

# VILLAGE GOVERNMENT OFFICIALS' UNDERSTANDING OF THE VILLAGE FINANCIAL SYSTEM INDICATORS: A CONFIRMATORY FACTOR ANALYSIS

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Article History: Received on 13<sup>th</sup> December 2019, Revised on 29<sup>th</sup> December 2019, Published on 28<sup>th</sup> January 2020

## Abstract

**Purpose of the study:** The research inspiration is the implementation of the Village Law and the dispensing of Village Funds in Indonesia. The considerable measure of Village Funds requires progressively complex responsibility. With limited time and insufficient human resources, there is an inclination of the Village Fund to leak caused by errors and irregularities.

**Methodology:** We utilize questionnaires, interviews, convenience sampling method, and the confirmatory factor as an analysis tool. There are 312 village officials from 83 villages in Central Java, Indonesia, who participated in this research. This examination scans to investigate the indicators that we can identify with town administration and comprehension of the Village Financial System or Sistem Keuangan Desa (Siskeudes).

**Principal Findings:** The results of the confirmatory factor analysis indicate that all indicators are feasible to be used as indicators of measuring all variables. Besides, the Pearson correlation value of all indicators for the total indicators of each variable is significant. It means that the indicators of all constructs in this study are valid and highly correlated.

**Applications of this study:** This examination is still all-around ahead of schedule. So far, there has been no exploration in Indonesia identified with village administration. Consequently, in this investigation, it was expected to incorporate variables that could conceivably have an association with village administration generally and Siskeudes explicitly, since the order of Law No. 6 of 2014.

**Novelty/Originality of this study:** There are six original, perceptive variables, specifically: Siskeudes understanding, village financial management principles, village fund allocation, village financial administration, village financial reporting and accountability, and village assets report. There are 54 new indicators tested in this research. Further research can utilize the indicators to measures the village government officials' understanding of Siskeudes.

**Keywords:** *Indonesia, Village Fund, Confirmatory Factor Analysis, Siskeudes, Financial Administration, Government Officials.*

## INTRODUCTION

Indonesia has a generous variety in different ways, incorporating into terms of the notice of village terms and traditions that apply in them. Hence there shows up an assorted variety of qualities and sorts of villages. These qualities can be inspected as far, such as social, financial, political, legitimate, and appropriate principles. Notwithstanding villages that are inside the extent of the regional government called Kabupaten, in Indonesia, there are additionally permanent villages, which have contrasts as far as the techniques for network just as the qualities of various city governments (Hamzah, 2015). The quantity of villages in Indonesia alone is around 80,000 spread crosswise over around 20,000 islands (Biro Pusat Statistik, 2015).

From what has been explained over, the administration ought to have organized more considerable improvement in the villages. In any case, improvement is, in reality, increasingly done in urban communities, not in villages, with the goal that urban areas become further developed. Improvement that is increasingly engaged in this city urges residents to urbanize, moving from village to city to bring home the bacon. Directly after issues emerged established in the deficiency of advancement in the villages, the administration started to focus on improvement in the villages. Hence, the government issued Law No. 6 of 2014 (Pemerintah Pusat RI, 2014).

However, this law does not automatically unravel the difficulties. The scholastic upbringing of village heads in Indonesia is mostly near to the ground and diverse. The village heads are also likely not to add competence after they are elected village heads. The government is not responsible for specialized preparation for village heads so that they can increase their capability. Geographical constraints and demanding access to villages sometimes cause reluctance to consolidate preparation in villages. Subsequently, many village heads experienced misperception when inquired about implementing Law No. 6/2014 (Pemerintah Pusat RI, 2014). The village heads used to make accountability whose format is not standard. Even in the field, most village heads delegate work to make accountability reports to the village secretary (*carik*).

With the existence of the new Village Law, the village head can no longer represent the preparation of accounting reports to the village secretary, as the quantity of Village Funds derived from the central government has considerable value. Village government officials must work together to improve the prosperity and equitable distribution of village

improvement through civic amenities in the village. Furthermore, with the village fund, village government authorities are likewise required to have the capacity to propel the town economy, defeat the improvement hole among village and fortify town networks as subjects of advancement, not as objects ([Doolittle, 2001](#); [Liu, Zhang, Qian, & Zhang, 2015](#); [Modderman, Gorter, Dalhuisen, & Nijkamp, 2007](#); [Padmanaba & Douglas, 2007](#)).

