

# The Effect of Village Policy, Village Financial Accountability, Utilization of Information Technology, and Community Participation on the Effectiveness of Village Fund Financial Management with Village Device Competence as a Moderating Variable (Study in Marbau District - Aek Kuo, North Labuhanbatu)

Monica Dwi Sani<sup>1</sup>, Idhar Yahya<sup>2</sup>, Keulana Erwin<sup>3</sup>

<sup>1,2,3</sup>Department of Accounting, Faculty of Economics and Business, Universitas Sumatera Utara, Indonesia

Corresponding Author: Monica Dwi Sani

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## ABSTRACT

This study aims to determine and analyze the influence of village policies, village financial accountability, the use of information technology, and community participation on the effectiveness of village fund management with the competence of village officials as a moderating variable in Marbau and Aek Kuo sub-district in North Labuhanbatu. This method uses a quantitative survey by distributing questionnaires to the community in 25 Marbau and Aek Kuo sub-district villages. Determination of this sample using a non-probability sampling method with a purposive sampling technique by determining the sample criteria and obtaining a sample of 197 respondents. Data were analyzed using descriptive statistical analysis and Partial Least square structural equation modeling (PLS-SEM) analysis with the SmartPLS software program.

The results of this study indicate that village policies, village financial accountability, and community participation have a positive and significant effect on the effectiveness of village fund financial management. In contrast, information technology has no positive or significant effect on the effectiveness of village fund financial management. The competence of village officials also strengthens or moderate village policies, village financial accountability,

village financial accountability, and community participation in the effectiveness of village fund financial management in the Marbau sub-district and Aek Kuo sub-district.

**Keywords:** *effectiveness of village fund financial management, competency of village apparatus, village policy, village financial accountability, utilization of information technology, and community participation*

## INTRODUCTION

The village head and staff run village administration according to their respective positions. 2015 was the first year for Indonesia to distribute Village Funds according to the mandate of Law No. 6 of 2014. The government allocated village funds that were quite large. Ultimately, it required an institution with solid capacity and human resources, both in the village government apparatus, the community involved, and village assistants.

According to the Village Law, Village funds originate from the APBN, which are earmarked for villages transferred through the Regency/City APBD and used to finance government administration, development implementation, coaching, and community

and community empowerment. Government Regulation No. 8 of 2016, the central government allocates village funds to be distributed to all villages in Indonesia. Village funds are allocated to 74,961 villages in 434 districts/cities throughout Indonesia. Data shows that in 2020 and 2021, the government will increase the allocation of village funds by 72 trillion rupiahs. However, in 2022 the budget for village funds will decrease by 4 trillion rupiahs to 68 trillion rupiahs. Calculating the ceiling Funds are calculated and determined through several factors and formulated as follows: basic allocation of 65%, formula allocation of 30%, affirmation allocation of 1%, and performance allocation of 3%.

The Village Fund Allocation (ADD) will be channeled from the state general treasury account to the village treasury account through the regional general treasury. It will be carried out on the same date. Each village in North Labuhanbatu will receive a proportional allocation of village funds per North Labuhanbatu Regent Regulation No. 16 of 2021 procedures for distribution, determination of amount, distribution, and use of allocated funds with a weight of 70% and 30%. Village fund allocation with a weight of 30% will be distributed evenly to all villages, and 70% village fund allocation with the formula for the number of hamlets, number of village residents, poverty rate, village area, and geographic difficulty index (IKG). The proportional village fund allocation amount will be further divided by respective weights, 32.5% for the number of hamlets, 40% for the population, 5% for the poverty rate, 2.5% for the area of the village, and 20% for the IKG. The following table shows the village fund receipt budget for the Marbau sub-district in 2020, 2021, and 2022.

