



## **Antecedent factors affecting accountability village fund management**

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**Abstract:** *Accountability of village funds is still an exciting study because, until now, there are still irregularities found. This research examines the effect of internal control systems, financial information systems, community participation & prosocial behavior on village fund management accountability. The research population is all village government officials in Kapanewon Tempel, Sleman Regency. The objects of this research are 8 Village Governments in Kapanewon Tempel. The sampling method is saturated sampling. Based on the results of the questionnaire distribution, 64 respondents were involved in managing village funds. Village apparatus used as respondents refers to PERMENDAGRI No. 20 of 2018. Data analysis methods are descriptive statistical tests, data quality tests, & hypothesis testing. The results showed that the internal control system, financial information system, and prosocial behavior affected the accountability of village fund management. Meanwhile, community participation does not affect the accountability of village fund management.*

**Keywords:** *Community participation; Financial information system; Internal control system; Prosocial behavior; Village fund accountability.*

### **1. Background**

The village is a community area with legal interests that can carry out government affairs, community activities, and customary rights and is in line with the government system (Wahyuni et al., 2018). The central government trusts the village government to carry out activities in the village. Therefore, the central government disburses significant funds so village government activities can run smoothly. A large number of funds the village government must manage results in many irregularities, so the importance of accountability for village funds is interesting to study further (Mahayani, 2017).

Based on ICW data, there were 676 corruption cases committed by village officials from 2015-to 2020. In mid-July 2019, the Kejari Sleman named the Banyurejo Village Head, Kapanewon Tempel Sleman, as a suspect in the 2015-2016 village fund corruption case with a state loss of IDR 633.8 million ([yogyakarta.bpk.go.id](http://yogyakarta.bpk.go.id)). Therefore, village officials must understand the regulations to realize the village's mission and vision, namely to create a more advanced, independent, fair, democratic village. Implementing the vision and mission will encourage the prosperity of the village community (Dewi & Gayatri, 2019).

Much research on the accountability of village fund management has been carried out, but the results are inconsistent. The study by [Dewi & Julianto \(2020\)](#), and [Arfiansyah \(2020\)](#) found that the internal control system affected the accountability of village funds. However, other research has found that the internal control system does not affect village fund accountability ([Praba & Gayatri 2019](#); [Nafsiah & Diana 2020](#)). Other findings prove that the financial information system affects village fund accountability ([Aziiz & Prastiti 2019](#); [Arfiansyah 2020](#); [Dewi & Julianto 2020](#)). Meanwhile, other researchers have proven that the financial information system does not affect village fund accountability ([Mahayani 2017](#); [Praba & Gayatri 2019](#)).

[Mahayani \(2017\)](#) and [Praba & Gayatri \(2019\)](#) explain that community participation affects the accountability of village funds. Meanwhile, the results of research by [Luthfiani et al., \(2020\)](#); [Nafsiah & Diana \(2020\)](#) explain that community participation does not affect the accountability of village funds. [Mahayani \(2017\)](#) and [Wadi et al., \(2020\)](#) state that prosocial behavior is one of the factors influencing the accountability of village fund management. However, another research result by [Dewi & Julianto \(2020\)](#) proves that prosocial behavior affects the accountability of village funds.

## **2. Literature Review and Hypotheses**

Stewardship theory describes the existence of the Village Apparatus (steward) as an organization that operates for the public interest by carrying out its duties and functions appropriately in the vision of prospering the community (principals). The relationship between the two is shown through the accountability of village fund management. Namely, village officials are required to show & publish all information needed by the public as information users & used in the decision-making process ([Arfiansyah, 2020](#)). Village officials fulfill their financial accountability responsibilities by presenting transparent & accountable financial reports according to financial report criteria, namely relevant, reliable, easy to understand, and comparable ([Puspa & Prasetyo, 2020](#)).

Accountability is the government's responsibility to the community concerning all activities for which it is responsible. Accountability is manifested in the form of the transparent presentation of financial statements provided to the public ([Wadi et al., 2020](#)). Accountability is an essential principle in village financial management as a form of village government accountability in good governance ([Puspa & Prasetyo, 2020](#)). Accountability is the provision of answers or accountability, as well as explanations related to the performance and actions of village officials to the community. Accountability for implementing activities in the village is carried out according to the guidelines that all village financial management activities must be accountable to the public following regulatory provisions ([Kristianto et al., 2018](#)).

