

Insights into Village Fund Management: Exploring Independence and Effectiveness

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Penelitian ini dilakukan untuk mengevaluasi aspek Kemandirian dan Efektivitas Pengelolaan Dana Desa Prayungan Kabupaten Bojonegoro pada periode 2018-2022. Kemudian, metode penelitian yang diadopsi yaitu deskriptif kuantitatif. Lalu, dalam analisis Kemandirian Keuangan Desa, ditemukan bahwa rata-rata mencapai 96,6%, yang dapat dikategorikan tinggi. Sementara, pada aspek Efektivitas Keuangan Desa, angka yang diperoleh sebesar 103,8%, menunjukkan bahwa pengelolaan dana desa tersebut sangat efektif. Secara rinci, Kemandirian Keuangan Desa mengindikasikan bahwa Desa Prayungan memiliki tingkat kemandirian yang tinggi terhadap sumber daya keuangannya sendiri, dan ketergantungan pada dana eksternal rendah. Disamping itu, Efektivitas Keuangan Desa menunjukkan bahwa desa mampu merencanakan dan merealisasikan penggunaan dana desa dengan sangat baik. Hasil penelitian secara menyeluruh menunjukkan bahwa Pemerintah Desa (Pemdes) Prayungan Kabupaten Bojonegoro dinilai mampu dalam pengelolaan dana desa yang mana kemandirian yang tinggi terhadap sumber daya keuangan internal beserta dengan aspek efektivitas pengelolaan dana desa yang baik, hal ini menandakan kemampuan desa dalam mengelola dan memanfaatkan dana desa dengan optimal selama periode penelitian. Temuan ini memiliki implikasi positif terhadap pembangunan dan kesejahteraan masyarakat di Kabupaten Bojonegoro.

ABSTRACT

This research evaluated the Independence and Effectiveness of Fund Management in Prayungan Village, Bojonegoro Regency, in 2018-2022. Then, the research method adopted was quantitative descriptive. Then, the analysis of Village Financial Independence found that the average reached 96.6%, which can be categorized as high. Meanwhile, in the aspect of Village Financial Effectiveness, the figure obtained was 103.8%, indicating that managing village funds is very effective. In detail, Village Financial Independence indicates that Prayungan Village has a high level of independence regarding its financial resources and low dependence on external funds. Apart from that, Village Financial Effectiveness shows that the village can plan and realize the use of village funds very well. Overall research results show that the Prayungan Village Government (Pemdes) of Bojonegoro Regency is considered capable of managing village funds, which has high independence in internal financial resources along with aspects of the effectiveness of good management of village funds; this indicates the village's ability to manage and utilize funds. Village optimally during the research period. These findings have positive implications for development and community welfare in Bojonegoro Regency.

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INTRODUCTION

The use of village funds is one of the mechanisms contained in government regulations in Indonesia, and this indicates that the use of existing funds needs to be realized properly so that the realization of community welfare in the region can be met proportionally and reduce existing problems at the village level. Such as lack of access and supporting facilities, both tangible and intangible; this expression is in line with the view that the use of village funds in Indonesia is part of the wheel of development where the calculations provided by the government for villages

lead to effective and efficient use, meaning that targets can be achieved. The estimated implementation time is under the items in the budget itself (Susilowati et al., 2020).

In Indonesia, villages are defined as legal community units with territorial boundaries, powers to regulate and manage local governance, community interests and community initiatives based on recognized and respected traditional rights *Negara Kesatuan Republik Indonesia* (NKRI) in National Law (*Undang-Undang*, 2014) about Concerning Villages. The Indonesian understanding of a village differs significantly from that of other countries. In the Indonesian governance context, a village is synonymous with the implementation of autonomy focusing on development, which grants the village authority in development and positions it as an institution conducting development (Sembiring, 2024).

The term regional autonomy is inseparable from the principle of national development and is also a special form of action appointed by the central government for regional development (Ferry et al., 2023). Based on these principles and objectives, the regional governments of the provinces, districts and cities are defined as regulating and administering their own governments on the basis of the principles of autonomy and the mission of assistance (Ilmi & Mustofa, 2020). Therefore, in the regional context, especially in districts and cities, there are sub-districts, which consist of several villages and urban communities involved in the implementation of regional autonomy (Suhaedi & Rakhmawati, 2023). Moreover, when discussing village funds, particularly in the execution of regional autonomy, it is often found that the allocation of village funds is sometimes less than best in its implementation (Wulan & Helmy, 2023).

