

EMPOWERMENT OF NAWACITA IN VILLAGE DEVELOPMENT (FINANCIAL RELATIONSHIP OF GARUT REGENCY AND KARANGMULYA VILLAGE)

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Abstracts

The village is a subsystem or part of the district /city government, therefore it exercises part of the authority of the district/city government. Decentralization of regional financial management is carried out through fiscal decentralization. The purpose of this paper is to determine the financial relationship between the district government and village government in the context of regional autonomy in the government of Garut Regency and Karangmulya Village in the post-reform era, 1998-2019 period. Research methodology this research is included in the form of normative juridical research, namely research that emphasizes the use of written legal norms. The result is that the financial relationship between the Garut Regional Government and the Karangmulya Regional Government can be seen from the distribution of tax revenue and regional distribution as well as the distribution of authority and balance of funds as part of the implementation of village income sources as stipulated in the Act. Number 23 of 2014 concerning Regional Government and Law Number 6 of 2014 concerning Village Administration in the context of implementing regional autonomy and empowering village autonomy that is oriented towards community welfare as mandated by the Nawacita. One of the development strategies in Indonesia is to increase the distribution of development and its outcomes through sectoral development policies and community performance, especially in rural areas.

Keywords: regional autonomy, nawacita, village finance

1. INTRODUCTION

Of the many Regional Government Laws, there are three dominant regional autonomy paradigms in reading the main substance of regional regulation by the state, namely centralistic, federalistic, and mixed. The three paradigms were adapted to the socio-political constellation that developed at that time where the characteristics of the central government regime also influenced the central perspective on the regions. During colonialism, the dominant paradigm in implementing regional autonomy policies was centralized. This pattern was used to increase the consolidation of colonial government power and also to facilitate the process of exploitation and mobilization of economic resources in the regions. Meanwhile, the formulation of the implementation of regional autonomy during the republican period was very experimental and temporary, so that a common consensus has not yet been reached in formulating an ideal regional autonomy design for regional government in Indonesia. The implications can be seen from the various kinds of constitutional claims that were submitted, such as 010/PUU-I/2003 and 016/PUU-III/2005 which questioned the contestation of regional

identity which was fought for in the formulation of a new autonomous region, 070/PUU-II/2004 regarding the balance fund. Regions, as well as 11/PUU-VI/2008 regarding the exclusive status attached to DKI Jakarta as the capital of the country which is different from other autonomous regions. (Jati, 2012).

The distinction between these autonomous regions provides multiple interpretations of the true meaning of the implementation of regional autonomy, namely what is meant by regional autonomy? Whether regional autonomy intends to further strengthen national integration as well as strengthen the nation-building process or does it actually divide the unitary state because the regions have their own separate powers that are different from the center. The absence of a common consensus in determining the ideal paradigm in the implementation of regional autonomy has triggered various upheavals in the regions who are dissatisfied with the regional regulation policies carried out by the central government. The regions feel that they are only objects of power from the central government, while the central government considers that the regions have burdened the state budget with the ever-increasing balance of balance funds whose nominal value is increasing in each fiscal year. In the various complexities of regional autonomy that occur at the local level, the dominant factors underlying the formation of new autonomous regions (DOB) are primordialism and ethnicity barriers that are so inherent that then escalated in various fields, especially concerning the economy and politics (Jati, 2012).

At first, before the formation of a government system that controlled the entire archipelago as a state unit, the affairs managed by the village were matters that had indeed been carried out from generation to generation as norms or even some of those norms had been institutionalized into a form of law that is binding and must be obeyed jointly by the village community, known as customary law - cultural customs as well as community service and development affairs (government affairs) - even to the point of applying sanctions, both civil and criminal. Such affairs, in theory and practice of the local government system in Indonesia, have so far been known as "original affairs".

The purpose of this study is to examine and analyze the decentralization system in Indonesia, which is followed by fiscal decentralization, which is only intended for district areas, not to village administrations which are autonomous regions which are recognized by the 1945 Constitution Article 18 B and Law No. 23 of 2014 concerning Regional Government.

2. LITERATURE REVIEW

Nawacita is a development vision launched by President Joko Widodo and Vice President Jusuf aimed at achieving development effectiveness and efficiency through clean, effective, democratic, and reliable governance; develop Indonesia from the periphery to strengthen and increase the productivity of regions and villages within the framework of a unitary state. In this case, Nawacita affects the politics of the state budget in realizing a just and prosperous Indonesian society (Sudjana, 2018).

The nine programs of President Jokowi-JK in Nawacita include bringing back the state to protect the entire nation and providing a sense of security to all citizens, making the government not absent by building clean, effective, democratic and reliable governance, building Indonesia from the periphery, rejecting the state. weak by reforming the system and law enforcement, improving the quality of Indonesian human life, increasing people's productivity and competitiveness in the international market, realizing economic independence, revolutionizing the nation's character, and strengthening diversity and strengthening Indonesia's social restoration. Sudikno Mertokusumo in Agus Saiful Abib said that this is as one of the theories of the purpose of law, namely the Utilistic (Eudaemonistic) theory, that law wants to guarantee the greatest happiness for humans in the greatest number of people (the greatest good of the greatest number). In essence, according to this theory, the purpose of law is benefit in producing the greatest pleasure or happiness for the greatest number of people (Agus Saiful Abib, 2017).

