

Quality of Village Financial Reporting: Cases in Indonesia

Junaidi

Corresponding Author: masjoen@uty.ac.id
Universitas Teknologi Yogyakarta, Accounting Department

Icuk Rangga Bawono

Universitas Jenderal Soedirman Purwokerto, Accounting Department

Bambang Moertono Setiawan

Universitas Teknologi Yogyakarta, Management Department

Nurdiono

Universitas Lampung, Accounting Department

ABSTRACT: *The quality of financial statements is important because it is the basis for stakeholder decision-making. Internal control is an important element in realizing good governance. Currently, the village government manages relatively large funds, both from the central, provincial, and district governments as well as from the original source of income of the village. Therefore, good planning, administration and reporting are required. This study aims to examine the quality of village financial reporting in Boyolali Regency, Indonesia. There were 133 village governments sampled for 2020 and 2021. The test was performed with descriptive statistics and a two-way difference test, the average was a paired sample t-test. The results of the statistical test showed that there was a statistically significant difference between the quality of village financial reporting in Boyolali Regency in 2020 and 2021. Therefore, assistance and monitoring carried out by the Boyolali District Inspectorate as an internal control function can improve the quality of village financial reporting in 2020 and 2021. The results of this study are expected to be input from the government, especially the Boyolali Regency Government and the Village Government to improve the quality of the village government's financial reporting.*

KEY WORD: *Accountability, quality, reports, internal control, village.*

Date of Submission: 01-11-2022

Date of Acceptance: 10-11-2022

I. INTRODUCTION

The financial governance of the village government is very important because it will affect the quality of financial reporting. The quality of village financial reporting is an interesting issue to be expressed empirically because village finances must be accountable to stakeholders. One aspect that must be considered in realizing good government financial governance is internal control. Afiah & Azwari (2015) stated that internal control is a very important part of the quality of local government financial reports. Village government is the smallest government structure in Indonesia, but it has a big role in the progress of society. There are several issues that are currently developing related to the quality of the village government's financial reporting, namely whether the village can manage relatively large amounts of village finances. This means that it concerns the readiness of human resources or village government apparatus. In addition, there are many concerns from some parties where large amounts of village-managed funds have the potential to be misused by village officials. Data shows that in 2021 the government has set an allocation of IDR 960 million for each village. Since 2015 to 2020 the central government has allocated village funds worth IDR 257 trillion, and is expected to reach a total of IDR 400 trillion until 2024 (Nugraheny, 2021). Of course, this amount must be well managed and accounted for.

In terms of village funds, the Inspectorate is the Government Internal Supervision Apparatus (APIP) which is an institution under the Regent and is tasked with carrying out functional supervision over the performance of local government organizations. In this regard, the Boyolali Regency Government has issued Regent Regulation Number 94 of 2018 concerning village financial management. Article 36 explains that village financial management includes planning, implementation, administration, reporting and accountability. The Village Head must submit the implementation of the Village Budget periodically to the Regent.

This study aims to empirically test the quality of village government financial reporting. Internal control has an important role in improving the quality of village financial reporting to realize the quality of village financial reporting. The Boyolali Regency Government through the district inspectorate has assisted and monitored the quality of village financial reports in 2020 as an implementation of the role of the internal control system. Assistance and monitoring activities on the quality of village financial reporting will continue in 2021.

Several previous studies have shown mixed results related to the role of internal control. Internal control plays an important role in preventing fraud (Yuniarti, 2017; Ndege Joseph et al., 2015). In addition, there are studies that support that internal control improves the quality of financial reporting (Afiah & Azwari, 2015; Salameh, 2020; Sunday Ajao & Olayemi Oluwadamilola, 2021, Sumito et al., 2021). Ardiyanti & Supriadi (2018) research states that there is a significant positive influence of the internal control system, and the competence of human resources, on the implementation of good governance and its imply on fraud prevention in village financial management in Tangerang Regency. Fadzillah (2021) shows that the role of the Regional Inspectorate of South Konawe Regency in carrying out the supervisory function of village financial management is as a quality assurance and consultant.

