

The Dynamics of Financial Reporting Quality in Village Governance: Insights from Bengkalis Sub-District on Accessibility, Community Participation, and Accountability

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Abstract

The study examines variables influencing the quality of village financial reports, namely the quality of human resources, community involvement, accountability, and accessibility of financial information. Specifically, within the context of village governance in the Bengkalis Sub-district, the study seeks to determine how these factors affect the caliber of village financial reports. By exploring the moderating role of human resource quality, the study aims to assess the influence of accessibility, community engagement, and accountability on the quality of village financial reports. The study employed Partial Least Squares Structural Equation Modeling (PLS-SEM) as the research method. Data were collected through surveys administered by the Bengkalis Subdistrict Village Council. The findings revealed that community involvement and information accessibility positively influenced the quality of village financial reports, with the quality of human resources playing a crucial mediating role. The theoretical contributions of these studies center on exploring the intricate dynamics among various factors that influence the quality of financial statements in village governance. On the other hand, methodological contributions arise from the application of advanced statistical techniques to analyze these relationships. Additionally, the comprehensive sampling approach used to collect information adds to the methodological contributions of the studies. These findings emphasize the importance of supporting and encouraging community participation in village financial management, improving the quality of human resources at the village level, and integrating information technology into the preparation and dissemination of village financial reports. This study significantly contributes to advancing the theory and practice of public financial management at the village level.

Keywords: Village Fund, Accessibility, Participation, Accountability, Financial Report Quality

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1. INTRODUCTION

The Village Financial Report (LKD) is a crucial instrument in demonstrating village financial performance and ensuring transparency, accountability, and effectiveness of public financial management at the most basic level. The government has responded to the need for quality village financial reports by issuing regulations, such as Government Regulation No. 71 of 2010 and Permendagri No. 20 of 2018, which provide a framework and demand accountability for managing village funds.

Despite these steps, serious challenges still need to be solved to optimise the quality of village LKD. Implementing the Siskeudes Application, which reached 95.06% as of December 2019 (BPKP, 2019), signifies progress. Still, other aspects need attention, especially the need for more competence of village government officials and community supervision/participation, as found by ICW.

(Pradana Putri & Syaiful Akbar, 2022) Earlier studies indicated that accountability did not impact the quality of regional financial reports. Further research by (Pratiwi et al., 2022) confirms that accountability and community participation positively impact the quality of financial statements. However, (Imelia et al., 2021) discovered no discernible relationship between HR competencies and participation levels and the quality of Local Government financial reports. This discrepancy in the study's findings requires more investigation to determine the variables influencing village LKD quality.

As a crucial tool for characterizing the use of public funds and their impact on local development, the quality of village LKD (Laporan Keuangan Desa) is a critical issue that must be addressed. However, further research is still needed to fully comprehend the variables influencing the quality of village financial institutions, particularly regarding human resource management at the village level.

By analysing the impact of demands for accessibility, accountability, and community involvement on the standard of village financial institutions, this study seeks to bridge this information vacuum.

2. LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Agency Theory

This theory explains the conflicts between principals and agents (Jensen & Meckling, 2019). This agency conflict

will arise due to differences in interests or goals between the principal and the agent (Raimo et al., 2021). From this agency conflict, agency costs arise, intended to minimise differences in interests. These costs include monitoring expenditure, bounding expenditure, and residual loss (Kalbuana et al., 2022). According to the explanation of Jensen & Meckling (2019), one type of agency cost is monitoring expenditure, which limits agent actions not in the principal's interests. Related to agency problems, no less important to discuss is the problem of information asymmetry that occurs between agents and principals. According to Handoyo et al. (2022), this information asymmetry problem can occur due to the impossibility of the principal controlling every action of the agent. Therefore, one way to reduce this information asymmetry problem is through information disclosure by the company (e.g., company annual reports and financial reports) (Raimo et al., 2021).

2.1.2 Empirical review

Quality of Financial Statements (KLP)

(IAI, 2015) explains that making financial statements is the final stage of the accounting cycle. Financial statement data is taken from all processes carried out up to the preparation of the balance sheet. The data processed based on the balance sheet is used as the basis for preparing financial statements. In the BPKP Guidelines for the Implementation of Guidance and Consultation on Village Financial Management in 2015, the financial statements that the village government must make include:

1. Reporting on APBDesa Implementation Realization

The sub-district head delivers the APBDesa implementation realization report to the Regent/Mayor. This report comprises:

- a. The First Semester Report, due by July of the current year.
- b. The Year's Conclusion Report, to be submitted by the end of January of the following year.

The first-semester report evaluates the revenue, expenditure, and financing realization against the targets and budget for the initial semester. Conversely, the year-end APBDesa implementation realization report delineates the income, expenses, and funding realization until the fiscal year's end, thus consolidating the entire fiscal year's activities.

2. Responsibility for APBDesa Implementation Realization

To ensure the execution of APBDesa, the sub-district head submits an accountability report to the Regent/Mayor at the fiscal year's end. This report details the revenues, expenses, and funds mandated by village regulations. As per Article 41 of Permendagri 113/2014, this accountability report must be submitted within one (1) month following the fiscal year's conclusion.

