

Analysis of Financial Management of Village-Owned Enterprises (BUMDes) Based on Government Regulation Number 11 of 2021 (Case Study in Niampak Village, Beo Selatan District, Talaud Islands Regency)

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ABSTRACT

This research aims to determine the financial management of the Village-Owned Enterprise (BUMDes) Tinarangen in Niampak Village, South Beo District, Talaud Islands Regency. The research method used is qualitative with descriptive analysis. Data collection techniques are observation, interviews, and documentation. The data sources in this research are primary and secondary data. This research is guided by Government Regulation No. 11 of 2021 concerning Village-Owned Enterprises, which is seen from the process of planning, implementation, and accountability. The result of the research shows that (1) Planning at BUMDes Tinarangen is discussed and agreed upon during village meetings; (2) Implementation of BUMDes Tinarangen is carried out by the operational executor, where the recording of BUMDes Treasurer only records cash expenditures in the daily cash book, while cash income is not recorded. The financial reports are prepared by the BUMDes supervisor due to the Treasurer's limitations in preparing financial reports; (3) The accountability of BUMDes Tinarangen, since it started operating until now has only been to the BUMDes Supervisor and is only verbal accountability.

INTRODUCTION

Villages are part of the territory of a district that has original autonomy. Village autonomy is a local government policy given to the village government to improve community development and welfare. Village development is one of the priorities in efforts to achieve sustainable and inclusive development in Indonesia. Good and transparent village financial management is a key factor in achieving these goals. Law Number 32 of 2004 concerning Village Autonomy has formulated that, "A village or what is called by another name, hereinafter referred to as a village, is a legal community unit that has territorial boundaries that have the authority to regulate and manage the interests of the local community, based on local origins and customs that are recognized and respected in the system of Government of the Unitary State of the Republic of Indonesia". The village has a Village Fund Allocation (ADD) which comes from the Regional Revenue and Expenditure Budget (APBD) of the Regency and also has a Village Revenue and Expenditure Budget (APBDes). The APBDes consists of Village Revenue, Village Expenditure and Village Financing. Village revenue includes all receipts of money through village accounts, all of which are village rights in one budget year that do not need to be paid back by the village. Village Revenue consists of the Village Original Income (PADes), Transfer and Other Income groups. The PADes group consists of (1) Business results; (2) Asset results; (3) Self-help, participation and mutual cooperation; and (4) Other original village income. The village business results in question are the results of BUMDes (Village-Owned Enterprises) and village treasury land.

With the issuance of Law Number 6 of 2014 concerning Villages, with the objectives of which are to form a professional, open, and responsible Village Government, and to advance the economy of village communities and overcome national development, villages have authority in the field of village government administration, and empowerment of village communities based on community initiatives, rights of origin, and village customs. With the existence of Law No. 6 of 2014 concerning Villages, it provides a position for villages to play a role in national development programs. This strategic position is then implemented in the form of village economic development through Village-Owned Enterprises (BUMDes) which is expected to be a means of driving village economic development. For this reason, it is necessary to carry out good management in financial management. Good financial management is a very important matter to gain public trust in the performance of BUMDes.

BUMDes are village-owned enterprises and business entities controlled by the village government. The village government can establish village-owned enterprises depending on the needs and possibilities of the village. The establishment of village-owned companies is regulated by village regulations. The implementation of BUMDes consists of village governments and city governments. According to Government Regulation No. 11 of 2021, BUMDes is a legal entity established by villages or together with villages to manage businesses, utilize assets, develop investment and productivity, provide services, and provide other types of businesses for the welfare of the village community. The purpose of the establishment of BUMDes is the government's effort to

