

## Implementation Of Good Village Governance In The Village of Dauh Puri Kangin Village

I Wayan Werasmana SANCAYA<sup>1</sup>, Komang Adi Kurniawan SAPUTRA<sup>2</sup>

<sup>1,2</sup>Universitas Warmadewa, Bali, Indonesia

### Abstract

As a principle, governance is a system of rules, processes and behaviors that influence how power is exercised at different levels of government, especially regarding openness, participation, accountability, effectiveness and coherence. Good governance contributes to various development goals due to internal changes in the way power is managed from conventional control and command by the state to new ways that are more networked and balanced with various stakeholders. Based on this statement, every organization needs to implement good governance, which is possible at the village government level. The importance of implementing village governance that leads to a sound village governance system will also lead to efforts to improve and enhance the government management process so that performance will be better. Building good governance and transforming it into good village governance is essential to encourage realizing it. This view leads to the argument that certain villages, which still need to form good village governance, will experience disorientation in implementing government if the maturity of human resources and institutional institutions needs to be prepared. Corruption and abuse of authority are significant issues in village governance. Therefore, the village government must be able to apply the principle of accountability in village financial management, where all village government activities must be accountable to the village community.

### Keywords:

Good Village Governance, Networking, Stakeholders, Regulate

### Article History

Received: 2024-05-19

Revised: 2024-06-15

Accepted: 2024-07-09

Vol 1 Issue 3, 2024

Corresponding Author\*

[wvimodc@gmail.com](mailto:wvimodc@gmail.com)



Page 83-89

## INTRODUCTION

The enactment of Law Number 6 of 2014 concerning Villages is expected better to accommodate the interests and needs of village communities. By providing more significant opportunities for villages to manage their governance and ensuring equitable development implementation, it is hoped that rural areas' welfare and quality of life will improve, thereby minimizing regional disparities, poverty, and other socio-cultural problems (Saputra et al., 2019). The significant allocation of funds through village funds has raised negative assumptions among many practitioners, academics, and politicians. This viewpoint leads to the argument that certain villages still need to establish good village governance and may experience disorientation if the maturity of human resources and institutional capacity is not prepared. Corruption and abuse of authority have become significant issues in village governance (Atmadja et al., 2021). Therefore, village governments must apply the principle of accountability in managing village finances, ensuring that all village governance activities can be accounted for by the community in accordance with regulations, thus achieving good village governance (Good Village Governance) (Saputra et al., 2022). It indicates that good village governance must encompass the principles of transparency, accountability, and participation stipulated in the Village Law.

In order to realize good village governance, which signifies that the management of village funds adheres to the principles of transparency, accountability, and participation, it is recommended that all villages implement governance based on good village governance. Good village governance can create quality government financial reports and emphasize the process of managing village finances, as well as the involvement of stakeholders in social, economic, and political fields, along with the empowerment of available resources, both human and financial, according to their specific needs (Sujana & Saputra, 2020). Therefore, establishing good village financial management is expected to enhance transparency and accountability in using village funds. Ensuring that all activities and programs conducted by the village government can be accountable to the community is crucial. Consequently, trust will be built

between the village government and the community, encouraging active community participation in decision-making and oversight processes. Additionally, effective and efficient financial management will contribute to the overall improvement of the village community's welfare.

It is crucial to address essential issues in this activity to ensure it benefits the community and positively impacts the increase in community knowledge and improving living standards for economically disadvantaged groups. In community service, the potential problems present in the community are:

1. The local community needs to be aware of the integrated village management patterns, which highlights the need for education and awareness initiatives.
2. Village officials need in-depth knowledge of managing village funds and their allocations.
3. The management of BUMDes (Village-Owned Enterprises) still needs to be enhanced to be more professional.

**Good Village Governance.** As a principle, governance is a system of rules, processes, and behaviors that influence how power is exercised at various levels of government, particularly concerning openness, participation, accountability, effectiveness, and coherence (Jayawarsa et al., 2022). Good governance contributes to various development goals due to internal changes in managing power, shifting from the state's conventional control and command approach to a more network-oriented and balanced power dynamic with various stakeholders. Building on this understanding, it becomes clear that every organization, including village governments, can harness the transformative power of good governance. By organizing village governance to achieve good village governance, we can catalyze efforts to improve and enhance management processes, leading to better performance. This transformation from good governance to good village governance is not just a theoretical concept but a practical and achievable goal that can be realized with the right strategies and commitment (Sara et al., 2023).

