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# FINANCIAL MANAGEMENT IN VILLAGE AND AGRICULTURAL DEVELOPMENT

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## ABSTRACT

The existence of SiLPA (Excess Budget Calculation) in village financial management is an abstract thing that can indicate a surplus village financial condition but also indicates that the absorption of budget could be more optimal. Being the region in Bali Province with the lowest SiLPA ratio in 2018 and 2019, Tabanan Regency has demonstrated budget management capabilities despite the large number of villages in its area. The impact of village financial management also affects the development of village agriculture, which is the primary employment in Tabanan, the title of Bali's main rice barn. This study examined the relationship and influence of village revenue and expenditure on SiLPA and the causes of SiLPA in Tabanan Regency. This research is confirmatory research with GSCA analysis that used to analyze the relationship and influence of village income and expenditure on SiLPA in Tabanan Regency. Meanwhile, qualitative descriptive analysis is used to examine the causes of SiLPA in Tabanan Regency.The results show that P1, P3, and B5 matter positively affect S. Meanwhile, P2 and B1 have a negative effect on S. The causes of SiLPA are dominated by force majeure and planning.

**Keywords**: *agriculture, development, GSCA, SiLPA, village*

## BACKGROUND

Village development is the main focus to improve the standard of living and welfare of rural communities. Moreover, villages play a vital role in improving the country's economy. Village development and agricultural development are closely related. The backbone of many villages' economy is the agricultural sector. Economic growth and infrastructure in villages support increased agricultural production, while progress in the agricultural sector can boost village economic and social development. According to Tarlani & Sirajuddin (2020), villages contribute to a vast production network, people produce agricultural products while also getting jobs in agriculture. Wijayanti & Taufik (2022) revealed that villages are the main axis in improving community welfare and village development.

It is crucial to ensure that village development and agriculture are implemented sustainably by considering the supporting aspects of successful village governance, especially village financial management. Good village financial management is also an essential part of efforts to maintain the sustainability of village development. According to Li et al. (2019), Adhinata et al. (2020), and Saepudin & Yusuf (2022), financial support and the availability of village economic foundations in the form of capital are essential factors in the implementation of village development. According to Harmadi et al. (2020), village funds stimulate economic improvement and hope for village development.

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Although the importance of village and agricultural development is recognized, many challenges must be faced in village financial management. The efficiency and effectiveness of the village budget still need to be improved, as evidenced by the remaining unabsorbed budget. In this case, the residual is the village's remaining budget surplus (SiLPA), not used in a certain budget period. Good management of SiLPA can contribute to more optimal village development, such as infrastructure development, community empowerment, and improved community welfare. In addition, building good village financial management with efficient and effective budget absorption can assist in strategic planning for the village's local economic development.

SiLPA is a dilemma in regional financial management because it indicates inappropriate planning and non-optimal budget absorption (Rani, 2019; Aini & Ma'ruf, 2020). SiLPA can also indicate factors such as village government performance, managerial, financial governance, budget absorption, and village cash conditions (Susanti et al., 2020; Kahar et al., 2019). The realization of revenue exceeding the budget target can also form SiLPA (Amelia & Khoiriawati, 2022). Given the importance of maintaining government credibility regarding performance targets and priority programs that must be achieved effectively, the existence of SiLPA is undoubtedly a complex issue.

Tabanan Regency is one of the regions in Bali Province with the most significant number of villages, with 133. In addition, it is the regency in Bali with the lowest SiLPA ratio in 2018 and 2019 based on data from the Bali Province Regional Fiscal Study. These conditions will certainly affect the budget distribution for village financial management in Tabanan Regency. Based on data from the Central Bureau of Statistics (2023), the agricultural sector in Tabanan Regency is the most significant primary employer and is still the central granary in Bali Province. Therefore, optimally managed village finances correlate with agricultural development in Tabanan Regency.

This study attempts to fill the void of research on the presence of SiLPA in village development in Tabanan Regency using Generalized Structured Component Analysis (GSCA). This study aims to 1.) To examine the relationship and influence of village revenue and expenditure on the remaining budget surplus (SiLPA) in Tabanan Regency and 2.) Examine the causes of the remaining budget surplus (SiLPA) in Tabanan Regency. Expectations are so great that villages need to manage their budgets properly. This study can become literature or recommendations for village governments in making decisions to improve or strengthen the basis of village planning and encourage accountability to increase the capacity of village human resources.

