

# Implementation Analysis of Special Financial Assistance Management in Rural Budget

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**Abstract**-Irregularities in Special Financial Assistance Management in village budget *X* sourced from local governments *Y* fiscal year 2016, is the purpose of research in exploring the phenomenon. This qualitative research used case study approach. Data was collected by interview to the village's financial manager *X*, supported by relevant data. Data were analyzed using methods stated by Miles & Huberman (2014). This study found that the management of special financial assistance in village *X* was not implemented properly due to inconsistency of district governments in implementing related regulations. Regulatory discretion and the big regulation make the district government to do opportunist, so there is a tendency of interest in giving the special financial assistance. In order for the purpose of implementation of government policies through the provision of financial assistance is reached, then this needs commitment from local government with ruling out the groups or individual interests.

**Index-term:** financial assistance, local government, rural budget

## 1. INTRODUCTION

Implementation of Law No. 6 year 2014 about Village aims to develop, protect and empower villages to become powerful, advanced, independent, and democratic to create a solid foundation in implementing governance and development towards a just, prosperous, and prosper. This regulation puts governance in village as the public administration, a hybrid between *self-governing community* and *local self-government* (Sutoro, 2015). Regulation of this village became a hope, that the rights of autonomy which owned the village through its authorities today can be more active and creative in rural development (Budiyanto, 1997). An increasing number of village fund transfer from State Budget, followed by the village transfer amount sourced from the budget each district consisting of the Village Fund Allocation and Profit Sharing Taxes and Local Retribution, and financial assistance from the provincial government and district government.

Government regulation number 43 Year 2014 about Guidelines for the Implementation of Law No. 6 year 2014 which was amended in the financial management of village *X* evident from the results of regular examinations of the Inspectorate to the financial management of village *X* of financial year 2016. The Based on preliminary observations, the number of irregularities in the financial management of village *X* *ceteris paribus* of the budget amount. This problem in previous years was stated in the evaluation results of Representatives (2015), that there are regulatory and institutional weaknesses, regulation,

Government regulation number 47 year 2015, it became the basis for setting Regulation of Ministry Of Home Affair number 113 year 2014 as the Village Financial Management Guidelines. The mechanism set out in the Regulation Ministry Of Home Affair; generally adopt the local government financial management mechanism, namely Regulation of Ministry Of Home Affair number 13 year 2006 on Regional Financial Management Guidelines. IAI-KSAP (2015) stated that the financial management of the village is actually not only about the availability of supporting regulations and infrastructure, but the most important is the existence of human resources who have reliable competence and commitment. The successful implementation of village administration tasks, especially in the financial management of villages according to IAI-KSAP (2015) was strongly influenced by the education level of village officials who today are mostly relatively low.

The dynamics of the financial management of village of *X* is currently showing a phenomenon associated with the budget comes from local governments' financial assistance *Y*. In addition to media coverage, the existence of irregularities in

supervision and human resources. Irregularities in the financial management of village *X* are because managers do not fully guided and comply with regulations. This problem according to Julianto (2012) *commonly happened* in government institutions because of their mental corrupt, weak law enforcement and the influence of political dynamics (Riza, 2007).

Nahrudin (2014) stated that the capacity of village officials influenced the successful

management of village finances, particularly in meeting the transparent, *accountable*, and *responsible* principles. The above conditions are likely to cause distortions or *dysfunctional behavior* (Hansen & Mowen, 2007), which can be detrimental to the organization. Meanwhile, Griffin & Lopez (2005) stated that the action of that deviation is as a *bad behavior* that will affect the performance of organization and be able to frustrate the achievement of the main goal of organization.

Irregularities by financial manager of village X becomes an indicator that the irregularities have been showing to *fraud* and corruption. Problems in only influenced by the availability of support staff, but organizations also need good leadership in order to achieve its objectives, especially when the changes are quite fundamental. Guo, Dai, and Yang (2016) and Alemu (2016) reinforce this by stating that there is a strong positive correlation between leadership effectiveness (performance leadership) and organizational behavior.

Availability of staff or employees who are well able to support the achievement of organizational goals. This was stressed by Otterlo (2013); Bagire & Namada (2013); Fajri, Setyowati, & Siswidiyanto (2012) who stated that the ability of the human resources of an organization have a positive effect on the performance of the organization, because it is able to make financial management can be effective, efficient and economical and fulfill the elements of transparency and accountability. Namada, Aosa, Awino, & Wainaina, (2014) also stated that each member of the team in organization must provide real participation by working and carrying out their duties and functions. This is suitable with Guo *etal.*(2016) who stated that as a team, the performance of individuals especially leaders and internal relations inside become an important component of the success of a team.

