

## Accountability and Transparency of Financial Management of Village Funds in Improving the Independence of Village Communities in the Enemy of Covid-19



Irna Triannur Lubis<sup>1</sup>, Oky Syahputra<sup>2</sup>, M. Ridho Tama Lubis<sup>3</sup>, Siti Ramadhani<sup>4</sup>, Adekasna Rosadi Pohan<sup>5</sup>

<sup>1,2,3,4,5</sup>Universitas Battuta

**ABSTRACT:** In addition, the village also has the capacity to generate money and enter it as Village Original Revenue. Because the idea of the village fund is equity and justice, the calculations also reflect those two things. Not to mention the problem of the Covid-19 Endemic which has had a strong impact on the welfare of rural communities. Therefore, the allocation of this formula takes into account the total population, poverty rate, area area, and geographical difficulties per village. Besides that, there is also such a thing as affirmation allocation. This is additional money to villages that are considered underdeveloped and very underdeveloped. The problem of the amount of village funds that will be received by every village throughout Indonesia raises concerns for many parties. There is the potential for mismanagement of village funds starting from budgeting, implementation, administration, accountability, and reporting. For this reason, in the context of administering village governance, accountability and transparency are required both in terms of finances, performance, and compliance with laws and regulations. The purpose of the study is to analyze the Transparency and Accountability of Village Fund Management, the results of which are expected to provide additional evaluation material for the achievement of effective, transparent, and transparent village fund management. Results Accountability and transparency research has a significant effect on the management of village funds in order to improve management accountability. Allocation of village funds increases the independence of rural communities during the Covid-19 endemic period.

**KEYWORDS:** Accountability, Transparency, Village Fund Financial Management

### INTRODUCTION

South Tapanuli is one of the regencies in North Sumatra with the majority of the population as farmers. The Covid-19 endemic has a significant impact on the community's economy, especially in the village. Many people have complained and stopped their activities due to the Covid-19 endemic.

One of the government's efforts to accelerate development in the village is by providing stimuli in the form of development funds, which are currently known as Village Funds (DD). Village funds sourced from the State Revenue and Expenditure Budget (APBN) are carried out as a mandate in accordance with the provisions contained in (1.Undang-undang Nomor 6 Tahun 2014).

The principle of managing village funds contains that village finances are managed based on the principles of transparency, accountability, order and budget discipline (2. Permendagri Nomor 20 Tahun 2018 Pasal 2 tentang asas pengelolaan dana desa). Accountability includes the process of providing financial information to the public and beneficiaries so as to provide an opportunity for them to assess the government's accountability for all activities carried out. In addition, accountability is the efforts of the authorities in holding government administration towards a better one by relying on good governance (3. Atmadja A T, Saputra K A K: 2018).

Barriers to the implementation of good governance in village financial management are incompetent human resources in the village government (Kaukab, M. E: 2020). Whereas on the other hand, the budget received by the village since the enactment of the Village Law is quite significant, even for some villages the value has doubled from before, including villages in South Tapanuli Regency. The following is the data for the details of the Village Fund in South Tapanuli Regency for the last five years below:

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**Table 1. Details of Village Funds in South Tapanuli Regency last five years**

No	Year	Total Budget (Rp) (In Thousand Rupiah)
1	2017	161.670.006
2	2018	145,856,856
3	2019	167,751,279
4	2020	172,034,790
5	2021	169,7524,513

Source: <https://djpk.kemenkeu.go.id>, 2022

The application of good governance principles in village financial management in South Tapanuli Regency has not been fully implemented properly, various problems arise such as budget irregularities, physical development that is not in accordance with planning and many other problems related to the implementation of good governance. From 2017 to 2022, there have been at least a few cases of misappropriation of village funds by unscrupulous individuals, as presented in the table below:

**Table 2. Cases in Village Financial Management**

Location	Case	Follow-up
Aek Perupuk	Corruption crime	Criminal Process and Dismissal
Shade Village	Corruption of village funds for the 2019 and 2020 fiscal years is Rp. 882,339,095,-	Criminal Process
Gunung Baringin Village	Misappropriation of the implementation of residential road construction activities of Rp. 327.3 million, and the construction of a bridge Rp. 37.7 million, while in 2018 the implementation of village development, namely the construction of the early childhood education building, amounted to Rp. 174.2 million, construction of poskesdes Rp. 168.8 and construction of MCK Rp. 112.6 Million	Criminal Process
Lubuk Godang Village	Corruption crime of village fund management	Criminal Process

Problem The Village Fund managed by the village government must also be accountable to the public, meaning that the community must also know that the funds have been used for what and the processes involved. That's why the aspects of transparency and accountability are important when the community is tried to be invited to formulate village fund management from an early age [5]. The urgency of this research is very important, where open village financial data is an urgent matter to provide stimuli for the community to be active together in managing village funds."