Budiati et al. (2021) show that transparency, accountability, participation, and capacity of the apparatus have a significant positive effect on the performance of village fund management. Meanwhile, the internal control system fails to be a moderation variable for the influence of transparency, accountability, participation on the performance of village financial management. Polidu et al. (2021) showed that the implementation of the effectiveness of the inspectorate's role in the supervision system and control system for village financial management has not been optimal. This is due to the lack of human resources and inadequate infrastructure.

This research is a development of research by Junaidi et al. (2021) in testing the quality of village financial reporting. Junaidi et al. (2021) explained that the village financial reporting quality model can be classified into three, namely Cluster A which means 16% ready for audit, Cluster B means 34% need to be supervised, and Cluster C which means 51% need assistance. Meanwhile, this study will examine the role of internal control carried out by the Boyolali District Inspectorate in improving the quality of village financial reporting.

As a government organizer, village officials should be able to realize competitive advantages to carry out their vision and mission in providing the best service to the community as mandated by law. The government apparatus must be able to optimize the resources it controls to create a competitive advantage. According to the theory of dynamic capabilities an organization must be able to create, reshape, assimilate knowledge and skills, stay ahead in a rapidly changing competitive environment (Teece et al., 1997). Dynamic capabilities are the most important aspect of gaining a competitive advantage that allows governments to anticipate threats and seize opportunities to help them achieve their expected goals.

Financial system management is not an easy matter, it is proven that not a few abuses of authority are carried out by village officials. For example, there are misappropriations committed by a number of village heads in West Aceh Regency who are suspected of being involved in corruption of village funds worth IDR 15 billion (Umar, 2021). According to ICW researchers in 2021 there were 129 cases of village fund corruption involving 172 suspects, in 2021 there were 154 cases in the village fund budget sector involving 245 suspects, with potential state losses worth IDR 233 billion (Antara, 2022a). The mode carried out by village officials is usually related to budget abuse, fictitious activities (projects), embezzlement of money, and price inflation (Antara, 2022b).

Such conditions certainly need to be an important concern for all stakeholders, both the Ministry of Home Affairs, BPK, BPKP and the Inspectorate as guardians of the quality of financial reporting. Each of them should take part in monitoring and coaching the village government to realize accountability for village financial reporting. Therefore, the empowerment of village apparatus, especially in the financial sector, is important, especially by the district government as a direct supervisor of the village government.

The results of this study are expected to provide an overview to stakeholders about village financial governance, especially in Boyolali Regency. Furthermore, it can provide input to the village government related to good village financial administration, so it is important to have the readiness of human resources. In addition, the Boyolali Regency government / Central Java Provincial Government / Ministry of Home Affairs can use this information to formulate policies in assisting and monitoring village financial reporting, as well as increasing the capacity of human resources in the village government.

II. LITERATURE REVIEW

Accountability and Transparency of Financial Reporting

The demands for the quality of management of public institutions continue to increase, along with efforts to realize good governance. Therefore, transparency and accountability are needed in financial management at both the central and regional (village) levels. Accountability is a concept that focuses on the capacity of public sector organizations to provide answers to those who have an interest in the organization. The dimensions of public accountability include legal accountability and honesty, managerial accountability, program accountability, policy accountability, and financial accountability (Mardiasmo, 2006). Non-fulfilment of the principle of accountability can have far-reaching implications. If the community considers the local government to be unaccountable, the community can demand a change of government, a replacement of officials, and so on. Low levels of accountability also increase investment risk and reduce the ability to compete

and make efficiencies. Transparency is a very significant concept that stakeholders, especially citizens who are users of information need because it is considered the main means to strengthen accountability (Shkabatur, 2012).