Bagire & Namada (2013) stated that to ensure alignment of operational performance of the organization also need a combination of managerial skills; strategic planning; financial capability; and conducive situations of working environment and their active participation in the organization in team. Fajri *etal.*(2012) stated that the management of Village Fund Allocation (ADD) in Ketindan village still found errors and irregularities so that the recommendation mentioned that the village government account and classify accurately the

financial management of villages were affected by internal and external factors. Changes in regulations stated by Etienne (2010); Pillay & Ron (2014); Danish Munir, Kausar, and Jabbar (2014) influenced the both internal and external work environment. In line with this, Ely (2009) also stated that a regulation would affect *output* and *outcome* of a program. In addition, the regulations also give a change to the complexity of the work or workload, so it will affect the changes in various other aspects, both internal and external organization (Ke and Shi, 2014).

The success of an organization's financial management is not program that will be financed by the ADD and to add a source of village income in accordance with the potential of village , It is important that the recommendations resulted from that study, mainly about the practical benefits and policies can make appropriate contributions.

Based on the explanation above, the study of how the process of financial management contributed to the deviation in the financial management of village finances, especially in the management of financial assistance. It motivates researchers to examine the phenomenon of irregularities in the financial management of village X in the district Y at a deeper perspective through the interpretation of the informants involved. This research question is: how were the implementation and implications of management of village income that comes from special financial assistance of district government Y for village X?; The results of this study is as an suggestion to the District Government Y, so that development activities are carried out precisely to the target, this is according to the problems or weaknesses found by the organization that conducted the inspection or examination.

Practical contribution is also directed for village government X, the results of this study may be one of literature and reference in determining village budget management policies in order to be relevant with regulations and conditions that have been set. This is consistent with studies of Ely (2009) and Etienne (2010) that was declared having effect of the success rate of financial management. The next expectation that management implemented can give benefit as much as possible for the well-being of rural communities.