**Table 1. Marbau-Aek Kuo District Village Fund Receipts for 2020-2022**

No.	District	2020	2021	2022
1	Marbau	25.807.969.622	26.076.483.036	24.182.012.519
2	Aek Kuo	12.957.790.927	13.173.185.657	13.173.185.657
Total Village Fund Revenue 2 Districts		38.765.760.549	39.249.668.693	37.355.198.176

Source: Village Community Empowerment Service (PMD) of North Labuhanbatu

Indonesia was affected by Covid-19 in 2020 from March to the end of 2022. The spread of Covid-19 has impacted social, economic, and community welfare. The government issued Regulation of the Minister of Villages, Higher Regional Development and Transmigration of the Republic of Indonesia No. 6 of 2020. Village funds that have been channeled are diverted to handlers of Covid-19 to anticipate the impact on Indonesian society. The current use of village funds is also directed toward supporting economic recovery and priority sectors to accelerate the development and empowerment of rural communities.

Village Fund receipts received from the central government and local governments to village governments are expected so that villages can be self-sufficient and support sustainable development, which is the current national goal. The policy for Transfers to Regions and Village Funds (TKDD) in 2022 is to strengthen the quality of fiscal decentralization, which is directed at economic recovery and improving the quality of implementation to support regional performance. The most straightforward standard for the success of fiscal decentralization is the effectiveness and efficiency of village fund distribution and allocation and how these funds are used. The 2022 Village Fund Policy is a refinement of allocation policies, improvement of synchronization and harmonization, policy and use, and the imposition of sanctions to stop distribution if there are problematic villages or the Village Head misuses Village Funds. It is hoped that the improvement of the village fund allocation policy for 2022 will positively impact the process of its

distribution and utilization. The calculation and determination of village fund ceilings have so far been carried out by the Regional Government (Pemda). They will be officially stipulated in a Regional Head Regulation (Perkada). However, the calculations and determinations designed per village are expected to speed up the process because the distribution is directly from the General Treasury Account State (RKUN) to the Village Cash Account (RKDes).

The research results by Elsyra et al. (2021) showed that implementing village policies influences the effectiveness of village fund management programs. This result aligns with Sengaji (2018) and Fahri (2017), in contrast to the results of research conducted by Irwandi et al. (2019), which stated that the financial management of village funds was not effective and efficient in village policies. This study also states that in implementing village policies, there are no provisions in conducting and supervising managed village assets, resulting in misuse in implementing village fund financial management.

There are still many cases of misuse of village funds. Based on the results of data from the Indonesian Corruption Watch (ICW), there were 169 corruption cases in Indonesia during the first semester of 2020. Of the 169 cases, corruption in village funds was the highest, with 44 cases. This case caused the state to suffer a loss of IDR 32.3 billion. This is caused by the village government not understanding the rules, so it is not optimal to utilize village funds that have been received according to their designation. In addition, the quality of human resources managing village funds is also very minimal, plus control from the central government and the community to supervise village heads in utilizing village funds is still far from what was expected.

Village head misappropriation of village funds was also carried out by the Head of Lobu Rampah Village in Marbau District in 2021, who was found guilty of committing

acts of corruption in misappropriating the village fund budget and causing losses to the state of Rp 399,019,885. The village head of Lobu Rampah keeps, uses, and manages the budget funds that have been set himself without involving village officials. The general treasury book of Lobu Rampah Village records expenditures in the implementation of activities in administration, community development, and community empowerment in the amount of Rp. 558,110,087, but evidence of spending on the realization of activity implementation is only Rp. 409,370,000. The village head of Lobu Rampah also did not carry out activities per the established Budget Plan (RAB). A similar incident also occurred in Bulungihit Village, where the Head of Bulungihit Village became a suspect in corruption in managing the village budget. It caused losses to the state of Rp. 967,274,848. Therefore, it is essential to know the level of accountability for managing village funds to achieve the government's goal of allocating village funds properly.

Research conducted by Rasman (2018) found that village apparatus did not understand and understand the assigned functions and responsibilities, the lack of technical and administrative skills was caused by the lack of training attended by village apparatus from the relevant government, and the lack of facilities and salaries that had not been sufficient for everyday life. In line with the research conducted by Yusnita & Salfutra (2021), in their findings, they said that it was hoped that there would be training involvement for each village apparatus in increasing competency and skills at work, both in data archiving training, computer training and also making financial reports.

The results of research conducted by Hindrayani & Wati (2021) state that the competence of village officials has a positive and significant effect on the effectiveness of managing village funds. In contrast to the results of research conducted

by Juniarti & Rakhmawati (2022), the competence of village officials does not affect the effectiveness of managing village funds.

