



3rd Comparative Asia Africa Governmental Accounting Conference (CAAGA) 2018

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Seoul National University, Korea

Hosted by | Graduate School of Public Administration,
Seoul National University, Audit and
Inspection Research Institute, and SSRI of
Chungbuk National University, Korea

Sponsored by | Korea Expressway Corporation, Korea
Research Institute for Local Administration

Welcoming Address



Dean

Graduate School of Public Administration, Seoul National University, Korea

Welcome! I am very pleased to host the 3rd Comparative Asia Africa Governmental Accounting (CAAGA) Conference 2018 at the Graduate School of Public Administration, Seoul National University. As the dean of the Graduate School of Public Administration, on behalf of the faculty members of the school, I would like to express my sincere gratitude to all the conference participants, and I will provide my best support for the successful hosting of the conference.

Today, many Asian and African countries, including Korea, are having difficulties in developing their own country and society due to growth stagnation and social polarization domestically, international blockade of the regional economy, and the escalating trade dispute between the U.S. and China internationally. Accordingly, each country must take appropriate measures to resolve or mitigate such problems before they miss the right time to challenge. In this regard, establishing the role of government at an appropriate level is a very important factor for the development of the nation and society. It is because not only the market is not well functioned, but also there is a fundamental limit to solving the public problems of the state and society solely by the private enterprises intrinsically pursuing profit. From this point of view, I think the topic of this conference, the global challenge of public sector, is a very timely theme. I hope that this conference will provide good discussions and suggestions on the tasks and strategies for public sector which can be put into practice for the development of Asian and African societies. Also, I hope that this conference will serve as a catalyst for strengthening the closer ties between countries.

Professor Seung Jong Lee

Welcoming Address



President

International Center for Public Sector Governance (ICPSG), Malaysia

Anyeonghaseyo

On behalf of ICPSG, I am delighted to welcome all the experts and academics from around the world to Seoul, South Korea for the 3rd Comparative Asia Africa Governmental Accounting(CAAGA)2018.

I would like to extend my gratitude to the Host, Chungbuk National University and Co-host, Seoul National University for having brought us together in the beautiful and wonderful city of Seoul, to discuss one of the main challenges worldwide which are, without doubt, governmental accounting. My gratitude also goes to Accounting Research Institute, UiTM Malaysia, Ikatan Akuntan Indonesia, Forum Dosen Akuntansi Sektor Publik and Association of Public Sector Educators Indonesia.

This conference brings together experts from the Public Sector from all over the world to present and exchange breakthrough ideas relating to Public Sector. The conference also promotes top level research and to globalize the quality research in general, thus making discussions, presentations more internationally competitive and focusing attention on the achievements in the area of Public Sector.

I hope the deliberation from the distinguished speakers will benefit the participants to update their knowledge. I extend my best wishes for great success of the conference.

Kamsahamnida.

Professor Dr Nafsiah Mohamed

CONFERENCE SCHEDULE

DAY 1 (14 NOVEMBER 2018)

Time	Details	
09:30 - 10:00	Registration	
Main Hall		
10:00 - 10:10	Welcoming Address Dean, GSPA, Seoul National University, Prof Seung-Jong Lee	
10:10 - 10:20	Welcoming Address Commissioner, The Board of Audit and Inspection of the Republic of Korea, Prof Minah Kang	
10:20 - 10:30	Welcoming Address President, ICPSG, Prof Nafshiah Mohamed	
10:30 - 11:00	Keynote Speaker 1: Prof Youngwha Kee (Soongsil University, Korea) K-MOOC and Higher Education	
11:00 - 11:30	Keynote Speaker 2: Prof Dr Normah Omar (Accounting Research Institute, UiTM Malaysia): Corporate Integrity and public Sector Governance	
11:30 - 12:00	Keynote Speaker 3: Prof Jin-Kwang So (Gacheon University, Korea) Inclusive Growth through Saemaul Undong	
12:00 - 12:20	<i>MOU SINGING CEREMONY</i>	
12:20 - 13:30	<i>Lunch</i>	
	Session 1 (seminar room 101)	Session 2 (seminar room 203)
13.30 - 13.50	Invited Speaker 1: Prof Dr Kelum Jayasinghe	Invited Speaker 2: Prof Dr Intiyas Utami
13.50 - 14.05	Heejeong Park (BAI) & Minah Kang (BAI) "Government Accountability System and the Role of BAI"	Won-Hee Lee "Korean Fiscal Reforms in 2000s"