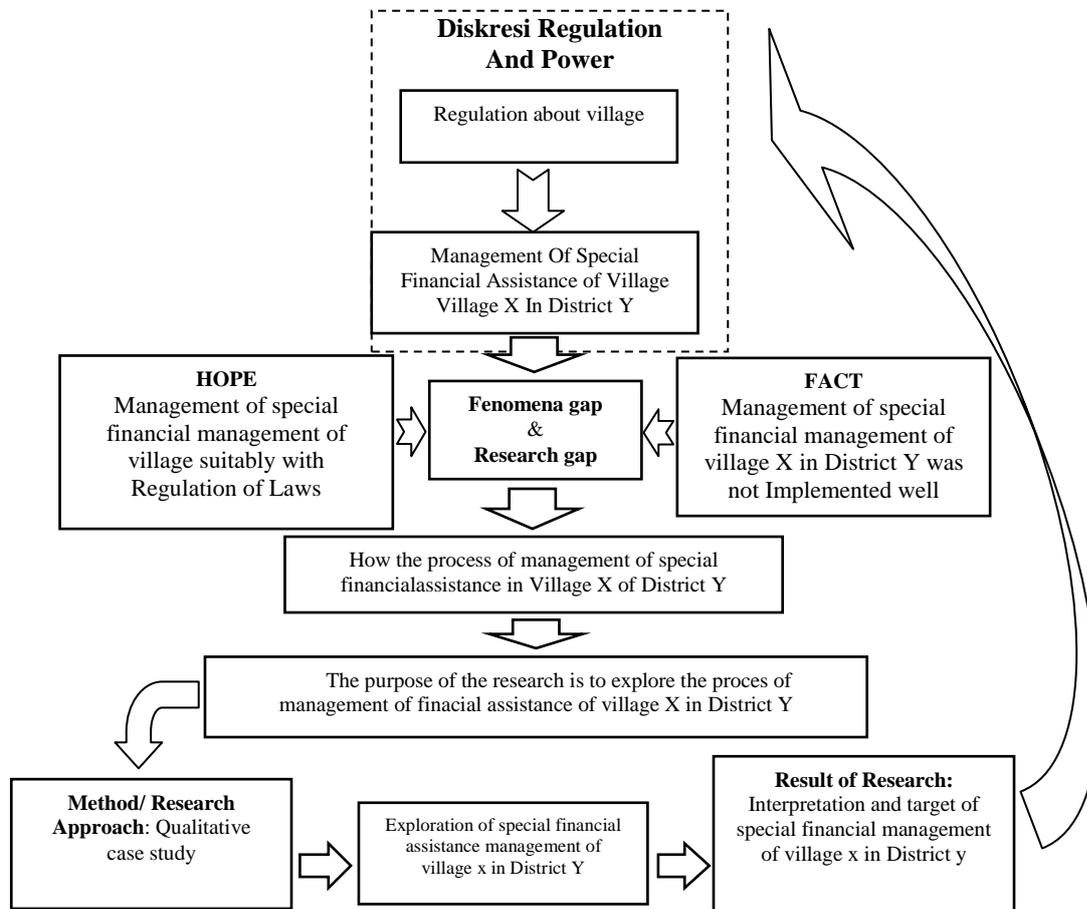


Figure 1. Framework of Research

Based on the explanation above, the logic of the research focused on the study of the implementation of Law No. 6 year 2014 along with its derivatives that are expected to steer policy in the financial management of village especially in management of special financial assistance on transparency, accountability and participation. Regulation and Law have demanded village to carry out its functions about the financial management of village especially the management of special financial assistance. To understand and analyze the phenomenon were used several empirical studies and relevant research methodology with the meaning and purpose of researcher.

As a research which aims to explore *the phenomenon gap* between hope and fact, the approach used in this research is qualitative by using interactive analysis through the reduction of data from the data collecting of interviews which were conducted presentation of data (*data display*), results of reduction until getting hypothesis for

process of discussing of field findings and finally get conclusions based on the patterns reflected in the presentation of the data. This can be described from Figure 1.

## 2. METHOD

The type of this research is a qualitative which intends to understand the phenomenon of what was experienced by the subject of the study such as behavior, perception, motivation, action, etc. holistically by utilizing description in the form of words and language in a specific context naturally and by utilizing various methods (Moleong, 2016). The approach used is a case study, to know with more deeply and detail about an issue or phenomenon studied (Yin, 2014).

The primary data are words, the subject's actions and the description of expression, attitude and understanding of the subject under study as a basis for the interpretation of the data obtained from interviews with informants and supported by secondary data from relevant documents.

Informants selected are directly involved and understand and be able to provide information about the financial management of the village, the village head, village secretary, and treasurer of the village, as the financial manager of Xvillage.

Data analysis technique was done by working with the data, organizing data, sorting them into units that can be managed, synthesized, searched and found patterns, finding what is important and what is learned, and deciding what can be told to

others (Bogdan and Biklen 1982 in Moleong, 2016). The data analysis technique that is used to refer to the concepts put forward Miles & Huberman (2014), where activity in qualitative data analysis performed interactively and continuously over time through so that the data is already saturated, activity in analyzing the data, that is *data reduction*, *display data* and *conclusion drawing / verification* (Figure 2).

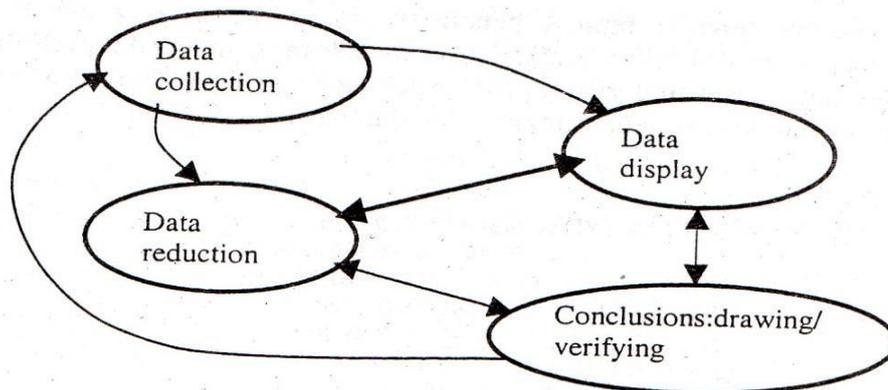


Figure 2. Analysis of data with *interactive models* (Miles and Huberman, 1994)

### 3. RESULTS AND DISCUSSION

Implementation of village financial management should prioritize the efforts to empower rural communities. Empowerment of rural communities is an effort to develop independence and public welfare by improving the knowledge, attitudes, skills, behavior, ability, awareness, and utilize resources through the establishment of policies, programs, activities, and assistance suitably with the essence of the problem and the need priority of rural communities (art. 1, paragraph 12 of Law No. 6 year 2014). Policies set by the government also aim to promote the economy of rural communities, especially through the reduction of national development disparities and strengthen rural communities as the subject of development.

Income recognized by the village government is all income through the village accounts. Transfer fund income earned by village, those are Village Fund (DD), which comes from the state budget, village budget, sharing of taxes and local retribution from the district budget. Besides that, the village government also received financial assistance from the provincial government and local governments, as stated in Article 98 paragraph (1) government regulation number 47 year 2015:

"The government provincial and district governments can provide financial assistance

sourced from the budget revenues and expenditures of provincial and local government budgets to villages."