Effective accountability can be realized if the information conveyed is easy to understand. As the party that trusts the village government to manage village fund finances, the village community has the right to obtain financial information to evaluate the village government.

The research results of Putra & Rasmini (2019) concluded that the financial accountability of village funds has a positive effect on the effectiveness of village fund financial management. In contrast to the research results conducted by Ediyanto & Aqfir (2020), they concluded that accountability has no significant effect on managing village fund allocations and village funds. This was reinforced by the statement of one of the community members and a youth leader in Salumpaga Village as a research village which stated that the community did not know about village development activities because there was no information the local community could access. The village community is also not involved in implementing and determining the budget. The existence of KKN practices from local village officials also makes the financial management of village funds ineffective and only benefits specific individuals and groups.

The importance of effectiveness, efficiency, and information technology use is an essential indicator in managing village funds (Juniarti et al., 2022). Information technology in village government aims to simplify and minimize errors in carrying out financial management, making the implementation more effective and efficient. Nursin et al. (2023) concluded that using information technology has a positive and significant effect on the effectiveness of village fund financial management. This result aligns with Kuncahyo (2022) and Maharani (2021). In contrast to research conducted by Muh (2019), which stated that

the use of information technology did not have a positive effect on the effectiveness of village fund financial management, this was due to the lack of awareness, responsiveness, and alertness of the village government in advancing information technology in the use of available information technology.

The role of the community in participating and being involved in budgeting, implementing, and supervising the financial management of village funds is crucial. Putra & Rasmini (2019) state that public participation is needed to provide input in preparing budget directions and policies to realize an adequate budget. The community is expected to be involved in preparing the APBD and controls all government policies in the field. Various irregularities are very likely to occur without solid control from the community.

Community involvement will also create excellent and effective village fund financial management and alignment of the principles of good governance by prioritizing the public interest and managing village fund finances. Permatasari (2021) and Zaki et al. (2023) concluded in their research that community participation positively affects the effectiveness of village fund financial management. In contrast to the results of research conducted by Maina et al. (2022), community participation does not positively affect the effectiveness of village fund financial management.

Good village fund financial management must prioritize effectiveness. Effectiveness is a measure that shows how far the target can be achieved. Effectiveness must be an illustration to the village in the financial management of village funds that have been planned and targeted beforehand. Effectiveness in advancing village governance can be realized by strengthening the quality of fiscal decentralization directed at economic recovery and improving the quality of implementation to support the regional performance of various activities



by advancing the village economy following the central government's goals.

Based on the descriptions, phenomena, and gaps from the results of previous research, the authors assume that it is necessary to conduct research that focuses on discussing village policies, village financial accountability, the use of information technology, and community participation. The author also wants to add the competence of village officials as a moderating variable because the author assumes that village officials are patrons or have influence in the community in managing village fund finances. Therefore, village officials must be competent in fulfilling their obligations as assistant staff to the village head of government. The village, as written in Permendagri No. 67 of 2017 regarding village apparatus. Therefore, the authors are interested in conducting research entitled "The Influence of Village Policies, Village Financial Accountability, Information Technology Utilization, and Community Participation on the Effectiveness of Village Fund Financial Management with the Competence of Village Officials as Moderation Variables (Study in Marbau District - Aek Kuo, North Labuhanbatu)."

## **LITERATURE REVIEW**

### **Effectiveness of Village Fund Financial Management**

Permendagri No. 20 of 2018 states that there are three sources of village fund income, namely:

1. Village original income (PADes).
2. Transfers include village funds, a share of the proceeds from regional taxes, and levies from district/city APBD financial assistance.
3. Other income and legitimate village income.

Each village will receive a source of village income, which must be budgeted for or obtained from the APBN and APBD with details of the available funding sources.

The effectiveness of village fund management, namely everything related to village fund budgeting, must be according to the desired target and can be accounted for in a timely and efficient manner. Village financial management is all activities that include planning, implementing, administering, reporting, and accountability of village finances in the form of Reports on the Realization of the Implementation of APBdes, Village Regulations, Reports on Village Assets, and Accountability Reports to the Regent/Mayor periodically and to the community.