Supervision of Village Financial Management by the District/City Inspectorate

Based on the Regulation of the Minister of Home Affairs of the Republic of Indonesia No. 73 of 2021, supervision of village financial management is a variety of efforts/actions/activities carried out to ensure that financial management has run properly in accordance with the provisions of the applicable laws and regulations (Minister of Home Affairs of the Republic of Indonesia, 2021). Government Regulation of the Republic of Indonesia No. 12 of 2017 Article 19 explains that the Regent/Mayor in carrying out guidance and supervision of villages is assisted by the Sub-District and the District/City Inspectorate (Pusat, 2017). The guidance and supervision carried out by the District/City Inspectorate aims to maintain accountability in village financial management, namely by (1) reporting on the accountability of village financial management; (2) the efficiency and effectiveness of village financial management; and (3) the performance of other duties in accordance with the provisions of laws and regulations. In carrying out its duties as guidance and supervision, the District/City Inspectorate must coordinate with the Sub-District Head, which is then submitted to the Regent/Mayor. Rochmaniar (2018) stated that the Jombang district inspectorate has supervised the use of the village financial budget in accordance with the Internal Audit Charter.

Dynamic Capability Theory

According to (Eisenhardt & Martin, 2000) dynamic capability is the process by which resources are used to adapt an organization to changing markets, or even to request changes, organizations and strategic routines in which an organization creates resource configurations. Furthermore, dynamic capability is an organization's ability to create, expand, or change its resource base (Agarwal & Helfat, 2009).

Internal Control System and Financial Reporting Quality

Internal control within the government is in accordance with Government Regulation Number 60 of 2008 concerning the Government Internal Control System (SPIP). In the rules, internal control is used by the leadership or all staff to instil confidence in achieving the company's goals through effective activities, reliability of financial reporting, security of state-owned assets, and operational compliance with laws or regulations. According to COSO (1992), internal control consists of five elements that must be met: (a) control environment (b) risk assessment (c) control activities (d) telecommunications (e) internal control monitoring.

Several previous studies have shown the role of internal control on the quality of financial statements in both the business and public sectors. Salameh (2020) states that the internal control system has a positive impact on the quality of Jordanian banking financial reporting. Sumito et al. (2021) conducted a survey to test the quality of financial statements obtained from the internal control system, and the implementation of internal audits. The results of the study stated that the implementation of internal audit has no effect on the quality of financial statements if the effectiveness of the internal control system as a moderation variable does not affect the quality of financial statements.

Afiah & Azwari (2015) conducted a study on the governments of districts, cities, and provinces in South Sumatra. The results of his research showed that the implementation of the government's internal control system had a positive and significant impact on the quality of financial reporting by 41%. Increasing control in the government's internal control system is a very important part of the quality of local government financial reports. Further the hypothesis can be formulated as follows.

Ha: There are significant differences in the quality of village government financial reporting in 2020 and 2021.

III. RESEARCH METHODS

Object of Research

The object of this study is the financial reporting (FR) of the village government in Boyolali Regency, Central Java, Indonesia in 2020 and 2021. Boyolali Regency consists of 22 sub-districts and is divided into 261 sub-districts. Of the total villages sampled, 133 villages and 14 sub-districts were as follows.

Table 1. List of Sub-Districts and villages sampled in Boyolali Regency

Number	Sub-District	Number of Villages	Data 2020	Data 2021
1	Ampel	10	9	9
2	Andong	16	10	10
3	Banyudono	15	14	14
4	Boyolali	9	6	6
5	Juwangi	10	5	5
6	Kemus	10	6	6
7	Musuk	10	10	10
8	Nogosari	13	12	12
9	Sawit	12	12	12
10	Selo	10	10	10
11	Simo	13	11	11
12	Teras	13	13	13
13	Wonosamudro	10	9	9
14	Wonosegoro	11	6	6
TOTAL		162	133	133

Research Data

The research data was obtained from the results of scoring conducted by the village government in Boyolali Regency with the following weighting.

