

Internal Audit of Cupak Village Fund Budgeting Process, Ngusikan, Jombang

Tri Ratnawati¹, Irda Augstin Kustiwi², Debby Yusriliana Rahmawati³, Tasya Nurhalyza⁴

^{1, 2, 3, 4}Fakultas ekonomi dan bisnis universitas 17 augustus 1945 surabaya

ABSTRACT: The village fund and budget program is an activity carried out by the central government to develop Indonesia in developing village potential by empowering the local economy to realize community independence and create sustainable, independent villages. Cupak Village, Ngusikan subdistrict, Jombang district is one of the villages that has the potential for a religious tourism village, part of the villages assisted by the Dikti matching fund by the accounting study program at the University of 17 August 1945 Surabaya. This village has a phenomenon that shows a level of independence in the management of the budgeting process that is still lacking by the local government. This explains the need for internal audits in the process of improving regional finances so that they can be used properly by both the regional government and the community. So, A qualitative approach was chosen by the research team to produce internal audit findings on the budgeting process and fund allocation for the Cupak religious tourism village, Jombang and provide recommendations to interested parties. Researchers hope that the government and the community of Cupak village, Jombang will be involved in the process of preparing, implementing and being accountable for village fund budgeting. The results of this research will be published in an international journal, namely the International Journal of Social Science Humanity & Management Research (IJSSHMR).

KEYWORDS: internal audit; process; budgeting; village funds; budget

INTRODUCTION

Background

Village fund budgeting is a very important process in financial management at the village level. Good management of village funds can help improve the quality of life of village communities, accelerate development, and increase transparency and accountability in the use of public funds. One of the key elements in managing village funds is internal audit.

Internal audit is an inspection, evaluation and assessment process carried out by an independent internal team or unit within an organization or institution, in order to assess effectiveness, efficiency and compliance with applicable rules and regulations. In the context of village fund budgeting, internal audit has a very important role. Internal audit helps ensure that village funds are used in accordance with the objectives set out in the budget. This includes checking whether funds are used efficiently, whether budgeted programs and projects have been implemented as planned, and ensuring that village funds are used with integrity and transparency. Internal auditors need to carry out risk assessments to identify potential problems or weaknesses in village fund management. By assessing risk, auditors can plan audits more effectively and focus on the areas most at risk. After conducting an audit, the internal auditor must prepare an audit report containing findings, recommendations for improvement, and follow-up actions that need to be taken. These recommendations can help villages improve the management of village funds and reduce the risk of misuse or waste. Internal audit results must be published transparently to village communities, local governments and other related parties. This is an important step to ensure accountability and obtain input from the community in making decisions regarding village fund management. By conducting comprehensive and regular internal audits of village fund budgeting, villages can ensure that these funds are used appropriately, efficiently and in accordance with village development goals. This also helps prevent misuse of funds and increases the level of community trust in village government.

Cupak Religious Tourism Village. This village is part of the villages assisted by the Dikti matching fund by the accounting study program at the University of 17 August 1945 Surabaya with the title "Community Empowerment Hexagon Model Local Economic Development Based on Superior MBKM Towards a Prosperous Cupak Tourism Village, Jombang Regency". From the results of observations, Cupak village has shortcomings in terms of the budget process so that an internal audit process is needed.

Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang



Figure 1. Synergy between Cupak residents and Untag Surabaya MF 2022

Cupak's high population with a low welfare development index means that Cupak's Village Development Index (IDM) results are classified as underdeveloped villages. According to BPS East Java sources¹, the percentage of rural poor in September 2021 was 15.67%, up 1.52% in March 2022.

Realized village funds and village fund allocations exceed the budget from data obtained by the research team from the local village government. The Village Fund allocation that has been disbursed by the central government is not small because on average each village receives approximately IDR 850 million. If these funds are used correctly and according to their intended purpose, it is not impossible that the poverty rate in rural areas will be reduced significantly and at the same time be able to improve the welfare of the community.

