

The Influence of Clarity of Budget Targets, Implementation of Accounting Systems, and Internal Control on Accountability of Village Fund Management

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Abstract

This study aims to determine the effect of budget target clarity, accounting system implementation, and internal control on village fund management accountability. This study uses a quantitative approach using primary data from Kragan District, Rembang Regency, Central Java, Indonesia. The sample used in the study was 80 village officials. The collection method was a questionnaire with a Likert scale measurement. The data analysis technique used was multiple linear regression with the help of SPSS software. The results indicate that budget target clarity, application of the accounting system, and internal control have a positive and significant effect on village fund management accountability. This study concludes that budget targets, implementation of accounting systems, and internal control have a positive contribution to the level of accountability in managing village funds.

Keyword: clarity of budget targets, implementation of accounting systems, internal control, accountability of village fund management.

INTRODUCTION

The lowest level of government within the local community is the village government, but it plays a crucial role in developing, advancing, and maximizing government initiatives (Estrilia et al., 2023). Presidential Instruction No. 7 of 1999 states that the responsibility assigned to a government agency is an integral part of government administration and a form of responsibility for government officials, enabling them to manage resources optimally without abdicating their responsibilities. This responsibility, while still developing plans and strategies for implementation, remains a key indicator of achievement, measuring the implementation of a work program and gaining trust and participation that impact the community (Putra et al., 2021). Accountability remains a part of control that is constantly regulated and will always be maximized in government regulations. Therefore, it remains the government's responsibility to serve as an important role model for the community. Its performance is something that can be seen clearly by the community. Therefore, the agency that the government must implement remains a factor that cannot be denied by the community (Fadila & Budiwitjaksono, 2022). Therefore, the hope is that all village governments can embody responsibility, or what is commonly called accountability, within a government institution, with the stipulation that all implemented activities will be accounted for before the public following applicable government regulations.

However, unfortunately, Indonesia still faces challenges in managing village funds. It was reported in December 2022 that as many as 900 village heads in Indonesia were arrested by law enforcement officials (APH) for involvement in cases of misuse of village funds. This incident aligns with the function mandated in Presidential Regulation Number 192 of 2024 concerning the Financial and Development Supervisory Agency (BPKP), which aims to implement internal oversight of financial accountability (suaraNTB.com).

Unlike the situation in Indonesia in general, village fund management in Rembang Regency, Central Java, Indonesia, is quite good. According to a report from Jawapos.com, in 2021, the entire Rp 260 billion village fund budget was successfully utilized optimally, reflecting a strong commitment to utilizing these resources. This achievement is also reflected in the fastest achievement at the sub-district and village levels in Rembang Regency. Lasem,

Sluke, and Kragan sub-districts ranked first at the sub-district level, while Summersari, Ngargomulyo, and Gowak villages were the best at the village level. The award given by the Regional Office of the Directorate General of Treasury of Central Java Province also serves as a token of appreciation for the outstanding performance of relevant parties in managing village funds. The full disbursement of village funds in early November 2021 demonstrates Rembang Regency's commitment to supporting village-level development and efficient budget use (JawaPos.com 2021).

Research conducted by Hasanah et al. (2022) and Estrilia et al. (2023) concluded that the implementation of an accounting system impacts the level of accountability in village fund management. Hasanah et al. (2022) stated that internal control also influences accountability in village fund management, while research by Estrilia et al. (2023) stated that clarity of budget targets also impacts accountability in village fund management. This research was conducted to address gaps in previous research. The difference between this study and previous research lies in the addition of the accounting system implementation variable.

Through the survey, an award certificate was awarded in 2021 by the local regional office for achievements in managing village funds. Furthermore, Kragan District has never been the subject of research on village fund management accountability. This study also aims to evaluate whether Kragan District still maintains its reputation as one of the best districts in terms of accountability in village fund management. By comparing the findings of previous studies with the results of this study, it is hoped that differences or confirmations can be found regarding the influence of clarity of budget targets, the implementation of accounting systems, and internal control on accountability in village fund management, especially in a broader and more representative context.

The objectives of this study are: (1) to determine and analyze whether there is an influence of budget target clarity on accountability in village fund management, (2) to determine and analyze whether there is an influence of the implementation of an accounting system on accountability in village fund management, and (3) to determine and analyze whether there is an influence of internal control on accountability in village fund management.

RESEARCH METHOD

Research Design

This research is a descriptive quantitative study aimed at identifying and analyzing the impact of several specific variables on the level of accountability in village fund management. The focus of this study is on measuring several factors, such as clarity of budget targets, implementation of accounting systems, and internal control, on the level of accountability in village fund management across all villages in Kragan District, Rembang Regency, Central Java, Indonesia. This research method includes numerical and statistical data collection and data analysis to provide a clear and descriptive picture of the relationship between the variables being studied.

