

# DETERMINANT FACTORS INFLUENCING THE ACCOUNTABILITY OF VILLAGE FINANCIAL MANAGEMENT

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## ABSTRACT

*This study aims to examine factors influencing the accountability of village financial management. Of the factors are human resources competence, assistance and monitoring. The research implemented survey method using questionnaire. The numbers of samples used are 60 villages in Buleleng. The data were analyzed using multiple linear regression or OLS (Ordinary Least Square). The results of the research indicated that the variables of human resource competence, assistance and monitoring influence the accountability of village financial management.*

**Keywords:** Human Resource Competence, Assistance, Monitoring, Accountability.

## INTRODUCTION

Based on the data of Ministry of Village, Development of Disadvantage Area and Transmigration delivered in Akuntan Indonesia Magazine issued on January-February 2015, it is stated that the human resources of village officials in Indonesia are not sufficient for carrying out a good management and report. Whereas based on Law No. 6 of 2014 on Villages, village funds derived from the state budget reached 10% of regional transfer funds or approximately Rp.68-70 billions. The village officials, as the power of budget users, will be audited by BPK. In the previous distribution of budget funds to village institutions, it was still found many deviations, which can be affected by legal consequences.

Irianto (2008) argued that accountability is basically one of the key factors in answering any claims against the government's performance. It can be interpreted that accountability should still be given and realized, whoever the recipient of the funds, because based on the mandate of Law No. 6 of 2014 the funds are intended for the care of the interests of village communities, especially to drive their economy. The large amount of funds allows the village to develop a variety of programs that are certainly expected to be able to solve various problems of the village community.

The birth of this law requires optimization of good governance in the village administration, where accountability is one of the constituents. A good system in the planning, implementation and accountability of the use of funds is necessary to realize and prove that the funds are used properly (Padmani, 2014). Village financial management is an effort to support the implementation of village government, village development, village community development and village community empowerment. Financial management is a cycle consisting of planning and budgeting, implementation, administration, reporting, accountability, guidance and supervision, reporting and monitoring and evaluation (Yabbar & Hamzah, 2015).

The above explanation led to various dimensions which will presumably affect the accountability of village financial management that is human resources must be competent in the management and reporting, the need for assistance for village community, especially in the financial management and the need for monitoring which in this context is guidance and supervision, especially in village financial management.

Based on the above problems, the main issue that becomes the concern of the study is: Does the human resource competencies, village assistant and monitoring influence the village financial management.

## **THEORETICAL REVIEW**

### **Local Government Accounting**

Government accounting (including accounting for non-profit institutions) is the area of accounting related to government institutions and other institutions that are not for profit (Baswir, 1995). Government accounting is essentially part of micro accounting that functions to record and report the realization of the implementation of a state's budget. The implication of the emergence of the law on village is each village is expected to be able to manage their own finances professionally. Therefore, in terms of government accounting there will be a separation in terms of standards used in financial reporting. So far, there is central government accounting, local government accounting and now there will be village administration accounting.

### **Competence of Human Resources**

Competence becomes the underlying characteristic of a person and is concerned with the effectiveness of individual performance in his work (Spencer & Spencer, 1993). Determining the required threshold of competence will certainly be the basis for the process of selection, succession, planning, performance of evaluation and human resource development. Joko (2005) stated that individual performance can be optimal if the individual has a competence that is reliable in their field. The reliability of human resource competence can be formed, in which the formation is strongly influenced by the organizational capability in managing human resources into several specifications of individual competence, among others: (1) competence of goal achievement, (2) competence of problem solving, (3) competence of interaction to others and (4) competence of teamwork.

### **Village Assistance**

The scopes of village assistance include (Yabbar & Hamzah, 2015) conducting village assistance in phases to empower and strengthen the village; 2) assistance in accordance with the needs of rural communities based on the geographical conditions of the region, the value of village budget and scope of the activities assisted and 3) the government, provincial government, regency/city government and village government who make efforts to empower rural communities through sustainable assistance including the provision of human resources and management.

## Monitoring (Guidance and Supervision)

Supervision of the implementation of village government is a process of activities aimed at ensuring that the village government can run in accordance with predetermined plans and conditions. Guidance is the provision of standard guidelines for the implementation, planning, research, consultation, development, guidance, education and training, consultation, supervision, monitoring, general supervision and evaluation of the implementation of village governance (Yabbar & Hamzah, 2015).

