



## THE EFFECT OF COMMUNITY PARTICIPATION AND INTERNAL CONTROL SYSTEMS ON ACCOUNTABILITY FINANCIAL MANAGEMENT OF VILLAGE FUNDS IN LABU BEACH DISTRICT VILLAGE

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**Abstract** - This study aims to examine the effect of community participation and internal control systems on the accountability of village fund financial management in the village of Pantai Labu District, Deli Serdang Regency. The analysis used is multiple linear regression method using the IBM SPSS (Statistical Package for Social Science) version 25. The results of this study indicate that: (1) Community participation has no partial and significant effect on Village Fund Financial Management Accountability. (2) Transparency partially and significantly affects the Accountability of Village Fund Financial Management. (3) Internal Control System partially and significantly affects the Accountability of Village Fund Financial Management. (4) Community Participation, Transformational Leadership, Transparency, and Internal Control Systems simultaneously and significantly affect the Accountability of Village Fund Financial Management. (5) Internal Control System partially and significantly affects the Accountability of Village Fund Financial Management.

**Keywords** : *Village Fund Financial Management Accountability, Society participation, Internal Control System*

### Introduction

Indonesia is a country where the majority of the people live in rural areas. On site Central Bureau of Statistics (BPS), 2021(BPS), said that Indonesia has 83,344 villages. The village is the closest and most directly related organization to the community. The village as the spearhead of the implementation of local government, is led by the village head who is assisted by village officials. The task of the village head himself is to carry out village government, empower the community and make improvements in village development. Law No. 6 Year 2014 is the law that regulates the village. This legislation is one of the characteristics of the political will carried out by the government in the hope of

making or providing important changes aimed at increasing prosperity, welfare, community empowerment and encouraging movement and participation of rural communities.

The principles of village financial management are regulated in Minister of Home Affairs Regulation Number 113 of 2014 regarding village financial management, namely transparent, accountable, implementation participatory and orderly budget discipline. In its implementation, accountability is influenced by several factors, namely the influence of community participation, internal control system, and transparency.

The village head and village apparatus are required to provide transparent, accountable and participatory financial management of village funds in all financial aspects, operational efficiency and compliance with laws and regulations. One form of good village financial management is accountability. Implementation of accountability in village government is very important to achieve good governance aspects.

One form of good village financial management is accountability, because accountability is the direction of success in realizing the vision of the Village Law, which is to create an innovative, strong, independent, just and democratic village, with full self-management/regulation to achieve prosperity. from the village community.

Based on the results of my interview with one of the people in the village of Kec. Pumpkin Beach District. Deli Serdangit seems that there is still concern for village funds managed by village officials but the level of community participation in the management of ADD has not been maximized. This is reflected in the attitude of the community who are still less involved in submitting ideas and suggestions in the musbangdes forum. Ignorance of some people on the programs and activities that will be carried out and the lack of community involvement during the implementation of development so that the support provided by the community is not optimal.

Previous research that analyzed the effect of community participation and transformational leadership on the accountability of village fund financial management has been carried out by several researchers. Research conducted Mada et al., (2017:113) stated that community participation had a significant effect on the accountability of village fund management. Furthermore, research conducted by Rizal & Hermanto, (2019:16) express leadership style positive and significant effect on the accountability of village fund financial management. From previous research, it can be said that the role of the community in participating in programs organized by the village can improve government performance in an effective, efficient, and accountable manner. From all the descriptions above, the researcher intends to review by re-examining the factors that can affect the accountability of the village fund management by replicating previous research that has been carried out by Pratiwi & Dewi, (2021:196).

## **Review Of Pustaka**

### **Good Governance Theory**

According to Mardiasmo, (2018:22), good governance can be interpreted as a way to manage public affairs properly. Government Regulation No. 101 Year 2000 said Good governance is a concept of government that aims to develop and establish the principles of professionalism, accountability, transparency, democracy, efficiency, effectiveness, rule of law, excellent service and can be accepted by the whole community. The World Bank defines good governance as the implementation of solid and responsible development management in line with the principles of democracy and efficient markets, avoiding misallocation of investment funds, and preventing corruption both politically and

administratively, implementing budgetary discipline and creating legal and political frameworks for the growth of business activities. .

