

Determinants of Village Financial Management Accountability

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ABSTRACT

This study aims to determine the determinants that influence the village financial management accountability in Pampangan Sub-District, OKI Regency and Rambutan Sub-District, Banyuasin Regency. Determinants thought to influence Village Financial Management Accountability are Village Government Competence, Villagers' Participation, Laws and Regulations Compliance, and Information Technology Application. The population consist of villages in the Pampangan Sub-District and Rambutan Sub-District as many as 41 villages. The observation unit is the Village Government consisting of Village Heads, Village Secretaries, and Treasurers as many as 123 people. The sampling technique used is saturation sampling. The analysis method uses multiple linear regression analysis using SPSS v. 20. The results of hypothesis testing indicate that only partially the Compliance variable of the Legislation (X1 affects the Accountability of Village Financial Management while the other three independent variables do not affect. Simultaneously, the four independent variables influence the Village Financial Management Accountability with adjusted R² of 0,255.

Keyword: *Village Financial Management Accountability*

1. INTRODUCTION

Law Number 6 of 2014 about Villages along with their implementing regulations have mandated the Village Government to be more independent in managing the government and various natural resources owned, including how to manage the village finances and assets. For development implementation, villages will receive billions of rupiah in funds directly sourced from the State Budget allocated to villages that are transferred through the district/city Regional Budget and are used to finance governance, development implementation, villagers development, and empowerment the villagers. In the 2015 Revised State Budget, a Village Fund of ± IDR 20,776 trillion has been allocated to all villages in Indonesia. The number of villages according to Home Affairs Minister Regulation 39 in 2015 are 74,093 villages [1].

Based on 2018 state budget documents, this year's Transfer Funds to Regions and Village Funds reach IDR 766.2 trillion, up from last year's IDR 755.9 trillion. The allocation of Village Funds in 2018 does not increase and remains the same as last year's Rp60 trillion. In 2017, the number of recipients of the Village Fund as much as 74 954 villages with an average allocation of village funds amounting Rp 800,5 million per village and estimated for 2018 will remain so.

In addition to the Village Fund, according to the Village Law article 72, the Village has an Original Village Income and a Transfer Income in the form of a Village Fund

Allocation; Part of Regency/City Tax and Retribution Results; and Financial Assistance from Regional Budget of Provincial/Regency/City. The big role received by the village, of course, accompanied by a big responsibility as well. Therefore, the village government should be able to apply the principle of accountability in its governance, in which all end activities of village governance should be accountable to the villagers according to the provisions. In terms of village finances, the Village Government is obliged to prepare a Report on Realization of Village Budget Implementation and Accountability Report on Realization of Village Budget Implementation. This report is produced from a village financial management cycle, which starts from the stage of planning and budgeting; implementation and administration; to reporting and accountability for village financial management.

Based on Home Affairs Minister Regulation Number 113 of 2014, village finances are managed based on the principles of transparency, accountable, participatory and orderly and disciplined budget. Village financial management is managed within 1 (one) fiscal year, which starts from January 1 to December 31. Village financial management is the whole activity which includes planning, implementation, administration, reporting, and accountability of village finances [2].

Accountability is the embodiment of the obligation to account for the fund's management and resources control and policies implementation that is entrusted in the achievement of the goals set [3]. According to the State Administration Agency and Indonesia's National Government Internal Auditor (BPKP), accountability is the

obligation to account for or answer the performance and actions of a person/head of an organizational unit to the party who has the right or authority to hold accountable.

Accountability is the basis of financial reporting in government based on the existence of the community's right to know and accept explanations for the collection of resources and their use. Accountability in the village government is very important because it is a form of media for village government accountability as an entity that manages village funds.

The village government consisting of the village head and assisted by village officials (village secretariat, section head, and treasurer) must understand the village financial management process well. Village financial management risks can arise due to the weak ability of village fund managers. Village Government competence is not only measured by improving education, but also can be measured through knowledge, skills, attitudes, increased motivation, and work experience. The village government, which has a diverse educational background, allows the village government not to understand the field it will undertake as a village government profession as a whole about village funds and the financial reporting system of village funds. This is due to the implementation of village elections by way of democratic elections in which the candidate with the most votes will be elected as the village head. Likewise with other village apparatuses namely treasurer and secretary can be elected as long as it meets the criteria established in Law Number 6 of 2014 [4]. This raises questions and issues related to the ability of village governments whether they can manage village funds by applicable systems and procedures since the village law was issued, the village government has the authority to carry out overall management of village funds without any intervention from outside parties.