improve the financial capabilities of village governments in the implementation of government and increase community income through various economic business activities of rural communities. Government Regulation No. 11 of 2021 provides clearer directions and regulations related to the financial management of BUMDes as well as a clear framework for the planning, implementation, and accountability of BUMDes finances, thus helping BUMDes carry out their financial functions effectively and efficiently. Regulation of the Minister of Home Affairs Number 39 of 2010 concerning Village-Owned Enterprises. This regulation was established on June 25, 2010 and came into force on the same date. This regulation is a more detailed operational guideline on how BUMDes are formed, managed and supervised. This regulation covers aspects of BUMDes organization, capital, and the role of village governments in managing BUMDes, including BUMDes financial management. BUMDes is a business entity whose capital is wholly or mostly owned by the village through direct capital participation derived from the separated village wealth. BUMDes functions as a means to manage the economic potential of the village and improve the welfare of the village community through economic business activities and/or social services. There are several important things regulated in the Regulation of the Minister of Home Affairs Number 39 of 2010, namely, the first is the Establishment and Management of BUMDes which discusses the process of establishing BUMDes, including the preparation of articles of association and bylaws, as well as the operational management of BUMDes. Second, the source of capital, BUMDes capital comes from the participation of village capital, loans, grants, or other legal forms. Third, Supervision and Coaching which discusses village governments and district/city governments have a role in coaching and supervising BUMDes to ensure the sustainability and accountability of business management.

In 2021, of the 57,273 BUMDes, with details of 45,233 active and 12,040 inactive, 35 percent of them, or around 15,768 BUMDes, were affected by the pandemic so they closed their business operations (Iskandar, 2021). Then to revive the economy that fell due to the pandemic, one of the efforts made by the government for economic recovery efforts through BUMDes is to issue a regulation contained in Law Number 11 of 2020 concerning job creation which states that BUMDes are officially designated as legal entities, which means that the functions of this institution become greater such as developing into a limited liability company, and can consolidate various community businesses (Setyawan, 2020). In 2022, the number of BUMDes in Indonesia increased compared to the previous year. This increase is triggered by the government's encouragement to empower the village economy. Around 85% of the total BUMDes remain active and operating, while the remaining 15% face operational constraints, mostly due to the post-pandemic economic impact and lack of access to capital. In 2023, BUMDes data shows that there are 59,877 BUMDes in Indonesia. Of these, 1,208 BUMDes are ranked "Advanced," while 7,661 BUMDes are ranked "Developing". This figure exceeds the 2022 RPJMN target previously set, showing an improvement in the management and performance of BUMDes nationally (Izkandar, Z 2023).

BUMDes (Village-Owned Enterprises) is a village initiative that aims to drive the local economy and improve the welfare of the community. However, in its implementation, BUMDes often faces various obstacles that hinder its development. Based on the results of interviews with the Head of Niampak Village, the phenomena that occur in Niampak Village include the lack of skilled human resources who understand business management. In addition, complicated regulations and low community participation are additional challenges, making it difficult for BUMDes to develop and the economic benefits have not been felt evenly in the villages. This challenge shows the need for further analysis to optimize the role of BUMDes as a driver of the village economy.

The financial management of Village-Owned Enterprises (BUMDes) in Niampak Village plays an important role in supporting the village's economic independence and improving community welfare. However, this management still faces challenges in meeting transparency and accountability standards in accordance with Government Regulation No. 11 of 2021 concerning BUMDes. Although there have been efforts to prepare budgets through village deliberations and periodic financial reporting, obstacles such as planning that is not on target, irregularities in recording, and delays in reporting indicate the need to improve the financial management system. This is important to ensure that BUMDes can function optimally as an accountable and transparent driver of the village economy.

The main problem faced in the financial management of Village-Owned Enterprises (BUMDes) in Niampak Village is the limitation of existing human resources (HR). The Village Head identified that the inadequate quality and quantity of human resources are a significant obstacle in carrying out the operations and financial management of BUMDes effectively. Lack of knowledge, skills, and experience in the field of financial management leads to a variety of problems, ranging from suboptimal budget planning to inaccurate financial reporting. This condition has a direct impact on the success and sustainability of programs run by BUMDes, so it is necessary to conduct an in-depth study on how increasing human resource capacity can improve the performance of BUMDes financial management in the village. The lack of training and capacity building for BUMDes managers is one of the main factors that hinder the effectiveness of financial management. Managers who do not receive sufficient training often lack understanding of the basic principles of accounting and financial management, which has an impact on the lack of transparency and accountability in the management of Village Funds. (Fauzi, M., & Kurniawan, R. 2021).

