

The Role of Village Financial Accounting in Enhancing Accountability of Village Fund Management: A Case Study of Jambangan Village, Papar Subdistrict, Kediri Regency

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ABSTRACT

This study aims to examine the implementation of village financial accounting systems in supporting accountability and transparency of Village Fund management in Jambangan Village, Papar Subdistrict, Kediri Regency. A descriptive qualitative approach was employed, with data collected through in-depth interviews with village officials, members of the Village Consultative Body (BPD), and community leaders, as well as participatory observation and document analysis. The findings reveal that, although village financial management has been guided by the Ministry of Home Affairs Regulation No. 20 of 2018, its implementation faces both technical and structural challenges. Financial records are still maintained manually, and the utilization of the Village Financial System application (Siskeudes) remains suboptimal due to limited training, task overlap, and low capacity of village officials. In terms of transparency, financial reports are published on public notice boards, yet updates are irregular and often difficult for the community to understand, thus limiting public oversight. Furthermore, digital infrastructure limitations and inadequate understanding of the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) are major constraints. These findings underscore the need for continuous training for village officials and greater community participation in financial oversight. This study is expected to contribute to the improvement of village financial management systems that are more accountable and transparent.

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INTRODUCTION

Village funds have become a cornerstone of rural development in Indonesia since their introduction through Law No. 6 of 2014 on Villages. The policy mandates substantial fiscal transfers from the central government to villages with the goal of empowering local communities, reducing poverty, and improving the quality of rural infrastructure. By design, village funds are not only financial instruments but also instruments for realizing good governance at the grassroots level. To ensure that these funds achieve their intended objectives, accountability and transparency must be upheld in every stage of planning, budgeting, implementation, and reporting.

Accounting serves as the backbone of accountability in public sector organizations, including villages. Through systematic processes of recording, reporting, and disclosure, financial accounting enables governments to demonstrate the proper use of resources, safeguard public assets, and build trust with stakeholders. The concept of accountability is closely linked to agency theory, which posits that government officials (agents) are responsible for managing resources on behalf of the community (principals). Weak disclosure or misuse of funds can create agency problems, undermining public trust. In contrast, stewardship theory emphasizes the intrinsic motivation of

public officials to act in the best interest of society, which can be reinforced through transparent financial reporting and strong accounting systems (Donaldson & Davis, 1991).

The Ministry of Home Affairs Regulation No. 20 of 2018 on Village Financial Management provides a standardized framework for planning, implementation, administration, reporting, and accountability. To support this regulation, the Village Financial System (*Sistem Keuangan Desa* or Siskeudes) was introduced as a digital tool to improve efficiency, accuracy, and transparency in financial reporting. In theory, digitalization should enhance accountability by minimizing manual errors and reducing opportunities for corruption (Heeks, 2018). However, practice often diverges from regulation. Prior research (Susanti & Yuliani, 2021; Rahayu, 2020) has shown that many villages continue to face limitations in human resource capacity, digital infrastructure, and understanding of accounting standards, particularly the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP).

Empirical studies also reveal persistent gaps in village financial accountability. Fajriyah (2021) found that while villages generally complied with reporting requirements, the quality of reports was inconsistent and public accessibility remained limited. Firmansyah and Wulandari (2022) highlighted underutilization of Siskeudes, resulting in inefficiencies and delays. Furthermore, Suryanto and Pratama (2019) noted that limited knowledge of SAK ETAP has hindered the preparation of reliable and comparable financial reports at the village level.

While previous studies have discussed technical compliance and challenges in village financial reporting, few have examined village financial accounting through the lens of governance theories such as agency and stewardship, particularly in the context of digital transformation. Moreover, limited research has explored how these dynamics unfold in specific village contexts, where institutional capacity and community participation vary significantly. This study addresses these gaps by investigating the role of village financial accounting in enhancing accountability of Village Fund management in Jambangan Village, Papar Subdistrict, Kediri Regency. The novelty of this research lies in its theoretical integration of accountability frameworks with practical issues of digital system implementation, thereby offering both academic contributions and policy recommendations for improving village financial governance.

