

# Analysis of The Principles of Village Financial Management at The Karangsentul Village Office, Gondangwetan Sub-District, Pasuruan Regency

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## Abstract

### **Keywords:**

Accountability, Transparency,  
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*This study aims to analyze the implementation of the principles of village financial management in Karangsentul Village, Gondangwetan District, Pasuruan Regency based on the Ministry of Home Affairs Regulation (Permendagri) No. 20 of 2018, focusing on the principles of transparency, accountability, participatory governance, and orderly and disciplined budgeting. This research employs a qualitative method using interviews and documentation as data collection techniques. The findings indicate that the implementation of these financial management principles is not yet optimal. In terms of accountability, the village faces challenges related to delays in reporting and data input errors in the Siskeudes system, which affect the quality of financial accountability. In terms of transparency, budget information has been published through public billboards, yet the updates are not conducted regularly, resulting in limited access to up-to-date information for the community. Regarding the participatory principle, village meetings are still dominated by village officials and certain local figures, while general community participation remains relatively low. In the aspect of orderliness and budget discipline, delays in financial administration, limited understanding of technical regulations among village apparatus, and sudden policy changes without adequate training have led to budget implementation that is not fully aligned with the principles of orderliness, timeliness, and consistency with predetermined plans. The implications of this study highlight the need for strengthening the competency of village apparatus, developing more adaptive internal SOPs, and optimizing village financial information systems as strategic efforts to enhance effective village financial governance.*

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## INTRODUCTION

Village financial management is a crucial aspect in realizing good governance, as mandated by the Law of the Republic of Indonesia Number 6 of 2014, which states that villages possess original rights and traditional rights to regulate and manage the interests of their local communities. Village governments are granted full authority to plan, budget, implement, report, and account for development within their respective areas (Megasyara & Imawan, 2023). This provision is reinforced by Minister of Home Affairs Regulation (Permendagri) No. 20 of 2018, which emphasizes the principles of transparency, accountability, participation, and budget discipline throughout all stages of the village financial management cycle. The annual increase in village fund allocations brings greater complexity and financial management risks (Kristuti et al., 2023),

necessitating optimal application of these principles to prevent irregularities, such as the 154 cases of village fund corruption recorded in 2021 (Baihaqi et al., 2023).

Recent studies show that many villages are still unable to implement these principles in accordance with the regulations, as seen in Tlogoadi, Citanglar, Jagamukti, Kademangan, Wonodadi, and Pranten (Anggriani et al., 2019; Ferarow & Suprihanto, 2018; Hidayah & Wijayanti, 2017; Mubarak & Annisak, 2021). The problems identified include low transparency due to limited data access, untimely reporting, incomplete documentation, weak human resource capacity, and minimal community participation in deliberation processes. In addition, poor coordination among village officials, vacant positions, and limited understanding of regulations further hinder the optimal implementation of village financial management principles. However, several villages, such as Setro and Kuala Alam, have successfully upheld transparency, accountability, participation, and budget discipline (Hendrawati & Pramudianti, 2020; Wahyuni & Fatmawati, 2021), demonstrating that effective implementation can be achieved through proper procedures, community involvement, and consistent reporting practices.

Although numerous studies have examined the implementation of village financial management principles, research gaps remain, particularly regarding variations across regions, differences in the capacity of village apparatuses, and specific factors influencing success or failure in implementation. Few studies have explored in depth the empirical challenges faced by particular villages, especially in the context of applying Permendagri No. 20 of 2018 at the local level. Previous studies tend to provide general descriptions and have not focused comprehensively on how these principles accountability, transparency, participation, and budget discipline are practiced within a specific village context.

Based on these gaps, this study was conducted to analyze the implementation of village financial management principles in Karangsantul Village Office, Gondangwetan District, Pasuruan Regency. The study aims to evaluate the extent to which these principles have been applied in accordance with Permendagri No. 20 of 2018 and to identify the challenges encountered by village officials in the implementation process. The novelty of this research lies in its evaluative focus on a single village, supported by a mapping of specific empirical obstacles and practical recommendations to strengthen village financial governance, ensuring it becomes more effective, transparent, and aligned with applicable governmental accounting standards.

## **METHODS**

This study employs a qualitative descriptive approach to describe and analyze the implementation of village financial management principles in depth. The research data were obtained from the Karangsantul Village Office, Gondangwetan District, Pasuruan Regency. Two types of data were used, namely primary and secondary data. In this study, the researcher served as the main instrument, supported by two additional instruments: semi-structured interviews and financial report documentation.

