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Effectiveness of Village Government Financial Accounting System in Supporting Good Governance

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Abstract

This study aims to analyze the effectiveness of the village government's financial accounting system in supporting good governance in Aek Korsik Village, Aek Ledong District. This study uses a qualitative method with a case study approach. Data collection techniques are carried out through interviews and observations. Data analysis techniques using the Miles and Huberman model include the data reduction stage, the data presentation stage, and the conclusion drawing or verification stage. The results of the study show that the implementation of the Village Financial System Application (SISKEUDES) in Aek Korsik Village has been running well and effectively in supporting financial governance (Good Governance). However, in the process there are obstacles faced, namely the system sometimes does not support and errors. In addition to these obstacles, the quality of the Village Government's human resources and the lack of supervision from the government resulted in the Village Government being less thorough and responsive so that the services of the Aek Korsik village government were not good in presenting information.

Introduction

Based on Law No. 6/2014 on Villages, a village is a customary law community unit that is governed by customary law, has clear boundaries, and is authorized to regulate and manage local government. Villages are formed on the basis of community gotong royong, in accordance with human rights and customary rights that are recognized and generally recognized within the framework of the administration of the Unitary State of the Republic of Indonesia. The purpose of this law is to improve collective welfare and community welfare, provide facilities and infrastructure, fulfill various fundamental interests, encourage regional economic potential, and optimize the efficient utilization of natural resources. According to Mudhofar, villages play an important role because they have very broad obligations and authorities (Mudhofar, 2022). Villages as the lowest government apparatus in the Regional Government are required to manage village finances in accordance with the provisions of applicable laws and regulations, so as to realize good governance (Wulan & Helmy, 2023).

Minister of Home Affairs Regulation No. 20/2018 outlines the Use of Village Finances and how they should be managed in accordance with good governance standards. Based on the Permendagri, the principles of effective village financial management are developed using five indicators: planning, implementation, administration, reporting and accountability. Meanwhile, according to Candra et al. (2019) fair, effective, and efficient consensus-oriented governance can be achieved through community involvement, legal clarity, accountability, transparency, responsiveness, and fairness. The achievement of optimal services in governance is a clear representation of the realization of effective governance.

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According to Sya'bani Arlan (2019) Effectiveness is a correlation between the output achieved and the goals set. The greater the contribution of production to the achievement of goals or targets set, the more efficient the work process of an organizational unit. Effectiveness is a measure of whether the output generated from results, programs, or activities can achieve the expected goals. Effectiveness as defined by Rahmah & Hayati (2020) refers to suitability, usefulness, and alignment with goals. Based on the definition above, it can be concluded that efficacy refers to the suitability of a program in achieving the desired goals. This requires good governance and the implementation of initiatives that can improve the ability of village officials to serve the community (Yenni, 2022). As the most crucial unit of government, villages are obliged to utilize their financial resources wisely to improve the welfare of the community.

Law No. 6/2014 regulates village finances as part of the national financial system. Village funding comes from several sources, including village own-source revenues, a share of district-level taxes and levies, and allocations from the State Budget (APBN). All of these funding sources are integrated within the country's financial structure, emphasizing the importance of the village's role within the broader financial system. The allocation of village finances considers many factors, such as population, area, geographical characteristics, and poverty levels. This is done to reduce the potential for administrative and substantive errors that can lead to legal problems (Nadilla & Kamilah, 2023). The Ministry of Finance allocates village funds in the state budget with an amount that continues to increase from year to year. In 2019, the allocation of village funds reached Rp70 trillion, with the realization of the distribution until August 2019 amounting to Rp42.2 trillion. This allocation then rose to Rp72 trillion in 2020. For the 2023 State Budget, the government set a total budget of IDR3,061.2 trillion. This budget is divided into three main components: IDR1,000.8 trillion for ministry/agency spending, IDR1,245.6 trillion for non-ministry/agency spending, and IDR814.7 trillion for transfers to regions and village funds. Village funds, which are separate from other APBN allocations, are managed directly by village governments. Its main objective is to promote equitable development at the village level and improve the living standards of rural communities.

The main vulnerability in the management of village funds lies in the current administrative management. Inadequate administration can indirectly be an indicator of misappropriation of village funds. This includes inadequate bookkeeping, late submission of reports, reporting systems that do not comply with institutional accounting standards, fictitious procurement, and lack of human resource preparedness. These factors contribute to the non-transparent management of village funds and the likelihood of misappropriation.