**Government Internal Control System.** Mulyadi (2014) states, "The internal control system includes the organizational structure, methods, and measures coordinated to safeguard the organization's assets, verify the accuracy and reliability of accounting data, promote efficiency, and encourage management policies." In Government Regulation Number 60 of 2008 concerning the Government Internal Control System (SPIP), it is explained that the elements of the Government Internal Control System (SPIP) include:

- a. Control Environment
- b. Risk Assessment
- c. Control Activities
- d. Information and Communication
- e. Monitoring

**Community Welfare.** In the context of economic development, the improvement of community welfare is a crucial component. Economic development is deemed successful when it leads to an enhancement in community welfare. Failing to consider enhancing community welfare in the pursuit of economic success can result in disparities and inequalities in community life. Community welfare is a condition that mirrors the living standards of the community (Saputra et al., 2021). Community welfare indicates the outcomes of community development in achieving a better quality of life, which includes: first, the improvement of capabilities and equitable distribution of basic needs such as food, housing, health, and protection; second, an increase in living standards, income levels, better education, and greater attention to culture and humanitarian values; and third, the expansion of economic scale and the availability of social choices for individuals and nations. Community welfare is a condition where basic needs are met, reflected in decent housing, sufficient clothing and food, affordable and quality education and healthcare, or a situation where each individual can maximize their utility within a specific budget constraint, as well as a condition where both physical and spiritual needs are fulfilled (Atmadja et al., 2019).

# Community Service : Sustainability Development

## METHODS

The implementation method in this community service consists of steps to achieve solutions, which include:

1. Steps in implementing solutions to partner problems:
  - a) The extension sector will explain good village governance and finance according to the concept of good village governance.
  - b) Distribution of BUMDes results and marketing. Field implementers hold discussions with related parties, namely the Village Head, local government and local LPD, to conduct focus group discussions. The aim is to reach an agreement to form a forum that functions as a communication forum between academics and village economic actors.
  - c) The communication and information sectors will commit to sharing important information about village management, both in the financial sector and village government.
2. Steps taken by the general public are to jointly supervise and support the village government both officially and customarily for the sake of running a safe, comfortable, economically prosperous, and independent in terms of village income to move towards a prosperous and prosperous village.
3. Approaches Used in Community Service:
  - a) Personal Approach: This aspect involves implementers engaging personally with the community to identify issues that require solutions and clarity. Conflicts within the community often arise from a need for more trust in their government or existing institutions. This personal approach is essential for pinpointing the community's problems to ensure targeted service.
  - b) Education and Knowledge: This aspect represents one of the community's most challenging issues. Knowledge regarding governance and financial management in the village needs to demonstrate this.
4. Work Procedures for Community Service: Various problem-solving techniques can be used in the following ways to address current issues:
  - a) Providing knowledge exposure related to understanding good village governance
  - b) Providing a legal basis for village fund management
  - c) Providing socialization of regional taxes on community welfare and development
  - d) Providing community understanding related to village financial management sourced from village funds
  - e) Providing exposure to fraud/fraud as a form of concern for implementers for corruption education in villages by the government's call.
  - f) Explaining using a discussion method related to the relationship between LPD as a traditional institution and its community and financial management.
5. Evaluation of Community Service Activities:
  - a) Evaluating the readiness of the involved parties and assessing the model through meetings or discussions.
  - b) Evaluating the performance of implementers based on community understanding and improving community trust in village governance and indigenous institutions, specifically LPD.

## RESULT AND DISCUSSION

The enactment of Law Number 6 of 2014 concerning Villages is expected to better accommodate the interests and needs of rural communities. Providing more significant opportunities for villages to manage their governance, along with equitable development implementation, is anticipated to improve rural residents' welfare and quality of life, thereby minimizing regional disparities, poverty, and other



## Community Service : Sustainability Development

socio-cultural problems (Predana et al., 2020). The substantial funding provided through village funds has raised negative assumptions among many practitioners, academics, and politicians. However, it is within our collective responsibility to address these challenges. This perspective suggests that certain villages still need to establish good governance and may face disorientation in governance implementation if human resources and institutional maturity are adequately prepared. Corruption and abuse of authority have become significant issues in village governance. Therefore, village governments must apply the principles of accountability in managing village finances, ensuring that all governance activities are accountable to the community by regulations, thus achieving good village governance (Good Village Governance). It indicates that good village governance must embody principles of transparency, accountability, and participation, as outlined in the Village Law (Atmadja et al., 2024).

