

Research Article

# Analysis of Accountability in Village Fund Management to Enhance Community Welfare

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## ABSTRACT

This study examines the accountability of village fund management as a key determinant of rural community welfare in Indonesia, with a particular focus on villages that are highly dependent on intergovernmental transfers and face socio-economic vulnerability. Anchored in Public Accountability Theory, Good Governance, and Agency Theory, the research addresses a gap in prior studies that largely emphasize procedural compliance and transparency but seldom analyze how accountability dimensions are empirically related to welfare outcomes. The study aims to (1) assess the level of accountability across the stages of planning, budgeting, implementation, reporting, and oversight; and (2) examine the relationship between transparency, participation, legal compliance, effectiveness–efficiency, and public answerability with indicators of community welfare. Using a qualitative or mixed-method approach, data are collected through document review, interviews, and/or surveys involving village officials, community representatives, and relevant stakeholders. The findings are expected to demonstrate how strong accountability practices enhance the effectiveness of village fund utilization for infrastructure, social services, and economic empowerment, while weak accountability is associated with misallocation and limited welfare gains. The study contributes theoretically by integrating accountability, governance, and agency perspectives, and offers practical recommendations to strengthen local financial governance so that village funds more effectively promote equitable and sustainable rural welfare.

**Keywords:** Accountability; Village Finance; Good Governance; Agency Theory; Community Welfare

## 1. INTRODUCTION

Law Number 6 of 2014 concerning Villages emphasizes that a village is a legal community unit that has the authority to regulate and manage government affairs, the interests of the local community based on community initiatives, rights of origin, and/or traditional rights that are recognized and respected in the system of government of the Unitary State of the Republic of Indonesia. Villages have a strategic role in realizing sustainable development and social justice at the local level. In the context of village development, village funds are used to finance various programs aimed at improving community welfare, strengthening village institutional capacity, and building basic infrastructure that supports community social and economic activities. The management of the fund is carried out with the principles of transparency, accountability, and active participation of the village community so that the development results are truly in accordance with local needs and can empower the community effectively. (RI, 2021).

Previous studies on the accountability of village fund management have shown that some villages have implemented the principles of transparency and accountability quite well through open financial reporting and community involvement, as found by Reka Mustika Rama & Raden Dian Hardiana (2022) shows that the implementation of the principles of transparency and accountability in village fund management in Sukajaya village is going quite well through open financial reporting and community involvement. Andriani et al., (2022) shows that the planning, implementation, and accountability of ADD have followed regulations and are quite transparent but constrained by the capacity of the apparatus so that it still requires the guidance of local governments. Setiawan (2021) reported that the management of village finances in Lembang Sadan Pebulian and Lembang Sadan Sangkaropi is in accordance with Permendagri No. 20 of 2018 with timely reporting and clear accountability. In line with that, Noviyanto & Mariza (2022) found that the accountability of management, benefits and procedures in Tanjung Ulir Village is relatively good, although there are still obstacles to the technical understanding of the apparatus in financial reporting. While Septiawati et al. (2022) shows that the principle of accountability in Tabir Barat sub-district began to be implemented gradually. However, it is different from previous findings, the research conducted by Nadia Zein et al., (2022) revealed that the management of village funds in East Muara Panco Village has not been optimal because the allocation of funds has not been fully in accordance with development and empowerment priorities,

although in the following fiscal year there has been an improvement in the direction of using funds.

Previous studies on the accountability of village fund management generally emphasized the aspects of transparency, financial reporting, regulatory compliance, and supervisory mechanisms, and showed that the implementation of accountability in various villages tended to be diverse, ranging from those that were good enough to those that were still not optimal in the suitability of fund allocation with the priorities of community development and empowerment. However, most of the research is descriptive and there are not many that specifically and in-depth examine the relationship between the accountability dimension and indicators of improving community welfare, especially in the context of 3T villages that have limited infrastructure, technology, and human resource capacity. This gap is important to fill because the effectiveness of village fund policies is actually measured not only from procedural compliance but also from the extent to which accountability for village fund management really boils down to improving the socio-economic conditions of villagers. The uniqueness or novelty of this research lies in the effort to integrate the theory of Public Accountability, Good Governance, and Agency Theory to comprehensively analyze the relationship between the level of accountability for village fund management and the improvement of community welfare in Nursifa Village as a representation of 3T villages, as well as identify challenges and strategies for strengthening supervision mechanisms and mitigating the risk of misuse of funds in the context of remote villages.