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Islamic Work Ethic and Performance of Islamic Finance Institutions: Mediating Role of Fraud Prevention	36
Reskino, Intan Salwani Mohamed, Nafsiah Mohamed and Nunuy Nur Afiah	
Village Fund Management and Factors that Affect Its Performance in Indonesia	37 ✓
Rizal Yaya and Hendry Santoso ✓	
Exploring the weaknesses and strengths of CSR disclosure between sharia and conventional banks in Indonesia	38
Rizki Hamdani, Yunan Najamuddin, Padma Dwi Haryanto and Muamar Nur Khold	
Characteristics of Nonprofit Organizations and Web-Based Accountability Disclosure	39
Roshayani Arshad, Mohd Hisham Mahamud, Wan Ainul Asyiqin Wan Mohd Razali and Ramesh Nair	
Training as the Deterrence for Misappropriation of Public Assets: from the Agency Perspectives	40
Rosmawati Haron, Nafsiah Mohamed, Halil Paino, Nor Bahiyah Omar and Henny Hazliza Mohd Tahir	
Public School Finance System in Perspective of Political Economy of Accounting in Wealth: A Case Study of Texas (1968-2018)	41
Ruslan Effendi and Indra Bastian	
The Emergence of Village Owned Enterprise in Indonesia: Institutional Theory Perspectives	42
Rudy Suryanto	
A Conceptual Model of Strategic CSR through Firm-Stakeholder Collaboration for Accountability and Sustainability	43
Siti Sara Ibrahim, Roshayani Arshad and Abdul Halim Mohd Noor	

Relevance of Fisher's Model of Third Party Intervention: The Case of Malaysia's Mediation to the Bangsamoro Conflicts Shamsuddin L. Tay , Rusdi Omar, Laila Suriya Ahmad Apandi, Abdul M. Lantong , Che Mohd Aziz Yaacob and Mohd Kamarulnizam Abdullah	44
Private Management and Governance Styles in a Japanese Public Hospital: A story from West meets East Shahzad Uddin, Yuji Mori and Khandakar Shahadat	45
Risk-Based Internal Audit Planning in Indonesia Government Internal Audit Agency Sofik Handoyo, Sugiono Poulus, Ivan Yudianto, Evita Puspitasari and Devianti Yunita Harahap	46
The Influence of Performance Feedback, Client Importance and Professionalism On Ethical Judgment Soegeng Soetedjo and Iswahyuni	47
Study of Financial Performance and Economic Growth in Flow Funds Approach Soegeng Soetedjo, Rida Perwita Sari and Indra Bastian	48
Factors Affecting the Financial Performance of Local Governments: A Study in Central Java and South Kalimantan Sri Suranta, Bandi, Muhammad Syafiqurrahman and Halim Dedy Perdana	49
Standard Spending Assessment: A Model Development for Local Government in Indonesia Sri Mulyani, Gia Prima Kardina Amrania and Muhamad Reza Zulkarnaen	50
Towards the Local Government Risk Management Model: Perceptual Examination of Risk Categories and Assessment (A Local Government Study) Tettet Fitrianti, N.R. Handiani, Hamzah Ritchi, and Citra Sukmadilaga	51
The Influence Auditor Judgement and Professional Skepticism in Risk Assessment Triyanto Parno Suwito	52

