The Effectiveness of Internal Control in Village Fund System
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Article info

Abstract
The Financial and Development Supervisory Agency forms Siskeudes to facilitate the village governance system and the village funds management. Internal control is one of the essential components to mitigate the risk of misuse of village funds. This study aims to analyze the implementation of internal control and the effectiveness of the implementation of internal control in controlling risk in the Siskeudes using the indicators listed in the Minister of Village Regulation Number 19 of 2015. The research was conducted in Gedangan Village using a qualitative descriptive method. The data was obtained through the process of interview and observation, analysis technique used is data triangulation. The results and discussion of the study indicate that the internal control components in the village financial system have been implemented quite effectively because there are internal control efforts applied to each indicator in Minister of Village Regulation Number 19 of 2015. However, there is still a potential fraud because several internal control indicators that have been implemented not been followed up appropriately and periodically.

Keywords: Fraud, Internal Control, and Siskeudes


Abstraks

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1. Introduction
The village has the authority to manage the village fund to improve and maintain the village community’s welfare. Law of the Republic of Indonesia Number 6 of 2014 explains that a village has the right to organize and take care of local community interests and have a role in actualizing the idea of independence. A village government is expected to be more independent to carry out the potential resource supervision and manage its finance and wealth (Rivan & Maksum, 2019 and Saputra et al., 2021). The village also gets the right to obtain locally-generated revenue such as public business outcomes, mutual cooperation, assets, etc. The village is entitled to earn village funds from the Sta-
te Budget (APBN), Village Fund Allocation, also financial support obtain-ed from the Province and Regency or Municipal Government Budget (APBD) and grant or third party donation (Kemenkeu, 2017).

According to Ministry of Finance (2021), Transfer to Region and Village Fund (TKDD), a part of the State Expenditure, is amounted to Rp 945.48 trillion. TKDD is allocated to the village fund in the amount of Rp72 trillion, and transfers to the region have amounted to Rp723.48 trillion. The most crucial part of the state expenditure is the Transfer to Region and Village Fund (TKDD). Every receipt of the village fund obtained is mandatory to be appropriately managed and accounted for. The village head is required to report implementation accountability realization result of Local Government Budget to the Regency or Municipal Head in every budgeted year, compile the realization report of revenue and spending budget implementation, as well arrange the accountability report of village revenue and spending budget implementation as has been determined in the Ministry Of Home Affairs Regulation Number 113 of 2014 concerning village fund management guidance.

In order to help the village government arrange a good-quality financial statement, the central government has issued a village fund management application, the Village Financial System (Siskeudes) (Puspasari & Purnama, 2018; Bela & Utama, 2019; Arfiansyah, 2020; and Budiati et al., 2020). The Siskeudes application is created by Indonesia's Finance & Development Supervisory Agency. It has been developed since 2015 to assist the village governance system along with the village fund management (Pratiwi & Pravasanti, 2020). The existence of the village financial system is a government effort to apply internal control in the village environment and is expected to prevent the occurrence of any harmful and undesirable fraud (Sulina et al., 2017). In maximizing the village internal control, the government has issued Ministry Of Village, Development Of Disadvantage Region, and Transmigration Regulation Number 19 of 2015 concerning the execution of government control system in Ministry Of Village, Development Of Disadvantage Region, and Transmigration, which states that an internal control system is an integral process on action and activities conducted periodically by the chairman and staffs to give sufficient trusts to achieve the organization purpose through effective and efficient activities, reliability of financial reporting, state assets security, and compliance to the law.

The internal control applied in the Ministry Of Village environment aims to manage and encourage technical executors and unit leaders to carry out the function, duty, and authority effectively and efficiently to achieve the entity's purpose. The internal control consists of auditing, reviewing, evaluating, controlling, and other supervising activities on task management and organization function to deliver sufficient assurance and effective and efficient defined indicators to create good governance. Inside Siskeudes, internal control becomes a crucial thing to highlight due to the availability of the human resource in the village who can not implement the Siskeudes because of the knowledge limitation (Acha, 2018).