This is due to the lack of understanding of the village community's plan to allocate village funds (*Alokasi Dana Desa*, ADD) (Winarsi & Kristianti, 2017). Nevertheless, further guidelines are needed to ensure that the central and regional governments use the budgets of village funds in the village governments, primarily to develop and raise the standard of living of rural people. Upon closer examination, the causes of weak community efforts fall into two groups: External, referring to circumstances outside the state bureaucracy system, i.e., the public, and Internal, referring to the state bureaucracy system's conditions (Rasyid & Yusmita, 2023).

The main obstacle that hinders the involvement of external entities and communities, namely the ability of non-governmental organizations (NGOs), community groups, and various civil society organizations to take a part in the development planning process actively is a significant challenge (Zulmasyhur & Avianto, 2019). Thus, to support regional development management, the ability of regional apparatus and non-governmental organizations needs to be enhanced to play a comprehensive role in democratic interaction and development processes (Sonbay et al., 2022). Village development pathology also affects the impediment of village development, making the results achieved less than best in improving the welfare of village communities. Upon comprehensive observation, several forms of development pathology in the village that hinder the sustainability of village development have emerged, as explained above.

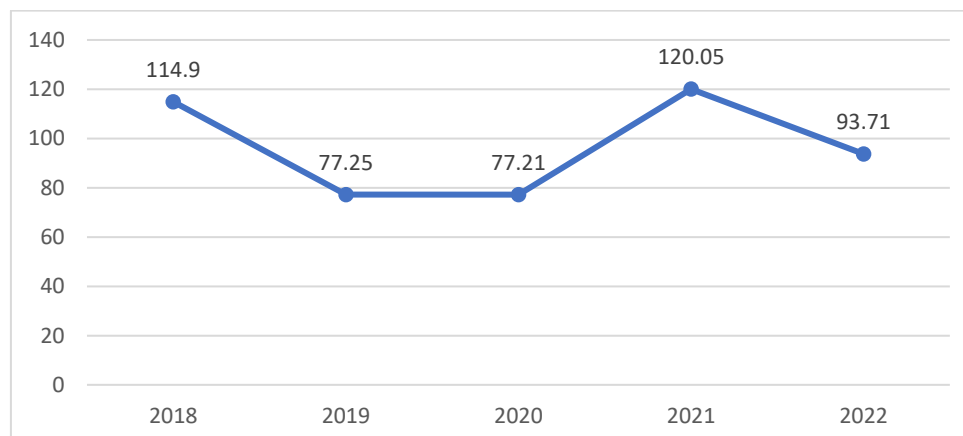
Moreover, within the time that has been given especially to village governments, in using village funds, they still often ignore the mechanisms such as what programs will be implemented as one of the paramount contingencies of using village funds; this is, of course, based on the preferences needed by the village itself, because this is related to fulfilling the rights of every village community as well as a form of concretization of each report, which is evaluated periodically by the community through a forum formed by the village government as an authority that is mandatorily established by applicable regulations whose content must be in line with the formation of the village government itself (Raharjo, 2021).

In addition to the mentioned limitation, village governments' responsibility extends to managing

village funds. It encompasses the engagement of village communities in the evaluation process as a crucial measure to address the potential misappropriation of village funds (Aditya & Hapsari, 2020). The active participation of the community implies that village governments are more inclined to assume full accountability for effectively managing village funds. Therefore, transparency, participation, and accountability must be the main pillars in every stage of village fund management. Meanwhile, several steps have been initiated by the central government to address several problems with the use of village funds, namely maximizing monitoring from supervisory institutions (*Badan Permusyawaratan Desa*) within the framework of the village government mechanism, it is imperative to optimize the role of village consultative bodies (Putra & Hapsari, 2020). Why is this important? Because of the context and position, this body has a function that is said to be a bridge of information from the use of village funds, which will be managed to be accountable to the community. Therefore, it is necessary to enhance this body's effectiveness, ensuring that it can fulfill its duties and functions concretely, adhering to relevant provisions, conditions, and regulations (Listari et al., 2022). The significance of addressing this issue is earnest, as failure to do so may lead to persistent challenges in the future. In that case, it will have implications for the village's progress, both in terms of potential and future projections, which are based on financial aspects provided through the village fund mechanism so that the results are genuinely actual and factual in the field (Bajuri, 2024).

Given the multifaceted dynamics surrounding the portion of village funds, the Village Government should enhance its autonomy in managing these funds. It entails a focus on the technical aspects of implementation and a commitment to fostering innovation in achieving independence. The emphasis should be on efficiently managing village funds to meet development objectives. Additionally, utilizing these funds presents an opportunity for harnessing the regional potential of the village, thereby contributing to the enhancement of community well-being within its jurisdiction. It includes job creation, heightened economic and cultural activities rooted in local wisdom, economic expansion, and independence in executing development initiatives. Ultimately, such efforts aim to diminish the development gap among villages. Based on this, it appears that the Financial Independence of Prayungan Village over the past 5 (five) years, namely 2018-2022, is at an average position of 96.6%, meaning its independence is high, and its management is very good. Qualitatively, its dependency level is low from external funds or aid from both central/regional governments. The trend of Prayungan Village's Financial Independence is shown in Figure 1.