3. Reporting on Village Funds Utilization Appraisal

Every semester, a report on the proper expenditure of village funds is submitted to the Regent/Mayor, including:

- a. By the fourth week of July for the first semester of the current fiscal year.
- b. By the second semester's fourth week of January of the subsequent fiscal year.

By the fourth week of March of the subsequent fiscal year, the Regent/Mayor must submit to the Minister of Finance a report on the distribution and consolidation of the village funds' utilization based on the village funds reports from villages within the regency/city. Copies of this report shall also be forwarded to the relevant national and local government agencies and the Governor.

4. Accountability Report for APBDesa Implementation Realization

The accountability report for APBDesa execution is periodically submitted to the BPD to provide insights into the implementation of APBDesa, which was ratified at the beginning of the year as a village rule. This report includes:

- a. The fiscal year accountability report structure for APBDesa implementation realization.
- b. The Village Property Report structure as of December 31 of the previous fiscal year.
- c. Mechanisms for staying updated on national and local government initiatives.

2.1.3 Accessibility (AKS)

Accessibility is disseminating financial report information that various interested users can easily access. This serves as a form of local government accountability to the public, conducted openly and honestly (Puspa & Prasetyo, 2020). Conversely, when seen from a spatial standpoint, it is described as the ease with which an individual or vehicle may go from one location to another safely, comfortably, and at an acceptable speed (Hehanussa, 2015).

According to Mardiasmo (2021), the influence of public accountability gave rise to the public's right to financial information. Public accountability requires organisations to provide financial reports as evidence of responsibility and stewardship. The public has the right to access government economic data to assess the administration and organisational effectiveness of the government since they are the party that has faith in the government to manage public resources. The government must provide financial data to affiliated organisations so they may use it to make political, social, and economic decisions.

In an open democracy, the media—which includes newspapers, magazines, radio, television, websites, and forums that encourage public accountability or give direct attention to the public—shares this access (Hehanussa,

2015). Accessibility, in the context of local government financial reports, can be interpreted as the ease of distributing economic information that various interested users can easily access. (Puspa & Prasetyo, 2020) Emphasises that accessibility is a form of local government accountability to the community, realised through providing open and honest information. From a spatial perspective, accessibility also includes the ease and safety of movement from one place to another for individuals or vehicles (Hehanussa, 2015).

Mardiasmo (2021) states that public accountability gives rise to the public's right to financial information, evidence of responsibility, and stewardship. The public has access to financial data under an open democracy, which they may use to assess the organisational and management performance of the government. By providing financial information, the government offers a basis for the public to make economic, social, and political decisions that impact people's lives.

(Hehanussa, 2015) In an open democracy, financial information about the government can be accessed through various media channels, including radio, television, newspapers, magazines, the internet, and forums. These media are essential in providing direct attention to the public or encouraging government accountability. It is also envisaged that by making local government financial information more widely available, the public would find it easier to get, comprehend, and critique financial reports. This, in turn, should help raise the calibre of these financial reports. Based on this explanation, the researcher develops the subsequent hypothesis:

H1: Accessibility has a positive effect on the Quality of Financial Statements

2.1.4 Community Participation (PRT)

Community participation in development involves actively identifying potential, selecting and making decisions, implementing efforts to overcome problems, and involvement in the evaluation process (Samad et al., 2019). This participation can be interpreted as community involvement as the object and subject of development, involving their rights and obligations. (Mustanir, 2019) asserts that community participation is proactive and reactive, which shows that people think before they act.

According to (Adam Latif, 2019), community participation can occur at four levels: the decision-making process, program implementation, benefit-taking, and evaluation. Involvement in the decision-making stage is fundamental as it concerns the community's fate as a whole. Meanwhile, participation in program implementation confirms the community's contribution to support development. Benefit collection is the tangible result of program implementation, while involvement in evaluation involves the community in assessing the program's success and determining whether there are any deviations.

Participation from the community will foster environments where people feel more trusted, involved, and accountable for growth, regardless of whether they are active in decision-making, implementation, benefit-taking, or assessment phases. Positive involvement is therefore anticipated to raise the calibre of financial reporting in keeping with public responsibility and accountability. From this angle, the following formulation of the hypothesis is possible:

H2: Community participation has a positive effect on the Quality of Financial Statements

2.1.5 Accountability (AKTB)

Accountability, within the framework of resource management and financial reporting in the public sector, signifies the responsibility of the party entrusted (agent) with managing resources to present, report, and disclose the outcomes of this management to those who have bestowed the trust (principal). This serves as a demonstration of accountability and transparency in governance (Widyanti, 2018). In village government, accountability is measured as the ability of the village government to carry out its responsibilities related to community services, especially to village financial management planned in the Village Budget (APBDesa) (Wiguna & Dwilingga, 2020).

According to (Mardiasmo, 2021), There are two aspects to public accountability: vertical and horizontal. Accountability for managing money to higher authorities, such as work units' accountability to local governments or local governments' accountability to the federal government, is called vertical accountability. Conversely, horizontal responsibility pertains to being accountable to the larger community.