This in-depth research and comprehensive analysis of the implementation in financial management of BUMDes is very important. By understanding the obstacles faced and the potentials possessed by BUMDes, better strategies can be developed in increasing the effectiveness of BUMDes financial management in accordance with the provisions that have been stipulated in Government Regulation Number 11 of 2021.

THEORETICAL REVIEW

Accountancy

Accounting is something that deals with the process of collecting, recording, classifying, measuring, analyzing, and reporting financial information of an entity or organization. The accounting process involves various interconnected and continuous stages, which ultimately produce financial statements that provide a comprehensive picture of the economic and financial activities of the entity. By applying proper accounting principles, entities can generate accurate and useful financial information to support their growth and operational continuity.

Public Sector Accounting

Public Sector Accounting is an activity of financial recording or accountability information and management control as a medium of accountability to the community (Purwanti & Effendi, 2023).

Government Accounting

Government Accounting is the process of processing all transactions and financial activities in each government entity which then produces information in the form of financial statements (Masnila, 2021:4)

METHODOLOGY

The type of research used is qualitative research using descriptive analysis. The researcher conducts research by understanding the phenomenon that occurs in the object of research and then describing the phenomenon in the form of written words. The qualitative descriptive approach intended in this study is to find out the financial management of BUMDes Tinarangen Niampak based on Government Regulation Number 11 of 2021.

The method used in this study is qualitative descriptive analysis. The process of analyzing this data by deciphering, interpreting and describing the data collected systematically is then analyzed so that a conclusion can be drawn in accordance with the data information obtained and according to the data that already exists in BUMDes Tinarangen.

RESEACH RESULTS

The data of this research was obtained through observation, interviews and documentation. The informants in the interview were the village head, the head of the Tinarangen BUMDes, the treasurer of the Tinarangen BUMDes. The results of the documentation in this study are data on the financial management of BUMDes Tinarangen starting from the planning, implementation and accountability stages.

Planning Stage

Planning is the initial stage in running Village-Owned Enterprises, where this activity is carried out to determine the work program plan and establish the Articles of Association and Bylaws (AD/ART).

BUMDes Tinarangen was established on October 15, 2017 and ratified on December 1, 2017 by the Village Consultative Body (BPD). BUMDes Tinarangen has been operating since 2019, by utilizing an initial capital of IDR 102,000,000 from the Village Fund. Since its inception, BUMDes Tinarangen has carried out loan business activities to the community. In 2020 BUMDes Tinarangen experienced congestion and even in 2021 it was temporarily dismissed due to the covid-19 pandemic. Then in 2022 to 2023 the Tinarangen BUMDes began to run again but it has not been implemented properly. Planning for BUMDes Tinarangen is not always carried out, planning will be carried out when BUMDes Tinarangen obtains funds from the Village Government or from outside parties. In this planning stage, the Chairman of BUMDes and the internal parties of BUMDes prepare activity plans and budgets for the current period and are then discussed and agreed upon together in village deliberations.

The following are the results of the interview with Mr. Fendi Nabi as the Chairman of BUMDes Tinarangen:

"At the beginning of its formation, BUMDes Tinarangen received funds of IDR 102,000,000 (One Hundred and Two Million Rupiah) from the Village Government, so BUMDes Tinarangen made a plan. The plan discusses BUMDes business activities and also the operational budget of BUMDes. The planning of the Tinarangen BUMDes was then discussed in the Village Meeting to be agreed upon by various parties, including the Village Head, BPD, BUMDes managers and even the entire Niampak village community. However, the actual planning process is not always carried out. Planning will be carried out when the Tinarangen BUMDes receive additional funds from the Village Government or external parties."

This was also confirmed by the Treasurer of BUMDes Tinarangen:

"BUMDes Tinarangen does not always do planning. Later when there are additional funds from the village government or external parties, then the Tinarangen BUMDes will carry out planning". The planning is then discussed in the village deliberations to be mutually agreed".