The focus of the Nawacita is on accelerating infrastructure development, including the development of village physical and social infrastructure; increasing production capacity and human resource capability as well as deregulation and debureaucratization. The strategic aspect of nawacita is through the acceleration of legal reform in order to fulfill legal certainty and fulfill the sense of justice of the people, as well as continue to encourage bureaucratic reform to provide more excellent public services; In addition, there is a change in the budgeting paradigm that is more fulfilling the priority scale that is used for the benefit of the people through real programs, through real work, and feels the benefits for the people (Setiawanto, 2016).

Arsyad in Rahayu & Badrudin said that the management of resources controlled by local governments either through balancing funds or partnerships with the private sector can increase economic development in an area and absorb labor, where this potential has not been utilized optimally and there are many obstacles in its implementation. For that through Law no. 22 of 1999 concerning Regional Government and Law no. 25 of 1999 concerning the Fiscal Balance between the Central Government and Regional Government which was subsequently updated through Law no. 23 of 2014 concerning Regional Government and Law no. 33 of 2004 concerning Financial Balance between the Central Government and Regional Government (Rahayu & Badrudin, 2019).

The decentralization of financial management can realize the welfare of the community. Rudy Badrudin and Baldric Siregar in Eka Ningsih Puji Rahayu, Rudy Badrudin said that the management of regional financial resources through regional autonomy is fiscal decentralization used by regions in developing their regions according to the characteristics of the region (Marianus Manek, 2016).

The consequence of the delegation of some government authority from the central government to autonomous regions, is none other than the delivery and transfer of financing, facilities and infrastructure, human resources (HR) in accordance with the delegated authority, then Law Number 33 of 2004 was issued which replaced the existence of Law Number 33 of 2004. -

Law Number 25 of 1999 and Law Number 32 of 1956 concerning Financial Balance between Central and Regional Governments (Syafudin, 1985).

In the current state administration system in Indonesia, the village area is part of the sub-district area, so that the sub-district becomes the coordinating instrument of the supra-village rulers (the state through the government and local governments). It is clarified in Article 371 paragraph (1) of Law Number 23 of 2014, which states: "In a district/city regional government a village government can be formed". The use of the term "established" emphasizes that the Village government is a subsystem or part of the district/city government, therefore it exercises part of the authority of the district/city government. In this law, the village is a government unit within the district / city government.

From the aspect of the constitution in Article 18 paragraph (1) of the 1945 Constitution that the relationship between the central and regional governments is hierarchical and vertical but does not specifically mention the relationship with village government because it is a subsystem of regional government, however, based on Law no. 23/2014 there is no synchronization, it is shown that. However, this developed with the issuance of the Village Law, that recognition and respect for existing villages with their diversity before and after the formation of the Unitary State of the Republic of Indonesia was recognized and given clarity on the status and legal certainty of villages in the constitutional system of the Republic of Indonesia in order to realize justice for all people of Indonesia. The relationship of "custodial care and succession" can be seen in a perfect, strong relationship that transcends centralism and localism - where the position of the Unitary State of the Republic of Indonesia becomes stronger with support through people's sovereignty, and the position of the region/village becomes more independent and empowered - namely the center that "respects" local and local who "respect" the center. Village independence will be the foundation and strength of the Unitary State of the Republic of Indonesia and Indonesia's imagination. The marginalization of the village will weaken the position of the Unitary State of the Republic of Indonesia, so that it is necessary to empower the village as a local entity that is socially powerful, politically sovereign, economically empowered and culturally dignified. Based on the reality on the ground, it shows that in the implementation of village authority the main problems faced include first, in the authority of origin where the position of the Village which is a transitional village from a traditional village to a modern village resulted in the existing customs and culture not being so strong and autonomous. the original owned began to fade with the passage of time. In its implementation, the regulation regarding the Village has not been able to accommodate all the interests and needs of the Village community which until now has numbered around seventy-three thousand Villages. In addition, the implementation of village regulations that have been in effect so far are no longer in accordance with the times, especially regarding the position of customary law communities, democratization, diversity, community participation, as well as progress and equitable development, resulting in regional disparities, poverty, and socio-cultural problems. Which may disturb the integrity of the Unitary State of the Republic of Indonesia.

To support the position of villages that are independent and have socio-cultural integrity and are also economically empowered, the Government enacted Law Number 6 of 2014 concerning Villages, on January 15, 2014. This Law was drafted in the spirit of implementing the constitutional mandate, namely the regulation of the legal community. Customary law in accordance with the provisions of Article 18B paragraph (2) to be regulated in the governance structure in accordance with the provisions of Article 18 paragraph (7). However, the authority of the customary law community unit regarding the regulation of customary rights refers to the provisions of the relevant sectoral laws and regulations.