## RESEARCH METHODS

This research is confirmatory research with several stages of research. Schwab & Held (2020) revealed that confirmatory research is appropriate for building strong evidence and confirming what is expected. The primary foundation of confirmatory research is a precise conjecture and then collecting data that supports or does not support the conjecture. The data analysis method uses generalized structure component analysis (GSCA) for objective one and qualitative descriptive for objective two while confirming the results of objective one analysis. In the first stage, secondary data from the village financial system (SISKEUDES) were analyzed using GSCA to obtain the results of the effect of village revenue and expenditure on SiLPA. Village revenue and expenditure data were obtained from the APBDes reports of 133 villages in Tabanan Regency in 2022. Meanwhile, SiLPA data in 2022 was obtained from APBDes data in 2023. Based on the secondary data obtained, the GSCA model framework for objective one in this research is as follows.

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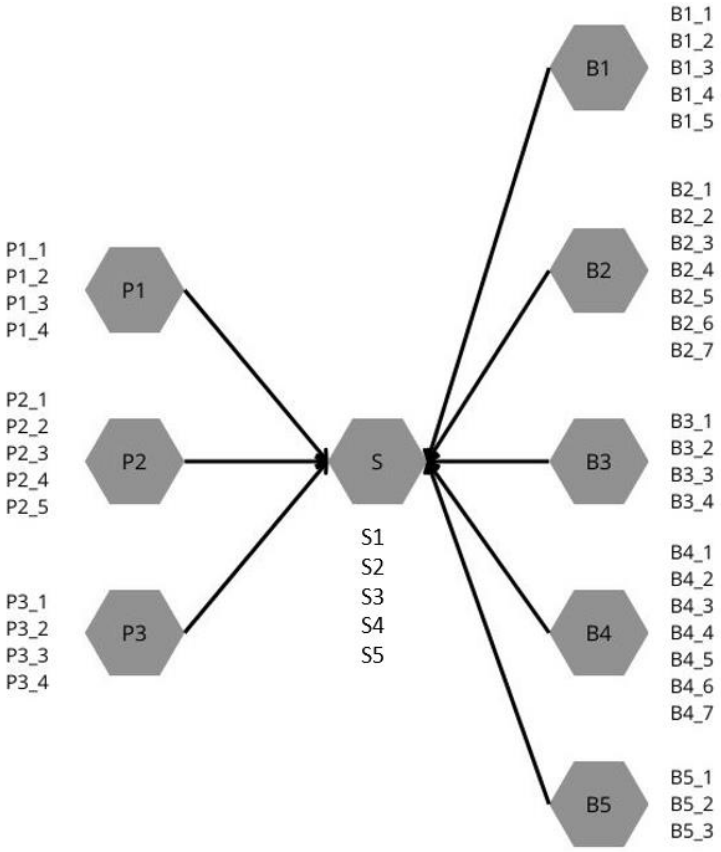


**Figure 1.** GSCA Model
Source: Processed Researcher (2024)

**Table 1.** Research Variables

| Variable | Indicator | Notation |
|---|---|---|
| Original Village Revenue (P1) | Village Business Proceeds | P1_1 |
| | Results of Village Assets | P1_2 |
| | Results of Self-help, Mutual Aid and Community Participation | P1_3 |
| | Other valid PADes | P1_4 |
| Transfer Income (P2) | Village Fund | P2_1 |
| | Village Fund Allocation | P2_2 |
| | Revenue Sharing of Regional Taxes and Levies | P2_3 |
| | Provincial Financial Assistance | P2_4 |
| | Regency Financial Assistance | P2_5 |
| Other Legitimate Village Revenues (P3) | Grants, Third Party Donations and Cooperation Results | P3_1 |
| | Correction of Previous Year's Error | P3_2 |
| | Company Assistance Located in the Village | P3_3 |
| | Bank Interest | P3_4 |
| Expenditures for Village Administration (B1) | Implementation of Siltap Expenditures, Allowances and Village Government Operations | B1_1 |
| | Provision of Village Government Facilities and Infrastructure | B1_2 |