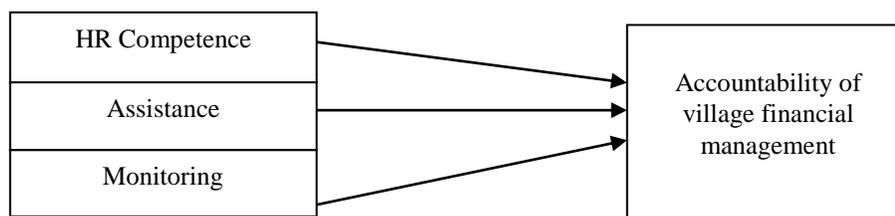
## Accountability of Village Financial Management

Financial accountability has an accurate and precise focus on reporting time about the use of public funds. The main purpose is to ensure that public funds have been used for objectives that have been established efficiently and effectively. Koppell (2005) proposed five elements of accountability, explaining under what conditions each dimension is and what an accountable organization is. These five dimensions are transparency, liability, control, responsibility and responsiveness.

## THEORETICAL FRAMEWORK

### Conceptual Research Framework

Figure 1 is a model of conception and research hypothesis that gives a description of the appearance of the topic in the research. The study was conducted at villages in Buleleng that already received Village Fund.



**Figure 1**  
**CONCEPTUAL FRAMEWORK**

### Hypothesis Formulation

Human resources competence becomes one of the important things in the successful implementation of the Village Law. Therefore, it so far still becomes priority program of the central government to instruct each village to have experts in village financial management. By having skilled human resources in the village who are able to apply all of the laws and other regulations on Village Funds, the accountability of village financial management will be achieved. However, in the management of village finances it is seen that the need for supervision and guidance is strongly related to the condition of the village apparatus that are still minimal in terms of professional financial management. Supervision and guidance as a form of monitoring of all parties involved in the disbursement of village funds such as the Government, provincial Government, regency/municipal Government, district and other parties, can work together so as

not to burden the duties of the village head and his officers. Based on the illustration, the hypotheses of the research can be formulated as follows:

*H<sub>1</sub>: Human resource competency influences the accountability of village financial management.*

*H<sub>2</sub>: Assistance influences the accountability of village financial management.*

*H<sub>3</sub>: Monitoring influences the accountability of village financial management.*

## **RESEARCH METHOD**

### **Research Design**

The research design used in this research is survey method. Research on determinant factors that influence the accountability of village financial management is a survey research due to sampling of the population and using questionnaires as the main data.

### **Types and Data Sources**

The data used in this study is primary data obtained directly from the respondents (research subjects) in the research questionnaire. Primary data collected included the competence of human resources, village assistance, village supervision (monitoring) and accountability of village financial management.

### **Population and Sample**

The population of this research is the villages that received Village Fund in Buleleng consisting of 148 villages throughout the District. Respondents of the research are the head of village. To determine the number of samples, Slovin formula is used as follows:

$$n = \frac{N}{1 + N \cdot e^2} \quad \parallel \quad n = \frac{148}{1 + 148 \cdot 0,01} = 59.7 = 60 \text{ (rounded up)}$$

Information:

n=number of samples

N=number of population

e=10%=0.10

### **Operational Definition of Variables**

The competence of human resources can be defined as the abilities of the individual as the basis for organizational performance improvement. Five competence characteristics of Spencer & Spencer (1993) were used to measure the competence of human resources in village financial management, which are motives, traits, self-concept, knowledge and skills.

Village assistance is one of the government programs in finance-related guidance and supervision of the village. To measure the variable of assistance in this study, the concept of the scope of village assistance by Yabbar & Hamzah (2015) is used. That is: 1) conducting village assistance in phases to empower and strengthen the village; 2) assistance in accordance with the needs of rural communities based on the geographical conditions of the region, the value of village budget and scope of the activities assisted and 3) the government, provincial government,

regency/city government and village government who make efforts to empower rural communities through sustainable assistance including the provision of human resources and management.

Monitoring in this study is defined as guidance and supervision in the village administration, especially financial management. Supervision of the implementation of village government is a process of activities aimed at ensuring that the village government can run in accordance with predetermined plans and provisions. Guidance is the provision of standard guidelines for the implementation, planning, research, consultation, development, guidance, education and training, consultation, supervision, monitoring, general supervision and evaluation of the implementation of village governance (Yabbar & Hamzah, 2015). Based on the concept, this monitoring variable is measured to be a statement in the questionnaire.

