

The Influence of the Internal Control System, Village Apparatus Competency, and Participatory Budgeting to the Village Fund Management Accountability in Village Governments in the West Java Province

Srihadi Winarningsih^a, Ivan Yudianto^b, Sofik Handoyo^c, ^{a,b,c}Faculty of Economics and Business – Universitas Padjadjaran, Bandung, Indonesia.
Email: ^asrihadi.winarningsih@unpad.ac.id, ^bivan.yudianto@unpad.ac.id, ^csofik.handoyo@unpad.ac.id

This study aims to obtain empirical evidence in the field whether the application of the internal control system of government agencies, village apparatus competency, and participatory budgeting has a positive effect on the accountability of village fund management in the West Java province. This study utilized the paradigm mixed method research, a method that combines quantitative data and qualitative data for the interpretation of research results. Quantitative data was obtained through survey procedures by distributing questionnaires and qualitative data obtained by interview procedures and analysed using exploratory factor analysis and confirmatory factor analysis models. This study shows variations in the village fund management accountability variable. This study also shows that the internal control system implementation, village apparatus competencies, and participatory budgeting each influence significantly to village fund management accountability. The output of this study provides valuable input for the central/provincial/district government and village government in the framework of public policy making accountability for village fund management.

Key words: *Internal control system, participatory budgeting, competence, accountability.*

Introduction

In order to improve the economic growth of the village and the living standard of the people in the villages the government allocated funds from the state budget which were managed independently by the village government. In this case the central government and local governments tend to take the position and role as facilitators, provide financial assistance, foster and supervise the management of village funds (Azwardi, 2014). Village funds are channelled by the Ministry of Finance, while the Ministry of Villages, Development of Disadvantaged Areas, and Transmigration is tasked with guarding the priority of using village funds to comply with established regulations. The seriousness of the government in improving the Indonesian economy in the field of development, especially improving the quality of government services at the village level can be seen from the increase in village funds provided by the government to all villages in Indonesia.

An increase in the amount of funds from the state budget for the villages has triggered a deviation in the village budget funds, so that it requires special attention in monitoring every activity originating from the village budget. Klitgaard (2001) explains that the monopoly of power coupled with the high power of a person (discretion of official) without adequate supervision from the supervisory apparatus (minus accountability), causes the impulse to commit a criminal act of corruption. Based on a survey conducted by the World Economic Forum, the Global Competitiveness Report of 2016-2017 shows that corruption is the biggest threat to the country. Corruption is a big problem for the region, because regional governments are given greater regional authority and administrative responsibility but are not followed by increased capacity to provide high-quality public services, encourage the use of public resources appropriately and efficiency, and understanding government officials against related legislation.

Accountability for managing village funds is very important, because it must be accountable to the village community for every activity they do (Yusri Hazmi, Ali Imran, Zaumi, Teni Irawan, Said Herry Safrizal, 2012). Village government has been given great responsibility and authority in managing the use of village funds, therefore a tool is needed to control government activities to avoid irregularities, namely by issuing Government Regulation Number 60 of 2008 concerning Government Agency Internal Control Systems in order to achieve organizational goals through effective and efficient, transparent and accountable activities. The competency of the village apparatus is also very important, because competencies related to knowledge, skills, abilities and personality characteristics directly affect their performance

(Mangkunegara, 2012:40). Especially in terms of government budgeting, in Indonesia popularization of performance budgeting has been popularized in both the central government and regional governments, where in its preparation adopted a participatory approach. The use of a participatory approach is expected to influence subordinates' commitment to budget goals through their involvement in the budgeting process (Brownell, 1982) and in the determination of budget targets (Shield and Young, 1993). In addition, performance budgeting is oriented to organizational output and is closely related to the vision, mission and strategic plan of the organization (Schiavo-Campo and Tomassi, 1999).

This study aims to obtain empirical evidence in the field whether the application of the internal control system of government agencies, village apparatus competency, and participatory budgeting has a positive effect on the accountability of village fund management in the West Java province. The findings of this study provides valuable input for the central/provincial/district government and village government in the framework of public policy making accountability for village fund management. The next section provides the literature review. Then, the research methodology and results of the data analysis is presented. The last section concludes this study.

Literature Review

Internal Control System

Definition of Internal Control Systems according to Article 1 of Government Regulation Number 60 of 2008 is an integral process in actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in achieving organizational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. Furthermore, according to the American Institute of Certified Public Accountants (AICPA) cited by Moeller & Witt (1999; 81), internal control comprises the plan of organization and all of the coordinate methods and measures adopted within a business to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

According to COSO (2013), internal control is a process, effective board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives for operations, reporting, and compliance. Furthermore, COSO (2013) states that there are three objective categories that allow organizations to focus on various aspects of internal control:

- 1) Operations Objectives: These relate to the effectiveness and efficiency of the entity's operations, including operational and financial performance targets, and safeguard assets from losses.
- 2) Reporting Objectives: These relate to internal and external financial and non-financial reporting and can include reliability, timeliness, transparency or other provisions stipulated by regulators, recognized standards makers, or entity policies.
- 3) Compliance Objectives: This relates to compliance with laws and regulations that are the subject of the entity.