The new Village Law is set up under the administration's vision and mission incorporated into the NawaCita program, which is to manufacture Indonesia from the side by reinforcing provincial advancement, particularly outskirts zones and villages. Just barely been executed, Village Law would be better if, from the earliest starting point, the village administration authorities actualized village administration well, with the goal that errors and irregularities would not happen ([Vel, Zakaria, & Bedner, 2017](#)).

This examination is still all-around ahead of schedule. So far, there has been no exploration in Indonesia identified with village administration. Consequently, in this investigation, it was expected to incorporate variables that could conceivably have an association with village administration generally and Siskeudes explicitly, since the order of Law No. 6 of 2014 ([Pemerintah Pusat RI, 2014](#)). There are indicators presented in previous research ([Yulianti & Janie, 2017](#); [Yulianti, Janie, & Sudarman, 2019](#)). However, we have never examined the indicators whether they are applicable both for research or evaluating the effectiveness of a village's Siskeudes.

## LITERATURE REVIEW

This investigation utilizes Forced Compliance Theory ([Festinger & Carlsmith, 1959](#)). This idea expresses that parties who have a more recognizable expert (superordinates) can drive parties with an inferior specialist (subordinates) to make articulations or complete inappropriate assignments with his requests and at last ready to change the dispositions of individual subordinates through influence and specialist ([Festinger & Carlsmith, 1959](#)). This investigation firmly relates to the theory.

The central government provided Law No. 6 of 2014 ([Pemerintah Pusat RI, 2014](#)). The law issuance regarded the issuance of the village fund. The village government officials who had just been running the village organization had now been compelled to improve how it dealt with the village. Different sorts of exercises must be held to engage the village community. Similarly, different sorts of reports have all the earmarks of being made to represent these exercises. All these extra works are not charming. For the benefit of all, the village government authorities must do all the work until they feel that everything done is valuable and will dependably be glad to do as such.

### Good Governance

Governance is a word many have utilized in different worldwide improvement literary works to depict various standardizing considerations about how an open establishment ought to oversee numerous open issues and assets. These various standardizing deliberations legitimized depend on the premise that open organizations should bolster the economy, for example, fruitful neediness destruction and economic improvement. In any case, numerous associations hold different definitions about administration as per the regulating conditions expected by the critical associations, including:

- A manner in which the management of a country controls the economic and social resources for development ([The World Bank, 1991](#)).
- Conventions and organizations by which expert in a nation is worked out ([The World Bank, 1991](#)).
- The utilization of organizations, structures of power and even cooperation to dispense assets and arrange or control movement in the public arena or the economy ([Bell, 2002](#)).
- The characteristics of governance are the principles of the political framework to fathom clashes among performing artists and embrace choice (legitimateness). It has additionally been utilized to portray the "working of the organization and its acknowledgment by society" (authenticity). Governance has additionally been utilized to bid for the accomplishment of government and the accomplishment of accord in a fair way (investment) ([Hyman, Erickson, Baranick, & Applebaugh, n.d.](#)).

In the meantime, as indicated by the National Committee for Governance Policy, there are ten high administration standards as pursues:

1. Accountability: Improving the managers' responsibility in any perspective identified with open interests.
2. Monitoring: Improving the exertion of checking how the managers compose the legislative issues and advancement by obtaining the private and overall population inclusions.
3. Responsiveness: Improving the administration overseers' affectability to individuals' goals indiscriminatingly.
4. Professionalism: Improving the administration chairmen's capacity and profound quality all together to give simple, quick, fitting, and financially savvy administrations.

5. Efficiency and Effectiveness: Assuring that managers can provide administration to the general public utilizing the available assets ideally and capable.
6. Transparency: Building proportional trusts among government and society by giving data and guaranteeing the straightforwardness in acquiring data.
7. Equality: Presenting a similar open door for every individual from society to improve their well-being.
8. Future Insights: Developing locales dependent on clear vision and methodologies and including individuals in all procedures of improvement, empowering their feeling of having a place and obligation towards their territorial progression.
9. Participation: Encouraging each to practice ones' rights in communicating their suppositions in the procedures of settling on a choice in regards to open interests, be it straightforwardly or by implication.
10. Law Enforcement: Accomplishing a fair law requirement for all gatherings with no exemption, maintaining human rights and regarding the qualities living in the public arena.