Participation is a principle in which every villager in the village concerned has the right to be involved in every decision-making in every activity carried out by the village government where they live [5]. Villagers' involvement in the decision-making process can be directly and indirectly. Villagers' participation concerns the village government's ability to open opportunities for all community components to be involved and participate in the village development process. This is under the regional autonomy principle, which focuses on public participation.

The roles of the villagers in the village budget implementation process, including:

1. Controlling the village budget implementation.
2. Conveying irregularities facts or evidence in village budget management to related parties.
3. Willing to be a witness for irregularities in village budget management.
4. Providing an assessment of the village budget implementation.
5. Delivering proposed changes to the village budget.
6. Encouraging related parties to implement the village budget in a disciplined manner.
7. Providing appreciation for Village Government's success in managing the village budget.

8. Providing appreciation for Village Consultative Agency's (BPD) success in controlling the village budget implementation.

One effort to achieve village fund management accountability is the submission of financial accountability reports that meet the on-time principles and are compiled by following government accounting standards generally accepted. Home Affairs Minister Regulation Number 113 of 2014 has regulated provisions regarding village fund management starting from the planning, implementation, administration, reporting, and accountability [2]. The accountability report is also prepared and presented by following Government Accounting Standards. Provisions on Rural Areas have been regulated in Law Number 6 of 2014 about Villages. Village financial management is regulated in Home Affairs Minister Regulation Number 113 of 2014 about Village Financial Management. While the Village Fund itself has been regulated in Government Regulation Number 8 of 2016 about Village Funds sourced from the State Budget. Thus the village government must obey and be gained on those regulations for the good realization of the village fund management accountability.

The total budget of the village fund from year to year shows a remarkable increase. In terms of accounting, the increase in budget volume shows that the greater quantity and the more complicated and complex quality. Increasing the budget volume and the village government's tasks must certainly be followed by an increase in the village finance management ability. The village government is obliged to develop and utilize information technology advances in village financial management and to distribute village financial information to stakeholders [6].

As mandated in the Village Law, the government, provincial government, and district/city government also help empower villagers by assisting in planning, implementing, and monitoring village development. BPKP as the mandate to accelerate the improvement of the quality of state financial accountability develops a village financial management application in the form of the Village Financial System Application (Siskeudes) used by the village government in managing village financial funds. BPKP has also assisted districts/cities to increase understanding of village government apparatus in village financial management, increase laws and regulations compliance, and improve financial reports and governance quality.

However, the roles and responsibilities received by the village have not been matched by adequate human resources in terms of both quantity and quality. Other common obstacles are the village does not yet have procedures and facilities and infrastructure support in its financial management and the villagers have not been critical of village budget management. The amount of funds that must be managed by the Village Government has a high enough risk in its management, especially for the Village Government apparatus. The phenomenon of regional officials who lodged a legal case not to happen again in the scale of the village administration. Village Government Apparatus and villagers represented by the

Village Consultative Agency (BPD) must have an understanding of the laws and regulations and other provisions and can carry out recording, reporting, and accountability.

The villages in Pampangan Sub-District, Ogan Komering Ilir Regency and Rambutan Sub-District, Banyuasin Regency are among the Sub-Districts that have received village budget funds from the Central Government. Budget village funds obtained will certainly require good management to avoid fraud and accountable to the public and regent/mayor under the provisions to realize good village governance. High accountability in the presentation of financial statements will lead to an increase in village financial management accountability.

2. RESEARCH DESIGN AND METHODOLOGY

The type of research in terms of research objectives is explanatory research. Consideration of this type is to analyze the causality relationship (causality relationship) between the factors that influence village financial management accountability. This research was conducted using two types of research, namely descriptive and verification. Descriptive research is research to obtain a description of the research variables condition while verification research aims to test the truth of a hypothesis that is done by collecting data in the field.

The research population consists of villages in Pampangan Sub-District, Ogan Komering Ilir Regency and Rambutan Sub-District, Banyuasin Regency which totaled 41 villages. The observation unit is the Village Government which consists of the Village Head and village apparatus consisting of the village secretaries and treasurer totaling 123 people (41 villages x 3 people). The number of samples is equal to the number of observation units. Thus, the sampling technique used is saturation sampling.