Based on the findings of field data, in 2016, the value of the financial assistance received by Village X from District Government Y amount was Rp. 140,000,000, -(One Hundred Forty Million). The financial assistance is obtained after fixing village budget, it makes the local governments to not consistent with the provisions managed in Article 102 government regulation number 47 Year 2015 Sugianingsih & Ilosa (2013) stated that to create confidence in a program, all parties must consistent to maintain compliance with existing regulations. But in the context of the budgetary support, it becomes less impact on the determination of the allocation of spending 30% and 70% from total revenues in Village Budget managed in Article 81 and Article 100 government regulation number 47 Year 2015. Besides that, based on the local government notification documents submitted to the village government also found that the budget has been determined the type of work and location of the execution of work so that these characteristics make a budget including a special budget. Article 98 paragraph (2) government regulation number 47 year 2015 stated that the financial assistance provided by the provincial government and district governments can be general and special. Conditions for each

type or nature of the budget are further explained in Article 98 paragraph (3) and (4) the following:

"Financial assistance is general; designation and its use are used entirely to the village of beneficiaries in order to assist the implementation of the tasks of local government in the village";

"Special financial assistance, designation and management are established by the local government of giving assistance in the acceleration of rural development and empowerment".

To pay attention with regulations above, the facts show that the policy is not fully implemented appropriately. This is due to lack of transparency in the government district *Y* on goal from the budget through the financial aid. Associated with the transparency of government budgets, Pradana (2014) and Sugianingsih & Ilosa (2013) stated that the budget is open to the public and participants in the decision-making processes, and to consolidate the current information is a process of transparency in budgeting. Therefore public funds, the policy on the management of the budget are basically a policy formulated with regard to the empowerment of rural communities in helping fund programs of villages. This is confirmed by Dwiyanto (2003) in Pradana (2014) who stated that the management of funds or budget which is owned by the district must pay attention to the principles of transparency like about the legality of the source of budget, the mechanism of the use of the budget, the budget allocation, and accountability of the budget must be monitored by the public largely.

The findings of field data, both informant statements and relevant documents indicated that in addition to the designation (type of work and location work), the district government has also established the executor of the job. Thus, the village government *X* did management as stated in the regulations above. Management should be done by the village government, in fact, carried out by 'other' outside financial managers of village. The implementation appeared issues for rural finance manager. This was revealed in the narrative of the village head *X* the following:

"... special assistance (government financial assistance District *Y*) it is the aspiration of the board (members of the local parliament *Y*) that has undertaken the aspiration fund board that's the council (members of parliament) who proposed or people from team member on the council, but we (village government) were ordered to charge, so it makes also in our report, even we (village head) were told to sign an integrity pact related to the job, but right there is no our function in the implementation the work, because it was worked

by other people, people from outside the village, besides that, the budget also entered into the accounts of the village, so it is a great burden for us at SPJ of its project of the aspirations of the council, I signed the file over eight stamp duty, it means that if it enters to the village account, will it be village's budget right? ... we ourselves should have a decisive execution or execute the job, because it's normal, we seldom make SPJ of that aspiration fund project execution, notes of purchase of material were not orderly collected, but it never finished the findings of the Inspectorate of it (SPJ job aspiration fund) because we must make a complete SPJ, because it has been charged with the responsibility to us to complete the notes of evidence in spending, we are looking for and we collect, we proceed with that especially on the usual shops that cooperate with us, even it was upper than Rp 50.000.000 that we can make full proof of his SPJ, how ... we collect material purchase orders from the people who are building or renovating the house, ever buy cement, steel, gravel, stone, society's notes that we make a memorandum for proof that CMS work aspiration fund, so that fund for material for mosques we use to cover the SPJ for that job ... "(Februari 7<sup>th</sup>, 2017 in the office of village head *X*).

To interpret the explanation above; government policies are regulated in the government regulation number 47 year 2015 that was not implemented due to the inconsistency of local government. The government's policy set out in government regulation number 47 year 2015 in particular on Article 98 paragraph (3) and (4) also mandated the local government as a grant in order to empower the community as an effort to accelerate development of the village that also was not implemented. This is caused by the determination of planning consultants; contractors had been predetermined by the local government. Villagers *X* calls the project work that comes from special financial assistance from District *Y* as "aspiration fund council projects". The term is based on the process and system implementation as told by informants, and it is really 'special' because it has been determined the direction, the location of the user as well as the names of the implementer. Although it included in the income of village, it is not to perform as well as revenue management of other villages, the village government cannot make that income as a basis for determining the amount of fixed income and benefits the financial manager of village. It is stated in Article 11 (3) Regent's Regulation *Y* No. 12 year 2015, that "the special financial aid was managed in village budget but it was not applied in terms of use, at least 70% (seventy percent) and at most 30% (thirty percent).