However, the law has not regulated all aspects of village life, especially those related to social aspects - customs, local wisdom, social capital, local wisdom, etc. - Villages that have been running normally. The task of the state is to provide recognition, recognition and protection to aspects of village society to strengthen the position of the village, not through intervention - therefore the Village Law is only governance which will support the implementation of national development. The implementation of village authority is distributive for local government, so it is assumed that the village government is difficult to implement its village autonomy because there are new government affairs (Pakaya, 2016).

Village administration based on the General Elucidation of Law Number 23 of 2014 concerning Regional Government with regard to point ten which states that the village, is a legal community unit that has jurisdictional boundaries, has the authority to regulate and manage the interests of the local community based on origins and customs. Local customs that are recognized and/or established in the national government system and located in districts/cities, as referred to in the 1945 Constitution of the Republic of Indonesia.

The sociological aspects of village regulation are diversity, participation, genuine autonomy, democratization and community empowerment through the village government. Distributive authority through assignment or delegation from the Government or local government to carry out certain government affairs. Meanwhile, for villages outside genealogical villages, namely villages that are administrative in nature such as villages formed due to village expansion or due to transmigration or for other reasons whose citizens are pluralistic, plural or heterogeneous, then village autonomy will be given the opportunity to grow and develop following the development of the village itself. . As an embodiment of democracy, in the administration of village government a Village Consultative Body or other designations are in accordance with the culture that develops in the village concerned, which functions as a regulatory agency in the administration of village governance (Makara, 2011).

Village government is carried out based on established legal rules based on the same agreement and views in realizing a better village life, in village government leadership, rules and regulations are needed that must be obeyed and obeyed by the village community (Citranu, 2022). The legal rules are Law Number 6 of 2014 concerning Villages and the implementing regulations of Government Regulation Number 47 of 2015. Village administration is part of the national government whose implementation is aimed at rural areas. Village governance is a process in which the efforts of the village community concerned are combined with government efforts to improve the standard of living of the community

(Surasih, 2006). Village Consultative Assembly (BPD). The Village Government or referred to by other names is the Village Head and Village Apparatus as elements of village government organizers are as follows (Rudy, 2013):

1. The Village Government

a. According to Talizidhuhu Ndraha, the Village Head, Village Head is a leader in the village, all matters concerning prosperity, community welfare development and others are the obligations of the village head as a formal leader appointed by the government. According to Tahmit, the Village Head is the leader of a village in Indonesia, the Village Head is the leader of the village government, the term of office of the Village Head is 6 years, and can be extended for another one more term. The Village Head is not responsible to the Camat, but is only coordinated by the Camat. The position of the village head can be called by other names, for example, wali nagari, pambakal, old law, perbekel, maintenance. Based on this understanding, it can be concluded that what is meant by the Village Head is someone who is in charge of administering the Village Government, implementing Village Development, fostering Village community, and empowering the Village community (Ndraha, 2015).

b. Village apparatus, Village apparatus consists of the village secretariat, regional implementers, technical implementers. The village apparatus is tasked with assisting the village head in carrying out his duties and authorities. Thus, the village apparatus is responsible to the village head. The Village apparatus is appointed by the Village Head after consultation with the Camat on behalf of the Regent/Mayor. In carrying out their duties and authorities (Undang-Undang Republik Indonesia Nomor 6 Tahun 2014 Tentang Desa (Lembaran Negara Republik Indonesia Tahun 2014 Nomor 7, Tambahan Lembaran Negara RI Nomor 5495), 2016)

c. The Village Secretariat is led by the village secretary assisted by elements of the secretariat staff who are tasked with assisting the village head in the field of government administration. The Village Secretariat consists of at most 3 (three) areas of affairs, the provisions regarding the field of affairs are regulated by a Ministerial Regulation. The regional implementer is an assistant element of the village head as a regional task force. The number of regional executors is determined proportionally between the required regional executors and the financial capacity of the Village. The technical implementer is the assistant element of the Village head as the executor of operational tasks. The technical implementer consists of at most 3 (three) sections, the provisions regarding the technical implementer are regulated by a Ministerial Regulation (Peraturan Pemerintah Nomor 47 Tahun 2015 Perubahan Peraturan Pemerintah Nomor 43 Tahun 2014 Tentang Peraturan Pelaksanaan Undang-Undang Republik Indonesia Nomor 6 Tahun 2014 Tentang Desa, 2015).

2. Village Consultative Body (BPD)

The Village Consultative Body or what is called by another name is an institution that carries out government functions whose members are representatives of the Village population based on regional representation and are determined democratically. Members of the Village Consultative Body are representatives of the Village population based on regional

representation whose filling is carried out democratically (Peraturan Pemerintah Nomor 47 Tahun 2015 Perubahan Peraturan Pemerintah Nomor 43 Tahun 2014 Tentang Peraturan Pelaksanaan Undang-Undang Republik Indonesia Nomor 6 Tahun 2014 Tentang Desa, 2015).

