

Analysis of Village Apparatus Skills Through Optimization of Financial Reports with PodkeDs (Village Financial Digital Portal)

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Abstract

The village fund allocation budget has increased by 350% since 2015-2020. Village officials need to improve their competence and information technology, especially in terms of improving the quality of financial reports so that they are more accountable and planning is right on target. This study aims to test the effectiveness of the PodkeDs (Village Fund Digital Financial Portal) accounting information system in improving the quality of financial reports. The research subjects involved with the criteria used to take this sample being: 1) civil servant and non-civil servant employees, 2) playing a role in preparing financial reports at related agencies, 3) minimum work period of one year. The research output is expected to be of practical benefit to village government as well as being an enrichment to the study of financial information systems, especially in village government.

Keywords: Accounting information system, Financial reports, Government

BACKGROUND

Since the enactment of Law No. 6 of 2014, the central government has delegated decentralization authority to villages. Meanwhile, village autonomy gives the government the power to regulate and implement its own activities. Furthermore, the enactment of the law has resulted in a large flow of funds to the community. Since 2015, the central government has allocated funds from the State Budget (APBN) for all villages in Indonesia amounting to IDR 20.7 trillion, where each village receives an average of IDR 280 million. This amount increased by IDR 11 trillion from the 2014 allocation which was only IDR 9 trillion. The amount continued to increase from IDR 46.9 trillion in the 2016 budget period to IDR 60 trillion in the 2017 budget period and peaked in 2020 to IDR 72 trillion. (Ministry of Village Development, 2021). Villages receive cash from various sources other than the State Budget (APBN), including central fund transfers through the District/City Budget known as the Village Fund Allocation (ADD). Revenue from taxes, regional retribution deposits, budget injections from the Provincial and District/City governments, including grants and other legitimate revenues, all contribute to Village Original Income (PAD). However, the management of village income by the government often has undesirable impacts, such as embezzlement (corruption) by village officials as shown in Figure 1.1. At this point, quality and accountable village financial reports become crucial to be realized for the welfare of the village community itself.

The village financial report is a report on the fulfillment of the implementation of the Village Revenue and Expenditure Budget (APBDes) as regulated in the Regulation of the Minister of Home Affairs Number

113 of 2014 Article 37. The report is expected to provide high-quality information to help stakeholders make choices based on the values of openness, responsibility, involvement, and discipline, as well as a well-organized budget. A quality report is also a sign of good governance, which in this case requires the village government to adhere to the values of responsibility(Priananda, 2018)

LITERATURE REVIEW

Information Technology Supporting the Quality of Village Financial Reports

Technology has penetrated all sectors of life, including bureaucracy in government. According to Al-Zwyalif (2013), the use of information technology has implications and benefits for the advancement of accounting, such as financial reporting. This has also been implemented in Indonesian government villages, as seen from the widespread use of gadgets, cloud computing, and internet networks. Furthermore, the village financial system application launched in 2018 and has now been implemented as a government initiative in organizing village finances(Financial and Development Supervisory Agency, 2017).

The most significant influence of information technology on accounting, according to Ghasemi, Shafeiepour, Aslani, and Barvayeh (2011) is the development of a transaction system integrated with a computer that makes it easier for businesses to record and produce reports. Figure 2.1 shows the role and interaction of accounting information systems for stakeholders both inside and outside the organization. This is supported by the findings The Unknown (2018) who found that the use of information technology has implications for the quality of village financial reports. Wardani and Andriyani (2017) on the other hand, it stipulates that such use does not have a major impact on the accuracy of village financial accounts. In fact, the use of information technology in village financial management has a positive effect on the timeliness of the preparation process and the transparency of its implementation. In addition, it is expected to reduce human error and increase data accuracy in order to realize the principle of efficiency in village government.

