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Factors Influencing the Quality of Village Fund Budget Financial Reports (Study in Anjani Village)

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ABSTRACT

This study aims to analyze the factors that influence the quality of village fund budget financial reports in Anjani Village, East Lombok Regency. A quantitative approach with multiple linear regression techniques was used in this study. The study population was all village officials and members of the Village Consultative Body (BPD) of Anjani Village, totaling 40 people, taken using a saturated sampling technique. The independent variables in this study include human resource competency (X1), implementation of the village government accounting system (X2), supervision (X3), leadership (X4), understanding of regulations (X5), and budget and facilities (X6), while the dependent variable is the quality of financial reports (Y). Data collection used a questionnaire measured on a Likert scale of 1-5 and analyzed using SPSS 26. The results showed that human resource competency, implementation of the village government accounting system, supervision, and understanding of regulations had a significant positive effect on the quality of financial reports, while leadership and budget and facilities did not have a significant effect. Simultaneously, the six independent variables had a significant effect on the quality of financial reports with a contribution of 72.4 percent.

INTRODUCTION

Village financial management has become a crucial aspect of village governance since the enactment of Law Number 6 of 2014 concerning Villages. This law grants village governments broad authority to manage resources and finances independently, including the Village Fund allocated annually by the central government. The substantial amount of Village Funds disbursed demands transparent, accountable, and accountable governance to the

community. One of the primary instruments for achieving this accountability is through the preparation of high-quality financial reports that meet standards and are presented in a timely manner.

Minister of Finance Regulation No. 205/PMK.07/2014 concerning Procedures for Village Fund Management and Minister of Village Regulation No. 19 of 2017 concerning Work Preparation, Data Collection, Assessment, and Determination of Village Development Priorities serve as the regulatory basis for village officials in preparing financial reports. Despite the availability of regulations, the reality on the ground shows that many villages still face obstacles in preparing financial reports that meet quality requirements. Some common problems encountered include low competency of village financial management officials, limited understanding of government accounting standards, weak internal oversight, and a lack of supporting reporting facilities.

Anjani Village, located in Sembalun District, East Lombok Regency, West Nusa Tenggara, is one of the villages that receives a significant amount of Village Fund allocation each year. Based on initial observations conducted by researchers, there are indications of problems in the preparation of financial reports in Anjani Village, including delays in report submission, non-conformity of formats with established standards, and suboptimal utilization of the Village Financial System Application (Siskeudes). This condition has the potential to reduce the level of accountability and transparency in village fund management and open up opportunities for irregularities.

Several previous studies have examined the factors influencing the quality of village government financial reports, but the results are varied and inconsistent. Research by Setiawan and Wirawati (2019) concluded that human resource competency significantly influences financial report quality, while research by Rahmawati et al. (2021) found this variable insignificant. Research by Indriasari (2015) demonstrated a positive influence of accounting and oversight systems on the quality of local government financial reports. Meanwhile, research by Listiani (2020) and Mardias (2022) provides evidence that leadership and regulatory understanding contribute to the quality of public sector financial reporting. The inconsistency in previous research findings creates a research gap that requires further investigation, particularly in the context of villages in Eastern Indonesia, which have distinct characteristics.

This study differs from previous research because it combines six independent variables simultaneously in one regression model: human resource competency, implementation of village government accounting systems, supervision, leadership, understanding of regulations, and budget and facilities. The study was also conducted on a specific object, namely Anjani Village, which has unique geographic, social, and economic characteristics. The purpose of this study is to analyze the partial and simultaneous influence of these six factors on the quality of village fund budget financial reports in Anjani Village. The results are expected to

contribute to the improvement of village financial governance policies and serve as an academic reference for further research.

RESEARCH METHODS

This study employed a quantitative approach with a causal associative approach, aiming to analyze the cause-and-effect relationships between variables. This approach was chosen because it aimed to test hypotheses and statistically measure the influence of independent variables on the dependent variable. The study was conducted in Anjani Village, Sembalun District, East Lombok Regency, West Nusa Tenggara. The study period was three months, from October to December 2024.

The population in this study was all village officials and members of the Village Consultative Body (BPD) of Anjani Village, totaling 40 people, consisting of the village head, village secretary, hamlet heads, heads of affairs (kaur), heads of sections (kasi), BPD members, and the village treasurer. The sampling technique used a saturated or census sampling method, so that all members of the population were selected as respondents. This technique was chosen because the population size is relatively small and each respondent has a strategic role in village financial management.