The membership period of the Village Consultative Body is for 6 (six) years from the date of taking the oath/pledge. Members of the Village Consultative Body may be elected for a maximum membership term of three consecutive times or not consecutively. Based on the above understanding, the author can conclude that the village government structure is a systematic arrangement of village government consisting of the village government and the BPD. In addition to the BPD in the village government structure, there is a Village Owned Enterprise (BUMDes).

Village-Owned Enterprises are village businesses managed by the Village Government, and are legal entities. The Village Government may establish a Village-Owned Enterprise in accordance with the needs and potential of the Village. The establishment of a Village-Owned Enterprise is stipulated by a Village Regulation. The management of the Village-Owned Enterprises consists of the Village Government and the local village community. Village-Owned Enterprises' capital can come from the Village Government, community savings, Government assistance, Provincial Government and Regency/Municipal Governments, loans, or other party's capital participation or profit-sharing cooperation on the basis of mutual benefit. Village-Owned Enterprises can make loans, which can be done after obtaining BPD approval.

Village Fund Allocations are funds allocated by the General Provisions of Law Number 6 of 2014 concerning Villages. Regency/City Government for the village, which is sourced from the part of the central and regional financial balance funds received by the Regency/City. The Village Revenue and Expenditure Budget, hereinafter abbreviated as APB Desa, is the annual financial plan of the village government which is discussed and approved jointly by the Village Government and BPD, which is stipulated by a Village Regulation. The establishment of Village-Owned Enterprises is based on Law Number 32 of 2004 concerning Regional Government Article 213 paragraph (1) states that "Villages can establish village-owned enterprises in accordance with the needs and potential of the village" and is also stated in Government Regulation (PP) Number 71 of 2005 About Village. The establishment of this village business entity is accompanied by efforts to strengthen capacity and is supported by regional (district/city) policies that participate in facilitating and protecting village community businesses from the threat of competition from large investors. Considering that Village Owned Enterprises are new economic institutions operating in rural areas, they still need a solid foundation to grow and develop. The foundation builder for the establishment of BUMDes is the Government, both central and regional.

In Law Number 6 of 2014 concerning Villages it is also mentioned that Village-Owned Enterprises, hereinafter referred to as BUM Desa, are business entities whose capital is wholly or most of the capital owned by the Village through direct participation originating from Village assets which are separated to manage assets, services, and other businesses for the maximum welfare of the Village community. In Law Number 6 of 2014 there are 4 articles

that describe BUMDes, each of which consists of: Article 87 Regarding the spirit that underlies the establishment and management of BUMDes, Article 88 regarding the establishment of BUMDes, Article 89 regarding the benefits of establishing BUMDes and Article 90 regarding the direction of BUMdes business development that is beneficial to village communities. From Law Number 6 of 2014 concerning Village Administration, it can be concluded that BUMDes is currently expected to play an important role in developing village potential, especially in managing village finances in its territory.

Karangmulya Village is a village located in Kadungora District, Garut Regency, the location is on Jalan Raya Rancasalak + 1 Km from the Kadungora sub-district office. Karangmulya Village is a division of Karangtengah Village in 1981 on the grounds that the population is increasing every year. The naming of Karangmulya according to community leaders is intended so that the new village (Karangmulya) is more noble than the previous village.

Based on historical records, Karangmulya Village was formed in 1981, Karangmulya Village is a division of Karangtengah Village as the parent of Karangmulya Village. The reason for the formation of Karangmulya Village is that the number of residents and the geographical area is sufficient to meet the requirements to be expanded with a fairly large area. Sources of village income include Bengkok (Tanah Carik) from village land, customary land, and State land. The Village Heads from the establishment of Karangmulya Village were: 1. Endung (1981 – 1984); 2. Acting Yono Sunaryo (1984 – 1987); 3. Enco Sunardi (1987 – 1995); 4. Moh. Irus Rusdi (1995 – 2003); 5. Engkam Kamaludin (2003 – 2014); 6. Acting Ahmad Saepudin (2014 – 2015); 7. Edi Tito (2015 – 2021).

The culture of the Karangmulya Village Community that has existed since ancient times includes; The Ngaruat overtime tradition, the Pilgrimage Tradition, the Seven Months Hajat Tradition, the Numbal Bumi Tradition, the ampar samak tradition and others. The Karangmulya Village area is summarized in the Kadungora District area.

3. METHOD

This research is included in the form of normative juridical research, namely research that emphasizes the use of legal norms in writing.¹²⁶ the legal norms are Law Number 23 of 2014 concerning Regional Government and Law Number 6 of 2014 concerning Village Government and Law No. Law Number 33 of 2004 concerning the Balance of Central and Regional Finances.

