

Does the Implementation of the Village Financial System (Siskeudes) Program Improve the Quality of Financial Reports and Village Government Performance?

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ABSTRACT

The purpose of this study was to determine the effect of the implementation of the village financial system program (Siskeudes) through the quality of financial reports on the performance of village governments in Batang District. This research is a quantitative study using a survey approach that is by distributing questionnaires. The populations in this study were all villages in Batang Regency. Sample total was 150 villages, consisting of 2 stakeholders (village heads as budget users and village treasurers as financial staff) was selected as respondents in this study. The technique used to determine the sample is cluster random sampling. The method used to analyze data is Structural Equation Modeling. The results found that the implementation of the village financial system (Siskeudes) program through the quality of financial reports significantly affected the performance of village governments in Batang District. This study recommends that financial management training involve all PTPKD (Village Financial Management Technical Tools). The need for a village government budget team (TPAP district) at the sub-district level has the task of preparing and implementing policies in the context of drafting APB district, thus accelerating the planning and budgeting stages of village finances. In addition, regular supervision needs to be intensified, namely with an online monitoring system, and the existence of a reward and punishment scheme so as to improve the performance of the village government.

Keywords: implementation, village financial system, siskeudes, quality of financial reports, village government performance

Introduction

Law Number 6 of 2014 concerning Villages clarifies the principles of village governance which are the principle or value in the administration of village governance. The function of village government becomes more autonomous, in the sense that the village has the authority to manage its government, various resources it has, including its authority in managing village finances. The performance of village government began to be carried out and monitored by related parties for the implementation of good village governance. In article 72 of Law Number 6 of 2014 concerning Villages, villages manage revenues derived from the Central Government Expenditure Budget (APBN) called Village Fund (DD), Village Fund Allocation (ADD) which comes from the balance funds received by the district / cities minus DAK, part of the district / city tax and levies, financial assistance from provincial / district / city APBD, grants and third party donations that are not binding and Village Original Revenue (PA district). For the sake of the implementation of village financial management, the government issued a Minister of Home Affairs Regulation (Permendagri) Number 113 of 2014 concerning Village Financial Management. Based on these regulations indirectly force villages to be able to manage finances independently, including in managing revenue and managing budget spending based on transparent, accountable, participatory principles and carried out in an orderly and disciplined budget (BPKP, 2016; BPKP, 2017).

The District Government of Batang in an effort to improve the quality of village financial management and to oversee and oversee village financial management, establishes a policy program for the use of the Village Financial System (siskeudes). The use of the siskeudes aims to support the village government in managing village finances starting from the planning, implementation, administration, reporting to accountability stages with the hope to improve the performance of the village government. With the implementation of the siskeudes program, it can reduce the practice of fraud and can encourage an increase in village operational activities. The implementation of the siskeudes program has been carried out in villages throughout Batang District since 2015. According to data from the Central Java Provincial BPKP, the number of villages in Indonesia that have implemented the siskeudes as of March 2018 totaled 65,811 villages out of 74,958 villages or around 87.80%. Batang Districts constitutes 4 of the districts in Central Java (out of a total of 29 districts) that have implemented a whole system of village health checks in each village. Village financial management with Siskeudes has a

positive effect on the management of village financial administration in Batang District. However, there are still problems in reporting, this causes a delay in disbursement of funds to the village due to an indication of the delay in reporting the use of the budget by the village government. Being late here means the late distribution of funds from the Batang Regency Government account to the village treasury account. There are indications of misuse of funds. Misuse of the use of funds in this context means that the funds are not used in accordance with regulations and are not in accordance with the Village Budget and Expenditure Plan (RAB). There is an indication of low community participation in monitoring the use of funds. Community participation in overseeing the use of funds is needed, so that village financial management can be managed in an orderly, effective and efficient manner (BPKP, 2017; BPS, 2017).

At the end of December 2017, almost 50% of villages experienced delays in the submission of disbursements. Delay in the distribution of funds to villages due to reports on the use of the semester budget has not been made or is late. Budget use reports are a form of village government accountability to the community. Other causes are financial expenditure expenditure is not supported by adequate evidence so that the difficulties in administration and accountability. This resulted in a late submission of funds for the following semester, which could eventually result in a late adoption of the APB district. The use of the *siskeudes* is expected to be able to improve the quality of the preparation of financial reports so that various problems related to financial reports of village funds can be overcome. Of course, this facility is expected to affect the quality of village government performance. Therefore, this study will explore the role of the SISU in improving financial report performance and village government performance

Literature Review

This study is about the indirect effect of policy implementation on organizational performance through the quality of reports, therefore the main theory in this study is the theory of public policy implementation and the theory of organizational performance by supporting theory is the quality of financial statements.