Internal control is a process or activity carried out by the local government as an integral part of an action monitoring continuously monitoring the implementation of activities. Internal control is carried out by the leadership and all local government employees to provide confidence that the activities and objectives of the local government have been achieved effectively and efficiently. Internal control is a method of directing,

monitoring, & evaluating organizational resources (Aziiz & Prastiti, 2019). The internal control system is an essential factor because it can assist the village government's decision-making process (Arfiansyah, 2020). Dewi & Julianto (2020) explained that the internal control system can significantly impact the accountability of village funds. The internal control system can increase the confidence of the village apparatus when managing village funds. Village officials will follow existing regulations so that the information provided is more accountable (Arfiansyah, 2020). Therefore, a hypothesis is proposed:

*H<sub>1</sub>: The internal control system affects the accountability of village fund management.*

The central government created the village financial information system to assist village governments in improving village fund accountability. Village officials can use the financial information system to process all village fund activities to produce reliable reports. The information system will also ensure that better-quality messages are produced on time. A reliable financial information system can be used to monitor & control the implementation of village apparatus activities to prevent potential irregularities. The economic system must be designed under the needs of village financial management. The financial system applied should be able to explain the use of village funds (Aziiz & Prastiti, 2019). Arfiansyah (2020) and Dewi & Julianto (2020) states that the financial information system can influence the accountability of village fund management. Organizations that can implement the financial system effectively will increase the accountability of their reports (Aziiz & Prastiti, 2019). Therefore, a hypothesis is proposed:

*H<sub>2</sub>: The financial information system affects the accountability of village fund management.*

Participation is the community's involvement in planning, implementing, and evaluating each activity in its environment. Participation in budgeting in the village is one way for the district to control and evaluate the use of village funds. One will believe in something if involved in the preparation and planning process. Therefore, the community involved in the village fund management process and its development process will have more confidence in the accountability of village funds. Community participation is necessary for managing village funds because they can directly supervise activities in their village. Village communities are required to participate in village budget planning, so village officials are required to provide access to information regarding managing village financial resources (Mahayani, 2017). Community involvement has an impact on the transparency & accountability of village fund management. The active participation of the village community is an essential component of the government system. It cannot be separated from achieving the objectives of effective village fund management. Therefore, community participation is needed to reduce fraud in managing village funds (Praba & Gayatri, 2019). Therefore, a hypothesis is proposed:

*H<sub>3</sub>: Community participation affects the accountability of village fund management.*

Prosocial behavior possessed by village officials can help achieve accountability in managing village funds. Prosocial behavior in this case is in the form of helpful actions that are carried out by individuals without expecting anything (Tobing, 2021). The impact of prosocial behavior that each individual has will increase the achievement of the goals of an

organization's programs (Purba & Ramadhani, 2021). According to Mahayani (2017) prosocial behavior impacts the accountability of village fund management, so prosocial behavior is aimed at improving community welfare (Wadi et al., 2020). The prosocial behavior of the village government can be helpful in achieving accountability for managing village funds (Purba & Ramadhani, 2021). Therefore, prosocial behavior is vital for village officials to improve village fund management accountability. Therefore, a hypothesis is proposed:

*H<sub>4</sub>: Prosocial behavior affects village fund management accountability.*

### 3. Method

This study is a quantitative study using primary data derived from questionnaires. The research sample is all village officials who manage village funds. The sampling technique is saturation sampling; the entire population is used as a sample. The questionnaire in this study used a Likert scale from 1 = strongly disagree to 5 = strongly agree). The criteria for respondents are following Permendagri No. 20 of 2018: village head, village secretary, administrative & general head, planning department, finance officer, head of welfare, head of government & division of service. The research indicators adopt the results of previous research, which are presented in table 1.

**Table 1. Measurement of variables**

Variable	Indicators
Internal Control System Shafira & Utami (2021)	1) Control Environment 2) Risk Assessment 3) Control Activities 4) Information and information 5) Monitoring
Financial information system Arfiansyah (2020)	1) Ease of use 2) risk assessment 3) Service features 4) Utilization of the use of Software
Community participation Budiarto et al., (2020)	1) Decision making 2) Budgeting 3) Budget execution
Prosocial behavior Mahayani (2017)	1) Helping others 2) Share & donate 3) Cooperate 4) Empathy attitude 5) Honesty
Village fund accountability Irene et al., (2020)	1) Physical Output 2) Financial Reporting 3) Recording.

### 4. Result and Discussion

This research was conducted for four months, from January to April 2022, in Kapanewon Tempel, Sleman Regency. The results of distributing the questionnaires show that the

amount obtained is under the rule of thumb, between 30 to 100. The number of questionnaires that can be analyzed is shown in table 2.