Accountability of village financial management in this study was measured by using the concept of Koppell (2005) proposing five elements of accountability, explaining under what conditions each dimension is and what an accountable organization is. These five dimensions are transparency, liability, control, responsibility and responsiveness.

## **Instrument Test Technique**

### **Validity and Reliability Test**

An item is said to be valid if the correlation of coefficient probability is less than 0.05. Meanwhile, reliability test of statistical tests is performed by Cronbach alpha ( $\alpha$ ). A variable is said to be reliable if it fulfills  $\alpha \geq 0.60$  (Uyanto, 2009).

### **Classical Assumption Test**

In connection with the use of multiple linear regression method to avoid assumptions of the classical model, a test will be conducted. Multicollinearity test aims to test whether in the regression model there is a correlation between independent variables or not. Heterocedasticity test verifies a good homoscedasticity regression model that is the residual has the same variant from one observation to another observation. Normality test aims to test whether the dependent or independent variables in the regression model are normally distributed or not.

### **Data Analysis Method**

To analyze the data, it is used multiple linear regression with OLS model using SPSS for Windows released 23.0 program. This method is one way of calculating statistical regression coefficients that are unbiased, efficient and consistent. This method can be formulated in multiple linear regression formula as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e \dots \dots \dots (2)$$

Information:

Y: Accountability of village financial management

a: Constants

X<sub>1</sub>: Competence of human resources

X<sub>2</sub>: Assistance

X<sub>3</sub>: Monitoring

e: Interferer error factor

To test the partial regression coefficient between independent variable and dependent variable with significance level of 5% ( $\alpha=0.05$ ), t test was used with formulation of hypotheses as follows:

$H_0$ :  $b_0=0$  means that the independent variables do not have a significant partial influence on the dependent variables.

$H_1$ :  $b_1 \neq 0$  means that the independent variables partially have a significant influence on the dependent variable.

### RESULTS AND DISCUSSION

Results of validity and reliability test of the instrument indicate that the instrument used in this study is valid and reliable, as indicated by the value of item-total correlation coefficients of the variables, which is greater than 0.3 and the significance, which is less than 0.05. Reliability test results showed cronbach alpha values for all variables used in the research is greater than 0.70.

Results of normality test using One Sample Kolmogorov-Smirnov Test show the results of Asymp.Sig (2-tailed) is 0.179 higher than 0.05 so that it is said as normal distribution of data. Results of tolerance value calculation show all independent variables have a tolerance value of more than 0.10. The VIF value calculation results also show that all independent variables have VIF value < 10. It can be concluded that there are no symptoms of multicollinearity among independent variables. Meanwhile, the result of heteroscedasticity test shows that not all variables are significant at 0.01. It can be concluded that there is no heteroscedasticity.

The results of regression study suggest that the model summary shows the magnitude of the adjusted  $R_2$  0.927. This means 92.7% variation of accountability variable of village finance management can be explained by variation from three independent variable that is human resources (HR), assistance and monitoring while the rest (100%-92.7%=7.3% ) is explained by other causes outside the model.

Table 1 COEFFICIENT OF DETERMINATION					
Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.940 <sup>a</sup>	0.939	0.927	7615.413	1.133
a. Predictors: (Constant), Monitoring, Assistance, HR					
b. Dependent Variable: Accountability					

Based on the table of ANOVA test or F test, it is obtained F count for 2.887 with a probability of 0.000. Because probability is much less than 0.05, it can be concluded that the regression coefficient of human resources (HR), assistance and monitoring is not equal to zero or the four independent variables simultaneously influence the accountability of village financial management. It also means that the coefficient of determination  $R^2$  is not equal to zero or can be interpreted to be significant (Table 1).