Edward (1980) states that an organization is a system of relationships between resources that makes it possible to achieve goals. While Abdullah (1989), stated that

organizational understanding is a system that consists of a pattern of cooperative activities carried out regularly and repeatedly by a group of people to achieve a goal. Bungin (2005) said that performance is the value of a series of worker behaviors that contribute both positively and negatively to the completion of organizational goals. Performance is the result obtained by an organization both the organization is profit oriented and non-profit oriented which is produced over a period of time (Irham Fahmi, 2010: 2)

The quality of financial statements is a characteristic of financial statements that are useful for the wearer. Information in financial statements is often used to predict financial position and organizational performance. Dwiyanto (2008) defines a financial statement as a report on the management of resources entrusted to him. Whereas Dwiyanto (2014) stated that the financial statements are information that describes the condition of a company, where then it will be an information that describes the performance of a company. According to Hanafi (2009) public policy is the government's choice to do or not do something (whatever government chooses to do or not to do). Whereas Harahap (2011) defines public policy as a program that is projected with certain goals, certain values, and certain practices (a projected program of goals, values, and practices). According to Levine et al. (1990) public policy is any decision or action made intentionally and legally by the government which aims to protect the public interest, overcome public problems, empower the public and create public welfare.

Methods

The research design is an observational analytic study, which seeks to determine the effect of the implementation of the Siskeudes on the performance of financial statements and their impact on government performance. Methods of data collection make using questionnaires and interviews. The populations in this study were all villages in Batang Regency. Technique Samplings in this study with cluster sampling techniques. Each cluster / group has two respondents, namely the village head and village treasurer. A total sample of 300 respondents

With a Likert scale, questions containing several statements are derived from the indicator variables described and used to measure variables. Likert scale used with gradations from very positive to very negative, provided that if the statement is positive (+) the scale is A ~ E with a score of 1 to 5. However if the statement is negative the scale is A ~ E with a score of 5 to 1. To find out whether the prepared questionnaire is valid, it needs to be tested by

correlation test between the score of each question with the total score of the questionnaire. Correlation test used is the product moment of Karl Pearson, namely by comparing with the critical price of product moment (r table) with a significance level of 5%. If the value of $r_{xy} > r$ table, it can be said that the instrument being tested is valid. Whereas, if $r_{xy} \leq r$ table then the instrument was being tested said to be invalid. Next, a SEM (Structured Equation Model) test is performed.

Results and Discussion

The implementation of the Siskeudes (X) program has a positive and significant effect on the quality of financial statements (Y1) with a regression coefficient of 0.290, with a probability <0.05 (0.001) (Appendix 17), so it can be concluded that H1 in this study can be accepted. Of the fourteen (14) indicators that constitute the construct of the implementation of the siskeudes program, there are 4 indicators which have proven effects on the construct of the quality of financial statements. Indicators that have proven to be influential are the number of human resources in the financial sector (X5), the number of computers that meet the standards (X7), have good organizational commitment (X10) and the responsibilities of village apparatus (X11). It can be interpreted that the number 0.290 means that the implementation of the Siskeudes (X) program increases by 1 unit of application in the form of sufficient human resources in the financial sector, the number of computers as needed, has a good organizational commitment in implementing the Siskeudes program and the responsibilities of the village apparatus in implementing village financial management, it will cause contributions to the quality of financial statements (Y1) to increase by 0.290 times.

The quality of financial statements (Y1) has a positive and significant effect on the performance of the Village Government (Y2) with a regression coefficient of 0.481 with a probability of <0.05 (0.001) (Appendix 17), so it can be concluded that H2 in this study is acceptable. Of the nine (9) indicators for constructing the quality of financial statement constructs, there are 8 indicators that have been proven to influence the construct of village government performance. Indicators proven to be influential are predictive value (Y12), timeliness (Y13), completeness (Y14), honesty (Y15), verifiable (Y16), neutral financial statements (Y17), comparable to previous reports (Y18) and the level of clarity (Y19). Can be interpreted that the number 0.481 means that the quality of financial statements (Y1) increases

