

The Effect of Community Participation, Competency of Employees, Utilization of Information Technology, and Internal Control Systems on Fund Accountability

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ABSTRACT : The purpose of this study was to obtain empirical evidence regarding the effect of community participation, employee competence, the use of information technology, and internal control systems on the accountability of village funds. This research was conducted in West Selemadeg, Tabanan, Bali, Indonesia. The number of samples taken was 99 respondents, with a saturated sample method. Data collection through questionnaires was measured using a 5-point Likert scale. The data analysis technique used is multiple linear regression. Based on the results of the analysis, it was found that community participation, employee competence, use of information technology and internal control systems had a positive effect on the accountability of village funds.

Keywords: *community participation, employee competence, use of information technology, internal control systems, funds accountability*

I. INTRODUCTION

Tabanan Regency is the regency with the largest number of villages in Bali with 133 villages with the second largest recipient of village funds in Bali, amounting to IDR 122.92 billion. The amount of funds provided is vulnerable to fraud and corruption due to the lack of knowledge of village employees in financial management and reporting. One of the cases of misuse of village funds, namely in the 2017 fiscal year there was a corruption case of village funds in Angkah Village, West Selemadeg, Tabanan by the Treasury of IDR 250 million.

Accountability is a tool to minimize the gap between society and government and to increase public trust. Based on the agency theory of village fund management, the village government is given responsibility for managing village funds to act as an agent and the community and the central government as the principal (Yoga & Wirawati, 2020). The responsibility referred to does not only include formal financial accountability within the organization, but also includes compliance with the rules, organizational environment, society and government (Yunita & Christianingrum, 2018). The accountability referred to in this study is the responsibility of the village government in using public funds, village funds economically, effectively and efficiently, there is no waste of funds and there is no corruption. Accountability can be realized by the existence of adequate competence from village officials, community participation, optimal use of information technology, and the existence of an internal control system (Aulia, 2018)

Indonesia Corruption Watch stated that one of the factors that led to village fund corruption was the lack of community involvement in planning and monitoring of village funds so that community participation was very important to realize accountability for village funds. Community participation is community involvement in government activities so as to avoid abuse of authority (Fatmawati et al., 2018). Community participation is one of the factors that influence the success of development programs and rural community development, including the accountability of village funds (Marhaeni & Ketut sudibia, 2020). Community involvement in decision making will assist in the development process and also identify problems and potentials that exist in the village (Pradnyanita & Yasa, 2020).

The optimal use of information technology will support the village government in realizing accountability for village funds. The good use of information technology in general can have a positive impact on the financial management of village governments. The use of information technology will also reduce errors in the process of making financial reports. The use of information technology helps village governments in data operations so as to produce precise and accurate information. The internal control system is very important in realizing the accountability of village government financial reports. The internal control system is able to influence the internal decision making of the village government which will have implications for the accountability of the village government (Mohamad Yusof, 2016). The implementation of a good internal control

system in the village government will assist village officials in achieving effective, efficient, transparent and accountable management of state finances. This is supported by research by Atiningsih & Ningtyas (2019) which states that the internal control system has a positive effect on the accountability of village fund management.

II. HYPHOTHESIS DEVELOPMENT

Agency theory explains that the community as the principal has the right to obtain accountability for public funds managed by the agent. The community as the subject of village development is very important in participating in every process of village fund management, bearing in mind that it is the community who knows best about the problems faced in their area. Community participation is a process of society as individuals or social groups that take part in the planning, implementation and monitoring of policies that directly affect their lives (Arta & Rasmini, 2019). Public participation is a tool that can be used to make planning and environmental management that is credible and also has sustainable value (Carreira et al., 2017). Participation carried out by the community is not only in the planning and monitoring process, but also in the implementation, acceptance and utilization of results (Susilowati et al., 2018). Purba et al. (2020) concluded that community participation has a significant effect on the performance of local government officials. Nasution et al. (2017), Dewi & Gayatri (2019).

H1: Community participation has a positive effect on the accountability of village funds.

Compliance theory describes a person's tendency to comply with existing norms and regulations. A person's adherence to rules and norms is a reflection of competence (Dodge, 2018). The competence of village employees is absolutely necessary in managing village funds for the development of various aspects by utilizing intelligence, knowledge, skills and behavior to create optimal village development (Anto & Amir, 2017). Agency theory explains accountability in the form of delegation of authority from the central government to the village government in managing village funds so that the village government as an agent must have adequate competence in managing village funds. Umar et al. (2018) concluded that employee competence has a positive effect on the implementation of village fund management.

H2: Employee competence has a positive effect on the accountability of village funds.

