

ANALYSIS OF DISTRICT GOVERNMENT POLICY: IMPLEMENTATION OF SPECIALLY-ALLOCATED FINANCIAL AID MANAGEMENT IN GAMBO VILLAGE BUDGETING

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**ANALYSIS OF DISTRICT GOVERNMENT POLICY:
IMPLEMENTATION OF SPECIALLY-ALLOCATED FINANCIAL AID
MANAGEMENT IN GAMBO VILLAGE BUDGETING**

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1
Abstract

This research aimed to analyse the specially allocated financial aid policy from district government to Gambo village government. The fact indicates that there has been misconduct in budget management, which becomes the main reason to do this research. This research employs a qualitative method, using the phenomenological-hermeneutic approach. Data collections use an in-depth interview with village financial manager, and supported by observation and documentation. Data analysis applies the method of phenomenological-hermeneutic perspectives. The result shows that specially allocated financial aid management was not appropriately implemented. This was caused by the inconsistency of local government in implementing its local regulation. District government is using its power discretion and the regulation discretion. High tendency of different interests in implementing the policy has led to a pseudo-statement to empower village government and village society. Thus, it needs better commitment from district government to set aside the interests of certain groups and politics to ensure that the main objective of that policy could be implemented properly.

Keywords: policy, financial assistance, district government, village financial

1. Introduction

The implementation of Law No. 6/2014 aims to develop, protect and allow villagers to become powerful, ¹³ advanced, independent, and democratic to create a solid foundation in implementing governance and development towards a just, prosperous, and prosper. This regulation puts the village governance as the public administration, hybrid between self-governing community and local self-government (Sutoro, 2015), regulation of this village made the village has a range of powers and a huge budget, so the village will more active and creative in the development. The government set some regulations, to make sure the financial management of the village can be implemented in an orderly manner and make the desired goals, including Government Ordinance No. 47/2014 on Guidelines for the Implementation of Law No. 6/2014. That regulation is the basis for setting Ordinance Ministry of Home Affairs No. 113/2014 as Village Financial Management Guidelines.

The establishment of the regulation shows that the government attempted to give guidance and instructions for the financial manager of the village, to give ideal results. Related to this, Indonesian Accountants Association (2015) ⁶ states that the financial management of the village not only related to the availability of ² supporting regulations and infrastructure, but the most important is the existence of human resources with a reliable competence and commitment. It was stated for the successful implementation of the village administration tasks, especially ⁷ in the financial management of the village strongly influenced by the education level of village officials who today are mostly relatively low. It was also associated with the regulation of the village put the village head has the authority and enormous power in managing the finances of the village, because as public funds the village budget is also a discretionary cost.

The dynamics of the ⁸ financial management of the village in the district of *Samanta* showing their various problems. In addition to media reports, irregularities ⁷ in the financial management of the village in the district of *Samanta* also presented in the examination report the *Samanta* District Inspectorate of the village financial management of the fiscal year 2015 and 2016. *Samanta* District Inspectorate examination findings results, strengthen the Indonesia's Corruption Eradication Commission (2015) results, which close there are problems in the implementation of the legislation villages, the regulatory

and institutional weaknesses, governance, oversight and human resources. *Samanta* District Inspectorate ⁸ stated that the financial manager of the village is not fully guided and comply with regulations. This was in line with the capacity of village officials is still quite low, thus affecting the village financial management. Under these conditions, creating opportunities emergence of personal action or certain parts of the organization that don't fit or dysfunctional behavior that can be harmful to the organization (Hansen and Mowen, 2007). Various irregularities by financial managers of villages in the district of *Samanta*, who are in the legal process of the authorities, an indicator that the irregularities committed are up for fraud and corruption.

Various elements or element results of empirical studies related to dysfunctional behavior (Pillay and Kluver, 2014; Danish et al. 2014; Alemu, 2016; Bagire and Namada, 2013; Fajri et al., 2012) consists of technical and non technical elements. Presentation of the results and conclusions of earlier studies on dysfunctional behavior are mutually reinforcing, but hasn't presented simultaneously in a study. In addition, previous empirical studies use more quantitative approach, so the recommendation is directed further research using qualitative approach with methods of analysis and interpretation deeper. It's intended to express the meaning of behavior, experience and understanding of the informant. Non-technical elements of the dominating occurrence of dysfunctional behavior in some studies is personal behavior. Meanwhile, regulations or regulatory changes into the technical elements that affect the personal and the organization.