When the human resource can not maximally operate a system due to the knowledge limitation, it can cause the rise of corruption cases of village funds in 2020. One of the cases happened in Cipinang Village, Rumpin, Bogor, West Java, where the village secretary manipulated the social aid recipients' data up to Rp54 million. This act of corruption is caused by the weakness of the village control system (Saputra & Faqih, 2021). A similar phenomenon happened in Sukowarno Village, where Aksari, the village head, falsely used the Direct Cash Aid worth Rp187.2 million for gambling and renting women (Rawas, 2021).

The previous researches concerning the usage of Siskeudes has a lot been done using quantitative methods by distributing questionnaires to village agencies in some subdistricts as an instance the researches conducted by Arfiansyah (2020); Pratiwi and Pravasanti (2020); Trisnadewi et al. (2020). Those researches aim to see the influence of internal control towards village fund management accountability. The result of the research is that the village financial system and internal control influence the village fund management accountability. Qualitative research is also conducted by Pratiwi and Pravasanti (2020) to test internal and external factors which influence the usage of Siskeudes. The research shows that financial interest and perception affect the usage of Siskeudes. Trisnadewi et al. (2020) also use a quantitative method by taking samples of eight villages to investigate what factors influence Siskeudes on enhancing village fund report quality. The result states that user involvement positively influences Siskeudes performance while training programs influence negatively. This research will deeply analyze the internal control applied in villages and the conformity with the issued government regulation.

The previous research by Wilma and Hapsari
(2019) aims to analyze the village financial management based on the Ministry of Home Affairs Regulation Number 113 of 2014. The result says that Banyuanyar Village, Boyolali has applied Siskeudes properly. However, that research has not been able to identify the problem in Siskeudes implementation. This research has the intention to identify the problem in the Siskeudes implementation and notice an internal control as an effort to overcome the problem by the Ministry of Village, Development Of Disadvantage Region Regulation (2015). Another qualitative research is also conducted by Handiyono and Lutfi (2020) in Segarajaya Village through analyzing the implementation of internal control in managing the village fund using COSO internal control components. The result in hand is there are only four indicators of COSO internal control completed, so it is suggested to conduct another deeper promotion concerning the implementation of internal control on village management for village agencies. Unlike the previous research, this research uses internal control indicators from the Ministry of Village Regulation Number 19 of 2015.

This research is conducted during the pandemic of COVID-19, where there are some limitations in doing the direct observation. This research will be carried out in a developed village with a village-owned enterprise (BUMDes) to manage the village interest. Besides, in 2021 Gedangan Village got several sources of income from the government such as Local Own-source Revenue (PAD) amounted to Rp1,914,000,000, village fund amounted to Rp1,057,626,000, Province financial aid amounted to Rp355,000,000, and others. According to the Ministry Of Village (2020) data, the village financial system has constantly improved. With the existence of BUMDes, the village economy cycle should run well because of the village-owned inflow. Nawacita Program of President Joko Widodo states to desire to strengthen districts and villages in Indonesia to manage their resource independently. The government supports this by publishing a village financial system to facilitate recording, income management, and cash disbursement.

Gedangan Village started to use Siskeudes in 2016, which is directly managed by a village treasurer who has joined some training from the government. The village treasurer not only follows the training at the beginning of the period but also join continuously training from the government until now. The periodic training, an excellent controlling implementation, and a good understanding of the system are not always able to reduce risks faced by the villages. The village treasurer can access the Gedangan Village Siskeudes, and the village secretary, so double-entry often occurs. Besides that, data loss has ever happened because the device used is damaged.

The purpose of this research aims to explain internal control implementation in Gedangan Village based on the Ministry of Village Regulation Number 19 of 2015 and explains the effectiveness of internal control implementation in managing the Siskeudes' risks. The result of this research is expected to benefit Gedangan Village as additional information and evaluation of village financial system usage according to the Ministry of Village Regulation Number 19 of 2015 about internal control. It can minimize the risk of fraud and error.

