

Effect of Internal and External Factors on Accountability of Fund Village Governance

Heni Nurani Hartikayanti¹, Dwi Jayanti²

^{1,2}Universitas Jenderal Achmad Yani Indonesia

Email: heni.nurani@lecture.unjani.ac.id¹, dwi.jayanti@lecture.unjani.ac.id²

Abstract

This study examines whether internal or external factors have a more significant influence on village fund governance accountability. The internal factors that were observed consisted of the ability of village officials, interpretation of the financial articles of association of village officials, encouragement of village officials, clarity of information, capability to understand village officials, and equality. External factors discussed are the quality of local government services, community participation, supervision, and law enforcement. This study uses an explanatory inspection approach. Data accumulation was carried out using a questionnaire along with 43 interrogation units for 238 respondents from 36 villages in 4 sub-districts in Bandung Raya. Data reduction using classical assumption experiments. To test the research hypotheses, a multiple regression model analysis was applied. The study results show that the internal factors of the village government apparatus have a more significant influence than external factors. The results also show that it is necessary to increase the responsiveness of the village apparatus in serving community complaints with assistance from various parties.

Keywords: Internal factors, External Factors, Accountability of Village Fund Management.

Introduction

In the previous era, financial management in the context of developing a country was generally centered on the central government. Along with the development of the economy, the financial management is then partially handed over to the regional government to increase the effectiveness of action and accountability of fund management (Robert, 2000; Sudaryati & Heriningsih, 2019). The role of the local government (village) is significant so that development goals are achieved (Flavianus & Chalam, 2016). For this reason, a model for strengthening the capacity of the village government is needed so that there is a better synergy between the village community (Thahir & Tahili, 2018). The principle of accountability in governance is the principle that ensures that the government is responsible for a series of programs under it (Nathachon, 2018). Implementing the The basis of responsibility can increase the group's confidence in the regime

In-Law Number 6 of 2014 concerning

Villages, it is stated that the village is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs and the interests of the community based on community initiatives, origin rights, and traditional rights that are recognized and respected in the government system of the Unitary State of the Republic of Indonesia (NKRI). With the existence of Law Number 6 of 2014, which began to be ratified on January 15, 2014, it has placed the village as a mainstay in better development and improving the community's welfare. Therefore, as a village manager, it must be carried out accountable.

Sufficient funds are required for village development. Referring to PP No. 60 of 2014, village funds, the government distributes funds to the village government to directly manage the village funds to achieve community welfare. This study will analyze which factors are more influential in operating village funds, whether internal or external.

Literature review

Agency Theory

Agency theory is a concept that explains the

contractual relationship between principals and agents. The principals are the parties who give the mandate to other parties, namely agents, to carry out all activities on behalf of the principals in their capacity as decision-makers (Jensen and Mecking, 1976). In local governments in Indonesia, agency theory has actually been put into practice consciously or not. In public sector organizations, the principal is the people, and the agent is the government, in this case, the village head and other village officials.

Village Fund

According to PP No. 60 of 2014, village funds are funds sourced from the State Revenue and Expenditure Budget designated for villages which are transferred through the district/city Regional Revenue and Expenditure Budget (APBD) and used to finance government administration, implementation of development, community development and community empowerment. PP No. 60 of 2014 was then revised again through PP No. 22 of 2015. The substances amended in PP No. 60 of 2014 to PP No. 22 of 2015 are on the formula for allocating or distributing village funds from the center to districts and from districts to villages.

Village Fund Management Accountability

Accountability is one of the principles of governance, which has a significant meaning to increase public confidence in a series of activities/programs that are designed and run by the government for the benefit of the community. The central government has introduced many initiatives to encourage accountability from local governments. However, many local governments in Indonesia are still suffering from financial scandals. The media and corruption watchdogs repeatedly voiced concerns over the lack of accountability, mismanagement of resources, and inefficiency and ineffectiveness of government institutions (Basri & Nabihah, 2014). Fund management accountability has an essential role in suppressing irregularities and misusing resources for the public interest (Jorge & Pattaro, 2011).

Government Regulation of the Republic of Indonesia Number 71 of 2010 concerning Government Accounting Standards explains the existence of a clear relationship between

agency theory and accountability. Accountability is the obligation of the trustee/agent/village head and their apparatus to provide accountability, present, report, and disclose all activities and activities that are their responsibility to the principal, who has the right and authority to demand such accountability.