Implementation Stage

Next is the implementation stage where this stage is the realization of the plan that has been prepared and agreed beforehand. In BUMDes Tinarangen, the business carried out is the business of providing loans to the community. In terms of providing loans to the community, there are procedures that must be carried out in accordance with the AD/ART of BUMDes Tinarangen. The procedure is as follows:

1. Loan application
Prospective customers apply for a loan by bringing a credit application file with a Copy of ID Card, Statement of Consent of Husband/Wife and Letter of Guarantee (Certificate) or other securities and give it to the secretary of BUMDes;
2. File verification

The Secretary of BUMDes receives files from prospective customers and then verifies the files. After further verification, the file is given to the Treasurer of BUMDes to be realized in the form of money.

3. Letter of agreement

The treasurer and the customer make a credit agreement. In the credit agreement, the Head of Niampak Village acted as a witness.

4. Disbursement of Funds

Furthermore, the treasurer of BUMDes realizes loans in the form of money by making proof of loans in the form of receipts and customer credit cards. The receipt is signed by the treasurer of BUMDes and the customer, while the credit card contains a description of the customer's loan repayment along with interest payments.

Based on the lending procedure, it shows that all transactions at BUMDes Tinarangen are controlled by the Treasurer of BUMDes, which is then approved by the head of BUMDes and known by the Village Head as the supervisor of BUMDes. In addition, during the implementation of the business, there is proof of transactions in the form of receipts. As conveyed by Mrs. Nurtini Sahea as the Treasurer of BUMDes Tinarangen:

"For the receipt and expenditure of BUMDes cash, it is controlled by myself, but with the approval of the Chairman of BUMDes and for all receipts and expenditures of cash, there is evidence. So, when disbursing funds to the customer, there is a receipt. The receipt is signed by me as the treasurer and also has the customer's signature, so that in the future the receipt will be proof that there has been a transaction".

Then in conducting financial records, the Treasurer of BUMDes Tinarangen recorded it in the BUMDes daily cash book. However, in the daily cash book, the treasurer of BUMDes Tinarangen only records BUMDes cash expenditures, while BUMDes cash income is not recorded.

The following are the results of the interview with the Treasurer of BUMDes:

"For every transaction, it must be recorded. Here is a diary. However, this diary only records expenditures for loan funds. So, when the loan funds are given to customers, I only record them in my diary. The recording is also done simply, just like this (while showing the diary of BUMDes Tinarangen). Meanwhile, for the refund of loans from customers and interest payments every month, it is recorded on the credit card of each customer".

The following are the results of the interview with the Treasurer of BUMDes Tinarangen:

"The financial report of BUMDes Tinarangen has been made, but the financial report was prepared by the supervisor of BUMDes, not by me. This is because I still do not understand the preparation of financial statements even though it has been explained and taught many times by BUMDes supervisors".

by BUMDes Tinarangen is only limited to accountability to BUMDes supervisors. The accountability of BUMDes Tinarangen starts from the treasurer of BUMDes being responsible to the head of BUMDes by reporting all transactions that occur, and then the head of BUMDes is accountable to the supervisor of BUMDes.

The following are the results of the interview with the Chairman of BUMDes Tinarangen:

"The accountability process of BUMDes Tinarangen until now is only limited to accountability to internal parties, namely to the BUMDes Supervisory Agency. It is also only verbal accountability, there is no documentation of the accountability report"

This is also confirmed by the supervisor of BUMDES Tinarangen:

"Until now, there has been no annual or monthly accountability conveyed by BUMDes Tinarangen in the Village Assembly. The accountability carried out is only limited to the supervisor of BUMDes. And if anyone asks about the accountability of BUMDes financial management, it will be conveyed orally only, there is nothing what this is the official document of the accountability report".

