

LOOKING AT VILLAGE GOVERNMENT PERFORMANCE REPORTS IN TERMS OF REGULATIONS, ACCOUNTABILITY SYSTEMS AND ACCOUNTING PRINCIPLES WITH GFG AS MODERATION

Wenni Wahyuandari¹, Henny Rakhmawati¹, Muhammad Aulia Budiman²

¹Universitas Tulungagung, Jalan Kimangunsarkoro Beji, Tulungagung, Dusun Krajan Jawa Timur, Indonesia

²Universitas Negeri Surabaya, Jalan Lidah Wetan, Lidah Wetan, Kec. Lakarsantri, Kota Surabaya, Jawa timur, Indonesia

*Correspondence email : wwahyuandari@gmail.com

ABSTRACT

Assisted by the GFG serving as a moderator, this study attempts to demonstrate, examine, and evaluate the impact of village fund regulations, village government performance accountability systems, and village fund accounting principles on village government agency performance reports. This study employs a quantitative methodology, gathering data through questionnaires in Tulungagung Regency villages that receive village funding. evaluating several possibilities in an understandable manner. The villages in Tulungagung Regency that get village funding make up the research's population. A total of 126 respondents made up the sample. SmartPLS version 4.0 was utilized to process the partial least square data analysis technique. The study's findings demonstrate that village fund regulations have a major impact on village government performance reports. It has not been demonstrated that SAKIP has an impact on the Village Government Performance Report. It has been demonstrated that Village Fund Accounting Principles significantly impact Village Government Performance Reports. The link between Government Agency Performance Reports and Village Fund Accounting Principles is moderated by GFG Desa.

Keywords: Regulations, Accountability System, Accounting Principles, Village Government Performance Report, GFG.

1. INTRODUCTION

In order to fulfill its responsibility to manage the public's money, the government, as part of government administration, is expected to provide accountability reports on how well government organizations perform. The domain of governance agencies. The field of government and public sector accounting is expanding at a faster pace in Indonesia. The

maximum amount of autonomy is granted to regional governments to oversee all aspects of government administration that fall outside the purview of the national government. In addition, based on the authority granted and the features of a region, regional governments formulate regional policies aimed at enhancing services and empowering the community as well as having true autonomy and responsibility in running their operations. Responsible for implementing autonomy; this work needs to align with the goals of autonomy grants, which include enhancing the welfare of the populace and developing the area (Atmadja et al., 2018; I. Putra & Rasmini, 2019).

Align with the goals of autonomy grants, which include enhancing the welfare of the populace and developing the area (Atmadja et al., 2018; I. Putra & Rasmini, 2019). A fair, proportionate, democratic, transparent, and effective financial distribution system is outlined (Law Number 33 of 2004 Encouraging Fair Fund Distribution Between Local and Federal Governments, 2004). This law establishes policy funds for the decentralization process and regulates the financial equilibrium between the federal and local administrations. To address demands for openness and public responsibility of regional governments in managing public finances, this calls for reform of regional financial management and accounting (Hendrawati et al., 2018; Makalalag, 2017)..

Village Funds are used to assist with development implementation and community development, development implementation, in order government administration, and for community empowerment. Related to Government Regulation (PP) Number 60 of 2014 governs the district/city Regional Revenue and Expenditure Budget, through which they are Concerning Village Funds Sourced from the State Revenue and Expenditure Budget, 2014). They originate from the State Budget for Revenue and Expenditure. Budget and designated for Villages. As part of the central government's "One Village One Billion" strategy, The Village Fund's spending plan has been growing since 2015 (Direktorat Jenderal Perimbangan Keuangan, 2019). Village funds will be distributed less generously in 2022 as a result of COVID-19

Table 1 Indonesian Village Fund Budget, 2015-2025

No	Year	Fund (IDR)	Increase/Decrease (%)
1	2015	20,8 trillion	-
2	2016	46,98 trillion	125
3	2017	60 trillion	28
4	2018	60 trillion	0
5	2019	70 trillion	17
6	2020	72 trillion	2,9
7	2021	72 trillion	0

8	2022	68 trillion	-1,06
9	2023	56 trillion	0
10	2024	65 trillion	1,6
11	2025	72 trillion	1,9

Source: Ministry of Finance Republic Indonesia, 2025.