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| | | |
|---|---|---|
| | Population Administration, Civil Registration, Statistics and Archives | B1_3 |
| | Governance, Planning, Finance and Reporting | B1_4 |
| | Land | B1_5 |
| Village Development Implementation Expenditure (B2) | Education | B2_1 |
| | Health | B2_2 |
| | Public Works and Spatial Planning | B2_3 |
| | Residential Area | B2_4 |
| | Transportation, Communication and Information | B2_5 |
| | Tourism | B2_6 |
| | Forestry and Environment | B2_7 |
| Expenditure on Village Community Development (B3) | Peace, Public Order and Community Protection | B3_1 |
| | Culture and Religion | B3_2 |
| | Community Institutionalization | B3_3 |
| | Youth and Sports | B3_4 |
| Expenditure on Community Empowerment (B4) | Agriculture and Livestock | B4_1 |
| | Village Capacity Building | B4_2 |
| | Women's Empowerment, Child and Family Protection | B4_3 |
| | Cooperatives and MSMEs | B4_4 |
| | Investment Support | B4_5 |
| | Marine and Fisheries | B4_6 |
| | Trade and Industry | B4_7 |
| Expenditure on Village Disaster, Emergency and Urgent Management (B5) | Disaster Countermeasures | B5_1 |
| | State of Urgency | B5_2 |
| | State of Emergency | B5_3 |
| SiLPA (S) | SiLPA DD | S1 |
| | SiLPA ADD | S2 |
| | SiLPA PBH | S3 |
| | SiLPA PAD | S4 |
| | SiLPA DLL | S5 |

Source: Secondary Data Processed (2024)

P1 is PADes (Pendapatan Asli Desa) which refers to village's original income that the village can obtain through businesses run by the village and the management of village assets. P2 is *Pendapatan*, revenue from central or regional government transfers to the village. P3 is *Pendapatan Lain-Lain*, income sourced from third parties, the results of cooperation, and grants given to the village. B1 is *Belanja Bidang Penyelenggaraan Pemerintahan Desa*, which is village expenditure to fulfill the needs of village administration. B2 is *Belanja Bidang Pelaksanaan Pembangunan Desa*, which includes health, education, tourism, and other expenditures for village development. B3 is *Belanja Bidang Pembinaan Kemasyarakatan Desa*, which aims to support village community development. B4 is *Belanja Bidang Pemberdayaan Masyarakat*, which supports the empowerment of village communities in agriculture, animal husbandry, trade, and others. B5 is *Belanja Bidang*

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*Penanggulangan Bencana, Darurat dan Mendesak Desa* is an unexpected or urgent expenditure the village must carry out. S is SiLPA, which is the remaining budget calculation.

The results of the GSCA were then confirmed in 20 villages sampled to find out the relationship and influence of village income and expenditure on SiLPA and the causes of SiLPA in Tabanan Regency. The purpose of the confirmation stage is to determine the objectivity of the analysis results and as proof that the analysis matches the facts in the field. Confirmation is also carried out as one of the stages of maintaining the quality of the research conducted. According to Abdussamad (2021), confirmation is carried out on informants, serving as a form of verification of the truth of the data.

The sample determination in this study is divided based on the research objectives. To answer objective one, the census method was used where the population became the research sample. Meanwhile, to answer objective two, two villages in each district were selected simultaneously to confirm the results of objective one analysis. Based on the GSCA analysis that has been carried out, valid indicators show the relationship and influence on SiLPA. Thus, a purposive sample was selected in this study. Referring to the research objectives, the villages selected had SiLPA, revenue, and expenditure indicators based on the results of the GSCA analysis. In more detail, the sampled villages are shown in Table 2.