The study results Kusumastuti and Meiranto (2012) in line with the opinions Raghunandan et al. (2012) and Paino et al. (2014) which states that non-technical aspects must be taken into account together for mutual influence in the achievement of organizational goals. Empirical studies predominantly focus on determinants and implications of dysfunctional behavior, but how the process of dysfunctional behavior is not widely described particularly in relation ² to the financial management of the village. The study results Fajri et al. (2012) have not been present how management processes take place and what the causes of abuse. It is important that the recommendations are presented results from the study, mainly related to the practical benefits and policies can make contributions. Based on the above, the study of how the process and the real meaning of the behavior and experience of informants contributed to the financial management of dysfunctional behavior in the village still needed. It

motivates researchers to look at the phenomenon of dysfunctional behavior in financial management, especially in the *Gambo* village in the district of *Samanta* through interpretation and deeper meaning to behavior and experience as a principal informant.

This study was also associated with the implementation of Law No. 6/2014 and their derivatives, which is a new policy on the village. So the focus of the study researchers hope this study be a novelty for an accounting review of the public sector, particularly related to the village financial management. Questions posed in this study to understand, analyze and interpret: the behavior of financial managers *Gambo* Village in the district of *Samanta*; and the occurrence of dysfunctional behavior, so that known cause and no real implications, particularly related to the specific nature of financial aid management *Samanta* district government. This research paradigm interpretive combining assuming the nature of the social sciences and the nature of society (Burrell and Morgan, 1979: 29 in Kamayanti, 2015), which is rooted in the sociology of regulation with a subjective point of view, the main concern is on how to understand the "world" as it were, to understand the fundamental nature of the social world of the subjective experience of someone who is directly involved.

Reality field findings are described in detail to show the essence of the experience of the informant (Riemen, 1986 in Creswell, 2016), as well as the importance emic perspective, moving from facts, information or events lead to a level of abstraction higher, if the concept or theory (Kuswarno 2009). Researchers also to follow-up the recommendation of Cole et al. (2008); Raghunandan et al. (2012) and MacKenzie et al. (2011), which states the limitations of the study of dysfunctional behavior is due to difficulty in obtaining information from the perpetrators of dysfunctional behavior. This study is also to carry out research on Alemu (2016); Danish et al. (2014); Bagire and Namada (2013); Nahrudin (2014) who believes that in addition to the technical, non-technical aspects of financial management is also important, so that the researchers directed that future research not only focus on technical elements, but also associated with the element of non-technical, the behavior and experience of informants more depth up to the true meaning of the experience and understanding of the informant. The results of this study as an advice to the *Samanta* district government, so that policies related to development activities are carried out can be precisely targeted, according to the problems or weaknesses found by the organization that conducts the inspection or examination.

2. Research Method

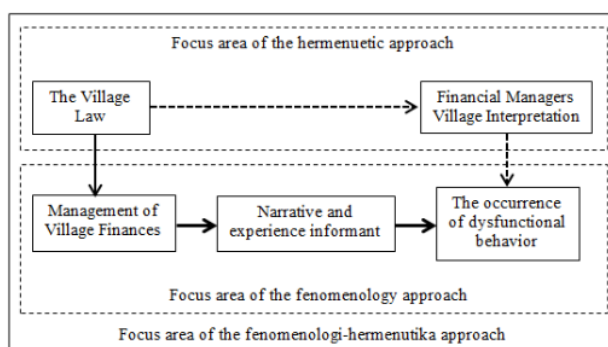
This qualitative study used to gain insight into something new and little known to get details of more complex related phenomenon is the result of the arrest of symptoms that can be understood by the human mind, so it can be constructed meaning from a variety of symptoms, reality and human activities are interconnected (Triyuwono et al., 2016). The approach used is the phenomenological-hermeneutic (Ricoeur, 2014), which considers that ideally should be accompanied by a hermeneutic phenomenology, because speech, expression, action and plays a very essential text to interpret the language and text to find a noumena. Their meaning in the social life because of their habit that structured, so it is important to know the meaning behind it through the symptoms appear (Triyuwono et al., 2016).

The informants are a *Gambo* village financial managers at *Samanta* Regency directly involved in the financial management of the village. Location research into account the limitations of earlier studies, where researchers check dysfunctional behavior, difficulty in obtaining information for researchers difficulty of building an open communication with the informant as the perpetrator in his experience in an action that is dysfunctional behavior. In this study, done with better communication, open and intense with an informant, utilizing the skills and knowledge of researchers to the characters, language and local culture or empathic neutrality (Patton, 2002). In addition, the use of the humanitarian aspects also help access to the site and collect data based on trustworthiness and authenticity (Kamayanti, 2015). Primary data was collected through in-depth interviews, to really be able to understand what has been experienced by the "I" that "I" do the meaning of a particular case (Kamayanti, 2016). The researchers also observed the expression, actions, activities related to the focus of research informants. The results of the interview are recorded and assisted recorder. Supporting data collection is done during the research process, in the form of photographs, documents, or the relevant texts.