Village Fund Management and Factors that Affect Its Performance in Indonesia

Rizal Yaya and Hendry Santoso

Universitas Muhammadiyah Yogyakarta, Indonesia

Abstract

Since 2014, Indonesia's democracy has moved forward to a new form of autonomy called village decentralization. Under this decentralization, village government has wider authority in many areas and also rights to receive fund from State Budget. This study aims at investigating determinants of performance of village fund management. The population is 16 villages in Wadaslintang Sub-district, Wonosobo, Indonesia. Selected respondents are 94 rural facilitators and village officers e.g. head of village, village secretary, village treasurer. The data were collected through questionnaires and analyzed by multiple linier regression analysis. The result shows that the capacity of village officers, regulatory compliance, supervision quality of Village Representative Board, utilization of information technology, and rural facilitator have significant influence toward the performance of village fund management

Keywords: Village Officers' Capacity, Supervision Quality, Utilization of Information Technology, Rural Facilitator, Performance of Village Fund Management.

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Key words: Village Officers' Capacity; Supervision Quality; Utilization of Information Technology; Rural Facilitator; Performance of Village Fund Management

INTRODUCTION

For 32 years President Soeharto in power, Indonesia was ruled under centralized government. This condition was blamed as one of factors that Indonesia suffered from the 1997 monetary crisis. So many problems arose at that time that the Central Government could not manage to solve them resulting Mr Soeharto to step down. After heavy pressures to have decentralization, in 1999 the new Government passed Act no 22/1999 on Local Government and Act no 25/1999 on Financial Balancing between Central and Local Government. These two laws became the cornerstone of decentralization era in Indonesia. Act no 22/1999 gave all authorities to local government except in six areas: fiscal and monetary; judicial; security (police); defense (military); religion affairs; and foreign affairs. Act no 25/1999 made local governments to be guaranteed to receive better allocation of funds for their operation. Based on 2016 data, the local governments comprises in Indonesia comprises 34 provinces, 415 districts and 93 cities.

The decentralization has provided a new approach of development in Indonesia. Since then, local potency has become the main foundation of regional's development. Governors of provinces, Majors of cities and Regents of District have been driven to develop their local resources at their best utilisation. Some areas have been growing as industrial area such as Bekasi City and Karawang District; as service city such as Jakarta, Bandung and Surabaya, as rice producers such as East Java, South

Sulawesi and Central Java; and as tourism province such as Lombok, Yogyakarta and West Sumatera etc.

Fifteen years after implementing local government decentralisation, the Indonesian Government moved forward into Village decentralization. In 2014 the Government issued Act no 6/2014 on Village. The background of the decentralization was quite similar to the background of the local government decentralization. There were so many cases of village development being not optimum due to centralized authority of local government towards village. This results in slow development of village area. This condition is understandable because of wide range of Indonesia archipelago and complex problem they have.

The Act no 6/2014 gives authority to the Village in running village government, execute village development programs, empower village people based on their aspiration, cultural tradition and origin's right. The act also explicitly states various sources of finance for village such as: revenue from their own business; allocation from State Budget; part of local government tax and retribution; allocation from Local Government Balanced Fund received from the Central Government; and unrestricted grants from other parties. Since 2015, the Central Government started to allocate fund for 74,910 villages from State Budget as shown in Table 1. It shows that State Budget allocation for village fund has been increasing from year to year. Significant increase was from 2015 to 2016 with more than twice. By 2018 the fund allocated reached 61 trillion rupiahs or around US \$ 4.17 billion with the average per village is US \$ 42,882. In terms of their actual need, this amount may be smaller than what villages

need to develop their area. However, this is new for most of the villages in Indonesia to receive such amount of fund.