Village fund financial management has activity stages such as planning, implementation, and evaluation, as well as responsibility for activities that have been carried out and must be based on open principles. The responsibilities of the village government and community participation are carried out in an orderly and obedient manner to create good governance in implementing the village government.

In this study, the variable effectiveness of village fund financial management is measured by the indicators used in Ayuandani & Muniruddin's research (2022), which consists of 1. Planning; 2. Achievement of goals; 3. Punctuality; 4. According to benefits; 5. As expected.

### **Village Apparatus Competency**

According to Pramita (2021), the competencies possessed by village fund managers are the main requirement for village fund management to run well. The competence of village officials is necessary so that the management of village funds for the development of various aspects can be achieved by using intelligence, knowledge, skills, and behavior/attitudes to create optimal village development. Village officials must have the knowledge, skills, and attitudes to manage village fund finances so that they run effectively and efficiently by their respective positions and functions in each field optimally carrying

out village government programs.

Each village apparatus must have three leading indicators: knowledge of village fund management per applicable regulations, the ability or skills both technically and administratively, and village officials must also have an attitude of work and courtesy towards colleagues, superiors, and especially service to the village community.

In this study, the competency variables of village officials were measured by the indicators used in Rasman's research (2018), which consisted of, 1. Knowledge; 2. Skills; 3. Attitude.

### **Village Policy**

Village policy is one of the implementations of fiscal decentralization in making policies under village issues and problems in managing village fund finances following the agency theory that the role of the village government is to make decisions to develop and determine strategies for managing village funds effectively. Increasing the effectiveness of village fund financial management through policies set by the village government will make the principal believe that the agent has worked as desired. Good village governance will also create good governance following the fundamental aspects of good governance, namely the existence of fair legal policies without prioritizing certain groups and achieving the vision of village government and society in streamlining the financial management of village funds.

In this study, researchers used indicators Purwanto (2015) used to assess village policies, including 1. Access; 2. Biased; 3. Service Accuracy; 4. Accountability; 5. Appropriateness of programs and needs.

### **Regional Financial Accountability**

Accountability is intended as a mechanism for public officials' performance, described through actions

that follow regulations and ethical behavior. Accountability plays an essential role in the effective financial management of village funds. Honesty in running the government will win the trust of all parties. As an agent, the government must be able to manage the finances of village funds effectively, and agents must not act opportunistically and commit fraud in their responsibilities. The agent must be responsible for issuing financial reports that can be accessed by the principal for each program implemented. Sulila (2019) stated in his research results that in the principles and principles of village fund allocation management, accountability must be prioritized to manage village funds effectively.

This study measures the accountability variable for managing village fund finances using indicators found in Siregar's research (2021), namely, 1. Goals achieved; 2. The village government is involved in managing village funds; 3. The implementation team performs supervision; 4. The village fund manager provides an accountability report.

### **Utilization of Information Technology**

Information technology is not only used to assist the village government when implementing village funds in conveying information related to village funds that have been implemented. Village fund financial management can be done through the Village Financial System (Siskeudes). The resulting output is in the form of administrative documents and reports under applicable law. The Siskeudes application is one of the uses of information technology that is software and used to realize accountable, efficient, effective financial management of village funds, and its use is online.

The indicators used to measure the utilization of information technology are found in Nursin et al.'s research (2023),

including 1. Use; 2. Computerized process; 3. Availability of software and hardware; 4. Network availability; 5. Maintenance.

### Society Participation

Agency theory explains the agency relationship in which the community is the principal so that the community's right to be accountable for managing village funds is to the village government as the agent. Community participation is also one of the aspects of creating good governance theory by directly or indirectly involved in making decisions in channeling their aspirations. The involvement of the community's role in government activities impacts the process of evaluating and monitoring good government performance and minimizing abuse of authority.

In this study, researchers used research indicators used by Walyati (2020) and Ayuandani & Muniruddin (2022), including: 1. Community involvement in the decision-making process; 2. Contribution of ideas and thoughts; 3. Moral contribution; 4. Community involvement in program implementation; 5. Community involvement in supervision.