The TAM theory explains that the use of information technology will provide benefits to individuals or organizations and the use of information technology will make it easier for users to complete their work (Mahubessy, 2019). The village government in the agency theory concept is the recipient of authority so that it has the obligation to manage village funds effectively and efficiently by utilizing information technology. The use of information technology also helps the village government as an agent in managing village funds to minimize misuse of village funds. Jannah et al. (2018) state that the use of information technology has a significant effect on the accountability of village fund management. Y. A. Dewi et al. (2021), Mantako et al. (2019) also states that the use of information technology has a positive effect on the accountability of village funds.

H3: The use of information technology has a positive effect on the accountability of village funds.

Accountability of village funds can be achieved through the implementation of an effective internal control system and providing access to the community to be able to find out village financial management reports. This is supported by the compliance theory which provides sufficient confidence that the implementation of a good internal control system shows that the village government has complied with the applicable laws to achieve accountability (Hardiningsih et al., 2020). Budiana & Darwis Said (2019), Rosari & Aprilia Manabulu (2020) show that the government's internal control system has a positive and significant effect on financial management accountability. Santoso (2016) shows that the Internal Control System has no effect on Financial Management Accountability.

H4: The internal control system has a positive effect on the accountability of village funds

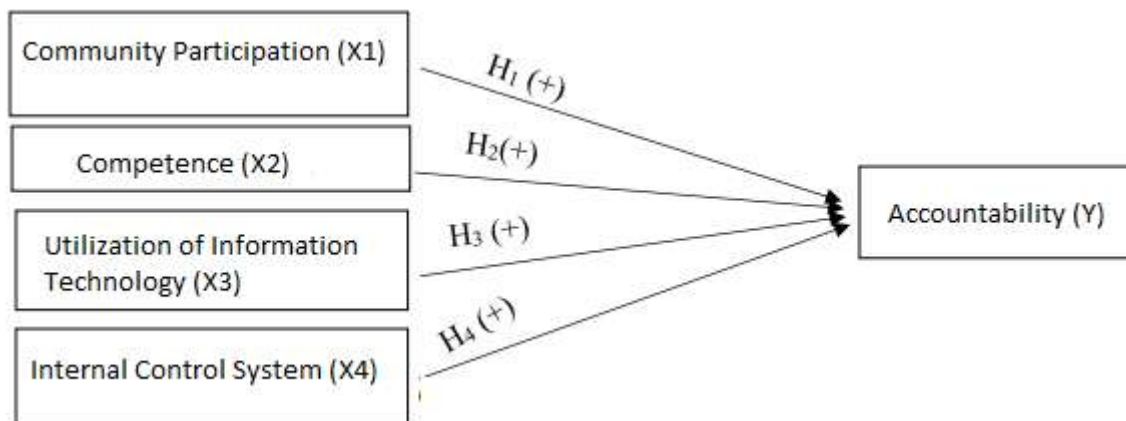


Fig. 1 Conceptual framework

III. RESEARCH METHODS

This research was conducted using a quantitative approach in the form of associative research. The population in this study were all village employees involved in the management of village funds which refer to regulations in the Minister of Home Affairs Regulation No. 20 of 2018, namely the village head (*Perbekel*), village secretary, head of finance, chief of planning, head of government, office of welfare, office of service, the chairman of the Village Consultative Body and community leaders (*bendesa*) in each village in West Selemadeg Subdistrict, Tabanan Regency. The sample selected from the population must be truly representative. The sample in this study is the entire population, amounting to 99 respondents. The sampling method used was saturated samples. The method of collecting data through a questionnaire is measured with a Likert scale of 1 to 5

IV. RESULTS AND DISCUSSION

Table 1. Multiple Linear Regression Test Results

Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	4.528	3.854		1.175	0.243
X1	0.461	0.116	0.379	3.966	0.000
X2	0.260	0.085	0.299	3.056	0.003
X3	0.166	0.069	0.320	2.419	0.018
X4	0.358	0.130	0.338	2.746	0.007
Adjusted R Square	0.539				
F	29.047				
Sig.F	0.000				

Table 1 indicate, The adjusted R square value in this study, namely 0.539, shows that 53.9% of the variation (fluctuation) of the village fund accountability variable (Y) is influenced jointly by variations of the four variables of community participation, employee competence, use of information technology, and systems. internal control, while the remaining 46.1% is influenced by other variables not included in the research model. The results of the F test show that the F value for the village fund accountability variable is 29.047 with a significance of 0.000. The significance value of $F = 0.000$ less than 0.05 indicates that this research model is suitable to be used as an analytical tool to test the effect of the independent variable on the dependent variable.