Table 1: Amount of Village Fund allocated from State Budget

Year	Amount of Village Fund	Average per village*
2015	Rp 20.76 trillion or US \$ 1.42 Billion	Rp 277 million or US \$ 18,981
2016	Rp 46.9 trillion US \$ 3.21 Billion	Rp 626 million or US \$ 42,882
2017	Rp 60 trillion US \$ 4.11 Billion	Rp 801 million or US \$ 54,860
2018	Rp 61 trillion US \$ 4.17 Billion	Rp 814 million or US \$ 42,882

* Own Calculation (Conversion to US\$ is based on Rp 14,600 currency rate per 1 USD)

The large amount of fund directly allocated by the Central Government is also vulnerable to have misconduct that it cannot achieve its objective. Based on their study in for the period 2016 to August 2017, Indonesian corruption watch (ICW) (2017) found 110 cases of corruption related to village fund. The corruption had caused State Loss up to 30 billion rupiahs and most of them were committed by Village Head. In other report, Board of Financial and Development Supervision (BPKP) (2016) revealed 15,100 weaknesses cases in the village fund management for year 2015. This indicates there is a need to address this matter in order to have good practices of village fund management.

Study on village fund management has been undertaken by a number researchers such as Munti and Fahlevi (2017) researching village fund management performance in Gandapura Sub-District, Aceh; Adha (2016) researching the role of Village Representative Board in Rambah Samo Sub-District, Riau; Rahayu (2017) researching village fund management strategy for public welfare in Kalikayen Village, Semarang; and Dewi et al (2017) researching financial performance of villages in Banyumas. This study investigates factors that affect village fund management performance. It is a compilation of Munti and Fahlevi's study on village fund and Nurmiati's study on local government. Munti and Fahlevi (2017) found that the performance is affected by village officers' capacity, compliance with financial reporting guidance and quality of supervision. On her study at Pangkep Local Government, Nurmiati (2017) found that good governance can improve the performance of financial management with human resource competence and information technology as independent variable. It is expected that this study can identify more rigorously

factors that can improve village fund management performance.

This study is based on stewardship theory. It explains the behaviors and relationship between steward and principal in an organisation. It is assumed that management as steward is prioritizing organisation's interests above his or her individual interest (Donaldson and Daviz, 1991). This theory explains that management will behave according to the organisation's rules to achieve their objectives. The organisation success can be achieved through optimising the role of principal and the performance of the managers. In the village government, the principal's role is played by society and the steward is played by village government. Society as principal delegates governing function to the village government as their steward. In this case cooperation between steward and the principal is very much needed to achieve organisational goals. To achieve the expected objective, village government should use and manage the fund according to the village needs. At national level, the central government runs their role as steward for the whole nation. The Central Government provide fund for the village government is related to their duty to serve people according the law and regulation set out by the principal's representative in the Parliament and the President.

Hypothesis Development

Village officers' capacity and village fund management performance

Capacity means ability. It is the ability of human, organization or community in conducting tasks and achieve the identified objective (Ubels et al, 2010). Act no 6/2014 on Village, states that village official consist of village secretary, region executor and technical executor who help Village Head as the leader in a village to achieve village development objectives. Village official is the main actor in managing village fund. Therefore, their understanding, ability and skills is very much needed in the process of achieving village goals. The objective of managing village fund should be in accordance with Village Act which is to improve village development, empowering village people and improving public services. Based on this argument, the hypothesis one is drafted as follows:

H₁: Village officers' capacity has positive effect on the performance of village fund management

Regulation compliance and performance of village fund management

Following the Village Act, Ministry of Internal Affairs issued specific regulation called Permendagri No. 113/2014 on Village Fund Management. The regulation outlined some principles in managing village fund ie. transparent, accountable, participative and discipline. Transparency in explaining policy, the implementation, and the result of village fund management to the public is needed to minimize fraud in village fund. The regulation also requires village to attract public participation in providing information about people's needs, proposing program through Village Representative Board and supervising the implementation of the agreed programs. The Permendagri also stated that village financial report should be reported consistently and timely. Based on this argument, hypothesis two is formulated as follows:

H₂: Regulatory compliance affects positively the performance of village fund management.