### **Village Management System (Siskeudes)**

The Indonesian government has facilitated villages with Siskeudes as part of good village governance. The government hopes that the Siskeudes can deal with the problems in providing accountability reports to the government and is readily accessible whenever it is needed. Also, Siskeudes must be able to generate accurate information that we can use in making decisions and showing accountability. The information must also help predict the magnitude of resources needed and be able to present the village's financial statements using terms understandable to the information users. Village communities must also be able to access the village's financial statements via the internet (website). However, the government must also provide guidance and consultation services to village administrations on village finance, ranging from planning, execution, administration, and accountability reporting. Thus village administrative officers can minimize fraud in their accountability report.

The Siskeudes design must also be quite simple and be operated easily by the village government officers. The report output consists of Village APB execution realization report and Village-owned property report (Yearly). The enactment of Law Number 6, the Year 2014, allows the villages to have an excellent opportunity to manage their governance as well as the implementation of development to improve and life quality. Therefore, to apply the accountability principle in their governance. Any activity and information related to village financial management can be known to and monitored by other parties with authority, and nothing may be concealed and hidden.

### **Village Financial Management**

Village Financial Management is the whole exercise that incorporates arranging, planning, organization, revealing, responsibility, sustaining and observing village finance just as announcing and supervision and assessment. This movement establishes an exertion of advancing village legislative organization, village improvement usage, village society supporting and village society strengthening ([Chen, 2011](#); [Hamzah, 2015](#); [Putra, 2017](#); [Srirejeki, 2015](#); [Yulianti & Janie, 2017](#); [Yulianti et al., 2019](#)).

The sequence is one coordinated solidarity, in which no discontinuance permitted between a stage and another stage. This way, these stages ought to be executed to the ideal degree. When one stage impeded, different stages likewise prevented. As a result, we cannot reach the financial management objectives. When one stage is blocked, it is vital to promptly cure it to enable the following stages to run well ([Chen, 2011](#); [Hamzah, 2015](#); [Putra, 2017](#); [Srirejeki, 2015](#); [Yulianti & Janie, 2017](#); [Yulianti et al., 2019](#)).

Village government officials should stick immovably to exceptional managerial administration standards, to be specific support, responsibility, and straightforwardness in dealing with the village fund. Village finance management will not go resourcefully when the village government officials do not hold tight those previously mentioned viewpoints. Henceforth, with the goal for everything to run smoothly, the village government officials ought to include Village Deliberation Agencies/Badan Pemusyawaratan Desa (BPD), for example, village figures, religious figures, lady delegates, agents from farmers, and agents from needy individuals. The responsibility and straightforwardness of village financial management are not merely of level nature (between Village Heads and BPD); instead, they ought to likewise be of vertical quality (between Village Heads and residents, or Village Head superordinate). All archives and reports identified with village finance management ought to be available to residents with no segregation to a private gathering of society ([Chen, 2011](#); [Hamzah, 2015](#); [Putra, 2017](#); [Srirejeki, 2015](#); [Yulianti & Janie, 2017](#); [Yulianti et al., 2019](#)).

### **Village Asset Management**

Village asset management is a cycle of practices that incorporate arranging, obtainment, usage, procedure, verifying, conservation, discount, transfer, organization, detailing, valuation, supporting, observing, and control of village possessed resources. Village possessed resource itself is all merchandise obtained utilizing Village Revenue and Expenditure Budget/AnggaranPendapatan dan Belanja (APB) or other legitimate methods for procurement which does

not utilize Village's APB ([Hamzah, 2015](#)). In the interim, the village claimed resources procured without utilizing Village APB include:

1. Assets from donation/charity or something like that;
2. Assets from the execution of an understanding/contract;
3. Assets from the administrative arrangement;
4. Assets that are from a court choice that accepts an unchanging constitutional power.