Figure 1.
Trend of Prayungan Village's Financial Independence

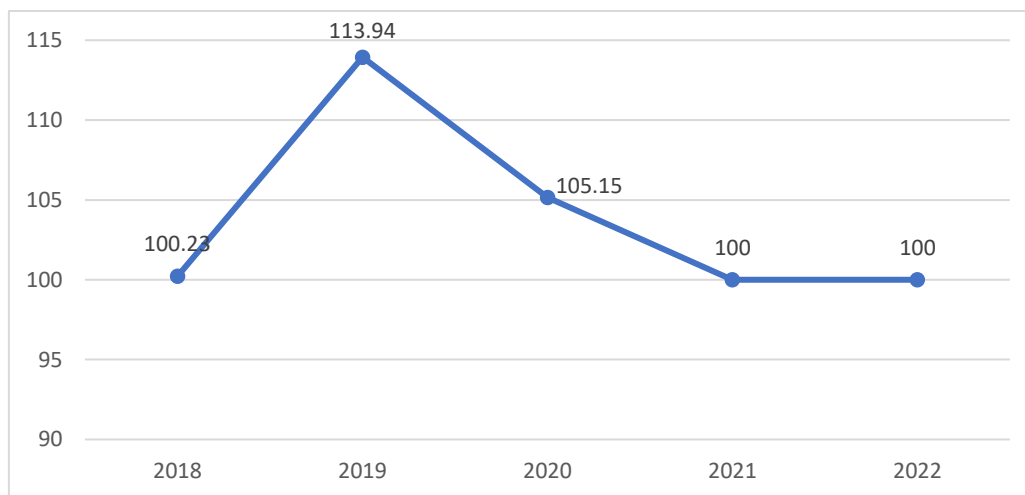


Source: Report on the Implementation of Government or *Laporan Keterangan Penyelenggaraan Pemerintah Desa (LKPPD)* Prayungan Village, processed data (2023)

Continuing with the second part, it is crucial to recognize that the efficacy of village fund management serves as a valuable framework for scrutinizing budgets and ensuring their alignment with approved objectives. Consequently, the outcomes achieved through implementing the Village Fund Programme adhere to development principles, facilitating the optimal allocation of funds based on implementation requirements. This approach ensures that budgetary allocations align with the overarching development goals, promoting efficiency and effectiveness in utilizing funds.

Looking at the Financial Effectiveness of Prayungan Village over the past 5 (five) years, namely 2018-2022, it is at an average position of 103.8%, which means the management of its village funds is highly effective, and according to its qualifications, this is >100% which is classified as highly effective. The Government of the Village was able to realize the existing budget for the development of Prayungan Village per the principle of distribution of income and expenditure with full authority to decide to handle the village's resources. The trend of Prayungan Village's Financial Effectiveness is shown in Figure 2.

Figure 2.
Trend of Prayungan Village's Financial Effectiveness



Source: Report on the Implementation of Government or *Laporan Keterangan Penyelenggaraan Pemerintah Desa (LKPPD)* Prayungan Village, processed data (2023)

On the other hand, village funds in this context highlight several potential problems, such as regional empowerment at the village level, including lack of access to important facilities and services for rural communities through village funds, development gaps between villages, increasing poverty rates, and limited opportunities for economic growth in rural areas. Apart from that, ineffective management of village funds can weaken trust in local government and hamper regular development efforts at the village level. Then, the main aim of the study is to enhance the effectiveness and efficiency of village fund utilization in Indonesia to support community welfare and sustainable development in rural areas in Prayungan Village. Furthermore, a key objective of this study is to formulate recommendations aimed at augmenting the autonomy of village governments in administering funds to fulfill development goals. Overall, the Village Fund also helps foster general welfare and equitable development, striving for the expansion of public services in the village, stimulating village economy, alleviating poverty, and strengthening the village community as a development target and eradicating development disparities between villages.