Analysis of the data using the method in the perspective of phenomenology (Moustakas, 2009) collaborated with the methods of data analysis hermeneutika (Ricoeur, 2014). The data were analyzed together, as the relationship of each step in the data analysis is a process of learning by doing. Patterns of field data findings described about 'whether' experienced, understood or believed by informants in the phenomenon (the textural description). Further described is also about 'how' these experiences occur

(structural description), and researchers discuss the background and the context in which the phenomenon is experienced. At the end, the researchers describe the phenomenon by incorporating textual description and description struktural. This section is the 'essence' of that experience which provides an account of 'what' experienced by informants with the phenomenon and the 'how' informants experience. The main strategy to support the validity of the data is to do triangulation of data, which can be obtained from the persistence in the observations, establishing empathic involvement, and give explanations of events are seen, heard, and felt by the researcher (Gamar and Djamhuri, 2015). Furthermore, researchers create a rich and thick description of the research results. Patterns and themes analyzed to find reflection and understanding of the role of the informants who potentially form an interpretation of the meaning and action. The concept of focusing analysis of data presented in Figure 1 below:

Figure 1: Data Analysis Focus Phenomenology-hermeneutics (Ricoeur, 2014)



The above concept refers to the opinion of Wisri and Mughni (2016), which states that phenomenology gives greater attention on the nature of the experience is turned on, while hermeneutics concentrate on the problems arising from the textual interpretation. This approach is used to show the true meaning and motivation in a holistic way, not limited to the visible reality and data, but includes the interpretation of actors to the surrounding objects.

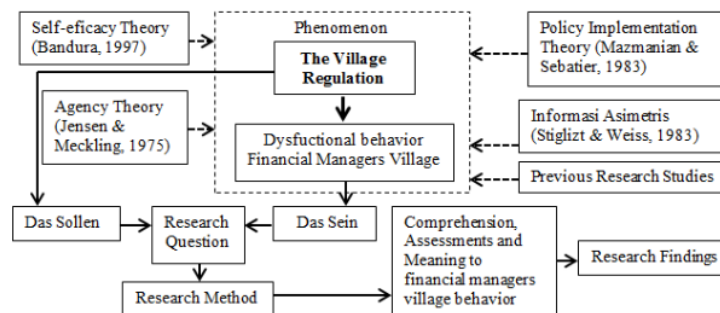
3. Framework Researcher

The implementation of Law No. 6/2014 impact on financial management mechanism village. The phenomenon of financial management of villages in the *Samanta* district especially the Village of

Gambo, indicating the case of dysfunctional behavior that leads to fraud and corruption. It happened due to the influence of power and authority very big on rural finance manager to manage the various resources of the village. From the perspective of agency theory (Jensen and Meckling, 1975), the agency relationship in financial management makes the village of village financial managers as agents have a range of rights and obligations, as well as the government's principal. However, the relationship is likely to form the asymmetric information (Stiglitz and Weiss, 1992). The contractual relationship between the government, the villagers with the village government raises opportunistic behavior due to various opportunities that both the agent and the principal. Moreover, as the contractual relationship, then the implementation of a financial management duties and authority of the village related to the rights and obligations of each party.

Policies and regulations are weak become one agent opportunities do various irregularities and make the policy was not implemented well (Mazmanian and Sebatier, 1983 in Paudel, 2009). It is also found in the implementation of government policies related to the *Samanta* district management is special financial assistance to the government of the village of *Gambo*. Regulatory policies, regulatory materials, implementor capacity, and environmental conditions of the organization is the things that affect the successful implementation of the policy. Various person characteristics of rural financial manager, can affect the occurrence of various aberrations. A regulation should be able to make financial management executed and directed. But the facts show otherwise, guidance and supervision only become routine and formality tasks related institution that does not touch the real issue. Phenomenological-hermeneutic approach is designed to understand, assess and be able to interpret a variety of behavioral *Gambo* village finance managers at *Samanta* Regency. Determination of accepted point of view, research methods, to be able to answer questions and can give to researchers, both at the level of theoretical, practical and policy. Referring to Kuswamo (2009: 121), then the logic of the research are presented in Figure 2 below:

Figure 2. Framework Researcher



4. Results

Act No. 6/2014 states that rural development is an effort to improve the quality of life and life to improve the welfare of society as much as possible. The regulation makes the village have to manage their finances independently right authority. Financial villages are all rights and obligations of the village that can be valued in money and everything in the form of money and goods related to the implementation of the rights and obligations of the village. As a guideline for the village government apparatus as the financial manager of the village, Ordinance Ministry of Home Affairs No. 113/2014 mandates on local governments to make regulations related with right conditions of each area.