H1: Village policies have a positive and significant effect on the effectiveness of village fund financial management

H2: Financial accountability of village funds has a positive and significant effect on the effectiveness of village fund financial management

H3: The use of information technology has a significant and positive effect on the effectiveness of village fund financial management

H4: Community participation has a positive and significant effect on the effectiveness of village fund financial management

H5: The competence of village officials can moderate village policies on the effectiveness of village fund financial management

H6: The competence of village officials can moderate village financial accountability on the effectiveness of village fund financial management.

H7: The competence of village officials can moderate the use of information technology on the effectiveness of village fund financial management.

H8: The competence of village officials can moderate community participation in the effectiveness of village fund financial management.

### Framework

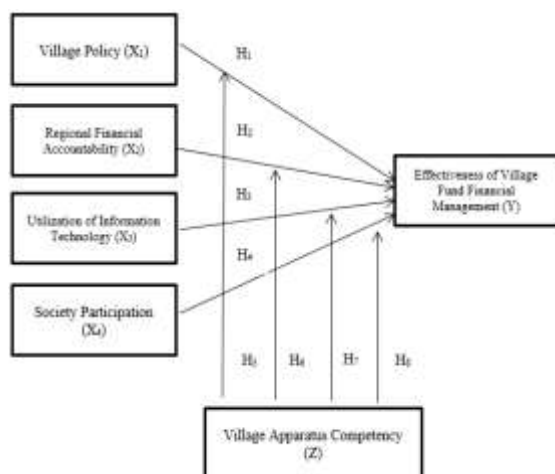


Figure 1. Framework

### MATERIALS & METHODS

The design of this research is causal associative research. Causal associative is a research problem formulation that asks the relationship between two or more variables that have a causal relationship (Sugiyono, 2019).

This research method uses a survey method. The type of data used in research is primary data. This primary data is obtained directly from the source or respondents with a questionnaire.

The population in this study were all village officials working in the village government environment in Marbau District, North Labuhanbatu Regency.

Sampling in this study used a non-probability sampling method, namely the purposive sampling technique. Sugiyono (2019) states that the method of determining the sample with specific considerations, sample members will be selected so that the sample formed can represent the characteristics of the population. The sample criteria in this study are as follows:

1. Respondents who manage village finances according to Permendagri 20 of 2018.
2. Respondents who have work experience at the Village Office for at least one year, it is assumed that village officials who have worked for one year have experience managing village fund finances.
3. Chairperson of the Village Representative Body (BPD) as communi was epresentative in 25 Marbau District and Aek Kuo District villages.

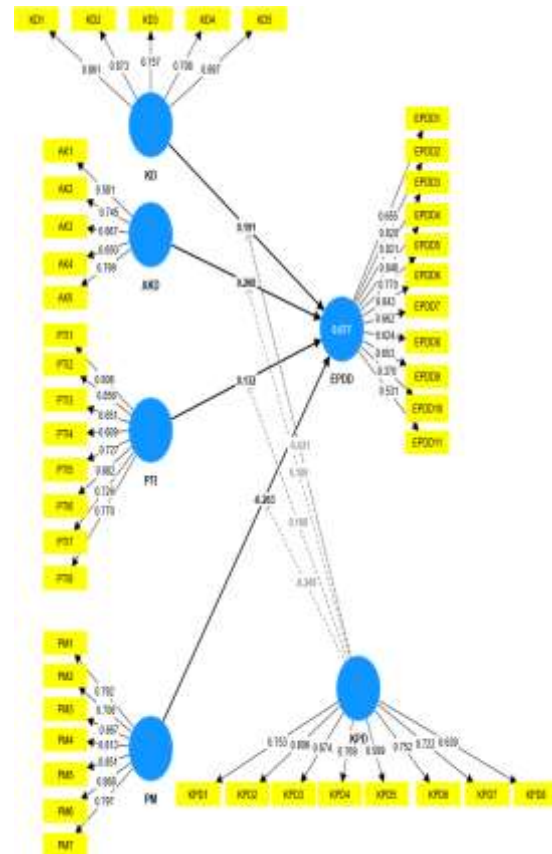
Based on these criteria, the number of samples in this study was 153 respondents. Respondents were taken from 25 villages in Marbau District, North Labuhanbatu Regency, with 7 or 9 people from each village meeting the criteria. This study uses a Likert measurement scale. The Likert scale measures the attitude of the subject who is asked to agree or disagree with each question in the questionnaire (Noor, 2014). Variable measurement in this study uses a Likert scale which will be assessed with points 1 to 5. The data analysis technique in this study used the Smart PLS (Partial Least Square) programming.