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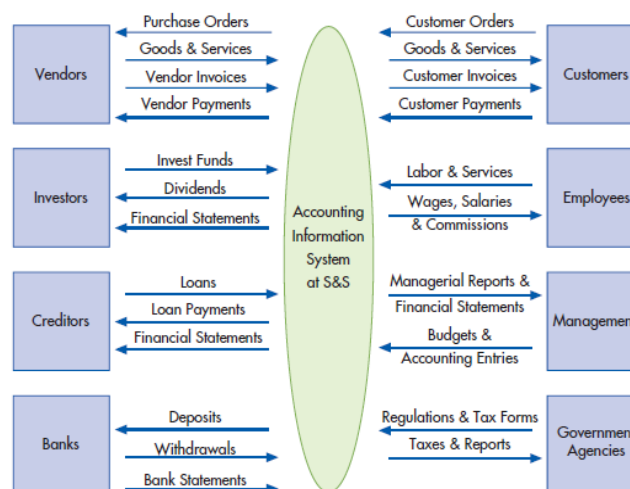


Figure 2.1 Interaction of accounting information systems for stakeholders inside and outside the organization(Romney, Steinbart, & Cushing, 2015)

Complaint Theory for the Quality of Human Resources and the Quality of Village Financial Reports, the most significant factors of an organization, according to Kluvers & Tippett (2010) are the people who work in it, with individual attitudes playing a big role in the public sector. Knowledge and skills are other key characteristics that can help officials in carrying out their responsibilities. (Inyang & Akaegbu, 2014). The case of village fund embezzlement, on the other hand, shows the lack of competence of their officials. While the competence of human resources has an impact on the management of village finances, according to Meutia & Liliana (2017).

The development of an accounting information system in this study called PodkeDs (Village Financial Digital Portal) adopts procedures or workflows. Romney, Steinbart, and Cushing (2015) as follows:

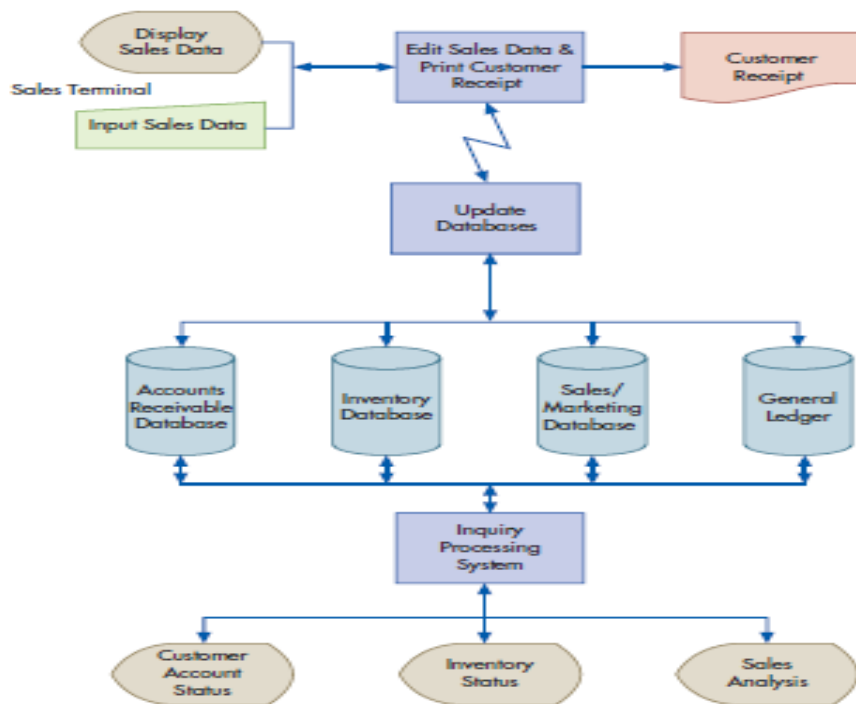


Figure 2.1 Interaction of accounting information systems for stakeholders inside and outside the organization (Romney, Steinbart, & Cushing, 2015)

According to compliance theory, every institution is required to follow the rules because the power of lawmakers has the ability. Compliance theory offers various applications in the field of economics. Business law, according to the Neoclassical perspective, is a barrier to maximizing corporate profits. Compliance theory is widely studied in the humanities such as in the domain of sociology and psychology, where the essence of this theory emphasizes the factor of the socialization process in impacting individual compliance behavior. Two views of compliance theory are the instrumental and normative perspectives. The instrumental perspective is that people are motivated by self-interest and react to changes that provide benefits, while the normative perspective is related to values and opposes self-interest. The philosophy of compliance should be used in accounting from a normative perspective. The impact of the socialization process on the integrity of a person's or individual's compliance is the focus of compliance theory.