2. LITERATURE REVIEW

A way of maintaining government agencies accountable for carrying out the duties and responsibilities assigned to them with regard to budgetary utilization is the creation of Government Agency Performance Accountability Reports (LAKIP), as stated in (Minister of State Apparatus Empowerment and Bureaucratic Reform Regulation Number 53 of 2014 Concerning Technical Instructions to the for Discussion of Performance and Agreements, Performance Reporting and Procedures for Reviewing Government Agency Performance Reports, 2014). In terms of the most crucial requirements for creating a performance report are proper disclosure of the findings of the analysis of in a way performance measurements, together with performance measurement and evaluation. According to (Minister of Home Affairs Regulation Number 113 of 2014 Concerning Village Financial Management, 2014), village funds are run in an organized, budgetary fashion and are managed according to transparent, responsible, and participatory principles.

Implemented by Indonesian villages as an innovation competition. Villages, as trustees with the right to autonomy and fiscal decentralization as well as receiving funds from the APBN (State Budget) Village Fund Transfer, prepare village SAKIPs. However, this has not been made clear in (Regulation of the Minister of Villages, for Development of Disadvantaged Regions and Transmigration Number 19 of 2016 Concerning Evaluation Guidelines for the Implementation of the Performance Accountability System for Government Agencies within the Ministry of Villages, Development of Disadvantaged Regions and Transmigration, 2016).

Modern budgeting systems have good public financial governance as one of their main goals. This calls for the establishment of a reputable organization to oversee the distribution of funds, a budget implementation system that complies with legal requirements, an honest accounting system, and an audit system that ensures the accuracy of data and financial systems. implies that in order to meet the country's welfare objectives, public monies as well as financial assets and liabilities must be managed in a transparent, accountable, and honest manner.

Encouraging Financial Management in the Pursuit of by making the best use of the nation's financial resources to guarantee an improvement in the standard of living for all of its residents, modern budgeting seeks to establish sound financial governance. Effective governance is necessary to establish connections between social demands, policy formulation, budgetary planning, expenditure, and the tracking and assessment of expenditure results. A growing number of nations have switched to program-based budgeting throughout the last 20 years.

Budgetary procedures that essentially distribute funding for budgetary initiatives associated with goals of public policy (Asmony, 2018; Kurrohman, 2015).

According to the above description, this research is necessary if it is to be considered theoretically and build on earlier findings that village funds obtained from the APBN are relatively large in amount and are also backed by a number of regulations. The Village Fund program should be supported by financial reporting accountability and sound financial governance in village government. A crucial component that is demonstrated and documented in performance reports is financial governance.

According to theoretical research, the Village has an accountability duty as a public financial manager to answer questions about the conduct and decisions made by an individual or organizational leader and to explain those decisions to parties who are entitled to such information. For information to be accurate, dependable, timely, and accountable, good accountability needs to be backed by comprehensive data.

Public accountability is the duty of representatives (the government) to oversee resources, notify the principal of all actions, and report to them all activities pertaining to the use of public resources (I. P. A. S. Putra et al., 2017). According to (Budiana et al., 2019), accountability in village government refers to the capacity of the village government to be held responsible for actions taken in connection with village development and government matters. Financial issues covered by the Village Revenue and Expenditure Budget (APBDes) are the subject of the accountability in question. In order to hold organizational leaders accountable, accountability can be used to assess how well organizational activities and performance are being implemented. It can also serve as feedback for leaders to enhance performance going forward (Mardiasmo, 2021).

A fundamental component of public responsibility is the accountability concept, which states that all stages of the budgetary process—from planning and preparation to implementation—must be fully reportable and responsible to the public. The public has the right to demand responsibility for the design and execution of the budget in addition to the right to know what it is (Dura, 2016; Maritafitri & Achadiyah, 2018). Presenting and reporting disclosures of its activities to the community that granted the trust (principal) is the responsibility of the government, acting as the trustee or agent.

According to the description given above, accountability is the duty of the government to the community as a trustee (principal) and as an agent, to offer accountability, presentation, reporting, and disclosure of all operations and activities that fall under its purview (Arifiyanto & Kurrohman, 2014). The phrase "accounting principles" refers to the concepts, practices, and procedures that comprise both theory and reality in accounting. The application of public sector accounting principles is crucial to ensuring consistency in terms of terminology, practices, and procedures in order to generate financial report forms that are pertinent and simple for the general public to comprehend.

