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IMPLEMENTATION OF VILLAGE FINANCIAL ADMINISTRATION: PROCEDURES IN THE MANAGEMENT OF VILLAGE FUNDS IN ACEH

[1]Cut Zira Miranda, [2]Cut Intan Amalia, [3]Agustina
[1,2,3]Politeknik Kutaraja
Email: [1]cutziramiranda@gmail.com, [2]cutintan.politeknikkutaraja@gmail.com, [3]agustina.politeknikkutaraja@gmail.com

Abstract
This study aims to analyze the implementation of gampong financial administration procedures in the management of Village Funds in Aceh and to examine their impact on accountability and transparency. The management of Village Funds is an essential component of rural development that requires the application of good governance principles, namely transparency, accountability, participation, as well as orderliness and discipline in budgeting, as stipulated in the Regulation of the Minister of Home Affairs Number 20 of 2018. The implementation of financial administration procedures includes the stages of planning, implementation, administration, reporting, and accountability, which must be carried out consistently by gampong officials.The results of the study indicate that the proper implementation of financial administration procedures has a positive effect on improving accountability and transparency. Therefore, it is necessary to enhance the capacity of gampong officials, as well as strengthen community participation and supervision systems in order to achieve more effective, transparent, and accountable village financial governance. However, several challenges are still encountered, including limited competence of officials, suboptimal utilization of the Village Financial System (SISKEUDES), and low levels of information transparency to the public.

Keywords: *village financial; administration; village funds; accountability; transparency*

A. INTRODUCTION

Village fund management is a government policy aimed at national development, focusing on improving community welfare by strengthening economic capacity and equitable development. The government greater authority to manage finances independently according to the needs of their communities. Village fund management is a crucial foundation in supporting village based national development because it encompasses government units that interact directly with the community.

According to Law Number 6 of 2014, village are given full authority to regulate government and development affairs wthun their territories, including the Regional Budget (APBG), which is sourced from the State Budget (APBN). This legal basis grants village officials full authority to autonomously manage, compile, anfd account for village finances. These policies will continue to be monitored in accordance with the provisions of the law.

To run village, the village government naturally requires funds. Based on Article 72 of law 6/2014 and government regulation in lieu of law (Perpu) 1/2020, each village has several sources of income. In the context of Aceh province, villages known as gampong have their own characteristics, both in terms of institutional aspects and socio cultural values, so they require an appropriate and contextual financial management approach.

Village Fund management must be implemented based on the principles of good governance, namely transparency, accountability, participation, and orderly and disciplined budgeting. These principles form the foundation for implementing financial administration procedures, including planning, implementation, administration, reporting, and accountability. Proper implementation of administrative procedures will support effective and accountable financial management (Gulo & Kakisina, 2025).

However, various studies indicate that Village Fund management still faces a number of obstacles. (Soleh and Lestari, 2025) state that accountability and transparency are key factors in determining the success of Village Fund management. Meanwhile, (Nugroho, 2025) found that the implementation of financial administration stages is not yet fully optimal, particularly in the administration and reporting aspects. (Rosa Lay and Karno, 2024) suggest that transparency and accountability have a significant relationship with community welfare. However, in practice, information disclosure to the public is still limited, resulting in less than optimal public participation in oversight (Septiawati et al., 2025). This indicates that the implementation of the transparency principle has not been fully effective.

Another issue relates to the competence of village officials. (Pranowo and Rocchmatullah,2023) state that official competence significantly influences the level of accountability. This is reinforced by Ayem and Fitriyaningsih (2024), who emphasize that human resources and administrative systems are the primary determinants of successful village financial management. Furthermore, Suryani,2022) states that weak oversight and a lack of understanding of regulations are obstacles to the implementation of Village Fund management.

The use of information technology, the Village Financial System (SISKEUDES), is one effort to improve the quality of village financial management. (Maharani and Widodo,2024) demonstrate that the use of this system can improve accountability through more systematic recording and reporting. This aligns with the findings of (Rahayu and Rahmawati,2022), who stated that village financial information systems can improve transparency and accuracy in financial management. However, their utilization remains sub optimal due to limited capacity of village officials (Cahayani et al., 2025).

B. LITERATURE REVIEW

1. Village Fund Management

Village Fund Management is a series of activities that can include planning, implementation, administration, reporting, and accountability for village finances. (Nugroho 2025) states that village fund management must be carried out systematically to effectively support village development. Each stage of financial management can be closely interconnected and influence each other.