This research is prescriptive because this research focuses on problems and is associated with legal theories in practice, which are related to the problems to be studied through this method. -laws and legal principles related to legal theories of regional and village governance.

4. DISCUSSION

Marbun S.F said that power is one of the main problems in a rule of law (Marbun, 1997). Sri Soemantri said that in a state of law there are four main elements, namely the implementation of government based on laws and regulations, guaranteeing human rights, division of power

in the state through the establishment of state institutions and the existence of supervision and the existence of a judicial institution. (Soemantri, 1992). J.T.C Simorangkir said that the actions of the state or government must be based on its usefulness (*doelmatigheid*) and its legal basis (*rechtmatigheid*), namely the protection and realization of general welfare based on the state constitution not only to protect the entire Indonesian nation and the entire homeland of Indonesia, but also to promote public welfare and educate the public. the life of the nation in accordance with the constitution which is a *staatsfundamentalnorm* (Simorangkir, 1983).

The village must be transformed through local government policies so that the village can develop as an independent institution integrated with the government as a whole and form the village as an agent of change in society. Regional autonomy is not a total decentralization because there are two other concepts that are also implemented at the same time as decentralization, namely de-concentration and co-administration. Decentralization is defined as the transfer of government authority by the government to autonomous regions to regulate and manage government affairs in the system of the Unitary State of the Republic of Indonesia (NKRI). Meanwhile, de-concentration is defined as the delegation of authority from the government to the governor as a representative of the government and/or to vertical agencies in certain areas. The co-administration task is defined as an assignment from the government to the region and/or village from the provincial government to the district/city and/or village, as well as from the district/city to the village to carry out certain tasks. From the territorial point of view, an autonomous region is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs and the interests of the local community according to their own initiative.

Based on the aspirations of the people in the system of the NKRI, it is stated that the regional government is the provincial government and the regency/city regional government. Based on this, the implementation of decentralization is not only within the scope of the district but also at the provincial level.

In its implementation, there are several examples of the main issues that must be resolved in order to support the implementation of regional autonomy, namely:

- 1) The government's role in natural resources. There is a lack of clarity in the laws and regulations governing the roles and functions of the government and/or local governments on the control, utilization, and management of natural resources and it is clear that the rights of indigenous peoples to the control and management of natural resources are being ignored.
- 2) Community participation in law. The lack of community participation in the process of forming regulations or regulatory policies on natural resource management and the lack of transparency in the decision-making process have resulted in conflicts in the regions or between regions. For example, the occurrence of conflicts regarding the use of water and land between one area and another, for example the case of a dispute between Sungai Tanang Village and the City Government of Bukittinggi Cq. PDAM.

3) Unclear land status arises (aanslibbing). There is no clarity as well as a description of the status of land arising in the land law as regulated in the Basic Agrarian Law. The rules that are found in a community, occupation and discovery of land arise so far only can be owned or encumbered by individual rights by members of the community. An example of the occurrence of cases of land arising (aanslibbing) on the north coast of Java.

4) Issues of access to law and justice. For the poor at the local level, the issue of access to law and justice is not a legal-technical problem (laws and regulations, the capacity of law enforcement agencies), but rather a socio-political problem (weak bargaining position for the poor).

5) Limited legal apparatus to reach cases in remote areas. Dispute resolution in remote areas generally uses informal settlement methods (using customary settlements mediated by traditional leaders, village officials, religious leaders, teachers). If this method is not successful, a formal settlement (court) will be used, but it is constrained by costs and limited legal apparatus.

The direction of development is through a comprehensive and consistent arrangement of regional autonomy while remaining within the framework of the Unitary State of the Republic of Indonesia with the following development strategies: 1. fairer regional central financial balance; 2. more democratic, efficient, peaceful and dignified regional head elections; 3. development of inter-regional cooperation; 4. Equal distribution of quality human resources is proportionally distributed in the regions. The implementation of regional autonomy that adheres to the principle of broad, real, and responsible autonomy. In relation to central and regional finance, as a consequence of implementing fiscal decentralization, it is inseparable from the national state financial system. The principles of good financial system governance must be the foundation of the fiscal decentralization policy. Therefore, the principles below must be the basis for each component of the balancing fund. The Village Government shall prepare a village development plan in accordance with its authority by referring to the district/city development planning. The Village Development Planning includes the Village RPJM and Village RKP which are prepared in a term basis and stipulated by Village Regulations. The Village Medium-Term Development Plan (RPJM Desa) is for a period of 6 (six) years while the Annual Village Development Plan or the so-called Village Government Work Plan (RKP Desa) is for a period of 1 (one) year. RKP Desa is an elaboration of the Village Medium-Term Development Plan. Village development planning is prepared based on the results of the agreement in village meetings, the implementation of which is no later than June of the current budget year. The principles of governance in village governance are as follows:

1. Transparency. The principle of transparency in balancing funds must contain detailed narrative and quantitative information, including: revenue and expenditure mechanisms, allocation mechanisms for each region and their explanations, as well as the formulas used. Each balancing fund with indicators or variables used in the formula for determining the balancing fund must be available to the public. So that the public or the regions can verify and simulate the formula for the indicators used.