Based on Government Regulation Number 8 of 2016 explaining about improving the welfare of rural communities and the quality of human life and poverty alleviation, the allocation of village funds must be in line with these objectives with village funds sourced from the State Budget. According to the Financial and Development Supervisory Agency, the Government Intensity Supervisory Apparatus as a means of fostering the implementation of the internal control system states that internal control system has an important role in escorting accountability for village financial management, especially in managing village funds, both from assurance and consultancy. This is in line with the mandate of Government Regulation Number 60 of 2008, which states that the government's internal supervision apparatus carries out internal supervision over the administration of tasks and functions of government agencies including state financial accountability and fostering the implementation of internal control systems.

COSO (2013) states that internal control consists of five components, namely control environment, risk assessment, control activities, information and communication, and monitoring activities. Furthermore, in Government Regulation Number 60 of 2008 concerning the Government Internal Control System it is stated that internal control consists of 5 (five) related components, namely: control environment; risk assessment; control activities; information and communication; and monitoring.

Village Apparatus Competencies

Spencer and Spencer (1993:9) define competency as an underlying characteristic of individuals that is casually related to criterion-effective and/or superior performance in a job or situation. Based on the keywords of the definition, Spencer explained that competence as:

- 1) underlying characteristic, meaning that competence is a part of individual personality that is very deep or inherent and is predictable behaviour in every task and situation;
- 2) casually related relationships, meaning that competencies can cause or predict behaviour and performance;
- 3) criteria as reference, meaning that competence can actually predict who is performing

well or badly and can be measured by the standards used.

Hutapea and Thoha (2008:28) revealed that there are three main competencies which form the competency, namely

- 1) knowledge is related to work that knows and understands knowledge in their respective fields concerning work duties and responsibilities;
- 2) individual skills are the ability to complete tasks well;
- 3) work attitude is to have creativity in work and a high morale that has the ability in planning / organizing.
- 4) According to Spencer and Spencer (1993:9), competence is formed by five characteristics, namely:
 - 1) motivates, which is something where a person consistently thinks so that he takes action;
 - 2) traits, namely the character of someone who makes the person to behave or how someone responds to something in a certain way (self-confidence, self-control, and fortitude);
 - 3) self-concept, namely the attitudes and values of a person;
 - 4) knowledge, which is information that someone has for a particular field. Knowledge is a complex competency;
 - 5) skill, namely the ability to carry out certain tasks both physically and mentally. Mental competency or cognitive skills include analytical and conceptual thinking.

According to Firly (2017), the duties and authority of the village head that are directly related to the competencies they have are

- 1) make a Medium-Term Village Development Plan;
- 2) establish a policy regarding the village budget;
- 3) determine the tasks and functions of village financial management technical executors;
- 4) approve expenditures stipulated in the village budget.

In addition, the Village Head must be creative, innovative, and have a good education.

Michael Zwell (2000) suggested five competency categories, which consist of:

- 1) Task achievement, is a category of competence that is related to good performance that is indicated by results orientation, managing performance, influencing, initiative, production efficiency, flexibility, innovation, caring about quality, continuous improvement, and technical expertise.
- 2) Relationship is a category of competencies related to communication and working well with others and satisfying their needs as indicated by cooperation, service orientation, interpersonal care, organizational intelligence, building relationships, conflict

resolution, attention to communication and cross-cultural sensitivity .

- 3) Personal attribute, is the intrinsic competence of the individual and connects how people think, feel, learn, and develop which includes integrity and honesty, self-development, firmness, decision quality, stress management, analytical thinking, and conceptual thinking.
- 4) Managerial, is a competency specifically related to management, supervision and developing in the form of motivating, empowering, and developing others.
- 5) Leadership is a competency that relates to leading organizations and people to achieve organizational goals, visions and goals which include visionary leadership, strategic thinking, entrepreneurial orientation, change management, building organizational commitment, building focus, and values.

Participatory Budgeting

The Social Development Team, Europe and Central Asia Region from World Bank (2006) defined participatory budgeting as a mechanism that allows specific jurisdiction to participate in the allocation and management of all or part of the local government available public financial resources.

The application of participation in budgeting provides many benefits, among others (Siegel and Marconi, 1989), namely:

- 1) participants (people involved in budgeting) become ego-involved in their work;
- 2) participation will increase the sense of togetherness in the group, which consequently will increase the cooperation of group members in achieving goals;
- 3) participation can reduce the feeling of pressure due to the budget, and
- 4) participation can reduce the feeling of inequality in the allocation of resources among parts of the organization.

Whereas according to Shah (2007:8), several potential values of participatory budgeting are:

- 1) participatory budgeting increases opportunities to participate;
- 2) participatory budgeting can break down barriers between citizens and government, enhance mutual understanding and communication;
- 3) participatory budgeting strengthens local Civil Society Organizations, which can improve local government governance in the long term;
- 4) participatory budgeting can help make infrastructure and services more relevant to the communities they serve;
- 5) participatory budgeting can generate additional income for regional development.