The provisions above make financial managers of village X to be motivated to be better to manage the budget. But because it has become the rule, all receipts of village through village accounts shall be accounted for by the financial manager of village with the budget entry made as part of the budget that should be accounted for income and receiving of other villages. The whole village incomes were received and channeled through the village and its use was determined in Village Budget. A cash account owned by the village is a place to store money account of village government holding all receipts of village and it is used to pay all expenses of village with the bank (art. 1, paragraph 17). The processes of fund disbursement in cash account of village like other villages receipt were signed by the village head and village treasurer. Regulation of Ministry Home and Fair number 113 year 2014 stated that the acceptance of the village is all the money coming from the whole village incomes that entered to Village Budget through cash accounts of village; it is also about the expenditure village that is the money spent on Village Budget through cash accounts of village (art. 1, paragraph 18).

As the annual plan of government finances of village, Village Budget was mentioned in Article 1 (12) Regulation of Ministry Home and Fair number 113 year 2014, making the village head as the highest authority in management of village finances because his position has the authority to administer the overall financial management of village. Management conducted by outside financial manager of village becomes the emergence of various problems both from the planning stage and the responsibility. In the planning stage, the findings of the inspection team (District Inspectorate Y) to the financial management of village has always appeared from the activities that was managed by a party from outside of the country's financial manager. people or those who did on planning documents of the construction work comes from financial aid of a special nature of the District Government of Y are "messengers" members of parliament (called as the 'owner' or people who entrusted the budget through Village Budget). This was stated by the secretary of village including X:

"... Therefore it was done arbitrarily (executing the work of the special financial assistance)... it happened because the process is easy for disbursement process ... all the villages complained about that problem ... I hope it this will not be happened again ... fortunately this was not found by inspectorate, for it has the same SPJ with its pure activity of this Village Budget..."(February 08<sup>th</sup>, 2017 in the office of village head X).

Besides having problems in planning documents, activities or work were financed from special financial assistance budget from District Y and also has financial problems for villager managers X that was associated with the implementation phase. The statement above indicates that the policy implemented by the government of the District Y is a form of the discretionary power of the government. According to Darumurti (2012), utilization of discretionary powers (*discretionary power*) in implementation of government has become *notoir* feit. It was explained further that implementation of government with discretionary powers that are closely related to the conception of government (*bestuur*) called (*bestuurzorg* in which its function of government is not only managing, but also taking care, but this function happened from regulation that is a form of government policy itself.

Tendency on their specific interests in the management of financial aid in the village budget X makes the budget not managed transparently, participatory and accountably. Accountability was mentioned by Wicaksono (2015) as one of the dimensions to accountability, apart from the aspect of accountability, control, responsibility and responsiveness. It shows that the government of the District of Y is generally not able to show the optimal level of accountability through government policies that rolled toward the village. This is because public sector organizations have not been fully able to provide an explanation for the use of public resources in implementing policies, programs, projects and activities of their daily routine.

Article 2 of Regulation No. 113 of 2014 stated 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 appropriately, supported by evidence and administrative requirements which accountable and always guided by the rules and regulations that apply law), participative (giving wide space to the people to participate actively involved in each stage of the financial management of village) and it is orderly and disciplinable budget. Various such principles as 'futile' have been declared by the government, but it is the local government that did not implement these principles.

Meanwhile, various problems about management of financial aid in village X are also related to the manufacture of SPJ, as presented by the treasurer of village X, below:

"actually ... I want to meat to" blame "SPJ of its project fund aspiration so that the regent was not clear of these people's job (workers) ... as an example there is a budget rehabilitation of education of childhood, education of childhood officials insisted to manage and work by themselves... almost I return again budget for early childhood aspirations into account of village, because education of childhood officials did not want to accept our proposal for a handyman who shows ... we already know how the quality of the work of builders who will be employed by the early childhood ... they (the board education of childhood) instead to force because they feel their proposed budget to the legislator' members ... finally I was dizzy because it's my responsibility, then the various notes evidence of incomplete expenditure, including the others documents that we completed... back to us here "the sickness" (that problem) ... "(February 9<sup>th</sup>, 2017 in office of village head X).

Paying attention of process of financial assistance management implementation from the district administration *Y* is specific, analogic, and the term given by researchers in that budget is a 'stowaway' or *free-rider* in a 'vehicle' called Village budget. With its special type, the local government should immediately draw up a regulation or evaluation of potential impact of implemented policies about the budget. Regent is a political office that was born out of a political process, but a bit 'naive' if the district government 'busy' justifying and self-defense and defense of the legislature as the 'owners' of the budget is to ignore the facts and socio-economic impacts caused on the pattern of implementation of the special financial assistance. The appear of various problems in the budgeting of the public sector according to Razak, Unti, Eko, and Ermanu (2011) was caused by the involvement of the political institutions in the budgeting process of local government, so that process and political changes influence the process of allocating the resources which would be followed by a conflict of interest among actors.