A high level of accountability will create conditions in which the responsible party feels obliged to present, report, and disclose financial information clearly and transparently to those who give the mandate, both higher authorities and the wider community. Maintaining accountability is an essential aspect of government that tells the public and is reflected in the quality of financial reports issued by local governments (Nirwana & Haliah, 2018). Strong accountability is anticipated to favour the calibre of village financial reports. With this knowledge in mind, the following formulation of the hypothesis may be made:

H3: Accountability has a positive effect on the Quality of Financial Statements

2.1.6 Quality of Human Resources (SDM)

In the context of government, human resource expertise (HR) supported by adequate technology only sometimes results in significant performance improvement. (Mutiana et al., 2017) I noted that the main obstacle often is needing a work ethic oriented toward community service. Human resources must present a quality work ethic to ensure the implementation of accounting functions. The lack of quality in implementing the accounting system

can adversely affect the quality of the accounting information, including its reliability.

The concept that the quality of human resources may moderate the relationship between accessibility, participation, responsibility, and the quality of financial statements was formulated due to the pivotal role of human resources in effectively managing the accounting system. The study's findings demonstrate the beneficial effects of an internal control system and human resource competency on managing village revenues (Umar et al., 2018). Hence, this study aims to further investigate the mediating role of human resource quality in the associations between accessibility, participation, accountability, and the quality of village financial reports.

Based on this understanding, the following hypothesis can be formulated:

H4: Accessibility affects the quality of financial statements with the quality of human resources as a mediating variable.

This theory proposes that the quality of human resources serves as a mediator in the connection between the impact of accessibility and the quality of financial statements. When human resources are of high quality, the adoption of an accounting system that promotes accessibility could result in the generation of superior financial reports.

H5: Participation affects the quality of financial statements with the quality of human resources as a mediating variable.

According to this hypothesis, the influence of participation and the calibre of financial statements are mediated by human resources. Effectively using knowledgeable personnel may raise the standard of financial data.

H6: Accountability affects the quality of financial statements with the quality of human resources as a mediating variable.

According to this theory, the impact of accountability on the quality of financial statements is mediated by the quality of human resources. Attaining a balance between the competence of human resources and the level of accountability can improve the quality of the financial data produced.

Conceptual Framework

The problem's history and the literature review inform the study's conceptual framework, which might be characterised as follows:

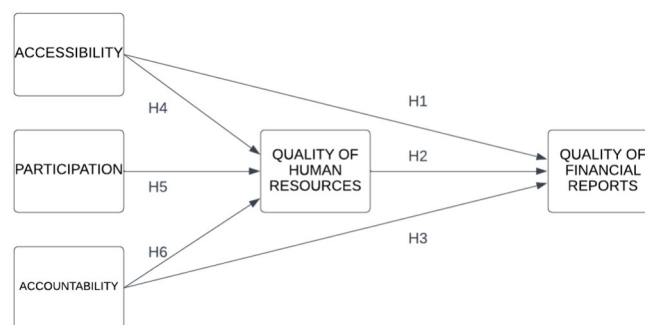


Figure 1 Conceptual Framework

3. METHODOLOGY

3.1 Data and Sample

The Bengkalis District village government served as the study's population. Because the population was the same and there were only 84 employees who would be used as respondents, the study's sample consisted of village employees such as the Village Head, Village Treasurer, and Kaur Affairs. The sampling technique utilized in this study was saturation (census), where all members of the population were included as samples.

3.2 Definition of variable operation and Indikator

Table 1 Variables, Dimension, and Indicator Data analysis techniques

Variable	Dimension	Indicator
Quality of Financial Statement Presentation (Y)	1. Relevant	Financial statements are considered relevant when the data they include influences the choices of readers who are able to assess current or previous events, forecast the future, and adjust the findings of earlier analyses.
	2. Reliable.	Financial statement information needs to be verifiable, trustworthy, and free from bias in order to be considered dependable.
	3. On time.	In presenting financial statements, the information presented is timely because it will be helpful in decision making.
	4. Complete and honest presentation.	When financial statements are produced, the information is measured to the greatest extent feasible and then truthfully depicts the transactions that should be included in the information.
	5. Comparable, understandable, neutral and not covered up.	The reliability of the information in financial statements is enhanced when it is feasible to compare them with those from the previous period. Consumers also need to be able to comprehend the data presented in the financial statements. Since the public interest is the primary focus, rather than the interests of specific parties, nothing is hidden, and the information is objective.
Source: (Astuti, 2019)		
Village Information Accessibility (X1)	1. Openness	Village information in its financial statements is published openly to its users.
	2. Ease	The village authority has to make it simple for those who are using financial statements to get information about village management.
	3. Accesible	Measuring the accesibility of village information is that the public can access village management through the internet (website).
Source: (Astuti, 2019)		
Community Participation (X2)	1. Decision making	- Involvement in decision-making on village programmes.
	2. Budgeting	- Propose a budget plan. - Involved in plenary meetings
	3. Budget execution	- Involved in monitoring and reporting - Provide assessment of budget implementation.
Source: (Astuti, 2019)		
Village Financial Management Accountability (X3)	1. Honesty and the Law	- Honesty and information disclosure - Reporting compliance
	2. Process	- The appropriateness of protocols - Sufficiency of information - Regularity of report submission
Source: (Naryati, 2020)		
Human Resources (Z)	Education Level	- Below Senior High School - SMA / SMK - D3 - S1

After collecting the data, the following stage examines and assesses it. Predicting or forecasting future events and evaluating how modifications to one event impact other events are critical components of data analysis. We performed a PLS-SEM analysis using the SmartPLS 3.0 software to assess the study's assumptions.