Village governments deliberately exaggerate the implementation of their duties in order to avoid criminal acts of corruption or other undesirable things. The number of village heads plays a role in the criminal act of corruption of the Village Fund (Wibisono, 2017). In 2019, Indonesia Corruption Watch (ICW) reported that the handling of corruption cases in the village finance sector by law enforcement was the highest compared to other sectors. These cases resulted in state losses of up to IDR 32.3 billion from 46 identified corruption cases. Based on the frequency of incidents in village financial management, the government has established a financial accounting system to support the management and supervision of village funds. This system greatly contributes to the success and efficiency of village financial management.

The Village Accounting Information System is an important instrument in this setting that can improve village financial management, particularly by enforcing higher financial accountability (Setyawan, et al., 2022). Furthermore, Pasaribu et al. (2023) argue that a well-implemented accounting system for small communities facilitates the systematic recording and

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monitoring of all financial transactions within the community. This system ensures the provision of appropriate and relevant financial information, thus enabling periodic assessment of the village's financial performance (Pasaribu et al., 2023).

To ensure the implementation of a development process based on the principles of good governance, central and local governments need to create and utilize innovative information technology to increase the capacity of regional financial management. Sunarti et al. (2019) research shows that government performance is positively correlated with the quality of government financial management and systems. Furthermore, Sinaga et al. (2021) showed that the establishment of an effective financial accounting system can provide great benefits to village governments. Another view states that effective governance is a structural system run by individuals and its successful implementation relies heavily on integrity and accountability (Fitriani & Kusmilawaty, 2022). The government needs to take advantage of advances in information technology by building a network of information management systems and standardized work processes that facilitate access between work units and enable synchronization of government activities.

Therefore, BPKP partnered with the Ministry of Home Affairs to develop the Village Financial System application program, commonly referred to as SISKEUDES, with the aim of simplifying the financial reporting process for villages. The village financial system application enhances the internal control framework for the administrative management of village finances. The application was introduced in 2015 and supported by the Minister of Home Affairs letter 143/8350/BPD dated November 27, 2015, which specifically addresses the Village Financial Management Application (Hidayani et al., 2023). The Siskeudes application facilitates the reporting of village participation activities and preparations by village officials. In addition, the application serves as a monitoring and benchmarking tool for village financial management, ensuring adequate control and compliance with legal requirements (Milenia et al., 2023). The expected result of the Village Financial System Application or Siskeudes is increased accountability and transparency of village finances, so that local governments can operate efficiently and realize good governance (Maharani & Akbar, 2020).

Over the past few years, the concept of good governance in Indonesia has evolved towards a period characterized by openness and transparency. An expected benefit of this progress is its potential to improve the financial management of the current government (Barus et al., 2023). Yaumi argues that broad public expectations of effective administration are intrinsic and must be met, as substantial scientific research shows that economic crises are largely the result of inadequate governance and bureaucracy (Yaumi, 2021). Good governance is a governance mechanism that functions by establishing a well-organized framework of interaction between government, society, and the business sector. To achieve Good Governance, it is imperative to strictly follow the following principles: Community Participation, Rule of Law (Upholding the Rule of Law), Transparency, Responsiveness, Consensus Orientation (Oriented to the Public Interest), Equity, Efficiency, and Effectiveness. Improve effectiveness and efficiency, ensure accountability, and foster strategic vision. (Visionary Approach) The aim of these principles is to build transparent governance, sometimes referred to as clean government. This idea was introduced by the United Nations Development Programme (UNDP), the World Bank, the United Nations, and various other international organizations. Legislation Number 30 of 2014 concerning Government Administration has established the basic principles of good governance (Hanafi & Tunggadewi, 2019).

For these reasons, it appears that decision-makers are committed to ensuring that their management adheres to the essential principles of good governance, which should be upheld

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by village fund managers and the community. Public trust in government performance can be enhanced by the implementation of accountability and transparency measures in financial reports, as suggested by Manopo & Valdi (2023). Effective village financial management is needed to provide accountability and transparency in local financial reports. However, actual results in the field show that the level of accountability and transparency in village financial management is still relatively low. Aek Korsik Village is located in Aek Ledong Sub-district, Asahan Regency, North Sumatra. Aek Ledong Sub-district consists of seven villages, including Aek Korsik Village. Based on the 2010 population census, Aek Korsik Village has a population of 4,594 people. The area of Aek Korsik Village is 2,867.74 hectares, which is further divided into 10 administrative areas in the form of hamlets.