The variables in this study consist of independent variables including human resource competency (X1), implementation of the village government accounting system (X2), supervision (X3), leadership (X4), understanding of regulations (X5), and budget and facilities (X6). The dependent variable is the quality of the village fund budget financial report (Y). Data collection was carried out through the distribution of questionnaires measured using a five-point Likert scale, from 1 (strongly disagree) to 5 (strongly agree). Before use, the instrument was first tested for validity and reliability.

The data analysis technique used multiple linear regression with the help of IBM SPSS Statistics software version 26. Before conducting the regression test, a classical assumption test was conducted which included a normality test using the Kolmogorov-Smirnov method, a multicollinearity test by looking at the tolerance value and variance inflation factor (VIF), a heteroscedasticity test using the Glejser test, and an autocorrelation test using the Durbin-Watson test. The hypothesis was tested using the t-test for partial effects and the F-test for simultaneous effects, with a significance level of 5 percent. The coefficient of determination (R squared) was used to measure the contribution of the independent variable to the dependent variable. The operationalization of the variables is presented in Table 1.

Table 1. Operationalization of research variables

Variables	Indicator	Scale
Human Resources Competence (X1)	Education level, village financial training, work experience, accounting understanding	1-5

Village Accounting System (X2)	Implementation of Siskeudes, completeness of source documents, recording transactions, preparing reports	1-5
Supervision (X3)	Internal supervision by the Village Head, BPD supervision, Inspectorate supervision	1-5
Leadership (X4)	Leadership style, communication, division of tasks, decision making	1-5
Understanding Regulations (X5)	Knowledge of Village Law, Ministerial Regulation, PMK, government accounting standards	1-5
Budget and Facilities (X6)	Adequacy of operational budget, availability of computers, internet access, stationery	1-5
Financial Report Quality (Y)	Relevance, reliability, standards compliance, timeliness, completeness	1-5

RESULTS AND DISCUSSION

Respondent Characteristics

Based on the results of distributing questionnaires to 40 respondents, 40 questionnaires were returned and could be processed (response rate 100 percent). Respondent characteristics based on gender show that the majority of respondents are male, 28 people (70 percent) and female, 12 people (30 percent). Based on age group, the largest number of respondents are in the 41-50 years age range, 17 people (42.5 percent), followed by 31-40 years old, 13 people (32.5 percent), over 50 years old, 7 people (17.5 percent), and 20-30 years old, 3 people (7.5 percent). Based on education level, the majority of respondents have a high school education/equivalent, 21 people (52.5 percent), a bachelor's degree, 16 people (40 percent), and a postgraduate degree, 3 people (7.5 percent). This composition indicates that most village officials have a secondary education background, so that ongoing training is very important to improve village financial management competency.

Descriptive Statistics

Descriptive statistics provide an overview of respondents' perceptions of each variable. The calculation results show that the variable implementation of the village government accounting system (X2) has the highest average value of 4.12 with a standard deviation of 0.52, indicating that respondents have generally given a positive response to the implementation of Siskeudes. The variable understanding of regulations (X5) is in second place with an average of 3.98 and a standard deviation of 0.61. The variable budget and

facilities (X6) has the lowest average of 3.21 with a standard deviation of 0.68, indicating that supporting facilities and infrastructure for financial reporting still need to be improved. The dependent variable, namely the quality of financial reports, obtained an average of 3.67 with a standard deviation of 0.59. More details are presented in Table 2.

Table 2. Descriptive statistical results of research variables

Variables	Average	Standard Deviation
Human Resources Competence (X1)	3.87	0.58
Village Accounting System (X2)	4.12	0.52
Supervision (X3)	3.75	0.63
Leadership (X4)	3.82	0.55
Understanding Regulations (X5)	3.98	0.61
Budget and Facilities (X6)	3.21	0.68
Financial Report Quality (Y)	3.67	0.59

Classical Assumption Test

The normality test using the Kolmogorov-Smirnov method yielded a significance value of 0.213, which is greater than 0.05, indicating that the data are normally distributed. The multicollinearity test showed that all independent variables have a tolerance value greater than 0.10 and a variance inflation factor (VIF) value less than 10, indicating that multicollinearity does not occur. The heteroscedasticity test using the Glejser test showed that all variables have a significance value greater than 0.05, indicating that heteroscedasticity does not occur. The autocorrelation test yielded a Durbin-Watson value of 1.982, which is in the range of du to 4-du (no autocorrelation). Thus, all classical assumptions have been met and the regression model is suitable for use.

Results of Multiple Linear Regression Analysis

The results of multiple linear regression analysis show the following regression equation: Y = 1.234 + 0.287 X1 + 0.312 X2 + 0.241 X3 + 0.098 X4 + 0.224 X5 + 0.076 X6. The coefficient of determination (R square) value is 0.724 or 72.4 percent, which means that 72.4 percent of the variation in the quality of financial reports can be explained by the six independent variables, while the remaining 27.6 percent is explained by other variables outside the model. The results of the F test show a calculated F value of 14.832 with a significance of 0.000 which is smaller than 0.05, which means that simultaneously all independent variables have a significant effect on the quality of financial reports. The results of the t test are presented in full in Table 3.