RESEARCH METHOD

A. Research Design

This study employed a qualitative descriptive research design. The approach was chosen to provide an in-depth understanding of how village financial accounting contributes to accountability in the management of Village Funds. Rather than testing hypotheses, the focus was on exploring practices, challenges, and perceptions related to the implementation of accounting systems in the village context.

Research Site and Informants

The research was conducted in Jambangan Village, Papar Subdistrict, Kediri Regency, which was selected purposively because it represents a village that actively manages Village Funds but still faces practical challenges in its accounting and reporting processes. Informants were chosen using purposive sampling to capture perspectives from multiple stakeholders. They consisted of:

1. Village officials directly involved in financial management,
2. Members of the Village Consultative Body (Badan Permusyawaratan Desa/BPD), and
3. Community representatives.

This combination allowed triangulation of perspectives regarding the implementation of financial accounting and accountability practices.

B. Data Collection

Data were gathered through:

1. In-depth interviews with village officials, BPD members, and community leaders to understand procedures, challenges, and perceptions of financial accountability.
2. Participant observation, particularly in village offices during financial management and reporting activities.
3. Document analysis, including financial reports, budget realization reports, and public notice boards related to Village Fund usage.

All data collection was guided by an interview protocol and observation checklist to ensure consistency.

C. Data Analysis

Data analysis followed the stages of qualitative research suggested by Miles, Huberman, and Saldaña (2014), which include:

1. Data reduction, by selecting, simplifying, and focusing on relevant information from interviews, observations, and documents.
2. Data display, by organizing information into descriptive narratives, matrices, and categories such as accounting practices, challenges, and accountability mechanisms.
3. Conclusion drawing and verification, by interpreting patterns, confirming findings through triangulation, and linking results to theoretical frameworks (accountability, agency, and stewardship theory).

D. Trustworthiness

To ensure research credibility, triangulation was applied across data sources (interviews, observations, documents) and informants (village officials, BPD, community members). Member checking was also conducted by presenting preliminary findings to informants for validation. Transferability was enhanced by providing a detailed description of the research setting, while dependability and confirmability were ensured through documentation of the research process.

RESULTS AND DISCUSSIONS

A. Implementation of Village Financial Accounting

Village financial management in Jambangan Village formally refers to the Ministry of Home Affairs Regulation No. 20 of 2018. However, financial records are still largely conducted manually despite the introduction of the Village Financial System (*Siskeudes*). One official explained:

"We have the Siskeudes application, but only a few of us can use it. Most of the time, we still write transactions manually in books because training was limited." (Interview, Village Treasurer, June 2024)

This finding suggests that the presence of digital systems does not automatically improve accounting practices without sufficient human capacity. From the perspective of Agency Theory (Jensen & Meckling, 1976), the inability to fully utilize *Siskeudes* creates an information asymmetry between village officials (agents) and the community (principals). Similar issues were also reported by Diansari et al. (2023), who emphasized that the accountability of Village Fund management in Indonesia depends not only on regulatory frameworks but also on the capacity of local implementers.

B. Accountability and Transparency Practices

Jambangan Village strives to demonstrate accountability by preparing financial reports and budget realization statements and by publishing summaries on public notice boards. However, these reports are not updated regularly and are difficult for citizens to understand.

A community member remarked:

"Yes, the report is posted on the board, but it is full of numbers and terms that we don't understand. So we just leave it as it is." (Interview, Community Member, June 2024)

Another respondent added:

"If the reports were explained in simpler language, more people would pay attention. But now it feels like it's just a formality." (Interview, Local Resident, June 2024)

These findings highlight that transparency without accessibility cannot achieve accountability. According to the principles of Good Governance (World Bank, 1992), transparency must be coupled with public participation to strengthen accountability. This condition is consistent with Fajriyah (2021), who found that village financial reports were often symbolic. Likewise, Eko et al. (2025) revealed that in several other villages, financial disclosures were also carried out more as formal compliance rather than instruments for citizen empowerment.