Personal interest and opportunistic behavior of each *agent* (members of parliament and local government) will be accumulated to be the *agent's interest* and *opportunistic organizational* (Latifah, 2010). It is something which is 'reasonable' that occurs in local governance institutions for *participatory budgeting system* that will always bring up the opportunism of *agents* according to their *agents interest* (Eisenhardt, 1989, and Jackson, 1982 in (Abdullah and Asmara, 2006). Various actions are an aberrations or *fraud* in

preparation of the public budget sector, including the preparation of Village budget according Julianto (2012) is very *common* if as the regulation was made through the political process is designed to have a discretion that is big enough to 'safeguard' the interests *actors*. It showed that one of the causes of irregularities is the legislation itself that has many weaknesses and deficiency.

Spelled and Berge (1993) in Darumurti (2012) said that the discretionary power is a controversial concept. It is caused by the interest or initiative from the government itself on the basis of a destination so that in implementation of regulations about the financial management of the village in which budget comes from government financial assistance districts that are specific, regional governments with powers discretion 'bumping' the principle of *the rule of law*, remembering the various discretions that have the inherent power executed without regard to the characteristics of implementers and its social effects. According to Darumurti (2012), in practice and fact the use of discretionary powers has potential of negative impacts that harm citizens or would conflict with the interests and rights of citizens even would be contrary to regulation set by the government itself.

Regulations issued by the government is a product of a policy, but many of them are not well implemented because it is not consistent with other regulations, this caused by the actual conditions. Caiden and Wildavsky (1974) in Sulistyowati (2013) stated that often happened the frequent inconsistencies in the management of public sector budgets. This is actually an important thing vertically and horizontally so that the policy can be implemented and achieved results as planned. Meanwhile, Hofferbert (1974) in Parsons (2006) asserted that a regulation as a form of written policy is in essence a *epiphenomenon*, it means that policy must be determined based on reality, the historical conditions and the geographical, social composition and economy and considered the behavior of the existing of the implementer, it is not solely the result of a political process.

The occurrence of irregularities in management of special fund financial assistance from the district government *Y* in village budget *X* *becomes* an indicator that has happened corruption. This refers to the opinions of Philp (1997) in Santoso (2007) who defined the form and application corruption. *First*, corruption centered public office (*public office centered corruption*) which is defined as the behavior or actions of public officials who deviate from the tasks of formal public for personal gain or for certain people who have a close relationship with the perpetrator as a family, and friends. This understanding includes collusion and nepotism.

The second form of corruption is the corruption that affects the public interest (*public interest-centered*) explained this *case*, the corruption occurs when a holder of power abuses because there are people who will give a reward (money or other material) to him. *Third*, corruption centered on the market (*market-centered*), where corruption through the "institution" extra-legal use by individuals or groups to gain the influence over the policies and actions of the bureaucracy. About this problem, 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 that lead to acts of corruption in the management of the specific nature of financial assistance shows that the budget allocation policy did not work well. Nevertheless, remembering 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 implementation policy* stated by Mazmanian and Sebatier (1983) in Paudel (2009). They stated that the interpretation of the successful implementation of policies is not only focus on content of regulation, socialization process but also how the implementer visible characteristics of the various events and activities arise after implementation.

The theory stated that there are several variables that generally affect the successful implementation of a policy, those are; *tractability* of the problems; *ability of the statute to structure* implementation; and *non-statutory variables affecting* implementation. Further this was explained that the characteristics of problems in policy implementation about the level of technical difficulty of the issue in question; the level of the plurality of target groups; the proportion of the total population of the target of group; and the scope of the expected change in behavior.

*Policy implementation theory* proposed by Mazmanian and Sebatier (1983) in Paudel (2009), also mentioned that the characteristics are affected by the policy: clarity of the policy; how far the policy has theoretical support; the amount of the allocation of financial resources to these policies; how the linkage and support among various implementing agencies; clarity and consistency of the existing rules on implementing agencies; level of commitment of forcing to the objectives of policy; and how widespread access to outside groups to participate in policy implementation. To measure the success of the implementation of a policy is the policy environment. This variable is further described that was influenced by: socio-economic conditions and the rate of technological progress; public support for a policy; the attitude of

the electorate (*constituency groups*). Group of voters that was Mentioned can influence policy implementation through: interventions against decisions made implementing agencies through a variety of comments with the intent to change the decision; affecting the implementing bodies indirectly through the published criticism of the performance of implementing agencies, and make a statement addressed to the legislature. While the last element mentioned by Mazmanian and Sebatier (1983) in Paudel (2009) as the dimension of the policy environment variable is the level of commitment and skills of officers and implementer. The commitment and skills of the implementing agency to implement the mandate of the regulation as a form of policy is an important element, because it is associated with the principle that the implementation of the policy is a *public problem* solving.