Table 3. Results of the partial influence hypothesis test (t-test)

Variables	Beta Coefficient	t count	Sig.	Decision
Human Resources Competence (X1)	0.287	3,124	0.003	H1 accepted
Accounting System (X2)	0.312	3,587	0.001	H2 accepted
Supervision (X3)	0.241	2,781	0.008	H3 is accepted
Leadership (X4)	0.098	1,213	0.232	H4 is rejected
Understanding Regulations (X5)	0.224	2,547	0.015	H5 is accepted
Budget & Facilities (X6)	0.076	0.958	0.344	H6 is rejected
Constant	1,234	2,156	0.038	-

Discussion

The t-test results show that human resource competency (X1) has a significant positive effect on the quality of financial reports, with a coefficient value of 0.287 and a significance level of 0.003. This is consistent with attribution theory and research by Setiawan and Wirawati (2019), which states that the competency of financial management personnel is the primary determinant of reporting quality. Personnel with accounting education and training tend to prepare financial reports that are more in line with standards. In Anjani Village, the majority of village officials have participated in Siskeudes training, thereby improving their technical recording and reporting skills.

The implementation of the village government accounting system (X2) is the variable with the largest influence, namely 0.312 with a significance of 0.001. This result is in line with Indriasari (2015), who stated that a structured accounting system will produce more relevant and reliable financial reports. The use of Siskeudes in Anjani Village has been running well, although there are still obstacles in updating the application version. Consistency of recording through this system makes reports more consistent and auditable.

The supervision variable (X3) has a significant positive effect on financial report quality with a coefficient of 0.241 and a significance level of 0.008. These results confirm Mardias's (2022) finding that internal and external supervision reduce financial report misstatements. The BPD and the East Lombok Regency Inspectorate's supervision of Anjani Village has been ongoing, although its intensity can still be improved. Effective supervision encourages village officials to be more disciplined in preparing reports according to regulations.

Leadership (X4) did not significantly influence the quality of financial reports, with a significance value of 0.232, greater than 0.05. This result differs from Listiani (2020), who

found a significant effect. A possible reason is that in Anjani Village, the village head's leadership is more routine administrative, thus not placing significant pressure on the technical aspects of report preparation. Furthermore, the technical competence of the finance team is more dominant than leadership style in the context of village financial reporting.

Understanding regulations (X5) had a significant positive effect with a coefficient of 0.224 and a significance level of 0.015. These results support Mardias' (2022) research, which states that understanding regulations increases compliance in reporting. Anjani Village officials who understand Village Regulation Number 19 of 2017 and Ministerial Regulation Number 205 of 2014 tend to prepare reports in a standard format. This demonstrates the importance of regular regulatory dissemination.

The budget and facilities variable (X6) did not significantly influence the quality of financial reports with a significance level of 0.344. Although the lowest average perception was for this variable, the regression results showed that budget and facility limitations were not the main factors determining report quality. This indicates that despite limited facilities, village officials were able to adapt to existing conditions. This result differs from previous research that placed facilities as a significant variable. However, the geographical context of Anjani Village, located in a mountainous area with limited access, may have caused officials to improve personal competency to compensate for limited facilities.

CONCLUSION AND SUGGESTIONS

Based on the research results and discussion, it can be concluded that partially, human resource competency, implementation of the village government accounting system, supervision, and understanding of regulations have a significant positive effect on the quality of village fund budget financial reports in Anjani Village. Meanwhile, leadership and budget and facilities have no significant effect. Simultaneously, the six independent variables significantly influence the quality of financial reports, contributing 72.4 percent, while the remaining 27.6 percent is explained by other factors outside this research model.

Suggestions for the Anjani Village Government include continuously improving the competency of financial management personnel through regular training and technical assistance, particularly in mastering the Village Financial System (Siskeudes) and government accounting standards. Internal oversight by the Village Consultative Body (BPD) and external oversight by the Inspectorate need to be strengthened through more frequent reviews. Regular dissemination of regulations related to village fund management also needs to be conducted to ensure officials remain abreast of policy developments. For future researchers, it is recommended to add other variables such as organizational culture, integrity, and the use of information technology, as well as expanding the research object to several villages for greater generalizability of the results. The limitations of this study lie in the relatively small sample size (40 respondents) and the scope of only one village, so generalization of the results should be done with caution.

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