Literature Review

This research seeks to differentiate itself in the domain of village fund management by synthesizing existing literature on village funds, village fund management, financial independence, and financial effectiveness. It contextualizes the importance of village funds as an integrated mechanism in rural development by emphasizing the role of village funds as an important source of income for each village. This study also underlines the importance of reducing dependence on external financial resources through village financial independence. This concept is also related to financial effectiveness, such as the village government's ability to realize financial allocations for certain programs. By proposing recommendations to increase the autonomy and effectiveness of village governments in managing funds proportionally, the theoretical study will be explained below:

Village Funds

Village funds are an integrated management that includes design, estimation, arrangement, notification, accountability, and control of village economy. Village funds also focus on all rights and obligations of the village in its implementation aimed at rural development, meaning rural development can be conducted through village funds. According to the 2014 (Law on Village) about Village Funds, the origin of village funds lies in the annual allocation from the State budget, serving as a source of income for individual villages to govern their local administrations. These funds are not merely disbursed; their primary focus is on fostering development, with the village managing them independently. In essence, the utilization of village funds adheres to principles that align with the rights and authority of the village government, as well as the local community's priorities. The overarching goal is to ensure equitable control while actively pursuing the development objectives of the village. In this capacity, the government assumes the role of a coordinator, annually endorsing the preferences for utilizing village funds, thereby maintaining a balance between autonomy and coordinated development efforts.

The report emphasizes that these funds are not just handouts; instead, they are dedicated to development initiatives, and their management is entrusted to each village independently. Meanwhile, this approach is in line with the principle of empowering local communities to take charge of their economic development. In addition, the law establishes the critical role of village funds in rural development, directing that these funds serve as a paramount source of income for villages to run their government (Hilmawan et al., 2023). Then, the strategic allocation of these funds must be in accordance with local priorities and village government authority, which is critical to ensuring effective development results. In this regard, the Government's role is described as a coordinator, monitoring the balance between regional autonomy and centralized coordination and verifying the preferences for the use of village funds each year, achieving equality, control, and achieving the goals of village development (Indartuti, 2022). For this reason, the principles governing the use of village funds emphasize that a participatory approach must be community-based in rural development so that the focus is on local priorities, coupled with the government's role as a coordinator and not as a directive force so that a balanced strategy can aim to empower villages (Amin & Widaningsgar, 2019). In comparison, they are maintaining comprehensive coordination to achieve sustainable and equitable development.

Village Fund Management

Under Government Regulation (*Peraturan Pemerintah, PP*) of the enforcement of the 2014 Village Finance Law No. 6, emphasis is placed on the comprehensive execution of village financial management. It encompasses aspects such as the design, evaluation, structuring, notification, accountability, and supervision of the village economy. The financial management of villages places significant emphasis on upholding their rights and obligations while prioritizing development objectives aligned with government programs. Consequently, the importance of village financial management lies in its role in preventing errors, mismanagement, and corruption in the handling of village funds. It involves the assurance that all financial undertakings within villages are executed with responsibility, aligning with the stipulations delineated in the village budget for income and expenditure (*APBDesa*). Essentially, village financial management encompasses the responsibility to adhere to established rules and procedures, thereby safeguarding the proper utilization of funds and promoting transparency and accountability.

This regulation provides a significant focus on the rights and obligations of villages, especially in determining the priority of development goals in the implementation of government. However, the recognition of village financial management is mandated as a responsibility aimed at preventing errors and corruption in the handling of village funds. It confirms that all economic activities carried out in the village management must comply with the rules of the village budget for income and expenditure (*APBDesa*), thereby ensuring transparency and accountability in the use of funds.

Moreover, the directive underscores the crucial significance of the village's revenue and expenditure budget as a guiding framework for financial activities within the village. It is evident in the budgetary plans, which serve as a comprehensive set of financial management regulations. The emphasis is on ensuring strict adherence to established procedures, thereby providing a structured and rule-based approach to financial decision-making within the village. In this way, the context links financial responsibility to the regulations outlined in the Village funds so that it seeks to form a structured system that not only reduces the risk of errors but also ensures that village funds are used according to the specified rules (Imawan & Purwanto, 2020). Hence, synchronizing these regulations holds considerable importance in augmenting the transparency and efficacy of the overall financial management within the village. This harmonization plays a pivotal role in cultivating community trust in the responsible handling of the village's finances. By ensuring consistency and coherence in the regulatory framework, there is a greater likelihood of instilling confidence among the community regarding the conscientious management of financial resources within the village (Anam et al., 2023). In general, the urgency lies in establishing a comprehensive and accountable village financial management framework in Government Regulations. Hence, this regulation seeks to diminish the likelihood of errors and corruption by adopting an integrated approach and adhering rigorously to the Village Revenue and Expenditure Budget (*APBDesa*). The ultimate goal is to foster discipline and transparency in utilizing village funds for developmental purposes. This regulatory framework aims to establish a system where financial resources are allocated and spent with precision, ensuring a conscientious and transparent approach to village development. It is consistent with the principles of good governance and also underlines the Government's commitment to ensure ethical and responsible management of financial resources at the village level. Moreover, there exists a significant imperative for the effective administration of village funds, particularly concerning the guiding principles governing their management. These principles are

pivotal in guaranteeing the execution of village financial management as a critical stride towards achieving sound governance at the village level. This alignment is directly linked to the Statue of the Ministry of Home Affairs (*Permendagri*). No. 113 of 2014 on Village Financial Management, which delineates the principles of village financial management as follows:

- a. **Transparent**, stresses respecting individual rights and the village community while emphasising honesty to the community in the form of accurate, honest, and non-discriminatory information about village fund management at every stage and process, including design, estimation, budget implementation, accountability, and audit results.
- b. **Accountable**, establishes that every village government activity, especially village financial management, is accountable to the community or people as a form of village government implementation.
- c. **Participatory**, emphasizes that village financial management is not only the responsibility of village officials, but all community members. The community's task is to actively control the management of village finances.
- d. **Orderly and Disciplined In Budgeting**, emphasis is placed on adherence and alignment with the rules and regulations pertinent to village financial management.

Village Financial Independence

The amount of independence reflects the region's reliance on foreign financial resources. Dependency on outside assistance, particularly from central and regional governments, decreases with increasing independence and vice versa. This degree of local financial independence focuses on the region's or village's ability to self-fund government implementation, development, and community empowerment (Susanto, 2019). Therefore, Village Financial Independence indicates the ability of the village to finance the state implementation, development, and service.

This concept underlines the inherent independence and ability of villages to fund the implementation of government functions, development projects, and services without relying too much on external support. Therefore, Village Financial Independence is one of the leading indicators, especially village financial resilience and autonomy, which correlates with the village's capacity to determine the direction of its development, allocate resources according to local priorities, and instil a sense of ownership and responsibility among community members. For this reason, reliance on external funds can empower villages to control their financial resources and enable them to make informed decisions, optimize resource allocation, and adapt development efforts to meet specific community needs. For this reason, village financial independence is paramount not only for independent regional governance but also for encouraging directed and sustainable development that is in line with the context and aspirations of each village or region that has jurisdictional rights.

Village Financial Effectiveness

According to Bajuri (2024), effectiveness pertains to the capability of the village government to realize the financial allocation from village funds for the implementation of specified programs, as compared to predetermined objectives, while considering the expected actual value. With this comprehension, it serves as the foundation for future research endeavors investigating village fund management in different regions (Bajuri,

2024). The emphasis on comparing the realization of financial contributions with predetermined goals needs to be based on realistic values, meaning aligning financial goals with practical results that have been implemented. This definition highlights the need for a results-oriented approach, where the successful use of village funds is not only measured by financial contributions but also by the extent to which these contributions contribute to achieving predetermined program objectives while also encouraging an understanding of effectiveness, which considers financial efficiency and the real impact of village funds on established programs, thereby providing a fundamental basis for managing village funds to be more proportional. Based on this conceptualization, the results being compared need to take into account the financial context to allow a more thorough evaluation of the efficiency and impact of village funds. With this, efforts are required in order to foster a critical understanding regarding village fund management practices that are effective and can be adapted to specific needs and conditions in various regions.

The novelty of this research lies in the comprehensive synthesis and critical analysis of existing literature regarding village fund management, financial independence, and financial effectiveness. By contextualizing the importance of village funds within the existing fund management framework at the village level, it is hoped that it can reduce dependence on external financial resources. Thus, this research focuses on a different understanding of village fund management practices from the theoretical practices adopted.

RESEARCH METHODS

Utilizing a quantitative descriptive methodology, this study relies on secondary data collected from sources accessible through the Prayungan Village website, specifically from the transparency portal dedicated to budget transparency and reporting. After formulating calculations concerning autonomy and effectiveness, the study seeks to scrutinize the management of village funds in Prayungan Village, Bojonegoro Regency, specifically evaluating both autonomy and effectiveness:

Village Financial Independence

Village financial independence focuses on the region's or village's ability to self-fund government administration, growth, and community empowerment (Susanto, 2019). Below is the formula for analyzing the economic independence of villages according to Sartika:

$$RFI = \frac{(\text{Locally – generated revenue} / \text{Number of villages})}{\text{Transfer revenue}} \times 100\%$$

Tabel 1.
Classification of Regional Financial Independence (RFI)

Financial Ability	Independence (%)
Very Low	0% - 25%
Low	25% - 50%
Medium	50% - 75%
High	75% - 100%

Source: Statute of the Ministry of Home Affairs (*Permendagri*) No. 73 of 2020

Village Financial Effectiveness

Effectiveness pertains to the village government's capability to actualize the financial input from village funds towards the execution of planned programs in alignment with approved objectives, considering the potential actual value. Here is a formula for analyzing regional economic efficiency according to Statute of the Ministry of Home Affairs (*Permendagri*) No. 73 of 2020. PADes have a meaning Village-Generated Income (*Pendapatan Asli Desa*).

