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The Pseudo-Culture: Financial Management Risk In Village Government

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Abstract

Indonesia's mutual cooperation culture through active community participation in village development. However, the role of these positive values in society is fading and giving rise to pseudo-culture. The culture of mutual cooperation in the life of social communities in rural areas has experienced a decline values in the cultural caused by the existence of a dominant political attitude by the leadership of power in the countryside resulting in a decrease in community trust in the management of rural development. Political risks in the management of village finance is a threat in the cultural values of the community cooperation become pseudo.

Keywords: Pseudo culture; financial management; risk; village government

La seudocultura: riesgo de gestión financiera En el gobierno Del pueblo

Resumen

Cultura de cooperación mutua de Indonesia a través de la participación activa de la comunidad en el desarrollo de las aldeas. Sin embargo, el papel de estos valores positivos en la sociedad se desvanece y da lugar a una pseudocultura. La cultura de la cooperación mutua en la vida de las comunidades sociales en las áreas rurales ha experimentado una disminución de los valores culturales causada por la existencia de una actitud política dominante por parte del liderazgo del poder en el campo, lo que resulta en una disminución de la confianza de la comunidad en la gestión de desarrollo Rural. Los riesgos políticos en la gestión de las finanzas del pueblo es una amenaza en los valores culturales de la cooperación comunitaria convertida en pseudo.

Palabras clave: Pseudocultura; gestión financiera; riesgo; gobierno Del pueblo.

1. INTRODUCTION

This research investigates the role of the community's mutual cooperation culture in the risk analysis of village financial management in an area governed by one of the Village Governments in East Java Province. Many studies have emphasized the important role of culture in risk analysis in the implementation of risk management (Kimbrough & Componation 2015, Durodié 2017). Members of the community have a role in the culture of society

through their participation as well as through overseeing financial management based on the public interest by identifying and reminding others about the possible risks in achieving good governance (Halachmi 2005). The mutual cooperation culture is a form local wisdom possessed by the Indonesian people involving efforts to drive community solidarity through voluntary, active roles for the benefit of common goals. The community has an active role in achieving village development goals so that they are not dominated by rulers who are more concerned with individual interests (Bourdieu 1977). Hickey & Mohan (2004) argue that community participation can increase accountability and transparency in local governance.

In the pursuit of good governance, the involvement of stakeholders is required, including by the government, the community and the private sector (Steiner et al. 2018). One type of accountability tool is risk management (Palermo 2014). The Risk Management Model has been widely promoted in all organizations including those in the public sector. However, comprehensive risk management has still not been widely adopted by the government (Oulasvirta & Anttiroiko 2017). In fact, the implementation of risk management has a key role in the successful delivery of goals for the public (Hood et al. 2013). In complex social systems, it has become increasingly important to manage the level and nature of risk (Krause 2014).

The village is a community unit which is a legal entity that has the authority to govern and manage its own governmental affairs, the interests of the local community based on community initiatives,

original rights, and/or traditional rights that are recognized and respected in the system of government of the Unitary State of the Republic of Indonesia. The Village Government is the administration of government affairs by village officials and the interests of the local community within the government system of Indonesia. This level of government has authority to administer village governance, implement development, including community development, and implement community empowerment ⁶ to improve the welfare and quality of life of rural communities. Government policy mandates village officials to be more independent in managing village government and the various resources owned, including financial management and village property.

In recent years, villages in Indonesia have received attention from many parties. The village, which was once just a community's settlement, is now able to be used as a platform for making change towards the goal of sustainable development. It began with a national development agenda in Indonesia that focused on developing the country ³⁸ from the periphery by strengthening regions and villages. Village independence is manifested through the development and empowerment of the community. One of the efforts made by the government was to create independent village governments through the allocation of village funds. Financial turnover at the village level increased sharply; the revenue in village budgets jumped from IDR 24 trillion in 2014 to IDR 103 trillion in 2018; while Village Funds (DD) increased from IDR 21 trillion in 2015 to IDR 60 trillion in 2018; and Village Fund Allocations (ADD) increased from IDR 9 trillion in 2014

to IDR 31 trillion in 2018. The amount of funds that must be managed by Village Governments is not in line with the capabilities of human resources in the villages (Alimin & Astuti, 2018) which are very diverse, in terms of their geographical conditions and their varied populations. So there may be risks in village financial management that cannot be ignored in order to achieve the stated goals. Therefore, community involvement as the foremost pillar in the village is important through participation and involvement in overseeing village financial management.