by 1 unit of application in the form of predictive value, timeliness, completeness, honesty, verifiable, neutral financial statements, can be compared with previous reports and the level of clarity in preparing financial statements village, it will cause the contribution to the performance of the village government (Y2) to increase by 0.481 times. Based on the statistical research above, the implementation of the village financial system program has a positive and significant influence on the quality of financial statements. This means that the better the implementation of the siskeudes program conducted by the village government, the quality of financial reports will increase, on the contrary if the implementation of the siskeudes program is not implemented, it can cause the quality of financial statements to decline. However, based on the results of testing with SEM showing that of the 14 indicators of the implementations of the siskeudes program variables, 10 indicators have not effect on the quality of financial statements. Of the 10 indicators 4 indicators, namely the relationship with the communicator (X3), the media used (X4), the availability of Standard Operating Procedures (SOP) (X13) and the existence of an integrated system (X14) had no statistically significant effect.

Something that researchers found related to the lack of influence of the four indicators are as follows. Indicator of the relationship with the communicator, means the relationship between the village government and Dispermades Batang Regency. The weak relationship between the village government and Dispermades in Batang District is due to two reasons. First, the facilitator or verification team of the Batang Regency Dispermades is too busy to correct applications for disbursement of village financial assistance, such as ADD and DD, while the number of staff in the Batang Regency Dispermades is limited. Thus they ran out of time to serve the coming village government. The second weakness is due to the limited distance of the village to the Batang District. Media indicators that are used, in this case are training. Training were felt to be ineffective due to differences in perceptions in the implementation of the siskeudes program, due to the understanding of human resources in different villages in Batang District. This is due to the fact that the village apparatus that manages village finance does not yet support it, only a small number of village officials have accounting education background, and this is evident from the demographic data of respondents. Based on these data, the majority of village apparatus education is high school. This high school education background has experienced an increase in which at first most village apparatus were junior high school graduates. Since the issuance of Batang Regent

Regulation No. 10 of 2016 concerning the Organizational Structure and Work Procedures of the Village Government, the minimum education of village officials in Batang Regency is SMA, so that if there is a vacancy in the village apparatus, the minimum education required to register as a village apparatus is SMA.

The availability of Standard Operating Procedures (SOP) does not have a statistically significant effect on the quality of financial statements due to the different levels of human resource discipline in each village. It can also be interpreted that village officials in carrying out their duties have not been guided by the SOPs of their respective positions. The indicator of an integrated system means that there is an integrated system that on-line connects the villages in Batang Regency with the Batang Regency Dispermades. Based on the observations of researchers in Pasekaran Village, the obstacle in the integration of the siskeudes application system is that loading systems are sometimes still slow and difficult to access online, so village governments prefer to input village financial management off-line. This has an impact on the digital data of financial management of each village that cannot be directly connected to the Dispermades server in Batang Regency. So if the financial data is requested, then the village will send it in soft copy

This situation can cause data to be damaged. Then 6 other indicators namely communicant understanding (X1), communication delivered (X2), the number of human resources in the field of computer technology (X6), smoothness of the internet (X8), budget availability (X9) and showing changes in attitude (X12) are significant indicators statistically on the quality of financial statements, but the effect of these indicators is not large. How many things researchers related to the 6 indicators, described in the following explanation. Indicator of communicant understanding means understanding of village officials about regulations. Lack of understanding of regulations is caused by changes in regulations in a short time, making it difficult for village officials, especially those managing village finances, to understand the regulations that are used as references in preparing financial statements. In addition, the regulation of village financial management in Batang Regency has not yet become one regulation. As in the management of the Village Fund Allocation (ADD) there is a Regent Regulation on ADD, then the management of the Village Fund (DD) also has a Regent Regulation on the Village Fund, so many regulations must be learned by village officials.

Communication delivered in this case means that village officials understand the tasks and responsibilities that they must carry out in order to compile financial reports. This can be caused by ineffective training and training. The Dispermades of Batang Regency routinely carries out financial management assistance, but in practice it is often attended by different village officials, not staff who handle financial management. The number of human resources in the computer sector is statistically less influential on the quality of financial statements. This is caused by the lack of quality human resources that are reliable in managing village financial information technology that is less supportive. From the demographic data of respondents that almost 68 percent are high school graduates. High school graduates master computers but are limited to operating in Microsoft Office. Meanwhile, the implementation of the Siskeudes program requires at least village officials who understand software applications and computer networks. Therefore, there are not special staffs in the villages in Batang Regency as computer operators. The smoothness of the Internet, from the results of respondents' perceptions with an average index of 3.79 which can be interpreted as an internet network at the village office in Batang District is sufficient. The problem is how to optimize the use of this internet technology in addition to processing and storing information, it must also be used to disseminate information. The weak influence of this indicator is due to the limited function of the internet to disseminate information, because the village government is still running the offline social education program.