In order to achieve good village governance, which signifies that the management of village funds adheres to the principles of transparency, accountability, and participation, it is recommended that all villages implement governance based on good village governance (Blaisi, 2019; Hasan, 2020; Saputra & Sanjaya, 2019). Good village governance can create quality government financial reports and emphasizes the process of managing village finances, as well as the involvement of stakeholders in social, economic, and political fields, along with utilizing existing resources, whether human or financial, according to their respective needs (Saputra, Jayawarsa, et al., 2019). Thus, the management of village finances is intended to ensure that financial governance held by the village government is conducted transparently, from the planning process to accountability, thereby creating accountability in its management. Effective and efficient financial management is one manifestation of good governance (Atmadja & Saputra, 2018).

Village financial management should not become a breeding ground for "small-time corruptors" in the village. Therefore, to protect village financial management from fraudulent actions, a sound internal control system is necessary to prevent any misconduct. Fadilah (2011) states that the internal control system directly impacts good governance, which in turn affects the quality of reporting within organizations. Suveinakama (2011) emphasizes the importance of implementing local village governance, synonymous with good village governance, at the minor organizational level, such as in villages, to achieve balance and fairness in distributing funds collected from the community or subsidies from the central government. Meanwhile, Serupeperli et al. (2016) assert that implementing village governance requires the seriousness of all parties and should provide ample space for the internal control system to reach all levels within the organization. Salim et al. (2017) also indicate that applying village governance based on good village governance will result in quality reports characterized by accountability and transparency.

As a principle, governance is a system of rules, processes, and behaviors that influence how power is exercised at different levels of government, particularly concerning openness, participation, accountability, effectiveness, and coherence. Good governance contributes to various developmental goals due to internal changes in the management of power, shifting from a conventional control and command approach by the state to a new, more networked approach with balanced power among various stakeholders (Firmansyah et al., 2022).

Based on this statement, every organization needs to implement good governance, including at the village government level. The importance of organizing village governance that leads to good village governance will also direct efforts to improve and enhance the management process, resulting in better performance. It is essential to build good governance transformed into good village governance to encourage the realization of good village governance (Sara et al., 2019).

The government links the Village Credit Institution (LPD) to accelerate the development of the village competition activities. These competitions are not only intended to organize traditional villages as representations of the Tri Hita Karana ideology but are also connected to the economic empowerment of these villages. In this context, each traditional village participating in the competition receives a financial injection of IDR 2,000,000 to establish an LPD. This funding represents a form of generosity or

philanthropic activity by the state towards its citizens. With this financial support, the establishment of LPD in traditional villages in Bali has gradually increased. Importantly, this policy has encouraged competition in establishing LPDs, as traditional villages that do not receive funding are also motivated to establish their LPDs. Referring to Wingarta (2009), this is driven by the culture of "Jenga," an internal or intrinsic pressure that motivates individuals to take action, often out of shame if another traditional village has an LPD while theirs does not. This reality illustrates that establishing an LPD stems from the needs of traditional villages and policies from higher government levels labeled as empowerment. Encouragement from higher government levels is essential, considering that development policies during the New Order era were generally characterized by a top-down approach (Jayawarsa et al., 2021).

In its journey, the LPD has proven to achieve its goals spectacularly. It is evident from various studies on LPDs and traditional villages indicate that LPDs play a crucial role in enhancing the economy and welfare of community members. With the existence of LPDs, community members can quickly obtain funds for both consumptive and productive activities. Moreover, LPDs contribute significantly to traditional villages through ritual funding, development funds, scholarships for underprivileged community members, and other philanthropic activities (Firmansyah et al., 2022; Kuypers et al., 2016; Mukri & Baisa, 2020).

## CONCLUSION

Based on the Regulation of the Minister of Village, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia Number 21 of 2015 concerning the Establishment of Priority Use of Village Funds in 2016, Village Funds are sourced from the State Budget allocated for villages, transferred through the Regional Budget of the district/city, and used to finance the administration of government, implementation of development, community development, and community empowerment. The government plans to disburse village funds from the central government to the provincial and district/city levels, totaling IDR 20.76 trillion.