## THEORETICAL BASIS

### Agency theory

Agency theory concerning the contractual relationship between two parties, namely the principal and the agent. Agency theory discusses the agency relationship in which a certain party (principal) delegates work to another party (agent) who does the work. Agency theory views that local governments as agents for the community (principals) will act with full awareness for their own interests and view that local governments cannot be trusted to act in the best possible way for the interests of the community.

### Stewardship Theory

Another theory that underlies this research is part of agency theory, namely stewardship theory [7] which describes a situation where management is not motivated by individual goals but rather by their primary outcome goals for the benefit of the organization. The consideration of using stewardship theory in connection with the problem in this study is that management as stewards (servants/recipients/managers). This study discusses good (quality) village financial management practices, village governments act as stewards, trustees provide useful information for organizations and users of government financial information, either directly or indirectly through their representatives.

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## **Village Financial Governance and Good Governance**

Village funds are one of the efforts to accelerate the pace of village development, so that the management process is purely managed by the village according to the needs of the community. There are three main principles that underlie regional financial management (Iznilah, Dkk. : 2019) First, the principle of transparency or openness. Transparency here means that community members have the same rights and access to know the budget process because it involves the aspirations and interests of the community, especially meeting the needs of many people's lives. Second, the principle of accountability. Accountability is the principle of public accountability which means that the budgeting process starting from planning, preparation and implementation must actually be reported and accounted for to the DPRD and the community. The community not only has the right to know the budget but also has the right to demand accountability for the plan or implementation of the budget. Third, the principle of value for money. This principle means the application of three main points in the budgeting process, namely economic, efficiency, and effective. Economics relates to the selection and use of resources in certain quantities and qualities at low prices. Efficiency means that the use of public funds can produce maximum output (effective). Effectiveness means that the use of the budget must achieve the targets or objectives of the public interest. This principle means the application of three main points in the budgeting process, namely economic, efficiency, and effective. Economics relates to the selection and use of resources in certain quantities and qualities at low prices. Efficiency means that the use of public funds can produce maximum output (effective). Effectiveness means that the use of the budget must achieve the targets or objectives of the public interest. This principle means the application of three main points in the budgeting process, namely economic, efficiency, and effective. Economics relates to the selection and use of resources in certain quantities and qualities at low prices. Efficiency means that the use of public funds can produce maximum output (effective). Effectiveness means that the use of the budget must achieve the targets or objectives of the public interest.

### **Accountability**

According to the State Administration Agency and the Financial and Development Supervisory Agency (BPKP), accountability is the obligation to provide accountability or answer and explain the performance and actions of a person or legal entity/leader of an organization to parties who have the right or authority to ask for information or accountability. Accountability can be seen from several indicators, namely, Planning, Implementation, Administration, Reporting and Accountability. From the 5 (five) indicators above, if the village has fulfilled it, it can be said to be accountable. Taking into account the explanation above, it can be seen that accountability is an important part of financial governance or the performance of public organizations, including in the village. That's why accountability in this study is the obligation of the village government to provide accountability for its performance in one period to the village community. This accountability is very important, considering that the village government manages large public funds so that the village community also needs to know how to manage it in the form of annual accountability (Hakim, L & Dkk : 2022).

### **Transparency**

Transparency provides open and honest financial information to the public based on the consideration that the public has the right to know openly [9]. Transparency or openness means that decisions are taken and their implementation is carried out in a way or mechanism that follows the rules or regulations set by the institution. Transparency can also mean that information relating to the organization is easily and freely available and accessible to those who are affected by the policies adopted by the organization. Transparency is very important in the implementation of government functions in carrying out the mandate of the people. Transparency can be seen from several indicators, namely, the Information Commission, the existence of PPID (Village Information Management Officer), Having a List of Public Information (Lubis, I. T., & Shara, Y. :2021).