In the practice of village financial management in Indonesia, the community is involved in the role of planning through participatory budgeting; then the community plays an active role in participating in the implementation of village programs; and there is the role of the community in overseeing village financial management in order to create accountability. The active role of the community in the village is a reflection of the mutual cooperation culture. Community involvement in government is also carried out in Italy through participatory budgeting. Bartocci, Grossi and Mauro (2019) consider participatory budgeting as a suitable tool for supporting community involvement in the work of government. Participatory budgeting is also a way to bring about justice and transparency (Kuruppu et al. 2016).

Motivated by this gap, this article will contribute to the literature and risk management practices at the village government level by involving the important role of the community mutual cooperation

culture that has been embedded in villages in Indonesia as a first step in building risk awareness in village financial management. RQ: What is the role of mutual cooperation culture in the risk of village financial management?

The case study research method (Yin 2003) is used in this study. According to Yin (2003), case studies are a very useful research methodology to answer research questions of how and why. This approach is considered to be appropriate because it will provide important insights into the disclosure of complex phenomena.

The authors have arranged this article in seven sections. The next section reviews the relevant literature as the study's background. Section 3 describes the method. Section 4 explains the results of empirical case study. Section 5 discusses the results, and Section 6 presents the conclusions of the research.

According to Schein (2010), culture is one of the most powerful influences on organizational decision making and strategy. Organizational culture tends to make greater progress in the implementation of risk management (Kimbrough & Compton 2015). The effectiveness of risk analysis and risk management depends on the policy makers and on the public receiving the policy. Therefore, there needs to be clarity about the objectives being suitable for the geographical or cultural circumstances. Thus, cultural understanding remains the key to effective risk analysis and to risk management being trustworthy (Durodié 2017).

According to the theory about the social order of society explained by Bourdieu (1977), there is the terminology of cultural

capital, social capital, and symbolic models, as well as the concepts of habitus, field and symbolic violence. The field is a social arena in which people maneuver and struggle to obtain the coveted resources. The concept of habitus refers to people learning to yearn for what is possible for them. And then symbolic violence, which is the crucial source of power, will emerge. Therefore, in an effort to understand and analyze, as well as minimize, the existence of socio-cultural, economic and political gaps in the community, social solidarity needs to be strengthened so that the Mutual cooperation is a form of active participation on the part of each individual to get involved in providing added value or positive things to each object, problem and need of others around him or her. Active participation can take the form of material assistance, physical exertion, the suggestion of ideas, mental-spiritual skills, spiritual contributions, and constructive advice. Conceptually, mutual cooperation is a cooperative model that has been mutually agreed upon.

Risk be defined as the likelihood of an event that can affect the achievement of the entity's goals (COSO 2017). The goal of the village government in general is to achieve village self-reliance through development and empowerment. In order to realize this goal, the village government must be aware of the risks that can hinder its achievement. Risk identification is a basic step in revealing and specifying possible organizational risks and the conditions of risks that arise. With risk identification, the organization is able to study the

activities and places where its resources are exposed to risk (Williams et al., 1998).

In modern management, risk management is a measure that must be taken as a form of good governance. Governance and culture are among the five components of the ERM framework (COSO, 2017). The implementation of risk management is part of the practice of bureaucratic reform in the public sector as a form of the New Public Management (NPM) which is currently leading to the New Public Governance (NPG) (Brown & Osborne 2013).

The risk management framework for achieving entity objectives is defined in four categories (COSO 2017), namely:

1. Strategic risk, related to strategies that are aligned with the achievement of the entity's vision and mission.
2. Operational risk, related to the efficient and effective use of the entity's resources.
3. Reporting risks, related to the reliability of the entity's reporting.
4. Compliance risk, related to the entity's compliance with applicable laws and regulations.

Government Regulation No. 113 of 2014 states the management of Village Finance as all the activities related to village finances including planning, implementation, administration, reporting and accountability. It is undeniable that, in carrying out village financial management, there will be risks that will hinder the achievement of the village government's objectives.