Table 2. Weighting proportions

Dimension	Indicator	Weight proportions	Total weight
Financial Management (FM)	Common	5%	80%
	Planning	10%	
	Implementation	40%	
	Administration,	25%	
	Reporting	10%	
Asset Management (AM)	Accountability	10%	20%
Total			100%

Furthermore, the results of calculating the quality scores of village financial reports for 2020 and 2021 are as follows.

Table 3. Scoring Results of Village Financial Reporting Quality

Sub-District	Village	Scoring 2020			Scoring 2021		
		FM	AM	Total	FM	AM	Total
Ampel	1	61	14	75	63	8	71
	2	64	7	71	69	10	79
	3	49	10	59	67	10	77
	4	73	13	86	65	13	78
	5	62	14	76	65	11	76
	6	57	14	71	68	9	77
	7	53	10	63	52	7	59
	8	71	13	84	61	13	74
	9	73	12	84	68	13	81
	10	20	5	25	59	8	67
Banyudono	11	56	9	65	65	9	74
	12	51	6	57	63	7	70
	13	54	7	61	63	9	72
	14	50	4	54	61	9	70
	15	42	5	47	65	9	74
	16	56	8	64	63	7	70
	17	58	9	67	56	10	66
	18	53	6	59	64	9	73
	19	55	9	64	58	7	65

Quality of Village Financial Reporting: Cases in Indonesia

	20	44	5	49	61	11	72
	21	45	15	60	62	7	69
	22	51	6	57	62	9	71
	23	54	9	63	57	9	66
	24	41	4	45	58	6	64
Nogosari	25	64	15	78	63	11	74
	26	64	16	80	63	11	74
	27	62	16	77	65	11	76
	28	66	17	83	64	16	80
	29	64	16	80	69	11	80
	30	64	16	80	63	10	73
	31	64	16	79	67	16	83
	32	63	16	79	67	11	78
	33	66	15	80	63	12	75
	34	66	14	80	65	12	77
	35	65	15	79	63	11	74
	36	64	11	74	63	11	74
	37	64	15	79	80	11	91
Simo	38	37	6	43	66	7	72
	39	43	6	49	59	5	64
	40	76	14	90	83	16	99
	41	64	10	74	67	9	76
	42	69	12	81	66	11	77
	43	66	9	75	68	6	74
	44	65	12	77	59	5	64
	45	53	12	65	63	11	74
	46	45	9	54	65	8	73
	47	49	6	55	39	8	47
	48	60	9	69	78	7	85
	49	58	4	62	67	9	76
	50	57	6	63	72	12	83
Wonosegoro	51	67	9	76	73	7	80
	52	53	7	60	70	5	75
	53	50	8	58	69	9	78
	54	56	9	64	68	9	77
	55	56	9	65	70	5	75
	56	48	10	58	67	5	72
Boyolali	57	70	18	88	65	11	76
	58	75	18	93	66	11	77
	59	61	17	78	63	11	74
	60	76	20	96	63	9	72
	61	57	6	63	64	9	73
	62	61	17	78	62	15	77
Juwangi	63	73	13	86	78	11	89
	64	73	11	84	59	11	70
	65	73	13	86	59	11	70
	66	72	12	84	59	11	70