Quality of supervision by Village Representative Board and the performance of village fund management.

According to Village Act no 6/2014, Village Representative Board is an institution in a village whom the member is representative of village people based who are selected democratically and based on the regional within the village. Mondale et al. (2017) found that Village Representative Board can be a supporter as well as inhibitor in the process of village fund management. However, Dwipayana et al (2003_ stated that Village Representative Board has the role as the bridge between people and government in the village. The supervision function is expected to drive village officers to be more transparent in using village budget that it can minimize mistakes in using and eliminates fraud. By doing so, it is expected that village fund can reach its objective. Based on this argument, hypothesis three is outlined as follows:

H₃: The quality of BPD supervision affects positively the performance of village fund management.

Information Technology Utilization and Village Fund Management Performance

Information technology utilization is a stance or conduct of utilizing information technology to complete the task and to improve performance (Chintya, 2015). According to Wilkinson et al. as cited in Sugiarti and Yudianto (2017), information technology consists of computer, software, database, network, electronic commerce and other instruments related to technology.

Information technology utilization in village government helps village officers to manage village funds more transparently and accountably. Utilization of computer or application for financial reporting will produce more rigorous report and minimize its error. Besides, accessible internet network for village officers may facilitate in information sharing, both for internal village officers, regional government, and society in particular hence creating transparency for village fund management. Nurmiati (2017) reveals in her research that information technology affects toward improvement of financial management performance. Based on this rationale, a hypothesis can be formulated as follows:

H₄: Information technology utilization has positive impact on performance of village fund management.

Commitment of village officers and village fund management performance

Commitment is a combination between degree of individuals' confidence and their motivation (Moeheriono, 2014). Another argument asserts that commitment is a state of which individuals taking sides of organization in order to realize the objective of organization as well as the willingness of individuals to maintain their membership in organization (Robbins and Judge, 2007).

Any given commitment from individuals toward well-implemented organization program is individuals' responsibility in organization. They respect the agreement and become highly responsible with main duties, intent to achieve the target, execute the tasks in accordance with organization rule, and attempt to solve the problems.

Harmonization of objectives between village officers and the village itself encourages better performance of village fund management. This statement is in line with Astuti et al. (2016) as effective control of financial system is supported by monitoring, explicit roles, and commitment from management in internal control. Based on this elaboration, a hypothesis can be formulated as follows:

H₅: Commitment of village officers has positive impact on performance of village fund management

Rural facilitators and village fund management performance

Further supervision includes facilitation which directs, facilitates, provides training and evaluation from the authority through self or group delegation to individuals or groups in the process of achieving particular target (Erawati, 2012). Based on Peraturan

Pemerintah No. 47 Tahun 2015, Section 129 Verse 1, it is stated that rural facilitators come from representative of village empowerment people, rural facilitator from sub-district government, technical administer in sub-district as rural facilitator, and expert in local people empowerment.

Rural facilitator becomes facilitator for government and village people in governance effectiveness, development, empowerment, and socialization while realizing welfare of village people. This statement is strengthened by the result of Pahlevi (2017) who asserts that rural facilitator has authority in planning program and allocating village fund, utilizing village fund allocation, controlling allocation of village fund, and monitoring village fund allocation. Based on this explanation, a hypothesis can be written as follows:

H₆: Rural facilitator has positive impact on performance of village fund management.

