

Analysis of Village Financial Management Supervision (Case Study on The Regional Inspectorate of North Central Timor Regency)

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ABSTRACT

Supervision is a systematic effort by management to compare the predetermined standards performance, plans, or objectives to determine whether performance meets the standards and whether human resources are empowered effectively and efficiently to achieve the objectives as well as a step for corrective actions that need to be taken. Village Financial Management is the activities including planning, implementing, administering, reporting, and accountability of village finances based on the transparency, accountability, and participation principles, which is carried out orderly and budgetary manner. This study aims to analyze the village financial management supervision process conducted by the Regional Inspectorate of North Central Timor Regency. This study used a qualitative approach. The research instrument was the researchers who conducted interviews and interactions in the field by observing the supervision process. The results showed that the Regional Inspectorate has supervised financial management by following the stages namely planning, implementation, reporting, and follow-up. However, the supervision process was not conducted in all village areas due to limited human resources. It was also found that the village government's compliance level in managing village finances was low. It is indicated by the high findings of an inspection conducted by the North Central Timor Regional Inspectorat.

Keywords: Inspectorate; Supervision; Village Finance.

INTRODUCTION

Indonesia is a unitary state that adheres to the principle of decentralization in administering government. Decentralization is the delegation of government authority by the Government to autonomous regions to regulate and manage government affairs within the system of the Unitary State of the Republic of Indonesia, in the other words, the regions are given the freedom to carry out regional autonomy. Rondinelli and Cheema (1983) understand decentralization as the transfer of authority or division of powers in government planning and management and decision making from the national level to the regional level (Dwiyanto, 2014). The issuance of Law Number 6 of 2014 concerning Villages reinforces the decentralization system in Indonesia, where it is explained that in the course of the Republic of Indonesia constitution, villages have developed in various forms so that they need to be protected and empowered to become strong, advanced, independent and democratic to create a powerful foundation in carrying out governance and development towards a just and prosperous society. The village in the general sense is as a phenomenon that is universal, exists anywhere in this world, as a small community, which is tied to a certain locality both as a place to live and for fulfilling their needs, especially those that depend on the agricultural sector (Surjaweni, 2015).

The village as the lowest level of government organization has the authority to manage and regulate the local community. Siagian (2005) argues that development is an effort or series of growth and change efforts that are planned and carried out consciously by a nation, state and

government towards modernization in the framework of nation building (Nawawi, 2009). Village development has a very important and strategic role to create equitable development and is directly related to the interests of the community. Villages also have the discretion to manage their finances, as stipulated in the Minister of Home Affairs Regulation Number 113 of 2014 concerning Village Financial Management. Village Finance is all Village rights and obligations that can be valued in money and everything in the form of money and goods related to the implementation of Village rights and obligations. Villages design programs/activities to fulfill citizens' rights along with their budgets, which are then outlined in policies in the form of Village Medium-Term Development Plan (RPJM) documents, Village Government Work Plan (RKP), and Village Budgets (APB). Village development planning is the implementation of the principle of one village, one plan, and one budget as stipulated in the Village Law. If the village fulfills its development responsibilities appropriately, then the village directly plays an important role in fulfilling citizens' rights to basic services and reducing poverty.

According to the Village Law, village revenue receives additional funds from 3 (three) sources including; sharing of regency taxes and levies; Allocation of Village Funds (ADD) which is part of the balancing funds received by regencies/cities; and Village Funds allocated from the State Budget for Villages. The increase in authority and the amount of funds managed by the village needs to be the concern of various components in the village to prevent mismanagement of the budget, which results in village development goals are not achieved. The worst effect is the outbreak of corruption at the village level due to the misuse of village financial funds.

Minister of Home Affairs Regulation Number 73 of 2020 Concerning Supervision of Village Financial Management explains that Village Finance is all Village rights and obligations that can be valued in money and everything in the form of money and goods related to the implementation of Village rights and obligations. Moreover, it is stated that the Supervision of Village Financial Management is efforts, actions, and activities aimed at ensuring that Village Financial Management runs in a transparent, accountable, orderly, and budgetary manner, and is participatory in accordance with statutory provisions.