LAPORAN REALISASI APB DESA PEMERINTAH DESA CUPAK KECAMATAN NGUSKAN KABUPATEN JOMBANG TAHUN ANGGARAN 2023				
URAIAN	Ref.	ANGGARAN (Rp)	REALISASI (Rp)	LEBIH(KURANG) (Rp)
PENDAPATAN				
Pendapatan Asli Desa		34.500.000,00	0,00	34.500.000,00
Pendapatan Transfer		1.416.005.800,00	1.083.048.838,00	332.956.962,00
Dana Desa		690.103.000,00	444.881.800,00	245.441.200,00
Bagi Hasil Pajak dan Retribusi		37.085.800,00	37.085.800,00	0,00
Alokasi Dana Desa		378.817.000,00	301.299.238,00	78.517.762,00
Bantuan Keuangan Kabupaten/Kota		300.000.000,00	300.000.000,00	0,00
Pendapatan Lain-lain		4.830.000,00	5.029.739,00	229.739,00
JUMLAH PENDAPATAN		1.455.135.800,00	1.088.108.577,00	367.229.223,00
BELANJA				
BIDANG PENYELENGGARAN PEMERINTAHAN DESA		490.074.605,00	240.141.200,00	258.933.405,00
BIDANG PELAKSANAAN PEMBANGUNAN DESA		667.814.500,00	536.419.400,00	131.195.100,00
BIDANG PEMBINAAN KOMUNITAS		126.819.300,33	40.300.000,00	86.519.300,33
BIDANG PEMBUDIDAYAAN MASYARAKAT		90.620.800,00	38.788.000,00	51.832.800,00
BIDANG PENANGGULANGAN BENCANA, DARURAT DAN MENDUSAK DESA		125.817.530,00	28.200.000,00	100.717.530,00
JUMLAH BELANJA		1.510.146.555,33	683.848.600,00	826.297.955,33
SURPLUS / (DEFISIT)		(54.810.855,33)	206.257.977,00	(261.068.832,33)
PEMBIAYAAN				
Penerimaan Pembiayaan		54.810.855,33	54.810.855,33	0,00
PEMBIAYAAN NETTO		54.810.855,33	54.810.855,33	0,00
SILPA/SILPA TAHUN BERJALAN		0,00	261.068.832,33	(261.068.832,33)

Lihat Catatan Atas Laporan Keuangan yang merupakan bagian yang tidak terpisahkan dari laporan keuangan

CUPAK, 13 Juni 2023

KEPALA DESA

WINARSONO

Figure 2. APB report for Cupak village, Jombang

Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang

The existing phenomenon shows that the level of independence in fund management in Cupak village is still low, with Regional Original Income (PAD) and the Regional Revenue and Expenditure Budget (APBD) still lacking. This shows that it is necessary to explore the potential to increase regional financial independence to increase regional originality which has not yet been optimally achieved. The lack of human resource competence in village governments in managing Village Funds can actually be helped through optimizing expert staff to accompany village communities.

So, according to the observations of the MF team researchers, the budget proposed by the Cupak village government needs to be examined in the budget submission process. The United Nations Development Program (UNDP) proposes that the budget prepared by the Government should be prepared based on performance-based budgeting.

The PEL hexagon model used for the 2022 MF grant explains that internal audits are needed to follow the role of the local economy in Cupak. The research team proposed a PEL hexagon so that internal audit follows the role of the local economy, namely:

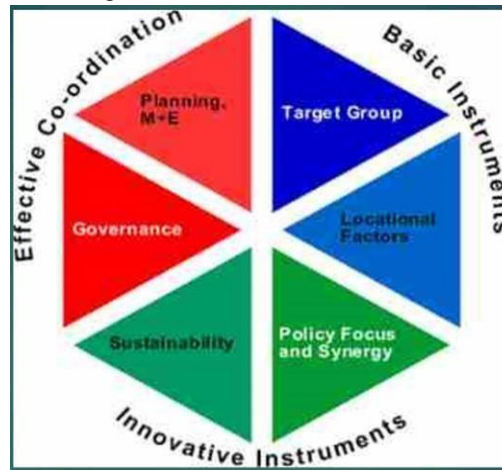


Figure 3. Local Economic Development Hexagon (PEL)

This statement is supported by Swinburn, Goga, and Murphy (2006)² and Gibbs (2002)³ that LED is used to increase sustainable local economic development in accordance with the mission and vision of the proposing team, community and partners.

Meyerstamer (2005)⁴ stated that in determining PEL there are main aspects that explain 6 important aspects in developing an integrated local economy: (1) target groups for local economic development, (2) location factors, (3) synergy, (4) sustainable development (economic, ecological, and social), (5) governance (partnerships with the public and private sectors), and (6) management.

Formulation of the problem :

1. Does the IA budgeting process for Cupak funds comply with the control environment?
2. Does IA's budgeting process for Cupak funds comply with the risk assessment?
3. Is the IA budgeting process for Cupak funds in accordance with control activities?
4. Is the IA budgeting process for Cupak funds in accordance with information and communication?
5. Is the IA budgeting process for Cupak funds in accordance with monitoring activities?