### **Conceptual Framework**

The conceptual framework can be formulated as follows in accordance with the above description:

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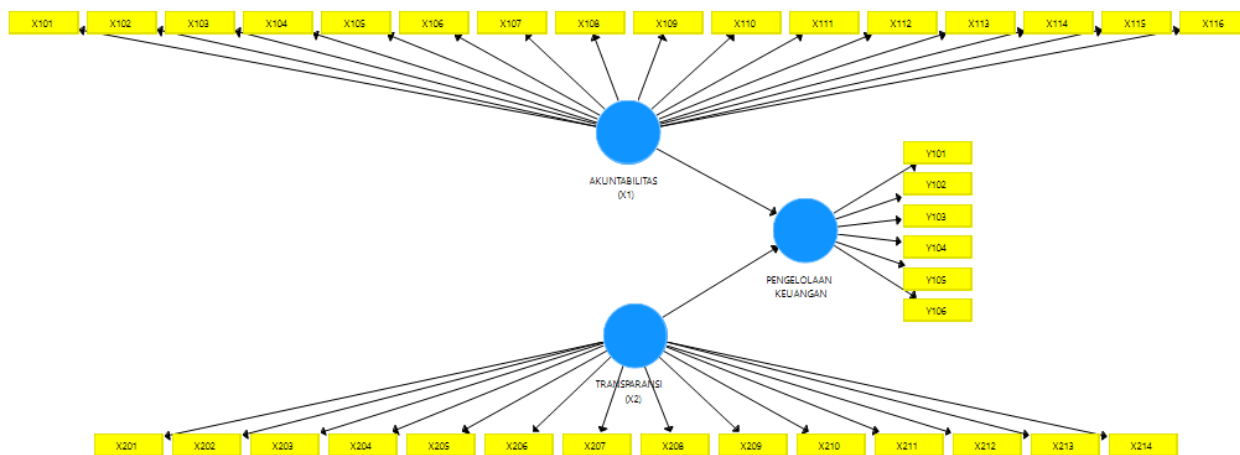


Figure 2. Conceptual Framework

## HYPOTHESIS

The hypotheses in this study are:

- H1 :Accountability Affects the Financial Management of Village Funds in Increasing the Independence of Village Communities During the Covid-19 Endemic Period.
- H2 :Transparency Affects the Financial Management of Village Funds in Improving the Independence of Village Communities During the Covid-19 Endemic Period.

## RESEARCH METHODS

### Research sites

Location research will be conducted in a village located in Sipirok District, South Tapanuli, while the research period is from January to December 2022.

### Population and Research Sample

The population in this study were all villages in Klungkung Regency, totaling 53 villages. The sampling technique in this study is proportional random sampling, which is a sampling technique for heterogeneous populations such as villages with the aim of increasing the level of representativeness of the samples taken. The size of the sample taken using the Slovin formula.

### Research data

Data collection technique is a method used by researchers to reveal or collect information from respondents according to the scope of research (Ghozali: 2015). In general, there are several data collection techniques, namely tests, interviews, observations, questionnaires, surveys, literature studies and documentation analysis. Data used in 2022.

### Data analysis

The data collection method used a questionnaire with a modified Likert scale consisting of 4 answer options, namely point 4 Strongly Agree (SS), point 3 Agree (S), point 2 Disagree (TS), and point 1 Strongly Disagree (STS). According (Ghozali: 2015) The data analysis technique used in this study is multiple linear regression analysis, with the following stages.:

#### a. convergent validity

The convergent indicator validity test is used to assess the convergent validity, namely the loading factor value must be more than 0.7 for confirmatory research and the loading factor value between 0.6-0.7 for exploratory research is still acceptable and the average variance extracted (AVE) value must be greater than 0.5.

#### b. discriminant validity.

Discriminant validity relates to the principle that different constructs should not correlate with height. The value of cross loading for each variable must be >0.70.

#### c. average variance extracted(AVE)

It is recommended that the AVE value should be greater than 0.50 which means that 50% or more of the variance of the indicator can be explained.

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## d. Composite Reliability and Cronbanch Alpha.

The reliability test was conducted to prove the accuracy, consistency and accuracy of the instrument in measuring the construct. The rule of thumb that is usually used to assess construct reliability is that the composite reliability value must be greater than 0.7 for confirmatory research and the value 0.6-0.7 is still acceptable for exploratory research.