There are five research variables in the form of one dependent variable (Y) and four independent variables (X) which can be seen in the Table 1.

Table 1 Operational Definition of Research Variables

Variable	Operational Definition	Dimension	Indicator
Laws and Regulations Compliance (X1)	Legal compliance and sociological awareness of the law is the condition of a citizen who is submissive and obedient in one applicable law [7]	1. Procedure	- Village Fund Management
		2. Standard	- Finance Report
		3. Regulation	- Accountability report format - Main tasks - Village fund management
Village Government	Technical competence is the capability of each	1. Knowledge	- Education - Experience

Variable	Operational Definition	Dimension	Indicator
Competence (X2)	civil servant who covers aspects of knowledge, skills and works attitude is necessary for performing the duties of the office. [7]	2. Skill	- Special skill - Skills in carrying out work
		3. Attitude	- Interest - Attitude - Appreciation
Villagers' Participation (X3)	Participation is the principle whereby that every villager in the village concerned has the right to be involved in any decision-making in any activities organized by the village government where they live [6].	1. Decision making	- Involvement in the decision-making of village programs
		2. Budgeting	- Propose a budget plan - Involved in plenary meeting
		3. Budget Implementation	- Involved monitoring and reporting - Provide an evaluation of the budget implementation - Giving awards
Information Technology Application (X4)	The use of hardware and software set the implementation of daily tasks [5]	1. Availability of computers and networks	- Amount adequacy - Internet network availability
		2. IT utilization in tasks implementation	- Transaction processing
		3. Device maintenance	- Maintenance schedule
Village Financial Management Accountability (Y)	Village Financial Management is the whole activity which includes the planning, implementation, administration, reporting, and accountability of village finances [2]	1. Planning	- Drafting village regulation draft of village budget - Submission of village regulation draft of village budget - Agreement of village regulation draft of village budget - Evaluation of village regulation draft of village budget
		2. Implementation	- Reception - Expenditures
		3. Administration	- General Cash Book - Tax Book Cash Assistant - Bank Account Book
		4. Reporting	- Report on realization of village budget implementation - Report on the realization of the semester village

Variable	Operational Definition	Dimension	Indicator
			budget Annual report Government administration report Report of the village government organization description
		5. Accountability	Submit accountability report on the realization of village budget implementation The content of accountability report on the realization of village budget implementation Submission of accountability report on the realization of village budget implementation

Schematic diagram showing the relationship between variables can be seen in Figure 1.

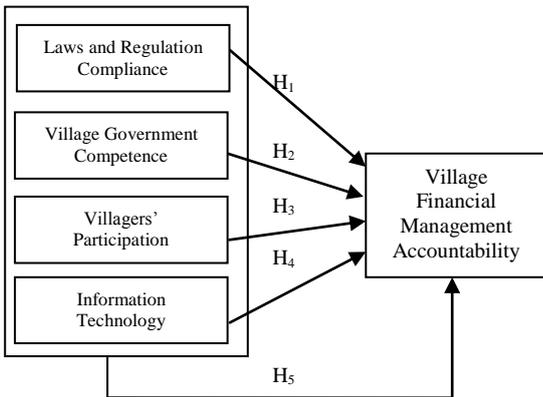


Figure 1 Research Paradigm

The data used in this research is primary data obtained through interviews and questionnaires to employees who are directly related to village financial management. The data collected was analyzed using multiple linear analyses (Multiple Regression Analysis) and the coefficient of determination (R²). Hypothesis testing using t-test and F-test.

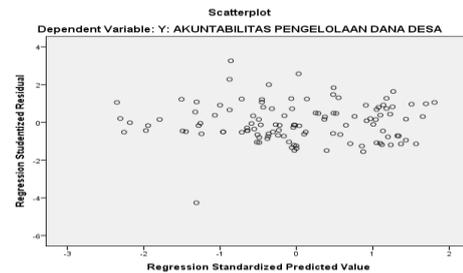
3. FINDINGS AND CONCLUSIONS

3.1. Classic Assumption Test

Normality Test. Based on Kolmogorov-Smirnov one-sample test, it is known that the significant value (Asymp.Sig 2-tailed) of 0.620 means that the value is $0.620 > 0.05$ then the residual value is normal.