2. METHODOLOGY

The method used is a qualitative approach to a case study through field research. In-depth semi-structured interviews for those who had a role in financial management in the administration of the village which was located in East Java Province, Indonesia. This was because the aim was to explore the role of community culture in risk analysis in village financial management. Data sources from this study were multiple: we conducted interviews, which were followed by data and field observations which were the strengths of our qualitative approach (Gioia et al. 2013).

The research data were collected between March and December 2018 through interviews recorded in writing and electronically, both at the village government offices and outside the village government, with formal and informal meetings, such as Forum Group Discussions (FGD). In qualitative field research, the aim of the study is to understand conditions/practices naturally (Cohanier 2014) and to identify sources and informants who can provide appropriate information in accordance with actual conditions in order to reveal the phenomena related to the investigation (Parker & Northcott 2016). In line with this, the researchers conducted interviews with those who carry out village financial management, namely: the village officials, including the Village Representative Council, which is the party responsible for village financial management; with a facilitator village who is an expert appointed by the District Government through a selection process to assist the village government in managing their

finances; the District Government itself which is the policy maker and supervisor for the village administration in its management of village finances; and the local community which is one of the parties that has an important role in overseeing village financial management. This meant that there was a total of 18 people; the details are explained in Table 1. Therefore the research data were collected from each party who understood and carried out the stages of village financial management. ¹⁶ A total of 14 semi-structured interviews were conducted with an average of two hours for each interview; the FGDs were conducted twice with an average duration of 5 hours each. A triangulation process was carried out with on-site observations and analysis of village government documentation, as well as FGDs involving village facilitators and community members outside the object of research.

To maintain the anonymity of the interviewees, extensive notes were taken during the interview process. Where permitted, the researchers used ⁴ a digital voice recorder. The recorded data were then transcribed and re-read along with detailed, handwritten notes that were made during the interview. In the interviews, the researchers investigated the role of the community's mutual cooperation culture at each stage of the village's ¹⁴ financial management, namely planning, implementation, administration, reporting and the accountability of village finances. At each stage of this financial management, we then identified the existing risks which we then grouped into types of risk. ⁴

Data were analyzed in accordance with the recommendations of Eisenhardt (1989). Related to this, a data review (field notes, interview

transcripts, village government documents) was used to identify general and unique themes related to the role of community culture in awareness of uncertainty in village financial management in Indonesia. The findings that emerged were then compared to existing research. Repeated revision of the data, literature and research questions was continued until a reasonable match was reached (Ahrens & Chapman 2006).

Table 1: Qualitative Data

Data	Number
People interviewed:	
Village Officials, consisting of the Village Head, the Village Secretary, the Village Treasurer, the Village Development Planning Section, the Village Representative Council	6 people
Village Facilitator	5 people
Distict Government Officials	2 people
Villagers	5 people
Total	18 people
Documents:	
Village Government Strategic Plan (Village Medium-Term Plan)	
Village Budget	
Village Deliberation Document (Meeting Attendance, Minutes)	
Village financial management documents	

Report on the results of supervision and development of village
financial management

3. RESULTS and DISCUSSION

¹⁹ In general, village financial management accountability is carried out in accordance with applicable regulations. The stages of village financial management are in accordance with Minister of Home Affairs Regulation No. 113 of 2014 concerning village financial management which start with the stages of planning, and implementation and end with the stages of reporting and accountability. As each stage is carried out, there are risks in village financial management that must be realized and if not managed properly, they will hinder the achievement of objectives.

⁵ Village Financial Management: Planning

Planning is the first step to start village financial management. The Village Government starts planning financial management through a Village Deliberation. ¹² All the aspirations and needs of the village community are the subject of these village deliberations. The Village Government submits the Village Medium Term Development Plan, which includes the vision and mission of the Village Head as the basis for the preparation of the Village Government Work Plan, and then the Village Administrative Budget is determined.

⁸ The Medium-Term Development Plan is prepared correctly. So, three months after the Village Head was appointed we compiled the

Medium Term Development Plan, but sometimes there are government programs that are not suited to it, and finally we have a Medium Term Development Plan review. (Village Officials) [...]