2. Research Framework Development

Village Fund System

Village Fund System is an application issued in 2015 by the Finance & Development Supervisory Agency (BPKP) and Ministry of Home Affairs (Ke- mendagri). This application is based on the Ministry of Home Affairs Regulation Number 113 of 2014 to support the village fund management. In 2018, Ministry of Home Affairs revoked the Ministry of Home Affairs Regulation Number 113 of 2014 and replaced it with Ministry of Home Affairs Regulation Number 20 of 2018 to simplify the village management process from the planning until reporting activities (BPKP, 2018). The documents needed to be input in the Siskeudes are payment request letter, receipt document, budget plan, budget report, tax payment slip, and administration report (Atintyasoutri & Hapsari, 2019; and Arfiansyah, 2020).

The output from Siskeudes is in the form of Village Revenue and Spending Budget, Village asset wealth report, Village Medium-Term Development Plan (RJPM Desa), Village Government Work Plan, Local Government level compilation report, village financial administration document, and re-alization report for each source of funds. Siskeudes is expected to help the village government generate a good-quality and effective report because by inputting the data once, the village government can have a report or an accountability document document (Rivan & Maksum, 2019). The Siskeudes application also has weaknesses and strengths. The weakness is the difficulty for new users to understand how the updated application works and the lack of continuous training. The strength possessed is the existence of Siskeudes assist the vi-
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Village fund management, the existence of supporting internal control system, and the existence of instructions for use issued by BPKP (Sulina et al., 2017, Pratiwi, 2020; and Bawono et al., 2020).

**Internal Control**

Regulation of The Republic of Indonesia Number 60 of 2008 explains that internal control is an integral process on activities and an action conducted periodically by both staff and leaders to reassure the achievement of the objectives through an effective and efficient method. Internal control is a process carried out by an entity personal to assure attaining three types of objectives: financial report reliability, effectiveness and efficiency of operation, and compliance with applied laws and regulation (Sugiyanto & Sumantri, 2019). In 2015, Ministry of Village, Development of Disadvantage Region, and Transmigration Regulation The Republic of Indonesia issued Ministry of Village, Development of Disadvantage Region, and Transmigration Regulation of 2015 concerning execution of village government internal control system. The regulation states that the government internal control system consists of five elements which are:

- Control environment is a creation and maintenance of the whole organization environment that leads to positive behavior, supports the existing internal control, and actualizes healthy management. Control environment consists of standards, structures, and processes that form the basis for implementing internal control in an entity that describes the owner’s attitude, entity management as a whole on internal control, and the importance of internal control role in an entity (Mahmudah, 2019).
- There are several vital elements to assess the control environment: integrity and ethics, organizational structure, human resource practices and policies, and participation of the leader or audit committee. The Ministry of Home Affairs Regulation Number 113 of 2014 concerning Village Fund Management stated that village’s organizational structure must be clear. Village Head has authority to control secretary and treasurer also all the department because he has higher position than them.

- Risk will always exist in deciding or carrying out an activity because risk can not be eliminated but can only be minimized. Risks that can not be detected and reduced will hinder the entity from achieving its objectives. The second component of internal control is risk assessment. The risk assessment is a process of providing an assessment of risk faced by entity units both internally and externally. The risks assessment will include identifying and analyzing risks that hinder the entity from achieving its objectives. The risks assessment will become the basis for determining the management and replacement to prevent the entity from achieving its objectives. Ministry of Village Regulation Number 19 of 2015 states that the objectives of government agencies must be in the form of specific, measurable, achievable, realistic, time-bound, and communicable to all employees to minimizing risk.

- Control activities include procedures and policies that will assist and ensure the agency leadership direction is conducted, and the implementation of control activities must be carried out effectively and efficiently to reach its objectives. The control activities can be a preventive action to avoid problems such as making clear standard operating procedures, segregation of duties, and authorizations. Detective action, such as applying existing control and carrying it out when the problems occur, such as periodic audit or cash reconciliations and corrective controls to improve after problems occur which cause the entity’s objectives can not be achieved such as system repair for data errors. BPKP launches the siskeudes management guidelines and give operator siskeudes training, every village management should have operational standards procedure and structure organizational to make sure that every job can be carried out effectively and efficiently.