3.3 Structural model, measurement model, and fit model

Following Hair et al. (2021), The measurement model (outer model) depicts the relationship between latent constructs and their respective indicator variables, while the structural model (inner model) illustrates how latent

constructs are interconnected with each other. These two components collectively constitute the PLS path model. On the other hand, the fit model assesses the extent to which the model aligns with the provided data. It evaluates the goodness-of-fit between the model and the observed data, indicating how well the proposed relationships capture the empirical relationships in the data.

4. RESULTS AND DISCUSSION

4.1 Result

4.1.1 Outer Model Evaluation

Convergent Validity Test

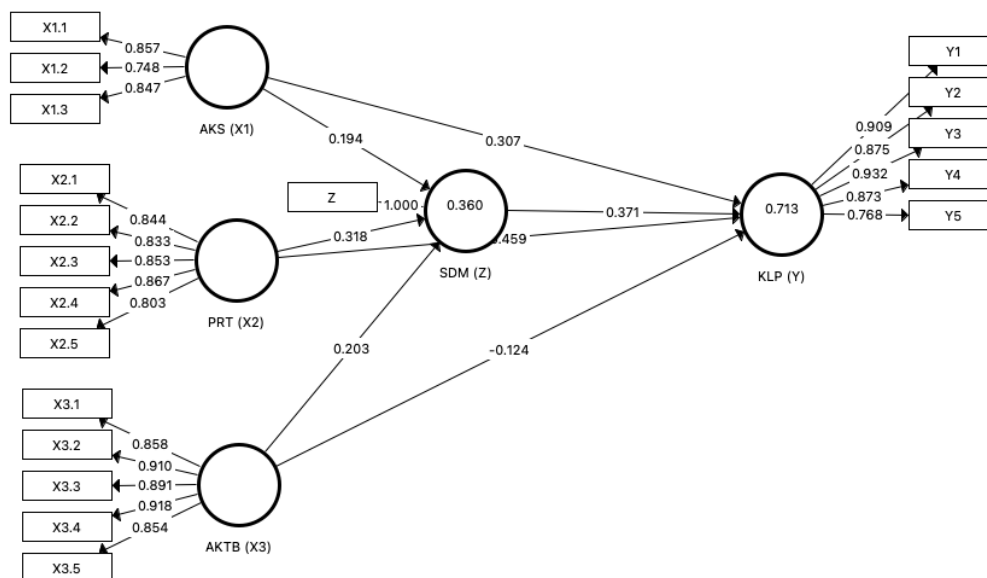


Figure 2 Convergent Validity Analysis Results

Convergent validity assesses the precision of reflexive indicators as measures of a variable, demonstrated by the Average Variance Extracted (AVE) value and the outer loading of each variable indicator. The indication is considered valid if the outer loading value surpasses 0.60. This suggests that the indicators are reliably measuring the underlying construct (Ghozali & Latan, 2015). Meanwhile, while it is generally preferred for outer loading and AVE values to exceed 0.60 for robust convergent validity, values between 0.50 to 0.60 can still be tolerated in some cases. However, indicators with values below 0.50 to 0.60 may be considered for removal from the analysis as they may not sufficiently contribute to the measurement of the underlying construct (Ghozali & Latan, 2015). The graphic above illustrates how each indication of the variables related to accessibility, participation, accountability, and quality of financial statements has an outer loading value more than 0.6, indicating that it has satisfied the minimal requirement.

Table 2 Hasil Average Variance Extracted (AVE)

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
AKS (X1)	0,762	0,803	0,858	0,670
AKTB (X3)	0,932	0,941	0,948	0,786
KLP (Y)	0,921	0,925	0,941	0,763
PRT (X2)	0,898	0,908	0,923	0,706
SDM	1,000	1,000	1,000	1,000

Additionally, it is noted from the table above that the AVE value of each variable exceeds 0.5, indicating their validity.

Discriminant Validity Test

The Heterotrait-Monotrait (HTMT) ratio, cross-loadings, and values based on the Fornell-Larcker Criterion are utilized in the discriminant validity test within the SmartPLS 3 application. These techniques help assess the extent to which constructs in the model are distinct from each other, ensuring that each construct measures a unique underlying concept. (Henseler et al., 2015).

Fornel – Larcker

Table 3 Validity Test-Fornel Larcker

	AKS (X1)	AKTB (X3)	KLP (Y)	PRT (X2)	SDM
AKS (X1)	0,818				
AKTB (X3)	0,621	0,887			
KLP (Y)	0,613	0,521	0,873		
PRT (X2)	0,457	0,578	0,723	0,840	
SDM	0,466	0,507	0,692	0,524	1,000

The Fornell-Larcker criterion assesses how well the square root value of the Average Variance Extracted (AVE) for each construct aligns with the relationships among the other constructs in the model. This criterion aids in evaluating discriminant validity by comparing the square root of each construct's AVE with the correlations between that construct and other constructs in the model (Henseler et al., 2015). Assuming that the correlation value between each construct and the other constructs in the model exceeds that construct's square root AVE value, the model demonstrates respectable discriminant validity. This implies that each construct is more strongly correlated with its own measures than with measures of other constructs, indicating sufficient differentiation between constructs in the model (Wong, 2013). The forneller criteria value for each construct has the greatest value in each latent variable evaluated with other latent variables, as shown in Figure 3 above.

