Financial System Of Village Fund Management Accountability

Kaharuddin (kahar_asa @yahoo.com)
STMI Samarinda

Abstract

The purpose of this study is to ascertain how the internal control system and the village financial system in the districts of Beloro and Kutai Kartanegara affect the accountability of village fund management. A total of 105 respondents, including village chiefs, village secretaries, hamlet heads, BPD, youth leaders, and community leaders, participated in this study. In this study, the AMOS 24.0 model and descriptive analysis were employed. In this quantitative study, primary data from observations, interviews, questionnaires, and photos are combined. The study's findings indicate that the internal control system of the government and the village financial system both significantly and favorably affect the accountability of village financial management in all of the villages in Kutai Kartanegara Regency's Beloro District.

Keywords: Village financial system, Internal Control System, Fund Management Accountability

Introduction

Because of the size of the village budget, misappropriation is conceivable. Since the village fund law was passed, there have been three instances of village fund corruption in Indonesia. False reports, embezzlement, budget waste, and bribery are examples of misusing village fund budgets. In addition, criminal intent or insufficient knowledge of village government can lead to issues with village financial management and knowledge of pertinent laws and guidelines.

Requests for law enforcement on village fund budgets will peak in 2022, according to Indonesia Corruption Watch. (ICW). Budgets for village funds were mentioned in 51 of the 286 reported cases of corruption in 2022. The state lost IDR 32.3 billion as a result of corruption in the village fund budget. A plethora of remarks on village finance management demonstrate the need for more accountability. There are numerous components that might improve government financial management accountability. According to Kushendar's research (2022), village fund accountability is impacted by both SPIP and SISKEUDES. According to another research, Kushendar & Kurhayadi (2022) found that the accountability of village money is influenced by the internal control system of the government, transparency, and the local financial system. Research on partial transparency has no bearing on regional financial accountability among Bandung Regency residents.

According to research by Kaharudin (2022), a number of factors that can affect accountability have also been examined. The local financial system of Garut Regency and village authorities enhance accountability in the financial management of the village, but the internal control system of the government does not. Sutrepti et al.'s research on the accountability of village money management was conducted in 2022. It asserts that although the internal control system and the proficiency of village fund management officials do not affect the responsibility for managing village money, the village financial system does. Similarly, Kaharudin's research (2022) asserts that the government's internal control system and the village finance system in Baleendah Tuan District, Bandung Regency, promote accountability of village money.

Since there hasn't been any accountability research done in Kutai Kartanegara Regency, this study employs the finance system and internal control system as supporting variables. Considering that Kutai Kartanegara Regency's performance may benefit from this. Even though the accounting is incorrect because of the inadequate facilities and village financial management skills, this research employs an internal control system and a financial system for the village. The village's administration is insufficient.

The regional finances are not questioned, and the administrative system is defective. Researchers will look at how the internal control system and the village finance system affect the management of village funds in Beloro District, Kutai Kartanegara Regency.

Methods

The research methodology employed for this study is the quantitative technique. Saturation sampling and primary data are used in this population study. SEM is used in this study's analysis. Kurhayadi (2022) claims that structural equation models (SEM) integrate simultaneous equation models (SEM) from econometrics with factor analysis (factorial analysis) from psychology and psychometrics.

Results and Discussion
Descriptive Analysis of Research Variables Structural Equation Modeling (SEM) Test
Early Stage Model Testing

This initial model investigates exogenous and endogenous factors. Endogenous variables determined through model equations or relationships, while exogenous variables are determined outside the model. Exogenous factors in this research. Empirically supported hypothetical models are good models. The image below shows the results of the first SEM analysis:
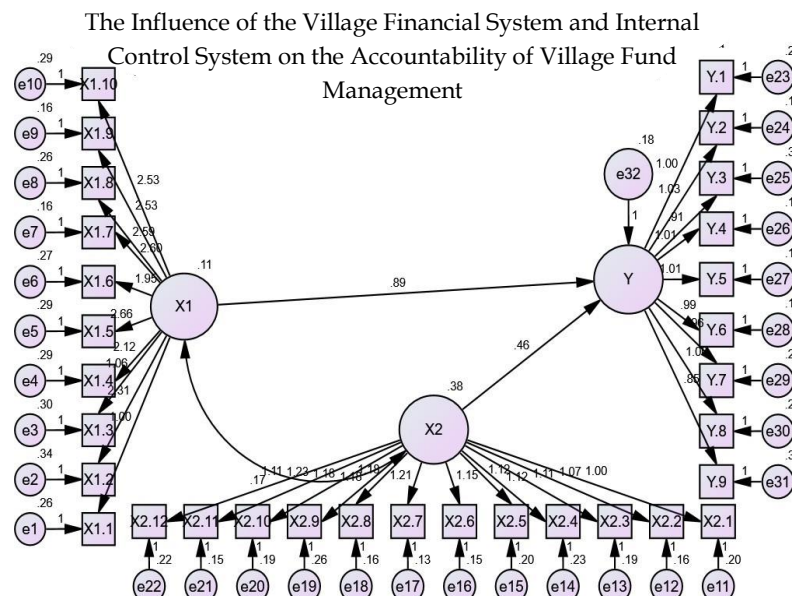

Figure 1 Results of Initial Stage Structure Equation Modeling Analysis

The GFI and model criterion are used to assess the results of the modeling test. modeling test results, and their critical values corresponding to the data are shown in the table:

Table 1 Evaluation of GFI Overal Model (Test Initial Stage)

Criteria	Cut-Off	Result	Evaluation
Chi-square	$\leq 0,05$, $31 = 44,975$	954.705	*Bad Fit*
Probability	$\geq 0,05$	$\geq 0,000$	*Marginal Fit*
CMIN/DF	$\leq 3,00$	2,215	Fit
GFI	$\geq 0,90$	0,559	Bad Fit
AGFI	$\geq 0,90$	0,507	Bad Fit
TLI	$\geq 0,95$	0,750	Marginal Fit

RMSEA	≤ 0,07	0,104	Bad Fit

According to the table above, not everyone can meet the GFI criterion. The model is improved to test the hypothesis by following the index change guidelines. The correlation between items or errors determines model changes before the structural model is finalized.

