

SOCIALIZATION OF ADMINISTRATIVE RECORDS AND FINANCIAL MANAGEMENT OF VILLAGE-OWNED ENTERPRISES IN PUKDALE VILLAGE

Jeremia Alexander Wewo

Universitas Kristen Artha Wacana, Kupang

Email: jeremia.alexander.wewo@ukaw.ac.id

Abstract

This activity was motivated by the fact that administrative records and financial management in Village-Owned Enterprises had not been properly and properly organized. This service aims to provide an explanation of administrative recording and financial management of village-owned enterprises (BUMDes) located in Pukdale Village. The method used is socialization, namely the service provider provides material and then has a question and answer discussion. The results of the service and discussion found that administrative recording activities consist of expeditions in the form of activities to record any information sent or received, both for internal and external purposes and archiving is a process of systematically organizing information storage so that it can be easily and quickly found if needed while financial management includes planning, organizing, implementing, and controlling financial activities. The suggestion given in this service is that the socialization that has been delivered by the dedication should be carried out by all village officials so as to create a quality pattern of administrative recording and financial management.

Keywords: Administration, Business Entity, Finance, Village

INTRODUCTION

Higher education is the highest institution in education that has guidelines known as the Tri Dharma of Higher Education. As the name implies, Tri Dharma Higher Education has 3 (three) fields that become the main guidelines in the implementation of education in higher education, namely education, research, and community service. (Nyoto, 2021) One of the efforts to realize the Tri Dharma of Higher Education in the field of community service is through Learning and Community Assistance Activities (KBPM). Further examined, Community Learning and Assistance Activities can be applied to improve the quality of human resources and potential in a particular area. (Apriadi et al., 2021)

Artha Wacana Christian University (UKAW) Kupang in 2022 organizes Community Learning and Assistance Activities (KBPM) which are located in the areas of Kupang City, Kupang Regency, South Central Timor Regency, Malaka Regency, Belu Regency, Central Sumba Regency, and East Sumba Regency with the theme Strengthening the Capacity and Quality of Village-Owned Enterprises (BUMDes). Specifically, for the location of

Community Learning and Assistance Activities whose placement in the regency is divided into several villages which are partners of Artha Wacana Christian University Kupang. Of these villages, students are placed in village offices and churches in the village which are the object of the Community Learning and Assistance Activity location.

The Committee for Community Learning and Mentoring Activities (KBPM) has divided and placed servants in Pukdale Village and Mizpa Church located in the East Kupang District, Kupang Regency. Pukdale Village is a village that has very high quality natural potential supported by the availability of adequate agricultural and agricultural areas. This advantage makes Pukdale Village one of the villages that has agricultural commodities recognized by the Kupang Regency Government. The superior condition of the agricultural sector must be supported by the ability to manage and produce the agricultural sector. When the servant arrived in Pukdale Village, the servant was well received as shown in figure.1 below:



Figure. 1. Dedication and students are welcomed in Pukdale Village

Referring to the theme of the Community Learning and Mentoring Activity (KBPM) on Strengthening the Capacity and Quality of Village-Owned Enterprises (BUMDes), during the evaluation of the activity, the dedication found that Pukdale Village already has a Village-Owned Enterprise (BUMDes) called Badan Usaha Milik Desa (BUMdes) Setia Kawan. The programs of the Setia Kawan BUMDes are 1) a trading business unit consisting of trading stationery and drawings (ATK) and photocopying, 2) an agricultural business unit consisting of the provision of rice and secondary crops-horticulture seeds, distributor or retailer of fertilizers, provision of insecticides and pesticides and 3) a service and rental business unit consisting of rental activities (tent and chair rental) and rental of combine and cultivator equipment. The evaluation conducted by the dedication is shown in Figure 2 below:



Figure. 2. Evaluation Activities of dedication in Pukdale Village

The problems faced in the implementation of the Setia Kawan Village-Owned Enterprise (BUMDes) are administrative and financial aspects. In terms of administration, weaknesses in recording equipment rental documents are crucial in administration. Furthermore, from a financial perspective, people who rent tools contained in the BUMDes do not have the awareness to pay for the use of these tools. These two problems are crucial aspects in the implementation of the Setia Kawan Village-Owned Enterprise (BUMDes) in Pukdale Village.

IMPLEMENTATION METHOD

The service was carried out on August 24, 2022 with the venue at the Pukdale Village Office located in Pukdale Village, East Kupang District, Kupang Regency, East Nusa Tenggara Province. Participants in this activity consisted of Village-Owned Enterprises (BUMDes) Setia Kawan officials, Pukdale village officials, village communities, and students of Community Learning and Assistance Activities (KBPM) of Artha Wacana Christian University. The activity was carried out with a delivery method in the form of a lecture delivered by the servant about the importance of administrative records and financial management and questions and answers in the form of interaction and responses from participants in responding to the information presented.