The planning stage involves the preparation of programs and activities to be funded by the Village Fund. This stage is carried out through village deliberations involving the village government and the community. Community participation is a crucial aspect in determining village development priorities.

The implementation stage is the process of realizing planned activities. At this stage, budget use must be in accordance with the established plan. Fadhilla et al. (2024) state that the implementation of Village Fund activities often faces technical obstacles, including delays in fund disbursement and poor coordination between activity implementers.

The administration stage involves recording comprehensive transactions in village finances. Good administration will result in accurate and accountable financial reports. Maharani and Widodo (2024) stated that the use of SISKEUDES can improve the quality of village financial recording and reporting.

The reporting and accountability stage is an obligation for village governments to convey information regarding the use of Village Funds to higher levels of government and the public. Usman Betan and Nugroho (2025) affirmed that timely and transparent reporting reflects the level of accountability within village governments.

2. Accountability and Transparency

Accountability is an obligation of the village government to be accountable for the management of Village Funds to the community and higher levels of government. Accountability is not only related to the preparation of financial reports, but can also include the consistency between planning, implementation, and activity results. Rakhman (2025) stated that good accountability reflects the professionalism of village officials in managing public finances.

3. Competence of Village Apparatus and Financial Information Systems

The competence of village officials is a crucial factor in Village Fund management. Officials with strong administrative skills and understanding will be more capable of implementing financial management effectively. Pranowo and Rochmatulloh (2023) stated that the competence of village officials can significantly influence the quality of accountability in Village Fund management.

In addition to official competence, the use of information technology is also a crucial factor in supporting village financial management. (Rahayu and Rahmawati,2022) stated that a village financial information system can improve the accuracy and efficiency of financial management.

C. RESEARCH METHODS

This research uses a descriptive qualitative approach. This approach is used to provide an overview of the implementation of village financial administration procedures in managing Village Funds in Aceh. The research location was Lamglumpang Village, Banda Aceh City, which is a recipient of Village Funds. Data collection techniques were carried out through observation, interviews, and documentation. Interviews were conducted with village officials, community leaders, and parties involved in Village Fund management. Data analysis was carried out using descriptive qualitative analysis techniques by comparing field conditions with theory and previous research.

D. RESULTS AND DISCUSSION

The research results indicate that, in general, implementation has been in accordance with the provisions stipulated in Home Affairs Ministerial Regulation Number 20 of 2018 concerning Village Financial Management. Financial administration is carried out through the stages of planning, implementation, administration, reporting, and accountability. The village government has implemented the principles of transparency and accountability in the management of Village Funds to support development and community empowerment in the village.

During the planning stage, the village government holds deliberations as a forum for formulating development programs and determining priorities for targeted Village Fund use. The deliberations involve village officials, community leaders, the Village Head (Tuha Peut), and other community elements. Community involvement in planning demonstrates the application of participatory principles in village financial governance. Previous research has shown that community participation in village budget planning is one form of implementing transparency and accountability in Village Fund management (Soleh and Lestari, 2025), and Rosa Lay and Krano 2024, have shown that community participation can increase the transparency and effectiveness of Village Fund management.

At the reporting and accountability stage, the village government can periodically compile reports on the realization of Village Fund use and can convey information and village deliberations. The implementation of this transparency can aim to increase public trust in the village government and can encourage public oversight of the use of Village Funds. Research (Usman Betan and Nugroho, 2025) states that the quality of village financial reporting is a primary indicator in assessing the level of accountability of the village government. (Gulo and Kakisina, 2025) conveyed that the implementation of good Village Fund management must be realized through an orderly administrative reporting system and in accordance with government regulations.

E. CONCLUSION

The implementation of village financial administration procedures in managing Village Funds in Aceh has generally complied with the provisions stipulated in Minister of Home Affairs Regulation No. 20 of 2018. The village government has carried out the required stages, including planning, implementation, administration, reporting, and accountability. In addition, the planning process has reflected participatory principles through the involvement of community leaders and other stakeholders in village deliberation forums. The application of these procedures has contributed positively to improving accountability and transparency in village financial governance.

However, despite the overall compliance with regulatory requirements, several challenges continue to hinder the effectiveness of village financial management. These include the limited competence and administrative capacity of village officials, the suboptimal utilization of information technology—particularly the SISKEUDES system—and the relatively low level of community participation and oversight in monitoring budget utilization. Addressing these constraints is essential to strengthening the quality, efficiency, and accountability of Village Fund management in Aceh.

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