In the context of supervising village financial management, Minister of Home Affairs Regulation Number 73 of 2020 concerning Supervision of Village Financial Management regulates the function of village supervision carried out by the Regent/Mayor which is coordinated by the Government Internal Supervisory Apparatus (APIP), namely the Regency/City Inspectorate. The supervisory duties of the Inspectorate were strengthened by the Minister of Home Affairs Letter Number 700/1281/A.1/IJ dated 22 December 2016 concerning Guidelines for Supervision of Village Funds, as an integral part of village financial management. George R. Terry stated that supervision is determining what has been achieved, evaluating and implementing corrective actions so that the results of the work are in accordance with the established plans (Hamidi, 2010).

Village funds as a source of village finance must be managed properly for village development. Village funds are funds allocated in the State Budget (APBN) which are intended for villages transferred through the regency/city Local Government Budget and are used to finance government administration, development implementation, community development, and community empowerment. The purpose of village funds distribution is as a form of the state's commitment to protecting and empowering villages for strong, advanced, independent, and democratic villages. In addition, villages can create village development and empowerment toward a just and prosperous society by using village funds villages towards a just, prosperous and prosperous society and creating social welfare. Social welfare is all the activities of organizing

and distributing social services for community groups, especially disadvantaged groups (Suharto, 2014).

The Central Government has budgeted a large Village Fund to be allocated for villages. In 2018, the Central Government had budgeted IDR 60 trillion, and the realization of village funds that had been disbursed reached IDR 59.86 trillion or 98.77%. In 2019, Village Funds increased to IDR 70 trillion, with the realization of village funds that had been disbursed until August 2019 reaching IDR 42.2 trillion or 60.29%, and in 2020 it increased again to IDR 72 trillion. The village funds were transferred to 434 Regional Governments of Regency/City in 33 provinces, with a total of 74.000 villages. The total funds mentioned previously do not include other funds transferred to the village in the form of village fund allocations, financial assistance, profit-sharing funds, or other assistance (grants) for rural development. The average village funds received per village over the last three years shows an increasing trend. Each village received an average village fund of IDR 800.4 million in 2018, IDR 933.9 million in 2019, and IDR 960.6 million in 2020 (Source: Finance and Development Supervisory Agency).

The use of village funds has a significant impact on the village development process. Many development activities are carried out in the village by empowering the community. Mas'od (1990) interprets empowerment as an effort to provide empowerment or strengthening to the community (Theresia, 2014). The increased acceleration of development activities has had a positive impact mainly on the absorption of Human Resources (HR) in the form of manpower. Moreover, in accordance with its main purpose, village funds are able to have a positive impact in various fields such as being used for community empowerment in the construction of village economic facilities and infrastructure, empowerment in the fields of education, health, community economy, especially for alleviating poverty and financial assistance to heads of village community institutions, Village-Owned Enterprises, business groups according to the economic potential of the village community, as well as financial assistance to institutions in the village such as Family Welfare Trustees (PKK), Karang Taruna and so on. However, it also has negative impacts namely the incompetence of human resources which can be one of the reasons for the ineffective management of village funds.

Village financial management must be in line with a good supervisory process to ensure that it is used according to the needs of the village community. Village financial management should require optimal supervision, because financial management is the most sensitive matter in village governance. So the arrangements must be transparent and budget discipline (Hasan, 2021). Various cases of misuse of village finances have become a bad track record for village financial management. The Corruption Eradication Commission (KPK) in its news on August 9, 2017, stated that during January-June 2017 there were 459 reports related to the management of village funds. Types of misuse based on the report, namely the absence of village development, development/procurement of goods/services not according to specifications/budget plan, allegations of mark-up by village officials, lack of transparency, community not being involved, misappropriation of funds for personal gain and weak oversight by the Inspectorate (Sutardi, 2020).