With the large disbursement of village funds to each village, it is essential to have the competence and strict supervision from each village government in managing these funds. It is necessary to avoid the fraud the government and the community have long feared. Fraud usually occurs when the existing control systems are fragile and there is a lack of oversight in financial management. Problems identified include leftover funds, the facilitator's recruitment system, and accountability or financial reporting of village funds. The Corruption Eradication Commission (KPK) has found several issues in the management of village funds, including weak regulatory aspects and overlapping authorities between the Ministry of Development of Disadvantaged Regions and the Ministry of Home Affairs.

Furthermore, based on the Anti-corruption Commission's study last year, the formula for distributing village funds in Government Regulation 22 of 2015 must be more transparent. Meanwhile, regarding the implementation, there needs to be a standardization for village officials to refer to when designing the Village Revenue and Expenditure Budget. Accountability reports are also considered prone to forgery. There are allegations of project manipulation by mafias infiltrating villages under the guise of representing village residents. It may occur due to the ineffectiveness of the Regional Inspectorate's work. The KPK and other related institutions, such as the Ministry of Home Affairs, the Ministry of Development of Disadvantaged Regions, and the Financial and Development Supervisory Agency, are formulating an action plan to address these issues. The expected outcome is a solution and action plan by the authority of each agency. Additionally, the local government, specifically the Regional Inspectorate and relevant agencies concerning village funds, need to conduct proactive fraud audits to ensure that every step and program undertaken by the village government can be implemented effectively without indications of fraud.

## REFERENCES

# Community Service : Sustainability Development

- Atmadja, A. T., Adi Kurniawan Saputra, K., & Manurung, D. T. H. (2019). Proactive Fraud Audit, Whistleblowing and Cultural Implementation of Tri Hita Karana for Fraud Prevention. *European Research Studies Journal*, XXII(3), 201–214.
- Atmadja, A. T., Dharmawan, N. A. S., & Saputra, K. A. K. (2024). Determinants of Factors that Affect Accounting Fraud in Local Government Financial Management. *Australasian Accounting, Business and Finance Journal*, 18(1), 148–160. <https://doi.org/10.14453/aabfj.v18i1.09>
- Atmadja, A. T., & Saputra, K. A. K. (2018). Kegagalan Akuntansi dalam Menanggulangi Fraud (Perspektif Postmodern). *Jurnal Aplikasi Akuntansi (JAA)*, 3(1), 1–21.
- Atmadja, A. T., Saputra, K. A. K., Tama, G. M., & Paranoan, S. (2021). Influence of Human Resources. *Journal of Asian Finance, Economics and Business*, 8(2), 563–570. <https://doi.org/10.13106/jafeb.2021.vol8.no2.0563>
- Blaisi, N. I. (2019). Construction and demolition waste management in Saudi Arabia: Current practice and roadmap for sustainable management. *Journal of Cleaner Production*, 221, 167–175. <https://doi.org/10.1016/j.jclepro.2019.02.264>
- Firmansyah, M. Z., Priyanto, S., & Bilney, M. (2022). Collaboration Strategy in the Penta-Helix Concept: Deradicalization Program for Terrorist Separatism Groups in Papua. *Journal of Terrorism Studies*, 4(1). <https://doi.org/10.7454/jts.v4i1.1045>
- Hasan, Z. (2020). Distribution Of Zakat Funds To Achieve SDGs Through Poverty Alleviation In Baznas Republic Of Indonesia. *AZKA International Journal of Zakat & Social Finance*, 1(1), 25–43. <https://doi.org/10.51377/azjaf.vol1no01.7>
- Jayawarsa, A. . K., Purnami, A. A. S., & Saputra, K. A. K. (2021). Pentahelix To Build Sustainable Village and Tourism : a Theoretical Study. *American Research Journal of Humanities & Social Science (ARJHSS)*, 04(11), 20–27.
- Jayawarsa, A. A. K., Saputra, K. A. K. S., & Anggiriawan, P. B. (2022). Tri Hita Karana Culture, Good Governance and Apparatus Commitment on Fraud Prevention in Village Fund Management with Apparatus Awareness as Moderator. *International Journal of Social Science and Human Research*, 5(9), 4226–4230. <https://doi.org/10.47191/ijsshr/v5-i9-33>
- Kuypers, M. A., Maillart, T., & Paté-cornell, E. (2016). An Empirical Analysis of Cyber Security Incidents at a Large Organization. *Department of Management Science and Engineering, Stanford University, School of Information, UC Berkeley.*, 1–22.
- Larasdiputra, G. D., & Saputra, K. A. K. S. (2021). Sosialisasi media online taniku ” sebagai pendukung bangkitnya umkm di masa pandemi covid-19 di kelurahan kesiman, denpasar, bali. *Krida Cendekia: Jurnal Pengabdian Masyarakat*, 01(02), 7–14. <http://kridacendekia.com/index.php/jkc/article/view/9>
- Mukri, S. G., & Baisa, H. (2020). The Anti-Corruption Education based on Religion and National Culture. *Jurnal Cita Hukum*, 8(2). <https://doi.org/10.15408/jch.v8i2.16503>
- Predana, P. G. W., Jayawarsa, A. A. K., Purnami, A. A. S., Larasdiputra, G. D., & Saputra, K. A. K. (2020). Effect Of Easy Use, Trust And Benefits Of Mobile Banking Services. *International Journal of Environmental, Sustainability, and Social Science*, 1(2), 36–40. <https://doi.org/10.38142/ijesss.v1i2.25>
- Saputra, K. A. K., Atmadja, A. T., & Koswara, M. K. (2019). Intervensi Regulasi Dan Job Relevant Information Dalam Penerapan Anggaran Koperasi. *ISEI Economic Review*, 3(2), 54–59. <http://jurnal.iseibandung.or.id/index.php/ier/article/view/111>
- Saputra, K. A. K., Atmadja, A. T., Koswara, M. K., & Tama, G. M. (2021). Examining the Role of