**Table 2.** Research Sample Based on District

| No. | District | Village |
|---|---|---|
| 1. | Selemadeg | Bajera |
| | | Antap |
| 2. | Selemadeg Timur | Gunung Salak |
| | | Bantas |
| 3. | Selemadeg Barat | Antosari |
| | | Lalanglinggah |
| 4. | Kerambitan | Sembung Gede |
| | | Kesiut |
| 5. | Tabanan | Sudimara |
| | | Gubug |
| 6. | Kediri | Nyambu |
| | | Beraban |
| 7. | Marga | Marga |
| | | Selanbawak |
| 8. | Penebel | Jegu |
| | | Tengkudak |
| 9. | Baturiti | Baturiti |
| | | Perean Tengah |
| 10. | Pupuan | Belimbing |
| | | Batungsel |

Source: GSCA Analysis Results (2024)

The village head and secretary sought two respondents from each sampled village. The selection of 2 villages in each district with 40 respondents was considered sufficient because no other insights were identified, and the data obtained began to repeat. According to Hennink and Kaiser (2022), further data collection becomes redundant in qualitative research if the identified obstacles

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stay the same and the data is repetitive. Saunders et al. (2018) revealed that further data collection is optional, called saturation in qualitative research. Guest et al. (2020) reveal valid saturation as a form of qualitative sample estimation.

## RESULT AND DISCUSSION

### Evaluation of the Measurement Model (Measurement Model)

In evaluating the measurement model, the loading factor value of each indicator as a form of assessment of convergent validity can be categorized as good if the value is ≥ 0.70 (Leka & Yanti, 2020). To get the results of the measurement model with a loading factor value that meets the criteria, it is carried out through three stages of running and elimination twice for indicators that are not valid. Finally, the measurement model results indicated that all indicators have good validity values, as seen in Table 3.

**Table 3**. Measurement Model Results Stage Third

| No. | Variable | Indicator | Loading |
|---|---|---|---|
| 1. | P | P1_1 | 1* |
| | | P2_2 | 0.905* |
| | | P2_5 | 0.915* |
| | | P3_1 | 0.842* |
| | | P3_3 | 0.84* |
| 2. | B | B1_2 | 1* |
| | | B5_3 | 1* |
| 3. | S | S2 | 0.927* |
| | | S3 | 0.723* |

Source: Research Results Data (2024)
Note: The sign (*) indicates valid indicator

Based on Table 3 the results of the third stage measurement model on each indicator have obtained a value indicating that all indicators have good validity values. The GSCA framework after the validity test in this study can be seen in Figure 2.

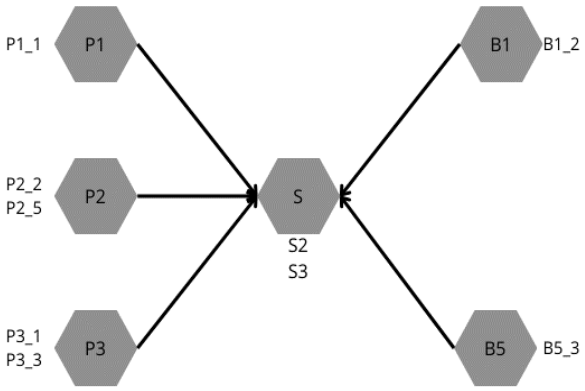


**Figure 2.** Final GSCA Model
Source: Processed Researcher (2024)

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To assess the reliability of the construct, it is necessary to pay attention to the PVE (Proportion of Variance Explained) and Dillon-Goldstein's Rho (Composite Reliability) values. Reliability is the alignment of measurement results if the facts in the study are measured more than once at different times. The values of PVE and Rho in the test results can be seen in Table 4.

**Table 4**. Reliability Test Results

| No. | Variable | Criteria | |
|---|---|---|---|
| | | PVE | Rho |
| 1. | P1 | 1 | 1 |
| 2. | P2 | 0.828 | 0.906 |
| 3. | P3 | 0.707 | 0.828 |
| 4. | B1 | 1 | 1 |
| 5. | B5 | 1 | 1 |
| 6. | S | 0.692 | 0.815 |

Source : Research Results Data (2024)

Based on Table 4 reliability test results show that the PVE value for variable P1 is 1, P2 is 0.828, P3 is 0.707, B1 is 1, B5 is 1, and S is 0.692. Thus, the PVE results have met the PVE value ≥ 0.50 criteria. This is in line with the opinion of Dzakiyyah & Nugraha (2023) that the PVE value must be greater than or equal to 0.50 to be declared reliable. The composite reliability value of each latent construct above can be shown through Dillon-Goldstein's rho value. The Dillon-Goldstein's rho value for P1, P2, P3, B1, B5, and S1 in Table 4 has shown a value of more than 0.7. This indicates that P1, P2, P3, B1, B5, and S1 are reliable from the PVE and Dillon-Goldstein's rho values. According to Ali et al. (2021), to show convergent validity and composite reliability, the PVE value is ≥ 0.50, and the Rho is better worth ≥ 0.70.