C. Technical and Structural Challenges

Several obstacles hinder the effective implementation of village financial accounting. One staff member admitted:

"I am not from an accounting background. Sometimes I get confused with the terms in SAK ETAP. We just do what we can, even if it's not perfect." (Interview, Village Secretary, June 2024)

In addition, weak digital infrastructure reduces the effectiveness of *Siskeudes*:

"The internet here is often unstable. When the connection is down, we cannot input data, so we return to manual records." (Interview, Village Apparatus, June 2024)

Another official highlighted overlapping responsibilities:

“I handle financial matters, but I also have other responsibilities. Sometimes it’s overwhelming, so reporting gets delayed.”
(Interview, Village Official, June 2024)

These findings show that both technical capacity and structural issues undermine accountability. An & Pandia (2024) emphasize that the quality of financial reporting under SAK-ETAP depends heavily on digital accounting literacy and continuous training, supporting the stewardship perspective that officials may intend to act responsibly but lack resources. Similarly, Firmansyah & Wulandari (2022) noted that when officials received sufficient technical assistance, the reliability of village financial reports improved significantly.

D. Community Participation in Oversight

Community participation remains weak in Jambangan Village. The Village Consultative Body (BPD), which is formally tasked with monitoring, tends to play a procedural role.

A BPD member admitted:

“We hold meetings, but most of the time we just accept the report. Not everyone understands how to evaluate the numbers.”
(Interview, BPD Member, June 2024)

A resident echoed this sentiment:

“We hear about the Village Fund, but we don’t really know how it’s used. Unless someone explains it, we cannot judge.”
(Interview, Community Member, June 2024)

These statements illustrate that public oversight mechanisms remain weak. Wahyudi & Nurhayati (2021) also concluded that public monitoring in village governance is often limited to procedures rather than substantive evaluation. Furthermore, Ginting et al. (2023) highlighted that without effective risk management and citizen involvement, Village Fund governance remains vulnerable to inefficiency and misuse.

CONCLUSION

This study investigated the role of village financial accounting in enhancing accountability of Village Fund management in Jambangan Village, Papar Subdistrict, Kediri Regency. The findings revealed that although regulatory frameworks and digital tools such as *Siskeudes* have been introduced, practical implementation remains constrained. Financial reporting is still largely manual, the use of *Siskeudes* is limited due to insufficient training and unstable internet access, and community oversight is weak because reports are often technical and difficult to understand. From a theoretical perspective, the study highlights the relevance of both Agency Theory and Stewardship Theory in understanding accountability practices in rural governance. Agency problems arise due to information asymmetry between village officials and the community, while stewardship perspectives suggest that officials intend to fulfill their responsibilities but are limited by technical and structural barriers. These findings contribute to the literature by linking governance theories with empirical evidence from village-level financial practices in Indonesia.

Practically, the study underscores several policy implications. First, continuous capacity-building programs are necessary to improve the accounting and digital literacy skills of village officials. Second, digital infrastructure must be strengthened to support the effective use of *Siskeudes*. Third, financial reports should be simplified and contextualized to ensure they are accessible and understandable to community members. Finally, the role of the Village Consultative Body (BPD) should be enhanced to ensure that public oversight is not merely procedural but substantive.

By addressing these areas, village financial accounting can move beyond formal compliance and become an effective instrument of accountability, transparency, and good governance in the management of Village Funds.

ETHICAL CONSIDERATIONS

The authors declare that the use of AI-based tools (ChatGPT, OpenAI) in this study was limited to language editing and manuscript refinement. All research processes—including research design, data collection, statistical analysis, and interpretation of results—were fully conducted by the authors. The responsibility for the accuracy and integrity of the findings lies solely with the authors.

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