Village regulation also stipulates that the implementation of the financial management of the village should prioritize the principles of community empowerment. Empowerment is trying to develop independence and welfare of rural communities by improving the knowledge, attitudes, skills, behavior, ability, awareness, and use resources through the establishment of policies, programs, activities, and help in accordance with the essence of the problem and the priority needs of rural communities, The government set a policy that aims to promote the economy of rural communities, especially through the reduction of national development disparities and strengthen rural communities as the subject of development.

Village regulation states that the village has various sources of income in order to finance the implementation of various activities under the authority of the village. Government Ordinance No. 47/2015 states that the regents tell the village fund allocation plan, part of the proceeds of taxes and levies district to the village, as well as financial aid sourced from public revenue and expenditure budget

of the district. The revenue can be recognized ⁵ by the village government is all revenues through the village accounts. In addition to the income from the transfer of funds, the village government also received financial assistance from the provincial government and local governments, as stated in Article 98 Paragraph (1) of Government Ordinance No. 47/2015. Based on the findings of field data, the *Gambo* village government receive financial assistance from the *Samanta* district government in 2015 and 2016. Value aid in 2015 and 2016 amounted to Rp280million and Rp320million mentioned.

Aid budgets of the *Samanta* district governments to the *Gambo* village government is specific, so it does not affect the determination of the allocation of spending 30% and 70% of total revenues in village budgeting set out in Article 81 and Article 100 of Government Ordinance No. 47/2015. In addition, the budget support is also not form the basis of calculation the amount of regular income and benefits, financial manager of the village. The aid budget is special because it has been determined allotment, occupation and site of job execution. Article 98 paragraph (2) of Government Ordinance No. 47/2015 states that the designation and management of financial aid are specific of the provincial government and district government to the village government, established by the donor to accelerate rural development and community empowerment. The fact shows that the policy is not fully implemented appropriately. This is due to lack of transparency in the *Samanta* district government to the goals of the budget through the financial aid.

The findings of field data, both informant statements and relevant documents show that in addition to the type of work and site of work, the local government has set the job executor. *Gambo* village government so don't do management as defined above regulation, because in fact carried out by 'other' non-financial managers of *Gambo* village. The policy implementation raises many problems for *Gambo* village financial managers. This was revealed in one of *Gambo* village head narrative following:

"... the financial assistance from the *Samanta* district governments actually is the aspiration of legislative of *Samanta* reGENCY, so who's working on the project is a board members and successful team on the council, but we (village government) were told to be responsible, we (village head) was told to sign a fact of integrity-related the job, but we do not work in the execution of the work, because the work is the other side... other than that, the budget also goes into the account of this village, so it is a great burden on us, on accountability documents aspirations project the council, I signed the file above 8 stamp duty... should we who determine execution or execute the job, because the budget came into the village and so the income account village... usually, documents aspiration fund project accountability was not orderly, no material purchase orders , but never finished the findings of the Inspectorate of it... because we would have to make a complete the document of responsibility, because it is charged that responsibility to us, to complete the

memorandum and evidence, that we find and we collect, through the usual shops cooperate with us, and even had to Rp50million can we make full proof, how?... we collected the memorandum purchase of materials from the people who are building or renovating the house, ever buy cement, steel, gravel, stone, notes that community that we make a memorandum for documentary evidence of accountability work aspiration fund it, to the point of purchase materials mosque we used to "cover" the work of accountability document" (date 7/2/2017 at the head office of the *Gambo* village).

Interpret the narrative above, shows that government policy stipulated in Government Ordinance No. 47/2015 wasn't implemented due to inconsistent *Samanta* district government especially in the aspect of transparency of the budget management. Associated with it, Pradana (2014) states that the budgeting that is open to the public through open information is a form of transparency in budgeting. As public funding, the policy on the budget management should be done by empowering rural communities. Dwiyanto (2003) in Pradana (2014) which states that the management of public funds by local governments must pay attention to the principles of transparency, such as the use of the mechanism of the budget, budget allocation, and accountability of the budget that can be monitored by the public.