The village asset management ([Dr. P.S. Venkateswaran et al., 2019](#); [Suman Rajest S et al., 2019](#); [Haldorai et al., 2019](#)) is not only managerial. Instead, it is likewise about how to improve the proficiency, adequacy and to make included an incentive in village asset management. Accordingly ([S. Murugan et al., 2019](#); [Haldorai et al., 2019](#)), in dealing with the village assets, there are requirements for arranging, acquirement, use, use, verifying, upkeep, discount, exchange, organization, revealing, valuation, supporting, checking and control. The stages in this benefit the board are village assets the board cycle. At the point when a stage is blocked, almost certainly, the following stages will likewise be hampered, bringing about an undesired course of village asset management ([Chen, 2011](#); [Hamzah, 2015](#); [Putra, 2017](#); [Srirejeki, 2015](#); [Yulianti & Janie, 2017](#); [Yulianti et al., 2019](#)).

## METHODOLOGY

Using a convenience sampling method, 312 village officials from 83 villages in Central Java, Indonesia, participate in this research. We distributed the questionnaire, interviewed, and guided respondents directly. There are six variables which consist of indicators tested using confirmatory factor analysis available in WarpPLS 6.0. The six variables are the perceptive measure of Siskeudes understanding, ([Romario, F. D et al., 2019](#); [Dewi, I. A. M. C et al., 2019](#)) village financial management principles, village fund allocation, village financial administration, village financial reporting and accountability, and village assets report.

## DISCUSSION / ANALYSIS

We tested the validity and reliability of indicators forming latent constructs by conducting confirmatory factor analysis. From the results of confirmatory factor analysis ([Kesuma, M. A et al., 2019](#); [Mandala, I. G. N. A. K et al., 2019](#)), the results were as follows. The test results show that we can use the overall indicator variable; all indicator items have a value of loading factor greater than 0.40.

The following are the confirmatory factor analysis test results:

**Table 1:** Confirmatory Factor Analysis Results

Indicator	Combined Loadings			Pearson Correlation
	Loading Factor	SE	P-value	
<b>SISKEUDES (Village Financial System) Understanding</b>				
Village Financial System (SISKEUDES) can deal with the problems in providing accountability reports to the government.	0.817	0.045	<0.001	0.815**
Village Financial System (SISKEUDES) is readily accessible whenever it is needed.	0.821	0.047	<0.001	0.820**
Village Financial System (SISKEUDES) generates accurate information.	0.858	0.046	<0.001	0.857**
Village Financial System (SISKEUDES) presents information that we can use in making decisions and showing accountability.	0.847	0.046	<0.001	0.844**
Village Financial System (SISKEUDES) presents information that is helpful to predict the magnitude of resources needed.	0.787	0.046	<0.001	0.785**
Presents the village's financial statements using terms understandable to the information users.	0.800	0.042	<0.001	0.804**
The society can access the village's financial statements via the internet (website).	0.660	0.046	<0.001	0.680**
The government provides Guidance and consultation service to village administrations on village finance, ranging from planning, execution, administration and accountability reporting.	0.792	0.043	<0.001	0.791**
BKPK Launches Village Financial Governance System as an embodiment of Village Financial Governance Quality Improvement.	0.716	0.045	<0.001	0.722**
The village financial governance system can help village administrative officers to minimize fraud in their accountability report.	0.825	0.045	<0.001	0.822**