Research purposes :

The general objective of this research is to produce IA findings regarding the budgeting process and fund allocation for the religious tourism village of Cupak, Jombang and provide recommendations to interested parties. Based on these considerations, it is necessary to use the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission) approach. The COSO control framework can consist of several components, including the control environment, risk assessment, control activities, information and communication, and monitoring activities. It is hoped that this research can contribute ideas to increase insight into the function and effectiveness of internal audits which influence government organizations so that they can understand the basis for determining internal audits.

THEORITICAL REVIEW

Internal Audit

Internal audit is a systematic and objective assessment carried out by internal auditors of various operations and controls within an organization to determine whether (1) financial and operational information is accurate and reliable; (2) the risks faced by the company have been identified and minimized; (3) external regulations and acceptable internal policies and procedures have been followed; (4) satisfactory operating criteria have been met; (5) resources have been used efficiently and economically; and (6) organizational goals have been achieved effectively—all (Sawyer, 2005: 10). From the explanation above, it can be

Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang

concluded that internal audit in an organization is a corrective action that is very necessary so that the implementation of programs or activities takes place in accordance with the organization's objectives.

Committee of Sponsoring Organizations of the Treadway Commission(COSO)

The development of internal control in the public sector is influenced by the development of internal control in the private sector. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a commission that aims to formulate internal control in more depth and consists of representatives from the Financial Executive Institute, Association of International Certified Professional Accountants, American Accounting Association, The Institute of Internal Auditors, and Institute of Management Accounts. In 1992, COSO published its "Internal Control-Integrated Framework". According to COSO (1992), internal control is a process that can be influenced by an entity's board of commissioners, management and other personnel designed to provide reasonable assurance regarding the achievement of objectives in various categories. The internal control framework implemented in Government Agencies in Indonesia refers to the COSO (1992) integrated internal control framework. Internal control components and internal control principles.

Control Environment

The Control Environment is a condition that influences the effectiveness of internal control (Stoner, 1995 & Bartol, 1996). The Control Environment is the most important component in the internal control framework. Internal control cannot be effective without a control environment. The control environment is designed to provide reasonable assurance that the entity's objectives are being achieved. The control environment is the foundation for the entire internal control system. According to COSO, to understand and assess the control environment, the following control environment principles must be considered:

- a. Integrity and ethical values
- b. Commitment to competence
- c. Tone at the top (Management philosophy and operating style)
- d. Organizational structure
- e. Human Resources Policies and Practices

Risk Assessment

All organizations, regardless of size, structure, nature or industry, face risks at all levels within their organizations. Risk affects each organization's ability to survive, affects the success of the organization in competition, affects the organization's finances and influences a positive public image and affects the quality of all products, services and people within the organization. Management must carefully determine how much risk is acceptable and try to control the risk. Risk assessment is the initial stage in developing control infrastructure. Risk assessment is the process of identifying and analyzing relevant risks to the achievement of an entity's objectives and determining appropriate responses. Risk assessment consists of:

- a. Identify risks
- b. Risk evaluation
- c. Assess the risk that the organization is willing to accept
- d. Risk management

Control Activities

Control activities are policies and procedures established to address risks and to achieve the entity's objectives. To be effective, control activities must be appropriate, function consistently according to plan throughout the period and be effective, comprehensive, reasonable and directly related to the control objectives. Control activities occur throughout the organization at all levels and in all functions. Organizational leaders determine control activities which are outlined and embedded in the form of policies and procedures for implementing activities to reduce risk (Pickett, 2010:260). Control activities consist of:

- a. Authorization and approval procedures
- b. Separation of functions
- c. Verification
- d. Reconciliation
- e. Operational performance review
- f. Review operations, processes and activities
- g. Supervision

Village Fund Allocation (ADD)

In accordance with government regulation No. 72 of 2005 article 1 paragraph 11, it is stated that Village Fund Allocation (ADD) is funds allocated by the Regency/City government to villages, which originates from the share of central and regional financial balance funds received by the Regency/City. In government regulation No. 72 of 2005 concerning villages, article 68 paragraph 1 point c, it is stated that the share of central and regional balancing funds received by the Regency/City for villages is at least 10%, the distribution of which is proportional to each village, which is the allocation of village funds. So according to Justita (2006:26),

Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang

village fund allocations are funds allocated by the Regency Government to villages, which are sourced from the share of central and regional financial balance funds received by the Regency. The objectives of Village Fund Allocation (ADD) are:

- Improving the implementation of village government in carrying out government, development and community services according to its authority;
- Increasing the capacity of community institutions in villages, in planning, implementing and controlling development in a participatory manner in accordance with village potential;
- Increasing income distribution and business opportunities for village communities.
- Encouraging increased self-reliance and mutual cooperation in village communities.