DISCUSSION

Planning is a crucial initial stage in the financial management of BUMDes. Based on the results of the research, BUMDes Tinarangen was established on October 15, 2017 and ratified on December 1, 2017 by the Village Consultative Body (BPD). BUMDes Tinarangen has been operating since 2019, with an initial capital of IDR 102,000,000 from the Village Fund in accordance with the statement of the Chairman of BUMDES Tinarangen. At the planning stage, the chairman of BUMDes and the operational executor of BUMDes Tinarangen prepared an activity plan and budget for the current period which was then discussed and decided in the village deliberations. However, this Tinarangen BUMDes does not always carry out planning periodically. Planning is only carried out when there is a receipt of funds from the village government or outside parties.

According to Government Regulation No. 11 of 2021 concerning BUMDes, village deliberations must establish Articles of Association and Bylaws (AD/ART). Then in Article 37 it is explained that the operational implementer prepares a draft work program plan. The draft work program plan is then submitted to advisors and supervisors for review. Then the results of the review of the draft BUMDES work program plan were decided in the village deliberations as the BUMDES work program plan. The work program plan of the Village BUM/BUM Village as intended in Article 37 paragraph (3) contains at least the following:

1. Business objectives, business strategies, policies, and work programs/activities of BUM Desa / BUM Desa bersama;
2. The budget of the Village BUM/Joint Village BUM which is detailed for each work program/activity budget; and

3. Other things that require a decision of the Village Assembly/Inter-Village Meeting.

The following is a comparison table between the planning carried out by BUMDes Tinarangen and the provisions regulated in Government Regulation No. 11 of 2021:

Table 4. 1 Planning of BUMDes Tinarangen with Government Regulation No. 11 of 2021

No.	Aspects	PP No. 11 Tahun 2021	BUMDes Tinarangen (Desa Niampak)	Conformity
1.	Village Deliberation	Village Deliberations are required to establish Articles of Association and Bylaws (AD/ART).	The Village Meeting determined the AD/ART of the Tinarangen BUMDes.	Appropriate
2.	Preparation of Work Program Plan	The operational implementer prepares a work program design that includes goals, strategies, policies, and budgets.	The operational implementer prepares activity plans and budgets only when there is a receipt of funds from the village government or external parties.	Not fully compliant
3.	Review and Review of Plans	The work programme plan is presented to the advisor and supervisor for review before being decided in the deliberations.	The draft work program was discussed and decided in a village deliberation, involving the Village Head, BPD, BUMDes Managers, and the Niampak village community.	Appropriate

4.	Components of the Work Program	The work program must contain detailed goals, strategies, policies, budgets, and deliberative decisions.	The work program includes an activity plan and budget, but it is not explicitly mentioned to contain a business strategy or policy in these details.	Partially compliant
5.	Planning Process	Planning must be carried out periodically according to the work program cycle.	Planning is carried out only when there is a receipt of funds from the village government or external parties, so it is not carried out periodically	Not suitable

Source: Processed data, 2024

Based on the Planning Table of BUMDes Tinarangen with PP No. 11 of 2021, the planning carried out by BUMDes Tinarangen has fulfilled some of the provisions stipulated in PP No. 11 of 2021, especially in terms of involving related parties and determining AD/ART through village deliberations. However, there are several aspects that need to be improved, such as the consistency of the implementation of planning on a regular basis and the fulfillment of all components of the work program as stipulated in the regulations.

Implementation Stage

Implementation is the realization of a plan that has been prepared previously. Based on the results of the research, the Financial Management of BUMDes Tinarangen at this stage of implementation includes the disbursement of funds for lending to the community and operational activities of BUMDes. In terms of providing loans to the community, loan funds can be disbursed if the procedures and loan application files have been fulfilled and verified, in accordance with what is stated in the AD/ART BUMDes Tinarangen that BUMDes customers will receive loan funds if the customer loan application files have been approved by the internal BUMDes and known by the village head. The provision of loans to BUMDes customers is accompanied by evidence in the form of receipts signed by the BUMDes treasurer and BUMDes customers. Meanwhile, the disbursement of funds for operational activities is not accompanied by evidence in the form of memorandums or receipts.