Quality of Village Financial Reporting: Cases in Indonesia

	67	71	13	84	58	10	68
	68	64	7	71	58	11	69
Teras	69	73	7	80	69	8	77
	70	74	4	78	63	8	71
	71	68	7	75	69	8	77
	72	71	5	75	68	8	76
	73	63	4	67	65	8	73
	74	71	4	74	72	10	82
	75	65	4	69	67	8	75
	76	68	7	75	63	8	71
	77	67	4	71	67	8	75
	78	68	4	72	67	8	75
	79	66	3	69	68	8	76
	80	68	4	72	68	6	74
Wonosamudra	81	60	3	63	68	8	76
	82	58	14	72	69	10	79
	83	47	9	56	62	9	71
	84	54	14	68	61	10	71
	85	53	16	68	68	9	77
	86	53	8	61	70	9	79
	87	49	14	63	68	10	78
	88	43	6	49	71	5	76
	89	59	14	73	63	7	70
	90	43	4	47	67	6	73
Andong	91	77	10	87	67	14	81
	92	63	11	74	55	6	60
	93	65	10	75	66	8	73
	94	72	11	82	63	7	70
	95	69	11	79	65	6	71
	96	71	11	82	62	7	69
	97	52	10	62	60	7	66
	98	69	8	76	67	6	72
	99	75	9	84	64	6	70
	100	68	10	78	72	11	82
	101	73	9	82	56	8	63
Musuk	102	61	11	72	65	8	73
	103	61	11	72	65	8	73
	104	64	11	74	66	8	74
	105	60	11	70	63	8	71
	106	64	12	76	69	9	78
	107	66	15	81	71	9	80
	108	62	11	73	64	9	73
	109	64	11	75	67	9	76
	110	66	12	78	66	9	75
	111	64	11	75	68	9	77
Selo	112	62	15	76	71	5	76
	113	55	9	64	68	10	78

	114	55	4	58	74	11	85
	115	47	0	47	69	9	78
	116	50	6	55	71	8	79
	117	53	8	61	77	5	82
	118	49	7	56	63	8	71
	119	53	8	61	71	5	76
	120	47	4	51	66	9	75
	121	53	7	59	67	14	81
Sawit	122	83	11	94	67	8	75
	123	83	11	94	69	11	80
	124	89	10	99	66	9	75
	125	97	16	99	69	11	80
	126	63	9	72	68	8	76
	127	85	13	97	69	11	80
	128	86	16	99	69	11	80
	129	95	14	97	69	11	80
	130	83	10	93	72	10	82
	131	63	5	68	65	9	74
	132	68	7	75	69	11	80
	133	62	5	67	68	11	79
Kemusu	137	69	14	83	56	9	65
	138	53	9	62	60	9	69
	139	66	13	79	68	9	77
	140	57	13	70	68	13	81
	141	55	13	68	51	5	56
	142	69	9	78	58	7	65
	143	55	8	63	60	11	71

Information:

FM= Financial management

AM= Asset management

Total= Financial management score plus asset management

Operational Definition

Financial reporting quality is measured by instruments based on (Junaidi et al., 2021) where asset management instruments are given 80% weighting, and asset management is given 20% weighting, as shown in table 2. The village government was asked to provide a score for the instrument given. The scoring results show that the quality of the village's financial reporting can be divided into 3 main clusters, namely (Junaidi, 2021):

Cluster A (audit ready) : 75 - 100

Cluster B (needs supervision) : 61 - 74

Cluster C (needs assistance) : 0 - 59

IV. RESULTS AND DISCUSSION

Descriptive Analysis

Descriptive statistical calculations can be presented in table 4 as follows.

Table 4 Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FR 2020	133	25.00	99.00	71.4060	12.95858
FR 2021	133	63.00	85.00	74.5414	4.68154
Valid N (listwise)	133				

From table 4 descriptive statistics, it appears that the average quality of village financial reporting increased from 2020 to 2021 with an average score of 71.4060 to an average score of 74.5414.

Normality Test

The two-average difference test requires that the distributed data error is normal. Normality test results can be seen in table 5. Based on statistical testing it can be shown that the significance value is 0.2. This indicates that the error of 2020 and 2021 quality data is normally distributed.

Table 5. Normality Test

	Null hypothesis	Testing	Sig.	Decision
1	The distribution of Financial Reporting Quality in 2020 is normal with a mean value of 71.406 and a standard deviation of 12.96	Kolmogorov-Smirnov	0.2	The null hypothesis cannot be rejected
2	The distribution of Financial Reporting Quality in 2021 is normal with an average value of 74.541 and a standard deviation of 4.68	Kolmogorov-Smirnov	0.2	The null hypothesis cannot be rejected

Hypothesis Testing & Discussion

Hypothesis testing was carried out by comparing the quality of village financial reporting in 2020 and 2021 based on the scores obtained by each village. If the significance value is less than 0.05, it can be said that there are statistically significant differences in the quality of village financial reporting in 2020 and 2021. The analysis was performed with a difference of two average paired sample t-tests as shown in table 6.