The amount of human resources in the financial sector influences and significantly affects the quality of financial statements. That is, the more the number of village officials in the financial sector, the better the quality of the reports produced. HR in the financial sector means people who are capable and understand in the field of accounting. The results of this study can also be interpreted that the number of village officials in Batang Regency who have financial capability in each village is sufficient. It can also be seen, one of which is that all villages already have village treasurers. Treasurer is the village apparatus appointed by the village head to receive, save, deposit, administer, pay and account for village finances in the context of implementing the village budget (Hery, 2015). The village treasurer has an important function in managing village finances. In addition to the village treasurer, in carrying out village financial management also consists of the village secretary as the coordinator of the implementation of village financial management, the Village Financial Management Technical

Implementer (PTPKD) to help manage village financial management whose task is to assist in administering village financial administration.

The number of computers that meet the standards affects the quality of financial statements, because a computer that has good specifications can streamline financial management activities with the social affairs audit. This result is supported by the presence of other programs. One of them is the existence of village income sources obtained from assistance from the Governor of Central Java. The assistance is routinely disbursed to the village every year. The priority of the financial assistance is the improvement of office infrastructure. Most of the applications submitted by the governor for the purchase of computers, so that villages in Batang Regency have sufficient computer needs. With the number of computers that have good and adequate specifications will improve the quality of financial statements. In accordance with the opinion of Mahmudi (2010) and Mardiasmo (2002) who stated the importance of hardware support from information technology systems in supporting the quality of financial statements.

Indicators have a good organizational commitment based on the results of statistical tests show a positive and significant effect on the quality of financial statements. These results indicate that there is a relationship between the commitment of the Village Government and improving the quality of financial statements. That is, organizational commitment can improve the quality of financial statements. Means that, if the village apparatus has a high commitment to achieve its organizational goals, the output will be better (Nugroho, 2014; Moehersono, 2010; Muhammad, 2005; Mustafa, 2012; Articleong, 2013; Purwanto, 2012).

Based on the results of statistical calculations, the quality of financial statements has positive and significant results on the performance of village governments. This means, the more the quality of financial reports produced by the implementation of the National Health Office program increases the performance of the village government. Conversely, if the quality of the financial statements produced decreases, it can cause the performance of the village government to also decrease. Achieving this result is the achievement of eight indicators in the variable quality of financial statements, namely predictive value, timeliness, completeness of financial statements, honesty, verifiable, neutral financial statements, can be compared with previous reports and the level of clarity. These indicators are characteristics of the qualitative quality of financial statements. Said to be qualitative because until now there is no

mathematical or quantitative model that can be used to form useful information (Ripley, 1986; Santoso, 2015; Scoot, 1994; Siagian, 2015; Sujarweni, 2015). Financial statements are said to be quality if the information is easily understood by users or decision makers (Hery, 2015; Suwardjono, 2005; Tachian, 2006; Waluyo, 2016; Wibowo, 2017; Winarno, 2012).

Conclusion

The magnitude of the influence of the implementation of the siskeudes program on the quality of financial reports on the Village Government in Batang Regency was 39%, included in the weak category. The weak influence of the implementation of the siskeudes program is due to four indicators, namely the relationship with the communicator, the media, the availability of standard operating procedures (SOP) and the existence of an integrated system that has no significant effect and six indicators namely communicant understanding, communication delivered, the number of HR in the field of computer technology, smoothness of the internet, availability budgeting and showing changes in attitude have a weak influence on the quality of financial reports on the Village Government in Batang District.

The magnitude of the influence of the quality of financial statements on the performance of the Village Government in Batang Regency is 48%, included in the medium category, because there is one indicator of the quality of the financial statements, namely financial statements that have feedback values that do not significantly influence the performance of the Village Government. Then there are two indicators of Village Government performance that are not affected, namely the Administration of activities in accordance with the APB District and the number of activities approved by the Village Consultative Body.

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