North Central Timor Regency is one of the regencies receiving village funds in East Nusa Tenggara Province with a total of 160 villages. Similar to other regions, the management of village funds in North Central Timor Regency also faces various problems. In 2021, there were 6 (six) cases of alleged corruption in the misuse of village funds that were successfully uncovered by the North Central Timor Regency Attorney. They are funds from Naikake B, Botof, Birunatun,

Letneo Selatan, Banain B, and Makun villages. 4 of 6 cases, namely the village fund case of Botof, Naikake B, Letneo Selatan, and Birunatun, have reached the trial stage. Meanwhile, the cases of Banain B and Makun village funds are currently in the process of finalizing files to be immediately transferred to the Kupang Anti-Corruption Court. Meanwhile, one suspected corruption case that is currently being handled by the North Central Timor Police Resort is related to the management of Akomi's village funds (Source: Vox Online News NTT.com, October 24, 2021).

The misuse of village fund management proves that the supervising process is still not optimal and has become a bad track record in the administration of the village government and the North Central Timor Regency Government. Furthermore, to encourage increased transparency, accountability, and oversight of the management of village funds, it is necessary to involve all stakeholders in their respective roles to be able to create good governance. According to Mardiasmo (2012), there are three main aspects that support the creation of good governance, namely supervision, control and inspection (Arfiani, 2020).

The inspectorate as a supervisory element for local government is expected to be able to carry out its supervision function effectively. In Minister of Home Affairs Regulation Number 73 of 2020 Concerning Village Financial Supervision, it is explained that the Government Internal Supervisory Apparatus (APIP) is the inspectorate general of the ministry that administers affairs in the field of domestic government related to Village Financial Management, supervision units of non-ministerial government institutions, provincial regional inspectorates, and regional inspectorates of regency/cities. Supervision is carried out in various stages of village financial management which includes the planning, implementation, reporting, and follow-up on the results of supervision.

The role of the North Central Timor Regency Inspectorate in the implementation of supervision, which is further regulated by North Central Timor Regency Regional Regulation Number 9 of 2008 concerning the Organization and Work Procedure of the Regional Development Planning Agency, Inspectorates and Other Regional Technical Institutions of North Central Timor Regency, has the main task of supervising the implementation of affairs administration in the Regency, guidance on the administration of village administration and village government affairs. To carry out the main tasks, the Regional Inspectorate performs functions; control program planning; formulation of policies and facilitation of supervision; inspection, investigation, testing, and assessment of supervisory duties.

The purpose of this study is to determine the process of supervising village financial management by the Regional Inspectorate of North Central Timor Regency. The results of this study can be used as a reference for interested parties in carrying out the supervisory function, especially in supervising the management of village funds to suppress various acts of misuse of village funds causing harm to the community and the state and ensuring the realization of purpose and use of village funds for a positive impact on village development in North Central Timor Regency.

METHOD

The research method is basically a scientific way to obtain data with specific purposes and uses (Sugiyono, 2012). This research uses a qualitative approach, which according to Bogdan and Biklen, S, 1992 in (Fathonah, Kholilatusyahidah, & Anggraini, 2019) is mentioned as one of the research procedures that produces descriptive data in the form of speech or writing and the

behavior of the people being observed. The results of the qualitative approach will be described descriptively, which according to (Nazir, 2003) is defined as a method of examining the status of a group of people, an object, a condition, a system of thought, or a class of events in the present (Sutardi, 2020).

To provide limitations in research, it was necessary to focus on and define research. The focus of this research was the Analysis of Village Financial Management Supervision which was explained in four stages of supervision based on Minister of Home Affairs Regulation Number 73 of 2020 concerning Village financial supervision. The four stages are (a) the Planning Stage, (b) the Implementation Stage, (c) Reporting Stage (d) the Follow-up of supervising results.