Indicator	Combined Loadings			Pearson Correlation
	Loading Factor	SE	P-value	
In its operation, the Village Financial System (SISKEUDes) is designed quite simple and can be operated easily by the village government officers.	0.775	0.041	<0.001	0.777**
The government applies the financial transparency and accountability principles starting from planning, execution, administration, reporting, accountability, and monitoring.	0.805	0.049	<0.001	0.799**
The report on village government administration consists of Village APB execution realization report and Village-owned property report (Yearly).	0.781	0.048	<0.001	0.780**
The enactment of Law Number 6 the Year 2014 allows the villages to have a great chance to manage their governance as well as the implementation of development to improve and life quality. Therefore, to apply the accountability principle in their governance.	0.778	0.049	<0.001	0.775**
Any activity and information related to village financial management can be known to and monitored by other parties with authority, and nothing may be concealed and hidden.	0.765	0.051	<0.001	0.761**
<b>Village Financial Management Principles</b>				
Financial information is presented honestly and transparently to the public to fulfill their rights to know the entire government's accountability in managing resources.	0.894	0.037	<0.001	0.896**
Village chiefs report and are held accountable for the implementation of Village Income and Expenditure Budget in an orderly manner both to the public and to the relevant government.	0.888	0.040	<0.001	0.889**
Village financial management always involves stakeholders in the villages through representative institutions that can convey their aspirations.	0.899	0.038	<0.001	0.897**
The budget should be implemented consistently by recording the usage according to the village financial accounting principles.	0.866	0.037	<0.001	0.866**
Village financial management is a set of activities that lasts along with the planning, execution, administration, reporting and accountability cycle.	0.890	0.043	<0.001	0.887**
<b>Village Fund Allocation (ADD)</b>				
Any village receiving ADD (Village Fund Allocation) ≤ IDR500000000 may only use 60% of ADD for Village officers.	0.846	0.043	<0,001	0.836**
Any village receiving ADD (Village Fund Allocation) IDR500000000 to IDR700000000 may only use 50% of ADD for Village officers.	0.929	0.033	<0,001	0.921**
Any village receiving ADD (Village Fund Allocation) IDR700000000 to IDR900000000 may only use 40% of ADD for Village officers.	0.916	0.033	<0,001	0.907**
Any village receiving ADD (Village Fund Allocation) more than IDR900000000 may only use a maximum of 30% of ADD for Village officers.	0.919	0.034	<0,001	0.912**
Any village is receiving an additional Fund 10% of the Regency/municipality's local tax and retribution income realization. 60% of this additional Fund is divided evenly for all villages, and the remaining 40% is distributed proportionately based on the proceeds of each village.	0.696	0.057	<0,001	0.715**
The total income of all village officers determined by Regent/Mayor at an income amount of village secretary a minimum of 70% of the village chief's income and other village officers a minimum of 50% of the village chief's income.	0.798	0.043	<0,001	0.802**
<b>Village Financial Administration</b>				
Village Treasurer must make recordings of all transactions made in the form of income and expenditure.	0.846	0.040	<0.001	0.839**
Village Treasurer in recording the cash income and expenditure uses General Cashbook (Tax Subsidiary Ledger and Bank Book).	0.876	0.037	<0.001	0.870**



Indicator	Combined Loadings			Pearson Correlation
	Loading Factor	SE	P-value	
Village Treasurer makes a record of all cash income and expenditure in cash nature in the General Cashbook.	0.848	0.038	<0.001	0.845**
The cash income and cash expenditure transactions via bank/transfer recorded in the bank book.	0.833	0.042	<0.001	0.834**
Tax subsidiary ledger is used by the Village Treasurer to record the income of money deriving from tax withholding and record the expenditure in the form tax payment to the state cash.	0.858	0.041	<0.001	0.856**
Each end of the month, BKU (Buku Kas Umum/General Cashbook) and Bank Book are closed in an orderly manner and signed by the Village Treasurer, as well as Village Chief before its evaluation and signing by the Village Secretary.	0.833	0.041	<0.001	0.829**
Business Proceeds, Asset Proceeds, Self-Funding, Other Village's generated recurring revenues (PADes), Village Fund, ADD, profit sharing, Financial Aid from Province, Financial Aid from Regency/Municipality and Grant, are some kinds of Locally Generated Recurring Revenues.	0.703	0.050	<0.001	0.713**
Village Treasurer closes the books at the end of each month in an orderly manner, including General Cashbook, Bank Book, Tax Book, and Revenue Detailed Book.	0.857	0.039	<0.001	0.853**
Village Treasurer's Accountability the outgoing flow of money for spending, down payment and others recorded in general cash book and bank book.	0.844	0.040	<0.001	0.842**
In the Village Treasurer's accountability report, Cash consists of Initial balance, Income amount and Expenditure amount.	0.849	0.041	<0.001	0.841**
Village Income consists of Village's Recurring Generated Revenue (PADesa), transfer and other revenues.	0.843	0.042	<0.001	0.839**
Group consists of Village Fund, Portion of Regency/Municipality's Tax proceeds and Regional Retribution, Village Fund Allocation (ADD), Financial aid from Province's APBD and Financial aid from Regency/Municipality's APBD.	0.807	0.042	<0.001	0.805**
Village Expenditure consists of Village Government Operation, Execution of Village Development, Village Societal Nurturing, Village Society Empowerment, and Unexpected Expenditure.	0.836	0.040	<0.001	0.829**
<b>Village Financial Reporting and Accountability</b>				
Village chiefs deliver the report to Regent/Mayor in the form of a semester report of Village APB Execution Realization, Accountability Report of Village APB Execution Realization to the Regent/Mayor each budget year and Village Fund Usage Realization Report.	0.837	0.043	<0,001	0.820**
Report to Village Deliberation Agency (BPD) form of a report of Village APB Execution Realization consisting of Revenues, Expenditures, and Financing.	0.823	0.043	<0,001	0.806**
Regent/Mayor passes administrative sanctions in the form of reduced Village Fund when their SILPA is abnormal ( $\pm 30\%$ ) due to its use which does not match the priority or money-saving in deposit form for more than 2 (two) months.	0.604	0.062	<0,001	0.656**
Village APB Execution Realization report delivered to Regent/Mayor by submitting the first-semester report and second-semester report at year end.	0.885	0.037	<0,001	0.869**
The first Financial Accountability Reporting phase collects SPP Archives, Activity Report, and Revenue Detail, and after that, the Preparation of LRA (Laporan Realisasi Anggaran/Budget Realization Report).	0.853	0.040	<0,001	0.841**
In the Village Accountability Report, the APB Execution Realization attached with Format Accountability Report of Village APB Execution Realization Budget of the Current year, Village-owned Property Report per 31 Dec of the Current Budget Year and Report of (Central) Government and Regional Government	0.840	0.040	<0,001	0.821**