Internal factors that affect Village Fund Governance

Following the village fund management law, the village apparatus is an internal party related to the successful management of village funds. The success of village fund management will depend on the internal factors of the village apparatus. Several factors that influence success in managing village funds can come from internal village managers (Dian Astri et al., 2019). Internal factors come from within the village apparatus, including competence (Azlina et al., 2017; Ari Kuncara & Eka Setyorini, 2018; Dian Astri et al., 2019; Riadul Jannah, 2018; Baiq Wiwik, 2018; Triyono et al., 2019), understanding of state financial rules and self-motivation, openness, responsiveness and justice (Endra Wijaya & M Firmansyah, 2019; Hartikayanti & Jayanti, 2020; Nofianti & Susanti, 2014; Anjani & Achsin, 2020). By strengthening the capacity of the village apparatus, it is hoped that the management of village funds will become accountable. The higher the capability of the village apparatus, the accountability of village fund management entrusted to it will increase. Based on this description, the hypothesis of this research is determined as follows:

H1: Internal factors have a positive effect on village fund governance accountability

External Factors Affecting Village Fund Governance

In addition to internal factors that support the success of village fund management, external factors also influence the success of village fund management (Dian Asri et al., 2019). External factors can be the quality of local government services (Jopang, 2018; Enni Savitri et al., 2019; Sofyani et al., 2020), supervision (Tatiek et al., 2019; Dian Astri et al., 2019; Kalontong et al., 2019), community participation and law enforcement (Riadul Jannah et al., 2018; Baiq Wiwik, 2018; Anisah & Falikhaturun,

2021; Purba et al., 2020). Other research also explains the responsiveness dimension of the village government, which is still lacking in terms of service to the community (Dwi Sudaryati et al., 2019). This phenomenon occurs due to the lack of government encouragement to the community to participate in the supervision of village funds. The higher the attention from external parties, the village apparatus will try to increase the accountability of village fund governance. Based on this description, the research hypothesis is determined as follows:

H2: external factors have a positive effect on village fund governance accountability

Research methods

The model used in this study is a causality model, and to test the hypothesis proposed in this study, the data analysis technique used is the classical assumption test. Test the research hypothesis using multiple linear regression. A purposive sampling technique was used to determine the intended respondent. Collecting data using a structured questionnaire by submitting 43 statements using a Likert scale. Respondents related to this research were village officials in 36 villages totaling 238 village and sub-district officials. Research respondents The village apparatus consisted of the Camat, Head of Finance, Village Head,

Village Secretary, and Treasurer, Head of Budes.

Results and Discussion

The management of village funds begins with preparing a Village Development Plan and Budget, which must involve every element in the community through the Village Deliberation. As a form of accountability, at the end of the year, the village government must make an accountability for using finances following existing rules. The information contained in the report must be accountable. Some of the obstacles village officials face in managing village funds are the frequent delays in the distribution of village funds from the central government, causing obstacles and delays in development.

The accountability of village fund management in this study is seen from 5 things, namely the obligation to submit reports to the community, reporting on the realization of the use of village funds, submitting information to superiors, accurate fund realization reports, and reports on the completion of funds carried out on time. Information on the use of village funds has regulated the procedures, formats, and reporting times. The research data shows that the accountability of village fund governance in the 36 villages studied is still not satisfactory. This can be seen from the following facts:

Table : Answer Score for Village Fund Governance Accountability

No	Question	Score	Ideal Score	%
1	The obligation to submit reports to the public	705	1.666	42,32
2	Submission of Report on the Realization of the Use of Village Funds	1.467	1.666	88,06
3	Submitting a Report to the Boss	1.467	1.666	88,48
4	Village Fund Report Accuracy	1.520	1.666	91,24
5	Timeliness of reporting	1.460	1.666	87,64
	Total	6.628	8.330	79,57

Based on the table above, some things are still low and need to be improved. Village officials feel they have no obligation to submit reports to the community regarding implementing development in their village. They assume that the duty to submit essays is sufficient by reporting to the district government. The condition also drives this that the central

government will audit village financial reports. Because of their location, people in rural areas may also be far from the village office because of their location. They have the characteristic that they will not go to the village government office if there is no urgent need, let alone just to ask about the implementation of village development. In some villages, submitting the

APBDes implementation report is done by posting it on a bulletin board or on the village website. It is enough even if people don't read it, and it's not their fault. Another obstacle faced in the delivery of the village development results is that the community's location is spread out, and the liaison facilities are still lacking, so information about the implementation of evolution does not reach the target. It is necessary to find an information channel that is easily and quickly accepted by the community, which is located far from the village government office.