A purposive sampling technique was used by selecting village officials directly involved in managing village financial accounting, as well as community members who participate in village activities, particularly those related to the use of village funds. The selection of these subjects was based on the consideration that they possess relevant information regarding the implementation of village financial management.

Data collection was carried out using two methods. First, semi-structured interviews that referred to a predetermined list of questions and guidelines while still allowing respondents the flexibility to elaborate on their views and experiences (Johnston & Longhurst, 2025). Second, documentation was used to obtain the 2023 and 2024 financial reports of Karangsentul Village. These documents served as supporting data that complemented the interview findings, particularly in identifying the actual implementation of village financial accounting.

The data analysis technique used in this research consists of three stages: data condensation, data display, and conclusion drawing. Referring to Miles et al. (2018), data analysis was conducted simultaneously through the processes of reducing data to select and simplify important information, presenting data in a structured manner to facilitate interpretation, and drawing and verifying conclusions based on emerging patterns throughout the analysis process.

## **RESULTS AND DISCUSSION**

Based on the interviews and documentation, the researcher obtained data related to the financial management of Karangsentul Village, which is guided by Minister of Home Affairs Regulation (Permendagri) No. 20 of 2018. Interviews with village officials covered aspects such as regulatory understanding, management procedures, constraints, transparency, accountability, and future expectations. Meanwhile, interviews with community members addressed their understanding, transparency, participation, perceptions, and expectations regarding village financial management. Documentation was obtained through billboards displaying village budget information for 2023 and 2024.

### **Understanding of Permendagri No. 20 of 2018**

The understanding of Karangsentul Village officials regarding Permendagri No. 20 of 2018 remains inadequate. Only the Village Head fully understands the regulation, while other officials such as the Village Secretary, Head of Financial Affairs, and the Siskeudes operator still have limited comprehension.

### **Village Financial Management Procedures**

The financial management procedures consist of several stages: hamlet meetings (musdus), village deliberation meetings (musdes), APBDes determination, fund disbursement per semester,

implementation of activities, report preparation, and monitoring by the subdistrict office. These procedures have been carried out in accordance with the prevailing administrative requirements.

### **Accountability, Transparency, Participation, Orderliness, and Budget Discipline**

Financial accountability is implemented through the preparation of financial reports and monitoring conducted twice a year. However, constraints remain, including delays in reporting and input errors in the Siskeudes application. In terms of transparency, the village government has installed budget billboards; however, the information presented is not comprehensive and is not updated routinely. Some residents consider the information difficult to understand and feel that dissemination is still limited.

Community participation is facilitated through musdus and musdes, but participation remains uneven, and community aspirations are not fully accommodated. The implementation of orderliness and budget discipline is carried out through a tiered process starting from musdus, musdes, APBDes preparation, fund disbursement, implementation of activities, transaction recording in Siskeudes, and evaluation or audits at least twice a year. Each expenditure or budget revision must follow official procedures.

### **Constraints in Village Financial Management**

The main constraint in village financial management is the low competence of human resources in accounting and financial system operation. Many village officials do not fully understand accounting concepts according to Permendagri No. 20 of 2018 and still rely heavily on village facilitators. Sudden regulatory changes, limited training, and technical issues in Siskeudes also hinder timely reporting. Both village officials and community members expressed expectations for increased training, more regular socialization, and the use of digital media to improve transparency and participation.

### **Discussion**

The results of interviews and documentation indicate that the implementation of accountability, transparency, participation, and orderliness and budget discipline as regulated in Permendagri No. 20 of 2018 in Karangsentul Village has not yet been optimal. Various technical and human resource constraints are the dominant factors affecting the effectiveness of village financial management.

Administratively, financial reports are prepared twice a year and monitored by the subdistrict office. However, substantively, accountability has not been achieved optimally. Input errors in Siskeudes require frequent revisions, causing delays. The limited understanding of technical regulations among village officials also affects the quality of accountability. This condition indicates that accountability is still administrative in nature rather than substantive, consistent with the findings of Mubarok & Annisak (2021) and Ferarow & Suprihanto (2018), who emphasize weak human resource capacity as the main barrier to village accountability.

In terms of transparency, the installation of APBDes billboards and socialization efforts have been implemented, but the information provided has not been fully understood by the community.