Multicollinearity Test. The results of multicollinearity testing of the four independent variables showed that the tolerance value of the laws and regulation compliance variable is 0.804, the village government competence variable is 0.947, the villagers' participation variable is 0.936, and the information technology application variable is 0.772. The VIF value of the laws and regulation compliance variable is 1,243, the village government competence variable is 1,056, the villagers' participation variable is 1,068, and the information technology application variable is 1,295. From these figures, it can be concluded that the regression model of this study is free from multicollinearity because the tolerance value is more than 0.10 and the VIF is less than 10.

Heteroscedasticity Test. Based on the results of heteroscedasticity testing in Figure 2 it can be seen that the points do not form clear patterns. The points spread above and below the number 0 on the Y-axis. So it can be concluded that there is no heteroscedasticity problem in the regression model.



Source: Data processing output from SPSS, 2018

Figure 2 Scatterplot Graph

3.2. Results of Multiple Regression Analysis.

The regression equation in this research is as follows:

$$Y = 83,946 + 1,615X_1 - 0,434X_2 + 0,134X_3 + 0,258X_4 + e$$

Table 2 Results of Multiple Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	83,946	11,341		7,402	,000
X1	1,615	,345	,422	4,679	,000
X2	-,434	,222	-,163	-1,958	,053
X3:	,134	,249	,045	,537	,593
X4:	,258	,214	,111	1,204	,231

Source: Data processing output from SPSS, 2018

Coefficient of Determination. The test results showed that the coefficient of determination Adjusted value is 0.255. It means that variations in Village Financial Management Accountability are 26% explained by the Laws and Regulations Compliance, Village Government Competence, Villagers' Participation, and Information Technology Application variables. While the remaining 74% is explained by other variables outside this research.

Hypothesis Test 1 is accepted, which means that partially the laws and regulations compliance variable has a positive and significant effect on village financial management accountability. It means that the better laws and regulations compliance, the more accountable village financial management. The results are consistent with previous studies that laws and regulations compliance has a positive effect on village fund management accountability.

The laws and regulations compliance in this study was measured by established procedures, standards, and rules. The legislation that must be obeyed by Village Government of Pampangan Sub-District, OKI Regency and Village Government of Rambutan Sub-District, Banyuasin Regency are Law Number 6 of 2014 about Villages, Government Regulation Number 8 of 2016 about Second Amendment of Government Regulation Number 60 of 2014 about Village Funds sourced from the State Budget, and Home Affairs Minister Regulation Number 113 of 2014 about Village Financial Management. Village Government Compliance with procedures in managing village funds will make village fund management orderly and following Home Affairs Minister Regulation Number 113 of 2014 concerning village financial management guidelines so that the Village Government in managing village funds will be more directed and know the objectives to be achieved.

The village government compliance with applicable standards in financial reporting procedures to establish common procedures in explaining how financial statements are prepared and presented. The village government that has complied with the financial reporting standards will be able to produce financial statements that can be understood, the relevant presentations, reliable information, and can be compared. The village government compliance with legislation can produce a format of accountability reports, the main tasks carried out and the management of village

funds by the rules. Thus, laws and regulations compliance is important in completing the responsibility to manage village funds as well as possible, which of course must be following the principles of transparency, accountability, participation, and orderliness.

The results of this research are in line with Sihalo'ho's research which states that laws and regulations compliance has a significant effect on financial accountability [8]. Besides, Indrajaya's research also states that the implementation of Law Number 6 of 2014 has a positive and significant effect on the village financial management. The study reveals that laws and regulations compliance significantly influence the village fund management accountability at the Pampangan Sub-District, OKI Regency. These results indicate that the higher the level of compliance with the legislation, the higher the effect on village financial management accountability. Therefore, the Village Government in Pampangan Sub-District and Rambutan Sub-District must always be guided by regulations that have been determined in completing their responsibilities so that the village funds received can be managed accountably.

Hypothesis Test 2 is rejected, which means that partially the village government competence variable has no significant effect on village financial management accountability. The results of this study reject the hypothesis proposed earlier because in reality, the Village Government in both sub-district has a low level of competence and education. This is supported by the questionnaire results that have been collected in which 61% of the total village government graduate senior high school or vocational high school even 2% of the total of primary school graduates. The low village government competence will affect accountability and the Village Government.