When the budget ceiling has been set, we then hold the village deliberation so that it is determined in accordance with the needs of the village community. (Village Officials)

The planning process begins by establishing who from the community is invited as members of the Village Deliberation. Then before planning for the coming year, the program of the previous year will be presented first. The Medium-Term Development Plan review is carried out through a Village Deliberation, to evaluate the achievement of the annual program which is adjusted to the vision and mission of the Village Head.

There is an evaluation, every development plan we evaluate in the Village Deliberation. It is called the Medium-Term Development Plan review at the sub-district level and then technical training and then brought to the village through the Village Deliberation. (Village Officials)

There is a review of the Medium-Term Development Plan, it must have been conveyed through the Village Deliberation. When preparing the Government Work Plan there is a review of the Medium-Term Development Plan. The Village Government Work Plan and Medium-Term Development Plan are matched, performance reports are also matched with Medium-Term Development Plan. The main

obstacle in its implementation is the parties involved in the Village Deliberation. (Village Facilitator)

In the majority of villages, on average, when a village head is elected, there must be a political element. Sometimes, the Village Representative Council is not as synchronous with the Village Officials or the Village Head is. The village representative council's function does not run according to the rules. Constraints are planned, initially the Village Deliberation in planning does not involve all levels of the community. (Village Facilitator)

The next stage was the preparation of the Draft Village Regulation for the Village Budget. The Village Government is expected to determine its legal products on time.

Preparations from the District Government that are lacking [...], we can only prepare the Village Budget in the fourth or fifth month because we must all refer to the District Regulation. The District is slow to be ready and the end the Village budget is only finished in the fifth month and new disbursements are made in the sixth month even though we should have already carried it out. It never runs according to the schedule. (Village Officials)

We want to prepare the Village budget but have to wait for a District Regulation first [...] The regulation is late at the District level. The Village Government does not dare act if the District Regulation does not yet exist, because it is the main basis so it can result in the Village Government's legal products being late. (Village Facilitator)

Establishing a District Regulation is not as easy as one might imagine; it requires a bureaucratic process that must be navigated. (District Government).

Village Financial Management: Implementation and Administration:

In village financial management, the next stage after planning is the implementation stage and the subsequent administration stage. At this stage, the Village Government carries out what has been stipulated in the Village Regulation on the Village Budget. Basically, all stages in village financial management are regulated by the District Regulations, so the Village Government runs the Village budget implementation stage based on these regulations.

Village financial management is carried out according to the applicable rules [...], because everything is regulated in the regulations. The constraints are usually delay in disbursement, so there is only a short time for budget execution. (Village Official)

The regulations on village financial management at this stage of implementation determine how the Village Government uses the budget.

The team managing the infrastructure implementation activities generally speaking is not equipped with the ability to translate the budget into action, so sometimes what is planned and implemented is not quite right. Then, sometimes, in terms of quality specifications in the village these days, the problem is the lack of personnel who oversee the activity. The effect will be from the moment when there is

guidance from the inspectorate, so then there will be findings. (Village Facilitator)

Actually, the regulations are about using money according to needs, but there is still money taken not according to needs, so it is very risky. (Village Facilitator)

In procurement, the mark up of goods still occurs, and the village is still fond of this, but the obstacle is because the inspectorate does not want to judge it to be wrong for reasons of wanting to guide the village, [...]. (Village Facilitator)

The Cash For Work program is a vulnerability. It's where the village wants to build at a fast pace but sometimes the disbursement is delayed so bailout money is sought [...]. Because the funds were disbursed late, the village government used the bailout funds. Indeed, what happened in the third stage of village funds they had not yet been disbursed, but all development had been completed. (Village Facilitator)

Sometimes, the delay in disbursement is also caused by the village, for example, it cannot yet be disbursed because the accountability report of the previous activity has not been completed. (Village Facilitator)

The human resources competency of village officials is required to enable them to implement the Village budget in accordance with established regulations. Every activity based on the Village budget implementation must be recorded and reported at the administration stage. Human Resource development for Village Government officials is carried out by the District Government, with the hope that the

Village Government can run the village financial management well. Systematic education, training and enforcement of regulations and procedures can be used as a way to control risk (Wijeratne et al. 2014).