## 2. RESEARCH METHOD

The research method used in this study is a qualitative method with an interpretive paradigm that focuses on an in-depth understanding of the accountability practice of village fund management in Nursifa Village and its relation to community welfare. The interpretive approach was chosen because this study wants to understand how village officials and communities interpret, carry out and assess accountability in the social, institutional, and cultural context of villages that have limited infrastructure and human resource capacity. Primary data was obtained through in-depth interviews with key informants, namely village heads, treasurers, planning heads, BPD members and community representatives involved in the management and supervision of village funds. Interviews focused on the entire cycle of village fund management (planning, implementation, administration, reporting and accountability), perceptions of transparency, participation, regulatory compliance and the impact of the program on daily life. Secondary data is collected from official documents such as the APBDes, village fund realization reports, accountability reports, related regulations, RPJMDes documents, and photo documentation of development activities and budget information boards. In addition, field observations were carried out to see firsthand the village deliberation process, program implementation, and infrastructure facilities financed by village funds. The research population conceptually is all actors involved in the management and supervision of village funds in Nursifa Village, including village officials and the community. The determination of informants is carried out purposively by selecting individuals who are considered the most knowledgeable and experienced in the management of village funds, namely the Village Head, Village Treasurer, Head of Planning, Chairman of BPD, as well as residents who are also present and active in village deliberations and development activities in Nursifa village. The main variables of this study are the accountability of village fund management and community welfare. Accountability is operationalized into several dimensions: transparency (disclosure of budget information and realization of village funds), participation, (community involvement in deliberation and supervision), legal compliance (conformity with the Village Law and the Minister of Home Affairs on village financial management), effectiveness and efficiency (matching the use of funds with priority needs and minimal waste), and public accountability (reporting and delivering information to the community and local government). Community welfare is understood as a condition for the fulfillment of basic needs and improvement of the quality of life, which in the context of this research is explored through community perception and contextual indicators such as improvements in basic infrastructure, social services, and economic opportunities financed by village funds. In the interpretive framework, variable measurement is carried out qualitatively through narrative analysis of the results of interviews, observations, and documents and then reduced, presented and conclusions are drawn with the support of source triangulation techniques and methods to ensure the credibility of the findings.

## 3. RESULTS AND DISCUSSION

In general, the results of the study show that the accountability of village fund management in Nursifa Village has been running at all stages (planning, implementation, administration, reporting and accountability), but the quality still varies between dimensions and is hampered by limited capacity of apparatus, infrastructure, and community participation. The findings also show that relatively good accountability practices contribute to improvements in basic infrastructure and access to social services, despite the impact on economic empowerment and community independence that is not optimal.

