

Factors that Affect *Pengelolaan Dana Desa* and Its Implications on the Transparency of Financial Report

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Keywords: Apparatur Competence, System of Internal Controlling, Asset Inventory, *Pengelolaan Dana Desa*, Transparency of Financial Report.

Abstract: This paper aimed to test and evince from some previous researches: the influence of Apparatus Competence, System of Internal Controlling and Asset Inventory toward *Pengelolaan Dana Desa* and its implication toward the Transparency of Financial Report. This was an explanatory research with purposive sampling method of interpretation, with a sample of 50 respondents. Analyzed with SmartPLS 3.0, the result of this test showed that apparatus competence as well as System of Internal Controlling had positive and significant influence toward *Pengelolaan Dana Desa*. While different result showed that Asset Inventory did not significantly influence the *Pengelolaan Dana Desa*. Furthermore, *Pengelolaan Dana Desa* had positive and significant influence toward Transparency of Financial Report. The results of this test was retested on the next re-research with larger sample and wider Determinants of *Pengelolaan Dana Desa* and its implications toward the Transparency of Financial Report.

1 INTRODUCTION

Law number 60 year 2014 said that village was tradition village that was unity of law societies which had region border to manage and arrange government affairs, social needs based on society initiation, rights of derivation and traditional rights acknowledged and respected in government system of Indonesian republic therefore in 2016 a number of villages in Indonesia were 74.754 villages. This number was big enough number therefore government needs serious efforts to give programs for village because village was the most basic autonomy type in Indonesia. In line with that, government in this time pours programs for villages in priority agenda that was the third NAWA CITA “Indonesian development in fringe areas with consolidating areas and villages in framework of unite state”.

This Government attention was implemented in allocation of village fund, and poured in government regulation number 60 year 2014, village fund was explained as funding of a source of Indonesia budget for villages which was transferred through regional government budget and used to finance government

realization, development realization, society guidance and society empowerment. Village fund was firstly given in 2015 in which government budgeted 20.776,2 billion for all villages in Indonesia

Allocation of relative village fund surely had innate risks that were skills of village officials in managing funding allocation, worried about corruption in village government and the affectivity in developing process of villages. In Wasistito (2006:96) said that weakness elements at village government generally were: (1) quality of human resource at village officials were still low, (2) Unperfection of regulation policy about organization of village government.

The difference with previous researches, this test was done to test and give empiric proof which influenced management of village fund and its implication in budgeting report transparency. Several studies had researched several factors, researched by Ismail, et all (2016). His researcher showed that the main problem in this research was the lack of knowledge of village leaders in management of village fund. Safwan, et all (2014) in his empiric study found that competency partially influenced the performance of local finance

The weakness of management system of village fund was coming from not complete internal controlling system. Study done by Santoso (2016) showed that internal controlling system influenced positively but not significant to the accountability of local fund. This was different with Dewi (2016) who found that internal controlling system did not influence positively toward the village government fund.

The other factors that influenced village fund management were asset inventories which became the important parts of village responsibility reports. Research of Permatasari (2015) concluded that village asset management was done with arrangement which was utilized for village asset inventory. Simamora (2013) found that quality of financial report was influenced by asset scoring in structural contexts and asset note record.

Globally, Phenomena happened in village fund allocation in 2014 based on the results found by commission of corruption eradication that there were several critical elements in management of regional budget of village, those were: (1) program and activities of RPJM Des, RKPDDes, APBDDes have not been analogous with aspiration of village society; (2) cycle of village budget management were managed professionally; (3) lateness of report arrangement of village government realization; (4) village asset management was not efficient and effective.

Based on the explanation of problem in pengelolaan dana desa and study of previous researches, this test examined and gave empiric proof (1) whether apparatus competency of internal controlling system, inventory of asset influenced pengelolaan dana desa; (2) the influence of pengelolaan dana desa in budgeting report transparency. This test was analyzed with Stepwarship Theory approach. The result of this test was used as the foundation for repeating test in thesis research with the bigger sample and increasing the other variables which influenced pengelolaan dana desa.