According to Krenjova and Raudla (2013:23), participatory budgeting consists of participatory decision-making body, participation, deliberation, empowerment, and control and monitoring. Then according to Cabannes (2004:33-34) participatory budgeting consists of four key dimensions namely budget (or financial), participatory (considering both people's participation and participation from local government), physical or territorial, as well as regulations and law. Whereas according to Ebdon and Fraklin (2006:438), key elements of participatory budgeting consist of environment, process design, mechanism, and goals and results. Based on the literature, this study uses dimensions and indicators as follows:

- 1) Completeness of legislation related to Budgeting Participation;
- 2) Participation: a) the mechanism for selecting participants in village planning preparation; b) budgeting participation mechanism used, and c) the way the village community participates in budgeting;
- 3) Deliberation: a) the material is being discussed in village development planning meetings, b) the way participants communicate and make decisions in village development planning meetings;
- 4) Empowerment: the role of village communities;
- 5) Control and Monitoring: a) there are parties who oversee and monitor the implementation of the budget; b) budget evaluation, and c) social evaluation (Krenjova and Raudla (2013; 23); Cabannes (2004: 33-34); Ebdon and Fraklin (2006; 438))

Village Fund Accountability Management

According to the Institute of Public Administration and State Development Audit Agency (2000) accountability is the obligation to provide accountability or answer and explain the performance and actions of a person/legal entity/leadership of an organization to those who have the right or authority to ask for information or accountability. Whereas according to The Oxford Advance Learner Dictionary (1989) accountability is required or expected to give an explanation for one action. Then Ledvina V. Carmo (1991) states that accountability is an evolution of activities carried out by an officer both still in the authority line and already far beyond their responsibilities and authorities.

The pattern of accountability has two dimensions as stated by Monciefte (2001), namely:

- 1) Ex-post facto accountability.
Ex-post facto essentially requires officials and public institutions to be responsible for the authority that exists in them (answering for the use of authority) through legal norms, monitoring systems, assessment mechanisms through other independent public institutions (such as auditor institutions and prosecutors) who are given the right to

examine every public institution against the rationality of performance carried out by the bureaucracy.

2) Ex-ante accountability.

The ex-ante (positive) accountability perspective essentially requires public officials to always represent the wishes of the people in every implementation of the policies they take. They must always consult continuously with every action on the public, provide alternative choices or solutions, provide complete information or explanations, and also provide a mechanism for the public to provide input or check the quality of official policies and revise them if deemed necessary. In this perspective, accountability is not only measured from the formal legal aspect according to documentation of reports and compliance with administrative procedures, but more importantly is whether every policy, act of bureaucracy ethically, morally and materially fulfils the will of the people who pay them through taxes and authorizes to them to manage the country (Paselle, 2013)

Public accountability that must be carried out by public sector organizations consists of several dimensions. Ellwood (1993) explains that there are four dimensions of accountability that must be met by public sector organizations, namely:

- 1) Honesty and legal accountability: a) abuse of office, and b) compliance with applicable laws and regulations;
- 2) Process accountability: a) effectiveness of organizational procedures, b) public services, and c) efficiency of resources used;
- 3) Program accountability: a) achieving goals, and b) consider alternative programs;
- 4) Policy accountability: a) accountability to the government above, and b) accountability to the community.

Conceptual Framework and Hypothesis

Internal Control System and Village Fund Management Accountability

In Government Regulation Number 60 of 2008, the implementation of internal control systems of government agencies aims to provide adequate confidence in achieving effectiveness and efficiency in achieving the objectives of administering state governance, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations. Mardiasmo (2009) states that the internal control system has two main bases in the form of strengthening the quality of state financial accountability and the backbone of bureaucratic reform which is one of the keys to success in managing state finances.

The results of Aramide and Bashir's study (2015) state that the internal control system has a positive and significant effect on financial accountability in local governments in Nigeria and

provides recommendations for local government authorities to increase efforts to ensure an appropriate and effective internal control system in local governments to improve their financial accountability. On the contrary, the results of the research by Abubakar, Dibal, Amade, Joyce (2017) show that internal control activities have a non-significant effect on financial accountability but have a positive impact on financial transparency in local government areas in Borno State, Nigeria. Iceman and Hilison (1990) show evidence that the average accounting error in a weak internal control system occurs more than the average accounting error in a strong internal control system. Other researchers Doyle et al (2007) found that the weakness of the company's internal control system over financial statements generally weakened accounting quality. Furthermore Wilkinson et al (1996) revealed that if an internal control has been established then all operations, physical resources, and data will be monitored and under control, the goal will be achieved, the risk will be small, and the information produced will be of higher quality.