The *Gambo* village community at *Samanta* regency, calling the project work that comes from a special financial assistance of the *Samanta* district government it as "aspiration fund council projects". The term is based on the process and system implementation that is 'special' because it has been determined the direction, the location of the user and the administrators. So although entered as a revenue village, but the *Gambo* village government don't like revenue management and can't be considered as a basis for determining the amount of regular income and benefits, financial manager of the village, which is stated in Article 11 Paragraph (3) of Ordinance *Samanta* Regent No. 12/2014. The above provisions make the *Gambo* village financial managers aren't motivated to accept the budget. However, because it is the provisions of the regulations, then all the village receipt shall be accounted for by the financial manager of the village and become part of that must be reported and accounted for as income and receiving other villages.

The policy stipulated in Government Ordinance No. 47/2015 which mandates local government as a grant ²³ in order to empower the community as an effort to accelerate development of the village also be implemented. Management conducted by outside financial managers village also cause internal problems for the village government. In the planning stage, the findings of *Samanta* District Inspectorate on the financial management of the village of *Gambo* always 'come out' of activities whose

budget comes from the specific nature of financial assistance. Parties who do construction work planning document originating from a specific nature of financial assistance from the *Samanta* district government, it is "messengers" members of parliament (known as the 'owner' or 'check' the budget through village budgeting). This was disclosed by the secretary of the *Gambo* village including following:

"... findings that appear to be related planning documents created by the team council (members of parliament), right there is power planner specifically the legislators was to fund projects coming into our village, our inspectorate was referring to the standard price of regents, but consultant aspiration fund it using the local prices of local, so there is a difference in the value of the analysis between the consultant aspiration fund with our consultants, we are inferior, but because we were "told to" be responsible for budget and physical activities (project aspiration fund board) by the local government, then we are forced to pay the difference, we were ordered to pay the excess (of the difference) to the local treasury, that's value more than Rp4jmillion *sir*" (date 17/2/2017 in the office of the *Gambo* village head).

Besides having problems in its planning documents, activities or work financed from the budget are the special financial assistance of the *Samanta* district governments also have problems for financial managers *Gambo* Village related to the implementation stage. The following quotes by the secretary of the *Gambo* village:

"That was the problem to us is related to aspiration funds that go through the budget financial aid that accounted for by the village, but was done by" people "of his councilors, we are troubled by aspiration fund it in the affairs of his document of letters of responsibility" (date 20/2/2017 in the office of the *Gambo* village head).

The above statement shows that the deviation of the mandate of the regulatory policies implemented by the *Samanta* district government, due to the discretionary power of the local government. According to Darumurti (2012), utilization of discretionary powers in government has become *notoir feit*. It was explained that the governance with the discretionary powers that are closely related to the conception of government (*bestuur*) termed *bestuurzorg*, which is a function of government that not only regulate, but also take care of. However, the presence of these functions makes the inconsistency of regulation is a form of government policy itself.

Tendency on their specific interests in the management of financial aid in making the village finance the budget is not managed in a transparent, participatory and accountable. Wicaksono (2015) mentioned that as one dimension of accountability is the accountability aspects of the implementation, control, responsibility and responsiveness. Referring to this, the *Samanta* district government policies

against the financial assistance that is specific to the village government has not materialized. The regional government as public sector organizations have not been able to provide an explanation for the use of public resources in implementing policies, programs, projects financed from public funds it has.

Ordinance of Ministry of Home Affairs No. 113/2014 states that the village finances are managed based on the principles of transparency (the principle of openness that enables people to find and access information about the financial management of the village), accountability (management of village finances should be managed in a timely and appropriate, supported by evidence and administrative requirements which accountable and always guided by the rules and regulations that apply), participative (giving wide space to the public to participate actively involved in each stage of the process and financial management of the village) and is orderly and disciplined budget. Various such principles are not implemented properly, as a result of *Samanta* district government policy.

Statements and disputes arise from the financial manager of the *Gambo* village on the pattern of implementation of budget management that comes from the *Samanta* district government financial assistance the special nature. On one side, the government is grateful for the assistance the village of *Gambo*, because helping the development process, particularly the provision of infrastructure facilities of the village. On the other side, the budget is considered to provide a 'catastrophe' for the government of the *Gambo* village due to that treat *Samanta* district government policies is 'special' budgets.

Noting the implementation process of the management of financial assistance from the district administration that is special, that budget analogous to a 'stowaway' or free-rider in a 'vehicle' called village budgeting. With its versatile specialty, the local government should immediately draw up a regulation or evaluation of potential impact of implemented policies related to the budget. Villagers understand that the regent is a political office that was born out of a political process, but less wise for local governments 'busy' justifying and self-defense and defense of the behavior of the legislature as the 'owners' of the budget is to ignore the facts and social impact economy arising from the special budget execution pattern. Budgeting incidence of various problems in the public sector, according to Razak et al. (2011) due to their involvement in the political institutions of local government budgeting process, so that the process and the political dynamics influence resource allocation process which must be followed conflicting interests among actors.