Table 6. Paired Samples Test Results

	Paired Differences	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
Pair 1	FR Quality 2021- FR Quality 2020	3.13534	12.74207	1.10488	.94978	5.32090	2.838	132	.005

Based on the results of the difference between the two averages in Table 6, it shows that the significance value is 0.005, meaning that there is a significant difference between the quality of financial reporting in 2020 and 2021. Therefore, it can be said that the role of internal control carried out by the Boyolali District Inspectorate is able to improve the quality of village financial reporting. This is also supported by data on the average quality of financial reporting increased from 2020 to 2021 as in table 4. Efforts to improve the quality of village financial reporting must continue to be pursued so that the proportion of the number of financial reporting that are ready to be audited is even greater. The results of this study support the research of Afiah & Azwari (2015) and (Salameh, 2020) which states that internal control has an important role in improving the quality of financial reporting.

V. CONCLUSION

Improving the quality of village financial reporting has an important problem in realizing accountability of financial reporting towards good village governance. One of the indicators of good governance is the realization of the quality of village financial reporting. The District Inspectorate should play a significant role in improving the quality of village financial reporting. Based on statistical analysis, it shows a significant difference between the quality of village financial reporting in Boyolali in 2020 and 2021. These results also show that the inspectorate as an institution that carries out the function of internal control has a significant role in realizing the quality of village financial reporting. Hasil this research confirms the hypothesis presented. However, there are certainly weaknesses, for example, the relatively short period of time in analysing the role of mentoring and monitoring. In addition, not all villages can be sampled due to limited resources in the process of obtaining data. Further research is expected to be expanded again by including the resource factors of the village apparatus as well as the period of the assessment.

BIBLIOGRAPHY

- [1]. Afiah, N. N., & Azwari, P. C. (2015). The Effect of the Implementation of Government Internal Control System (GICS) on the Quality of Financial Reporting of the Local Government and its Impact on the Principles of Good Governance: A Research in District, City, and Provincial Government in Sou. *Procedia - Social and Behavioral Sciences*, 211, 811–818. <https://doi.org/10.1016/j.sbspro.2015.11.172>.
- [2]. Agarwal, R., & Helfat, C. E. (2009). Strategic renewal of organizations. *Organization Science*, 20(2), 281–293. <https://doi.org/10.1287/orsc.1090.0423>.
- [3]. Antara. (2022a). *ICW: Kasus korupsi 2021 terbanyak di sektor anggaran dana desa*.
- [4]. Antara. (2022b). *ICW ungap 4 modus paling banyak digunakan dalam korupsi tahun 2021*.