The regional government hopes that this village fund allocation policy can support the implementation of community-based participatory development in an effort to empower rural communities while maintaining sustainable development at the village level. With the allocation of village funds, villages have certainty of funding so that development can continue to be carried out without having to wait too long for aid funds to arrive from the government.

According to Dies Nurhayati (2017:3), Village Fund Allocation (ADD) is funds given to villages originating from central and regional government financial balance funds received by districts or cities. Providing village fund allocations is a manifestation of fulfilling the village's right to carry out its autonomy so that it grows and develops following the growth of the village itself based on diversity, participation, genuine autonomy, democratization, community empowerment and increasing the role of village government in providing services and improving community welfare and spurring acceleration. regional development and growth.

DISCUSSION

REGULATION OF THE MINISTER OF VILLAGES, DEVELOPMENT OF DISADVANTAGED AREAS AND TRANSMIGRATION (PERMENDES) OF THE REPUBLIC OF INDONESIA NUMBER 8 OF 2022. DETERMINING PRIORITIES FOR THE USE OF VILLAGE FUNDS

Article 7

- (1) Priority for the Use of Village Funds as intended in Article 5 and Article 6 is discussed, agreed and determined in the Village Deliberation for the preparation of the Village RKP.
- (2) The results of the village deliberation as referred to in paragraph (1) are stated in the minutes.
- (3) Determination of Priorities for the Use of Village Funds as referred to in paragraph (1) is carried out following the Village development planning stages in accordance with the provisions of statutory regulations governing general guidelines for development and empowerment of Village communities.

Article 10

- (1) The Village Community participates in determining Priorities for the Use of Village Funds.
- (2) Village community participation as intended in paragraph (1) is carried out by:
 - a. actively involved in every stage of preparing Village Fund Use Priorities;
 - b. submit program and/or activity proposals;
 - c. ensure that Village Fund Use Priorities are determined in the Village RKP and Village APB documents; or
 - d. actively involved in socializing Priority Use of Village Funds.

Article 11

- (1) Priority for the Use of Village Funds is part of the Village RKP.
- (2) Priority for the Use of Village Funds as intended in paragraph (1) is prepared based on:
 - a. recommendations for improvements and consolidation of Village SDGs data;
 - b. recommendations for improvements and consolidation of village development data through the village development index; And
 - c. aspirations of the village community.
- (3) The Village RKP which contains the Priority Use of Village Funds as referred to in paragraph (1) becomes a guideline in preparing the Village APB.

F. Stages of Planning for the Use of Village Funds

1. Openness of Village development information. Villages openly inform the Village community about the following:

- a. Village data as well as maps of Village development potential and resources;
- b. Village RPJM document;
- c. Village entry programs/projects;
- d. the size of the Village budget and sources of Village development financing; And
- e. Priority policy for using Village Funds for national economic recovery, national priority programs, and mitigation and handling of natural and non-natural disasters that support Village SDGs.

2. Village/group deliberations

Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang

- a. Village residents discuss the Priority Plan for the Use of Village Funds based on data and information provided by the Village through various discussion forums.
 - b. the Village RPJM preparation team or Village RKP preparation team holds hamlet/group deliberations to discuss Priority plans for the Use of Village Funds.
 - c. Village communities formulate proposals for prioritized programs and activities to be funded with Village Funds; And
 - d. The results of the hamlet/group deliberation become the residents' proposals at the Village Deliberation.
3. Village Deliberation Determining Priorities for the Use of Village Funds is discussed and agreed upon at the Village Deliberation. The Village Community is obliged to oversee the Priority Proposal for the Use of Village Funds so that it is discussed and agreed upon at the Village Deliberation. The minutes of the Village Conference serve as a guideline in preparing the Village RPJM, Village RKP and Village APB documents.

REGULATION OF THE MINISTER OF FINANCE OF THE REPUBLIC OF INDONESIA NUMBER 128/PMK.07/2022.