## RESULT

### A. Data Quality Testing

#### 1. Evaluation of the Measurement Model (Outer Model)

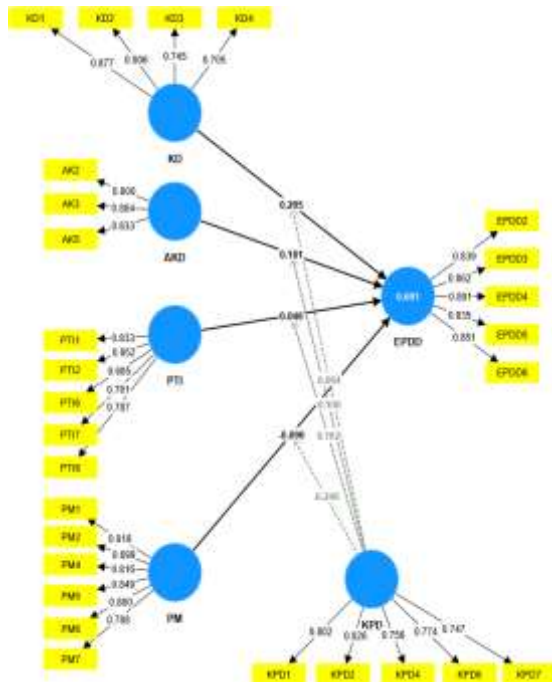
##### Loading Factor Test Results



Source: Processed with SmartPLS, 2023  
Figure 2. PLS Algorithm Calculation Output Display Before Reduction

Based on the picture above, it can also be seen that there are indicator items that are declared invalid. This can be seen in the loading factor value, which is still less than 0.7. The existence of a loading factor value that is smaller than 0.7 is most likely due to bias in the questionnaire questions given to respondents or the presence of respondent perception bias. Thus, seeing that there are still items that are not feasible to measure latent variables, it is necessary to reduce (simplify) the use of indicators in variables by removing item items declared invalid and not including the reduced indicators when the estimation is carried out again. After reducing the indicators in each variable, the PLS Algorithm is calculated again, and the following output is obtained in Figure 3:





Source: Processed with SmartPLS, 2023

Figure 3. PLS Algorithm Calculation Output Display After Reduction

From the picture above, loading factor values in the variables is greater than 0.7, which means that the indicators are declared valid so that they are feasible to use in this study.

### Convergent Validity Test Results

Table 2. Average Variance Extracted (AVE) Value

Variable	AVE	Result
Village policy	0.661	Valid
Village financial accountability	0.705	Valid
Utilization of information technology	0.666	Valid
Society participation	0.699	Valid
Village apparatus competency	0.611	Valid
The effectiveness of village fund financial management	0.733	Valid

Source: Processed with SmartPLS, 2023

Provisions regarding the measurement parameters (rule of thumb) of the measurement model (outer model) that AVE is considered to have met convergent validity if the AVE value is greater than 0.50 (Ghozali and Hengky, 2015). So based on the table of AVE values above, the AVE value of each construct is valid so that the construct meets convergent validity.

### Reliability Test Results

Table 3. Composite Reliability Value

Variable	Composite Reliability	Result
Village policy	0.838	Reliable
Village financial accountability	0.806	Reliable
Utilization of information technology	0.835	Reliable
Society participation	0.900	Reliable
Village apparatus competency	0.843	Reliable
The effectiveness of village fund financial management	0.911	Reliable

Source: Processed with SmartPLS, 2023

Based on Table 3 above, the composite reliability value of each construct is above 0.70, so it can be stated that the indicators used in this study have fulfilled good reliability.