- In information and communication, information must be recorded and reported to the leaders and other parties that the entity has determined. Information can be presented in a particular means and timely manner so the leaders can carry out their responsibility. Meanwhile, communication is a process of providing existing information to be shared with those who need it. Information and communication aim to start and record and report every transaction within the entity. Ministry Of Village Regulation Number 19 of 2015 states that village’s treasurer required to submit realization of the implementation village budget report every semester to regency officer.

- The last process after having reasonable internal control is monitoring. Monitoring ensures that internal control is implemented by the standard operating procedures made or the applicable law. Monitoring will assist employees in improving the internal control quality to achieve the entity’s objectives. Monitoring is also performed to ensure that the village follows up on the recommendations, reviews, and audit results. Ministry of Village Regulation Number 19 of 2015 states that not only internal officer who can give monitoring, but re-
gency officer also have access to monitoring. Village’s officer should have routine evaluations internally also externally with regency officer.

3. Data and Method

Types of Research and Data Collection Technique

This research is conducted in Gedangan Village, Tuntang Distric, Kabupaten Semarang, Provinsi Jawa Tengah. This study uses a qualitative descriptive method with a case study approach that will analyze deeply the efficiency and effectiveness of internal control in Gedangan Village financial system. The type of data used is primary data from interviews. There are 3 informants who will be interviewed consist of the Head of Gedangan Village who is Mr. Daroji, the Treasurer of Gedangan Village who is Mrs. Bekti, and Mr Winarno as Secretary of Gedangan Village, who have access to Siskeudes and do direct observation Gedangan Village. The informants will be given several open-ended questions of implemented internal controls to mitigate risks in the use of Siskeudes based on the indicators of internal control elements determined in the Ministry of Village Regulation Number 19 of 2015. The elements specified include the control environment, risk assessment, control activities, information and communication, monitoring. Observations of Siskeudes like how to login the application, inputting data, financial reporting and how to sending database to regency officer. Not only observe the siskeudes but also observe the environmental conditions. Mr Daroji as Village’s Head everyday go to the office to control all of officer. Village’s office looks so warm and friendly. Interview and observation of Gedangan Village were carried out directly from June 3, 2021, to September 23, 2021, at Gedangan Village Office by observing the Village Head monitoring activities of the village officials and seeing the Siskeudes application in Gedangan Village.

Data Analysis Technique

The data analysis used in this study is triangulation data that consists of reducing data, presenting data, and drawing conclusions. The process of reducing data is the process of selecting essential data and choosing data that relates to the research, and discarding data that has no relation to the research. The next step after reducing data is presenting the data. The presentation process includes information and data resulting from the reducing data process, which is arranged and presented to facilitate the drawing conclusion. This research presents the data in narrative form to be easy to understand. After presenting the data, the last stage is taking the core of the research result, drawing conclusions.

4. Result

General Description of Research Object

Gedangan Village is located in the middle area at the foot of Mount Merbabu around Rawa Pening, Tuntang District, Semarang Regency. Gedangan Village has a total population of 4,764 people in 2019. 1,047 of 4,763 residents have not or are not working, 351 residents are housewives, and 54 are retired. Gedangan Village has tourist spot namely "Kali Odo" and is managed by Tourism Group or Kelompok Dasar Wisata (Pordakwis). In addition to tourist attractions, Gedangan Village also has two lands that can be used as plantations and rice fields empowered by human resources and natural resources.

Mr. Daroji leads Gedangan Village and in charge of several Section Heads (KASI) such as Head of Service, Head of Government, Head of Welfare, Head of Service, several Heads of Affairs (KAUR) such as Head of General Affairs and Head of Finance Affairs and several Hamlet Heads namely Head of Jaten, Head of Bendo, Head of Dempel, Kadus Karangnongko, Kadus Gedangan, and Kadus Padaan. Gedangan Village also has technical and cleaning staff.

Siskeudes is application to make village governments manage village finances easier and can help the village government to arrange a good-quality of financial statement. Gedangan Village has been using the Siskeudes application since 2016. Siskeudes application can only be accessed by certain people, as according to the statement of Gedangan Village Secretary who stated, “I can only access Siskeudes and Mr. Winarno, the Village Head, Mr. Daroji can not access it, but we will open it for him if he wants to see it.”