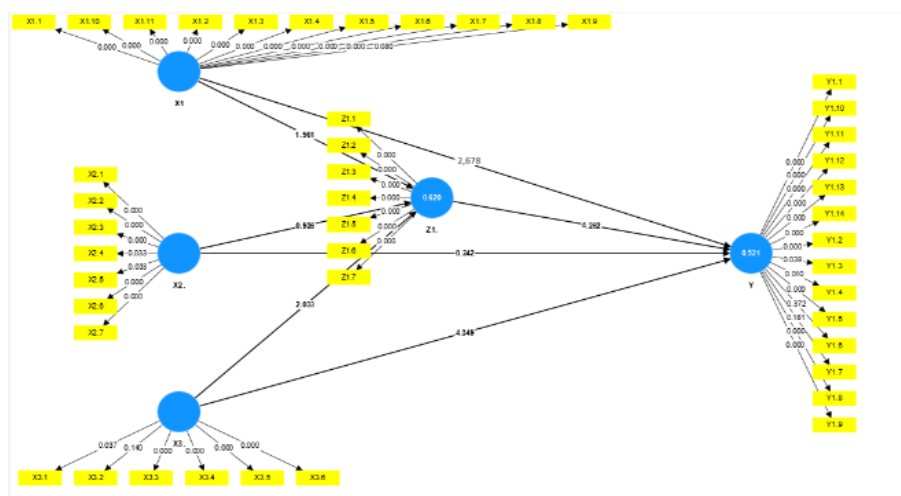
3. METHODS

The research employs a quantitative methodology, numerical data is used, and statistical analysis is performed. Both verification analysis and descriptive analysis are used in this study. This study employs a quantitative methodology, gathering data via surveys. Using a Google Form, a survey was sent to all village heads in Tulungagung Regency who oversee local finances. Primary data in this study are unprocessed data taken directly from the original source. The viewpoint of the village chief in Tulungagung district, who oversees local finances, serves as the primary source of information for this study.

Using SmartPLS software version 4.0, partial least square (PLS) was used to analyze the association between the variables in this study. According to the aforementioned description, every village in Tulungagung Regency that received Village Funds between 2015 and 2022 makes up the population of this study. In Tulungagung Regency, there were 257 villages in 18 sub-districts that received village funding; these villages made up the research population. The sample used in this research was 126 respondents.

4. RESULTS AND DISCUSSION

Five variables, each of which had an indication or variable, made up the first model. To make sure the measurement model was appropriate for measurement (valid and reliable), the outer model test was run. Testing was done using the SmartPLS 4.0 program for multiple iterations (calculations) to eliminate loading factor values below 0.7 in order to acquire accurate findings. There are still some indicators in the test results calculation procedure for each of these variables that are less than the loading factor value of 0.6, therefore the calculations are continued until the desired results are achieved. The outer loading factor value is more than 0.6, indicating that it is deemed appropriate for use as an indicator that can reflect each relevant variable based on the calculation results of all variables and as represented by indicators. When all variables in a plot form have Composite Reliability with a limit of 0.7 and are above the Rule of Thumbs, it indicates that all variables are genuinely trustworthy. All variables in plot form with a limit of 0.5 have Average Variance Extrated (AVE) values above the Rule of Thumbs, indicating that all variables are valid.



THE INFLUENCE OF REGULATIONS ON LAKIP

The effects of the Regulatory Variable (X1) on LAKIP (Y) ($t\text{-count} > t\text{-table}$) = $2.678 > 1.967$, p value 0.003 is positive and significant. Regulations (X1) have a 0.168 impact on LAKIP (Y), indicating a positive influence. The LAKIP (Y) increases with the Regulation (X1). Performance evaluation and assessment, as well as appropriate disclosure, are carried out through performance reports, which serve as a means of holding government agencies accountable for the execution of the duties and responsibilities assigned to them with reference to the utilization of budgets. Using planning, measurement, evaluation, and strategic planning indicators (Minister of State Apparatus Empowerment and Bureaucratic Reform Regulation Number 53 of 2014 Concerning Technical Instructions for Performance Agreements, Performance Reporting and Procedures for Reviewing Government Agency Performance Reports, 2014). Explain that, up until now, village funds have always managed their operations in accordance with the rules established by the government. The Village Law (UU No. 6 2014) and three ministry regulations—the Minister of PAN Regulation on LAKIP (No. 53 2014), the Minister of Villages' Regulation, the Development of Disadvantaged Regions and Transmigration on Village Fund Priority Programs, and the Minister of Finance Regulation concerning Village Fund Management (PMK.69 of 2021)—control the management of village funds. The study's findings are consistent with the Village Fund's laws, which state that the village, as a legal territorial unit, is headed by a Village Head, who is tasked with overseeing public finances and running the government in order to promote the village's development. The foundation of village finances is a budget that is created in collaboration with the community via a preset process and tailored to the needs of the village. A strategic plan for village development is included in the Village RPJM determination. This plan will be further elaborated in the Village Government Work Plan (RKP-Desa), a document that will serve as an extension of the Village RPJM for a duration of one (1) year. Through the regional development planning framework, the Village Government would propose the Village Revenue and Expenditure Budget (Village APB) to the Regency Government using the Village RKP as the foundation. This mechanism consists of planning, carrying out administrative tasks, reporting, and accountability; together, these activity components make up the body of a government agency's performance report