### **Accountability**

According to Setiana, DN, & Yuliani, (2017:206) Accountability is the obligation of the trustee/agent/village head and his/her apparatus to provide accountability, present, report and disclose all activities and activities that are the responsibility of the trustee (principal) who has the right and authority for such accountability. According to Setiawan et al. (2017) in Hasanah et al., (2020:20) Basically, accountability is the provision of information and disclosure of government financial activities and performance to interested parties. The government, both central and local, must be the subject of providing information in the context of fulfilling public rights such as the right to know, the right to be informed, and the right to have their aspirations heard, because in fact accountability is the highest goal of government financial reporting.

### **Community Participation**

Participation actually comes from English, namely from the word "participation" which can be interpreted as an activity to arouse feelings and be included or take part in the activities of an organization. According to Sujarweni (2015: 29) explains that community participation is one of the principles of good governance, where the community has rights and an active role in decision-making efforts for the implementation of the government system. Community participation is the community involved in participating in the process of identifying problems and potentials that exist in the community, choosing, and taking the most alternative solutions in dealing with problems, carrying out efforts to solve problems and being involved in the process of evaluating changes that occur. Muslimin et al., (2012:84).

### **Transparency**

According to Mahmudi (2016:17) transparency means the openness of the organization in providing information related to public resource management activities to stakeholders. Transparency also means an explanation of the management of public sector organizations about the activities, programs and policies that have been, are being and will be carried out and the resources they use. Transparency in public financial management is a principle of good governance that must be met by public sector organizations. According to (2016:114) transparency is not only limited to the availability of information and that information can be accessed by the public, but also presented (published) in a timely manner.

### **Internal Control System**

The definition of Internal Control System (SPI) according to PP No. 60 of 2008 concerning SPIP is an integral process of actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in the achievement of organizational goals through effective and efficient activities, reliability financial reporting, safeguarding state assets, and compliance with laws and regulations. In accordance with PP Number 60 of 2008 SPI consists of five elements, namely: Control environment, risk assessment, control activities, information and communication and monitoring.

## Methodology

This study uses a quantitative research design which is a research method that is one type of research activity whose specifications are systematic, planned, and clearly structured from the beginning to the making of the research design, both about the research objectives, research subjects, research objects, data samples, data sources, as well as the methodology. According to Sugiyono, (2019:16) Quantitative Research is a research method based on the philosophy of positivism, used to examine certain populations / samples, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative / statistical with the aim of to test the established hypothesis.

Data collection was done by using a questionnaire. Questionnaires were distributed to each village apparatus, namely, the village head, village secretary, finance department, BPD, and community leaders.

### Hypotesis

H1 : Community participation has a partial effect on the accountability of village fund financial management in the village of Pantai Labu District

H2: Transparency has a partial effect on the accountability of village fund financial management in the village of Pantai Labu District

H3: The Internal Control System has a partial effect on the accountability of village fund financial management in the village of Pantai Labu District

H4: Community Participation, Internal Control System and Transparency of Village Funds simultaneously affect the accountability of village fund financial management in the village of Pantai Labu District

## Result And Analysis

### Data Analysis

#### Descriptive Statistics Test

This section is the section used to analyze data derived from the data described in the previous sub-sections. Where the data are analyzed starting from the assumptions used for a certain statistic. The following are descriptive statistical data calculation data in this study, including the following:

#### Descriptive Statistical Analysis

Descriptive Statistics					
	N	Minimum	Maximum	mean	Std. Deviation
Society participation	95	18	30	25.52	2,625
Transparency	95	14	30	23.87	2,659
Internal Control System	95	26	40	33.94	2,789
Village Fund Financial Management Accountability	95	18	28	23.19	2,349
Valid N (listwise)	95				

From table 2 it can be seen that the variables of Community Participation, Internal Control System and Transparency with the number of data (N) are 95 respondents in this study. The Community Participation variable has a minimum value of 18 and a maximum

value of 30, with a standard deviation of 2.625 and a mean value of 25.52 which is close to the maximum value of 30 so that it can be concluded that the average community participation is high.

The Transparency variable has a minimum value of 14, and a maximum value of 30, with a standard deviation obtained of 2,659 and has a mean value of 23.87 which is close to the maximum value of 30 so it can be concluded that the average internal transparency is high.

The Internal Control System variable has a minimum value of 26, and a maximum value of 40, with a standard deviation of 2,789 and has a mean value of 33.94 which is close to the maximum value of 30 so it can be concluded that the average internal transparency is high.

The Village Fund Financial Management Accountability variable has a minimum value of 18 and a maximum value of 28, with a standard deviation obtained of 2,349 and has a mean value of 23.19 which is close to the maximum value of 28 so it can be concluded that the average accountability of village fund management is high.