Table 4. Cronbach's Alpha Value

Variable	Cronbach's Alpha	Result
Village policy	0.824	Reliable
Village financial accountability	0.792	Reliable
Utilization of information technology	0.833	Reliable
Society participation	0.892	Reliable
Village apparatus competency	0.841	Reliable
The effectiveness of village fund financial management	0.909	Reliable

Source: Processed with SmartPLS, 2023

Based on Table 4 above, it can be seen that Cronbach's alpha value for each construct is above 0.70, so it can be stated that the indicators used in this study have met good reliability.

### B. Hypothesis Test

#### 1) Structural Model Test Results (Inner Model)

Testing the estimated outer model and obtaining an ideal model per the research conceptual framework, the next thing to do is to test the structural model (inner model). Hair et al. (2019) explained that the evaluation of the structural model is related to testing the hypothesis of the influence between research variables. Examination of the inner model is carried out through three stages: testing the variance inflated factor (VIF) to see that there is no multicollinearity between latent variables, testing the direct effect hypothesis, and the moderating influence hypothesis.

## Multicollinearity Test

Table 5. Variance Inflation Factor (VIF) Value

Variable	VIF
Village policy	2,179
Village financial accountability	2,700
Utilization of information technology	2,342
Society participation	2,575
Village apparatus competency	2,234
The effectiveness of village fund financial management	2,216
Village apparatus competency X Village policy	2,742
Village apparatus competency X Village financial accountability	2,337
Village apparatus competency X Utilization of information technology	2,367
Village apparatus competency X Society participation	2,265

Source: Processed with SmartPLS, 2023

Provisions regarding the VIF value are  $< 5$ . If the VIF value is  $> 5$ , there is a collinearity problem. According to Table 5, it can be stated that there is no multicollinearity in each variable.

## 2) Testing the Direct Effect Hypothesis

Table 6. Path Coefficient

Variable	Original Sample	T statistic	P value
Village policy $\rightarrow$ The effectiveness of village fund financial management	0.202	2.768	0.006
Village financial accountability $\rightarrow$ The effectiveness of village fund financial management	0.161	1.971	0.002
Utilization of information technology $\rightarrow$ The effectiveness of village fund financial management	0.066	0.893	0.372
Village apparatus competency $\rightarrow$ The effectiveness of village fund financial management	0.217	2.129	0.023

Source: Processed with EViews (2023)

The results of testing with bootstrapping in this study from the PLS analysis are as follows:

1. Village policies significantly positively affect the effectiveness of village fund financial management. Hypothesis 1 is accepted.
2. Village financial accountability has a significant positive effect on the effectiveness of village fund financial management. Hypothesis 2 is accepted.
3. Information technology has no significant effect on the effectiveness of village fund financial management. Hypothesis 3 is rejected.
4. Information technology has no significant effect on the effectiveness of

village fund financial management. Hypothesis 4 is accepted.

## 3) Testing the Results of the Moderation Effect Hypothesis

Table 7. Moderation Test Results

Variable	Original Sample	T Statistic $> 1.96$	P Value
Village apparatus competency x Village policy $\rightarrow$ The effectiveness of village fund financial management	0,058	2,224	0,033
Village apparatus competency x Village financial accountability $\rightarrow$ The effectiveness of village fund financial management	0,145	2,101	0,002
Village apparatus competency x Utilization of information technology $\rightarrow$ The effectiveness of village fund financial management	0,178	1,965	0,049
Village apparatus competency x Society Participation $\rightarrow$ The effectiveness of village fund financial management	0,245	2,435	0,015

Source: Processed with SmartPLS, 2023

The table above shows that:

1. The competence of village officials strengthens the relationship between village policies and the effectiveness of village fund management, as evidenced by a statistical value of 2.224, which is greater than ttable (1.96) with a p-value of 0.033, less than 0.05.
2. The competence of village officials strengthens the relationship between village financial accountability and the effectiveness of village fund management, as evidenced by a statistical value of 2.101, which is greater than the ttable (1.96) with a p-value of 0.002, smaller than 0.05.
3. The competence of village officials strengthens the relationship between the use of information technology and the effectiveness of village fund management as evidenced by a statistical value of 1.965, which is greater than the ttable (1.96) with a p-value of 0.049, less than 0.05.
4. The competence of village officials strengthens the relationship between community participation and the effectiveness of village fund management as evidenced by a statistical value of 2.435 which is greater than ttable (1.96) with a p-value of 0.015 which is smaller than 0.05.