This research was conducted at the Regional Inspectorate Office of North Central Timor Regency, East Nusa Tenggara Province. This location was chosen because it was in accordance with the mandate of the law that the Inspectorate has a function to supervise the administration of government. Another reason was that in 2021 there were 6 (six) cases of misuse of village funds in North Central Timor Regency. Loflan in Lexy J Moleong (1996) the main data sources in qualitative research are words and actions, the rest is additional data such as documents and others that are appropriate to the problem and focus (Moleong, 2005). The primary data was obtained directly from parties who were involved in the process of supervising the village financial management in North Central Timor Regency. Meanwhile, secondary data was collected through policy documents, laws, statistical data, and others obtained through archival documents, journals, library references, and others. The key informants in the study were the Financial Management Supervision team, which consisted of (1) an Inspector or assistant inspector as a person in charge; (2) Junior level functional officials as team leaders; and (3) Functional and/or implementing officers who have supervision certificates as team members.

In this study, the instrument was the researcher. Not only conducting interviews, but researchers also conducted interactions in the field by observing the process of village financial management supervision. The data collection was done by 1). Interviews with selected informants; 2). Observation and 3). Documentation of the activity process.

RESULTS AND DISCUSSION

Supervision is an activity to obtain certainty whether the implementation of work/activities has been carried out according to the original plan. Supervision activities basically compare existing conditions with what should have happened. If it turns out that there are irregularities/obstacles, corrective action is immediately taken (Arfiani, 2020). The supervision process has several pathways that need to be considered, which include; setting standards, comparing the implementation of activities/tasks with standards, and taking corrections when needed (Handoko, 2003).

Supervision is a systematic effort by management to compare the predetermined standards performance, plans, or objectives to determine whether performance meets the standards and whether human resources are empowered effectively and efficiently to achieve the objectives as well as a step for corrective actions that need to be taken and creating the principles of good governance. And the conditions for the creation of good governance include at least transparency, accountability and participatory governance (Santosa, 2009). In carrying out the supervisory function, the Inspectorate certainly has various stages that are adjusted to the planning and needs of the institution.

Regulation of the Minister of Home Affairs Number 73 of 2020 concerning Supervision and Village Financial Management, explained that the scope of Supervision of Village Financial Management by the Regency/City Government Internal Supervisory Apparatus (APIP) includes; Evaluation of the effectiveness of Village Financial Management in the regency/city area, Examination of the performance of village financial and asset management, Examination of the performance of the financial management of Village-Owned Enterprises (BUM Des), Review of the evaluation process of the Draft Village Budget (RAPB) regarding the Village Budget (APB), including consistency with the Village Work Plan (RKP), review of the quality of village spending, review of the procurement of goods and services in the village, monitoring of the distribution of transfer funds to the village and village output achievements and investigative inspections.

a. Planning

Planning is a process that needs to be prepared before the implementation in achieving the desired goals. In terms of supervising village financial management, there are several planning stages carried out by the North Central Timor Regency Inspectorate to ensure that village finances are utilized according to needs. An organization has a control process design that is useful for planning in a systematic and structured manner so that the monitoring process goes according to what is needed. To carry out supervision, managerial tools are needed because if an error occurs in a process it can be immediately corrected (Munaf, 2016). The Inspectorate as an institution that has a supervisory function is required to be able to carry out its duties properly and ensure that there is no abuse in village financial management. Some of the planning carried out are as follows:

1. Establishment of Village Financial Management Supervision Team

Implementation of village financial management supervision in North Central Timor Regency (TTU) began with the establishment of a financial management supervision or audit team. The composition of the team was formed based on the needs and strengths of the resources owned by the North Central Timor regional inspectorate and those who have fulfilled the requirements as an auditor. In its implementation, the work team is divided into 5 (five) work areas under the coordination of the Assistant Inspector in accordance with Assistant Inspectors in the Regional Inspectorate of North Central Timor Regency.