**Evaluation (Inner Model)**

Assessment of the Inner model is evaluated through the value of the path parameter coefficients and the significance level.

**Table 5.** Path Parameter Coefficient

| No. | Path Coefficients | Estimate | S.E | CR |
|---|---|---|---|---|
| 1. | P1→S | 0.029 | 0.046 | 0.63 |
| 2. | P2→S | -0.179 | 0.059 | -3.03* |
| 3. | P3→S | 0.014 | 0.291 | 0.05 |
| 4. | B1→S | -0.722 | 0.341 | -2.12* |
| 5. | B5→S | 0.13 | 0.045 | 2.89* |

Source: Research Results Data (2024)
CR*: significant 5%

The path analysis model from the results of the analysis using generalized structured component analysis is as follows:

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$$S = 0{,}029P1 - 0{,}179P2 + 0{,}014P3 - 0{,}722B1 + 0{,}13B5$$

Based on the structural model results, the process can be seen in Figure 4.

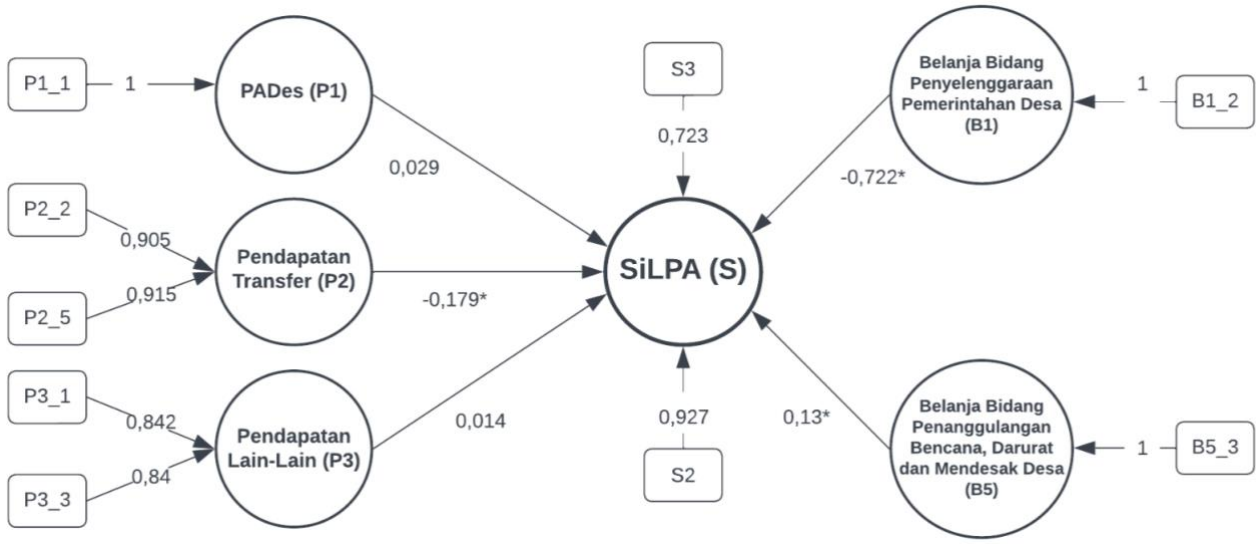


**Figure 4.** Statistical Model Results
Source: Research Data (2024)
(*) = significant at the 5% level

GSCA shows two types of relationships between variables, it could be positive or negative relationships. Positive relationship means that as one variable increases, the other variable also tends to increase. Negative relationship means that as one variable increases, the other variable tends to decrease. The results of the GSCA analysis show a positive relationship between P1 and S. When a village successfully increases its PADes, it means more funds are available locally. This additional revenue can contribute to a larger budget surplus if the extra income is not fully spent by the end of the fiscal year. Village Original Revenue (PADes) in Tabanan Regency mostly comes from village business results distributed through Village-Owned Enterprises (BUMDES). The business activities conducted within the village in BUMDES such as village shops and markets, consumer goods distribution, community services, financial services, handicrafts and local products. BUMDES plays an essential role in increasing PADes by optimizing business units tailored to the potential and needs of the the village. However, it still faces obstacles such as limited human resources, identification of village potential, regulations, and capital. To overcome these obstacles, BUMDES needs to increase human resource capacity, better identify village potential, and find solutions to obtain adequate capital. Umiyati & Wahyuni (2023), Supadmi & Suputra (2022), Saputra et al. (2019), Sembiring (2017), and Wicaksono et al. (2017) revealed that the existence of BUMDES affects the increase in PADes if the performance of BUMDES has been able to be optimized. Firmansyah et al. (2022) state that BUMDES can significantly contribute to village revenue. However, various problems need to be faced by BUMDES, such as the opinions of Anggraeni (2023), Ardiansyah et al. (2023), and Umiyati & Wahyuni (2023) that various obstacles faced by BUMDES, such as limited human resource capacity, small business scale and not optimal business strategy to the need for cooperative relationships.