As the Siskeudes operator, the Village Treasurer also participates in training held by the district or regency to improve its quality. There is also periodic promotion when changes or updates to the Siskeudes application. This was also stated by Village Secretary, “Yes, some trainings are given from the district or regency, especially when there is an update on the Siskeudes, this year there has been changed four times because of the pandemic.”

Controlling is carried out by village officials
and the district by requiring the village treasurer to upload data periodically. The uploaded data will be automatically locked, not to be changed back carelessly. This was also stated by the informant, “We submit the data to the district and will be locked automatically, so if we want to change it again, we can not, we need to report it first to the district and then tell them that we want to change it because there are errors or new changes, after that the lock will be unlocked, we can change it then.”

**Internal Control**

**Control Environment**

Gedangan Village is led by a village headside by side with the village secretary in charge of two KAUR (Head of Affairs) and three KASI (Head of Section) with different tasks and functions. The General Affairs is assigned to assist the village secretary in carrying out all general administrative processes, archives, correspondence, preparing village meetings or village deliberations, while the Financial Affairs is in charge of managing village financial administration, managing SISKEUDES, compiling reports on the implementation and accountability of the Village Revenue and Spending Budget (APBDesa). The Government Section functions to carry out governance management, manage village profiles, build society protection, peace, and discipline. The service section provides counseling and motivation for implementing community rights and obligations, encouraging active participation of village residents in village activities such as mutual assistance, patrols, and community service, and building and developing community employment. The welfare section has the task of carrying out the construction of rural infrastructure facilities, development in the health sector such as polyclinics, and education such as schools. In addition to KASI and KAUR, the Village Head also supervises 7 Hamlet Heads. Each village staff is directly monitored by the Village Head, whom the Village Secretary assists directly controlling at the village office and during meetings.

The Village Apparatus can change at any time if it is found that there are employees who are incompetent in carrying out their duties. Gedigan Village has ever encountered cases where one staff is incompetent in carrying out their duties. This was revealed by the informant, “We change positions if there are village staffs whose performance is incompetent or neglects their duties. We had ever dismissed a staff because his task was paying taxes, but he did not pay it until the taxes piled up. At that time, we had rebuked him, we also offered him to change the tax money, but that staff has no good faith and never came to the office more than a week and was dismissed then.”

The training and socialization process will certainly support the optimization of village staff in carrying out their functions and duties so that there is no more incompetent village staff in fulfilling their functions. Decision-making is one of the functions of a village apparatus. Decision-making in Gedangan Village is often done by deliberation. The Village Deliberation is held with the Village Consultative Body (BPD), village public figure, Community Unit (RW), and Indonesian Family Welfare Guidance Programme (PKK). The result from the deliberation is the final decision.

**Risk Assessment**

Risk is unavoidable from an activity. What can be done is to detect it and prevent it from significantly impacting activity. Cases such as manipulations and data misuse can most likely occur if there is no internal control action. Therefore, village officials prevent this by restricting access to Siskeudes as an internal control effort. Siskeudes access is only given to the village treasurer, village secretary, and village head. The informant stated this, “Our efforts to make no cases such as fraud or data leaks is made by limiting Siskeudes access for only two people, me and Mr. Winarno, the village treasurer, after that every semester we must upload data to the district, so there is someone who checks from the district as well. In here, the village head also does the checking.”

The existence of a password to access Siskeudes is a form of internal control. However, it is not enough to have a password. It is necessary to change passwords periodically to prevent hacking and password leaks to maximize it. In Gedangan Village, this is not implemented by the village apparatus according to the following informant’s statement, “No, the password never changed; we are afraid to forget it (the new password).”

The risk of double-entry has ever occurred in Gedangan Village because the village secretary and the village treasurer both have the right to access Siskeudes and input funds. The informant also stated this, “Regarding data input, it had ever happened. I did the input, Mr. Winarno also did the input, so it was doubled. However, fortunately, I
realized it, so I immediately deleted it.”