In general, village governments are forced to manage finances ranging from planning to online reporting, villagers are forced to be smart. So there may be villages that ask for help from other villages. This difficulty is supported by the presence of Village Facilitators who have an active role in detecting the obstacles that arise in the village government. (Village Official)

[...] in implementing funds for infrastructure facilities there is a lack of ways to do it so, sometimes, what is planned and implemented is not appropriate. Therefore, in terms of human resource quality there is still a lack of staff who are consistent in overseeing implementation. (Village Facilitator)

Lack of Human resources guidance. Village Financial System Training should be held from the beginning of the year, not in the middle and at the end of the year. So the preparation for using the budget is lacking. (Village Official)

There is development of human resources by the District Government, but human resources capabilities are still lacking so integrity is lacking. Human resources development here is merely casuistic. There is no provision for candidates for a village's governmental apparatus who have been selected, so this can lead to village officials being less competent. So, where the development of Human resources is casuistic, for example, there will be an order to

create the Medium-Term Development Plan, for example, there is a new model, and that training will only last a day so it is just a kind of briefing. (Village Apparatus)

The final stage of village financial management is reporting and accountability. At this stage, there is a report and responsibility taken for the stages of planning, implementation and administration in village financial management. In accordance with applicable regulations, the Village Head is required to report and be accountable for Budget Realization, both to the District Government and to the community, in a timely manner. This is part of the transparency and accountability of village financial management.

Submission of financial statements is sometimes not timely. (Village Official)

So, for financial statements, if there are many obstacles to the implementation then the report is waiting to be sorted out first, causing the report to be postponed. [...] the regulations were also approved late, the cash disbursement was late, then the Budget Plan was revised a few times and so it was late, it was so late we wanted to revise it again. To do the revision, we had to open the Village Financial System application again because it was already posted. (Village Facilitator)

The Village Government, in this case the Village Head, will definitely report and account for the Budget Realization Report because it will affect the disbursement of the following year's funds, but because, in the implementation, there are several constraints, it will sometimes result in the report submission being not timely.

Internal control is one of the important stages in achieving the objectives of the Village Government. In accordance with Law No. 6 of 2014 pertaining to Villages, it is explicitly stated that the District Government, in this case the Inspectorate, has the role of overseeing village financial management and the utilization of village assets. In addition, the Inspectorate also plays a role in guiding and overseeing the administration of the village.

Basically, control of the village government in achieving its objectives through the management of village finances should involve the external parties of the village apparatus, namely elements of the community and the District Government. However, at present, what is happening is generally control exerted through the Inspectorate and in this case the Regional Government is merely giving guidance, and meanwhile there is a decrease in public trust in the managers of the village government.

Basically, the actual culture of participation and cooperation in the village community is high, but because there is a political element, and Corruption Collusion Nepotism, the culture eventually diminishes (Village Facilitator)

The Village Representative Council is also the party that should be able to control the performance of the Village Government, but the village representative council does not carry out its basic duties and functions optimally, and this is usually based on differences between the interests of the village representative council and the Village

Government, so political elements become one of the reasons why this happens. (Village Facilitator)

Weak control of village financial management that results in some risks for that financial management has not yet been acknowledged and cannot be managed properly (Table 2). If this is allowed to drag on, the village government's goals and the basic goals of "Nawacita" (a nine-point development agenda) will not be accomplished.

Table 2: Identifying Risk in Village Financial Management

Stages of Village Financial Management	Source of Risk in Village Financial Management	Risk in Village Financial Management
Planning	The program does not meet the needs of the community	Risk in Governance
	The involvement of members of the Village Deliberation does not adequately represent elements of the community	Risk in Planning
	Determination of policies has political elements	Political Risk
	Late Issuance of District Government Regulations	Risk in Regulations
	Delay in issuing village legal	

	products	
Implementation & Administration	The low competence of Human Resources	Risk in Human Resources
	Planning and village reporting conducted by other parties	Risk in Informasi Technology
	Late disbursement of funds	
	The use of village money is not in accordance with the regulations	Risk of Fraud
	Goods and Services Procurement Mark-Up	
	Village Asset Management is not in accordance with the regulations	
Reporting & Accountability	Reports not submitted on time	Risk in Accounting & Reporting
Guidance & Supervision	Low Control and Supervision Functionality by village representative council and the Community	Risk in Controlling & Monitoring
	Village representative council is not have the same vision and the same direction as the	