2. Accountability. The principle of accountability in the balancing fund implies the availability of a complaint mechanism for the regions and the allocation of a balancing fund that can be accounted for according to the criteria and objectives. Regions have room for complaints when the allocation of regional transfers that are allocated is not in accordance with the formula, criteria or conditions as well as regional potential. Therefore, it is necessary to have an institution that handles this complaint mechanism consisting of elements from the central government and regional representatives, such as the DPD (Regional Representative Council). In accordance with the constitutional mandate, the role of the DPD as a mediation in determining the balancing fund cannot be denied.

3. Participation. Where there are discretionary regional transfers to local governments, opportunities for citizen involvement must be available to provide input on the budgeting, implementation and evaluation processes. Balancing funds must reflect the aspirations of the local community or in accordance with the needs of the region. Therefore, the balancing fund scheme must also provide a guarantee of regulation of citizen participation in the planning and budgeting process along with an explanation of how the residents' input is handled (input is accepted, accepted with modification or input is rejected with an explanation). Legal protections should also be available to minority and marginalized groups to protect them from discrimination and ensure they can participate.

4. Equality. The distribution of balancing funds between local governments must take into account equity, and be directed based on the need for services, rather than considerations on the supply side such as personnel and infrastructure. The policy of balancing funds so far, aims to overcome the fiscal gap between regions, the constitution mandates the welfare of the people, while the government is the executor, therefore the welfare of the people must be achieved to reduce the gap in income per capita between residents in a region. Because every citizen has the same need for the minimum services needed, the balancing fund must be based on the needs for the minimum services required by its citizens.

5. Money follows authority. Fiscal decentralization must follow the authority that is the responsibility of local governments. Bhal (1999), states that most mistakes in implementing fiscal decentralization are starting with the distribution of income, it should be determined first how much budget is needed at each level of government to provide public services, then determine what revenues need to be given to the regions. Therefore, the policy of balancing funds must be based on how much expenditure needs are needed by the regions to provide decentralized public services. So far, an average of 33% of state spending is allocated for regional transfers. However, in financial notes it is often stated that state expenditures allocated to the regions reach up to 60%, including deconcentration and co-administration funds, assistance to the community and subsidies. Considering that most public service matters have been decentralized to the regions, a minimum of 50% of state spending should be allocated in the form of transfers to the regions (balancing funds). With a note, deconcentration funds and assistance tasks that have been handed over to the regions must be part of regional transfers, including direct community assistance which has been the funding for joint affairs. Uang mengikuti kewenangan.

6. Simple. The balancing fund policy should be simple and easy to understand. Bhal (1999), identified complex matters in the regional transfer system that should be avoided, such as; the difficulty of determining the allocation of the formula because it is not supported by the adequacy of the available data. The data used in the formula is not available so an estimation method is needed. Data may be available for a period but cannot be updated due to the high cost of collecting data. DAU cases that require a lot of data, such as HDI, are not available every year to confirm this issue. Likewise, DAK requires technical ministry implementation guidelines for its implementation.

7. Incentives and Disincentives. The balancing fund system must be able to create a climate for local governments to make efficient and effective allocations to achieve the goal of decentralization, namely the welfare of the people in the regions. Regions get incentives for balancing funds, if they make personnel expenditure efficiency, increase their income, as well as good budget management and are able to improve indicators of community welfare. On the other hand, the balancing fund must protect the occurrence of regional expansion and large personnel expenditures, and slow to improve the welfare of its citizens.

8. Medium-Term Transfer Framework. The certainty of funding, especially the source of income from balancing funds, helps the regions to carry out proper budget planning. Therefore, the certainty of the source of the balancing fund, which is still a dependency for the region, must be in the form of a medium-term expenditure framework, by including information on the forward forecast of the balancing fund that will be received by the region, at least for the next two years.

9. Closed list of balancing funds. Political bias in the allocation of balancing funds is very likely to occur. The existence of a new type of balancing fund outside the component of the balancing fund regulated in the law has the potential to undermine the purpose of the balancing fund to address the fiscal gap. Therefore, the guarantee of the legal framework must cover the presence of new balancing funds other than those regulated in the law.