To find out the description of what

No	Question	Score	Ideal Score	%
1	Village Apparatus Competence	6.487	8.330	77,9
2	Understanding Village Finance Rules	6.073	6.664	91,1
3	Village Apparatus Motivation	7.269	8.330	87,3
4	Village Apparatus Disclosure	4.227	4.998	84,6
5	Village Apparatus Responsiveness	3.450	4.998	69
6	Justice	2.912	3.332	87,4
	Total	30.418	36.652	83

The results of the tabulation of the data above show that the responsiveness of village officials has the lowest score (69%) among the internal factors studied. Village officials are not happy to receive criticism and suggestions from the community. They are not quick to respond to community complaints, so that people feel they are not being served well. Village officials are chosen by the village head so that it is possible that in carrying out their duties, they will depend on the wishes of the village head. This causes them to serve the leadership better quickly than the general public. Training is needed to improve the competence and responsiveness of village officials.

internal factors can affect the accountability of village fund governance, the research is the competence of village officials, understanding of village financial rules, motivation of village officials, openness, the responsiveness of village officials, and justice of village officials in serving the community. The level of achievement of the village apparatus responsiveness score is the lowest score (69%). The results showed that, in general, internal factors achieved a score of 83% (good condition). Tabel : Skor Jawaban Faktor Internal

External factors that influence the accountability of village fund governance analyzed in this study are the service quality of sub-district/district government officials, village community participation, supervision from the higher government, and law enforcement. The condition of external factors shows good conditions with an ideal score of 87.8%. The table below indicates that village community participation shows the lowest score but is still in good condition (82.1%). The following table provides an overview of the external factors that have been analyzed:

Table: External Factor Answer Score

No	Question	Score	Ideal Score	%
1	Service Quality of Local Government Apartments	7.468	8.330	89,6
2	Village Community Participation	6.843	8.330	82,1
3	Supervision	6.006	6.664	90,1
4	Law enforcement	3.076	3.332	92,3
	Total	23.393	26.656	87,8

In improving village fund governance accountability, the role of higher government officials will greatly help village officials understand village fund management. Village officials still feel the lack of socialization of village fund management rules from the higher government. In carrying out their duties, sometimes they find it difficult to answer questions that arise.

In planning the village fund budget, active participation from the village community is needed. Education diversity in rural communities is very diverse, and education is still low, making it difficult for village officials to lead village community participation in village planning deliberations (Musrendes). The community is less active in providing input in village development plans. This is possible because the location of the community's

residence is scattered throughout. In general, only the village community who are around the village government office pays much attention. In implementing village development, the community is also less active in carrying out supervision due to the weak enforcement of sanctions for violations in the APBDes. The community's attitude that seems not to pay attention to the planning and implementation of the village development budget is one of the causes of the failure of village development.

The results of the multiple regression test with a coefficient of determination of 0.15 indicate that the variation of the two independent variables contributes to explaining the interpretation of the dependent variable by 15%, and other variables explain the rest.

Model	Variables Entered	Variables Removed	Method
1	x_sum_eks, x_sum_int ^b	.	Enter

a. Dependent Variable: y_sum
b. All requested variables entered.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.388 ^a	.150	.143	2.89400

a. Predictors: (Constant), x_sum_eks, x_sum_int

Based on the table above, internal and external factors affect village fund governance accountability.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	333.290	2	166.645	19.897	.000 ^b
	Residual	1884.429	225	8.375		
	Total	2217.719	227			

a. Dependent Variable: y_sum

b. Predictors: (Constant), x_sum_eks, x_sum_int

Partially, only internal factors that have a positive and significant influence on the accountability variable of village fund

governance are 0.151 with a significance of 0.000 (less than 0.01 or 0.05).