Indicator	Combined Loadings			Pearson Correlation
	Loading Factor	SE	P-value	
Programs implemented in the village.				
Village APB Report, Levies, Spatial Zoning, and Village Government Organization submitted to BPD in writing at the latest 3 (three) months after the end of the budget year.	0.749	0.050	<0,001	0.749**
<b>Village Assets Report</b>				
Village's Assets are belonging to Current Assets, namely Village Cash, Receivables and Supply.	0.823	0.041	<0,001	0.823**
Village's Assets are belonging to Non-Current Assets, namely Village Government's Capital Participation, Lands, Equipment, buildings, roads, and Reserve Funds.	0.826	0.043	<0,001	0.825**
The withdrawal of Cash Money Account balance in the Village Treasurer should be from BKU at year-end after it closed while he/she withdraws the Village Cash Account from Bank Book after reconciliation made with the current account.	0.819	0.045	<0,001	0.807**
The Receivable account is competed by inventorying the village's rights not yet received until the reporting date.	0.882	0.034	<0,001	0.878**
We calculate supply from the supply remaining per report date by using the latest purchasing value.	0.891	0.035	<0,001	0.878**
Capital participation is the accumulated amount of money given to Village-owned enterprises about village regulations.	0.798	0.042	<0,001	0.799**
Village's short-term liabilities such as Deferred Revenue, the Tax withheld yet not paid.	0.849	0.039	<0,001	0.849**
Village's net assets equal the difference between Village's Asset Value and Short-Term Liabilities.	0.808	0.047	<0,001	0.807**

As demonstrated in the table above, the respondents (Negara, I. P. A. A et al., 2019) perceived that Village Financial System (SISKEUDes) would best generate accurate information and present information that they can use in making decisions and showing accountability. Village Financial Management Principles perceived by the respondent as honestly and transparently (Suartawan, I. G. N. P. A et al., 2019; Dewi, N. P. S. P et al., 2019; Utami, P. D. P et al., 2019) presented to the public to fulfill their rights to know the entire government's accountability in managing resources. It synchronizes the stakeholders' involvement in the villages through representative institutions that can convey their aspirations. The respondents also understand the most that any village receiving ADD (Village Fund Allocation) IDR500000000 to IDR700000000 may only use 50% of ADD for Village officers (Prawira D et al., 2019; Rastini, N. M et al., 2019). They as well realize that any village receiving ADD (Village Fund Allocation) more than IDR900000000 may only use a maximum of 30% of ADD for Village officers.