Model Test at the Final Stage
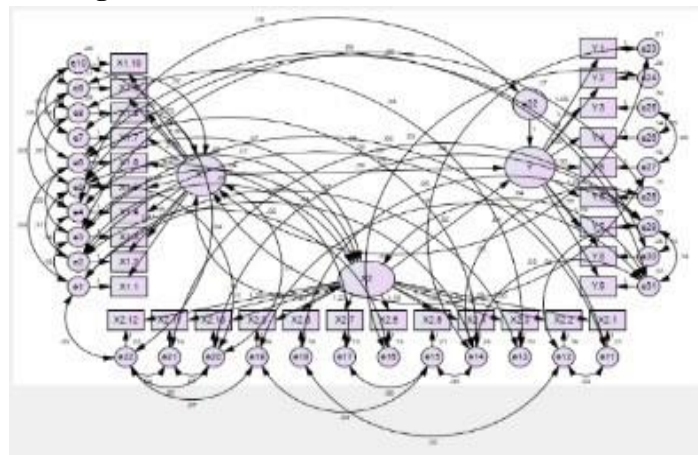
Figure 2: Structure Equation Modeling Analysis Results at the Final Stage

The entire CFA model test results after linking X1, X2, and Y, then e1 to e31 are: The entire model fit index is represented in GFI Results Table 4.19:

Criteria	Cut-Off	Result	Evaluation
Chi-square	≤ 0,05, 31 = 44,975	445.555	Marginal Fit
Probability	≥ 0,05	≥ 0,004	*Marginal Fit*
CMIN/DF	≤ 3,00	1,204	Fit
GFI	≥ 0,90	0,725	Marginal Fit
AGFI	≥ 0,90	0,757	Marginal Fit
TLI	≥ 0,95	0,975	Fit
RMSEA	≤ 0,07	0,043	Fit

Table 1: GFI Evaluation of the Overall Model (Final Stage Test)

The table shows that the model variables meet the fit index. After fulfilling all the requirements, the regression coefficients and critical ratios for each variable will be given.

Hypothesis Testing

Hypothesis testing is done using a t value of 0.05. The AMOS 24 t value is the Critical Ratio (C.R.) in Regression Weights: (Group number 1 - Default model) of the model fit (Full Model 4). H0 is rejected if the C.R. is 1.550 or P is 0.05. (research hypothesis accepted).

Simultaneous Test

The degrees of freedom utilized for adjustment are included in the PNFI. PNFI needs to be raised. The two models differ significantly, as indicated by the PNFI difference of 0.50 to 0.90. A rather significant model difference is shown by the PNFI score of 0.794. Endogenous factors are influenced by or explained by exogenous latent factors (79.4%). 10.5% is explained by other factors.

Accountability in Village Fund Management through the Village Financial System

More accountability can be added with a better system accountability through the creation of report books and the formation of knowledge through Village Financial System applications. fundamental knowledge of how to run the village's finances and be able to write reports in the actual world. Previous research (Kaharudin et al., 2023) supports this fact, which states that while the internal control system and the proficiency of village fund management officials do not affect the responsibility for managing village money, the village financial system does.

Internal Control Framework for Accountability in Village Fund Management

According to this study, internal control systems in Kutai Kartanegara Regency's Beloro District improve the accountability of village money. Accountability is raised by the system. Seldom are village budgets optimized. Internal oversight guarantees that the village's financial management and government adhere to accountability guidelines. Village governments have benefited from internal controls by being able to accomplish objectives, accurately report financial management, safeguard assets, and abide by legal requirements. For village financial administrators and leaders, the control environment, which consists of risk assessment, effective communication, transaction authorization, and continual monitoring and oversight, administers village finances. The Regent and APIP are in charge of supervision. based on actual data obtained by putting questionnaires in communities inside Kutai Kartanegara Regency's Beloro District

Internal Control System and Village Financial System for Village Fund Management Accountability

The internal control system and village finances in the Beloro Kutai Kartanegara sub-district raise the accountability of village money, according to the t test results. The financial system, the village, and the internal control structure of the government all have an impact on village money management. Local fund management is encouraged by the Beloro and Kutai Kartanegara subdistricts' internal control systems and village finances. Village funds are often underutilized, but their management is improved by internal and financial control techniques.

Based on empirical data from questionnaires distributed in villages in Kutai Kartanegara Regency's Beloro District, it demonstrates that they are able to plan and prepare financial plans, supervise the management of village funds, implement budgets in accordance with accountability for village fund management, and assess the effectiveness of their implementation. The results of this study corroborate those of Kushendar & Kurhayadi (2022). The internal control system and the transparency of the government both affect how accountable the Bandung Regency APBD management is

Conclusion

The village financial system in Beloro District, Kutai Kartanegara Regency, prioritizes regional fund responsibility after it has been tested and discussed, according to the results and discussion above. A transparent, participatory, organized, and budgeted village financial system will aid by enabling prompt, accurate recording and eradicating fraud village financial management, from accounting and reporting to recordkeeping and planning. In Beloro District, Kutai Kartanegara Regency, village finance management is improved by government internal control. Permendagri (2017) Number 20, Village Financial Management, can be audited for accountability. The functions of village funds in the Beloro and Kutai Kartanegara Regencies are influenced by the internal supervision and the local financial system..

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