Village Government

The results of this study convey the idea that the culture of community cooperation has been damaged by the political tendencies of policy makers in the administration of village governance which has led to a false culture of mutual cooperation. The diminishing level of community trust in the village apparatus in conducting village financial management is something that needs attention because it can lead to risks in village financial management that, if not managed properly, can hinder the achievement of village government goals (Figure 1). In fact, the role of culture is needed in risk management practices in order to achieve good governance (Halachmi 2005). Good governance can be used to be of public policy delivery (Burgman 2015).

According to Bourdieu (1977)) in Theory of Practice, symbolic violence is committed by regimes or groups in power against the lower classes of society who are marginalized in the development process. Under certain conditions, power relations also occur in the community, and groups that benefit continue to reproduce structures that benefit their position (Bourdieu (1977). The practice of participatory-based budgeting, that is widely practiced in several countries, is also damaged by the political elements of those who have power (Kuruppu et al. 2016, Bartocci et al. 2019).

It turns out that politics is a new source of risk (Bogodistov & Wohlgemuth 2017) that needs attention in terms of the practice of risk management. Increased political risk will reduce the public's

expectations and its trust in agencies (Collier 2009). Therefore, good risk management through risk management practices in the implementation of village financial management can be considered to be a step in anticipating the existence of this oppressive and repressive structure so that it is not sustainable and so that it can bridge the gap and improve the position of the community through the values that comprise the mutual cooperation culture. Village community empowerment can be a strategy in village development (Abafita et al. 2013). With the mutual cooperation culture, both through community participation, both in terms of sharing opinions and in terms of self-management of village development, has an important role in the successful implementation of the village financial management by Village Government. Mutual cooperation is a voluntary participatory action in the success of the Village.