2 LITERATURE REVIEW

2.1 Theoretical Basis

Grand theory which based this pilot test was Stewardship Theory (Donaldson and Davis, 1991), which described situation in which management was not motivated by individual goals but about their target of main goal for organization needs. This theory assumed that there was a relationship between satisfaction and organization success.

Village government as the mandate holder from society with managing the big relative budget surely must pay attention the society needs. Village government as Stepward was motivated by organization interests with not including individual interests. In this problem, village government maximized the use of fund gotten for principle interest and satisfaction of society. This was created by village government in programs that was held in RAPBDes.

In this test, writer gave empiric proof of influence of pengelolaan dana desa with using Stewardship theory if this was looked from variable of apparatus competency with analyzing the role of village apparatus in budgeting performance with more setting out the organization interests than individual interests. Besides that, this theory was used by writer to test variable of internal controlling system an asset inventory with analyzing the role of village government as the Steward in managing village fund controlling management to create social prosperity. Based on the study of theory and previous researches, model of research built by writer can be seen from the Figure 1 below:

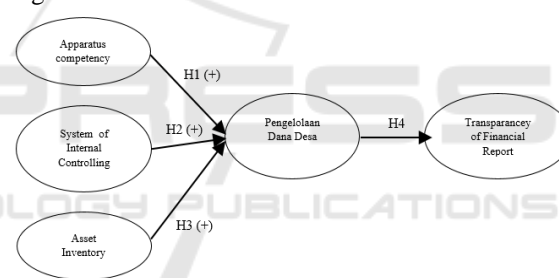


Figure 1. Research method.

2.2 Research Hypothesis Formulation

Definition of competence according to Spencer in Hermawan (2013) was expression of realization type and representation, motif, knowledge, attitude, main behavior therefore this was able to implement job so well or differ between the average performance and superior performance. Indicators ordered in this research were belief, values, knowledge, talent, character, motivation, intellectual skill, and organization culture. Apparatus competency influenced in management of village fund that had been researched by Ismail (2016). The result of research showed that the power of human resource in village had significantly not done management of village fund and apparatus competency was the basic problem which was faced by village government. In the other studies, Safwan (2014) showed that competency together influenced toward performance

of fund management. Based on the explanation, the first hypothesis in this test was:

H1: Apparatus competency influenced positively toward pengelolaan dana desa.

System of internal controlling adhered along activities and it was influenced by human resource and only gave belief so that in its implementation had been done comprehensively with paying attention to justice aspect and loyalty of informative technology development, complexity, and characteristic of job and function of government instance.

In study of Stewardship Theory, internal controlling system of village government was a regulation made by village government internal in implementation duties and their functions as social services. This was done to be more efficient in managing funding administration, especially village fund that gave contribution to the principles (society) that was social justice.

Santoso (2016) in empiric study showed that internal controlling system influenced positively not significantly toward accountability of local fund. This was different with research of Dewi (2016) founding that system of internal controlling did not influence positively toward performance of budgeting of village government. Based on the theoretical explanation and previous studies, the second hypothesis was:

H2: System of internal controlling influenced positively toward pengelolaan dana desa.

Regulation of Ministry of Home Affairs number 1 year 2016 about village asset said that village asset was coming from properties of village itself, bought or gotten from regional government budget of village or from valid income. At the 27th point said that inventory was an activity to do data collection, registration, and reporting of result of village asset.

Asset inventory was so important to be done by village government (Steward) to note and organize all properties, permanent, fluent asset or bequest. All records of village asset will poured in responsibility report of village leader as budgeting holder and property user and finally this was expressed to principles (society). Permatasari (2015) in her study concluded that management of village asset was done with planning that was used and done with inventory of village asset. Whereas Simamora (2013) found that quality of funding report was influenced by as-set in data collection context. The third hypothesis was:

H3: Asset inventory influenced positively to-ward pengelolaan dana desa.