Cross Loading

Table 4 Validity Test-Cross Loading

	AKS (X1)	AKTB (X3)	KLP (Y)	PRT (X2)	SDM (Z)
Z	0,466	0,507	0,692	0,524	1,000
X1.1	0,857	0,309	0,604	0,368	0,403
X1.2	0,748	0,407	0,333	0,304	0,196
X1.3	0,847	0,792	0,506	0,432	0,474
X2.1	0,343	0,204	0,565	0,844	0,371
X2.2	0,524	0,752	0,736	0,833	0,535
X2.3	0,258	0,244	0,498	0,853	0,356
X2.4	0,300	0,247	0,526	0,867	0,352
X2.5	0,414	0,780	0,634	0,803	0,516
X3.1	0,615	0,858	0,445	0,412	0,416
X3.2	0,438	0,910	0,472	0,580	0,447
X3.3	0,401	0,891	0,298	0,422	0,398
X3.4	0,457	0,918	0,443	0,620	0,486
X3.5	0,769	0,854	0,586	0,496	0,480
Y1	0,557	0,393	0,909	0,615	0,599
Y2	0,414	0,285	0,875	0,505	0,573
Y3	0,607	0,442	0,932	0,678	0,634
Y4	0,457	0,351	0,873	0,549	0,587
Y5	0,600	0,743	0,768	0,762	0,613

To ensure that the construct correlation with the measurement item is higher than that of other constructs, the cross-loading value of each construct is assessed. This assessment helps verify that each measurement item predominantly relates to its intended construct rather than to other constructs in the model (Ghozali & Latan, 2015). It is evident from the discriminant validity test (Cross Loading) that each indicator's loading value on the relevant variable is the highest when compared to other variables. This can indicate that each indicator used by each variable is declared valid.

Heterotrait – Monotrait
 Table 5 Validity Test-HTMT

	AKS (X1)	AKTB (X3)	KLP (Y)	PRT (X2)	SDM
AKS (X1)					
AKTB (X3)	0,706				
KLP (Y)	0,686	0,532			
PRT (X2)	0,518	0,569	0,762		
SDM (Z)	0,498	0,520	0,718	0,533	

Examining the Heterotrait-Monotrait Ratio (HTMT) value is the last validity test. It fulfils the discriminant validity evaluation if the necessary HTMT ratio is less than 1 (Hair et al., 2019). Based on table 5, the HTMT ratio of each variable is smaller than 1, so the research model formed from the four variables above is valid.

Reliability Test

Table 6 Reliability Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
AKS (X1)	0,762	0,803	0,858	0,670
AKTB (X3)	0,932	0,941	0,948	0,786
KLP (Y)	0,921	0,925	0,941	0,763
PRT (X2)	0,898	0,908	0,923	0,706
SDM (Z)	1,000	1,000	1,000	1,000

Cronbach's alpha and composite reliability are the methods used to evaluate reliability. Good reliability is typically defined as having a composite reliability rating between 0.6 and 0.7 (Sarstedt et al., 2017) and the expected Cronbach's alpha value is above 0.7 (Ghozali & Latan, 2015). The reliability test results show that each variable has a composite reliability value exceeding 0.7. Additionally, each variable's Cronbach's Alpha value surpasses 0.7. This indicates that the indicators for each variable are accurate, consistent, dependable, and suitable for measuring various variables.

4.1.2 Inner Model / Structural Model Evaluation

Structural Model Test

By examining the stability of the estimates determined by the bootstrapping technique using the t-test statistics, the inner or structural model may be analysed (Ghozali & Latan, 2015). PLS uses the following methods to evaluate the structural model: The R-squares (R²) for dependent constructs indicate the proportion of variance in the dependent variables explained by the independent variables in the model. The t-test and significance of structural path parameter coefficients determine the statistical significance of the relationships between variables in the structural model. The Stone-Geisser Q-square test evaluates the predictive relevance of the model by comparing the predictive relevance of the model to that of a null model. The variety of endogenous constructions that external constructs may concurrently describe is explained by R-squares (Ghozali & Latan, 2015). With R-squares of 0.75, 0.50, and 0.25, the model may be classified as strong, moderate, or weak. (Ghozali & Latan, 2015). PLS model evaluation may be carried out using Q² predictive relevance, also known as predictive sample reuse, in addition to examining the size of the R-squares value. The Q-square value of the model reflects its predictive importance if it is greater than zero, and its predictive relevance if it is less than zero (Ghozali & Latan, 2015).

R Square (R²)

Table 7 Determination Coefficient Test

	R Square	R Square Adjusted
KLP (Y)	0,713	0,698
SDM (Z)	0,360	0,336

The calculation results suggest that accessibility, public participation level, and accountability demands collectively influence the quality of financial reports. The model's R-square (R²) value of 0.698 suggests that these factors account for 69.8% of the variance in financial statement quality, indicating a moderate to moderately strong explanatory power. This suggests that the collective influence of accessibility, public participation, and accountability requirements substantially explains financial statement quality, while other factors not incorporated into the model contribute to the remaining variance.