Paying attention of the occurrence of *fraud* in the management of special financial aid budget of the local governments *Y*, then it is caused by pressure from the inconsistency government policy with the regulations that have been set. Deviations have been entrenched into habits (*habit*), because it take place simultaneously without ever blamed that becomes a justification. Then *fraud* which happens to be an act of deliberate (Ernst and Young, 2009 in Abdullahi & Mansor (2015), from local governments 'imposed' on the financial manager of village, which actually know rationally that their actions are illegal because limited willpower and the ability to 'fight' the government's policy make a fact, that it became a legalization against kleptocracy (Triyuwono, Mulawarman, Djamhuri, & Prawironegoro, 2016) who took place in the financial management of village.

There are three (3) types of pressure expressed by Cressey in Arles (2014) as the cause of someone doing *fraud*, the financial pressure (*financial pressures*), the pressure will be bad habits (*vice pressures*) and pressures associated with the job (*work-related pressures*). This is about the pressures with job (*work-related pressures*), in the context of the village, a little different from the description stated by Cressey in Arles (2014). The occurrence of *fraud* as a result of pressure in the context of the work of financial managers of village was not caused by the lack of job satisfaction obtained, but it is caused by the pressure on policy 'confusing' financial managers' village *X* as implementer. The opportunity owned by financial managers of village *X* is an opportunity that must be taken to avoid a pressure above. This is not only about the chance although on the one hand the internal control of village government is quite weak.

Rationalization also becomes an important element of fraud in implementation of rural finance, as a justification for his actions as a result of the pressure itself. If Cressey in Arles (2014) explained that this justification can occur when the perpetrator wants a family and the people who they love, The actors feel entitled to something more (position, salary, promotion) because it has long been devoted to the company, or the perpetrator took most profits because the company has been generating huge profits, then in the context of the financial management of village, the justification is an element that was influenced that they did so the village had not been found by LHP of Inspectorate. However, researchers agree with Ratmono *et al.* (2014) in Arles (2014) that they were involved in fraudulent activity driven by the interaction between the strength of the personality of the individual and the external environment. 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.

Based on the reality above, the district government actually 'ignores' dynamics that arise because of the local government policy. Regent Y, as reported by media *online* (suara.ntb.com, 2017), gave a statement to 'straighten' riot in District Y related understanding about the aspiration fund in Parliament, he stated "actually never existed refineries of aspiration funds by members of parliament, that there is proposed program through legislators who were executed and realized the government ", next is his statement;

"... researching in my view, there is no aspiration fund, there is the aspiration of Parliament heard and embodied by local government of Y, it is in the form of a program, we request to Parliament to provide programs, where aspiration to be budgeted for now, they give us, then we budgeted for what is rightfully theirs, when they have a dialogue (with residents) there must be the people's aspirations, ask bridges, repairing roads, ask slum housing and others, that we will execute, depending on what the uptake of their aspirations, most preferably actually uptake aspirations do it in the assembled council and plenary ... ".

The statement above is interpreted that the Regent Y is not 'justify' perceptions, assumptions or the fact that there is the management of financial aid funds that are specialized by legislators. Being a true statement above if the indicator is the 'presence' of the legislators at the project site in question, because in fact it was never a member of Parliament who manage projects aspiration fund

directly, as the 'manages' are the messengers of the 'owner' of funds aspiration (according to a statement informant and based on observations of the researchers themselves). Regent statement said that budget management (financial aid) was handled by the district government; it is true because the district government distributed the budget of special assistance in each village that has been determined by the location of the 'owner' budgets. The next village government accepted the budget 'deposit' and was accepted as a *free-rider* in Village budget (because it cannot be taken into account as the basis for calculating Siltap and allowances) but it will be accounted for by the head of the village as well as other rural incomes. District Government Y should not only be concerned with the policy of the political side, but must pay attention to policies about the interests and rights of rural communities in general (Simamora, 2011), it is also intended to apply the various dimensions of accountability, as stated Wicaksono (2015), in addition to with regard highly dynamic response in the middle of the village community, sensitivity is also required local governments to increase optimal performance, so that local governments becomes accountable for their work to the public. It can be used as a foothold for the county 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 (Mele, Pels, and Polese, 2010).