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There is a negative relationship between P2 and S. If the village fund transfer to the village is small, the village may need more funds to finance all planned activities. If the planned activities cannot be fully realized, they will accumulate to form SiLPA. Thus, the smaller the transfer revenue the village receives, the greater the potential for the formation of SiLPA because the village must rely more on PADes, which may not be fully utilized. However, the larger the transfer income to the village from the central or regional government, the smaller the SiLPA tends to be because the transfer income can be directly used to finance village activities. If transfer revenues are sufficient to finance all planned activities, there will likely be no idle budget balance so that SiLPA may be small or nonexistent. Another case, based on the results of research in Sidoarjo Regency by Melaty & Sari (2021), is that the transfer of funds from the government does not affect SiLPA. Agustina et al. (2019) revealed that the use of transfer funds received by villages is dominated by honorarium expenditure or apparatus. Prastica & Suswanta (2022) revealed the transfer funds given to the village must be used in accordance with the allocation set by the government. The regulations for the use of these funds have been outlined in the village law, regulations issued by the Ministry of Finance and the Ministry of Villages, as well as other governing regulations. The alocattion must controlled so that the funds reach the targeted people. Indika et al. (2022) revealed that the greater the village revenue from the balancing fund, the greater the realized expenditure. If the expenditure is more significant, the SiLPA can be formed smaller because the budget has been optimally utilized.

A positive relationship exists between P3 and S. The greater the village's other income, the greater the SiLPA. Grants or donations are often given for specific purposes and may not be used up in the same year, which can lead to the accumulation of SiLPA. Under certain conditions, villages may be unable to spend all grants or donations received in one budget period due to technical or administrative constraints. Thus, other incomes that are unspent will form SiLPA. The situation in Tabanan Regency shows that other village income comes from grants and donations from third parties. In this case, grants and donations from third parties generally consist of either goods needed by the village for organizing events or cash. The provision of grants and donations from third parties also adjusts to the policies of the donors, as the village cannot mandate these contributions. According to Njatrijani (2019), levies can finance routine activities or development by private parties to the government based on applicable regulations. Kirowati et al. (2017) state that the government, as a public representative, distributes these costs in government administration activities.

The GSCA results show a negative relationship between B1 and S. Expenditures in the field of village governance are mandatory expenditures and are budgeted as a priority in the APBDes because they involve expenditures for village governance activities. These expenditures cover routine administrative and operational costs of the village government. They include salaries for village officials, office supplies, and other operational expenses necessary for daily governance. Since these expenses are recurring and often predictable, they are part of the regular budget planning. If these expenditures are over-budgeted or if there is inefficiency, it can lead to a higher SiLPA if funds are left unspent or underutilized. In line with Susanti et al. (2020), the allocation of SiLPA is prioritized for infrastructure expenditures classified as Government Administration Expenditures.