Predictive Relevance (Q2)

Table 8 Predictive Relevance Test Q Square

	SSO	SSE	Q ² (=1-SSE/SSO)
AKS (X1)	252,000	252,000	
AKTB (X3)	420,000	420,000	
KLP (Y)	420,000	217,957	0,481
PRT (X2)	420,000	420,000	
SDM (Z)	84,000	56,889	0,323

In other words, if the Q-square value is less than or equal to 0, then suggests that the model is not predictively relevant (Ghozali & Latan, 2015). The study's Q-square score, which is 0.23 or greater than 0, indicates that the variables and data can predict the model well.

Uji Path Coefficient

Table 9 Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
AKS (X1) -> KLP (Y)	0,307	0,318	0,116	2,660	0,004
AKS (X1) -> SDM (Z)	0,194	0,196	0,103	1,886	0,030
AKTB (X3) -> KLP (Y)	-0,124	-0,123	0,110	1,122	0,131
AKTB (X3) -> SDM (Z)	0,203	0,211	0,103	1,968	0,025
PRT (X2) -> KLP (Y)	0,459	0,451	0,108	4,244	0,000
PRT (X2) -> SDM (Z)	0,318	0,313	0,099	3,223	0,001
SDM (Z) -> KLP (Y)	0,371	0,368	0,067	5,524	0,000

Table 10 Specific Indirect Effects

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
AKS (X1) -> SDM (Z) -> KLP (Y)	0,072	0,072	0,040	1,786	0,037
AKTB (X3) -> SDM (Z) -> KLP (Y)	0,075	0,078	0,043	1,738	0,041
PRT (X2) -> SDM (Z) -> KLP (Y)	0,118	0,113	0,037	3,186	0,001

Each association path used to test the hypothesis yields a t-statistic result thanks to bootstrapping. The t-table value and the t-statistic value will be compared. Because of the 95% confidence level used in this investigation, the precision level or limit of inaccuracy (α) = 5% = 0.05. The AKTB variable has a significance value (p-value) of >0.05, but the AKS and PRT variables have a p-value of <0.05, according to the test findings above. This indicates that while AKS (X1) and PRT (X2) have a considerable impact on KLP (Y), the AKTB variable (X3) has no influence at all. Furthermore, the findings above indicate indirect correlations: first, AKTB (X3) has a favourable impact on KLP (Y), with the quality of human resources (Z) acting as a mediator with a 0.037 (p-value <0.05) impact. Second, involvement has a favourable impact on KLP (Y), and 0.001 (p-value <0.05) human resource quality acts as a mediator. Interestingly, an indirect relationship with a positive effect emerges between AKTB (X3) and KLP (Y) with HR (Z) as a mediator of 0.041 (p-value <0.05), despite the absence of a direct effect previously.

4.2 Discussion

Accessibility has a positive effect on the Quality of Financial Statements.

This demonstrates that financial reports are higher quality when information is more easily available. Transparency in public financial management will result from easy access to financial information. As a result, it is more probable that those engaged in financial management will take accountability and guarantee the accuracy of the financial accounts. Because of public demand to maintain accountability and openness in public financial management, financial information accessibility can enhance financial statement quality. Several factors support this result.

a. Increased Access to Information

One of the findings that can explain the positive effect between accessibility and the quality of village financial reports is increased access to information. With easier public access to village financial information, there is a more significant opportunity for the public to understand and criticize the content of financial reports. This

result is consistent with the theory that reasonable access to information will increase transparency and accountability.

b. Public Awareness

The results show that public awareness of the importance of village financial reports can increase with better accessibility. A more aware community will tend to monitor and demand better quality village financial reports. This motivates the village government to prepare financial reports more thoroughly and transparently.

c. Increased Community Participation

Good accessibility can also encourage active community participation in the village financial management process. With higher participation, the community is more interested in ensuring that village financial reports reflect the actual economic reality. Therefore, increased community participation can positively contribute to the quality of financial reports.

d. Openness of Village Government

High accessibility can create openness of the village government towards the community. A more open village government tends to be more committed to presenting accurate and detailed financial information in its financial statements. Thus, this openness can be a determining factor in improving the quality of village financial reports.

e. Relevance of Information

Furthermore, effective accessibility guarantees that the information in village financial statements remains pertinent and understandable to the community. Accessible and easily understandable information enhances the quality of financial reports by enabling community members to swiftly and accurately make decisions informed by the presented information.

Community participation has a positive effect on the quality of financial statements.