The results showed that the work team hierarchy consisted of the assistant inspector (Urban) as the person in charge, the main level functional officials as quality controllers, middle-level functional officials as technical controllers or supervision, junior-level functional officials as team leaders and executors who already have supervisory certificates as a team member. The establishment of the supervisory team in its implementation cannot cover all work areas in North Central Timor Regency due to limited numbers of human resources, where based on the results of interviews it was found that the number of employees who fulfilled the requirements as auditors (have an Inspection Permit) at the North Central Timor Inspectorate were only 16 people. This was certainly not comparable with the number of inspection objects which reached 160 villages so it became another obstacle in the implementation of supervision.

2. Collecting General Information on Village Financial Management Supervision Object

The stages of collecting general information on village financial management monitoring objects began with conducting a risk analysis. This stage was a follow-up stage carried out by the supervision team to identify and map village financial management supervision areas that have a high risk of deviation. Risk analysis was based on several indicators which include; (a). Village compliance in submitting accountability reports according to the set time limit. (b) The number of funds received by the village within 1 (one) year. (c) The number of activities carried out in the village for which funding comes from village funds. (d) The number of inspection years or duration of time since the last inspection. (d) Community complaints.

3. Determining the Priority Scale

Determining the priority scale aimed to determine priority villages as objects of inspection within one year. Determining the priority scale is carried out after the risk analysis stage by taking into account the indicators used as a reference. This activity was carried out to identify and map Village Financial Management Supervision areas that were at high risk of deviation. Based on the data obtained, in the last 5 years, namely from 2018-2022, there have been 144 villages that have become the object of inspection, with details shown in the following table.

Table 4.1
 Number of Inspection Objects in the Last 5 Years

No.	Year	Number of inspection objects (Village)
1.	2018	47
2.	2019	27
3.	2020	19
4.	2021	31
5.	2022	20
TOTAL		144

Source: North Central Timor Regional Inspectorate

Based on the data in table 4.1 it can be seen that the number of inspection objects each year was inconsistent, besides that, the number of villages as objects of inspection did not reach 50% of the total villages in the North Central Timor Regency. This was due to the limited human resources owned by the North Central Timor regional inspectorate so that in carrying out supervision over village financial management it had not yet covered the entire work area of the North Central Timor Regional Inspectorate.

4. Determining the time for activities implementation

The time for implementation of Village Financial Management Supervision was prepared based on the principles of conformity, integration, avoiding overlap, efficiency, and effectiveness in the use of Village Financial Management Supervision resources. The implementation of financial management supervision which was carried out by the Inspectorate as the Government Internal Supervisory Apparatus (APIP) was adjusted to the set schedule, namely within 1 (one) year of the working period.

Furthermore, the work team was established through the Decree of the North Central Timor Regent concerning the Annual Supervision Work Program (PKPT) as a form of legality in carrying out supervisory duties and used as a reference for the implementation of supervisory duties in the current year. The resulting plan served as a guide for the inspectorate in allocating available resources, as well as being used as a reference for those directly involved in supervising village financial management activities in North Central Timor Regency. It is in line with Harsono that planning is a process of setting goals through appropriate and systematic means or methods to achieve a goal or a set of goals. Through organizational or institutional planning, the best procedures or methods for carrying out activities can be developed. The resulting plan also served as a guide or reference for the organization in allocating its resources, designing activities for its members, and designing control systems and corrective actions if there were findings (Harsono, 2010).

b. Implementation

Van Meter and Van Horn define the implementation of public policies as actions taken by public organizations directed at achieving the goals set in previous decisions (Sadhana, 2011). In various political systems, policies are implemented by government agencies. These government agencies carry out government jobs from day to day which have an impact on their citizens (Subarsono, 2016).