Personal interest and opportunistic behavior of each agent (members of parliament and local government) at the local level will be agents accumulate interest and opportunistic organizational (Latifah, 2010). It is something which is 'reasonable' occurs in local governance institutions for participatory budgeting system will always bring up the opportunism of agents due to interest agents (Abdullah and Asmara, 2006). Various measures are an aberration or fraud in the public sector budget formulation according Julianto (2012) something very 'reasonable', considering the regulations are made through a political process that is designed to have a large enough discretion for the benefit of actors. This suggests that one of the causes of irregularities it is the legislation itself, certainly in question is a regulation that has many weaknesses and shortcomings.

Spelled and Berge (1993) in Darumurti (2012) states that the discretionary power is a controversial concept. This is due to their interest or initiative from the government itself ¹⁴ on the basis of a destination. Then in the implementation of the regulations relating to the financial management of the village whose budget comes from government financial assistance districts that are specific, regional governments with powers discretion 'bumping' the principle of the rule of law, given the discretion that hold is the inherent power that is executed without regard to the characteristics of the implementor and its social effects. Darumurti (2012) stated that in fact the use of discretionary powers it has always been a potential negative impact that harm citizens or would conflict with the interests and rights of citizens, even would be contrary to a regulation set by the government itself.

Regulations issued by the government as the product of a policy (Dunn, 2000), both central and local governments many aren't properly implemented because it isn't consistent with other regulations and not according to the actual conditions. Caiden and Wildavsky (1974) in Sulistyowati (2013) states that the frequent inconsistencies in the management of public sector budgets. This is actually an important thing both vertically and horizontally so that the policy can be implemented and achieve results as planned. Meanwhile, Hofferbert (1974) in Parsons (2006) asserts that a regulation as a form of written policy is in essence a *epifenomena*, meaning that the policy was determined based on reality, historical and geographical conditions, the composition of the social and economic as well as considering the existing behavior of the implementor, not solely the result of a political process.

The occurrence of irregularities in the management of funds for financial assistance from the government's financial *Samanta* district in the village be an indicator that there has been corruption. This refers to the opinions Philp (1997) in Santoso (2007) which refers to the form and application corruption, ie corruption affecting the public interest (public interest-centered), the corruption that occurs when the holder of power to abuse because there are people who will rewards (money or other material) to him. Corruption is also mentioned centers on the market (market-centered), where corruption takes place through extra-legal institution used by individuals or groups to gain influence over the policies and actions of the bureaucracy. This regard, corruption also means the abuse of power by an employee or government official to obtain additional revenue from the public.

The occurrence of various aberrations and that lead to acts of corruption in the management of the specific nature of financial assistance shows that the budget penglaokasian policy doesn't work well. Nevertheless, given the real intent is very useful, it is expected that the regulations set can really be implemented well. Reality is in line with the core idea of the theory proposed implementation policy (Mazmanian and Sebatier, 1983 in Paudel, 2009), which states that the successful implementation of policies not only related to the regulation of the material and the process of socialization, but also depends on the characteristics of the visible implementor of events and activities that arise after implementation.

The dynamics that occurred in the *Gambo* village, should be evaluation materials of the *Samanta* district government. It was absolutely necessary for the ¹⁰ successful implementation of the policy can be judged by how the response of rural communities that constitute the policy environment. Moreover, the concept of the theory proposed Mazmanian and Sebatier (1983) in Paudel (2009), can make the community as a group of voters intervene in decisions or policies made by the local government through a variety of comments with the intent of changing policies and a critique published on government performance area and make a statement addressed to the legislature.

Different treatment to aid local governments that are special to 'unfortunate', not a 'boon' for the village. This is expressed as the village head should be responsible for the budget even if not the village chief who manages the budget. Various aberrations become Inspectorate findings remain the responsibility of the financial manager of the village. In practice, the agents of legislators is the 'owner'

of the special budget do the job as befits a contractor. After completing its work, the partners report to the head ² of the village, and the village chief ordered the receiver committee checks the work. Once the recipient committee signed the work of the investigation report and the minutes of the handover, the village that became the technical implementation of financial operators village on the type of work that make accountability.