## e. Coefficient of Determination/RSquare value.

In assessing the structural model with PLS, we start by looking at the R-Square value for each endogenous latent variable as the predictive power of the structural model. R-Square values 0.75, 0.50 and 0.25 can be concluded that the model is strong, moderate and weak

## f. Hypothesis test.

Hypothesis testing serves to test research hypotheses, where the t test can be seen from the results of the Path Coefficient test which will provide an estimate of the influence between variables and provide very useful significant information regarding the relationship between research variables. The hypothesis is accepted when the significance level is less than 0.05 or the t-value exceeds the critical value. The t-statistics value for the 5% significance level is 1.96.

The multiple regression model is formulated in the following form

$$Y = a + b_1X_1 + b_2X_2 + e$$

Information :

- Y = Village Fund Financial Management
- a = Constant
- X1 = Accountability
- X2 = Transparency
- b1, b2 = Coefficient
- e = Error

## RESEARCH RESULTS AND DISCUSSION

### Investment Decisions

The outer model test begins by estimating or estimating parameters, namely by calculating the PLS algorithm with the following results.

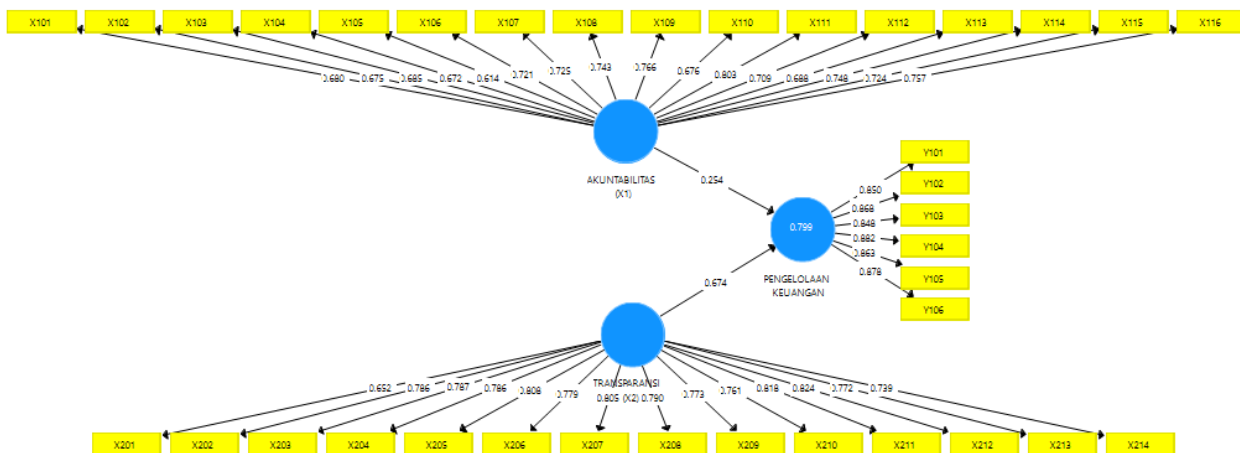


Figure 2. PLS Algorithm. Calculation Output Display

From the output of the analysis, the measurement model (outermodel) can be evaluated, namely by testing convergent validity, discriminant validity and reliability. All indicators are declared to represent the Accountability Variables (X1), Transparency (X2) and Financial Management (Y), the conclusion that all indicators have met the criteria for the validity of the indicators for each construct.

Table 1 Constrict Reability and Validity

Variable	Composite Reliability
Accountability (X1)	0.943
Transparency (X2)	0.955
Financial Management (Y)	0.947

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Table 1 shows that the category is quite good, each construct has met the outer model reliability assessment criteria with a composite reliability value > 0.7.

## Hypothesis test results

The results of the SmartPLS algorithm in assessing the Path Coefficient are directly given in Table 2:

**Table 2. Path Coefficient**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Accountability -> Village Fund Financial Management	0.254	0.257	0.108	2,365	0.018
Transparency -> Village Fund Financial Management	0.674	0.671	0.106	6,372	0.000

The following is a discussion of each hypothesis test based on the test results which are summarized in Table 2:

1. The Effect of Accountability on the Financial Management of Village Funds in Improving the Independence of Village Communities During the Covid-19 Endemic Period

Based on Table 2, it explains that the influence of Accountability on the Financial Management of Village Funds in Improving the Independence of Village Communities During the Covid-19 Endemic Period ( $p = 0.018 < 0.05$ ) then  $H_0$  is rejected, meaning that there is a positive and significant influence between 1. Accountability for the Financial Management of Village Funds in Improving the Independence of Village Communities During the Covid-19 Endemic Period at a significant level of 5%.