- [5]. Ardiyanti, A., & Supriadi, Y. N. (2018). Efektivitas Pengendalian Internal, dan Kompetensi Sumber Daya Manusia Terhadap Implementasi Good Governance Serta Implikasinya Pada Pencegahan Fraud Dalam Pengelolaan Keuangan Desa Di Kabupaten Tangerang. *Jurnal Akuntansi Manajerial*, 3(1), 1–20.
- [6]. Budiati, Y., Sugiyanto, E. K., & Niati, A. (2021). Pengaruh Gcg Terhadap Kinerja Pengelolaan Dana Desa Dengan Moderasi Sistem Pengendalian Internal. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, 3(4), 425–444. <https://doi.org/10.24034/j25485024.y2020.v3.i4.4127>.
- [7]. Eisenhardt, K. M., & Martin, J. A. (2000). Dynamic capabilities: What are they? *Strategic Management Journal*, 21(10–11), 1105–1121. [https://doi.org/10.1002/1097-0266\(200010/11\)21:10/11<1105::AID-SMJ133>3.0.CO;2-E](https://doi.org/10.1002/1097-0266(200010/11)21:10/11<1105::AID-SMJ133>3.0.CO;2-E).
- [8]. Fadzillah, N. A. (2021). *Analisis Peran Inspektorat Daerah Kabupaten Konawe Selatan Dalm Pegelolaan Keuangan Desa*. Universitas Gadjah Mada.
- [9]. Junaidi, J., Sumiyana, S., Mahsun, M., & Nurdiono, N. (2021). *Pengembangan Model Kualitas Pengelolaan Keuangan Desa*. Universitas Teknologi Yogyakarta.
- [10]. Mardiasmo. (2006). Pewujudan Transparansi dan Akuntabilitas Publik Melalui Akuntansi Sektor Publik. *Jurnal Akuntansi Pemerintahan*, 2(1), 1–17.
- [11]. Menteri Dalam Negeri Republik Indonesia. (2021). *Peraturan Menteri Dalam Negeri Republik Indonesia Nomor 73 Tahun 2021 Tentang Pengawasan Pengelolaan Keuangan Desa*.
- [12]. Ndege Joseph, O., Albert, O., & Byaruhanga, J. (2015). Effect of Internal Control on Fraud Detection and Prevention in District Treasuries of Kakamega County. *International Journal of Business and Management Invention ISSN*, 4(1), 47–57. www.ijbmi.org.
- [13]. Nugraheny, D. E. (2021). *Diserahkan Secara Langsung, Tiap Desa Bakal Terima Rp 960 Juta*. Kompas.Com.
- [14]. Polidu, I., Tumuhulawa, A., Ramadhan, K., Kadir, Y., & Moonti, R. M. (2021). Peran Inspektorat Dalam Sistem Pengawasan Dan Pengendalian Pengelolaan Dana Desa: Studi Inspektorat Kabupaten Gorontalo Utara. *Jurnal Akuntansi & Keuangan*, 20(2), 226–245. www.journal.uta45jakarta.ac.id
- [15]. Pusat, P. (2017). *Peraturan Pemerintah (PP) Nomor 12 tahun 2017 tentang Pembinaan dan Pengawasan Penyelenggaraan Pemerintahan Daerah*.
- [16]. Rochmaniar, I. (2018). Analisis Pengawasan Inspektorat Kabupaten Jombang Terhadap Penggunaan Anggaran Keuangan Desa. *Journal of Public Power*, 2(1), 24–31.
- [17]. Salameh, R. S. (2020). What is the impact of internal control system on the quality of banks' financial statements in Jordan? *Academy of Accounting and Financial Studies Journal*, 23(5), 1–10.
- [18]. Shkabatur, J. (2012). Transparency with (out) Accountability : Open Government in the United States. *Yale Law & Policy Review*, 31(1), 79–140.
- [19]. Sumito, N., Setiyawati, H., & Mappanyukki, R. (2021). *Influence of Internal Audit and Internal Control System on Quality of the Financial Statement*. 161(Ciiber 2020), 26–31. <https://doi.org/10.2991/aebmr.k.210121.005>.
- [20]. Sunday Ajao, O., & Olayemi Oluwadamilola, A. (2021). Internal Control Systems and Quality of Financial Reporting in Insurance Industry in Nigeria. *Journal of Finance and Accounting*, 8(5), 218. <https://doi.org/10.11648/j.jfa.20210805.12>.
- [21]. Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Knowledge and Strategy*, 18(March), 77–116. <https://doi.org/10.1093/0199248540.003.0013>.
- [22]. Umar, R. (2021). *Sejumlah Kepala Desa di Aceh Barat Diduga Korupsi hingga Rp 15 Miliar*. Kompas.Com. <https://regional.kompas.com/read/2021/01/18/19311271/sejumlah-kepala-desa-di-aceh-barat-diduga-korupsi-hingga-rp-15-miliar>.
- [23]. Yuniarti, R. D. (2017). The effect of internal control and anti-fraud awareness on fraud prevention (A survey on inter-governmental organizations). *Journal of Economics, Business, and Accountancy Ventura*, 20(1), 113 – 124.