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Village development in the era of President Joko Widodo's leadership became one of the national development agendas contained in the third Nawa Cita, namely "Building Indonesia from the periphery by strengthening regions and villages within the framework of the Unitary State of the Republic of Indonesia" as stated in Presidential Regulation Number 2 of 2015 concerning the RPJMN. 2015-2019. Law Number 6 of 2 of 2014 concerning Villages along with regulations related to villages become regulatory instruments in implementing the presidential nawacita. The potential problem that will arise with this inconsistency is the existence of high levels of fraud in the Village Government. According to the Association of Certified Fraud Examiners (ACFE), fraud is a fraudulent act that is carried out in a variety of

cunning and deceptive ways and is often not realized by the victim who is harmed. There are three types of fraud, namely asset abuse, financial statement fraud and corruption. Financial statement fraud appears in the presentation of financial reports (APBDesa reports) which are manipulated so that they do not reflect the actual conditions. The potential for fraud in asset management needs to be anticipated, controlled through structures and systems and prevented so that the use of village funds can be utilized for the benefit of the village community as a whole. All agencies should work together in synergy in the context of controlling and supervising funds in the village, including the village government, sub-district government, village assistants and district government. The Inspectorate as an OPD of the Karanganyar Regency Government in charge of carrying out village financial supervision in the context of supervising the implementation of the Village government. Several potential frauds, especially in asset management, need to be identified and mapped together for further control measures to be taken to minimize this potential, as follows:

A. Legal Basis of Village Financial Management

- 1) Law Number 6 of 2014 concerning Villages;
- 2) Government Regulation (PP.) Number 43 of 2014 concerning Implementing Regulations of Law No. 6 of 2014 concerning Villages;
- 3) PP. No. 47 of 2015 concerning amendments to Government Regulation no. 43/2014
- 4) PP. No. 60 of 2014 concerning Village Funds sourced from the APBN
- 5) PP 22 of 2015 concerning amendments to Amendments to Government Regulation No. 60 of 2014
- 6) Regulation of the Minister of Home Affairs No. 113 of 2014 concerning Village Financial Management;
- 7) Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration of the Republic of Indonesia concerning Determination of Priority for Use of Village Funds in 2016
- 8) Regulation of the Minister of Home Affairs No. 7 of 2008 concerning guidelines for supervising the administration of village governance
- 9) Regulation of the Minister of Home Affairs No. 113 of 2014 concerning Village Financial Management Article 44
- 10) Regulation of the Minister of Home Affairs No. 71 of 2015 concerning Supervision Policies within the Ministry of Home Affairs and the Implementation of Regional Government in 2016;
- 11) Regional Regulation of Karanganyar Regency Number 12 of 2015 concerning Village Development and Village Cooperation;
- 12) Karanganyar Regent Regulation Number 85 of 2015 concerning Village Financial Management

B. Village and Village Finance

Based on Law Number 6 of 2014 concerning Villages, it is clearly stated that the Village is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs, the interests of the local community based on community initiatives, village origin rights and or traditional rights recognized and respected in the system of government of the Republic of Indonesia. Villages are formed with the aim of:

- 1) Professional, efficient and effective Village Government, open, and responsible;
- 2) Improving public services for villagers in order to accelerate the realization and general welfare;
- 3) Increasing the socio-cultural resilience of the Village community in order to create a Village community that is able to maintain social unity as part of national resilience;
- 4) Advancing the economy of the Village community and overcoming the national development gap; and
- 5) Strengthening the Village community as the subject of development.

In order to achieve the above objectives, it is necessary to build a good financial management system. Village Financial Management is all activities that include planning, implementation, administration, reporting and accountability of village finances. The essence of strengthening village financial management rests on several elements, namely:

- a. Village Financial Management Principles, Village Finances must be managed in a transparent, accountable, participatory, orderly, budgetary discipline
- b. Power of Village Financial Management, Parties who have the authority to manage village finances include:
 - 1) The Village Head holds the power to manage village finances and represents in the ownership of separated village assets;
 - 2) Village Financial Management Technical Officer (PPTKD).
- c. Adequate APBDes structure, The APBDesa structure consists of village income, village expenditure and village financing that reflects the actual conditions and needs of the village.
- d. Accountable Village Financial Management, Accountable management must start from planning, implementation, administration, reporting to the accountability process.
- e. Guidance and Supervision, Guidance is carried out by the Regent and the regional apparatus under him

C. Village Asset Monitoring

In the context of supervising village financial management, several parties who work together in synergy in order to supervise village financial management include:

- 1) Society: The community has the largest role in supervising village financial management, namely Monitoring the implementation of village development and the implementation of Village Government.
- 2) BPD: The BPD as a village level community representative plays a role in the context of monitoring the performance of the Village Head as mandated in Law Number 6 of 2014 concerning Villages Article 55.
- 3) Camat, Camat has delegated authority from the Regent to carry out guidance and supervision of village financial management. In addition, the sub-district head can play a role in facilitating village financial management and the utilization of village assets.
- 4) District Inspectorate: In accordance with Law Number 6 of 2014 concerning Villages, it is explicitly stated that the Regency Government, in this case the Inspectorate, has the role of overseeing the management of village finances and the utilization of village assets. In addition, the inspectorate also plays a role by providing guidance and supervision of the implementation of village government. This authority is reinforced by the Minister of Home Affairs Regulation Number 113 of 2014 concerning Village Financial Management Article 44 Paragraph (2).