This implies that the financial statements will be more excellent when the public is involved in financial management decision-making, execution, benefit-taking, and assessment. As a result, there is a greater chance that those engaged in financial management will accept accountability and guarantee the accuracy of the financial accounts provided. These analyses and findings can be described as follows:

a. Increased Active Involvement

The results showed that the higher the level of community participation in the village financial management process, the higher the quality of financial reports. Community involvement can include participation in village meetings, open discussions, or budget preparation. With this involvement, the community has a deeper understanding of the village's financial condition, thus encouraging the preparation of more accurate and transparent financial reports.

b. Community Supervision

High community participation creates an effective oversight mechanism for village financial management. An active community is more likely to monitor village financial management policies, oversee the use of funds, and assess policies that impact village finances. Thus, this oversight can motivate the parties to present financial information with integrity and high quality.

c. Increased Transparency

Community participation can also encourage village governments to be more transparent in presenting financial information. Village governments that recognize the presence of an active community tend to provide financial information in a more detailed and easily understood manner. This helps improve the quality of financial reports by providing more complete and precise data.

d. Active Role in Decision-Making

High community participation can help improve the decision-making process related to village finances. Actively involved communities can provide valuable input so that financial policies taken better reflect the needs and aspirations of the community. With this participation, village financial reports can reflect higher quality and more relevant policies.

Accountability does not have a positive effect on the Quality of Financial Statements.

This shows that an increase only sometimes follows a high level of accountability in the quality of financial reports. Although good accountability is expected to impact the quality of village financial reports positively, this finding suggests that other factors also influence the quality of financial reports. Hence, more than accountability is needed to ensure improved financial report quality. Analyzing these findings provides essential insights into the factors hindering the relationship between accountability and financial report quality.

a. Cultural and Social Context

One interpretation of this finding can be found in the cultural and social context of the village. Local norms or cultures may not emphasize the importance of accountability in village financial management. The local community may focus on other aspects, such as togetherness or local traditions, so accountability demands are not a top priority.

- b. Lack of Awareness of the Importance of Accountability
The results reflect a need for more awareness of the importance of accountability in the context of village financial reports. If the community does not understand the benefits of accountability, demands for accountability will not directly drive improvements in the quality of financial reports.
- c. Lack of Monitoring System
An adequate supervisory system can also prevent the ineffectiveness of accountability for the quality of financial statements. Although there are demands for accountability, without a robust oversight mechanism, implementing accountability can be limited in encouraging improvements in the quality of financial statements.

Accessibility affects the quality of financial statements, with the quality of human resources as a mediating variable

In the results of this study, significant findings show that accessibility positively affects the quality of village financial reports, and the quality of human resources acts as a mediating variable that moderates the relationship. The analysis of these findings can be described as follows:

- a. Improved Access to Information and Human Resource Quality
The findings show that improved accessibility in the village can provide better access to financial information. Through better accessibility, the community and human resources in the town can better understand the needs and demands related to preparing financial reports. The quality of human resources in the village, such as accounting skills and understanding reflected in the level of education, can be an essential mediator to optimize the positive impact of accessibility on the quality of financial statements.
- b. Public Awareness and Education
High accessibility can increase public awareness of the importance of village financial reports. With heightened awareness, the community can make more muscular accountability demands and actively participate in monitoring financial reports. Good quality human resources in the village can provide education and socialization to the community about the significance of financial reports, thus improving the quality of their understanding.
- c. Increased Community Participation and Quality of Human Resources
Good accessibility can also encourage community participation in preparing village financial reports. With higher participation, the community can make valuable contributions in identifying needs and policies that should be embodied in the financial statements. The quality of human resources, such as education level, can mediate the relationship between high community participation and improved financial report quality.
- d. Strengthening Transparency and Human Resource Quality
High accessibility tends to increase transparency in the presentation of financial information. Qualified human resources can play an essential role in ensuring that the information presented in village financial reports is more accurate, detailed, and easily understood by the community. Improving transparency and the quality of human resources can be a significant mediation in improving the quality of village financial reports.

Participation affects the quality of financial statements, with the quality of human resources as a mediating variable.

The results of this study show that village financial reports with high quality are positively correlated with community engagement; the quality of human resources moderates this correlation. Examining these results provides important new information on how community involvement might improve financial reporting by using the impact of human resource quality.

- a. Increased Awareness and Knowledge Through Community Participation
Community participation can increase their awareness of the importance of village financial reports. The community can better understand financial information by actively participating in decision-making and preparing financial reports. The quality of human resources in the village, such as the ability to communicate information clearly, can mediate the increase in public awareness and knowledge.
- b. Increased Participation in Monitoring and Evaluation
Active community participation creates a robust internal monitoring mechanism for village financial management. Communities directly involved in the village financial decision process can be effective monitoring agents. The village's human resource quality, including its analytical and decision-making abilities, can moderate community involvement increases, leading to improved financial report review and supervision.
- c. Strengthening Involvement in Decision Making
High community participation can also increase their involvement in village financial decision-making. Through active participation, the community may offer significant insights and perspectives to enhance the caliber of choices in the financial accounts. The effectiveness of human resources, such as their capacity for leadership and conflict resolution, can act as a mediator in promoting community engagement.