In this case, the GSCA results show a positive relationship between B5 and S. Disaster, Emergency and Urgent Village Expenditures are village emergency expenditures. Budgeting for this field is mandatory, adjusted to the conditions and capabilities of the village. These expenditures are intended for unforeseen events such as natural disasters or emergencies. These expenses can be less predictable and are usually funded through special allocations or emergency funds. If these funds are

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not fully used, or if emergencies are less frequent, it might result in a lower SiLPA. Conversely, unexpected large expenditures in this category could lead to budget overruns and thus affect SiLPA differently. Ash-Shidiqqi (2021) revealed that the government should provide an adequate budget for disaster management. The financing is not only budgeted when a disaster occurs but has been budgeted for when the disaster does not occur. In line with Mirjas et al. (2021), the limited budget is not an excuse for not budgeting ready-made funds for emergency response and disaster management because these funds must be available.

**Evaluation Goodness of FIT Criteria**

In determining the goodness of FIT in the GSCA analysis, several aspects can be considered in evaluating the Goodness of FIT criteria, including FIT, AFIT, FITs, FITm, GFI, and SRMR. The results of each aspect of this study can be seen in Table 6.

**Table 6.** Model Fit Measure

| FIT | AFIT | FITs | FITm | GFI | SRMR |
|---|---|---|---|---|---|
| 0.535 | 0.526 | 0.094 | 0.828 | 0.983 | 0.049 |

Source: Research Data (2024)

Based on Table 6 model fit measure provides a FIT value of 0.535, meaning that the overall model is good because 53.5% of the diversity of village income and expenditure variables can explain the entire model. The complexity of the model influences the FIT value, so the Adjusted FIT (AFIT) value was developed, which provides a value of 0.526, which indicates that 52.6% of the Village Revenue and Expenditure variables explain the SiLPA variable in the overall model used. Hwang et al. (2023) suggest that the FIT value is in the range of 0 to 1, where there is no specific limit for FIT in indicating the suitability of the fit model.

FITs of 0.094 indicate that the inner model (structural model) can explain 9.4% of the variance of latent constructs or variables. In comparison, the FITm value is 0.828, indicating that the outer model (measurement model) can explain 82.8% of the variance of the indicators. Hwang et al. (2023) revealed that FITs indicate the total variance of all components that model specifications can explain. The values of FITs and FITm are in the range of 0 to 1. In FITm, the greater the value obtained, the greater the indicator variance the model can explain. Meanwhile, the greater the FITs value, the greater the latent variable variance the structural model can explain. The GFI value obtained is 0.983, indicating an excellent model and the SRMR is 0.049, indicating an acceptable fit model because the number of samples in objective one of this study is 133. This is based on the opinion of Cho et al. (2022) that when the number of samples> 100, an indication of acceptable fit can be concluded through the GFI value ≥ 0.93 or SRMR ≤ 0.08. GFI (Goodness of Fit Index).

**Causes of SiLPA**

Referring to the confirmed causes of SiLPA in 20 villages in Tabanan Regency, the causes of SiLPA in Tabanan Regency are generally divided into external causes and internal causes. External causes, in this case, are divided into force majeure, changes in regulations, and price changes. Internal causes, in this case, are divided into four aspects of management: planning, organizing, directing, and supervising. The causes of SiLPA in Tabanan Regency can be seen in Table 7.

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**Table 7.** Causes of SILPA in Tabanan Regency

| No. | Causes of SiLPA | Amount (person) | | Percentage (%) | |
|---|---|---|---|---|---|
| | | Agree | Disagree | Agree | Disagree |
| 1. | Force Majeure | 32 | 8 | 80 | 20 |
| 2. | Regulatory Change | 24 | 16 | 60 | 40 |
| 3. | Price change | 28 | 12 | 70 | 30 |
| 4. | Planning | 32 | 8 | 80 | 20 |
| 5. | Organizing | 26 | 14 | 65 | 35 |
| 6. | Actuating | 8 | 32 | 20 | 80 |
| 7. | Controling | 4 | 36 | 10 | 90 |

Source: Secondary Data Processed (2024)

The external cause of SiLPA formation in Tabanan Regency was dominated by force majeure, with a percentage of respondents agreeing to as much as 80%. Price changes as an external cause were agreed as a cause of SiLPA by 70% of respondents. Meanwhile, 60% of respondents agreed that changes in regulations caused SiLPA. When based on internal causes, the cause of SiLPA is dominantly influenced by planning, with 80% of respondents agreeing. Organizing as a cause of SiLPA was agreed by 65% of respondents. Meanwhile, only 20% of respondents agreed that the cause of SiLPA was direction, and 10% said that the cause came from supervision.