The provisions of paragraph (1) and paragraph (2) of Article 42 are amended to read as follows:

Article 42 (1) Monitoring of remaining Village Funds as intended in Article 39 paragraph (2) letter d is carried out to determine:

- a. The remaining amount of Village Funds in the RKD resulting from the reconciliation of the remaining Village Funds for the 2015 to 2018 fiscal year which have not yet been completed is calculated through the calculation of Village Fund distribution stage III or Village Fund distribution stage II for Villages with Independent Village status for the 2021 fiscal year after deducting the Village Fund requirement for Village BLT ;
 - b. the remaining amount of Village Funds in the RKD for the 2019 fiscal year which have not been completed is taken into account in the distribution of Village Funds stage III or the distribution of Village Funds stage II for Villages with Independent Village status up to the 2021 fiscal year after deducting the need for Village Funds for Village BLT;
 - c. the remaining amount of Village Funds for the 2020 fiscal year in the RKD which have not yet been completed is taken into account in the distribution of Village Funds stage III or the distribution of Village Funds stage II for Villages with independent Village status for the 2021 fiscal year after deducting the Village Fund requirements for Village BLT;
 - d. the remaining amount of Village Funds in the RKUD resulting from the reconciliation of the remaining Village Funds for the 2015 to 2019 fiscal year which have not yet been completed is calculated through deductions from general allocation funds and/or profit sharing funds for the 2021 fiscal year;
 - e. the remaining amount of Village Funds for the 2021 fiscal year in the RKD; and f. the remaining amount of Village Funds for the 2022 fiscal year in the RKD.
- (2) The remaining amount of Village Funds for the 2015 to 2020 fiscal year in the RKD which have not yet been completed is taken into account in the distribution of Village Funds stage III or stage II for Villages with independent Village status for the 2021 fiscal year as referred to in paragraph (1) letters.a to letter c, is taken into account in the distribution of Village Funds phase II and/or phase III for the 2022 fiscal year.
- (3) The remaining Village Funds as referred to in paragraph (1) letter d, are calculated through deductions from general allocation funds and/or profit sharing funds for the 2022 budget year.
- (4) Deductions from general allocation funds and/or profit sharing funds as intended in paragraph (3) are determined by a Decree of the Minister of Finance signed by the Director General of Financial Balance on behalf of the Minister of Finance.
- (5) In the event that the settlement of the remaining Village Funds in the RKUD through deductions from general allocation funds and/or profit sharing funds for the 2022 budget year is insufficient, the settlement of the remaining Village Funds in question is calculated in the distribution of general allocation funds and/or profit sharing funds for the 2023 budget year.
- (6) The remaining Village Funds for the 2021 fiscal year in the RKD as referred to in paragraph (1) letter e, are budgeted again in the next fiscal year by the Village head and recorded by the regent/mayor in the online monitoring application for the state treasury and budget system.
- (7) In the event that re-budgeting by the Village head and recording by the regent/mayor as intended in paragraph (6) is not implemented, the remaining Village Funds for the 2021 fiscal year in the RKD as intended in paragraph 1 letter c are taken into account in the distribution of Village Funds phase II and /or phase III for the 2022 fiscal year.
- (8) In the event that the Village Fund phase II for the 2022 fiscal year as referred to in paragraph (2) and paragraph (7) is insufficient, the remaining difference in Village Funds is calculated in the distribution of Village Funds for phase II and/or phase III for the 2023 fiscal year.
- (9) The remaining amount of Village Funds for the 2022 budget year in the RKD as referred to in paragraph (1) letter f, can be budgeted again in the next budget year by the Village head and recorded by the regent/mayor in the online monitoring application for the state treasury and budget system.

Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang

Budgeting process based on RPJM

Socialization

Based on the provisions of Law Number 6 of 2014 concerning Villages and its implementing regulations, the village government is obliged to prepare a medium-term village development plan (RPJM Desa) for a period of 6 (six) years. This is technically regulated in the regulation of the Minister of Villages, Development of Disadvantaged Areas and Transmigration of the Republic of Indonesia number 17 of 2019 concerning general guidelines for development and empowerment of village communities.

The village medium-term development plan (village rpjm) is determined no later than 3 (three) months from the inauguration of the village head. To implement these provisions, in the context of preparing the village medium-term development plan (village rpjm) for 2020-2025. The village Rpjm is prepared by adhering to the following principles:

1. Justice, prioritizing the rights and interests of all village residents without discrimination;
2. Priority needs, prioritize more urgent village interests, and are directly related to the interests of the majority of village people;
3. Focused, prioritizing the choice of using village funds in 3 (three) to 5 (five) types of activities in accordance with community needs in accordance with national priorities and the practice of using village funds being distributed equally is not carried out;
- 4 village authorities, based on origin rights and village-scale local authority;
5. Self-management, prioritizing village independence in implementing village development activities financed by village funds.
6. Berdikari, a process carried out by the village government and village community to carry out an activity within In order to meet their needs with their own abilities;
7. Based on village resources, prioritizing the utilization of human resources and natural resources available in the village;
8. Village typology, the situation and reality of unique geographical, sociological, anthropological, economic and ecological characteristics of villages, as well as changes or development and progress of villages; And
9. Equality, equality in position and role

The village medium-term development plan (village rpjm) for 2020-2025 is prepared with the following stages:

1. Village meeting (musdes) for village planning.

Implemented by the village deliberative body (bpd) facilitated by the village government to discuss the vision and mission of the village head, the main ideas of the bpd and initiatives from community elements.