Population and Sample

This study used 27 villages in Kragan District, Rembang Regency, as its population. The sampling technique used was a sampling technique that established several criteria: village officials involved in village financial management, and having. More than one year of service. The sample size was 80 respondents.

Research Variables and Operational Definition

Accountability in village fund management. The level of accountability in village fund management is measured by the extent to which village governments in Kragan District,

Rembang Regency, implement transparency, accountability, and public participation in the implementation and reporting of village fund management. The clarity of budget targets is measured by the level of accuracy and completeness in detailing and explaining the intended use of village funds. The implementation of accounting systems is measured by the extent to which villages in Kragan District apply relevant accounting standards in recording and reporting village finances. Internal control is measured by the extent to which village governments implement supervisory mechanisms, control procedures, and preventive measures to maintain accountability and control risks in village fund management.

Data Types and Sources

The data used in this study are quantitative data sourced from primary data. Primary data were obtained through a survey using questionnaires distributed to parties involved in village fund management in villages in Kragan District.

Data Analysis Method

All data collected in this study will be analyzed to provide answers to the problems discussed. To analyze the data, the researcher used the SPSS program. The testing stages in this study consisted of the Validity Test, Reliability Test, Classical Assumption Test, Hypothesis Test, and T-Test. The discriminant analysis equation model used in this paper is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \dots \dots \dots (1)$$

Where Y represents Village Financial Management Accountability, α is a constant, β_1 , β_2 , and β_3 are regression coefficients, X_1 is Budget Target Clarity, X_2 is Financial Accounting System Implementation, X_3 is Internal Control, and e is the standard error.

RESULT AND DISCUSSION

Result

The research instrument used is a questionnaire that must pass a validity test to be reliable in research. [Table 1](#) is the result of the validity test on the instrument used. According to the results listed in the table, it can be concluded that all statements included in the research variables can be considered valid and suitable for use as instruments in research. This conclusion is based on the fact that the R value of all items in the total correlation of the variable statements of budget target clarity, accounting system implementation, internal control, and Village Fund Management Accountability exceeds the R Table value (0.185). R table is determined by the value of $df = N - 2$, where N is the number of samples $80 - 2 = 78$, so the R table value is 0.185. This indicates that all statement items are valid and suitable for use in research.

A quality research instrument must meet clear consistency standards. A reliable instrument is recommended for use in conducting research. Based on the analysis of [Table 1](#), it can be concluded that all statement items can be considered reliable and meet the requirements for a research instrument. This conclusion is based on the established criteria, namely a Cronbach's alpha value exceeding 0.7. According to the table, the Cronbach's alpha value for the variable of budget target clarity reached 0.839, the accounting system implementation variable reached 0.771, the internal control variable reached 0.844, and accountability of village fund management of 0.820, exceeding the 0.7 limit, indicating adequate reliability.

The recommended research data for processing is normally distributed data. Research data can be considered normal if a normality test has been performed. The results of the normality test using the Kolmogorov-Smirnov test in [Table 2](#) indicate that the research data is considered normally distributed if the significance value is greater than 0.05. The significance

value in this study was 0.740, which exceeds the threshold value of 0.05. Therefore, it can be concluded that the data has a normal distribution and meets the requirements for a good regression model for this study.

Table 1. Validity and Reliability Testing

Variable and Indikator	R-value	Cronbach's Alpha
Clarity of budget targets		0.839
X1.1	0.726	
X1.2	0.763	
X1.3	0.773	
X1.4	0.648	
X1.5	0.768	
X1.6	0.792	
Implementation of accounting systems		0.771
X2.1	0.695	
X2.2	0.467	
X2.3	0.821	
X2.4	0.829	
X2.5	0.778	
X2.6	0.464	
Internal control		0.844
X3.1	0.766	
X3.2	0.733	
X3.3	0.817	
X3.4	0.800	
X3.5	0.656	
X3.6	0.781	
Accountability of village fund management		0.820
Y.1	0.524	
Y.2	0.689	
Y.3	0.694	
Y.4	0.692	
Y.5	0.781	
Y.6	0.583	
Y.7	0.764	
Y.8	0.697	

Table 2. Normality Testing

Parameters	Unstandardize d Residual
N	80
Mean	0E-7
Normal Parameters ^{a,b} Std. Deviation	2.05678365
Absolute	0.076
Most Positive	0.067
Extreme Negative	-0.076
Differences	
Kolmogorov-Smirnov Z	0.683
Asymp. Sig. (2-tailed)	0.740

The heteroscedasticity test aims to evaluate whether there is heterogeneity of variance in a study. The [Figure 1](#) is the results of the heteroscedasticity test in this study. From the presented the figure, it can be concluded that there is no heterogeneity of variance or heteroscedasticity in the data. This is confirmed by the even distribution of points around the value 0 on the Y-axis. Therefore, the research data meets the assumptions of the regression model and can proceed to the next stage.