#### 4) Evaluate the goodness and fit of the model

Table 8. R-Square value

Variable	Value
The effectiveness of village fund financial management	0,690

Source: Processed with EViews (2023)

Calculating the R-Square value in the table above shows an R-Square value of 0.690. It shows that 69% of the variable effectiveness of village fund financial management is influenced by village policy variables, village financial accountability, utilization of information technology, community participation, competency of village officials, and other variables that influence the remaining 31%.

The influence of the moderation effect size can be seen in the F-Square table. Through these results, the effect of moderation has a low influence, medium influence, and high influence.

Table 9. Effect Size Moderating Test

Variable	F-Square
Village apparatus competency X Village policy	0,451
Village apparatus competency X Village financial accountability	0,033
Village apparatus competency X Utilization of information technology	0,031
Village apparatus competency X Society Participation	0,048

Source: Processed with EViews (2023)

Based on Table 9, the competence of village officials moderates village policies on the effectiveness of village fund financial management with a high level of influence with a value of 0.451. At the same time, the other three variables have a low level of influence because they have values  $> 0.02$  and  $< 0.15$ . The village financial accountability variable has an F-Square value of 0.033, the use of information technology has an F-Square value of 0.031, and community participation has an F-Square value of 0.048.

## CONCLUSION

Based on the research results, it can be concluded that:

1. Village policy has a positive and

significant effect on the effectiveness of village fund financial management in the village government of Marbau sub-district and Aek Kuo sub-district in North Labuhanbatu Regency.

2. Village financial accountability has a positive and significant effect on the effectiveness of village fund management in the village government of Marbau sub-district and Aek Kuo sub-district in North Labuhanbatu Regency.

3. Information technology has no positive and significant effect on the effectiveness of village fund financial management in the village government of Marbau sub-district and Aek Kuo sub-district in North Labuhanbatu Regency.

4. Village policy has a positive and significant effect on the effectiveness of village fund financial management in the village government of Marbau sub-district and Aek Kuo sub-district in North Labuhanbatu Regency.

5. The competence of village officials moderates or strengthens village policies with a strong influence on the effectiveness of village fund financial management in the village government of Marbau District and Aek Kuo District in North Labuhanbatu District.

6. The competence of village officials moderates or strengthens village financial accountability with moderate influence on the effectiveness of village fund management in the village government of Marbau District and Aek Kuo District in North Labuhanbatu District.

7. Competence of village officials moderates or strengthens the use of information technology with moderate influence on the effectiveness of village fund management in the village government of Marbau District and Aek Kuo District in North Labuhanbatu District.

8. Competence of village officials

moderates or strengthens community participation with moderate influence on the effectiveness of village fund financial management in the village government of Marbau District and Aek Kuo District in North Labuhanbatu District.

## RESEARCH LIMITATIONS

The results of this study have limitations, including:

1. There are limited time and human resources. This research was only conducted in the sub-districts of Marbau and Aek Kuo, so it does not yet reflect the condition of the village government in the effective financial management of village funds in North Labuhanbatu Regency.
2. The independent variables in this study could only influence the effectiveness of village fund financial management in the village government of Marbau District and Aek Kuo District by 69%. The rest were influenced by other factors not included in this study.

## SUGGESTION

Some recommendations that can be given in this study are as follows:

1. This research is focused on village governments in Marbau District and Aek Kuo District in North Labuhanbatu District. For future researchers, it is possible to replicate the variable effectiveness of fund management in village administration in other regions to strengthen the results of this study and explore the level of effectiveness in managing village fund finance in all village governments in other regions in Indonesia.
2. For future researchers interested in researching the effectiveness of village fund financial management at the village government, it is hoped that they will be able to add other variables beyond this research

variable. It is necessary to pay attention and review the selection of variables if you use the following variables in the same study, which are related to the variable of information technology utilization because, in this study, it shows an insignificant relationship.

3. For the village government, it is hoped that it will streamline the financial management of village funds that have been programmed. Village officials are always expected to be able to work on the ethics and code of conduct of a government official in serving the community and always attend technical training to improve their ability to prepare village financial reports per the applicable laws and regulations.

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