### Reliability Test

Reliability test is conducted to test whether the answers from respondents are consistent or stable. The following are the results of the reliability test of the variables in this study. From the reliability test that has been carried out, the results of Cronbach's Alpha are obtained which will be presented in full in the following table:

**Reliability Test Results**

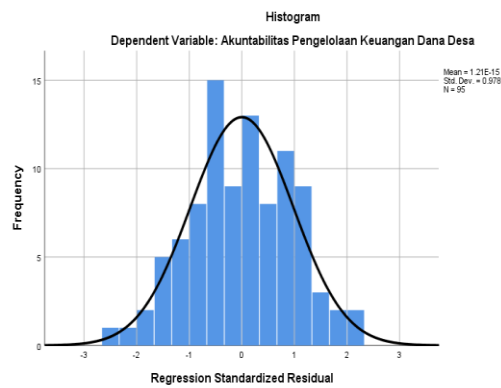
Variable	Cronbach's Alpha	Limitation	Information
(X1)	0.763	0.60	Reliable
(X2)	0.725	0.60	Reliable
(X3)	0.662	0.60	Reliable
(Y)	0.639	0.60	Reliable

Based on table 7. it can be concluded that all statements regarding Community Participation (X1), Transparency (X2), and Internal Control Systems (X3) on Accountability of Village Fund Financial Management in the questionnaire are said to be Reliable (X4). This can be seen from the Cronbach's Alpha values of  $0.763 > 0.60$  :  $0.650 > 0.60$  :  $0.723 > 0.60$  :  $0.662 > 0.60$  :  $0.639 > 0.60$  this indicates that the Cronbach's Alpha value is greater than 0.60 which means all statements related to participation community (X1), transparency (X2) and the Internal Control System (X3) on the accountability of village fund financial management (Y) are stated to be good and reliable.

### Classic assumption test

#### Normality Test

Normality test is a test used to see whether the research data is normally distributed or not. The normality test used in this study is a test by looking at the probability plot of regression standardlized residual graph, and the Kolmogorov-Smirnov test as follows:



**Histogram Graph  
Multicolonearity Test  
Coefficientsa . Multicolonearity Test Results**

Model	Collinearity Statistics	
	Tolerance	VIF
1 (Constant)		
Society participation	.976	1.025
Transparency	.976	1.025
Internal Control System	.954	1.049

a. Dependent Variable: Village Fund Financial Management Accountability

Based on table 9. above, it can be seen that community participation, transparency and internal control systems have tolerance values where each > 0.1. This shows that the three variables do not show the occurrence of Multicolonearity. Likewise with the VIF table which shows that the VIF value is < 10, this can also indicate that the independent variables used do not indicate the occurrence of Multicolonearity.

**Heteroscedasticity Test**

Glejser . Heteroscedasticity Test

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.119	2,312		1,781	.078
	Society participation	.023	.049	.049	.467	.641
	Transparency	-.006	.049	-.013	-.121	.904
	Internal Control System	.011	.049	-.023	.220	.826

a. Dependent Variable: Abs\_Res

Based on table 10 above, it can be seen that community participation, transformational leadership, transparency and internal control systems have a significance value greater than > 0.05. Therefore, this shows that the variables in this study do not

experience heteroscedasticity problems in the regression model, so the regression model is feasible to be used in testing.

### Multiple Linear Regression Analysis

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23,355	4.124		5.663	.000
	Society participation	.146	.088	.164	1,663	.100
	Transparency	.195	.087	.221	2.235	.028
	Internal Control System	.203	.087	.230	2,324	.022

a. Dependent Variable: Village Fund Financial Management Accountability

From the table above can be taken the equation:

$$Y = 23,355 + 0.1461 + 0.2542 + 0.1953 + 0.2034 e$$

The results of the multiple linear regression equation are as follows:

1. Constant ( $\alpha$ ) = 23,355, the constant value is positive, meaning that if the variables of community participation, internal control system and transparency do not change or = 0, it will increase the Accountability of Village Fund Financial Management by 23.35%
2. Regression Coefficient X1 ( $\beta_1$ ) = 0.146, shows the Regression Coefficient of the Community Participation variable (X1), meaning that if the other independent variables have a fixed value and Community Participation has increased by 14.6%. A positive value in the coefficient indicates that community participation is in line with village fund management accountability.
3. Regression Coefficient X3 ( $\beta_3$ ) = 0.195, shows the Regression Coefficient of the transparency variable (X3), meaning that if the other independent variables have a fixed value and the transparency has increased by 19.5%. A positive value in the coefficient indicates that transparency is in line with the accountability of village fund financial management.
4. Regression Coefficient X4 ( $\beta_4$ ) = 0.203, shows the Regression Coefficient of the internal control system variable (X4), meaning that if the other independent variables have a fixed value and the transparency has increased by 2.3%. A positive value on the coefficient indicates that the internal control system is in line with the accountability of village fund financial management.