2. Formation of the RPJMdesa drafting team.

The village head prepares the draft village RPJM by forming an odd number of village RPJM drafting teams taking into account efficiency and effectiveness, consisting of at least 7 (seven) people from elements of the village apparatus, village community empowerment cadres and other village community elements.

3. Alignment of village development policy direction.

Alignment of the direction of village development planning policy with the development policy direction of the central government, provincial regional government and district government is carried out through activities to review regional development documents.

4. Assessment of village conditions.

The assessment of village conditions is carried out through mapping objective conditions in the village, including conditions in each hamlet, as well as sectoral groups, in order to obtain an overview of the problems faced, potential assets and village asset preservation plans, updating village development information data and exploring ideas necessary to improve conditions/resolve problems according to community needs.

5. Preparation of village RPJM draft.

Prepared by the village RPJM drafting team based on data and information resulting from village situation assessment activities.

6. Village development planning deliberation (musrenbang) pjrm village.

Carried out by the village government to discuss the draft village RPJM which has been prepared by the village RPJM drafting team.

7. Village deliberation (musdes) discussing the village RPJM.

Implemented by the village deliberative body (bpd) facilitated by the village government to discuss and agree on the village's medium-term development plan (village rpjm).

8. BPD meeting to discuss & agree on draft village regulations regarding village RPJM

BPD deliberation meeting together with the village government to discuss and agree on draft village regulations regarding the village's medium-term development plan.

9. Socialization of village RPJM.

Dissemination of information regarding the contents of the 2020-2025 village RPJM to the community through information media in the village.

Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang

DISCUSSION

The deliberations carried out in the process of preparing the village RPJM consist of several stages. As explained in the previous sub-chapter, deliberations consist of village planning deliberations, hamlet deliberations and village development planning deliberations (musrenbangdes).

Village planning village meetings or what can be called village workshops. This stage is a participatory deliberation process held by the bpd, facilitated by the village government, to discuss village development plans and strategies for the next 6 (six) years, which are outlined in the vision and mission of the elected village head, taking into account the main ideas of the bpd and the aspirations of the community. village as well as utilizing the potential that exists/is owned by the village. The purpose of the planning meeting is to discuss and agree on village development plans and strategies for the next 6 (six) years. The deliberations involve the village government, BPD, LPMD, community empowerment cadres, religious and community leaders, education leaders, vulnerable groups (poor, disabled, elderly), representatives of other groups (craftsmen, farmers, women).

The material discussed is:

1. Submission of the vision and mission of the elected village head.
2. View of the main ideas of BPD.
3. Conveying the aspirations of the participants present regarding village development.
4. Discussion of village development plans and strategies for the next 6 (six) years.