RESULTS AND DISCUSSION

The initial stage of implementing this service began with coordination between the servant and the Village Head to determine the time and certainty about the implementation of activities. Based on the agreement between the servant and the Village Head, certainty was obtained regarding the date of implementation of the activity, namely on August 24, 2022 with the venue at the Pukdale Village Office.



Figure. 3. Socialization of Administrative Recording and Financial Management Activities

Following up on this, the dedication delivered material at the socialization activities as follows, *first* about administrative records. Administration is an improvement or change in the organization and management of state government from the previous form. Administration is the systematic preparation and recording of data and information with the intention of providing information and making it easier to retrieve it as a whole and in relation to one another. (Fadhila & Nugroho, 2020) Administrative activities are divided into 2 (two), namely: (Pradipta et al., 2023)

1. Expedition is the activity of recording any information sent or received, both for internal and external purposes.
2. Archiving is a process of systematically organizing information storage so that it can be easily and quickly found if needed.

Referring to BUMDesa, administrative recording becomes urgent because as a legal entity, the validity of a document is determined through the existence of the document. Therefore, in order to realize the ideal administrative record, it requires cooperation activities from all BUMDesa officials and the village community.

Second, the dedication delivered material related to BUMDesa financial management. The success or failure of a business is largely determined by the Bumdes's financial capabilities. The goal of financial management is to maximize the prosperity of shareholders or owners through maximization of company value. In the context of Bumdes, shareholders or owners are the village government or the community that provides capital to Bumdes. In other words, the actual owner of Bumdes is the village community. Financial management includes financial planning, organizing, implementing, and controlling activities. Financial management for Bumdes is the management of funds both with regard to allocating funds in various forms of investment effectively (investment decisions) and efforts to raise funds for investment payments efficiently (spending decisions). (Desiwantara et al., 2021)

In simple and concise terms, the function of Bumdes financial management includes 3 (three) main policies/ways, namely: (Dwi R.T et al., 2021)

- 1) How to invest or use funds to develop business units.
- 2) How to find sources of funds to finance the business unit.
- 3) How to divide risk and profit.

Based on the 3 (three) financial management functions above, Bumdes must make financial decisions and policies to find answers to the following objectives:(Ismiyah, 2020)

- 1) Investments made by Bumdes are *profitable*.
- 2) Sources of capital to obtain funds needed to run the Bumdes and how the Bumdes obtains funds.

Financial policies on Bumdes financial management need to be discussed in detail as follows, first investment decisions are decisions about allocating funds in various forms of investment effectively. Effective investment to achieve the vision, mission, and objectives of Bumdes. Decisions on whether the investments made by Bumdes in business units are *profitable*. Decisions on how the Bumdes allocates limited funds to bring maximum benefits. Determining how much funding is required to run the Bumdes. The investment decision is the decision that must be made first and then the decision on the source of funding for the Bumdes business. Why decisions about investment should take precedence over decisions about business funding sources.(Rika Fatimah, 2018)

Bumdes development must start with a good business idea. A healthy Bumdes will always try to invest in profitable business units. Investments in business ideas from Bumdes are attractive and financially viable. If the business idea is profitable both economically and socially, funding the investment will be easier as many parties will be interested and willing to fund it. However, many prospective business people and Bumdes managers start their business plan from thinking about the availability of business capital, not from how interesting and profitable a business idea is. If this is the case, then no matter how good the business idea is, the business will not be implemented immediately for the reason that there is "no capital". Whether the investment made by Bumdes in business units is profitable. In principle, investments can be divided into long-term, medium-term, and short-term investments.(Wuluh et al., 2023)

Long-term investments are investments in fixed assets or assets, relatively large in value, more risky, and have a term of more than 5 (five) years. On the other hand, short-term investments are investments in current assets or assets (working capital in the form of cash, receivables, and inventory), relatively small in value, less risky, and have a term of less than 1 (one) year. While medium-term investments are investments with a period of time between 1 (one) to 5 (five) years. The objective of investment in general is to maximize shareholder prosperity or maximize company value. Specifically for Bumdes, the shareholders are the village government or the village community at large. Thus, the investment objective of Bumdes is to maximize the prosperity of the village government or village community. This goal can be achieved if Bumdes makes investments that provide a greater present value than its investment, then the value of Bumdes will increase.(Anggraeni, 2016)

Bumdes investment decisions must be assessed in relation to the ability of the business units run by Bumdes to generate profits equal to or greater than those required by the owners, in this case the village government and the community.(Ratna Aziz Prasetyo, 2016) There are

4 (four) types of long-term investments that may be made by Bumdes, namely:(Zahrudin et al., 2023)

- 1) Investment in asset replacement due to obsolescence or new technology.
- 2) Investment in business expansion (expansion) in the form of additional production capacity due to better business opportunities.
- 3) Investment in new product additions or product diversification.
- 4) Other investments that do not fall into these three categories.