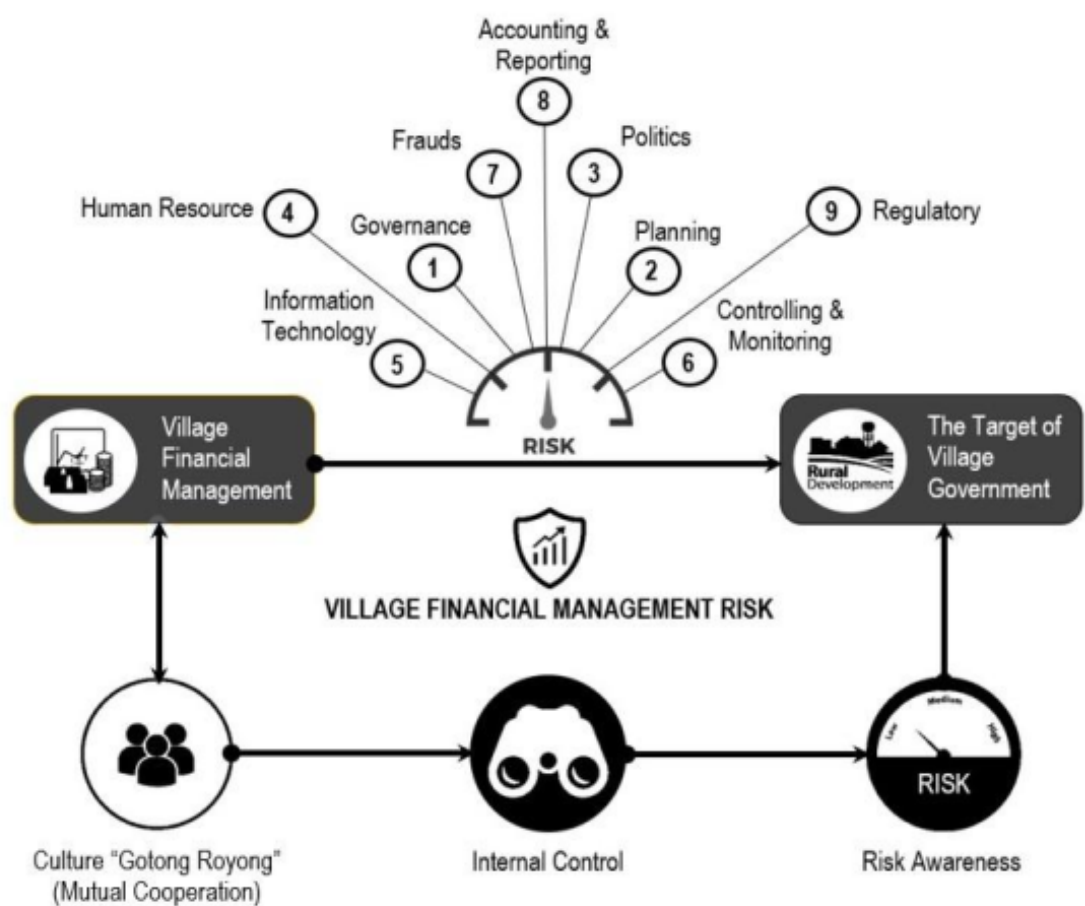


Figure 1: The Role of Culture

According to COSO (2017), there are the following four categories of risk: strategic risk, financial risk, operational risk and compliance risk. Strategic risk is an unexpected change in key elements of strategy formulation. Village government strategy can face the risk of being threatened by conditions where the needs of the village community are not in line with the interests of the village governmental apparatus. Village financial management becomes a strategic risk when a village program is not in accordance with the needs of the community but instead accords with a political tendency of the policy makers. Meanwhile, the government's credibility is partly

based on providing fair services and ensuring the proper behavior of the government apparatus and thereby reducing the risk of public corruption. There is increased risk of abuse of the power entrusted to officials in the form of public corruption for personal gain (Collier 2009). The Village Head's position as the holder of a mandate to carry out activities in the interests of the village community must be realized by all parties. So it must not be because of personal interests that are promoted by the political tendencies that prevail. This is what has caused the decline in public confidence in the implementation carried out by the Village Government. Moreover, the focus is on understanding risk analysis which involves what should be the role of the community's culture.

Operational risks are unexpected changes in elements related to operations. The low competence of human resources, the low functionality of control and supervision, as well as delays in regulation from local governments are all operational risks that are detected in village financial management. The government currently does not have the capacity and ability to effectively manage their financial resources (Basri & Nabiha 2014). Li & Zeng (2015), Human capital development can be done through training and higher education to be able to improve quality in creating economic growth. Other than that, delay in disbursement of village funds, inappropriate use of village cash, inadequate village financial reports, and mark-up practices that occur in the procurement of goods are detected as financial risks in the management of village finances. In the category of compliance risk,

there is a risk of managing village assets that are not in accordance with the rules and delays in issuing legal products by the Village Government.