RESEARCH METHODS

This study involved the population of village officials in the financial division. The selection of the object of this study was based on the consideration was based on two reasons: 1) the agency concerned is a regional work unit, meaning that it is involved in planning, compiling, managing and reporting village fund allocation financial reports; and 2) this apparatus is also recorded as part of the users of financial reports.

The determination of the sample in this study is based on a qualitative method with deep in interviews, namely the sample is determined based on judgment. The criteria used to take this sample are: 1) employees with civil servant and non-civil servant status, 2) play a role in preparing financial reports at related agencies, 3) minimum work period of 1 (one) year. Primary data, or data obtained from sources collected directly with certain methods and directly related to the research subjects studied, are used in this study.

On financial reporting quality, interviews included questions regarding accounting information systems, internal control systems, and human resources.

DISCUSSION :

In the digital era, the use of Information Technology is very important in increasing transparency, accuracy, and efficiency in the preparation of village financial reports. Village governments are required to manage budgets more professionally and accountably, in accordance with applicable standards such as Permendagri No. 20 of 2018 concerning Village Financial Management.

Based on the results of in-depth interview analysis with respondents, findings on the usefulness of information technology in village financial reports, increasing accuracy and efficiency: digital systems reduce the risk of manual recording errors, simplifying the process of recording transactions and reporting. Increasing Transparency and Accountability: financial data can be accessed by related parties more easily, the public can get village financial information more openly. Facilitating the Audit and Monitoring Process: data is stored digitally, making it easier to audit, allowing real-time monitoring by local and central governments, accelerating the preparation of financial reports. IT-based accounting systems enable automation of financial reports: integration with other systems facilitates budget preparation and financial realization, types of information technology used: Siskeudes (Village Financial System), an official application developed by BPKP to facilitate village financial management, SIMDA Village Application: the Village Regional Management Information System (SIMDA) helps villages in planning and budgeting, Microsoft Excel & accounting software, used for manual recording for villages that do not yet have an integrated digital system. According to Ghasemi et.al. (2011) The greatest impact that Information Technology has made on accounting is the ability of companies to develop and use computerized systems to track and record financial transactions. Information Technology networks and computer systems have shortened the time required for accountants to prepare and present financial information to management. These systems allow companies to quickly and easily create individual reports for management decision making. Other capabilities of computerized accounting systems are: Increased Functionality, Increased Accuracy, Faster Processing, and Better External Reporting. Finally, this paper explains the advantages and disadvantages of using information technology in accounting systems.

cloud computing and online database: cloud-based data storage makes it easier to access and manage financial reports from anywhere, blockchain for Village Finance (Potential in the Future), can be used to improve security and transparency in recording village financial transactions, challenges in implementing

information technology, lack of Technology-literate human resources, many village officials are not yet familiar with digital systems, so they require training, limited technological infrastructure, there are still villages that experience internet network and computer device constraints. Inyang & Akaegbu (2014) Public services over the years have undergone several reforms to make them more effective and efficient in providing services. According to Susilatri et.al. (2015) These reforms have not significantly improved public services, due to politicization, lack of neutrality, and poor human resource management practices, where non-professionals without the necessary skills and knowledge are forced to handle HR functions. Data Security and Privacy: the risk of village financial data leaks if there is no good security system, solutions for optimizing information technology in village financial reports: Village Apparatus HR training to improve skills in using financial applications, development of technology infrastructure to provide adequate internet access and technological devices, a strong data security system to use encryption systems and regular data backups, integration with the central financial system to facilitate more efficient monitoring and reporting.