**Table 1.** Accountability Dimension Data Processing Results

Dimensions/ Indicators	Results of Data Processing in Nursifa village
Transparency	<ol style="list-style-type: none"> <li>(1) The APBDes and the realization of Village funds are prepared every year and informed in the Village Deliberation forum there is an information board that contains a summary of programs and budgets, but the updates are not always timely and the information presented is still arbitrary without details that are easy for the public to read</li> <li>(2) Some residents are aware of the existence of village funds and the main types of activities (roads, houses, social assistance), but not all understand the value of the budget, the mechanism for determining programs, or the realization of each activity due to the lack of alternative information media (e.g. village social media or leaflets).</li> </ol>
Participation	<ol style="list-style-type: none"> <li>(1) Village deliberations are carried out at the stage of preparing RKPDes and APBDes by inviting representatives of RTs, traditional shops, religious shops and women's groups, but the dynamics of the discussion are still dominated by certain figures and village officials proposed by the community are often filtered first before being determined to be realized</li> <li>(2) Youth groups, poor households, and women who are not active in organizations tend to act as listeners; They rarely express their opinions due to cultural factors of embarrassment, reluctance to the authorities, and limited understanding of technical planning terms.</li> </ol>
Legal compliance	<ol style="list-style-type: none"> <li>(1) The preparation of planning documents (RKPDes), budgeting (APBDes), implementation, and reporting follows the provisions of Law No. 6 of 2014 and Permendagri No. 20 of 2018; All village fund transactions are carried out through the village cash account at the designated bank and accompanied by supporting evidence</li> <li>(2) The village government uses the SISKEUDES application for financial administration with a double entry recording system, but the operation of the application is highly dependent on one or two apparatus who have computer skills, so that if the official is obstructed, the administrative process slows down.</li> </ol>
Effectiveness and efficiency	<ol style="list-style-type: none"> <li>(1) Village funds are allocated mainly for the development of basic infrastructure (village roads, livable houses, public facilities), expenditure on the implementation of village government, as well as several social programs; Needs analysis is carried out through deliberation, but it is not always supported by comprehensive socio-economic data</li> <li>(2) In terms of efficiency, construction activities are generally completed on budget and time, but there is still the potential for small waste due to immature technical planning (e.g. work specifications that need improvement in the following year)</li> </ol>
Public accountability	<ol style="list-style-type: none"> <li>(1) Village fund realization reports are submitted to the sub-district and district governments periodically and are in accordance with the required format; At the village level, reports are presented in certain forums, but the language of the report is still technical (accounts, shopping codes) so that it is difficult for the community to understand</li> <li>(2) The community considers the village government "quite transparent" because it is willing to explain the use of funds when asked, but there is no habit of reading and analyzing reports critically, so accountability tends to run one-way and formal</li> </ol>
Supervision	<ol style="list-style-type: none"> <li>(1) Internal supervision is carried out by BPD which receives reports and conducts field monitoring, while external supervision is carried out by regional inspectorates and other technical agencies; The community also conducts informal supervision through conversations and observations of project activities</li> <li>(2) However, such social supervision has not been structured; Many residents have not dared to express open criticism despite their suspicions, because they are worried about causing conflicts and disharmonious social relations with the village officials</li> </ol>

**Table 2.** Results of Data Processing on the Impact of Village Funds on Community Welfare

Welfare Aspects	Details of Data Processing in Nursifa Village
Basic Infrastructure	<ol style="list-style-type: none"> <li>(1) Residents feel a real improvement in the condition of village roads (more sections that can be passed by vehicles), the construction and rehabilitation of livable houses for families who meet the criteria, and simple infrastructure support for education and health facilities</li> <li>(2) This infrastructure improvement shortens travel time to service centers and markets, thus facilitating the mobility of goods and people, although it has not automatically increased income because the village's productive economic activities are still limited.</li> </ol>
Social Services	Village funds are used to incentivize village officials to run administrative services better, social assistance for poor groups, and incentives for pregnant and lactating women to encourage visits to health facilities; This program is considered to help ease the burden on some families
Public Perception	In general, the community considers the management of village funds "quite good" because there is physical evidence of development and assistance received, but some expressed hope that economic empowerment activities and productive business support will be prioritized in the future
Economic Empowerment	Economic empowerment programs such as training, small business capital assistance, and strengthening business groups are still limited in number and participants; Some beneficiaries feel additional income, but the scale and sustainability are not enough to change the structure of village poverty

Substantively, the main findings of this study are: (1) procedural accountability (regulatory compliance, completeness of stages) is relatively stronger than substantive accountability (usefulness and affordability of information for citizens); (2) accountability is more real in physical programs and basic services than in community empowerment programs (3) conditions as 3T villages make limited infrastructure and human resources a determining factor in the quality of accountability. The findings are in line with Romzek & Dubnick's Theory of Public Accountability, where bureaucratic and legal accountability (compliance with rules and procedures) is easier to realize because it is driven by structural obligations and formal oversight from local governments. On the other hand, professional and political accountability that requires technical, ethical, and responsive skills to community demands still faces obstacles in the form of limited competence and a culture of participation that is not yet fully critical. In relation to the principle of Good Governance, this study shows that the elements of Rule of Law and some elements of transparency and participation have begun to be implemented, but have not fully encouraged performance-oriented accountability and Value for money. In perspective Agency Theory, the quality of reporting and information disclosure that is complicated for the community increases the information asymmetry between the village government (agent) and the community (principal), so that the potential for moral hazard still needs to be anticipated through strengthening mechanisms, social supervision and increasing budget literacy to the community. If the dimension of accountability is seen as an independent variable and the welfare of society as a dependent variable, then the logic of the relationship depicted is as follows.