THE INFLUENCE OF SAKIP ON LAKIP

The impact of the SAKIP variable (X2) on LAKIP (Y) ($t\text{-count} > t\text{-table}$) = $0.242 < 1.967$, p value 0.320, is positive but not statistically significant. SAKIP (X2) have a 0.255 influence on LAKIP (Y), indicating a favorable influence. The LAKIP (Y) increases with increasing SAKIP (X2). Guidelines for Implementing the Performance Accountability System (SAKIP) within the Ministry of Villages, Development of Disadvantaged Regions and Transmigration: Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration of the Republic of Indonesia No. 22 of 2017. The evaluation guidelines for the implementation of SAKIP are outlined in Republic of Indonesia DPD TT Ministerial Decree

No. 19 of 2019, and the Village Law (UU No. 6 2014) and the regulations of three ministries, including the Regulation of the Minister of PAN concerning LAKIP (No. 53 2014), serve as safeguards for the Village Fund Management. The study's findings conflict with the rules that the village government must follow while handling village funds.

THE INFLUENCE OF ACCOUNTING PRINCIPLES ON LAKIP

A positive and significant effect on LAKIP (Y) ($t\text{-count} > t\text{-table}$) = $4.349 > 1.967$, p value 0.000, is observed with the Accounting Principles variable (X3). The LAKIP (Y) decreases with increasing accounting principles (X3). The study's findings are consistent with the notion of accounting principles and rules that the village government must follow in order to manage village funds. Accounting Principles (X3) have a significant impact on the Performance Report of Village Government Agencies in Financial Management of Village Funds, according to the results of testing the Path analysis model. The impact is positive and supports a positive direction ($t\text{-count} > t\text{-table}$), with a parameter coefficient of 0.268. The higher the LAKIP (Y), the higher the Accounting Principles (X3). When it comes to managing village money, accounting principles have a big impact on the Performance Accountability Report of village government organizations. This demonstrates that generally accepted accounting principles were used in the preparation of the Government Agency Performance Accountability Report in compliance with government accounting requirements. This study agrees with (Farlina & Hartono, 2019) findings.

MODERATING EFFECT

There is a positive and statistically significant effect of moderating effect variable 1 on LAKIP (Y) ($t\text{-count} > t\text{-table}$) = $1.961 < 1.967$, p value 0.625. Effect 1 has a moderating influence of -0.042 on LAKIP (Y), indicating a negative affect. The LAKIP (Y) decreases as the Moderation Effect 1 increases. LAKIP (Y) ($t\text{-count} > t\text{-table}$) = $0.926 < 1.967$, p value 0.726 is positively and marginally impacted by the Moderating Effect 2 variable. Moderating Effect 2 has a favorable and significant affect on LAKIP (Y) with a -0.028 coefficient. The higher the LAKIP (Y), the greater the Moderating Effect 2. A positive and significant effect on LAKIP (Y) ($t\text{-count} > t\text{-table}$) = $2.033 > 1.967$, p value 0.003, is seen with moderating effect variable 3. Moderating Effect 3 has a 0.167 affect on LAKIP (Y), indicating a favorable influence. The higher the LAKIP (Y), the higher the Moderating Effect 3

5. CONCLUSION AND LIMITATION

This research aims to prove, analyze and interpret the influence of Village Fund Regulations, Village Government Performance Accountability Systems, Accounting Principles on Village Government Agency Performance Reports with GFG as moderation. The six discussions that emerged in this research include: 1) Village Fund Regulations significantly impact Government Agencies' Performance Reports; 2) The Village Government Agency Performance Report is not significantly impacted by the Government Agency Performance Accountability System; 3) The Performance Report of Village Government Agencies in the Financial Management of Village Funds is greatly impacted by Accounting Principles; 4) The Village Government Agency Performance Reports and Village Fund Regulations cannot be strengthened by GFG of Village; 5) The link between SAKIP and Government Agency Performance Reports cannot be mediated by GFG of Village; and 6) The relationship between Government Agency Performance Reports and Village Fund accounting standards can be strengthened or moderated by GFG of Village. Based on the research results and conclusions previously explained, the suggestion for Policy Makers/government is to increasingly entrust Villages to be able to prepare Village SAKIP and, Village LAKIP that are relevant to. Village governments must be able to apply the principles of transparency and accountability in managing village finances, including Village Funds. Further research can add variables that are still related or the same variables with different objects, especially village fund priority programs whose regulations change very quickly depending on the problems..

6. REFERENCES

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