Based on information from the Head of Niampak Village, the minimum amount of loans given or issued by BUMDes Tinarangen is estimated to be

between Rp. 500,000 to Rp. 1,000,000 depending on the type of business or the needs of the village community which have previously been verified for the completeness of the data and guarantees entered into the village apparatus. Meanwhile, the maximum amount of loans given or issued by BUMDes Tinarangen ranges from Rp. 5,000,000 to Rp. 10,000,000 depending on the type of business and the borrower's ability. Larger loans generally require clearer collateral and must go through a rigorous verification procedure.

In BUMDes Tinarangen there are still 19 people who do not make refunds, and these 19 people are those who have an average loan of around Rp. 2,000,000 to Rp. 5,000,000. The reason borrowers cannot make a refund is due to unstable income or reduced income due to external factors, such as natural disasters or emergencies that cause them to be unable to make loan repayments on time. However, there are several types of sanctions or measures implemented to prevent bad loans, such as Fines or Higher Interest: BUMDes Tinarangen usually imposes fines on customers who are late in paying loan installments. This can be an incentive for customers to make payments on time. Typically, additional penalties are calculated based on the period of late payment and the amount of outstanding loans. Suspension of Further Loans: Customers who cannot repay the loan on schedule may be subject to sanctions in the form of suspension or prohibition from applying for a new loan. This is one of the steps to ensure that customers who have not completed their obligations cannot add to the burden of new debts. And finally, the guarantee (house/land certificate, marital statement letter and borrower agreement) that is entered at the beginning of the completeness of the file will be withheld and later returned again when the customer has returned all his loans.

The actions taken by the Village Head to the Customer in the event of bad credit are starting from taking a persuasive approach where the Village Head can mediate by holding a direct meeting with the customer to understand the reason for the late payment and find a joint solution, such as loan restructuring or rescheduling installments, then giving warnings in stages (lisa and writing) to the Customer who does not fulfill his obligations according to with the agreement that has been agreed and the last one provides sanctions if the customer still does not fulfill the obligation without a clear reason, administrative sanctions such as additional fines and if still cannot return the loan funds, then the Village Head and BUMDes Management have the right to transfer this matter to the legal channel. Meanwhile, the action taken by the Village Head to the BUMDes Management in the event of bad loans is that the Village Head evaluates the performance of the BUMDes management, especially in the selection and verification process of prospective borrowers, to ensure that the procedure runs according to standards. Furthermore, hold training or assistance for BUMDes administrators in managing credit risks, such as business feasibility analysis, loan monitoring and bad credit handling strategies, and together with BUMDes administrators, Village Heads can revise policies related to lending, such as lowering the maximum loan limit or tightening business verification. And the last one is to give a reprimand or change of management if negligence or abuse of authority by the management is found, the village head will give a firm

reprimand, or even change the management to maintain the sustainability and credibility of BUMDes.

BUMDes Savings and Loans play an important role in supporting the economy of village communities through responsible fund management. The minimum and maximum loan amounts are determined based on business verification and borrower capacity, and are determined in the implementation stage. However, in practice, risks such as bad loans can occur due to unstable business income, poor financial management, or other unforeseen circumstances. In dealing with this problem, village heads have a strategic role, both in providing persuasive actions to customers through loan restructuring and business assistance, as well as in evaluating and increasing the capacity of BUMDes management. All of these actions aim to ensure sustainability, accountability, and benefits of BUMDes for the community at large.

In this stage, the process of clearing financial transactions is carried out by the treasurer of BUMDes and recorded in the daily cash book. However, the recording carried out is not complete and accurate, because the treasurer of BUMDes only records cash expenditures while cash receipts are not recorded. Then for the bookkeeping and preparation of financial statements, it is not carried out by the treasurer but prepared by the supervisor of BUMDes Tinarangen. This is due to the lack of understanding of the treasurer of BUMDes Tinarangen about the preparation of BUMDes financial statements. The reports produced by BUMDes Tinarangen are in the form of: Cash Flow Statement, Profit/Loss Report, and SPP Loan Progress Report.