Residents find the information design difficult to read, updates are not done regularly, and access to information remains limited. Transparency tends to be formalistic as it is not supported by effective communication mechanisms. This aligns with Sujarweni (2019) and Hidayah & Wijayanti (2017), who state that information disclosure does not automatically improve public understanding.

Community participation has been facilitated through musdus and musdes, yet overall engagement remains limited. Some residents feel that their input has not been fully accommodated, and the realization of proposals is often constrained by budget availability. Participation tends to be procedural rather than substantive. These findings are consistent with Hendrawati & Pramudianti (2020) and Mubarak & Annisak (2021), who highlight the lack of two-way communication and limited socialization as causes of low community involvement.

The implementation of orderliness and budget discipline is also not yet optimal. Although administrative procedures are being followed, issues such as Siskeudes input errors, delays in updating billboards, and limited understanding of technical regulations persist. Sudden regulatory changes without adequate training exacerbate the situation. This is consistent with the findings of Ferarow & Suprihanto (2018) and Hidayah & Wijayanti (2017), who report similar challenges in other villages.

These various constraints demonstrate that human resource capacity, regulatory understanding, information accessibility, and technological readiness are critical factors that need improvement. Transparency is not yet effective because the information dissemination media are not easily understood and are not updated routinely. Participation has not been maximized because citizens are not substantively involved. Accountability and budget discipline face technical and administrative obstacles.

The researcher recommends strengthening technical training, optimizing the use of information technology, presenting financial information in more communicative formats, improving community deliberation forums, and developing internal SOPs that are adaptive to regulatory changes. These solutions align with recommendations by Afriansyah et al. (2022), Megasyara & Imawan (2023), and Hendrawati & Pramudianti (2020), who emphasize the importance of enhancing the capacity of village apparatus and utilizing technology to achieve effective village financial governance.

## CONCLUSION

Based on the research findings, it can be concluded that the implementation of the principles of village financial management in Karangsentul Village, Gondangwetan District, Pasuruan Regency is still not optimal, even though it refers to the provisions of Minister of Home Affairs Regulation (Permendagri) No. 20 of 2018. In terms of accountability, the financial reporting process still encounters several technical issues, such as input errors in the Siskeudes application and delays in report preparation, resulting in financial reports that are not fully accurate or submitted in a timely

manner. Regarding transparency, the availability of the APBDes information board indicates an effort to disclose information to the public; however, irregular updates prevent the community from obtaining an up-to-date overview of the village's budget realization.

In terms of participation, although village deliberation meetings (*musyawarah desa*) have involved the community, the dominance of village officials and certain influential figures limits broader community engagement. This condition leads to suboptimal community oversight of village financial governance. Meanwhile, the principle of orderly and disciplined budgeting has not been fully implemented due to limited understanding among village officials regarding technical regulations and frequent policy changes that are not accompanied by adequate training.

Scientifically, the findings of this study strengthen empirical evidence regarding the role of human resource capacity, the quality of financial information systems, and the effectiveness of public communication as key factors in successful village financial management. The study contributes to the literature on village governance by showing that administrative compliance does not always align with substantive understanding, thereby highlighting the importance of capacity building and communication mechanisms in strengthening village financial governance.

The limitations of this study lie in its scope, which focuses on only one village; therefore, the results cannot be generalized to all villages in Pasuruan Regency or other regions. Additionally, the data rely on interviews and documentation, making the findings dependent on the openness and honesty of the informants.

## **SUGGESTIONS**

In line with the research findings, several recommendations can be proposed to improve the quality of village financial governance in Karangsentul Village. First, the village government needs to strengthen the capacity of its officials through continuous training on village accounting, Permendagri No. 20 of 2018, and the use of the Siskeudes application. Second, transparency should be enhanced by ensuring that budget information is updated regularly and presented in a format that is easier for the public to understand. Third, community participation should be expanded through more inclusive deliberation mechanisms so that discussions are not dominated only by village officials or certain influential individuals. Fourth, the village should develop internal standard operating procedures (SOPs) that are adaptive to regulatory changes to ensure more orderly and disciplined budget implementation.

For future research, it is recommended to use a comparative approach across multiple villages or expand the research area to obtain a more comprehensive picture of the implementation of village financial management principles. Future studies may also integrate quantitative methods to measure the levels of accountability, transparency, and participation more objectively. Thus, subsequent research can provide a more holistic understanding of the factors that influence village financial governance in various contexts.

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