Several studies related to village financial management have been conducted previously. Faizah and Sari examined the implementation of the Village Financial System (SISKEUDES) in Banyudono Village (Faizah & Sari, 2022). They found that the implementation of this system was effective, covering aspects of planning, implementation, administration, and reporting in accordance with village financial management procedures. Meanwhile, Hidayani et al. (2023) studied the transparency and accountability of SISKEUDES in Banyumas Village, Stabat District, Langkat Regency. The results of their research showed that village financial management was in accordance with the principles of accountability stipulated in Permendagri No. 20/2018. However, they also identified some technical constraints such as connectivity issues and system overload when accessed by many users simultaneously (Hidayani et al., 2023). Based on these findings and preliminary observations in Aek Korsik Village, the author intends to conduct a study entitled "The Effectiveness of the Village Government Financial Accounting System in Supporting the Realization of Good Governance" by taking a case study in Aek Korsik Village, Aek Ledong Sub-district. This research aims to further evaluate the implementation of the village financial system in the context of good governance.

Methods

In part, this study used qualitative descriptive research to conduct a case study on the evaluation of SISKEUDES in supporting good governance in Aek Korsik Village, Aek Ledong Sub-district. Qualitative approach was considered appropriate for the study because it focused on uncovering details of the multifaceted aspects of financial resource management in a village. This approach was singularly effective in providing a close, first-hand view of the subject under consideration, namely SISKEUDES, as it provided the necessary opportunity to narrate interviews and personally observe the situation in the villages.

The use of the case study approach was most suitable for this research because it allowed a bounded analysis of Aek Korsik Village. By means of this design, the study expanded on the role of financial governance in the context of the village, addressing localised features of socio-political environment that may influence the organisational enactment of SISKEUDES. This way the research could examine the fine print of governance, participation and accountability, all of which are important for meaningful implementation of principles of good governance in the management of rural finances.

Data Collection

Recruitment of data involved interviews, observations, and document analysis because they offered a broad view of the content area. The use of multiple data sources enabled the researcher to confirm the findings obtained from one method with the results obtained from the other method and thus enrich the understanding of the phenomenon under study.

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The only means of direct data collection was through administering closed and open ended questions to the respondents in the village. These stakeholders were the village head, Daughter, other financial officers, leaders of the community, and other residents who had experiential interactions with the concluding financial management processes. The semi-structured interview format afford substantially possibility for going further in a pertinent item, including the opportunities and difficulties of implementing the SISKEUDES system. All interviews were face-to-face, at the village office or respondents' homes, and ranged from 30 – 45 minutes. The questions were tailored on values which are often associated with sound governance including; public involvement, ethnicity, privacy and sensitivity. The interview responses yielded large amount of the qualitative data as they centres on the participants' impressions and interaction with the system and the changes in the village administration that was brought by the system.

Apart from interviews, the researcher used non-participant observation to have firsthand experience of the village finances. These observations were made during important activities including village planning where decision of Village Fund Allocation (ADD) is made and during council meetings that address financial reporting issues with focus to SISKEUDES system. These included notes on bureaucratic encounters between the village officials and the inhabitants, the performance of the finical reporting mechanisms as well as the participation of the people in decision making processes. Interview responses were triangulated with the observational data collected of the way SISKEUDES works in practice within the village governance structure.

In addition to the interview and observation data, the researcher undertook a more detailed analysis of secondary data documents. Such sources include the village's financial documents, the Minister of Home Affairs Regulation No.20/2018 on the use of village funds and the planning documents related to the use of village funds. Specifically, the study examined documents produced by SISKEUDES application like budget distribution and expenditure reports which supported the proof of the system in managing funds. This paper discussed how the document analysis helped the researcher to follow the flow of the organization's financial processes from planning to reporting in order to develop a better understanding of the role played by the financial management system in enhancing transparency and organizational accountability.

Data Analysis

Data were analyzed using the Miles and Huberman interactive model of analysis of qualitative data. This model involves three interrelated stages: The three research strategies of data reduction, data display, and conclusion drawing and verification were all used on the research data to enhance the coherence of the findings.