Village Funds in Village Sustainable Development Goals (SDGs). *South East Asia Journal of Contemporary Business, Economics and Law*, 24(6), 45–51.

- Saputra, K. A. K., Jayawarsa, A. A. K., & Atmadja, A. T. (2019). Resurrection as a Fading Implication of Accountability in Financial Management for Village Credit Institution. *International Journal of ...*, 19(5), 258–268. [https://www.ijbel.com/wp-content/uploads/2019/11/K19\\_263.pdf](https://www.ijbel.com/wp-content/uploads/2019/11/K19_263.pdf)
- Saputra, K. A. K., Mu'ah, Jurana, Korompis, C. W. M., & Manurung, D. T. H. (2022). Fraud Prevention Determinants: A Balinese Cultural Overview. *Australasian Accounting, Business and Finance Journal*, 16(3), 167–181. <https://doi.org/10.14453/aabfj.v16i3.11>
- Saputra, K. A. K., & Sanjaya, I. K. P. W. (2019). Whistleblowing and Tri Hita Karana to Prevent Village Fund Fraud in Bali. *International Journal of Religious and Cultural Studies*, 1(2), 68–73. <https://doi.org/10.34199/ijracs.2019.10.03>
- Sara, I. M., Adi Kurniawan Saputra, K., & Wayan Kartika Jaya Utama, I. (2020). Improving Economic Development Through The Establishment Of Village-Business Enterprises. *Jour of Adv Research in Dynamical & Control Systems*, 12(6), 1–8. <https://doi.org/10.5373/JARDCS/V12I6/S20201269>
- Sara, I. M., Saputra, K. A. K., & Jayawarsa, A. A. K. (2019). Profesionalisme Pengelolaan Pendapatan Asli Desa Untuk Meningkatkan Pembangunan Ekonomi Pedesaan. *ISEI Economic Review*, 3(2), 45–53. <http://jurnal.iseibandung.or.id/index.php/ier/article/view/109>
- Sara, I. M., Udayana Putra, I. B., Kurniawan Saputra, K. A., & Jaya Utama, I. W. K. (2023). Financial literacy, morality, and organizational culture in preventing financial mismanagement: A study on village governments in Indonesia. *Cogent Business and Management*, 10(1), 0–15. <https://doi.org/10.1080/23311975.2023.2166038>
- Sujana, E., & Saputra, K. A. K. (2020). Fraud detection and prevention methods: Inspector's auditor's perception in Bali. *Journal of Advanced Research in Dynamical and Control Systems*, 12(4), 8–16. <https://doi.org/10.5373/JARDCS/V12I4/20201413>