Coefficients^a

Model	Unstandardized Coefficients			Standardized Coefficients Beta	t	Sig.
	B	Std. Error				
1	(Constant)	9.015	4.195		2.149	.033
	x_sum_int	.151	.024	.386	6.246	.000
	x_sum_eks	-.004	.025	-.011	-.172	.864

a. Dependent Variable: y_sum

From the data analysis that has been carried out, it is obtained evidence that internal factors have a more significant influence than external factors. Internal factors that need to be considered are the responsiveness of the village apparatus to community problems and complaints and the competence of the village apparatus. To increase the responsiveness of the village apparatus, it is necessary to carry out continuous training and assistance so that any problems that arise can be resolved immediately, which will result in the community getting a faster response. Higher education can provide training to increase competence and responsiveness of village apparatus by giving training on excellent service, increasing motivation, and leadership, and improving education.

Conclusion

Accountability for managing village funds will depend on internal and external factors. The internal factors in question are factors that come from the village fund manager, in this case, the village apparatus, seen from the competence of village officials, understanding of village financial rules, motivation of village officials, openness, the responsiveness of village officials and justice of village officials in serving the community. External factors that affect the accountability of village funds are the service quality of sub-district/district government officials, village community participation, supervision from the higher government, and law enforcement. From the results of data analysis, empirical evidence is obtained that the influence of the internal factors of the village apparatus is more significant than the

internal factors. To achieve an accountable management of village funds, it is necessary to prepare village officials to improve their competence and responsiveness to community complaints with training and assistance from various parties (local governments, universities, etc.).

acknowledgment

The author would like to thank the University of Jenderal Achmad Yani for providing the opportunity to conduct research by providing funds as part of implementing the tri dharma of higher education.

References

- Ari Kuncara Widagdo & Eka Setyorini (2018), Determinants Of Intention To Use Village Fund Information System, *Jurnal Akuntansi dan Keuangan Indonesia*, Juni Vol. 15, No. 1, hal 36 – 58
- Baiq Wiwik Widarnawati (2018), Factors Affecting Of Village Financial Management And Its Implications For Stakeholders Trust (Study On Villages In Central Lombok, Indonesia), *International Journal of Economics, Commerce and Management*, Vol. VI, Issue 3,hal 524-548
- Dian Astri Budiana, Darwis Said and Nursini (2019), The Effect Of Village Device Competencies And Internal Control System On Accountability Of Village Management, *Scientific Research Journal (SCIRJ)*, Volume VII, Issue I, January 2019, pp.10-20
- Dwi Sudaryati, Suchahyo Heriningsih (2019), Analysis of Village Fund Management