The multicollinearity test is the final test in the classical assumption test, intended to assess the presence of multicollinearity in the study's independent variables. Based on the [Table 3](#), it can be concluded that there is no multicollinearity in the independent variables. This conclusion is based on the tolerance and variance inflation factor (VIF) values. Independent variables are considered not to have multicollinearity if the tolerance value is greater than 0.01 and the VIF value is less than 10. All independent variables in this study meet these assumptions and show no evidence of multicollinearity.

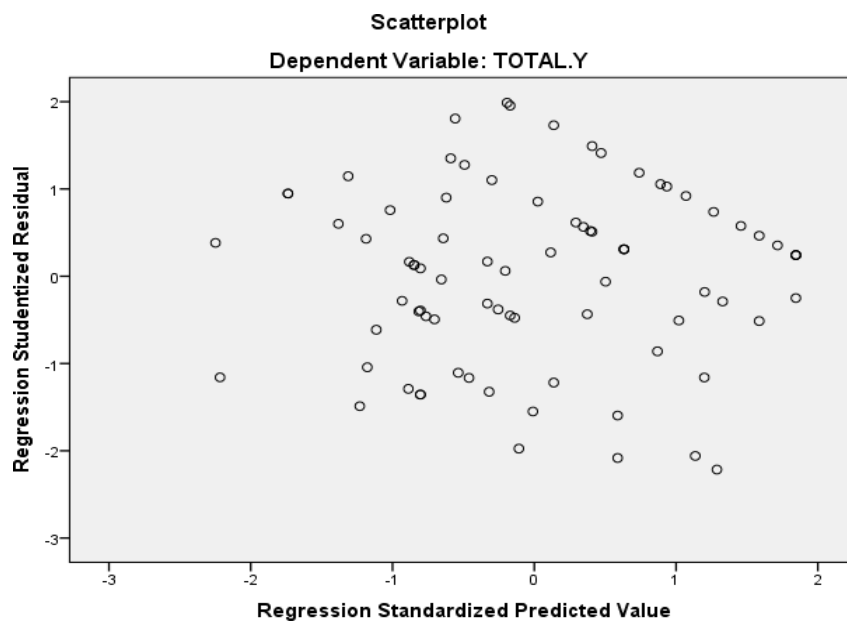


Figure 1. Heteroscedasticity Testing

Table 3. Multycolliniery Testing

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
TOTAL.X 1	0.804	1.244
TOTAL.X 2	0.856	1.168
TOTAL.X 3	0.821	1.219

Table 4. Multiple Regression Testing

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	12.716	3.216		3.954	0.000
¹ TOTAL.X1	0.379	0.100	0.366	3.776	0.000
TOTAL.X2	0.285	0.108	0.248	2.642	0.010
TOTAL.X3	0.229	0.087	0.252	2.623	0.011

Multiple linear regression analysis can be used. Based on [Table 4](#), the multiple linear regression equation can be constructed as follows:

$$Y = 12.716 + 0.379X_1 + 0.285X_2 + 0.229X_3 + e \dots\dots\dots(2)$$

These results can be interpreted as follows: the constant value has a positive value of 12.716. A positive sign indicates a unidirectional influence between the dependent and independent variables. This indicates that all independent variables, including budget target clarity (X1), accounting system implementation (X2), and internal control (X3), have a value of 0 percent or no change, thus the accountability value for village fund management is 12.716. The regression coefficient for budget target clarity is 0.379, indicating that transparency in budget target clarity can influence accountability for village fund management, assuming other variables remain constant.

The regression coefficient for the implementation of the accounting system is 0.285, indicating that each implementation of the accounting system can affect accountability in village fund management, assuming other variables remain constant. The regression coefficient for internal control is 0.229, indicating that each implementation of internal control can affect accountability in village fund management, assuming other variables remain constant. The T-test is intended to analyze the influence or relationship of each independent variable on the dependent variable. The following are the results of the T-test in this study. Clarity of Budget Targets significantly influences Accountability in Village Fund Management, as evidenced by the significant relationship between Clarity of Budget Targets and Accountability in Village Fund Management, which is also proven by a significance value lower than 0.05 ($0.000 < 0.05$). Therefore, it can be concluded that hypothesis H1 is accepted.