METHODOLOGY

In this study, the population contains 16 villages in Wadaslintang Sub-district, Wonosobo District, Central Java Province. This Province is the biggest province in Indonesia receiving village fund in 2017 by 6.38 trillion rupiahs (DJPK, 2017). Wonosobo District is chosen because it was a pilot project of district with opened data under the program of transparency improvement in financial management. This study uses total sampling as all population members are treated as research samples. Our respondents are village officers consisting of village head, village secretary, heads of village affairs, and section heads of village affairs. There were 101 questionnaires distributed to officers of 16 villages in Wadaslintang Sub-district. The fieldwork survey was undertaken on 9 May 2018 to 27 May 2018 by distributing 101 questionnaires. There were 95 questionnaires returned or 94% response rate. One questionnaire could not be used due to inadequate information provided, leaving 94 questionnaires to be analyzed.

Data collection technique was conducted by distributing questionnaire directly to the respondents as it contains structural questions derived from research objectives. We acquire our data based on the respondents' answers towards any question in the questionnaire. The respondents fill the answer in the questionnaire by choosing alternative among the answers of each related question as measured by likert scale ranging from 1 (very agree) to 5 (very disagree). Likert scale is used to calculate opinion,

perception, and stance of individual or group (Sugiyono, 2013).

Based on the background and some previous studies as well as researchers' hypothesis, independent variables in this study consist of village officers' capacity, regulation compliance, quality control of village council, information technology utilization, commitment of village officers, and rural facilitator. Whereas the dependent variable is performance of village fund management measured by efficiency, effectiveness, and economies (Mardiasmo, 2009). The data is then processed through multiple regression analysis with formulation as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \epsilon$$

Explanation:

Y = Performance of Village Fund Management

X₁ = Village officers's capacity

X₂ = Regulation compliance

X₃ = BPD supervision

X₄ = Technological utilization

X₅ = Village officers's commitment

X₆ = Rural facilitator

α = Constant

ϵ = error

RESEARCH RESULT

Test of Data Quality

Based on validity test, it was found all research variable has Pearson Correlation $r \geq 0,25$. This indicates that all questions are valid. Similiarly with in the reliability test. It was found Cronbach's Alpha 0.60 indicating the research instrument of this research is reliable. In terms of normality, the test of One Kolmogorov-Smirnov shows 0.285 significant value, indicating the data are normally distributed.

Multicollinearity test shows that all independent variable has VIF > 10 with tolerance value > 0.10 indicating that there is no correlation among independent research variables and the regression model does not contain multicollinearity. The test of heteroscedasticity by using gletser test, shows gletser test value < 0,05 for all variables indicating the data are free from heteroscedasticity.

Descriptive Statistics of Dependent Variable

Based on descriptive statistics of performance of village fund management. There are six elements used to measure this independent variable. Three elements show that majority is in strong agreement. These are proper allocation of fund (65.96% respondents); Programmes with realistic fund (61.70%); and sufficient information disclosure

(58.51%). The other three elements are majority at 'agree' level. These are economically spending (62.77%); achieving targeted plan (60.64%), suitability with community's need (55.32%). Overall the descriptive statistics showed good performance in managing their village fund. Only three respondents answered disagree on achieving their targeted plan.

Hypothesis test

Table 2 shows F value of 57.681 with significance value 0.000 indicating the dependent variables simultaneously affect the performance of village fund management.

Table 2: Result of F test

Model	F	Sig.
Regression	57.681	0.000

Table 3 shows result of t test for hypothesis testing for each independent variables. Hypothesis one on village officers's capacity has positive coefficient of 0.211 with significance value 0.007 indicating the hypothesis is accepted. Hypothesis two on regulatory compliance has positive coefficient of 0.221 with significance value 0.019 indicating the hypothesis is accepted that regulatory compliance has positive effects on the performance of village fund management.