**Control Activities**

The internal control effort implemented by Gedangan Village in minimizing fraud is the existence of Standard Operating Procedures. According to the sources,

“We have the SOP in the form of a word document given when we joined, and there was also a management group. We learned it by ourselves, read by ourselves.”

SOP was only informed to the village officials when they joined, and there did not promote again. This can lead to misinterpretation or misunderstanding of village officials regarding the SOP made. Besides SOP, the village officials are also required to participate in periodic evaluations held by the Village and District. The informant stated that,

“Our evaluation consists of two sources from the village or district. The evaluation is every Monday but also sometimes once a month. However, it is usually flexible from the district if certain things need to discuss.”

**Information and Communication**

The village officials have a communication tool called WhatsApp group. That group is used to coordinate and share information so that not only one staff knows the information but all the village officials. This was stated by the informant

“Information about training is usually obtained from the group because there is an operator group in all districts. Generally, much information comes from there and is shared with the village staff's group. If the information is general, such as information about residents getting Covid, the Village Head has known it first from the public health center (puskesmas). It will be shared with the village staff group, so we know the information from the group.”

Each information obtained or those who need deliberation first will be decided or discussed in the village deliberation. The village deliberation is done flexibly based on the urgency.

**Monitoring**

Gedangan Village does not have an auditor or staff who focus on auditor function, but the monitoring remains conducted. The monitoring is performed periodically by Mr. Daroji as the Head of Gedangan Village.

“The Village Head often comes to the office to check and communicate with us. Relating to Siskeudes, every semester we send the data to the district maybe that is how they (the district) do the monitoring.”

5. **Discussion**

The Ministry of Home Affairs Regulation Number 113 of 2014 concerning Village Fund Management stated that Village Head as authority holder is assisted by the village secretary and treasurer in planning, managing village finance until the reporting and accountability. Gedangan Village has implemented this policy with evidence of the village secretary and treasurer's role in the organizational structure of Gedangan Village, and both of them jointly manage village finances and have access to Siskeudes. The research by Artini et al. (2017) in Tigawasa Village also implemented the same thing. The Village Head was accompanied by the village secretary and treasurer to manage village finances.

The next policy is the village secretary acts as the implementing coordinator for village financial management. It is not only written in the Ministry Of Home Affairs Regulation Number 113 of 2014, Director General of Village Government Development, Ministry of Home Affairs also said at the Malang Village Secretary Capacity Building Training that the village secretary must be able to carry out administrator functions with full responsibility because the village secretary has the task of helping the village head in the field of administration to all village government apparatus. Gedangan Village has also implemented this policy. Position of the secretary in the village organizational structure is higher than the village treasurer so that the village secretary has the right to participate in the management of village funds carried out by the treasurer and has the right to supervise the work of the treasurer. The village treasurer is obliged to record every receipt and expenditure and close the books at the end of the month, also stated in the Ministry Of Home Affairs Regulation Number 113 of 2014. The Gedangan Village Treasurer has also implemented it by recording every receipt and even expenditure and closing the books at the end of each month, at least on the 10th of the following month, and reporting it to the Village Head.

Ministry of Village Regulation Number 19 of 2015 determines an internal control system applied in government organizations. The first indicator is the control environment in which the Government Organization must have an organizational structure by the needs so that the delegation of authority and
responsibility is more precise and more directed. There is a policy regarding the development of human resources. Gedangan Village has implemented this policy proven by the organizational structure, the segregation of duties, and the clear and directed tasks and responsibilities in each position. Besides the organizational structure, Gedangan Village has the Standard Operating Procedure and policies used for the recruitment until the dismissal process of the officials. Gedangan Village is also in touch with Semarang Regency in submitting realization reports every semester through the Siskeudes application. Lembong et al. (2017) state that the government structure is essential to be made to help the village government carry out government management according to the goals and carry out tasks maximally according to the abilities of each administrator. One indicator in the implementation of reasonable control is an organizational structure.