Compliance Theory (Compliance Theory) is concerned with the extent to which individuals or organizations comply with established regulations, standards, and procedures. In the context of village government, compliance with accounting regulations and village financial management greatly influences the quality of financial reports and the competence of the human resources (HR) involved.

Village governments must comply with various regulations, such as: Law No. 6 of 2014 concerning villages, Minister of Home Affairs Regulation No. 20 of 2018 concerning village financial management and government accounting standards (SAP).

Compliance with these rules will increase transparency, accountability, and professionalism in village financial management.

Compliance Theory in the Quality of Village Human Resources (HR): improving the competence and professionalism of village officials, encouraging village officials to understand village financial regulations, reducing administrative errors due to lack of understanding of the rules.

Encouraging Ethics and Integrity in Financial Management: village officials who comply with regulations will avoid corrupt practices and misuse of village funds, increasing a transparent and accountable work culture.

Improving the Effectiveness of Village Budget Management: Competent human resources who understand regulations will be more efficient in managing the budget, reducing the risk of budget misuse due to a lack of understanding of the rules.

Sumaryati et.al. (2020) Encouraging Continuous Training and Education: compliance theory encourages training programs for village officials, ensuring that human resources are always updated with the latest policies and standards in village financial management, compliance theory in the quality of village financial reports.

According to Hamsinar, H. (2017), government financial reports are public rights that must be provided by the government, both central and regional. Public demands for transparency of local governments in managing public finances are a top priority for local governments. In order to realize transparency of local financial reports, local governments must be able to increase disclosure of financial reports regarding information on regional financial report items so that they can increase transparency in fulfilling public rights.

Improving the accuracy and reliability of financial reports: regulatory compliance ensures financial reports are free from material errors, maintaining compliance with Government Accounting Standards (SAP).

According to Hardyansyah, (2016), measure transparency and accountability of village finances: make it easier for the community and government to monitor the use of village funds: reduce the risk of misuse of village budgets, facilitate audits and supervision by the government, financial reports that meet standards facilitate the audit process by the Audit Board of Indonesia (BPK) and the Inspectorate, prevent sanctions or penalties due to non-conformity of financial reports. According to Alfarisi, R. (2020), the quality of financial reports strengthens the influence on the relationship between government accounting standards and the government's internal control system. However, the quality of financial reports weakens the influence of the relationship between accounting information systems and the implementation of good governance.

Increasing public trust in village government: the public will have more trust if financial reports are presented transparently and accurately, minimizing suspicions of corruption or misuse of village funds.

Challenges in Implementing Compliance Theory in Villages

Lack of understanding of human resources regarding village financial regulations, many village officials do not fully understand government accounting rules and standards, lack of internal monitoring system, some villages are still weak in monitoring system, so they are vulnerable to financial report discrepancies, resistance to change and digitalization, implementation of technology-based financial system according to Financial and Development Supervisory Agency. (2017), Siskeudes still faces challenges in terms of human resource adaptation, potential Moral Hazard Practices, there are still village officials who abuse their authority in budget management.

Solutions to Improve HR Compliance and Quality of Village Financial Reports

Village HR Training and Certification to hold periodic training on village regulations and accounting, implementation of digital financial systems to use the Siskeudes application to improve the accuracy of financial records. strengthening internal supervision to involve the Village Consultative Body (BPD) in budget monitoring. increasing Sanctions for Non-Compliance to apply strict sanctions for violations in village financial management increasing the role of the community for the community to be involved in monitoring village funds so that transparency increases.

Conclusion

The use of Information Technology in the preparation of village financial reports is very important to improve accountability, transparency, and efficiency in financial management. With the implementation of digital systems such as Siskeudes and SIMDA Desa, financial reports can be presented more quickly, accurately, and easily audited. However, there needs to be support for HR training and infrastructure development so that IT implementation can run optimally. The application of Compliance Theory in village financial management plays an important role in improving HR competency and the quality of village financial reports. With compliance with regulations, financial reports will be more accurate, transparent, and reliable, so that village finances can be managed more effectively and accountably.

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