### Hypothesis testing

#### Partial Test (t Test)

**Table 12. t test results**

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23,355	4.124		5.663	.000

	Society participation	.146	.088	.164	1,663	.100
	Transparency	.195	.087	.221	2,235	.028
	Internal Control System	.203	.087	.230	2,324	.022
a. Dependent Variable: Village Fund Financial Management Accountability						

1. Community Participation towards Accountability of Village Fund Financial Management Based on table 12. output coefficients, community participation variable is known to be Tcount of 1,663 where Tcount is smaller than Ttable of 1.661771 or equal to  $1,663 < 1.661771$ . In addition, it can be seen that the sig level of 0.100 where in this case the value of sig. greater than 0.05 or  $0.100 > 0.05$  then this explains that  $H_0$  is accepted and  $H_a$  is rejected, meaning that Community Participation has no partial effect on Village Fund Accountability.
2. Transparency of Village Fund Financial Management Accountability. Based on table 12. output coefficients, the transparency variable is known to be Tcount of 2.235 where Tcount is greater than Ttable of 1.661771 or equal to  $2.235 > 1.661771$ . In addition, it can be seen that the sig level of 0.028 where in this case the value of sig. smaller than 0.05 or  $0.028 < 0.05$  then  $H_0$  is rejected and  $H_a$  is accepted, meaning that transparency partially affects the Accountability of Village Fund Financial Management.
3. Internal Control System for Village Fund Financial Management Accountability. Based on table 12. output coefficients, the internal control system variable is known to be Tcount of 2,324 where Tcount is greater than Ttable of 1.661771 or equal to  $2,324 > 1.661771$ . In addition, it can be seen that the sig level of 0.022 where in this case the value of sig. smaller than 0.05 or  $0.022 < 0.05$  then  $H_0$  is rejected and  $H_a$  is accepted, meaning that the internal control system has a partial effect on the Accountability of Village Fund Financial Management.

## Discussion

### 1. Community Participation Has No Effect on Accountability of Village Fund Financial Management

Based on the results of the t test, it shows that community participation has no effect on the accountability of village fund financial management. This study is in accordance with research conducted by Pakpahan (2018), which explains that community participation during planning activities is still relatively low and this is influenced by the willingness of community representatives to not always actively participate in the governance process, in this case the preparation of village fund budgets. However, the results of this study differ from the results of research conducted by Mada et al (2017) and Pahlawan et al (2020) which show that community participation has a positive and significant effect on the accountability of village fund management, because the community has an important role in making decisions regarding the budget. village.

### 2. Transparency Affects Village Fund Financial Management Accountability

Based on the results of the t test, it shows that transparency has an effect on the accountability of village fund financial management. This research is in accordance with research conducted by Mualifu et al (2019), transparency has a positive and significant effect on village government accountability in managing village fund allocations. However, the results of this study are different from the results of research conducted by Aprilya & Fitria (2020), transparency has no effect on the accountability of village fund management.

### **3. Internal Control System Affects Village Fund Financial Management Accountability**

Based on the results of the t test, it shows that the internal control system has an effect on the accountability of village fund financial management. The results of this study are in line with the research of Widyatama, Arif (2017), and Rosyidi, Muhammad (2018) which states that the internal control system has a positive effect on the accountability of village fund management. And in line with the research results of Taufik, Taufeni (2018) and Taufik, Taufeni (2019) stated that the internal control system can prevent fraud in the government and help the realization of good governance. Meanwhile, research conducted by Edlin, Debby Nadya (2018) and Budiati, Yuli (2017) states that the internal control system does not have a positive effect on the management of village funds.

## **CONCLUSION**

Based on the results and discussions that have been described previously, it can be concluded several things as follows:

1. Community participation does not partially affect the accountability of village fund financial management.
2. Transparency partially affects the accountability of village fund financial management.
3. The internal control system partially affects the accountability of village fund financial management.
4. Community participation, transformational leadership, transparency and internal control systems simultaneously have a significant effect on the accountability of village fund management.

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