The second indicator is risk assessment, where in Ministry Of Village Regulation Number 19 of 2015 states that the objectives of government agencies must be in the form of specific, measurable, achievable, realistic, time-bound, and communicable to all employees. The implementation form in Gedangan Village is a clear vision and mission that has been communicated to all employees at the beginning of the term. The Vision and Mission of Gedangan Village are also easy to access because it is written on the village website and listed in the village management group. The form of internal control provided by the Indonesian government towards the formulation of the village vision and mission s to require that the Village Vision and Mission made by the village head must refer to the Sustainable Development Goals made by the Indonesian Government because villages are believed to have an impact on accelerating the handling of development on various village problems (Shofa, 2020).

The third indicator is control activities where the separation of functions should be carried out, efforts to control the management of information systems, restrictions on access to resources and records, authorization of important transactions and events, restrictions on access to system software based on job responsibilities and restrictions on access to the entry data terminals. Gedangan Village has a clear separation of functions through its organizational structure. Each village administrator carries out functions according to their respective positions. Access restrictions are also enforced at the Gedangan Village Siskeudes, same as the management village book issued by BPK, which is proven by only the treasurer and village secretary knowing the Siskeudes password. Transaction authorization is also carried out by the village secretary, not only the village treasurer, so that the possibility of fraud can be controlled. This is supported by Martini (2019) research titled with The Accountability of Government’s Internal Control System for The Financial Management of Village Funds in Sembawa Village of that states control activities is including all policies and procedures to help ensure management direction if carried out in accordance with the complexity, nature of the tasks and the function of the institution concerned produces a positive influence in increasing the accountability of the financial management of village funds.

The fourth indicator, information and communication, is evaluated by internal and external parties. Gedangan Village has also implemented this in accordance with Ministry of Village Regulation Number 19 of 2015, where routine evaluations are carried out internally by village officials. There is also a particular schedule for external village evaluations, such as the districts. Information authorization is carried out directly by the village head of Gedangan. Any information obtained by the village apparatus will be forwarded to the WhatsApp group to communicate well in Gedangan Village. Information and communication are essential components of internal control. This is also stated by Homenta & Afandi (2015) that the Halmahera Regional Office communicates all information through the SIMDA application so that the local community can find out the information. As has been implemented by Gedangan Village, any information regarding village budgets or activities is communicated through the Village website so that village communities and the general public can follow the information provided by Gedangan Village.

Monitoring, the last indicator, concerns that the Head of Government agencies is obliged to carry out continuous SPI monitoring, internal and external evaluations, and follow-up on recommendations from audit results and other reviews. It is implemented in Gedangan Village. There is an internal evaluation every week, and an external party carries out an evaluation every semester. The Gedangan Village Head also conducts direct monitoring by coming to the office every day. Research by Widyatama et al. (2017) shows that monitoring from the government can improve financial accountability through improvements and evaluations of internal controls implemented.
6. Conclusion and Suggestion

Conclusion

This research analyses the effectiveness of internal control in the village financial system. The internal control effectiveness is measured using five indicators of internal control from the Ministry Of Village Regulation Number 19 of 2015, namely Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring. The research which has been conducted in Gedangan Village concludes that internal control in the village financial system has been implemented effectively enough because there are internal control efforts which have been applied in every indicator inside the Ministry of Village Regulation Number 19 of 2015, such as procurement of organizational structure and Standard Operating Procedure, segregation of duties, clear and directed vision and mission, access restrictions, clear means of communication to share information and do monitoring which is directly carried out by the village head. Nevertheless, there is still potential for fraud because several internal control indicators that have been implemented have not been followed up regularly, such as SOPs that are not re-informed, the double-entry by the secretary and treasurer, no change of passwords.

Suggestion

The village officials can use this research result to understand the used effective internal control in Siskeudes. It can be used as evaluation material for the village officials especially the Village Head, Village Secretary, and Village Treasurer to maximize the implemented internal control to prevent any potential fraud. This research is conducted during the pandemic of COVID-19, so it is challenging to meet the whole village officials staff to do the observation and interview. It is also hard to make an appointment with the informant. The topic discussion is sensitive enough, so the interview result does not reflect the actual condition.

The following research can research more than one village object to be compared directly. The village needs to maintain consistency in managing Siskeudes and implement the internal control and be more assertive and do a follow-up on every existing internal control periodically.

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Tentang Desa.