Pengelolaan dana desa covered: plan, realization, report, and responsibility. In this case, village was demanded to be able to create the appropriate activities with social needs. Siagian (2016) in his research, he found that a factor obstructing the implementation of village funding management was the lack of trenchancy of financial information. In context of Stepwarship theory of village government as the agent should deliver financial report as the type of responsibility of pengelolaan dana desa. This will prove that agent has been transparency in giving information of activity realization result and responsibility of village fund management to society. Based on the explanation above, the fourth hypothesis is:

H4: Pengelolaan dana desa influenced positively toward transpacy of funding report.

3 METHODS

3.1 Population and Sample

This test pilot used research object at government of east Lombok regency because it had the biggest population among the other regencies in West of Nusa Tenggara with 239 villages.

Sample interpretation technique in this test with probability sampling method was technique giving the same opportunity or chance for every element of population being member (Creswell: 220) such was the case in this test using 50 respondents with criteria of pengelolaan dana desa: leaders, secretaries, and treasurers of village.

3.2 Method of Data Analysis

Data gotten from the result questioners was man-aged with using SmartPLS 3.0. SmartPLS was chosen because it was able to help writer to get score of latent variables for prediction. Chin and Newsted (1999 in Ghazali and Latan) explained that formal model in PLS described latent variables explicitly with aggregate linier from variable observation or its indicators. Weight estimation to create component of latent variable score was gotten from inner and outer of model specifically. The result was residual variance from variable endogen minimize.

4 RESULTS AND DISCUSSION

4.1 Test of Outer Model (Evaluation of Measurement Model)

Evaluation of measurement model or outer model used to score validity and reliability construct. In Ghozali & Latan said that testing of validity covered convergent validity and discriminate. Convergent validity was how far measurement correlated positively with alternative steps from the same construct. To measure the convergent validity was able to be seen from loading factor for every construct factor. In Hair and friends (2013), he said that score of loading factor must be more than 0,7 because latent variables minimally was able to explain 50 % variants for every indicator. Loading factor in this test can be seen at the figure below:

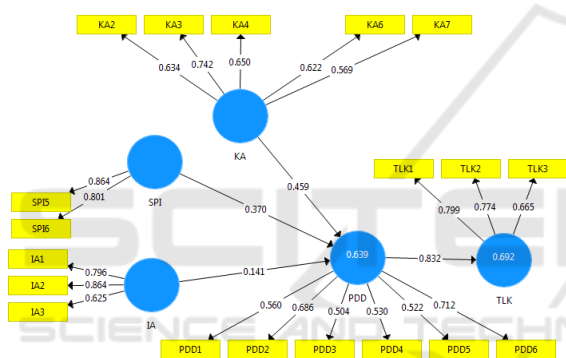


Figure 2: Loading factor.

Based on the loading factor above, this can be seen that there was indicator scores less than 0, 70. This was caused because village research was still minim so that questioners used in this test were newly developed. In Hair and friends said that loading among 0,40-0,70 must be considered to be defend-ed. Therefore indicators of apparatus competency, system of internal controlling, inventory asset, village fund and transparency of financial report had fulfilled convergent validity because all loading factors were upper than 0,50.

Next from test of discriminate validity can be seen at cross loading with comparing between its indicator construct correlation and the other indicator correlations such as at the table 1. below:

Table 1: Crossloading.

	IA	KA	PDD	SPI	TLK
IA1	0,793	0,302	0,335	0,379	0,287
IA2	0,868	0,333	0,493	0,347	0,421
IA3	0,620	0,301	0,204	0,357	0,280
KA2	0,241	0,636	0,528	0,426	0,422
KA3	0,200	0,743	0,455	0,455	0,420
KA4	0,457	0,650	0,373	0,210	0,402
KA6	0,244	0,620	0,471	0,267	0,343
KA7	0,172	0,568	0,389	0,270	0,443
PDD1	0,002	0,289	0,580	0,346	0,449
PDD2	0,177	0,485	0,704	0,358	0,458
PDD3	0,339	0,237	0,509	0,276	0,227
PDD4	0,359	0,343	0,534	0,367	0,464
PDD5	0,422	0,423	0,507	0,372	0,505
PDD6	0,381	0,575	0,696	0,547	0,686
SPI5	0,457	0,500	0,592	0,861	0,579
SPI6	0,286	0,334	0,508	0,805	0,472
TLK1	0,527	0,599	0,621	0,526	0,715
TLK2	0,186	0,506	0,687	0,501	0,805
TLK3	0,343	0,366	0,522	0,398	0,664