The first hypothesis in this study states that community participation has a positive effect on the accountability of village funds. The results of testing the first hypothesis show that the regression coefficient is

positive, which is 3,966 with a significance value of 0,000 less than $\alpha = 0.05$. This means that the first hypothesis of this study is accepted, which indicates that community participation has a positive effect on the accountability of village funds. Agency theory explains the difference in interests between the principal and the agent so that it allows the agent to act contrary to the wishes of the principal. Community participation plays an important role in supervising village financial management carried out by employees so as to reduce deviant actions by irresponsible parties. Community participation has an important role in planning, implementation, control, and supervision to improve employee performance so that accountability for village funds can be realized. Community participation also helps employees to find out the village potentials that are owned so that the use of village finances, especially village funds, is right on target

The results of testing the second hypothesis regarding the effect of employee competence on village fund accountability show that the regression coefficient is positive at 3.056 with a significance value of 0.003 less than $\alpha = 0.05$. This shows that the employee competency variable has a positive effect on fund accountability, the better the competence possessed by employees, the accountability of village funds tends to increase. Agency theory explains accountability in the form of delegation of authority from the central government to the village government in managing village funds so that the village government as an agent must have adequate competence in managing village funds. Competence possessed by employees is the main requirement so that accountability for village funds can be realized. The competence of employees has a very important role in realizing the management of village funds appropriately and can be accounted for so that optimal village development can be realized. Employees who act as agents in managing village funds must be able to obey the rules related to village fund management, especially since the amount of village funds received in each village has increased every year and is closely monitored by the central government. This research is in line with the compliance theory which explains the ability of a person to obey and follow what has been set or what has been determined. Employees' understanding of the procedures for allocating and accounting for village funds reflects the competencies of individuals in village government organizations.

H3 states that the use of information technology has a positive effect on the accountability of village funds. The results of the analysis show that the regression coefficient is positive at 2.419 with a significance value of 0.018 which is smaller than $\alpha = 0.05$. This shows that the variable use of information technology has a positive effect on the accountability of village funds. The positive effect means that the higher the use of information technology, the higher the accountability of village funds. Employees must be able to realize accountability in the management of village funds so that adequate support for information technology facilities is needed. The use of appropriate information technology and supported by adequate capabilities will result in better output so that it will have an impact on increased accountability. TAM theory believes that the use of information technology will provide benefits to individuals or organizations and the use of information technology will make it easier for the wearer to complete a job. Increased employee performance will certainly have an impact on the resulting information that is more timely, accurate, transparent and accountable so that the accountability of village funds will also increase.

H4 states that the internal control system has a positive effect on the accountability of village funds. The results of the analysis show that the regression coefficient is positive at 2.746 with a significance value of 0.007 less than $\alpha = 0.05$. This shows that the internal control system variable has a positive effect on the accountability of village funds. The positive effect means that the more effective the internal control system is, the accountability of village funds will tend to increase. The results of this study indicate that the implementation of an effective internal control system can increase the accountability of village funds. Effective internal control is reflected through compliance with the rules made and agreed upon in an organization. Compliance with these rules is realized by implementing applicable rules and evaluating the performance of internal controls. This is in line with the compliance theory where the implementation of an effective internal control system shows that employees have complied with applicable laws in realizing accountability for village funds. The implementation of an effective internal control system will enable the management of state finances, especially village funds, to be able to be carried out honestly so that the accountability of village funds to the public will increase. An effective internal control system will also reduce the existence of misappropriation of village funds by employees and also employees who act as agents who are also able to implement the objectives of the village funds, namely accelerating development in the village which will ultimately improve the welfare of the village community.

V. CONCLUSION

Public participation has a positive effect on accountability of funds. This shows that the higher the community's participation, the accountability of funds will tend to increase. Employee competence has a positive effect on accountability of funds, the more adequate the competence of employees is, the accountability for village funds will tend to increase. The use of information technology has a positive effect on the

accountability of funds, the higher the use of information technology, the more the accountability of village funds will tend to increase. Internal control has a positive effect on the accountability of village funds, the more effective the internal control system is, the more accountability for village funds will tend to increase.

Community participation in formulating the direction and general policies for village finance should be further improved so that it is hoped that it can increase the accountability of village funds. The role of the village fund assistant should be further improved in the management of village funds so that they can increase the accountability of village funds. Maintenance of computer facilities should be improved so that they can support village financial management. The supervision system should be further improved so that it runs more effectively and accountability for village funds can be achieved.

Future studies can use a wider sample of villages so that the level of generalization is higher. Subsequent research can also test other variables such as the reporting system variable so that the village government knows what factors affect the accountability of village funds so that the accountability of village funds can be improved.

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