The first part of the analysis involved the sorting and selecting of data to only include data that relates to the various objectives of the research. This included coding of interview recordings, the administration of the observational field notes and archival of documents. The researcher analyzed the data using themes including transparency, community participation, accountability that reflects GOAL, governance principles. By utilising this thematic coding the researcher was able to code the data systematically and look for patterns and differences in the data sources.

After having firstly reduced and secondly structuring the data, it was time to present the results coherently and systematically. To present the findings the use of matrices and narrative summaries were used to enunciate the findings from the interviews, observations and

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documents analysed. For instance, the analysis of interview contained actual testimonies from the officials in the village as well as the residents while the document analysis contained tables of summarized financial reporting. It was especially important for semioticizing the data and for the possibility of revealing connections between using SISKEUDES and the practice of good governance.

At the last stage of the research, the researcher came up with conclusions from the patterns observed in the data. These conclusions were then validated and compared with the raw data to reduce on extreme error rates. The procedures included comparison between data collections and data usage, as well as consulting participants when further explanation was required during interviews. The conclusions were then synthesized to answer the central research question: To what extent has the SISKEUDES western village financial accounting facilitated the desired governance in the Aek Korsik Village? The findings from the study showed that though SISKEUDES yielded considerable improvements most specifically in the area of financial reporting and accountability, there were some impediments in terms of systematic problems and inadequacies in human resource capacity, which blunted the full effectiveness of the whole innovation.

Result and Discussion

In accordance with Government Regulation No. 20/2018, the village treasurer in Aek Korsik Village, Aek Ledong Sub-district, Asahan Regency is responsible for managing village funds. The management of village funds includes the stages of planning, implementation, administration, reporting, and accountability. The village treasurer has complied with relevant laws and regulations and used a cash-based approach, which includes revenues, expenditures, and financing, in preparing the Village Fund Allocation budget realization report. The village treasurer, in his capacity as Head of Financial Affairs, is required to comply with the Accounting Information Standard (AIS). The Village Financial Accounting Information System (SISKEUDES) application is utilized by the village treasurer in Aek Korsik Village, Aek Ledong Sub-district to document financial transactions in the village cash book. This system serves to collect financial data. The village treasurer, in his role as the preparer of financial reports, has the capacity to work closely with personnel and oversee the accounting information system for the purpose of producing financial reports for village funds.

Effectiveness of Implementing the Village Financial System Application *(SISKEUDES)*

The Village Financial Accounting Information System (SISKEUDES) was created to answer the needs of village financial management that prioritizes accountability, so that the utilization of the Village Fund Budget can be tracked and transparent. Based on the results of the research that has been conducted, the implementation of the Village Financial System in Aek Korsik Village, Aek Ledong District, Asahan Regency has proven effective in improving the accountability of financial reports. This is in accordance with the Regulation of the Minister of Home Affairs Number 20 of 2018 which states that success can be assessed by five indicators, namely:

The planning stage mechanism in Aek Korsik Village in managing the Village Fund Allocation begins with consultations in each dusun to accommodate community aspirations. After the deliberations in each hamlet, the village government will review the village medium-term development plan or RPJM with the village development work plan (RKP) team. If the plan is considered good, it will be outlined in the Village RKP. Furthermore, it will be entered into the SISKEUDES application to determine the programs planned and budgeted by the village

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government at the Aek Korsik Village office. This is in line with the statement of Mr. Muhammad Amiruddin Simangunsong, Head of Aek Korsik Village, who stated that:

> "*The village government conducts deliberations regarding the management of the Village Fund Allocation, the preparation of planning documents in each fiscal year towards the end of the year, so deliberations are held in each hamlet, during his tenure as village head plans to be built in the village, village governance continues to be planned for 6 years (long-term)", while for the medium term every year a musdus is held to find a point, unless there is a disaster it will be prioritized and put into the musdes for deliberation* "

In Aek Korsik Village, the process of managing the Village Fund Allocation (ADD) involves active community participation through a series of deliberations. These forums are held at both the dusun and village levels, providing space for residents to voice their opinions regarding the use of village funds. The decision-making mechanism for Village Fund budget allocation in Aek Korsik demonstrates a high level of community involvement. The process begins with discussions at the dusun level, which are then further discussed in village meetings. These village meetings are attended by various stakeholders, including the Village Government, Village Consultative Body (BPD), village institutions, as well as community representatives from each hamlet. This information was confirmed by the Head of Aek Korsik Village, Mr. Muhammad Amiruddin Simangunsong, who emphasized the importance of community participation in the decision-making process regarding the management of village funds.

