specified characteristics are studied by researcher and then will be concluded. This research will be done in population without taking the sample. The population in this research are all villages at Kemiri Subdistrict.

Data Collection Technique

In this research, the data used are secondary data collected at Kemiri Subdistrict Official. Secondary data is a data collected by someone/organization else, usually historical data (Wibisono, 2013: 154). Based on the data types, data collecting technique in this research is documentation

Data Analysis Technique

Data analysis technique in this research will be conducted using statistical descriptive technique. The statistical descriptive technique used to describe statistical data in ways that describe or depict data has been collected without making a generally accepted conclusion (Sugiyono, 2016: 199). Steps to analyze the data in this study are as follow.

1. Collecting Village Fund Allocation Management Report.
2. Doing analysis by using four analytical tools: Expenditure Variance, Expenditure Growth, Expenditure Harmony, and Expenditure Efficiency.

3. Present the calculation results in the table and describe them. The formulas used are below:

   a) Expenditure Variance = Budget Expenditure – Actual Expenditure Based on Expenditure Variance formula can be determined the difference between budget and actual expenditure. Village Governments is said have good performance if they have actual expenditure less than budgeted and if the amount of actual expenditure exceeds the budget expenditure, then Village Governments assessed have bad performance (Mahmudi, 2010: 159).

   b) Expenditure Growth Yr_t=(Actual Expenditure Yr_t - Actual Expenditure Yr_{t-1})/Actual Expenditure Yr_{t-1}

      The formula of Expenditure Growth used to determine the increase or decrease on expenditure year to year. In general, the amount of expenditure will increase each year. Regional government expenditure increases annually due to inflationary, changes in Rupiah exchange rate, changes in the amount of service coverage, and adjustment of macroeconomic factors (Mahmudi, 2010: 160). Increasing the amount of expenditure should be followed by an increase in the amount of income.

   c) Expenditure Harmony

      Expenditure Harmonization used to determine the proportion of certain expenditures to total expenditure. To run the budget function well, regional government should do harmonization of expenditure (Mahmudi, 2010: 162). The formulas used are:

      $$\frac{Capital\ Expenditure}{Total\ Expenditure} x 100\%$$

      And

      $$\frac{Operational\ Expenditure}{Total\ Expenditure} x 100\%$$

      Capital Expenditure is unroutine expenditure, the benefits consumed for more a year, and usually has percentage of 5-20% of total expenditure, while Operational Expenditure is a routine expenditure which is the benefits are consumed in a year or less. The operational expenditure usually has a large percentage of 60-90% of total expenditure (Mahmudi, 2010: 165).

   d) Expenditure Efficiency used to know whether or not efficient Village Governments in managing their finance (Mahmudi, 2010: 166). The result of expenditure efficiency measurement can be categorized into 2 categories.

1) >100% assessed not efficient; and

2) ≤100% assessed efficient (Mahmudi, 2010: 166).

The formula used is:

$$\frac{Actual\ Expenditure}{Actual\ Expenditure} \ x\ 100\%$$

RESEARCH RESULT AND DISCUSSION

This study aimed to describe the Village Government's Financial Performance in Managing the Village Fund Allocation at Kemiri Subdistrict in 2016 based on the analysis of Expenditure Variance, Expenditure Growth, Expenditure Harmony, and Expenditure Efficiency.

1. Expenditure Variance

If the results of calculations by using the Expenditure Variance formula shows the positive number with a meaning that the actual expenditure does not exceed the budget, then normatively Village Government's Financial Performance in Managing the Village Fund Allocation is considered good. Conversely, if the calculation results show the negative number with the meaning that the amount of actual expenditure is greater than the budget, then the Village Government Performance in Managing the Village Fund Allocation is considered bad (Mahmudi, 2010: 159). The data shows that the amount of budget expenditure of Village Fund Allocation at Kemiri Subdistrict in 2016 is equal to Rp 7.279.826.100,00 and the amount of actual expenditure of Village Fund Allocation at Kemiri Subdistrict in 2016 is equal to Rp 7.264.246.100,00. There was a variance of expenditure amounted to Rp 15.580.000,00. Thus, can be concluded that Village Government is assessed have good performance.