$$RFE = \frac{\text{Realization of PADes}}{\text{Target of PADes}} \times 100\%$$

Tabel 2.
Classification of Regional Financial Effectiveness (RFE)

Effectiveness Criteria	Financial Performance (%)
Very Effective	> 100%
Effective	90% - 100%
Quite Effective	80% - 90%
Less Effective	60% - 80%
Not Effective	≤ 60%

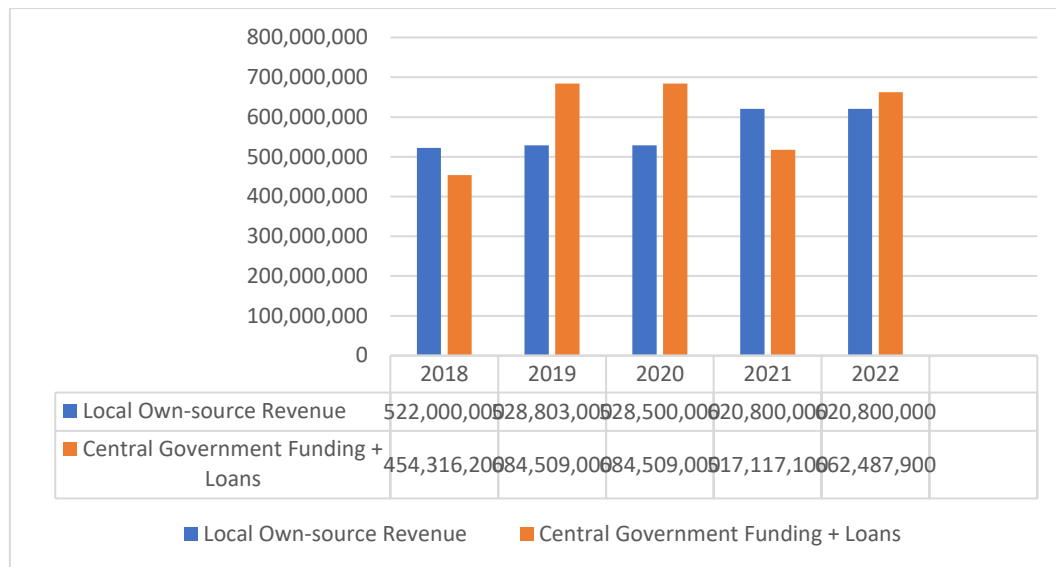
Source: Statute of the Ministry of Home Affairs (*Permendagri*) No. 73 of 2020

RESULTS AND DISCUSSIONS

The objective of the research, titled "Insights into Village Fund Management: Exploring Independence and Effectiveness", is to evaluate the proficiency of the Prayungan Village Government in overseeing the levels of autonomy and effectiveness in financial management over five years. During the specified timeframe, the study utilizes data from the Local Government Financial Statements (LKPPD) of Prayungan Village, Bojonegoro Regency. The analysis aims to ascertain whether the autonomy and effectiveness of village fund management in Prayungan Village align positively or negatively based on predetermined calculation criteria, thereby assessing its coherence with existing data. This examination pertains to the financial operations of the village government, focusing on how the administration's financing methods can be assessed through the lens of independence and effectiveness in village fund management. The detailed analysis serves as the foundation for assessing the level of village fund management in a region that implements such programs. The researcher calculated all relevant variables as outlined below to evaluate the level of independence and effectiveness in village fund management:

Village Financial Independence

Figure 3.
Financial Independence of Prayungan Village Period 2018-2022 (In billions)



Source: LKPPD Prayungan Village, Processed Data (2023)

Based on the observation of Village Financial Independence in Figure 3, the PADes of Prayungan Village Government, Bojonegoro Regency for the period 2018-2022 experienced fluctuating changes, starting from 2018-2019 amounting to Rp.522,000,000–Rp.528,803,000 billion, then increased in 2020- 2021 amounting to Rp.528,500,000–Rp.620,800,000 billion and in 2022 was in a stable position of Rp.620,800,000 billion. Continuing the aspect of Central Assistance and Loans, it also experienced fluctuating changes, where in 2018- 2019 it was Rp.454,316,200–Rp.684,509,000 billion, then there was a significant decrease in 2020-2021 amounting to Rp.684,509,000– Rp.517,117,100 billion and in 2022 there was a significant increase of Rp.662,487,900 billion.