In accordance with its 'special', then the process of preparing documents also carried responsibility 'special' anyway. Although that manages the work of the spies 'owner' of the special budget, but that creates a document of accountability is the financial manager of the village. The informants complained about it, but don't have the 'courage' to; sue policy of the local government. Not a few financial managers village actually declined, but for *Gambo* village financial managers, it will be new problems when will 'deal' with the 'rulers' area, namely the executive and the legislature, then reluctantly and under pressure from *Gambo* managers rural finance keep trying to cover it up by doing a number of irregularities.

Non-disclosure of various aberrations such as *Gambo* village government regarded it as an obligation that must be accounted. So that *Gambo* village financial managers are always working to gather evidence of accountability for the implementation of special projects, including the manipulation to meet accountability documents. *Gambo* village treasurer stated:

"... so, it was done arbitrarily aspiration fund them (executing the work of the special nature of financial aid budget) just... it happened because it's easy budget disbursement process... all the villages complain related to the problem... so if you can't again put village accounts to the pattern of budget implementation like that anyway" (date 7/2/2017 in the office of the *Gambo* village head).

Noting trigger the occurrence of fraud in the management of financial aid budget which is specific of the Samanta district governments, then it's because of pressure from the government policy inconsistencies with the regulations that have been set. Deviations continues without ever blamed it becomes a justification. Then fraud which happens to be an act of deliberate (Ernst and Young, 2009 in Abdullahi and Mansor, 2015), from the regional government charged to *Gambo* village financial managers, who actually become aware that their actions are illegal, but because of limited willingness and the ability to 'combat' the policy of higher levels of government to make a fact, that it became a

legalization against kleptocracy (Triyuwono et al., 2016) which took place in the financial management of the village.

Associated with pressures associated with the job (work-related pressures), in the context of the village, a little different from the description set forth Cressey (1974) in Arles (2014). The occurrence of fraud as a result of pressure in the context of the work of rural financial managers not because lack of job satisfaction obtained, but due to pressure on policy are 'confusing' financial managers village of implementer. Financial managers the opportunity that the village is an opportunity that must be taken to avoid a pressure above. Not merely because there is a chance, but because of the opportunity due to internal control village government is very weak.

Rationalization also be an important element of fraud in the implementation of rural finance, as a justification for his actions as a result of the pressure itself. Contrary to the explanation Cressey (1974) in Arles (2014) concerning the justification of a person who commits an act of fraud, in the context of the village, the justification is influenced by the motivation that the government does not have any *Gambo* village findings in Inspectorate inspections. So that those involved in fraudulent activity is driven by the interaction between the forces of the personality of the individual with the external environment (Ratmono et al., 2014 in Arles, 2014). So the fraud is likely to be even greater if a person is in a situational pressure, there is a chance, and reinforced the low integrity of people involved and a lack of oversight and guidance.

Samanta district government actually trying to 'ignore' the dynamics of the policy applied due to the pattern of the local government. The *Samanta* regent gave a statement to 'straighten' unrest in the district of understanding about the related *Samanta* aspiration funds by legislators (www.suarantb.com, 2017). He stated: "in fact never existed refineries aspiration funds by members of the legislature, which is proposed through a legislative program that is executed and realized the government", the following quote his statement:

"... in my view, there is no such thing aspiration fund, there is aspiration board members who heard and embodied by the *Samanta* district government, it's in the form of the program, we ask all members of the council to provide the program, which program is the aspiration to be budgeted now... they give us... then we budgeted for what is rightfully theirs, when they engage in dialogue with the citizens must be the people's aspirations, ask bridges, repairing roads, ask slum housing and others, that we take very, depending on the what is the uptake of their aspirations, aspirations are best actual uptake of the council's committed collected and make a deal".

From the above statement, meant that the regent of *Samanta* doesn't justify the fact that the management of financial aid funds that are specifically managed by certain board members. The statement to be true when the indicator is the presence of members of the council at the project site in question, because in fact it was never a member of the board that manages the project aspiration fund directly, because that is in the field are the messengers of council members (according to the statements of informants and by observation researchers themselves).

Samanta regent statement which states that the financial aid budget management was handled by local governments is true, because the local government to distribute special aid budget to the accounts of the village predetermined location and administrators. The village government then accept the budget 'deposit' is the free-rider in the village budget, because it can't be taken into account as the basis for the calculation of fixed pengahasilan and benefits, but a part that must be accounted for rural finance manager. Samanta district government should have the sensitivity to pay attention to the response of rural communities, so that local governments can be held accountable for their work to the public. It can be used as the basis for local government, so that the special assistance fund management can be seen clearly by the public, starting from the input, process, output, impact and outcome of the policy (Wicaksono, 2015).