Based on observations and research results, it can be concluded that the lending process has been carried out well, because it follows the procedures listed in the AD/ART BUMDes Tinarangen. As for the financial recording process of BUMDes Tinarangen has not been done properly, this is because the recording is not detailed and only records expenses, while income is not recorded in the daily cash book. Government Regulation No. 11 of 2021 stipulates that financial management during the implementation of BUMDes business must be carried out by paying attention to the principles of transparency and accountability. This means that every financial transaction of BUMDes must be recorded in detail in adequate bookkeeping, covering all aspects of income and expenses. This bookkeeping must be able to show the flow of funds transparently, which will then be used as the basis for the preparation of financial statements. Less detailed and transparent records can lead to accountability and irregularities.

The following is a comparison table between the implementation carried out by BUMDes Tinarangen and the provisions regulated in Government Regulation No. 11 of 2021:

Table 4. 2 Implementation of BUMDes Tinarangen with Government Regulation No. 11 of 2021

No.	Aspects	PP No. 11 Tahun 2021	BUMDes Tinarangen (Niampak Village)	Conformity
1.	Lending	It must follow transparent and accountable procedures, with complete documentation.	The loan is provided according to the procedures in AD/ART, with documentation in the form of receipts signed by the treasurer and the customer.	Appropriate
2.	Disbursement of Operational Funds	Any expenses must be supported by written evidence such as a memo or receipt.	The disbursement of operational funds is not accompanied by evidence such as memorandums or receipts.	Not suitable
3.	Financial Transaction Recording	All income and expenditure transactions must be recorded in detail and transparently.	Only expenses are recorded in the daily cash book, while income is not recorded, so the recording is incomplete.	Not suitable
4.	Preparation of Financial Statements	It must be compiled based on complete records and contain cash flow, profit/loss, and other relevant financial statements.	Financial statements in the form of cash flow, profit/loss, and loan development reports are prepared by BUMDes supervisors, because the treasurer does not understand the preparation of financial statements.	Partially compliant
5.	Principles of Transparency and Accountability	Every aspect of financial management must be transparent and accountable, with adequate bookkeeping to	The lack of income recording and expense documentation reduces transparency and accountability in the financial management of	Not suitable

		minimize irregularities.	BUMDes Tinarangen.	
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Source: Processed data, 2024

Based on the Implementation Table of BUMDes Tinarangen with Government Regulation No. 11 of 2021, the implementation of financial management of BUMDes Tinarangen meets some of the provisions, especially in the lending procedure. However, there are significant shortcomings in the recording and documentation of financial transactions, which are contrary to the principles of transparency and accountability regulated in Government Regulation No. 11 of 2021.

Accountability Stage

The accountability stage is a stage where all BUMDes activities during 1 period are accounted for in the form of financial statements and then submitted in the village deliberative forum. Based on the results of interviews with the Village Head, the Chairman of BUMDes, and BUMDes supervisors, since the beginning of the formation of BUMDes Tinarangen until now, there has been no accountability report submitted in the village deliberation forum. The accountability carried out by BUMDes Tinarangen is only conveyed to the community when there are people who ask questions and only in the form of verbal explanations. The limitations of the submission of reports and only oral without official documents show that transparency and accountability have not been fully achieved.

This shows that the accountability mechanism carried out by BUMDes Tinarangen is not in accordance with the provisions of Government Regulation of the Republic of Indonesia Number 11 of 2021. Based on Government Regulation of the Republic of Indonesia Number 11 of 2021 concerning Village-Owned Enterprises, Chapter X Article 58 states that the Operational Implementer of BUMDes is obliged to prepare a periodic report containing the BUMDes work program plan. The periodic reports in question include semi-annual and annual reports. The semi-annual report contains a report on the semi-annual financial position and the calculation of the semi-annual profit and loss as well as its explanation. Meanwhile, the annual report is submitted in the village deliberations after being reviewed by advisors and supervisors.