Implementation referred to the plan that had been stipulated in the Decree of the North Central Timor Regent regarding the Annual Supervision Work Program (PKPT) of the Regional Inspectorate of the North Central Timor Regency. Supervision of village financial management was carried out in accordance with the work steps specified in the Village Financial Management Supervision work program and can be adjusted as needed. Implementation of village financial supervision was still referred to Government Regulation Number 73 of 2020 concerning Village Financial Supervision and Management which was carried out through several methods, namely document review, interviews, data analysis, questionnaires, surveys, inspections, observations, and other methods related to supervision.

An implementation is a form of actualization or implementation of all forms of planning that had been determined to be carried out in accordance with work steps. It is acknowledged as a process, a series of decisions, and actions aimed at implementing government or state decisions that have been made or formulated previously (Wahab: 2014). In practice, the North Central Timor Regional Inspectorate as APIP did not carry out the full work steps as mandated in Minister of Home Affairs Regulation Number 73 of 2020 and only implemented several work steps to supervise village financial management, namely; Document review, Interview, and Inspection.

The selection of this work step was adjusted to the availability of resources owned by the inspectorate when carrying out supervision of village financial management. Based on research results, it was revealed that the composition of human resources that meet the requirements of auditors at the North Central Timor Regional Inspectorate was very limited and not proportional to the number of inspection objects. The selection of this work step still guarantees the effectiveness of the process and results of the implementation of supervision to ensure that village financial management was carried out in an orderly manner, in compliance with statutory provisions, efficiently, economically, effectively, transparently, and responsibly by taking into account a sense of justice and propriety and prioritizing the interests of the community local area and used to finance government administration, development,

community empowerment, and society based on applicable laws and regulations. The report produced by the auditor was the Report of Audit Findings (LHP) which must be submitted back to the village officials to follow up on the findings from the auditor. It should be realized that what happens during implementation or implementation will affect the final outcome of the policy. On the other hand, the chances of success in realizing the desired end result will be even greater if from the policy design stage the various obstacles that may arise during the implementation of a program have been carefully considered (Wahab, 2014).

c. Reporting

Reporting is one of the important stages that must be carried out by the auditor team on all forms of activities that had been carried out related to actions or supervision activities of village financial management as outlined in the Report of Audit Findings (LHP). The report of audit findings contained findings that occur in the object of inspection relating to village financial management in accordance with the scope of supervision. In addition, it also contained findings in village financial management as well as recommendations for improvements that must be followed up by the local government. It was then reviewed by the inspector and submitted to the village head for follow-up. The measurement in the form of a report was very important in order to know the form of accountability for an activity. The purpose of the report itself was as evidence or presentation of facts objectively authentic about an event. From the results of the supervision conducted by the Regional Inspectorate as APIP, it was found that there were still villages that had indications of committing financial, administrative, and tax violations. Data findings within 5 years are presented in the following table.

Table 4.2
 Lists of Findings in North Central Timor Regency

No.	Year	Number of Villages	Findings		
			Financial	Administration	Tax
1.	2018	47	45	29	32
2.	2019	27	25	18	16
3.	2020	19	18	13	13
4.	2021	31	31	13	24
5.	2022	20	17	16	10
TOTAL			136	89	95

Source: North Central Timor Inspectorate, 2022

Based on the data in table 4.2 it was found that in the last 5 years the number of findings of violations in village financial management was still relatively high. In 2018, of the 47 research object villages, there were 45 financial, 29 administration, and 32 tax findings. In 2019, of the 27 villages as the object of inspection, there were 25 financial, 18 administration, and 16 tax findings. In 2020, out of the 19 research object villages, there were 18 financial, 13 administration, and 13 tax findings. In 2021, of the 31 research object villages, there were 31 financial, 13 administration, and 24 tax findings. Meanwhile, in 2022, out of the 20 villages as the object of inspection, there were 17 financial, 16 administration, and 10 tax findings.