The government's policy set out in Article 98 of Government Ordinance No. 47/2015, in fact, carried out not in the acceleration of rural development and community empowerment, but makes policy toward the financial aid budget into a budget 'surrogate' of legislators in the area were packed as people's aspirations. In addition, if linked with the aim to empower people as expressed on Government Ordinance No. 47/2015, then powered from the budget are those closest or successful teams of the 'owner' of the aspiration fund, not the empowerment of rural communities as mandated by regulations.

The government should be appreciated by implementing legislation of the village, because the regulation is becoming a new spirit in order to develop the village by the villagers. But the weakness of regulation and their inconsistent attitudes of local governments raises new issues that were not identified before. A phrase in the Sutoro (2015): "Regulation is not everything, but everything is in need of regulation. Good regulation doesn't necessarily bring forth the good in quick time, but a bad rule to

quickly produce ugliness". The phrase above is in line with the facts at this time in the village of *Gambo* and in line with MacKenzie et al. (2011) which states that the rules don't guarantee dysfunctional behaviors will be lost or reduced. Other than that, Ely (2009) also revealed that the financial crisis ever experienced by the US due to the issuance of a regulation that would lead to economic collapse. So to avoid failures in the financial management organization should be dealt with better rules and followed the consistency of regulator and implementor.

Ordinance of Ministry of Home Affairs No. 113/2014 is expected to serve as guidelines to eliminate the possibility of irregularities in the management of village finances. But their discretionary power of local government regulation and it raises many opportunistic behavior. That is the weakness of the regulatory utilized for the benefit of certain elements. Yilmaz et al. (2014) stated that political interest and commitment budget will affect the output budgeting actors. So in addition to commitment and consistency, it needed a tight budget control in order to control the performance of implementor, thus optimizing budget management control must go through more precise regulations in order to minimize the occurrence of irregularities in the implementation of financial management. Thus, as public sector organizations, the village must also have a clear regulation for managing public funds that affect the lives of many people (Nordawan and Hertianti, 2010), Regulation is meant is a regulation that is detailed according to the characteristics of the organization of the public sector. However, from a variety of public sector accounting standards that there is currently no related specifically governing accounting villages totally complete and clear.

5. Conclusion, Implication and Limitation

8 5.1. Conclusion

Based on the above analysis and discussion, the occurrence of dysfunctional behavior in the financial management of the village, especially on budget management are sourced from local governments' financial assistance of a special nature, due to the inconsistency of the local government through various policies implemented. Policies that aren't in accordance with the relevant regulations and not according to the implementor characteristics make financial managers perform a variety of financial management in village which later became an action leads to the occurrence of irregularities and fraud.

Samanta district government policy is strongly influenced by a variety of interests, including political interests of the local level, making the village government as a 'victim' or 'containers' meeting political agreements budgetary actors at the local level.

5.2. Implication

Determined by government policy related to ² financial management of the village, not only focused on improving the capacity of financial managers village alone, but agencies and institutions associated with the guidance and supervision of village financial management should also receive attention and support. It is absolutely necessary for the village regulation changes through Law No. 6/2014 doesn't only affect the village, but is closely related to the various duties and functions on a variety of other regional organizations. The *Samanta* district government policy on the management of financial aid that are specific to village budgeting, indicating local government uses its discretion to power the village government.

The emergence of various dynamics of the policy, it shows that the policy isn't in accordance with the mandate of the regulation and not in line with the interests of the implementor. Thus, the local government as a regulator must prepare materials and a good strategy and appropriate to ensure that policies are made can be implemented well by implementor. In addition, the government should maintain consistency in meeting the objectives or mandate as outlined in the regulations. It's expected implementation of the policy through a proper regulation can be a controller. However, this will be achieved if the regulation is actually in accordance with the characteristics of the implementor.

5.3. limitation

Related findings in this study, there are some limitations that need to be done to make deeper studies in a different perspective. Policy has been interpreted and implemented by the government perpetually inconsistent *Samanta* district, thus deviating from the process, purpose and mandate reguasi true. It resulted *Gambo* village government also conducted a number of irregularities. Linkages in budgeting policies are the special assistance of the district government and the political institutions in the area, the reason for the assessment needs to be done from the perspective of financial management institutions outside the village. Regulations related to financial aid budget already established local government is one result of a political process. It is necessary to supplement the contributions and

recommendations addressed to the local government, the executive and the legislature. Then this may be a consideration for future research to conduct a study from the perspective of local government, namely the executive and legislative institutions and other related institutions.

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