The following is a comparison table between the implementation carried out by BUMDes Tinarangen and the provisions regulated in Government Regulation No. 11 of 2021:

Table 4. 3 Accountability of BUMDes Tinarangen with Government Regulation No. 11 Year 2021

No.	Aspects	PP No. 11 Tahun 2021	BUMDes Tinarangen (Niampak Village)	Conformity
1.	Report Frequency	Periodic reports include semi-annual and annual reports.	No periodic reports are prepared or submitted.	Not suitable
2.	Report Types	Quarterly report: financial position and profit and loss for the semester. Annual reports: annual financial statements and evaluations.	There is no official report that includes financial positions, profit and loss, or annual reports.	Not suitable
3.	Report Submission	The annual report is submitted in the village deliberation forum after being reviewed by advisors and supervisors.	There is no annual report submitted in the village deliberative forum. Information is only provided orally if there is a question from the public.	Not suitable
4	Transparency and Accountability	The reporting mechanism must be in the form of an official document and submitted in a forum that allows for transparent evaluation.	Informasi hanya disampaikan secara lisan tanpa dokumen resmi, sehingga transparansi dan akuntabilitas tidak tercapai.	Not suitable

Source: Processed data, 2024

Based on the Accountability Table of BUMDes Tinarangen with Government Regulation No. 11 of 2021, the accountability mechanism carried out by BUMDes Tinarangen is not in accordance with the provisions of Government Regulation No. 11 of 2021. The absence of periodic reports, annual official reports, and village deliberative forums to submit reports shows the weak implementation of transparency and accountability in the management of BUMDes Tinarangen

CONCLUSIONS

Based on research conducted on BUMDes Tinarangen Niampak, South Beo District, Talaud Islands Regency, the financial management activities of BUMDes Tinarangen cannot be said to be good because there are several inconsistencies with the provisions of Government Regulation Number 11 of 2021. From the results of the study, it can be concluded that:

1. In the planning stage of BUMDes Tinarangen, the chairman of BUMDes and the operational executor of BUMDes Tinarangen prepares activity plans and budgets for the current period which are then discussed and decided in village deliberations. However, BUMDes Tinarangen does not always carry out planning periodically. Planning is only carried out when there is a receipt of funds from the village government or outside parties,
2. In the implementation stage, BUMDes Tinarangen uses funds for lending to the community and operational activities. The financial recording process of BUMDes Tinarangen has not been done properly, this is because the recording is not detailed and only records expenses, while income is not recorded in the daily cash book. This process shows a lack of transparent and accountable financial management, as mandated in Government Regulation No. 11 of 2021.
3. The financial accountability stage of BUMDes Tinarangen is still limited and not comprehensive. The financial report has not been prepared by the Treasurer but by the supervisor of BUMDes, and the submission of the report is only done orally without official documents. Accountability only reaches the supervisor of BUMDes and does not include the Village Head and the people of Niampak Village, as required in Government Regulation No. 11 of 2021. This shows that the accountability process of BUMDes Tinarangen has not been in accordance with the provisions of Government Regulation No. 11 of 2021.

RECOMMENDATION

Based on the conclusions that have been described, some suggestions that can be given to improve the financial management of BUMDes Tinarangen are as follows:

1. BUMDes Tinarangen must plan periodically, not only when there is a receipt of funds from the village government or outside parties. Detailed annual planning must be prepared and ratified through village deliberations, as mandated in Article 37 of Government Regulation No. 11 of 2021
2. For the financial recording process of BUMDes Tinarangen, it needs to be improved by recording all transactions, both income and expenses, in detail. The use of a more complete daily cash book is urgently needed to maintain transparency and accountability in the financial management of BUMDes. In addition, training and mentoring for BUMDes administrators, especially Treasurers, need to be carried out so that they have a better understanding in compiling financial statements in accordance with applicable standards.

At the accountability stage, BUMDes Tinarangen must prepare official financial reports in writing and submit them to the Village Head and the community through the Village Assembly. More transparent and accountable accountability will increase public trust in the financial management of BUMDes.

FURTHER STUDY

More research is encouraged to examine this field in greater detail, resolving any potential limitations and expanding the breadth of analysis in order to offer deeper insights and broader applicability.

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