2. Expenditure Growth

Analysis of Expenditure Growth used to get the information related to increase or decrease the amount of expenditure year to year. The ratio of Expenditure Growth measures the ability of regional government in maintaining and improve its achievement in one periode to next periode (Pramita, 2015: 16). In general, regional government expenditure increases annually due to inflationary, changes in Rupiah exchange rate, changes in the amount of service coverage, and adjustment of macroeconomic factors (Mahmudi, 2010: 160). Increasing the amount of expenditure should be followed by an increase of income. The data shows that the amount of expenditure in 2015 is equal to Rp Rp 7.783.326.500,00 and the amount of Village Fund Allocation expenditure in 2016 is amounted to Rp

7.264.246.100,00. There was a decrease of Village Fund Allocation expenditure in 2016 amounted to Rp 519.080.400,00 or in percentage equal to 7%. This is in contrast to the Mahmudi's opinion (2010: 160) which states that regional expenditures has tend to increase every year. The difference is due to the expenditure of Village Fund Allocation depends on the amount of Village Fund Allocation receipt. In 2016 Village Fund Allocation receipts at Kemiri Subdistrict has decreased from the previous year. Thus, the expenditure of Village Fund Allocation at Kemiri Subdistrict has decreased.

 3.   Expenditure Harmony

Mahmudi (2010: 162) mentions that budget has function as a tool for stabilization, allocation, and distribution. Therefore, in the spending of fund, the government should do harmonization of expenditure. The formulas used are Ratio of Capital Expenditure to Total Expenditure and Operational Expenditure to Total Expenditure. Capital Expenditure is unroutine expenditure, the benefits consumed for more a year, and usually has percentage of 5-20% of total expenditure, while Operational Expenditure is a routine expenditure which is the benefits are consumed in a year or less. The operational expenditure usually has a large percentage of 60-90% of total expenditure (Mahmudi, 2010: 165).

The data shows that the amount of total expenditure is Rp 7.264.246.100,00 the amount of Capital Expenditure is equal to Rp 1.484.536.700,00 and the amount of Operational Expenditure is equal to Rp 5.779.709.400,00. Thus, based on the calculation of Ratio of Capital Expenditure to Total Expenditure, it can be known that the percentage of Capital Expenditure is equal to 20%. Based the calculation result of Ratio of Operational Expenditure to Total Expenditure is equal to 80%. It is relevant with Mahmudi's opinion that states the percentage of Capital Expenditure usually equal to 5%-20% and the percentage of Operational Expenditure is equal to 60%-90%.

 4.   Expenditure Efficiency

The efficiency of public expenses is a relation between the effects resulted from implementing a program and the effort made to finance that program (Mihaiu, Opreana, and Cristescu, 2010: 5). However, the effect resulted from the program is difficult to measure. The analysis of expenditure efficiency based on the budget can be done by compared the actual expenditure and budget expenditure (Mahmudi, 2010: 166). The result of expenditure efficiency measurement can be categorized into 2 categories. If the

ratio of Expenditure Efficiency is more than 100%, then the government assessed not efficient. If the ratio of Expenditure Efficiency is lower than or equal to 100%, then the government assessed efficient.

Based on the result of research that has been described previously, it can be seen that the Efficiency Expenditures Ratio on Village Fund Allocation expenditure at Kemiri Subdistrict in 2016 is equal to 99,79%. Thus, can be concluded that the village government is assessed efficient in Managing the Village Fund Allocation.

CONCLUSION AND SUGGESION

Conclusion

Based on the analysis result and discussion have described, it can be drawn conclusion. The conclusion in this research are:

a. The Village Government's Financial Performance in Managing the Village Fund Allocation at Kemiri Subdistrict in 2016 based on the analysis of Expenditure Variance is assessed good because the variance shows the positive number of Rp 15.580.000,00.

b. The Village Government's Financial Performance in Managing the Village Fund Allocation at Kemiri Subdistrict in 2016 based on the analysis of Expenditure Growth there was a decrease of expenditure amounted to

Rp 519.080.400,00 or in percentage equal to 7%.

c. The Villlage Government's Financial Performance in Manging the Village Fund Allocation at Kemiri Subdistrict in 2016 based on the analysis of Expenditure Harmony it can be known that the Village Fund Allocation mostly used for Operational Expenditure. It has percentage 80% of total expenditure.

d. The Village Government's Financial Performance in Managing the Village Fund Allocation at Kemiri Subdistrict in 2016 based on the analysis of Expenditure Efficiency it can be considered efficient.

Suggestion

Some suggestions for the next researcher are:

a. The research period is only one year namely 2016. The next researcher hopefully will do the research for more than one period so can be determined the trend of Village Government's Financial Performance in Managing the Village Fund Allocation for several years.

b. The study is only done in one subdistrict. The next researcher is hopefully will do the research in more than one subdistrict in a district, so the research result can be used for District

Government to evaluate the Performance of Village Government in Managing Village Fund Allocation

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