**Table 2. Distribution of Questionnaires**

Description	Quantity	%
Questionnaire distributed	64	100
Questionnaire returned	51	79.7
Questionnaire did not return	13	20.3
Questionnaire processed	51	100

**Table 3. Results of the Validity Test of the Village Fund Accountability Variable**

Variable	Pearson correlation	P Value	Explanation
Y 1	0.793	0.000	Valid
Y 2	0.706	0.000	Valid
Y 3	0.622	0.000	Valid
Y 4	0.719	0.000	Valid
Y 5	0.863	0.000	Valid
Y 6	0.783	0.000	Valid
Y 7	0.697	0.000	Valid
Y 8	0.682	0.000	Valid

**Table 4. Reliability Test Results**

Variable	Cronbach's Alpha	Explanation
Internal control system	0.784	Reliable
Financial information system	0.966	Reliable
Community participation	0.857	Reliable
Prosocial behavior	0.903	Reliable
Village fund accountability	0.921	Reliable

**Table 5. Hypotheses Testing**

Model	B	t	Sig.	Result
Internal control system	0.418	2.313	0.025*	H1: accepted
Financial information system	0.308	2.797	0.008**	H2: accepted
Community participation	0.165	1.203	0.235	H3: rejected
Prosocial Behavior	0.197	2.122	0.039*	H4: accepted
F Value	9.257		0.000**	
Adj. R <sup>2</sup>	0.398			

\*\* Sig < 1%, \* Sig < 5%

Based on the results of the distribution of the questionnaire, then data testing was carried out, namely the Pearson correlation validity test and the reliability test with Cronbach alpha. The validity test used a 5% significance, while the reliability test used a cutoff of 0.6, the results of testing the validity of the village fund accountability variable are shown in table 3, while the reliability test is shown in table 4.

The results of testing hypothesis 1 prove that the internal control system affects the accountability of village fund management. The village government has regulations that are

used to manage village funds to be efficient and effective. Compliance with rules will encourage the creation of reasonable internal control (Dewi & Julianto, 2020). The existence of an internal control system will ensure that the process of implementing village activities is under regulations and meets the accountability criteria (Arfiansyah, 2020). The government's internal control system can encourage more optimal management of village funds to be well organized. Therefore, the village government must strengthen the internal control system to prevent fraud in managing village funds (Laksmi & Sujana, 2019). A sound internal control system will prevent violations of procedures in managing village funds (Hasanah et al., 2020).

The results of the hypothesis 2 test prove that the financial information system significantly affects the accountability of village fund management. Managing village funds can be more accountable if the government correctly implements a financial information system (Aziiz & Prastiti, 2019; Arfiansyah, 2020; dan Dewi & Julianto, 2020). The more effectively a person utilizes available financial resources, the better his accountability will be. An effective financial system is crucial for the village government because it can supervise everything related to the village government automatically. A sound information system will help the village government prevent procedural errors resulting in potential irregularities. The financial information system used by the village government will provide information about how money from the village fund is spent (Aziiz & Prastiti, 2019).

The results of testing hypothesis 3 prove that community participation affects the accountability of village fund management. Reduced community participation can be caused by public confidence in the quality of the village apparatus. Suppose the village apparatus can provide good service, providing relevant information about the use of village funds. In that case, they will hand over all village fund affairs to the village government (Nafsiah & Diana, 2020). Community participation has been realized in the Musrenbangdes so that supervision over village funds has been reduced (Luthfiani et al., 2020). According to agency theory, the relationship between the apparatus and the community does not always match the community's expectations; the community does not participate because the level of understanding about village funds is still lacking due to the varying level of education. Most of the community has a low level of education, so communication with village officials is less effective.

The testing hypothesis 4 proves that prosocial behavior affects accountability in managing village funds (Wadi et al., 2020). Role theory and quality theory explain that a person's social behavior in a group results from his self-actualization in the group. Someone with good behavior and abilities will quickly achieve the desired goals (Mahayani, 2017). The better the behavior of the village government apparatus, the more effective the accountability of village funds will be (Purba & Rahmadhani).

## **5. Conclusions, Implications And Suggestions**

The study's results prove that the internal control system, financial information system, and prosocial behavior affect the accountability of village funds. However, community participation does not affect the accountability of village funds. Village fund accountability



will become a reality if all elements in the village government work together. A sound control system must be supported by an effective financial information system and the behavior of the apparatus following ethical principles. If all elements in the organization can work together, then the accountability of village funds can run well.

The results of this research are expected to impact the village in Kapanewon Tempel, Sleman Regency, to increase the effectiveness of the internal control and financial information systems. In addition, community involvement in village development can be increased not only in the form of planning but in terms of development activities. This research is also used for evaluation, so that village officials and the community cooperate in managing village funds to reduce the misappropriation of village funds.

The limitation of this research is the short research time with a limited number of respondents, so the information obtained is minimal. Further research can increase the sample size and complement it with other techniques, such as interviews so that the information obtained from respondents is more precise and comprehensive. The factors that affect village funds are still limited to internal control, the financial system, and community participation; many other factors might explain the accountability of village funds, such as the role of auditors, audit results, and other apparatus behavior factors.

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