Village Apparatus Competencies and Village Fund Management Accountability

Moeller, (2011:161) which states that the competence of human resources is very necessary to be able to be involved in a business system, where the competence of human resources consists of knowledge, expertise and ability. Competence is a factor that can affect accountability (Frink and Klimoski, 2004:14). Sulistyarningsih (2009) that competency influences performance where competence has an important role in improving the performance of government agencies. The results of the study were supported by Adiputri (2014) who revealed in his research that competence affects the performance of village midwives in Bangli Regency. Subroto (2009) in his research stated that the effectiveness of fostering village government officials and the competence of human resources was a very important factor in supporting the accountability of village fund management. Irma (2015) also stated in his research that the competence of village apparatus is an important factor in the accountability of village fund management. Aziz (2016) in his research revealed that the implementation of the use of village funds was still felt to be ineffective due to insufficient capacity and capability of the village government and the active involvement of community participation in managing village funds.

In implementing village fund management as a result of fiscal decentralization that is submitted by the central government to local governments and local governments to village governments, readiness is needed, where one aspect that needs to be prepared is human resources (Ferina, 2016). In his research, Fajri (2015) revealed that village financial management has procedures ranging from planning to report unavoidable from the completion of administrative matters, therefore it is very necessary for apparatus with expertise and expertise. Improvement of human resources in the village can be done by the central government and regional governments, among others, through socialization, monitoring, evaluation and supervision to support the realization of a prosperous and independent society (Dewi, 2016).

Participatory Budgeting and Accountability for Village Fund Management

Horgren (2018) stated that budgeting is a function of the execution of organizational strategies to translate strategies into measures of operational actions that are measured in monetary terms. Budgeting is also an instrument of organizational control so that all the effort that is done can effectively achieve organizational goals. In addition to these two functions budgeting also functions as a means of coordination and motivation of all parties in the organization and as a basis for measuring the performance of individuals / teams / organizations. When we pay attention, the five functions of budgeting are all closely related to efforts to direct the behaviour of all parties in the organization in the direction set by the goal.

According to Crook and Sverrisson in Devas and Grant (2003:309), accountability can be strengthened through increasing community participation. As a key to increasing the responsiveness of local governments to the poor, and to make development more pro-poor. As a mechanism for accountability, participation is carried out from evaluation to reporting (Ebrahim, 2003:818). As in Los Angeles, participation is a way to increase accountability in response to the high level of public distrust of the government. Many citizens blame officials in decision making (Kim and Schachter, 2013:462). The results of this test are in line with Zeyn's (2011) research that the role of the community to participate in the planning, implementation, control and supervision of development can improve government performance effectively, efficiently, transparently and accountably. Rahmanurrasjid (2008:6) put forward the results of his research, namely accountability and transparency in the accountability of local government can be realized with the active participation of the community. Mada, Kalangi and Gamaliel (2017) also revealed that community participation had a positive and significant effect on the accountability of village fund management, so the implication was to encourage increased accountability in managing village funds through increased budgetary participation.

Research Hypotheses

Based on the above framework, the formulated research hypotheses are as follows:

- 1) The better the internal control system, the better the accountability of village fund management.
- 2) The better the village apparatus competence, the better the village fund management accountability.
- 3) The better participatory budgeting, the better the village fund management accountability.

Research Methodology

Sample Selection

This study was conducted in villages in the west java province because it is one of the largest provinces in Indonesia with an area of 35,377.76 km² and a population of 46,497,175 million based on the Population Administration Information System data. West Java province. Number of villages in west java province based on data from the Ministry of Village, Development of Disadvantaged Regions, and Transmigration in 2018 there were 5,321 villages consisting of 39 autonomy villages (most in Indonesia), 726 developed villages, 3,141 developing villages, 1,355 disadvantaged villages, and 60 villages very left behind. West java province is one of the provinces that has a high level of community productivity compared to other provinces in Indonesia. In 2018, the average village in west java province received IDR 900,000,000 per village so that the village government must have good books and records regarding the reporting of financial liability it has. The sampling technique used is the random sampling with the criteria of Autonomy Village, Developed Village, Developing Village in 18 (eighteen) West Java districts namely Bogor Regency, Sumedang Regency, Bandung Regency, Majalengka Regency, Garut Regency, Cirebon Regency, Purwakarta Regency, Subang Regency, Bekasi Regency, Karawang Regency, Tasikmalaya Regency, Cianjur Regency, Kuningan Regency, and Ciamis Regency. Questionnaires were distributed to the respondents from the sample chosen.

The Model

Multiple linear regression analysis (multiple regression) is done to test the effect of two or more independent variables (explanatory) on one dependent variable (Ghozali, 2011). The multiple regression models in this statement are stated as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

Y = village fund management accountability

α = constant

β_1 = internal control system regression coefficient

β_2 = village apparatus competencies regression coefficient

β_3 = regression coefficient budgeting participation

X₁ = internal control system variable

X₂ = village apparatus competencies variable

X₃ = Budgeting Participation variable

e = disturbing variable

Results and Discussion

Demographic Profile

The distribution and collection of questionnaires in this study was carried out for 2 (two) months, namely September to October 2018. Questionnaires were given to 92 villages spread across West Java. The profile of the respondents varied between the village head, the village secretary, and the village treasurer. Profile of respondents is explained in the table below:

Table 1: Respondents' Profile

Respondents Position	Number	Percentage
Village Head	29	31%
Village Secretary	42	46%
Village Treasurer	21	23%
Total	92	100%

Source: Own Processing (2018)

Descriptive Analysis

To determine the response score of respondents to each variable studied, descriptive statistical analysis was performed. To provide an assessment of the respondent's score, researchers categorized it based on the average value of respondents' answers for each variable.