Tabel 3.
Calculation of Financial Independence of Prayungan Village, Bojonegoro Regency Period 2018-2022 (In Rupiah)

Year	PADes	Central Government Assistance + Loans	Independence Ratio (%)
2018	522,000,000	454,316,200	114.9
2019	528,803,000	684,509,000	77.25
2020	528,500,000	684,509,000	77.21
2021	620,800,000	517,117,100	120.05
2022	620,800,000	662,487,900	93.71
Average Independence			96.60%

Source: Processed Data

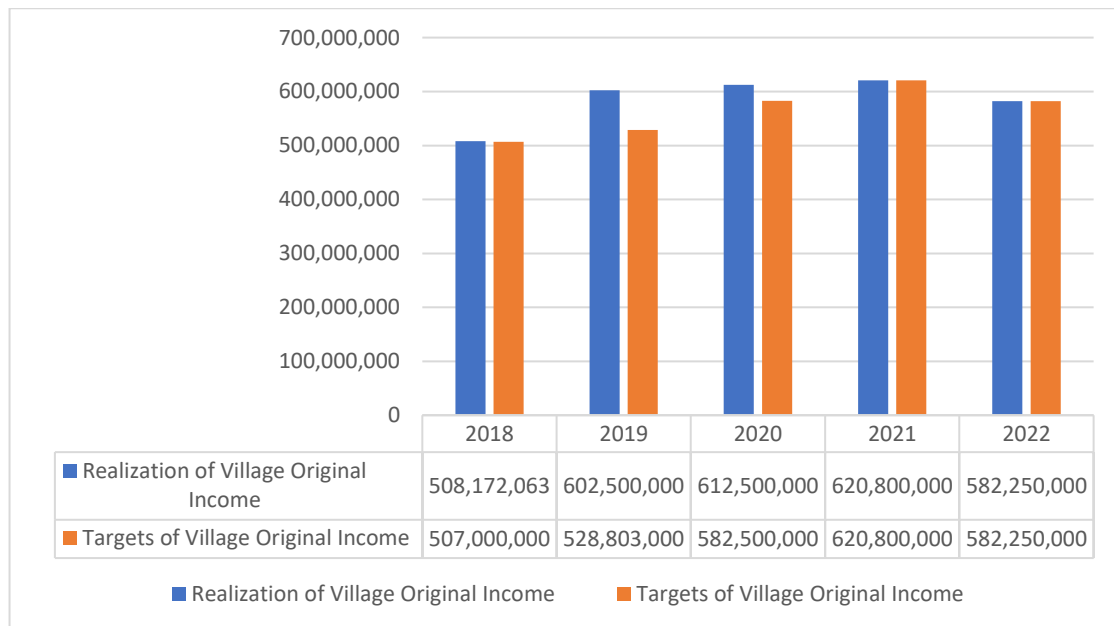
Hence, the computation presented in Table 3 indicates a substantial decline in the Financial Independence of Prayungan Village, Bojonegoro Regency, from 2018 to 2019, dropping from

114.9% to 77.25%. Then in 2020-2021 there was a significant increase from 77.21%- 120.05% and returned to a significant decrease in 2022 by 93.71%. From the review of the Financial Independence of Prayungan Village, Bojonegoro Regency, for the period 2018-2022, on average, is at a position of 96.6%. It shows that the Financial Ability of Prayungan Village is classified as high, and the extent of dependence on external funds is exceptionally low.

By looking at the analysis, it found that the management of village funds that attempted looked good and was far from the existing practice of village fund independence, this is of course related to how the village government seeks all forms of action that are measured and proportional to the funds obtained through the level of effectiveness, of course, this is true. It emphasizes that the effectiveness of implementation is not only a formal process but also how the methods are carried out correctly and per applicable regulatory provisions. Moreover, this emphasis is in line with the view (Susilowati et al., 2020) that good village fund governance must comply with the requirements that apply based on regulations from the village government.

Village Financial Effectiveness

Figure 4.
Effectiveness of Prayungan Village Finance Period 2018-2022 (In Billions)



Source: LKPPD Prayungan Village, Processed Data (2023)

Based on the investigation of Village Financial Effectiveness in Figure 4, it can be looked at that the Realization of PADes of Prayungan Village Government, Bojonegoro Regency, for the period 2018-2022 experienced fluctuating changes, starting from 2018-2019 amounting to Rp.508,172,063 – Rp.602,500,000 billion, then experienced a slight increase in 2020-2021 amounting to Rp.612,500,000 – Rp.620,800,000 Billion and in 2022 returned to a significant decrease of Rp.582,250,000 Billion. The second part regarding Target of PADes, there is also fluctuating changes. As in 2018- 2019 experienced an increase of Rp.507,000,000 – Rp.528,803,000 billion, then in 2020-2021 a significant increase of Rp.582,500,000 – Rp.620,800,000 Billion, and at the end of 2022 a significant decrease again of Rp.582,250,000 Billion.