Long-term investment plans are often referred to as investment projects. Investment projects for Bumdes are investment plans that will be made in business units that will be run. Financial managers in analyzing or determining whether one or several investments are feasible (profitable) or not must estimate or estimate future cash flows that include cash inflows (funds to be received) and cash outflows (funds to be spent). The process of estimating this cash flow is not an easy job. The main role of the financial manager in projecting cash flow includes coordinating and controlling the estimation process that involves all parties in the Bumdes. At the initial stage of the investment analysis of a Bumdes business unit is to calculate how much funds are needed (initial investment) to start a Bumdes business unit and the estimated net cash flow that will be obtained.(Buhang et al., 2022)

Initial investments include land, buildings/offices, machinery, equipment, working capital, and others. Estimated net income is operating income minus operating expenses plus depreciation and plus one minus the tax rate multiplied by interest. Net cash flow is total cash inflows minus total cash outflows. Net cash flow is net income before deducting interest and tax payments because companies do not want to confuse investment decisions with funding decisions. Depreciation of assets (depreciation) needs to be added because depreciation of fixed assets is an allowance for funds to replace the fixed assets so it must be added. Long-term investment forecasting and analysis is usually part of the Bumdes's *business* feasibility study and *business plan* documents. Bumdes as a social business institution should not only make business decisions based on profit and loss considerations alone.(Sari et al., 2022)

The main objective of a not-for-profit business is to provide services to the surrounding community, and not just the personal prosperity of a few people. Thus, capital budgeting in the context of a non-profit business must consider several factors in addition to the rate of return on the business investment being financed. However, the principle of investment in business units for profit-seeking companies can still be applied in non-profit businesses with some modifications. Because if a non-profit business finances an unprofitable project or business and it lasts for a long period of time, it will result in bankruptcy.(Susanti et al., 2021)

Ultimately, if this continues in the long term, the Bumdes will experience bankruptcy. Therefore, investment in profitable business ventures needs to be considered by Bumdes managers. The first thing that should be considered by Bumdes managers in making investment decisions is that because non-profit business ventures must provide *social value* in addition to *economic value*, the analysis of non-profit business investment projects must consider the social value.

Second, referring to Government Regulation No. 72/2005 and Minister of Home Affairs Regulation No. 39/2010, the capital of Village-Owned Enterprises (Bumdes) comes from:

- 1) Village Government from separated village assets.
- 2) Capital participation from the community, community savings/savings.
- 3) Government assistance, provincial and district governments, and co-administration funds.
- 4) Loans from financial institutions or LGUs.
- 5) Capital participation of other parties or profit-sharing cooperation on a mutually beneficial basis, for example from the private sector and/or the community.

Specifically for sources of capital from loans, Article 80 of Government Regulation No. 72/2005 stipulates as follows: "Village-Owned Enterprises may make loans in accordance with laws and regulations. Loans are made after obtaining BPD approval". Meanwhile, Article 16 of Minister of Home Affairs Regulation No. 39/2010 states that Bumdes capital can come from revolving funds of government and local government programs that are handed over to the village and/or community through the village government.

Furthermore, Article 17 of the Minister of Home Affairs Regulation No. 39/2010 has clearly regulated the distribution of Bumdes business results "Revenue sharing of village businesses as referred to in Article 12, is carried out based on net business profits". BUMDesa profit sharing is allocated to the fertilization of business capital, village income, education and training of administrators and reserve funds.

CONCLUSION

Based on the results of the service and discussion, the conclusion obtained is that administrative recording activities consist of expeditions in the form of activities to record any information sent or received, both for internal and external purposes and archiving is a process of systematically organizing information storage so that it can be easily and quickly found if needed while financial management includes planning, organizing, implementing, and controlling financial activities. Financial management for Bumdes is the management of funds both with regard to allocating funds in various forms of investment effectively (investment decisions) and efforts to raise funds for investment payments efficiently (spending decisions).

The suggestion given is that the socialization that has been delivered by the dedication must be carried out by all village officials so as to create a quality pattern of administrative recording and financial management.

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