The implementation of the Accounting System has a significant influence on Accountability in Village Fund Management. This is indicated by the significance value of the Implementation of the Accounting System on Accountability in Village Fund Management, which is also proven by a significance value lower than 0.05 ($0.010 < 0.05$). Therefore, hypothesis H2 is accepted. Internal Control has a significant influence on Village Fund Management Accountability. This is evident from the significance value of Internal Control on Village Fund Management Accountability, which is also lower than 0.05 ($0.011 < 0.05$). Therefore, hypothesis H3 is accepted.

Discussion

The Effect of Budget Target Clarity on Village Fund Management Accountability

A t-test conducted by the researcher indicates that the Budget Target Clarity variable significantly and positively influences Village Fund Management Accountability in Kragan District, Rembang Regency. This is evidenced by a significance value lower than 0.05, at 0.000. These results indicate that when budget targets are clearly defined, this positively influences the level of accountability in village fund management. This statement is supported by the t-test results, which showed a calculated t-value of 3.776, which exceeds the specified t-table value of 1.665. The existence of clear budget targets consistently contributes to increased accountability in village fund management.

These results align with research conducted by Estrilia et al. (2023), which revealed that budget target clarity positively influences accountability in village fund management. Agency theory suggests that transparency is crucial because the public has the right to understand and be informed about information disclosure as a form of government accountability to the public, following statutory regulations (Savitri et al., 2020). Research findings indicate that the clarity of the budget targets in Kragan District, Rembang Regency, as outlined in the Village Budget (APBDes), is clearly outlined, ensuring clarity and clarity. Performance

indicators for each activity listed in the budget are clearly defined and measurable. Likewise, the results achieved in each program are visible.

The Impact of Accounting System Implementation on Village Fund Management Accountability

The results of this study indicate that the implementation of an accounting system has a significant impact on Village Fund Management Accountability. This is indicated by a significance value lower than 0.05 ($0.010 < 0.005$). The implementation of an accounting system has a positive impact on the level of accountability in village fund management. The t-test showed a calculated t-value of 2.642, which exceeds the specified t-table value of 1.665. The implementation of an effective accounting system can significantly improve the level of accountability in village fund management.

These results align with research by Estrilia et al. (2020), which states that the implementation of an accounting system has a positive effect on accountability in village fund management. The agency theory proposed by Jensen and Meckling in 1976 illustrates the correlation between the principal (owner or trustee) and the agent (executor or manager) who is entrusted with a role in management and decision-making on behalf of the principal. Agency theory helps explain why financial information plays a crucial role in mitigating this conflict of interest (Hasanah et al., 2022). In this study, villages in Kragan District have implemented all government accounting standards and recorded all financial reports in transaction records grouped into a general ledger according to account names and recorded balances. Accountability reports on the realization of the Village Budget (APBDes) are also submitted periodically.

The Influence of Internal Control on Accountability in Village Fund Management

The results of this study revealed that internal control significantly influences accountability in village fund management. This is evident from the significance value, which is lower than 0.05 ($0.011 < 0.005$). Internal control has a positive impact on the level of accountability in village fund management. The t-test results show a calculated t-value of 2.623, which exceeds the specified t-table value of 1.665. The implementation of internal control can increase the level of accountability in village fund management.

This research aligns with research by Dwiparyani and Hutnaleontina (2022), which states that internal control positively influences accountability in village fund management. In the agency theory, internal control is expected to mitigate conflicts of interest that often arise in village fund management through evaluations of village officials conducted by the village head. The study, conducted in Kragan Village, District, found that the village government has a clean management plan to reduce the risk of violations. The village government also continuously evaluates strengths and weaknesses and makes recommendations to improve internal control within the village. Village officials also always identify and analyze risks in achieving village government goals.

CONCLUSION

When budget targets are clearly defined, this positively influences the level of accountability in village fund management. This statement is supported by the results of the t-test, which shows that the existence of clear budget targets consistently contributes to increased accountability in village fund management. The implementation of an accounting system has a positive impact on the level of accountability in village fund management. The implementation of an effective accounting system can significantly increase the level of accountability in village fund management. Internal control has a positive impact on the level

of accountability in village fund management. With the implementation of internal control it can increase the level of accountability in village fund management.

Limitations and Recommendations

This research specifically focused on analyzing villages in Kragan District, Rembang Regency, and limited its study to the variables of budget target clarity, accounting system implementation, and internal control regarding accountability in village fund management. However, there is still potential for further development. Recommendations for future research include incorporating other variables that may impact accountability in village fund management. Village governments are also advised to continue improving the clarity of budget targets, implementing accounting systems, and consistently implementing internal controls to optimize accountability in village fund management..

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