D. The Role of the Inspectorate in Supervision of Village Assets

Some concrete steps for the Inspectorate's role in monitoring village assets are through:

1. Participate in the team for drafting Regent Regulations related to Village Financial and Asset Management;
2. Participate in the dissemination of Regent's Regulations related to Village Financial and Asset Management;
3. To act as a team of district level SISKEU Village assistants;
4. Fostering the management of village finances and village assets at the sub-district and district levels as resource persons;
5. Conducting regular/operational inspections of the implementation of Village Government simultaneously;
6. Handling cases of complaints to the Regent regarding the management of village finances and assets;
7. Assistance in the preparation of village financial reports as an attachment to the 2016 LKPD.

E. Critical Points for Misuse of Village Finances and Control Measures

Some critical points of misuse of village finances that need to be taken immediately corrective steps are shown in table 1 below:

Table 1: Misuse of Village Finance

No.	Critical Point	Control Step
1.	The village financial management cycle is not yet complete obeyed by the village	Socialization and assistance for village officials
2.	The transparency of the APBDesa use and accountability plan is still low	Involving the community in village financial management as well as open publication of development results in the village
3.	Village Finance management human resources do not understand the regulations related to village asset management	Socialization and assistance for village officials
4.	APBDes accountability is made the same as APBDesa and does not match real spending	Optimizing understanding for Village officials that the accountability of the Village Budget is in accordance with expenditures in the field
5.	Components of Community Participation, Self-help and Gotong Royong for village development have not been accommodated in the APBDesa	Increasing the understanding and obligations of the Village Head and village officials to include components of Community Participation, Self-help and Mutual Cooperation in the Village Budget
6.	Not all village financial receipts and expenditures go through the village treasury account	Optimizing understanding for village officials that village financial receipts and expenditures are through village treasury accounts
7.	Village finances are fully held by the village head, the village treasurer is not carried out according to his duties	Restore and optimize the role of each village apparatus according to their respective duties and functions

In the research studied in Kerangmulya Village, there is a village development strategy, which can be seen from internal and external. The internal village development strategy based on a SWOT analysis is as follows:

A. The strengths of Karangmulya Village are:

- a. It has a relatively large population and workforce.
- b. Has a fairly large agricultural land.
- c. The establishment of a synergistic relationship between the government and existing community empowerment institutions
- d. Have representative office facilities
- e. Located on the crossing between Garut and Bandung districts
- f. Community participation in development is quite large

The SWOT analysis to see the potential and challenges of this village government is as follows:

B. The weaknesses of Karangmulya Village are as follows:

- a. The poverty rate is still high (poor people)
- b. Weak professionalism of village officials
- c. Limited village financial capacity
- d. Not optimal management of village assets as a source of income
- e. Generally low quality of public facilities and infrastructure
- f. Environmental carrying capacity is decreasing due to unmanaged waste

C. Externally, the Opportunity Elements include:

- a. Law Number 6 of 2014 concerning Villages
- b. Bottom up system development planning system
- c. There is an offer from a third party (private) in the context of investment and cooperation

D. The threats faced are as follows:

- a. Not yet optimal coordination between hamlet areas
- b. Regional development policy competition with other villages and between hamlets in the Karangmulya Village area
- c. Economic globalization and trade.

Determinants of Success the key to the success of the implementation of development in Karangmulya Village is determined by three pillars, namely, first, the division of the region (scoring of the region), secondly, the distribution of APBDes income (distribution of income) and thirdly, community empowerment and participation (Participation and empowerment). Thus, the village government places itself or functions as a development facilitator in order to realize the success of development through community empowerment in the following ways:

- a. Building public trust in the government;
- b. Building a good village government system supported by increasing quality human resources (devices and communities);
- c. Realizing a responsive, accountable and transparent village government;
- d. Realizing the implementation of community services in an excellent manner (oriented to community satisfaction).

5. CONCLUSION

The financial relationship between the Garut Regional Government and the Karangmulya Regional Government can be seen from the distribution of tax revenues and regional distribution as well as the distribution of authority and balance of funds as part of implementing village income sources as regulated in Law Number 23 of 2014 concerning

Regional Government and Law Number 6 of 2014 concerning Village Administration in the context of implementing regional autonomy and empowering village autonomy that is oriented towards community welfare as mandated by the Nawacita. One of the development strategies in Indonesia is to increase equitable distribution of development and its results through sectoral development policies and community performance, especially in rural areas. The village is a certain area that has a legal basis and has the authority to organize its own household and does not conflict with the provisions that apply to the Government of the Republic of Indonesia. At this point, it can also be seen that the village is an important part in the success of government programs at the central, provincial and district levels.

This can be seen from the Indonesian population who is still a rural community where the Indonesian population still lives in rural areas. And this is proven and very logical that village development is a top priority in the success of national development. So that many government activities or programs are channeled to the community or rural residents, both in village institutions and to the village community itself, including the distribution of village funds provided by the central government for the development of village infrastructure and facilities.

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