Tabel 4.
Calculation of Village Financial Effectiveness Prayungan, Bojonegoro Regency Period 2018-2022 (In Rupiah)

Year	Realization of PADes	Target of PADes	Effectiveness Ratio (%)
2018	508,172,063	507,000,000	100.23
2019	602,500,000	528,803,000	113.94
2020	612,500,000	582,500,000	105.15
2021	620,800,000	620,800,000	100
2022	582,250,000	582,250,000	100
Average Effectiveness			103.80%

Source: Processed Data (2023)

Hence, the outcomes of the Financial Effectiveness calculation for Prayungan Village, Bojonegoro Regency, during 2018-2019, as illustrated in Table 4, indicate a marginal rise from 100.23% to 113.94%. Then in 2020-2021 there was a decrease again from 105.15% - 100% and at the end of 2022 it appeared to be in a stable position, namely 100%. Overall, the Financial Effectiveness of Prayungan Village, Bojonegoro Regency for the period 2018-2022 obtained an average value of 103.8% which means the effectiveness level of its village fund management is categorized as very effective and proves that Prayungan Village Government, Bojonegoro Regency can manage its village funds well in line with the specified program in the period under study.

The findings from the analysis show that the Prayungan village government is perfect at effectively actualizing village funds. It certainly indicates that the bottom line is that what the village government has designed through village funds leads to objective development with the right portion in the direction of the actual expenditure of funds, which relates to effectiveness per targets and targets in the excellent management of village funds. However, the existing and visible level of decline does not mean it is inappropriate but is adjusting to the portion of income obtained from distributed village funds; therefore, contextually, it is in line with (Susilowati et al., 2020) view that effectiveness emphasizes the process of concreteness from target to target with realization in line with the capabilities of village funds obtained by the village government.

CONCLUSIONS

A study of the Independence and Effectiveness of Village Fund Management in Prayungan Village, Bojonegoro Regency, for the 2018-2022 period provides insight into the practical management of village funds in Indonesia. However, the findings observed in the data on trends in independence and effectiveness show a fluctuating increase in the period studied. The results are suitable according to the calculated indicators, which are categorized as high for independence, namely 96.6%, and very effective, namely 103.8% in management; this means in looking at the management of existing village funds, it is necessary to look at them in stages, which is possible for a minimum of 5 years to comprehensively understand what the village government is doing per the applicable regulatory provisions in the management of village funds, both independence and effectiveness to realize good village fund management, while the new finding found (novelty) by researchers is that it lies in a five-year comprehensive assessment, which provides a detailed understanding of village fund management practices that must be in line with village laws and village fund management in Indonesia.

RECOMMENDATION

Based on positive observations from research related to financial independence and the effectiveness of financial management in the Prayungan Village Government, it is recommended that the village government continue to make efforts to strengthen its financial autonomy. It is imperative to pay attention to the high level of financial independence, as illustrated in research, which describes the ability of village governments to manage their finances with minimal dependence on external assistance. In order to achieve a higher level of independence, village governments can explore various sources of income, such as developing the local economic sector or utilizing the potential of local natural resources by stimulating regional economic growth, which can be a solid basis for increasing village income as a percentage. Therefore, strengthening financial independence not only minimizes the risk of dependence on external funding sources but also creates a strong foundation for sustainable growth and community development. It provides village governments with greater resilience and flexibility, especially in the face of future economic fluctuations or changes in funding conditions. Meanwhile, financial independence produces opportunities for village governments to more actively involve communities in financial planning, enabling more comprehensive participation in determining local development priorities. Furthermore, regarding the effectiveness of financial management, although research shows a high level of effectiveness, it is paramount to consider improvements and optimization in the use of village funds. It can be done by evaluating periodicals in order to identify areas where efforts can be made so that improvements can be made. Then, implementing a technology-based economic system can be a strategic step to increase transparency, accountability, and efficiency in village financial management. In addition, there needs to be a capacity-building initiative for officials involved in financial decision-making to ensure that they have the knowledge and skills necessary to manage village funds effectively. Based on this description, these steps, if implemented sustainably, will increase the effectiveness of village financial management, ensuring that every fund invested has maximum impact in accordance with the set development goals. In addition, the requirement for endeavors to include the community within the decision-making will guarantee that neighborhood needs and aspirations are fittingly obliged within the assignment of village In addition, the requirement for endeavors to include the community within the decision-making will guarantee that neighborhood needs and aspirations are fittingly obliged within the assignment of town reserves reserves. In this way, village governments can better ensure that village fund management is not only technically adequate but also responsive to the real needs of the community. Overall, these recommendations are based on the concept of strengthening financial independence and increasing the effectiveness of financial management. In this way, it is hoped that this congregation can produce sustainable development and sustainable prosperity for the local community in Prayungan Village and can become a model for other villages in managing their village funds well.

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