- Implementation in Bantul Regency, *International Journal of Progressive Sciences and Technologies (IJPSAT)*, Vol. 13 No. 2, pp. 267-275
- Elia Kalontong Aprilia Anggraeni, and Harin Tiawong (2019), Analysis of Village Fund Management on Regional Development, *Journal of Economics and Policy* Vol 12 (2) , pp. 498-519
- Endra Wijaya & Mochamad Firmansyah Roni (2019), Praktik Pengelolaan Keuangan Desa Dan Faktor-Faktor Yang Memengaruhinya, *Jurnal Ilmu Keuangan dan Hukum*, Vol. 13 No. 2 : hal 165 – 184
- Enni Savitri, Andreas, Volta Diyanto (2019), The Effectiveness Of Village Fund Management, *International Journal Of Scientific & Technology Research* Volume 8, Issue 09, PP.1373-1377
- Flavianus Benedicto Ng'eni and. V. Chalam (2016), Fiscal Decentralization and Fiscal Autonomy in Tanzanian Local Government Authorities: A Review of Existing Literature and Empirical Evidence, *European Journal of Business and Management* Vol.8, No.29, pp. 62-71
- Hafiz Sofyani, Hosam Alden Riyadh & Heru Fahlevi (2020), Improving service quality, accountability and transparency of local government: The intervening role of information technology governance *Cogent Business & Management* vol 7, pp. 1-20
- Hasan Basri, AK Siti Nabiha (2014), Accountability Of Local government: The Case Of Aceh Province, Indonesia, *Asia Pacific Journal of Accounting and Finance* Volume 3 (1), pp. 1-14
- Hasian Purba , Elok Kurniawati and Tries Handriman Jamain (2020), Analysis of Factors Affecting The Accountability of Village Fund Allocation Management (Case Study at the Village Office in Pangandaran District Pangandaran Regency), *SSRG International Journal of Economics and Management Studies (SSRG-IJEMS)* – Volume 7 Issue 3, pp. 179-188
- Helmi Nur Anisah and Falikhatun (2021), Internal And External Factors That Affect Village Government Performance, *Jurnal ASET (Akuntansi Riset)*, vol 13 (1), pp. 026-038
- Herry Linda Anjani , Rosidi , M. Achsin (2020), How is accountability defined by village government in village fund financial management?, *International Journal Of Research In Business And Social Science* 9(7), pp.66-74
- HN Hartikayanti and Dwi Jayanti (2020), Internal Factors Affecting the Accountability of Village Fund Governance: Evidence from Indonesia, *European Journal of Molecular & Clinical Medicine*, Volume 07, Issue 11, pp. 628-641
- Jensen, M C. and Meckling W H. 1976. The Theory of The Firm: Managerial Behaviour, Agency Cost, and Ownership Structure. *Journal Of Financial and Economics*, 3(4), hal. 305-360.
- Jopang (2018), A Study Of The Implementation Of The Policy On The Village Fund Management In The Region Of Konawe Kepulauan Regency, *International Journal of Recent Scientific Research* Vol. 9, Issue, 10(D), pp. 29312-29319
- Jorge, S., & Pattaro, A. F. (2011). Local Government financial transparency in Portugal and Italy: a comparative exploratory study on its determinants. *13th Biennial CIGAR Conference, Bridging Public Sector and Non-Profit Sector Accounting 9-10 June 2011, Ghent (Belgium)*, 4(June), 1–24.
- Leny Nofianti, Novie Susanti Suseno (2014), Factors affecting the implementation of good government governance(GGG) and their implications towards performance accountability, *Procedia - Social and Behavioral Sciences* 164, pp. 98 – 105
- Lotta-Maria Sinervo (2020), Financial Sustainability of Local Governments in the Eyes of Finnish Local Politicians, *Sustainability* No 12, pp. 1-16
- Mohamad Thahir Haning; Mashuri H. Tahili (2018), Strengthening the capacity of village government in the implementation of village fund policy at Maros regency of South Sulawesi province, *Advances in Social Science, Education and Humanities Research*, volume 191, pp. 383-391
- Nathachon Wongkham (2018), Factors to the Success of Village Fund Policy Implementation: Case Study of the Village Funds that Developed Community Financial Institutions in Samut Prakan Province, *Research and Development Journal Suan Sunandha Rajabhat*

University Vol. 10 No.1, pp. 187-211

- Nur Azlina, Amir Hasan, Desmiyawati & Iskandar Muda (2017), The Effectiveness of Village Fund Management (Case Study at Villages in Coastal Areas in Riau), *International Journal of Economic Research*, Volume 14 Number 12, hal 325-336
- Riadul Jannah, Lilik Handajani, M. Firmansyah (2018), The Influence of Human Resources, Use of Information Technology and Public Participation to the Transparency and Accountability of Village Financial Management, *International Journal of Scientific Research and Management (IJSRM)*, Volume 06 Issue 05, hal 373-385
- Robert H. Wilson (2000), Understanding Local Governance : an international perspective, *RAE- Revista de Administração de Empresas*, vol 40 no 2, pp. 51-63
- Tatiek Sri Djatmiati, Abd. Shomad, Bambang Suheryadi (2019), Improvement of Effectiveness of Village Fund Policy in Indonesia, *Journal of Studies in Social Sciences*, Vol 18 Number 1, hal 1-24
- Triyono, Fatchan Achyani, Mufti Arief Arfiansyah (2019), The Determinant Accountability of Village Funds Management (Study in The Villages in Wonogiri District), *Jurnal Riset Akuntansi dan Keuangan Indonesia* vol 4 no 2, pp. 118-136
- Windyastuti, Lita Yulita Fitriyani, Marita, Mufida Nur Afifah (2019), Accountability and Transparency in Managing Village Funds in Ngawen, Blora, Central Java, *Proceeding of The 3rd International Conference on Accounting, Business & Economics (UII-ICABE 2019)*, pp. 177-184