The two indicators of Village Financial Administration that respondents understand the most are – village treasurer in recording (Aksiana, I. B. W et al., 2019) the cash income and expenditure uses General Cashbook (Tax Subsidiary Ledger and Bank Book). Also, the tax subsidiary ledger is used by the Village Treasurer to record the income of money deriving from tax withholding and record the expenditure in the form of tax payment to the state cash. I (Asa, M et al., 2019) Village Financial Reporting and Accountability's indicators that respondents perceived the most are - Village APB Execution Realization report delivered to Regent/Mayor by submitting the first-semester report and second-semester report at year-end. Moreover, the first Financial Accountability Reporting phase collects SPP Archives, Activity Report, and Revenue Detail, and after that, the Preparation of LRA (Laporan Realisasi Anggaran/Budget Realization Report). The Village Assets Report's two indicators that respondents perceived the most are - The Receivable account is competed by inventorying the village's rights not yet received until the reporting date. Second, the respondents calculate supply from the supply remaining per report date by using the latest purchasing value.

The completion of the confirmatory factor analysis shows that all indicators are feasible to be used as indicators of measuring all variables. (Klaorina, M. I. et al., 2019) besides, the Pearson correlation value of all indicators for the total indicators of each variable is significant. It means that the indicators of all constructs in this study are valid and highly correlated. The values of Average Variance Extracted show scores above 0.50. The reliability test results also show that the indicators are accurate and consistent. We can use the instruments for measuring each construct. The values of Cronbach's Alpha and Composite Reliability show scores above 0.70 all. The following are the results of validity and reliability tests for each variable:

**Table 2:** Validity and Reliability

Composite Reliability	Cronbach's Alpha	Average Variances
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	coefficients	coefficients	extracted
V1	0.961	0.957	0.624
V2	0.949	0.932	0.787
V3	0.942	0.924	0.730
V4	0.967	0.963	0.696
V5	0.926	0.906	0.646
V6	0.949	0.939	0.702

## CONCLUSION

All indicators test results show their ability to explain the validity and reliability of the variables in this study. Village Financial System (SISKEUDes) would best generate accurate information and present information that they can use in making decisions and showing accountability. Village financial management always involves stakeholders in the villages through representative institutions that can convey their aspirations. Village Treasurer in recording the cash income and expenditure uses General Cashbook (Tax Subsidiary Ledger and Bank Book). Village APB Execution Realization report delivered to Regent/Mayor by submitting the first-semester report and second-semester report at year-end. The respondents calculate supply from the supply remaining per report date by using the latest purchasing value.

## LIMITATION AND SUGGESTIONS

However, the results of this study are still very early. Therefore, researchers in the future need to do further testing to explain the capabilities of indicators in the construct of this study. The research also has limitations caused by Indonesia's geographic conditions, combined with a convenience sampling method. Central Java is one of the most advanced provinces in Indonesia with relatively mid-to-high educated people. So, the result might be probably different if we research in the middle or east part of Indonesia. This research has also successfully tested the validity and reliability of latent constructs that are entirely new from the perceptive measure of understanding; village financial management principles; village fund allocation, village financial administration; village financial reporting and accountability; and village assets report. Therefore, future researchers can use these indicators to measure the extent of village officials' understanding of Siskeudes, village financial management principles, village fund allocation, village financial administration, village financial reporting and accountability, and village assets report. Village officials can use these measurements to find out whether the relevant users understand the village's financial system before operating it. Village officials can also test whether the Siskeudes user training is practical or not, by conducting pre-test and post-test using this measurement tool.

## ACKNOWLEDGMENT

We desire to extend our gratitude to the Ministry of Research, Technology, and Higher Education of the Republic of Indonesia for the funding the researchers are provided with that we can complete this investigation. We also wish to express our appreciation to the Central Java Provincial Government, the Institute of Indonesia Chartered Accountants, the Research Synergy Foundation, and the reviewers, participants, and committee of 3rd International Conference on Interdisciplinary Business, Economy, Management, and Social Studies 2019, especially Prof. Dr. Daniel Marco-Stefan Kleber, Prof. Jeremy Williams, and Dr. Jacinta DaSilva.

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