<b>Table 2</b> <b>SIMULTANEOUS SIGNIFICANCE TEST (F STATISTIC TEST)</b>						
<b>ANOVA<sup>b</sup></b>						
	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.474	3	0.491	2.887	.000 <sup>a</sup>
	Residual	6.126	36	0.170		
	Total	7.600	39			
a. Predictors: (Constant), Monitoring, Assistance, HR						
b. Dependent Variable: Accountability						

From the regression test results, it is also obtained the results of significance with T test (Table 2) which states that of the three independent variables included in the model, i.e. variables of human resources (HR), assistance and monitoring, have a significant effect. It can be seen from the probability of significance of the three variables. HR has a significance value 0.000, assistance has 0.001 and monitoring has 0.003. It can be concluded that the accountability of village financial management is influenced by the competence of human resources (HR), assistance and monitoring with the following equation:

$$\text{Accountability} = -17.095 + 0.277 \text{ HR} + 0.217 \text{ Mentoring} - 0.036 \text{ Monitoring}$$

<b>Table 3</b> <b>SIGNIFICANCE TEST OF INDIVIDUAL PARAMETER (T STATISTIC TEST)</b>						
<b>Coefficients<sup>a</sup></b>						
	Model	Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-17.095	5.732	-	-2.982	0.005
	HR	0.277	0.100	0.421	29.762	0.000
	Accompaniment	0.217	0.081	0.133	4.214	0.001
	Monitoring	-0.036	0.074	-0.073	-4.484	0.003
a. Dependent Variable: Accountability						

Hypothesis test results state that hypothesis 1 (one) is received, that is human resource competency has positive significant effect on the accountability of village financial management (Table 3). This means that village financial management, referring to Regency Regulation of Buleleng No. 12 of 2006 on Village Finance and Village Development Planning, needs competent human resources. For example, in the formulation and reporting of Village Budgets (hereinafter called as APBDes), it requires human resource capabilities capable of managing budget and development programs and assisting in designing village development based on Regulation No. 114 of 2014 on Guidelines for Village Development. These human resources can contribute to the welfare of the village community through community development programs based on efficiency, effectiveness and economics. In addition, competent human resources are basically needed since formulating APBDes based on transparency, accountability and participation, financial management, accounting and reporting to the realization of the budget (Sujarweni, 2015).

Hypothesis 2 is accepted, stating that the assistance gives a significant positive effect to the accountability of village financial management. Yabbar & Hamzah (2015) stated that

assistance to the village community is done in stages in accordance with the needs. Village assistance is an activity to conduct community empowerment through assistance, organizing, directing and facilitation of the village. This assistance can be carried out by local village facilitators, village assistants who are on duty in the district, technical assistants, experts and third parties. This assistant is involved in the planning, implementation, monitoring and evaluation of the work program. Therefore, it is highly demanded to do assistance in the village since it is very vital. In the case of village assistance, assistants must have certification of competence issued by a certification agency of advisory professions and qualifications in economics, social, cultural and/or techniques. However, it can be separated from the role KPMD (Village Community Empowerment Cadres) derived from elements selected by the village community to grow and develop and mobilize initiatives, participation, mutual aid and self-help.

Hypothesis 3 is also accepted, stating that monitoring gives a positive significant effect on the accountability of village financial management. The results of this hypothesis test means that in order to achieve accountability in village financial management, it needs monitoring. In village financial management, it is necessary to provide guidance on implementation standards, planning, research, development, guidance, education and training, consultation, supervision, monitoring, general monitoring and evaluation of village administration implementation. Yabbar & Hamzah (2015) stated that supervision of village governance implementation is a process of activities aimed at ensuring that the village administration run in accordance with the plans and conditions determined. From this description, it can be interpreted that monitoring/supervision has an important role to create a transparent and accountable village financial management.

### **CONCLUSIONS AND RECOMMENDATION**

Based on hypotheses test results, the three hypotheses have positive significant effect, meaning that the competence of human resources, assistance and monitoring give an effect on the accountability of village financial management. This means that the competence of human resources, assistance and monitoring has an important role in the implementation of village government either in terms of administration, programming, development planning or budget formulation. Competent human resources are needed since the formulation of APBDes based on transparency, accountable and participatory. In terms of assistance, assistants are involved in planning, implementation, monitoring and evaluation of the work program. Also, monitoring should be done by various governmental layers with the task of fostering and overseeing all forms of village government activities or programs. It means that monitoring plays an important role in creating transparent and accountable village financial management.

This study is expected to contribute to stakeholders such as village heads, local government or village communities in a broad sense as a reference in the management of accountable village finance. This study has inherent limitations due to this research using the primary data obtained through the questionnaire, which is likely to occur differences in perceptions between researchers and respondents because respondents and researchers can clarify questions or statements. Therefore, the research certainly becomes more representative when it used questionnaire as well as interview so that the respondent's perception of the question or statement can be known in depth.

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