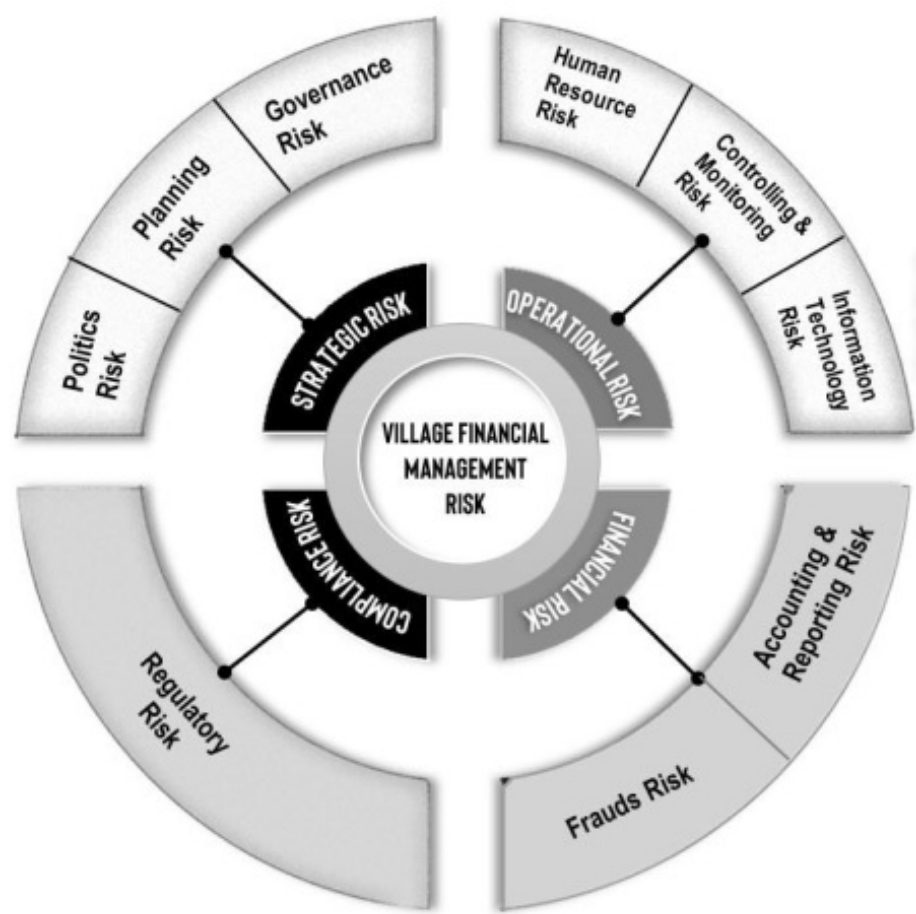


Figure 2: Village Financial Management Risk

Basically, all stages of village financial management are carried out by village officials in accordance with applicable regulations. However, in its implementation, there are various constraints that result, whether they be intentional or unintentional. Therefore, the implementation of village financial management seems to be merely a formality to meet applicable regulations (Weber 1947). The results of

risk were identified from interviews and document observations (Table 2) and then were grouped according to the four categories defined by COSO (2017) in the risk management framework, namely strategic risk, operational risk, reporting risk and compliance risk (Figure 2). The result of risk identification, the next step should be measure the probability of risk (Matthews & Kompas 2015) that can be follow up in future research.

4. CONCLUSION

Successful implementation of governance and development in villages is not only the responsibility of Village Governments; it also needs the support of all parties including the community so that the purpose of village formation as mandated by the national laws can be realized. Cooperation between parties is needed for the success of the Village Government. The culture of mutual cooperation in the village community is a joint effort that has long been part of the life of the village. However, over time, there have been values in the culture of mutual cooperation that have diminished. This is due to a decrease in public trust in the village governmental apparatus. The role of the community is still considered to be limited in terms of compliance with the formality of the rules in its participation in expressing opinions at the village financial management planning stage.

From the discussion above it can be seen that the key elements of village financial management risk as follows:

1. Risk analysis and risk management are not only technical matters but have also point towards social, cultural and political matters.

2. Moral values and political elements that exist can damage trust which will have an impact on the diminishing of the values that comprise the community's mutual cooperation culture.

3. Political domination will damage the true principles of democracy.

4. Trust is the best thing to maintain so that active and real community involvement can play a role in village development.

5. Risk management of village finances needs to be managed properly through risk management practices.

This study offers a practical contribution as well as one to the literature to the work of Bourdieu (1977) who stated that the political role of policy makers still dominates a person's behavior in a group of people, and this is one of the factors that can cause the culture of mutual cooperation to become artificial. Political practices in village governance must begin to be minimized so that the values that comprise the culture of mutual cooperation become intact again and the cultural practice of mutual cooperation becomes real. Implementation of community culture is also an important factor in risk analysis. Risk analysis and management have migrated from the main technical arena to the social, cultural and political aspects, but the

trust that is the best to be maintained is from the involvement of public roles (Durodié 2017).

Basically, the success of the village administration needs to be encouraged by various parties who need to be aware of the risks that hinder the achievement of objectives at the stages of financial management. Implementation of risk management by the Village Government can be carried out or not: further research is needed. This is because the village has various environmental conditions. The level of severity of the risks in the village's financial management can be identified, one of way to do this is through risk assessment which is a weakness in this study. However, a lack of awareness and ignorance about risks will make effective risk assessment very difficult (Wijeratne et al. 2014). In fact, as one form of organizational responsibility towards the public, effective risk management is needed (Matthews & Kompas 2015).

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