Table 2: Guidelines for Respondents' Categorization

No	Scale	Criteria
1	1,00 – 1,80	Very Poor
2	1,81 – 2,60	Poor
3	2,61 – 3,40	Fair
4	3,41 – 4,20	Good
5	4,21 – 5,00	Very Good

Furthermore, the interpretation based on the table is explained in the discussion of each variable. Based on the results of the analysis it can be seen that the internal control system has a good category. This indicates that the village head's implementation of the internal control system in the village administration has gone well, although there are still things that need to be corrected (there is a gap of 23.5%). The village apparatus competency variables are categorized well. This indicates that the village apartment has good competence in managing village funds, however, its competence must continue to be improved because there is a gap of 22.1%. Then the budgeting participation variable has a very good category. This indicates that

the village community has participated very well in supporting the management of village funds. Furthermore, for the accountability variable the management of village funds has a very good category. This indicates that the village community has been responsible for managing village funds in accordance with the applicable laws and regulations.

Table 3: Descriptive Research Variable Statistics

No	Variable	Ideal Score	Score Real	Score Average	%	Gap	Category
1	Internal Control System	10.120	7.742	4,83	76,5%	23,5%	Good
2	Village Apparatus Competences	8.280	6.452	3,90	77,9%	22,1%	Good
3	Participatory Budgeting	6.440	5.704	4,43	88,6%	11,4%	Very Good
4	Village Fund Accountability Management	4.600	3.979	4,33	86,5%	13,5%	Very Good

Source: Own Processing (2018)

Testing of Classical Assumptions

Before the establishment of a regression model, the classic assumption is tested so that the model formed provides an estimate that is BLUE (Best, Linear, Unbiased, Estimator). Testing this assumption consists of three tests, namely the Normality test, the Heteroscedasticity test, and the Multicollinearity test.

Normality test

Using SPSS version 25.0 program application, the output of the calculation of the normality test is obtained:

Table 4: Kolmogorov-Smirnov Test

One-Sample Kolmogorov-Smirnov Test		Standardized Residual
N		92
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	0,98337834
Most Extreme Differences	Absolute	0,050
	Positive	0,042
	Negative	-0,050

Test Statistic	0,050
Asymp. Sig. (2-tailed)	200 ^{c,d}
a. Test distribution is Normal.	
b. Calculated from data.	
c. Lilliefors Significance Correction.	
d. This is a lower bound of the true significance.	

Based on the SPSS output, the Sig value is obtained. normality test using the Kolmogorov-Smirnovs method of 0.200. Because the p-value is greater than alpha ($0.200 > 0.05$), it can be concluded that the residual data is normally distributed.

Multicollinearity Test

By using the help of the SPSS version 25.0 program application, the output of the following multicollinearity test results is obtained:

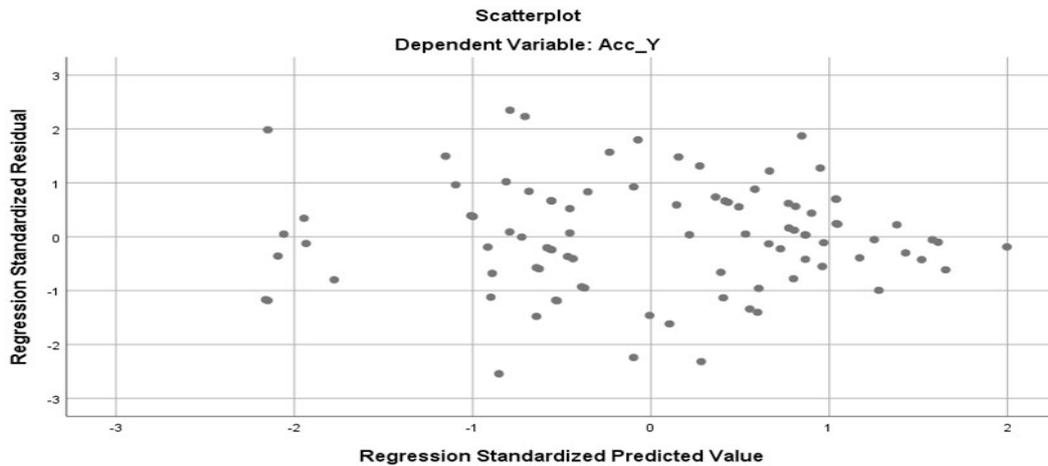
Table 5: Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	IC_X1	0,336	2,975
	Comp_X2	0,480	2,082
	Part_X3	0,247	4,051
a. Dependent Variable: Acc_Y			

From the results of data processing, it can be seen that there is no VIF value that exceeds 10 means that there is no multicollinearity for each variable.