Source: Output PLS; 2017

From this table, we can see that construct correlation of apparatus competency with its indicators has higher score compared with indicator correlation of apparatus competency with the other constructs. This showed that reflective indicator has fulfilled discriminant validity.

Test of reliability aimed to prove accuracy, consistency, and exactness of instrument in measuring construct. To measure reliability can be done with composite reliability with score more than 0,7 for confirmatory research. The result of reliability can be seen at the table below:

Table 2: Result of validity and reliability test.

No	Variables	Reliability	
		Composite reliability (0,60-0,70)	Explanation
1	KA	0,780	Valid and Reliable
2	SPI	0,820	Valid and Reliable
3	IA	0,808	Valid and Reliable
4	PDD	0,762	Valid and Reliable
5	TLK	0,761	Valid and Reliable

Source: Output PLS; 2017

From table above, this can be explained that construct variable of apparatus competency, internal controlling system, asset inventory and pengelolaan dana desa and financial report transparency have fulfilled reliability score more than 0,70 for every variable Ghozali & Latan: 77.

4.2 Test of Inner Model (Evaluation of Structural Model)

Test structural model with PLS can be seen from R-Square for every latent variable off endogen as predictive strength from structural model. R-Square score in this research can be seen from table below:

Table 3: Score of R-Square (R²)

No	Variable	R ²
1	PDD	0,629
2	TLK	0,687

Source: Output PLS, 2017

Based on the table above, R2 for PDD was 0,629 which showed strong model (Ghozali & Latan: 81) Whereas R2 for TLK was 0,687 including strong model category.

4.3 Hypothesis Test

The result of hypothesis test can be seen at table 4 below in which this result was gotten from bootstrapping test with SmartPLS 3.0 software to see hypothesis support.

Table 4: Path coefficient.

	Original Sample (O)	Sample Mean (M)	Standard Error	T Statistics	P Values	Conclusion
KA→PDD	0,471	0,477	0,112	4,196	0,000	Accepted
SPI→PDD	0,361	0,364	0,126	2,875	0,002	Accepted
IA→PDD	0,106	0,130	0,116	0,919	0,179	Rejected
PDD→TLK	0,831	0,838	0,040	20,575	0,000	Accepted

Source: Output PLS, 2017

Result of the first hypothesis test showed that apparatus competency influenced positively toward pengelolaan dana desa, this can be seen from table 4 in which T-Statistic of apparatus competency was 4,196 more than T- table (0,164) therefore this can be concluded that hypothesis accepted. P value was 0,000 smaller than alpha 5% that means significant.

Result of the second hypothesis test showed that internal controlling management influenced positively toward pengelolaan dana desa in which T-

Statistic score of asset inventory was 0,919 less than T-Table 1,64 therefore this can be concluded that the second hypothesis was rejected. P-value was 0,002 smaller than alpha 5% that means significant.

Result of the third hypothesis test showed that asset inventory did not influence toward pengelolaan dana desa in which t-statistic was 0,919 less than t-table 1,64 therefore this can be concluded that the third hypothesis was rejected. P-value was 0,179 smaller than alpha 5% that means significant.

Result of the fourth hypothesis showed that pengelolaan dana desa influenced in transparency of funding report, in which t-statistic score of pengelolaan dana desa was 20,575 more than t-table 1,64 therefore this can be concluded that the fourth hypothesis was accepted. P-value was 0,000 smaller than alpha 5% that means significant.