In this case, SiLPA in Tabanan Regency can be caused by force majeure, such as natural disasters or unfavorable natural conditions and disease outbreaks such as COVID-19. This occurs if the village government plans physical programs requiring outdoor work or many people's deployment. Meanwhile, natural conditions and disease outbreaks cannot be predicted accurately. If faced with an unfavorable situation for realization, implementing activities according to the initial plan cannot be carried out. Therefore, village governments generally decide to postpone the implementation of activities and form SiLPA to be used for the following year. During COVID-19, minimal budgeting and refocusing (transfer of expenditure activities) were also carried out. According to Joshi (2021), Black's Law Dictionary defines force majeure as an event that cannot be predicted, anticipated, or controlled. This makes it impossible to carry out planned activities. Force majeure, along with the pandemic situation, affects the financial management conditions of stakeholders and even the market. Janisriwati (2022) adds that force majeure is an unknown or unpredictable event that does not allow parties to fulfill obligations according to the agreement.

Concerning regulation changes, SiLPA is formed when regulations no longer require the implementation of activities according to plan. This causes the village to adjust and comply with new policies from the government above. Therefore, reassessing the activity plan that has been designed or refocusing the budget is essential to comb through activities that can be carried out according to the availability of the village budget. In line with Sopanah & Haikal (2021), the existence of Government Regulation instead of Law Number 1 of 2020, along with Presidential Instruction Number 4 of 2020, caused the emergence of a new budget as a result of refocusing so that other activities that were not a priority were minimized. Aldila & Estiningrum (2022) reveal that adjustments to changes in central government policies and demands for optimal absorption of expenditure are the objectives of budget refocusing.

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Another cause of SiLPA from external factors is price changes. Although the village government has anticipated these price changes through the budget planning that has been carried out, various obstacles can be obstacles. The village government budgets activities using shadow prices, namely the actual price of the current year plus a price increase of ±10%-15%. This is based on a study conducted by the village government before determining the APBDes. Price changes are one of the causes of SiLPA because the planning was carried out in the previous year, so the village anticipates that there will be no deficit even though there is budget efficiency. In line with the opinion of Rahmawati & Ishak (2020), not absorbing the budget optimally is one of the impacts of price changes. Oluyisola et al. (2022) also revealed that changes in the price of planned goods may not match the price at the time of realization, especially since the planning has been designed for one year.

SiLPA can be caused by internal factors from the village government related to management, namely planning, organizing, directing, and supervising. Indications of less than optimal planning were felt by the village government, so it became the cause of the formation of SiLPA. This is because the planning could be done more quickly, mainly since the APBDes were determined in the previous year when implementing the budget for that year was still ongoing. However, planning, organizing, directing, and supervising are not the dominant causes of SiLPA for village governments in Tabanan Regency because the management process is considered good and has been carried out as optimally as possible by involving elements of the village community and guided by applicable regulations. Ramadhani & Setiawan (2019) state that planning directly impacts the realization of activities so that if it is not carefully designed, the budget absorption will not be optimal.

## CONCLUSION AND SUGGESTION

Identifying SiLPA in village budgets can be a guideline for village governments to improve. On the one hand, SiLPA has shown that village financial governance needs to be followed up to achieve effectiveness in village financial management. However, SiLPA was formed due to disaster management, emergency, and urgent expenditures that need to be budgeted. Given that these conditions are unpredictable, the village government's capability to provide the budget must be met. In the future, more research can be carried out on SiLPA in the budget so that the causes of SiLPA formation can be clearly described. So that further steps can be identified to overcome this and achieve village development goals through effective and efficient village financial management.

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