COSO BASED INTERNAL AUDIT

ORGANIZATIONAL STRUCTURE



Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang

TUPOXY

POSITION	TA SK
BPD	<ol style="list-style-type: none"> 1. Discuss and agree on draft village regulations with the village head 2. Supervise the performance of the village head and government 3. Assist the village head in preparing village planning and village development in realizing good governance 4. Accommodating and channeling community aspirations 5. Formulate Perdes (village regulations) in consultation with the village head
Village head	<ol style="list-style-type: none"> 1. Leading the implementation of village government 2. Carrying out village development and community empowerment 3. Propose and establish village regulations 4. Manage village finances 5. Carrying out coordination meetings with village officials
Technical Executor	Carry out technical tasks related to village development and community empowerment
Head of Welfare Section	Carry out technical tasks related to welfare, such as providing assistance to people in need
Head of Service Section	Providing counseling and motivation regarding the implementation of community rights and obligations
Head of Development Section	Carrying out technical tasks related to village development, such as village infrastructure development, education and health
village secretary	<ol style="list-style-type: none"> 1. Manage village government administrative tasks 2. Leads a staff consisting of the head of village affairs 3. Type or proofread correspondence, distribute or fill out official forms, or schedule appointments 4. Assist the village head in carrying out orderly governance and development 5. Have technical and professional competence and be responsible for carrying out main tasks 6. Improving the quality of village services and governance, including secretaries and other civil servants
Head of General Affairs and Administration	<ol style="list-style-type: none"> 1. Manage village government administrative tasks 2. Typing, proofreading, distributing, or filling out official forms 3. Design meeting agendas, write meeting minutes, and archive them 4. Assist the village head in carrying out orderly governance and development 5. Providing administrative services to the community 6. Provide administrative support to the village secretary 7. Provide administrative support to other village officials
Head of Finance	<ol style="list-style-type: none"> 1. Manage village funds to improve and maintain the welfare of village communities 2. Apply financial reports to manage village funds 3. Manage government and various natural resources owned by the village, including financial management 4. Carrying out village financial management according to regulations 5. Have competence and commitment to village financial management tasks 6. Analyze the variables that influence village financial management 7. Implementing special allocation financial assistance management policies from district governments to village governments
Head of Planning	<ol style="list-style-type: none"> 1. Carrying out village planning affairs, such as preparing village budgets, data inventory for development purposes, monitoring and evaluating programs, and preparing reports 2. Coordinate with other village officials to prepare village planning and village development in realizing good governance 3. Analyze the variables that influence village planning 4. Have competence and commitment to village planning tasks 5. Implement village development plans in accordance with regulations
Head of Affairs	<ol style="list-style-type: none"> 1. Make efforts to maintain order and protect the community 2. Assist the village head in carrying out his duties 3. Coordinate with other village officials to prepare village planning and village development in realizing good governance 4. Manage government and various natural resources owned by the village 5. Responsible for implementing the main tasks and functions of village government

Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang

COSO IMPLEMENTATION

Objectives and Goal Setting	Control Environment	Event Identification	Risk Assessment
<p>Objective:</p> <ul style="list-style-type: none"> Setting specific, measurable, achievable, relevant and time-bound goals (SMART method) to plan steps to achieve Long-term goals <p>Involve other village officials and community members in the goal setting process to ensure that the goals are relevant and achievable Goal Setting:</p> <ul style="list-style-type: none"> Long set goals will be achieved Develop new habits Use SMART to achieve your long-term grant funding goals 	<ul style="list-style-type: none"> Clear SOPs are required There must be a written and agreed TUPOKSI Establish good relationships between leaders and subordinates so they can work together to provide services 	<p>Business Administration:</p> <ul style="list-style-type: none"> The determination and confirmation of Village boundaries is still unclear Village data collection is always changing and is still less than optimal Village spatial planning is less than optimal The implementation of village meetings was less than optimal Village information management is less than optimal Village information administration is less than optimal implementation of Village planning is less than optimal implementation of evaluation of the level of development of village government is less than optimal There is still no implementation of cooperation between villages The development of village office facilities and infrastructure is still not optimal <p>Development Implementation Field:</p> <ul style="list-style-type: none"> The development, utilization and maintenance of village infrastructure and environment, namely roads and road retaining walls, is still inadequate Construction, utilization and maintenance of health facilities and infrastructure such as public bathrooms, village police buildings, Posyandu equipment and supplies which are still inadequate or incomplete Development, utilization and maintenance of facilities 	<ul style="list-style-type: none"> There are no restrictions that must be obeyed for village officials, the community and immigrants there is no SOP for village officials inaccurate data recording lack of attention to facilities and infrastructure there is no training to increase the competency of village officials

		<p>and infrastructure for education and culture such as APE for kindergarten children, PAUD buildings, school grounds, which are still minimal</p> <ul style="list-style-type: none"> • The development of productive economic businesses as well as the development of utilization and maintenance of economic facilities and infrastructure such as irrigation canals and agricultural roads are still inadequate • Environmental preservation for planting trees and medicinal plants is also still not optimal <p>Community Development and Empowerment Sector:</p> <ul style="list-style-type: none"> • Development of Community Institutions, namely administrative development, is still not maximized <p>The implementation of peace and order, such as security posts and security equipment, is not yet complete</p> <ul style="list-style-type: none"> • fostering religious harmony such as religious holiday activities is not yet optimal • The development of traditional institutions such as village cleaning is still not optimal • The development of arts and social culture in the community is still not optimal • There is still no training in agricultural economics and trade, such as agricultural management and so on • training in appropriate technology such as making organic fertilizer is also still not optimal <p>training and counseling education for village heads, village officials, and BPD and other</p>	
--	--	--	--

Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang

		institutions is still not optimal	
--	--	-----------------------------------	--

Risk Response	Control Activity	Communications & Information	Monitoring & Evaluating
<ul style="list-style-type: none"> It is necessary to create clear regulations and standard operating procedures Increasing the number and competency of human resource capacity It is necessary to provide apparatus facilities and infrastructure in the Social Services, Community Empowerment and Village Government Risk management needs to be carried out to manage risk effectively, it is important to have a risk management process that is practical, sustainable, also easy to understand, and the right size for the village 	<ul style="list-style-type: none"> Create draft regulations and SOPs that are jointly approved during Musrenbangdes Validate data and correct errors when inputting data, before the data is processed further Carrying out recording checks on data 	<ul style="list-style-type: none"> Maintain good relations with all village officials Confirm by going directly to the field to validate the data 	<ul style="list-style-type: none"> Ensure regulations and standard operating procedures are mutually agreed upon Ensure what facilities and infrastructure are needed and need to be repaired Evaluate the SOP that has been agreed within a certain time Evaluate the results of risk management

OUTCOME RESULTS

Outcomes	Information
Kompasiana	https://www.kompasiana.com/tasya0207/64fc57474addee37802916f3/peraninternal-audit-dalam-pengawasan-penganggaran-dana-desa-cupak-kecngusikan-kab-jombang
Videos	https://drive.google.com/drive/folders/1kgFC5W-hehIwaUamCIWiSMhs37PQqliK

CONCLUSIONS AND SUGGESTIONS

Conclusion

The researcher took a qualitative approach to produce internal audit findings on the budgeting process and fund allocation for the religious tourism village of Cupak, Jombang and provide recommendations to interested parties. Researchers involve the role of the Government and the community of Cupak village, Jombang to participate in the process of preparing, implementing and being accountable for village fund budgeting. However, researchers will still continue the research process in the remaining three months to obtain more valid results and conclusions. The next period is assistance with the agenda of evaluating and improving the internal audit of the budgeting process in Cupak village, Jombang.

Suggestions

The suggestions that we need to convey are as follows:

- The results of the research have not been fully maximized because they are still in process so adequate advice cannot be given yet.
- Limited space caused by access means that the research team cannot carry out direct observations in the field/research object

REFERENCES

- Beaver WH. Perspectives on recent capital market research William. Account Rev. 2002;2(2):453–74.
- Berthelot S, Francoeur C, Labelle R. Corporate governance mechanisms, accounting results and stock valuation in Canada. Int J Manag Financ. 2012;8(4):332–43.
- Teufert J, Domagala J. Regenerativ-Brennersysteme für Chargenöfen in der Stahlindustrie. Gaswaerme Int. 2009;58(SPEC. ISS.):51–5.

Internal Audit of Cupak Village Fund Budgetting Process, Nguskan, Jombang

- 4) Hwihanus H, Ratnawati T, Yuhertiana I. Analysis of the Influence of Macro Fundamentals and Micro Fundamentals on Ownership Structure, Financial Performance and Company Value in State-Owned Enterprises Listed on the Indonesian Stock Exchange. *Bus Financ J*. 2019;4(1):65–72.
- 5) Hwihanus, Ramadhani AD. The Analysis of The Micro and Macro Fundamentals, Ownership Structure, Good Corporate Governance, and Capital Structure Effect on Financial Performance. *J Accounting Science*. 2019;4(2):252–67.
- 6) JeNsen MC, Meckling WH. Theory of the firm: Managerial behavior, agency costs and ownership structure. *J financ econ*. 1976;3(4):305–60. 2011;5(3):73–92.
- 7) Hwihanus TR, Indrawati Yuhertiana. Audit Opinion: Model Value of the Firm State- Owned Business Enterprises Indonesia. *Manag Stud*. 2019 May 28;7(5).
- 8) Hwihanus, Tri Ratnawati, Indrawati Yuhertiana. Audit Opinion: Model Value of the Firm State-Owned Business Enterprises Indonesia. *Manag Stud*. 2019 May 28;7(5).
- 9) Mwangi LW, Makau MS, Kosimbei G. Relationship between Capital Structure and Performance of Non- Financial Companies Listed In the Nairobi Securities Exchange ., *Glob J Contemp Res Accounting, Audit Bus Ethics*. 2014;(2):72–90.
- 10) Sugiharto, Ratnawati HT, Moehaditoyo SH. Risk Management Mediates the Influence of Good Corporate Governance, Managerial Shareholder, and Leverage on Firm Value. *IOSR J Bus Manag [Internet]*. 2016;18(11):62–70. Available