Table 3: Result of t Test

Model	Unstandardized Coefficients		T	Sig.
	B	Std. Error		
1 (Constant)	-3,728	1,793	-2,079	,041
Officers' capacity	,211	,076	2,773	,007
Regulatory Compliance	,221	,092	2,396	,019
Supervision Quality of BPD	,195	,041	4,704	,000
Technological use	,256	,098	2,629	,010
Officers Commitment	-,085	,079	-1,074	,286
Rural Facilitator	,337	,086	3,897	,000

a. Dependent Variable: Performance of Village Fund Management

Hypothesis three on supervision of Village Representative Board also has positive coefficient of 0.195 with significance value 0.000 indicating the hypothesis is accepted. This means that the supervision of Village Representative Board affects positively the performance of village fund management. Hypothesis four on the use of

information technology has positive coefficient of 0.256 with significance value 0.010 indicating the hypothesis is accepted. This means that use of information technology affects positively the performance of village fund management.

Hypothesis five on commitment of village officers has coefficient of -0.085 with significance value 0.286 indicating the hypothesis is rejected. This means that the commitment of village officers does not have any effect on the performance of village fund management. Hypothesis six on rural facilitator has positive coefficient of 0.337 with significance value 0.000 indicating the hypothesis is accepted. This means that rural facilitator affects positively the performance of village fund management.

Coefficient of Determination

Table 4 shows coefficient determination of the multiple regression model. It is found that variables Village officers's capacity, Regulation compliance, BPD supervision, Technological utilization, Village officers's commitment, Rural facilitator in the model can explain 78.5% performance of village fund management.

Table 4: Coefficient Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,894 ^a	,799	,785	1,105

The coefficient determination of this research is much higher than the previous study undertaken by Munti and Fahlevi (2017). In their study by using dependent variables of village officers' capacity, compliance with financial reporting guidance and quality of supervision can only explain 50,07% of the performance of village fund management.

DISCUSSION

The impact of rural officers' capacity on performance of village fund management

Based on first hypothesis test, t-test shows that capacity of rural officers has positive impact on performance of village fund management. This research is consistent with the result of Jalil (2017) as human resource is a key for rural financial management.

Village official is the main actor in rural financial management. The authority of rural officers includes all activities in rural financial management starting from planning, implementing, administering, reporting and accountability. Thus, understanding, ability, and skill of rural officers is necessary to realized the objective of rural financial management.

The objective of rural financial management must be in accordance with regulation about village which consists of rural development, rural empowerment, and service improvement for people.

The impact of regulation compliance on performance of village fund management

Based on second hypothesis test, t-test shows that regulation compliance has positive impact on performance of village fund management. This research is in line with Munti and Fahlevi (2017) as compliance of financial reporting has impact on performance of village fund management

Based on Permendagri No. 113 Tahun 2014 about village fund management, it asserts that each village must use transparency, accountable, participative and budget discipline basis while performing village fund management. Management basis for village fund is used to support well-managed village fund with transparency, reliability, and people participation as principles to meet the aspiration and right of the people.

Transparency and ability of rural government to explain policy, implementation, and the outcome of financial management to rural people can minimize misallocation of village fund. Participation from rural people will provide information about the need of theirs and come into the agreement of village budget plan as well as monitoring to achieve the consensus. As a result, it will result in designing program based on the need of people. Financial report for village which is made consistently and punctually as well as record based on the actual number will help budget formulation for the village in the subsequent period and make strategic decision in managing village fund.

The impact of quality control of village council on performance of village fund management

Based on third hypothesis test, t-test shows that quality control of village council has positive impact on performance of village fund management. This result supports with Munti and Fahlevi (2017) as quality control of village council has impact on performance of village fund management. This result is also in line with Prasetyo and Muis (2015) as village council must strengthen monitoring toward rural officers while managing village fund in order to have better management in village fund.

Based on Dwipayana et al. (2003), village council has responsibility to intermediate between people and rural government implying that village council becomes the closest political actor for people in a village. Monitoring function of village council encourages village officers to be more transparent in utilizing village budget which in turn minimizes error

in budget misallocation of village fund hence village fund utilization can be effective. This result is supported by Mondale et al. (2017) as village council can be either supporter and inhibitor for management process of village fund.