> *"We invite all village community representatives, BPD, Village Institutions such as LPM, MUI, PKK, Posyandu, Karang Taruna, Community Leaders"*

In the course of village planning, communities were previously involved in individual deliberations in each dusun. Subsequently, deliberations are conducted in the village itself, involving community representatives as well as community leaders and key institutions. The level of community involvement in the planning process is quite intensive, especially in collaborative discussions at the village office or through deliberations at the neighborhood level.

Implementation The implementation phase refers to the procedures undertaken by the government to prepare and implement the APBDes. The government will prepare the APBDes, which includes revenue, expenditure, and funding data. The overall APBDes budgeting process refers to the preparation of the village government's activity plan. This plan is then considered and approved by the BPD (Village Consultative Body) to determine the budgeting that will be included in the village regulation. Furthermore, this is in line with statements made by Ms. Winda Sari, Head of Village Financial Affairs.

> "*As the Head of Financial Affairs in Aek Korsik Village, I am responsible for inputting or preparing the APBDesa, from revenue to expenditure to financing, all of which are prepared in accordance with what has been discussed and approved by the BPD regarding the budget that has been prepared, these activities are known by the Village Government, especially the village head, village secretary, as well as planning to prepare an annual financial plan and deliberated and approved together by the BPD and stipulated in village regulations.*"

Administration is the methodical execution of actions in the financial sector, following certain rules, standards and procedures to efficiently obtain accurate financial information. This stage includes documenting all expenditure activities listed in the Village Budget, including village levies and expenditures. Each receipt or expenditure will be accompanied by proof of receipt

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from the village administration. For expenditures, there will be supporting documentation such as payment request letters one and two, expenditure accountability letters, proof of disbursement letters, receipts, and confirmation of bank withdrawals. Furthermore, this is in line with a statement made by Ms. Winda Sari, Head of Village Financial Affairs.

> "*The administration process begins with recording all the evidence received by the village government, and for the expenditure of activities carried out, the evidence will be attached and for the evidence attached to the application (SISKEUDES), for example, payment request letters, expenditure accountability letters, proof of disbursement letters, proof of receipts, there are SPP 1 and 2, then there is also proof of withdrawal from the bank, this is the administration data issued by SISKEUDES and for the report there is a respective report format.*"

Based on the two statements above, this stage is the process of recording transactions that include all transactions of village financial receipts and expenditures for the APBDes during one fiscal year.

Reporting, after the report is prepared based on each transaction by the Head of Financial Affairs, it will then be approved by the Village Secretary, and this activity involves all village officials as a form of accountability for the use of the budget that has been given by the government, a concrete example of reporting on village financial management is the publication of the use of APBDes funds through an information board installed in a predetermined place The reporting stage is a crucial phase in the village financial management cycle. At this stage, a financial report is prepared that serves as an instrument of accountability for the implementation of work programs and budget realization, especially in the aspect of development. The success of this stage, which is characterized by the production of a comprehensive accountability report, is highly dependent on the quality of the implementation of the previous stages. Given the importance of accuracy in reporting, this process requires a high level of precision and concentration, especially when inputting and processing data. This rigor must be maintained consistently from the planning stage to the preparation of the final report. This information was conveyed by Ms. Eka Purnama Sari, Secretary of Aek Korsik Village, during the interview. Her statement emphasized the importance of a careful and accurate reporting process in ensuring transparency and accountability in village financial management.

> *"Financial reports are usually done routinely, making information boards or banners is done together, starting with the activity implementation team and after it is deemed perfect, it is installed in front of the Aek Korsik Village office, where the information board includes information about activity photos, attendance lists, receipts, etc. and has followed the instructions in the application (SISKEUDES)".*

After all the necessary documents have been collected, the Aek Korsik Village Head prepares a village financial management report. This report is then verified and corrected before being presented at a village meeting. Once deemed satisfactory, the report is enacted as a village regulation and issued as accountability for village financial management. The financial report resulting from the village financial management process will be a comprehensive record of the budget that has been allocated previously, so that the principles of openness and accountability in the utilization of village money can be adhered to. If the financial report is produced as an accountability report, the Village Head is obliged to disclose the information contained in the report openly to relevant stakeholders. This information should be posted on an easily visible information board or banner.