First, transparency embodied in deliberation and presentation of budget information encourages the social legitimacy of the program and reduces conflicts, so that the implementation of development runs relatively smoothly and produces public facilities that can be enjoyed by the community. However, because the form and language of information tends to be technical, the effect of transparency on community empowerment to control and direct programs is still limited. Second, participation that tends to be just a formality makes the program prepared represent a common need such as infrastructure development, but has not specifically met the needs of the group so that the improvement in welfare created is more of a collective character (access to infrastructure) than a direct improvement on the economic capacity of certain households. Third, legal compliance and administrative order contribute to reducing the risk of abuse and ensuring that funds are channeled to programs that are allowed by regulations but do not automatically guarantee the most effective program in terms of improving public opinion or quality of life. Fourth, the effectiveness and efficiency of fund management, which in practice is more directed towards infrastructure and routine spending, shows a strong relationship with increased access to services, but the relationship with community welfare indicators is still weak. Fifth, formal but not fully communicative public accountability makes the relationship between village government performance and community trust maintained, but it is not enough to encourage the critical side of the community in planning and supervision.

When compared to research Reka Mustika Rama & Raden Dian Hardiana (2022) or Noviyanto & Mariza (2022) which found that accountability and transparency can work well with sufficient community participation and timely reporting, this is in line with the results of research conducted in Nursifa village which shows a similar pattern in terms of procedural compliance and infrastructure improvement, but with additional challenges in the form of technological limitations and the quality of human resources as a 3T area. These findings are also in line with studies that reveal that although accountability for benefits can be achieved through physical development, there are still problems in the reporting and technical understanding aspects of village officials. On the other hand, the results of this study also confirm that there are challenges similar to those revealed by Septiawati et al. (2022), and Nadia Zein et al. (2022), namely the weak technical understanding of village officials, suboptimal reporting and documentation, and the use of funds that are not fully oriented to community economic empowerment so that the impact on welfare is stronger in improving infrastructure than strengthening economic independence. The difference in the research in Nursifa village is the limited access, the position as a village in the 3T area, and the dependence on transfer funds from the local government which makes the problem more related to structure and capacity and not only due to a lack of accountability commitment.

#### 4. CONCLUSION

This study shows that the accountability of village fund management in Nursifa village is in the category of fairly accountable with relatively good implementation in aspects of planning, procedural compliance, and financial administration through the use of SISKEUDES and formal reporting to the local government, but still faces weaknesses in the dimensions of substantial transparency to the community, inclusive participation, documentation quality, and the use of information technology. The accountability carried out has made a real contribution to improving the quality of basic infrastructure and some social services, but has not fully encouraged the strengthening of community economic empowerment because the proportion of allocation for productive activities is still limited and social supervision is still not optimal, so that the impact on welfare is felt more strongly in terms of physical access and basic services than in increasing economic independence. The limitations of this study include the scope of the location that only focuses on one 3T village (Nursifa Village) so that the generalization of findings statistically to other villages needs to be done carefully, the dominance of an interpretive qualitative approach that relies on interviews and documents so that it does not present a quantitative measurement of the level of accountability and welfare, as well as the limitation of the number and diversity

of informants who may not fully represent the entire group social in the village. Based on these limitations, further research is suggested to expand the study area to several villages with different characteristics, such as combining non-3T areas and 3T areas with the use of qualitative and quantitative approaches with structured instruments to measure the dimensions of accountability and welfare indicators comparatively, involving more informants from vulnerable groups (women, household youth in or below the poverty line) to capture more diverse perspectives, as well as to study more specifically the design of village fund-based economic empowerment interventions so that the relationship between management accountability and improving community economic welfare can be mapped more sharply.

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