Based on the data, it can be concluded that the village financial management used to finance governance, development, community empowerment, and society had not been fully implemented effectively and efficiently in accordance with the main purpose of utilizing village finances. It can be seen from the high number of findings from both the use of funds, administration, and tax aspects. The village government has not fully complied with the use of village finances in accordance with the applicable laws and regulations. Therefore, the Regional Inspectorate as the Government's Internal Supervisory Apparatus (APIP) is expected to consistently carry out periodic supervision and take preventive measures to suppress all forms of abuse so that their utilization is in line with the principles of village financial management, namely managed based on the principles of transparency, accountability, participation and in an orderly and budgetary manner.

d. Follow-up

The results of village financial management supervision must be followed up by the village head in accordance with recommendations from the audit team and/or parties mentioned in the report on the results of village financial management supervision no later than 60 (sixty) calendar days after the report is received. The follow-up on the results of supervising the management of village finances based on findings in the last 5 (five) years, can be seen in the following table.

Table 4.3

Follow-up of village financial management supervision results in North Central Timor Regency

No.	Year	Number of Villages	Follow-up		
			Financial	Administration	Tax
1.	2018	47	7	4	6
2.	2019	27	1	1	1
3.	2020	19	3	1	2
4.	2021	31	-	-	-
5.	2022	20	-	-	-

Source: North Central Timor Regional Inspectorate

Based on table 4.3 it was inferred that the village government had not fully complied and was aware of implementing the audit recommendations to restore state losses according to the findings. This situation had an impact on the emergence of high losses to the state. From table 4.3 it can also be seen that in 2018 the number of follow-ups was only realized in 7 cases on the financial, 4 cases on the administration, and 6 cases on the tax aspects. In 2019 there was only 1 case in each aspect. In 2020, 3 cases were realized on the financial, 1 case on the administration, and 2 cases on the tax aspects. Meanwhile, in 2021 and 2022 there had not been any actual follow-up on the number of inspection objects identified as having committed violations.

Referring to the high findings of village financial management audits in North Central Timor Regency, the inspectorate needs to carry out regular and consistent supervision. Competent cross-sectoral cooperation in terms of supervision is also highly recommended. Permanent guidance, assistance, and supervision at each stage or cycle of using village finances from the stages of planning, budgeting, implementation, administration, reporting, and accountability are important to note to reduce the level of misuse of village finances. Supervision of village financial management will be carried out well if it involves various stakeholders to reduce the number of irregularities both at the planning stage and at the implementation stage. The community has a strategic role in assisting the inspectorate to oversee the village financial management process. One form of community involvement in the supervision process is that it can be carried out by individual communities, groups or organizations by (a) Providing information on indications of irregularities such as corruption, collusion and nepotism within educational institutions (b) Expressing opinions and suggestions regarding improvement, refinement either directly or indirectly for the problems that occur (Rembu, 2012).

CONCLUSION

Regency as the Government Internal Supervisory Apparatus (APIP) in carrying out the supervisory function of village financial management had conducted the supervisory process according to the stages mandated in Article 8 of the Minister of Home Affairs Regulation Number 73 of 2020 which includes 4 (four) stages, namely the stage of planning, implementation, reporting, and the follow-up. However, in its implementation, it was inseparable from various deficiencies which certainly had an impact on the process and results of supervision. One of the obstacles that were quite influential in supervising village financial management was the limited human resources in the Inspectorate so its implementation was very unequal between the number of human resources and the number of villages in the working area which reaches 160 villages.

The audit results showed that the level of findings of violations of village financial management in North Central Timor Regency was still quite high where in the last 5 years there had been 320 findings which were an accumulation of financial, administrative, and tax aspects. It showed that the village government had not fully complied with the objectives of managing village finances based on transparent, accountable, participatory principles and carried out in an orderly and budgetary manner. The high findings were inversely proportional to the data on the realization of follow-up or auditor recommendations for the village object of inspection. Within 5 years only 26 follow-ups were realized out of 320 findings. It showed that the awareness of the village government to return the findings was relatively low which resulted in losses for the state.

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