Heteroscedasticity Test

By using the help of the SPSS version 25.0 program application, the output of the following heteroscedasticity test results is obtained:



From the Scatterplot image above it can be seen that the data spreads at the zero line or without forming a certain pattern, then the data can be said to be heteroscedasticity free or homogeneous.

Analysis of Multiple Linear Regression

By using the help of the SPSS version 25.0 program application, the outputs of multiple regression calculations are as follows:

Table 6: Multiple Linear Regression

Model Summary^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,818 ^a	0,669	0,658	2,209

a. Predictors: (Constant), Part_X3, Comp_X2, IC_X1

b. Dependent Variable: Acc_Y

Table 7: ANOVA

ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	867,663	3	289,221	59,246	,000 ^b
	Residual	429,587	88	4,882		
	Total	1297,250	91			

a. Dependent Variable: Acc_Y

b. Predictors: (Constant), Part_X3, Comp_X2, IC_X1

Table 8: Coefficients

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	14,524	2,941		4,938	0,000		
	IC_X1	0,139	0,033	0,446	4,213	0,000	0,336	2,975
	Comp_X2	0,127	0,051	0,221	2,498	0,014	0,480	2,082
	Part_X3	0,174	0,091	0,238	1,927	0,057	0,247	4,051

a. Dependent Variable: Acc_Y

From the table above, the model equation is as follows:

$$Y = 14,524 + 0,139 X_1 + 0,127 X_2 + 0,174 X_3 + \varepsilon$$

The adjusted R² value produced is 0.658, which means that variations in the accountability variables of village fund management which can be explained by the variables of the internal control system of government agencies, the competence of the village apparatus, and budgeting participation are 65.8%. The testing of the hypothesis in this study uses one direction so that at the 5% significance level, the output significance value must be divided into two first.

The value of output significance for the internal agency system control variable is 0,000, the hypothesis is accepted because $0,000 / 2 = 0,000 (<0,05)$ means that the internal control system of government agencies has a positive and significant effect on the accountability of village fund management. Then the value of significance output for the village apparatus competency variable is 0.014, the hypothesis is accepted because $0.014 / 2 = 0.007 (<0.05)$ means that the competence of the village apparatus has a positive and significant effect on the accountability of village fund management. Furthermore, the value of significance output for the budgeting participation variable is 0.057, the hypothesis is accepted because $0.057 / 2 = 0.0285 (<0.05)$ means that participatory budgeting has a positive and significant effect on the accountability of village fund management.

Discussion

The Influence of Internal Control Systems on Accountability for Village Fund Management

This study concludes that the internal control system of government agencies has a positive and significant effect on the accountability of village fund management. The results of this study are in line with the results of research conducted by Wilkinson et al (1996), Mardiasmo

(2009), Aramide and Bashir (2015), Abubakar, Dibal, Amade, Joyce (2017), Iceman and Hilison (1990), Doyle et al (2007), Aristanti (2015), Wakiriba, Ngahu, and Wagoki (2014) which state that the better the internal control system, the better the accountability of village fund management. The internal control system in government agencies is mandatory for all government institutions, both the central government, the provincial government, the city and district governments, and the village government. Although the village government has a relatively small organizational size but the allocation of village funds provided by the central government, and other village financial assistance from the provincial government and the district government, the village government must implement an internal control system. If it is seen the value of respondents' responses to the village government's internal control system has a value of 3.83 and is categorized as good. This shows that the village administration's internal control system has been well implemented, but there are several indicators that indicate the need for improvement, the first indicator, some village governments still have rules of conduct (ethics, integrity pact, rules of employee behaviour) not in writing. The implications of the results of this study, to be able to increase the accountability of village fund management in the village government of the West Java province can improve the implementation of the internal control system through the active role of the district government inspectorate and increase the commitment of village heads and village apparatus.

The Influence of Competence of Village Apparatus on Accountability of Village Fund Management

This study concludes that the competence of the village apparatus has a positive and significant effect on the accountability of village fund management. The results of this study are in line with the results of research conducted by Frink and Klimoski (2004: 14), Sulistyaningsih (2009), Adiputri (2014), Subroto (2009), Irma (2015), Aziz (2016), (Ferina, 2016), Fajri (2015), (Dewi, 2016), Mada, Kalangi, Gamaliel (2017), Makalalag (2017) which states that the better the competency of village officials, the better the accountability of village fund management. The competency of the village apparatus is a very important factor for managing village financial funds. Knowledge of the laws and regulations governing the management of village funds must be well mastered, so that the management of village funds starting from planning, implementation, and reporting can be accounted for according to regulations. The use of village funds must be economical, efficient and effective so that it can prosper the village community, therefore good competence can encourage village apparatus to develop innovative and efficient village programs for the benefit of the village community. Implications of the results of this study, to improve accountability in managing village funds can improve the competency of village officials through the commitment of village heads by arranging and implementing training programs that are in line with the duties and functions of village apparatus, recruitment of good village officials, and conducting comparative studies to add insight village apparatus.