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Through the interviews conducted, it can be concluded that the utilization of the Siskeudes application has proven to be very efficient. This can be seen from the implementation of all stages in Aek Korsik Village properly, resulting in financial reports that can be accounted for to related parties. The Siskeudes application is very helpful for the Aek Korsik Village Government in facilitating village financial management, so that financial reports can be presented automatically. If the initial planning goes well and in accordance with the input, the final reporting will produce accurate and satisfactory outputs. However, if there are inaccuracies at one stage, it will have an impact on the next stage. Therefore, caution and patience are needed in using the application (SISKEUDES) at each input stage in order to remain productive in village financial management, especially in Aek Korsik Village.

Effectiveness of the Village Financial Accounting System (SISKEUDES) in Supporting *Good Governance*

Important principles for achieving Good Governance include community involvement, adherence to the rule of law, transparency, equality for all citizens, and accountability. In the following way.

Community Participation Active participation of the community in decision-making, either directly or indirectly through representative institutions that can effectively communicate their wishes. This participation is based on the principles of freedom of association and expression, and constructive engagement. All citizens have the right to participate in decision-making processes, either personally or through legal representative institutions that champion their interests. This broad engagement is based on the principles of freedom of assembly and the capacity to engage in constructive engagement. Findings from an interview conducted with a 44-year-old man named Khairuddin.

> *"That's right, I have been invited several times to deliberate in the preparation of the village's activity plan and budget for next year until a decision or agreement is reached. These deliberations are usually held at the Village Hall and are usually attended by village officials, representatives of women, youth, and other community leaders.*

Rule of law (upholding the *rule* of law) Law enforcement requires justice and compliance with a government structure. This implies that in providing public services to the community, every state apparatus is obliged to obey the applicable laws and regulations. The results of the researcher's direct field research show that the public services provided in Aek Korsik Village are in accordance with the basic principles of good governance, including law enforcement. This is evidenced by the existence of Regional Regulation Number 8 of 2008 concerning Sub-district Duties and Functions, the availability of service information that serves as a guideline in providing public services to the community, and the absence of illegal levies or gratuities. With compliance with applicable laws and regulations, the services provided by the Aek Korsik Village Government can be improved and facilitated.

The following are the results of an interview with the Head of Village Financial Affairs, Mrs. Winda Sari;

> *"I ensure that the management of village funds in Aek Korsik Village has also been transparent. We use the announcement board as one of the means to disseminate information about the use of village funds to the community. Therefore, I believe that the management of village funds in Aek Korsik Village has carried out honest accountability and legal accountability. This can be seen from the evidence of tax payments recorded in the tax auxiliary book made by the village government."*

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Transparency: Transparency is built on the right to access information. Direct access to information relating to the public interest is available to individuals who need it. According to Mr. Agustami, Head of the Welfare Section, the idea of openness fosters mutual trust between the government and the public by facilitating the acquisition of appropriate and adequate information.

> *"As the Village Government, I provide socialization to the village community so that they know how village funds are used. We also put up a banner or announcement in front of the Village Hall so that the information can be accessed by the community easily. The purpose of this is so that there are no misunderstandings and no suspicions about the use of village funds. Thus, I hope that transparency in the management of village funds can be guaranteed and the village community can find out how the funds are being used."*

Responsiveness: A basic principle of effective governance is the prompt and efficient response of service providers. According to the principles of good governance proposed by the United Nations Development Programme in 1997, responsiveness refers to the requirement for any organization to be purposefully oriented towards serving its various stakeholders, namely the community. Empirical findings from the actual field research indicate that service providers in Aek Korsik Village demonstrate commendable levels of attentiveness. This statement is supported by the existence of effective and methodical Standard Operating Procedures in Aek Korsik Village, which improves the quality of public services. The friendliness of service providers positively influences people's satisfaction with the services provided, thereby reducing the occurrence of problems during the service delivery process.