The impact of information technology utilization on performance of village fund management

Based on fourth hypothesis test, t-test shows that information technology utilization has positive impact on performance of village fund management. This result reveals that the higher level of information technology utilization in a village to support rural financial management the better the performance of village fund management. This result is in line with Nurmiati (2017) as information technology has impact on improvement of financial management performance.

Information technology utilization in rural government helps rural officers in managing village fund to be more transparent and accountable. The use of computer or application for preparing financial report will result in more rigorous report with minimized error in reporting. Besides, accessible internet network for rural officers will facilitate any information, both for interim, regional government, and people in particular for the sake of transparency of village fund management. The making of open data for Wonosobo Village can increase participation of the people by providing response about the use of village fund through the use of available contact in the website.

The impact of rural officers commitment on performance of village fund management

Based on fifth hypothesis test, t-test shows that rural officers commitment does not have any impact on performance of village fund management. This result conveys that commitment does not affect toward the performance of village fund management. This result implies that commitment from rural officers will not influence the performance of village fund management.

Any given commitment from individuals toward the implementation of organization program is responsibility for any individual in the organization. This statement is supported by Robbins and Judge (2007) as commitment is a condition in which individuals take side on organization to realize the objective of organization as well as the individuals' willingness to maintain their membership in organization. However, commitment from rural officers is not sufficient to deliver good performance while managing village fund as commitment is just a

desire which requires an action from rural officers to make the implementation more effective.

Individuals appreciate the agreement more highly and become more responsible in their work, determined to achieve the target, implement their duties as the organization rule and attempt to solve the problems for the sake of their responsibility. Besides, reward is necessary for organization members for their work or well-done achievement.

The impact of rural facilitator on performance of village fund management

Based on sixth hypothesis test, t-test shows that rural facilitator has positive impact on performance of village fund management. This result reveals that the existence of rural facilitator is effective in implementing governance, development, empowerment, and socialization in order to realize the welfare of society. Rural facilitator is successfully implementing their work by providing technical assistance and transferring knowledge for rural government in terms of village fund management. This research is in line with Prasetyo and Muis (2015) as the role of rural facilitator in rural governance particularly in managing village fund is essential due to weak capacity of rural officers.

Rural facilitator becomes facilitator for government and rural people in terms of effectiveness of governance, development, empowerment and socialization to realize the welfare of rural people. Based on the role of rural facilitator, it can be seen that rural facilitator has crucial role in managing village fund. This statement is supported by Pahlevi (2017) as the authority of rural facilitator in Pugung Raharjo Village, Sekampung Udik Sub-district, Lampung Timur District includes authority in terms of program planning and village fund allocation, utilizing or designing allocation of village fund, controlling allocation of village fund, and monitoring village fund allocation.

LIMITATIONS OF THE STUDY

Although this study is covers 16 villages and is responded by 95 village officers, it has limitation in terms of small scope of area which is only in one sub-district. Further study needs to use wider scope to have better external validity. Further study can consider to qualitative research to investigate other possible variables and subsequently followed by quantitative study to confirm the significance of the new identified variable.

CONCLUSION

This study investigates factors that affect the performance of village fund management by using questionnaire survey to officers of 16 villages in Wadaslintang sub-district. Based on the statistical analysis, it is found that variables village officers's capacity, regulation compliance, BPD supervision, technological utilization, rural facilitator have positive affects on the performance of village fund management. Meanwhile variable village officers commitment does not have any effect on the performance of village fund management. The research model has coefficient determinant 78.5% which is much higher than the previous study by Munti and Fahlevi (2017) for the same independent variable. The coefficient determination of this research is much higher than the previous study undertaken. This finding suggests that in order to have better performance of village fund management, there is a need for government to improve village officers's capacity, BPD supervision and rural facilitator role. Besides, the government should increase the use of information technology on their day to day operation and at the same time ensure regulation compliance. This effort can be encouraged by the village and its higher level government such as sub-district, district, provincial and Central Government.

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