2. The Effect of Transparency on the Financial Management of Village Funds in Improving the Independence of Village Communities During the Covid-19 Endemic Period

Based on Table 2 explains that the influence of Transparency on the Financial Management of Village Funds in Improving Village Community Independence During the Covid-19 Endemic Period ( $p = 0.000 < 0.05$ ) then  $H_0$  is rejected, meaning that there is a significant effect between Transparency on the Financial Management of Village Funds in Improving Village Community Independence in the Covid-19 Endemic Period at a significant level of 5%.

## DISCUSSION

### The Effect of Accountability on the Financial Management of Village Funds in Improving the Independence of Village Communities During the Covid-19 Endemic Period

The finances that are managed by the village are actually also the right for the community to know what the funds are used for, because the community is actually the subject of development in their own village. Not only that, the aspect of accountability through accountable management of public funds is the hope of various parties. Good village financial accountability will further increase the trust of the community, especially development carried out by the village government directly or indirectly will always require the involvement and participation of the community.

Based on the above study, it can be concluded that village financial accountability in Sipirok District, South Tapanuli is good. Accountability that is considered good at least indicates an improvement in the accountability system to the public regarding village funds managed by the village government. Such conditions are supported by the compatibility between the implementation and the SOP. Activities that use village funds are of course realized both physically and administratively reported in the form of activity reports. This process is also followed by supervision, in this case village finances are directly monitored by the district government and sub-district authorities as well as village communities.

The making of LPJ which is carried out regularly is part of an effort to realize comprehensive accountability aimed at making the process of monitoring activities more effective and efficient. When there is a problem in the first phase of activities, it needs to be resolved immediately, before the next phase of the budget declines. Implemented Accountability This accountability has at least been able to regenerate public trust in the village government.

### The Effect of Transparency on the Financial Management of Village Funds in Improving the Independence of Village Communities During the Covid-19 Endemic Period

The results of the study conclude that the current transparency is classified as good, this is perceived by most of the

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respondents in the good category. This assessment indicates that village financial transparency in Sipirok District has been able to fulfill their desire to know village financial data, especially development data in their respective villages. The transparency process has been attempted to be carried out as a whole for all villages in Sipirok District.

This fact is supported by the results of field observations, especially in the village located in Sipirok District, where village financial information is presented at the entrance to the inside of the village office. Through this information, at least the community knows and understands that the funds received by the village have been used for village development, both physical and non-physical. This fact can also be a control tool for the community that real activities are in accordance with the budget allocations reported in the publication.

There is a change in the public information delivery system related to village finances online and offline, there are some people who have not accessed this information. People know more about village financial information only through publications in the village, namely at the village office, other strategic places that are usually used as publications by the village government.

Transparency of village financial management in Sipirok District has been able to meet the wishes of the community regarding village financial data, especially development data in their respective villages. This condition is also supported by the fact that access to information is open to anyone, especially the village community. Meanwhile, the institutional control mechanism at the village community level is represented by the BPD institution, which is a balancing part of every real step in village government policies. The village financial management process from the beginning has been accompanied or escorted by elements of the BPD and community leaders, especially in official forums held in the village.

### **CONCLUSION**

Based on the results of the research that has been carried out, the following conclusions can be drawn:

1. Accountability has a significant and positive effect on the Financial Management of Village Funds in Improving the Independence of Village Communities in the Covid-19 Endemic Period.
2. Transparency has a significant and positive effect on the Financial Management of Village Funds in Improving Village Community Independence in the Covid-19 Endemic Period.

### **SUGGESTION**

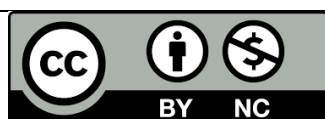
This study concludes that there areThe Effect of Accountability and Transparency on the Financial Management of Village Funds in Improving the Independence of Village Communities During the Covid-19 Endemic Periodand there is a strong relationship on the variableAccountability and Transparencyand management of village funds. This research is limited to villages in Sipirok District, South Tapanuli. It is hoped that in the next research it needs to be expanded to all villages in North Sumatra so that a generalization can be made on the applicationAccountability and Transparencyon the financial management of village funds.

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