Accountability affects the quality of financial statements, with the quality of human resources as a mediating variable

The important results of the study show that accountability requirements have a beneficial impact on the calibre of village financial reports, and that the calibre of human resources moderates this link. The following points can be utilized to characterize the analysis of this finding:

a. **Enhancing Human Resource Quality with Accountability Requirements**

The findings demonstrate that accountability requirements might spur the village to increase the caliber of its human resource base. Demands for accountability typically push village administrations to train or employ personnel with superior financial statement preparation and presentation abilities. Therefore, through the mediating variable of human resource quality, accountability standards may impact the quality of village financial reports.

b. **Knowledge of the Significance of Accountability in Enhancing Human Resource Quality**

Demands for accountability also raise awareness among local human resources of the need of quality improvement. Village administrations and employees who take financial accountability seriously may be more inclined to enhance the caliber of their workforce via hiring, training, and skill-building.

c. **The Function of Human Resources in Putting Accountability Principles into Practice**

Human resources quality is a crucial intermediary factor facilitating the effective implementation of accountability principles. The requirements for accountability can be translated into actionable steps that elevate the standards of village financial planning, administration, and reporting, facilitated by skilled human resources. Thus, human resources play a pivotal role in aligning the expectations for accountability with the quality of financial reporting.

5. FINDINGS AND CONCLUSION

5.1 Findings

- a. **Accessibility Enhances the Quality of Financial Statements:** Findings reveal that accessibility improves village financial reports. Simplified access to financial information fosters accountability and transparency in public financial management. Various factors, including heightened public awareness, improved information accessibility, increased community engagement, transparent village governance, and relevant information, support this conclusion.
- b. **Community engagement Improves the Quality of Financial Statements:** Research indicates that a greater degree of community engagement favors the calibre of village financial reports. This conclusion is reinforced by active community engagement, enhanced supervision, transparency, and an active role in decision-making processes. However, **Accountability Alone Does Not Always Improve Financial Statement Quality:** This observation suggests that while a high level of accountability is sometimes associated with better financial statement quality, it is not consistently followed. Factors such as cultural context, limited awareness of the significance of accountability, and ineffective oversight systems may contribute to this variability.
- c. **The Effect of Financial Statement Quality on Human Resource Quality Accessibility Mediates Quality:** This research suggests that the quality of financial statements and human resource quality are mediated by accessibility. It has been demonstrated that the positive effect of accessibility on financial statement quality is mediated by enhanced public knowledge and information accessibility, increased community engagement, and improved transparency facilitated by human resource quality.
- d. **Community Engagement Influences Financial Statement Quality with Human Resource Quality as a Mediating Factor:** The study revealed that community engagement, with human resource quality acting as a mediator, positively influences the quality of village financial reports. The positive relationship between community engagement and financial statement quality is mediated by heightened awareness, active participation, and the involvement of human resources in decision-making processes.
- e. **The Drive for Accountability Positively Impacts Financial Statement Quality through the Mediating Role of Human Resource Quality:** Results show that the need for accountability directly impacts the standard of village financial reports. This relationship is mediated by a deeper comprehension of accountability's importance, enhanced human resource quality, and the effective implementation of accountability principles.

5.2 Conclusion

- a. Both community involvement and the availability of financial data significantly influence the quality of village financial reports. When it is more convenient for the community to engage and obtain financial information, the quality of these reports often increases.
- b. **Accountability and the calibre of Human Resources:** Studies show that although a high level of accountability is regarded as beneficial, it does not guarantee higher calibre financial reports. The moderating influence of culture, awareness, and monitoring mechanisms on the link between financial statement quality and accountability is noteworthy.

- c. Human Resource Quality Mediates Relationships: Financial Statement Quality, Accountability, Community Participation, and Accessibility All Rely on Human Resource Quality. Improving human resources can increase these variables' positive effects on the quality of village financial reports.

6. IMPLICATIONS, LIMITATIONS AND SUGGESTIONS

6.1 Implications

- a. Accessibility to Village Financial Reports:
Positive Impact of Accessibility: Results point to the possibility that accessibility can raise the calibre of village financial reporting. Therefore, village governments and relevant agencies should prioritize policies that ensure financial information is easily accessible to the public.
Technology and Training: Implementing information technology and organizing training for the community can be a strategy to improve accessibility. It's also necessary to think about making local financial reports more transparent.
- b. Community Participation in Village Financial Management:
The Importance of Supporting and Promoting Participation: This discovery underscores the significance of supporting and fostering community involvement in village financial management.
Education and Training Initiatives: Policy interventions are required to offer education and training programs to enlighten the community about the significance of their involvement in village financial management.
- c. Human Resource Development at the Village Level:
The Significance of Enhancing Human Resource Quality: Research findings indicate that investing in human resource development at the village level can enhance the quality of village financial reports. Training and Education for Village Government Personnel: Suggestions encompass training and fostering skill development among village government staff to empower them to prepare higher-quality village financial reports.

6.2 Limitations

- a. Unexamined Variables: It should be recognized that other unexamined factors, such as cultural, social, or economic factors, may influence the positive effects identified in the study.
- b. Further Research Needed: Therefore, further research involving additional variables may provide a deeper understanding of the interactions between the variables.

6.3 Suggestions

- a. Human Resource Quality Development: Policies to raise the calibre of the village's human resources through training and education can be created by village administrations and associated organisations.
- b. Implementation of Information Technology: The application of information technology in preparing and publishing village financial reports can improve accessibility.
- c. Strengthening Supervision and Accountability: Village governments need to ensure an adequate supervisory system to support the implementation of accountability demands.
- d. Exploration of Additional Factors: Additional factors that may modify the link between the variables under study can be investigated in more detail.
- e. Focus on Active Community Engagement: Active community involvement can be enhanced through policies that support their participation in village financial management.

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