The Influence of Participatory Budgeting on Accountability for Village Fund Management

This study concludes that budgetary participation has a positive and significant effect on the accountability of village fund management. The results of this study are in line with the results of research conducted by Brownell (1982), Brownell and Mc Innes (1986), Indriantoro (1993), Horgren (2018), Propper and Wilson (2003), Rankin and Sayre (2000), Kong (2005), Istiyani (2009), Kunwaviyah and Syafruddin (2010), Devas and Grant (2003: 309), Kim and Schachter, (2013: 462), Zeyn (2011), Rahmanurrasjid (2008: 6), Arifiyanto (2017), Riyanto (2015), Aziz (2016), Mada, Kalangi, Gamaliel (2017) which states that the better the budgetary participation, the better the accountability of village fund management. Participation in budgeting involving village communities is one of the most important factors in realizing accountability in managing village funds. The village community must be given the opportunity to provide ideas on programs and activities that provide benefits for the welfare of the village community. This study shows that budgetary participation has been very well implemented. However, based on the results of the interviews, information was obtained that the village government often had difficulty gathering community representatives in village development planning meetings, this was a challenge for the village government to be more proactive in mobilizing village community support to better participate in the budgeting process. The implications of the results of this study, to improve the accountability of village fund management, require the participation of village people in the planning and budgeting process, so that they can produce programs and activities that are in accordance with the needs of the village community in order to improve welfare.

Conclusion

The conclusions of this study are the variations in the accountability variables of village fund management which can be explained by the internal control system variables, village apparatus competencies, and participatory budgeting are 65.8% and the remaining 34.2% is a factor other factors not examined by researchers. This study also concludes that the internal control system, village apparatus competency, and participatory budgeting partially have a positive and significant effect on the accountability of village fund management.

This study has limitations, which is a sample of this study consisting of village governments in the province of West Java. This study only applies the unit of analysis under study. This can lead to different research results if carried out in different analysis units. Besides that the approach used in this study is cross section, namely the data used in this study is obtained at a certain time so that the observed situation will be different at different times.



REFERENCES

- Adiputri, N.W.A. (2014). *Relation of Competence, Financial Compensation, and Supervision of the Performance of Village Midwives in Bangli District*. Thesis. Udayana University.
- Aramide, S.F and Bashir, M, M (2015). *The Effectiveness Of Internal Control System And Financial Accountability At Local Government Level In Nigeria*. IMPACT: International Journal of Research in Business Management (IMPACT: IJRBM) ISSN (E): 2321-886X; ISSN (P): 2347-4572 Vol. 3, Issue 8, Aug (2015), 1-6 © Impact Journals
- Arifiyanto, Dwi Febri., And Kurrohman, Taufik. (2017). *Accountability of Village Fund Allocation Management in Jember Regency*. Journal of Accounting and Finance Research. Vol.2, No.3, p.481-493.
- Aziz, N.L.L (2016). *Village Autonomy and Effectiveness of Village Funds*. Journal of Political Research. Vol. 13, No.2 p. 193-211.
- Azwardi, A. (2014). *Effectiveness of Village Fund Allocation (ADD) and Poverty in South Sumatra Province*. Journal of Development Economics, 12 (1). pp. 29-41. ISSN 1829-5843.
- Brinkerhoff, D.W. (2001). *Taking account of accountability; a conceptual overview and strategic options*. US agency for internal development centre for democracy and governance implementing policy change project, phase 2, Washington, DC
- Brownell dan Hirst, M. (1986). *Reliance on Accounting Information Budgetary Participation and Task Uncertainty: Tests of A Three-Way Interaction*. Journal of Accounting Research. Vol 24, pp 241-249.
- Brownell dan Mc Innes. (1986). *Budgetary Participation, Motivation and Managerial Performance*. The Accounting Review. Vol LXI, No 4 Oct, pp 587-600.
- Brownell, P. (1982). *Participation in The Budgeting Process: When It Works and When It Does;t*. Journal of Accounting Literature. Vol 1, Spring, pp 124-53.
- Chandra Kusuma Putra, Ratih Nur Pratiwi, Suwondo. (2016). *Management of Village Fund Allocation in Village Community Empowerment (Study in Wonorejo Village, Singosari District, Malang Regency)*. Journal of Public Administration (JAP), Vol. 1, No. 6. Matters 1203-1212
- COSO. (1992). *Internal Control – Integrated Framework*. NJ: Committee of Sponsoring Organization. Jersey City.



Dantes, N. (2012). *Research Methods*. Yogyakarta: Andi.

Datar, Srikant M., and Rajan Madhav. V. (2017). *Hongren's Cost Accounting: A Managerial Emphasis*. 16th Edition. Pearson Education. New York.

Devas, Nick., dan Grant, Ursula. (2003). *Local Government Decision Making-Citizen Participation and Local Accountability: Some Evidence From Kenya and Uganda*. Public Administration and Developmen. Vol.23, Page 307-306.