4.4 Discussion

4.4.1 The Influence of Apparatus Competency toward Management of Village Fund

Based on the result of test, this gave empiric proof that apparatus competency influenced toward pengelolaan dana desa. This is analogous with Ismail (2016) and Safwan (2014) which stated that strength of human resource in village has not significantly done pengelolaan dana desa.

Contribution of Stewardship Theory in management of village fund where every individual was engaged in pengelolaan dana desa worked with giving priority of organization interest and did not see individual for principle justice.

Result of statistical analysis proved that apparatus competency influenced positively in pengelolaan dana desa. This means that village apparatus must have knowledge about regulation of village fund management, talent, especially accounting skill, was needed also motivation to work responsibly and also culture implemented in village government. With success of management of village fund, program arranged by village government in regional government budget of village has been in exact target supported by competency of quality apparatus.

4.4.2 The Influence of Internal Controlling System toward Village Fund

Result of analysis in system of internal controlling influenced positively toward pengelolaan dana desa. In village government, internal controlling environment was implemented to build its internal system; those were scoring of work risk, evaluation

of work result, and needed information and communication in effort of village government to improve service to society. (Government Regulation number 60 year 2008).

Village government in perspective of stewardship theory was able to do mandate from principle with strengthening its organization through internal system of village to give maximal service to principle (society) in this case, this looked clearly that village government gave priority of its organization interest to execute mandate from society.

4.4.3 The Influence of Asset inventory toward Management of Village Fund

Result of statistical test did not prove that asset inventory influenced positively toward pengelolaan dana desa. This was not analogous with Permatasari's research (2015) concluded that pengelolaan dana desa was done with management which was utilized and done inventory of village asset. Research of Simamora (2013) found that quality of funding report was influenced by scoring of asset in taking data collection but from analysis of statistical test was not able to give empirical proof that asset inventory influenced positively toward management of village fund.

From phenomena, this happened that asset inventory in government of village was done maximally. Inventory in regional government regulation number 1 year 2016 was a process of taking data collection and code of village properties, those are permanent asset, fluent donation therefore stewardship was rejected.

4.4.4 The Influence of Village Fund Management toward Funding Report Transparency

Based on results of statistical analysis, this can be seen that pengelolaan dana desa influenced positively and significantly in funding report transparency. In concept of stewardship Theory, village government as principle in doing mandate that managed village fund had been done with more emphasizing organization in which still engaged society in realization of programs. Result of fund management was delivered to principles (society) through village parliament agency with funding responsibility report. This indicated that village government has transparently explored result of funding report to society that will cause to improve social belief toward government. This was analogous with Siagian's research (2016) in his research found that factors obstructed implementation of village funding

management was the lack of funding information transparency.

5 CONCLUSIONS

Based on the results of data analysis, this test showed that apparatus competency influenced positively in management of village fund. This means that pengelolaan dana desa was needed knowledge about regulation of village fund management to have skill especially skill of accounting and needed also motivation to be able to work responsibly and implemented in village government.

System of internal controlling influenced positively in pengelolaan dana desa. This means that in village government environment of internal controlling was implemented internal systems that were scoring of work risk, evaluation of work result, and needed information and communication in village government to improve service in society.

Inventory of asset village from the result of analysis did not have positive influence toward pengelolaan dana desa. This means that inventory of village funds were asset data collection and asset report which were done in one time in a year because: 1) human resource in village was still limited; 2) village government has not done the entry more detail including to give code or agglomeration of village properties; 3) arrangement of report was often ignored.

The results of this test was expected to be able to be references for writers in writing of thesis with adding bigger variables and samples and improving higher data analysis (Ghozali & Latan) to get better results and increasing the other factors deeply which influenced pengelolaan dana desa.

Even though the implication from this test can be used for local government in east Lombok especially and government in Indonesia generally to be able to improve quality of pengelolaan dana desa from development factors of village apparatus management, system of internal controlling of village and more paid attention the inventory of village asset.

Restrictiveness from this test gave direction for next researchers in thesis research to be able to test the implication from pengelolaan dana desa as the moderation of funding report transparency.

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