The government's policy set out in Article 98 Government Regulation number 47 year 2015, in fact, it was done to accelerate rural development and community empowerment" but it is more than a budget "entrust" of legislator in area of that was made as the social aspiration. Before the implementation of Law No. 6 year 2014, the budget types became a part of the Budget Implementation Document (DPA) certain of SKPD. Finally, the Act was implemented village then the budget was transferred in village budget. In the one side, it is recognized by informants that the budget is sufficient to help the amount of physical work that can be handled in one fiscal year, but if it is associated with the objective of empowering people as stated in article 98 Government Regulation number 47 year 2015, it was powered from the budget that are closest or successful teams of the 'owner' of the aspiration fund, it was not implemented from the concept of community empowerment as mandated by Article 98 of government regulation number 47 Year 2015.

The government should be appreciated by implementing the Law No. 6 Year 2014. The regulation is becoming a new spirit to develop the

village by the villagers themselves. However, the implementation of this regulation actually makes the involvement of many actors. This was stated by (Pratikno, 2007) who stated that the demands of participation in *governance* became not only of actors within the organization of local government, but also including a variety of non-governmental actors. The existence of the weaknesses of the regulation itself were added by the weakness of local governments in understanding the regulation of matter raises new issues that were not identified before. It makes the regulation of derivatives were set at regional scale that becomes only the fulfillment of the mandate of a higher regulation, but not 'answer' the real problems faced by the financial manager of the village. The issue was more 'mounting' when the apparatus implementing the relevant government agencies with guidance and supervision do not fully understand for making the transformation of information in the form of instructions, directives, be justification 'deflect' the problem of the true context.

Regulation by the government through the regulation of Ministry of Home Affairs number 113 year 2014 and Regent's Regulation Y No. 12 year 2015 is not fully implemented well. Because the material of the regulation itself still has many weaknesses and it raises a number of irregularities. A phrase in Sutoro (2015) stated that:

"Regulation is not everything, but everything is in need of regulation. Good regulation does not necessarily bring forth the good in quick time, but the bad rules quickly produce ugliness

"Idiom above becomes a justification that occur in the management of financial assistance in the village X, it was confirmed by the study of Ely (2009) revealed that the financial crisis ever experienced by the United States was caused by the issuance of a regulation that lead to economic. Thus, researchers have agreed with MacKenzie, Garavan, and Carbery (2011) which states that the organizational failures at financial management must be addressed with a better rule.

Regulation of ministry of Home Affairs number 113 year 2014 was expected to be a guideline to eliminate the possibility of irregularities in the management of village finances. But the range of discretion, either regulatory or governmental authority actually realizes opportunistic behavior. This means that there are weaknesses of regulatory utilized for the benefit of certain elements. This is in line with the opinions of Yılmaz, Özer, & Günlük (2014) who stated that politics and commitments of *budget actors* affect *output* budgeting; requiring a strict budget control through regulation that will adversely affect the

performance and tight budget control is not effective in performance. However, referring to the opinion of Özer & Yılmaz (2011), the optimization of budget management control must go through proper regulation to minimize irregularities in the management of village finances. The entire public sector organizations, including the village should have a clear and complete regulation for managing public funds that affect the livelihood of rural communities. Regulation in question 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 in this time, there is no regulation to manage about the village accounting totally and clearly.

## CONCLUSION

Based on the analysis and discussion above, the management of special financial assistance from the district administration of Y on village budget X is not implemented properly because of inconsistency of district governments in implementing related regulations. Power discretion of great regulation makes the district government doing opportunist, so there is a tendency of interest in the special financial assistance through various policies implemented. Policies that are not in accordance with the relevant regulations and not according to the characteristics of rural finance manager of implementer make X doing various 'settings' or 'adjustment' then becomes an act of aberration and lead to fraud.

Shape district government policy Y toward the management of financial assistance is specific in Village budget X, this showed that the district government used its powers of discretion over the village government X. The emergence of various dynamics, pros and cons of the policy, shows that the policy is not in accordance with the mandate of the regulation and not in line with the interests of the implementer. Thus, the district government as a regulator must prepare materials and a good strategy and appropriate to ensure that policies are made can be implemented well by it implementers. In addition, the government should maintain consistency in meeting the objectives or mandate as outlined in the regulations. It is expected the implementation of the policy through a proper regulation can be a controller. However, this will be achieved if the regulation is actually in line with the characteristics of its implementer.

Related findings in this study, limitations become necessary to do a deeper study in a different perspective. Regulations that have been defined as a form of government policy have been in the 'interpretation' by the district but the

implementation was just not showing the process, but it showed the real purpose and mandate. This can be a consideration for the next researcher to dig information from the perspective about the range of applicability of theoretical conclusions so that research conducted similar research in other areas in the context of a comparison among the cases of the others.

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