Doyle, J., Ge W, and McVay, S., (2007). Accrual Quality and Internal Control Over Financial Reporting. *Accounting Review*, Vol 82. No. 5. Pp. 1141-1170.

Ferina, I.S. (2016). *Review of Village Government Readiness in Implementation of Minister of Home Affairs Regulation Number 113 concerning Village Financial Management (Case Study of Village Governments in Ogan Hilir District)*. Sriwijaya Management and Business Journal. Vol. 14, No.3. P.321-336.

Ghozali, I. (2011). *Application of Multivariate Analysis with SPSS Program*. Semarang. Diponegoro University Publishing Agency.

I Gusti Agung Rai, (2008). *Government Internal Control System*. Salemba Empat. Jakarta.

I Wayan Saputra. (2016). Effectiveness of Management of Village Fund Allocation in Lembean Village, Kintamani Subdistrict, Bangli District in 2009-2014. *Journal of the Department of Economic Education (JJPE)* Volume: 6 Number: 1 Year: 2016

Iceman and Hillson (1990). Partioned by Internal Control Distribution of Audited Detected Errors. *Journal of Accounting, Auditing & Finance*. Vol. 5. No. 4. Pp. 527-548.

Irma, A. (2015). *Village Fund Management Accountability (ADD) in South Dolo Subdistrict, Sigi Regency*. Journal of Accounting Thesis, Tadulako University. ISSN 2302-2019.

Law Number 17 of (2003) concerning State Finance.

Law Number 6 of (2014) concerning Villages, Chapter VIII concerning Village Finance and Assets Article 72, Village Income Sources.

Law Number 60 of (2008) concerning the Government's Internal Control System.



Makalalag, A.J. (2017). *Accountability of Village Fund Management in Kotamobagu Selatan District, Kotamobagu City*. Accounting Research Journal and Auditing "Goodwill". Vol. 8, No. 1. p.149-158.

Mardiasmo. (2006). *Realization of Transparency and Public Accountability through Public Sector Accounting: A Means of Good Governance*. Government Accounting Journal Vol. 2, No. 1, May 2006.

Minister of Rural Development and Transmigration Minister Regulation No. 21 of (2015) concerning Priority Determination of Village Fund Use.

Ministry of Finance (2016). *Village Fund Allocation and Distribution Policy for 2017. Presented at the Workshop on Drafting Regional Head Regulation concerning Procedures for Calculating, Distributing and Determining Details of 2017 Village Funds*.

Ministry of Village, Development of Disadvantaged Areas, and Transmigration. (2015). *Village Build 2015 Index*. Jakarta: Ministry of Villages, Development of Disadvantaged Areas, and Transmigration.

Moncrieff, J. (2001). *Accountability: Idea, Ideals, Constraints*. Democracy, Vol. 8 No. 3, pp. 26-50.

Muhammad Ismail, Ari Kuncara Widagdo, and Agus Widodo. (2016). *Village Fund Management Accounting System*. Economics and Business Journal Volume XIX No. 2, August (2016). ISSN 1979 – 6471

Ni Wayan Rustiarini. (2016). *Good Governance in Village Fund Management*. National Accounting XIX Symposium, Lampung, 2016

OECD. (2016). *World Economic Forum, Global Competitiveness Report 2016-2017*. [Online]. Available: <http://www.oecd.org/eo/surveys/economic-survey-indonesia.html> (diakses 20 Februari 2017).

Rahmanurrasjid, A. (2008). *Accountability and Transparency in Accountability of Local Governments for Realizing Good Governance in the Region*. Thesis. Diponegoro University Post Graduate Program.

Riyanto, T. (2015). *Financial Accountability in Village Fund Allocation Management (ADD) in Perangat Selatan Village Office, Marangkayu District, Kutai Kartanegara District*. eJournal of State Administration. Vol. 3, No.1. P.119-130.



Sari, D. (2013). *Effect of Government Internal Control Systems, Implementation of Government Accounting Standards, Completion of Audit Findings on the Application of Principles of Good Governance (Research on Local Governments in West Java and Banten Provinces)*. National XVI Accounting Symposium. Menado.

Schiavo-Campo dan Tomassi, Daniel. (1999). *Managing Government Expenditure*. Manila: Asian Development Bank.

Sulistyaningsih, A. (2009). *Analysis of the Effect of Leadership, Individual Characteristics Competence, Locus of Control and Application of Information Technology on Employee Performance at the Klaten District Education Office*. Excellent (1): 1

Wasistiono, Sadu, (2006). *Prospects for Village Development*. Bandung. Fokus Media.

Wilkinson, Joseph W: Cerullo, J: Vasant Raval & Wong-on-wing Bernard. (2008). *Accounting Information Systems: Essential Concepts and Applications*, 4th edition. USA. John Wiley and Sons.

Zeyn, Elvira. (2011). *Effect of Good Governance and Government Accounting Standards on Financial Accountability with Organizational Commitment as Moderating*. Accounting and Finance Review Journal. Vol.1, No.1, Hal.21-37.

Zwell, Michael. (2000). *Creating a Culture of Competence*. New York: John Wiley & Sons Inc.