Work experience is still relatively new, where most village governments have 1-5 years of service, which is 70%. There are five people (4%) who have worked for less than one year. The relatively new working period has not provided much work experience so that the village government does not know much about things that need to be improved and enhanced from the village. This is also supported by the relatively new regulations on village funds so that the village government does not understand how to manage village funds properly.

Besides, the village government which has different educational backgrounds and contrasts with the accounting field causes the village government to lack understanding regarding the management of village funds. It is supported by respondents who answered do not agree to the statement related to the understanding of accounting.

Village Government Competence is an important aspect of achieving good performance. These aspects include knowledge, skills, and attitudes. The Village Government who has the knowledge gained both from education and experience will understand village accounting and understand how to manage village funds properly. Village Governments who have special skills such as mastering computers will help others to manage village funds by facilitating data input to increase transparency. Good skills

from the Village Government can also make them mastering their work and minimizing errors. But, the reality is different. Besides, the village government must also be honest about the management of village funds. Village funds received must be managed honestly and used for the villagers' benefit as it should.

Village government competence becomes an important factor because it is the main internal factor to produce a good performance. Based on this research the Village Government Competence is still very weak in managing the village funds provided. The study concluded that the competence of the Village Government apparatus did not significantly affect the financial management accountability of Village Fund Allocation (ADD). It can be concluded that the better the village government's competence does not affect the accountability of village financial management.

Hypothesis Test 3 is rejected, which means that partially the villagers' participation variable has no significant effect on village financial management accountability. The results of this study reject the hypothesis proposed earlier because in reality the villagers only participate in village development but are not actively involved in making and proposing Budget Plans and hearings or plenary meetings on village budget planning and determination. Besides, the community has never given awards for the Village Government achievements in the village budget implementation so that it does not motivate the performance of the Village Government. This is known from the results of the questionnaire that has been distributed were many respondents answered TS (Disagree) related to the statement regarding participation.

The results of this study are in line with [9]. The study concluded that villagers' participation did not affect the accountability of ADD management. This is because the villagers do not understand the Village Fund Allocation, the community merely follows what is instructed without knowing how much the village funds have been obtained and their uses.

Hypothesis Test 4 is rejected which means that partially the information technology application variable has no significant effect on village financial management accountability. The results of this study are in line with Sihaloho's research [10]. The results of this study also reject the previous hypothesis because in reality there are not many computers installed in the village or sub-district offices that can be used to carry out tasks. This is known based on the answers of respondents who do not agree that the accounting/ financial subsection has enough computers to carry out the task. Besides computers, the internet was also not found in offices in these villages. Moreover, in the accounting process from the beginning transaction until the preparation of financial statement is still not optimal in doing computerized. This is supported by the answers of respondents who do not agree with the statements submitted.

Hypothesis Test 5 is accepted, which means that simultaneously the variables of laws and regulations compliance, village government competence, villagers' participation, and information technology application have

a positive effect and significant on village financial management accountability. It means that the better laws and regulations compliance, village government competence, villagers' participation, and information technology application, the better village financial management accountability.

Laws and regulations compliance, village government competence, villagers' participation, and information technology application are interrelated entities. To realize the accountability of village financial management can not only through contributions from the village government competence or simply from any public participation. Competence is good but laws and regulations compliance is not good, accountability of village fund management will not be achieved, likewise, participation is good, but compliance with legislation is not good, so it cannot achieve the village fund management accountability. Laws and regulations compliance is very dominant to realize the village financial management accountability, village government competence, villagers' participation, and information technology application cannot be separated from compliance with the law.

4. CONCLUSION

The village government should continue to maintain applicable laws and regulations compliance related to village fund management. Procedures, rules, and standards are made for the financial statements to be more accountable and comparable.

The village government competence should be increased periodically considering the value of the Village Fund administered each year continues to increase. It would be a pity if villages in both districts are no longer acquire the Village Fund resulting from the inability of the government to manage the village funds previously. Villagers' participation should be increased by conducting socialization and motivation from the village government by explaining that the Village Fund is for the progress and welfare of the villagers' and this it requires active participation from the villagers.

Information technology application is further enhanced by increasing the number of computer equipment and adding or increasing the quality of the existing network in the village because the management of village funds themselves uses the SISKEUDES application. This means that inevitably, the Village Government is forced to apply information technology in the implementation of the daily tasks.

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