Consensus of orientation (Oriented to the Public Interest): Good governance, in essence, refers to governance that is able to address and resolve conflicts. This elaborates on the proposal issued by the United Nations Development Program in 1997. Findings from interviews conducted with researchers in the field suggest that the government has applied a context-oriented concept, which includes addressing problems in the specific situation that exists in AEK Korsik Village. The problem-solving approach used by the police involves providing answers or instructions to address situations when communities fail to achieve the necessary criteria.

Equity: The principle of equality is an important foundation in building a trusting relationship between the government and the community. This is achieved through information disclosure and easy access to accurate and adequate data. This principle also emphasizes that every citizen is entitled to equal opportunities in achieving welfare and justice. However, research results in Aek Korsik Village show that capacity development of village government officials has not been optimized. As a result, the quality of village government performance and services has been delayed in providing information needed by the general public. This finding indicates that the implementation of the principle of equality in Aek Korsik Village still requires improvement. To increase mutual trust between the government and the community, efforts are needed to improve the competence of village government officials. This step is expected to improve service quality and accelerate the provision of information to the public, thus supporting the creation of better governance.

Efficiency and effectiveness: The principles discussed emphasize the importance of quality public services through optimal and responsible utilization of resources. In the management of shared assets, efficiency and effectiveness are top priorities. An observational study conducted in Aek Korsik Village, Aek Ledong Sub-district, Asahan Regency, showed positive results. The implementation of the Village Financial System (SISKEUDES) in this location proved

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effective in improving transparency and accountability of financial reporting. Furthermore, the implementation of this system is in line with the provisions stipulated in the Minister of Home Affairs Regulation No. 20/2018. Compliance with this regulation demonstrates the village government's commitment to good financial governance in accordance with national standards.

Accountability: Adherence to public accountability for all activities undertaken. This idea entails increasing the responsibility of decision-makers in all domains that include the broader welfare of society. Thus, the determining factor that influences government performance assessment is the correlation between performance measurement and accountability (Wargadinata, 2019). Every monetary transaction in Aek Korsik Village, Aek Ledong Sub-district, Asahan Regency is documented in the village cash book and settled with checks or receipts as proof of accountability. In addition, an accountability report is prepared and presented to the community annually in a BPD meeting at the end of the fiscal year. Collaborative discussions include active community participation in the review.

Strategic *vision*: The United Nations Development Program (UNDP) identified strategic vision as the final core principle of good governance in 1997. This suggests that leaders and communities have a comprehensive and enduring perspective on effective governance and the advancement of human development. To maintain alignment between the vision and mission of Aek Korsik Village, it is critical to ensure that future visions and missions can be successfully completed as intended. The findings of investigations conducted by scholars indicate that Aek Korsik Village has successfully implemented a visionary approach, which serves as a foundation for effective governance. Observations made by researchers indicate that Aek Korsik Village has functioned effectively, as evidenced by the active involvement of the community in identifying issues and opportunities within the community, as well as in the selection and implementation of alternative solutions to address these issues. From the results of the discussion above, it can be seen that the Village Financial System Application (SISKEUDES) plays an important role in supporting the principles of *good governance* at the village government level. The Village Financial System application allows village governments to present clear and open financial reports. With this system, the public can access information about the use of the budget and Village Fund Allocation, thereby increasing transparency. This is in line with the principles of *good governance* that emphasize the importance of openness in public management. Overall, the Siskeudes application contributes significantly to realizing *good governance* in the village by increasing transparency, accountability, efficiency, effectiveness, and community participation. The implementation of this application not only improves village financial management, but also supports more sustainable development and responsiveness to community needs.

Conclusion

Based on the results of research and analysis of the implementation of the financial accounting system in Aek Korsik Village, Aek Ledong District, Asahan Regency, it can be concluded that the implementation of the Village Financial Accounting System (SISKEUDES) is considered quite effective in supporting good governance. This can be seen from the fulfillment of several main principles of Good Governance, such as community participation, upholding the rule of law, transparency, responsiveness, consensus orientation, equality, efficiency and effectiveness, accountability, and strategic vision. Nevertheless, there are some aspects that still need improvement, especially related to errors that often occur when inputting data online. This problem arises due to the high number of users accessing the program simultaneously, which results in inaccuracies in the data entered. In addition to the SISKEUDES application, attention also needs to be paid to the quality of human resources (HR) within the village

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government. The lack of supervision from the local government means that village administrations are often less thorough in carrying out their duties, resulting in suboptimal performance and services in Aek Korsik Village in disseminating information needed by the community.

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