

Paper Track Title:

The Role of Internal Control System on Characteristics of Village Financial Reports

Record	Date / Year
Submission	05 October 2021
Similarity Check	07 October 2021
First Editor Desk-Review	12 October 2021
Feedback review by Authors	20 October 2021
Review by Reviewers	27 October 2021
Feedback Comment	11 November 2021
Letter of Acceptance	22 November 2021
Payment	30 November 2021
Metadata Published	07 December 2021
Full Published	17 December 2021
















to: Jurnal Akuntansi (EJA) ▼

Below I Attach our revised manuscript title: **"The Role of Internal Control System on Characteristics of Village Financial Reports"** such us, Grammatical error, language problem and reference style.

The Role of External Capital Markets on Characteristics of Village Financial Reports

Ratna Sari YH Widyadani
Universitas Widyadarmas (UNWD)

Email address:
Widyadarmas@unwd.ac.id

Abstract: This study aimed to measure and analyze the effect of the Village Financial Reports, the Equities of the Village Government, and the Internal control system for a qualitative greater effect on village financial reports information disclosures. In addition, it was also expected that not suitable the influence of the internal control system in a

 **Ratna Sari.docx**

The Role of Internal Control System on Characteristics of Village Financial Reports

Ratna Sari ¹ M. Muslim ²

Universitas Muslim Indonesia (UMI)

Email address:

* ratna.sari@umi.ac.id

Abstract: This study aimed to examine and analyze the effect of the Village Financial System, the Capacity of the village apparatus, and the internal control system has a significant positive effect on village financial reports inflation characteristics. In addition, it was also meant to test and analyze the influence of the internal control system as a moderating relationship between the Village Financial System and the Capacity of the village apparatus and characteristics of village financial reports. The samples of forty-four respondents. This study indicated that the Village Financial System, the Capacity of the village apparatus and internal control system, has a significant positive effect on village financial reports' inflation characteristics. At the same time, the internal control system shows no influence, unable to moderate the relationship between the Village Financial System and the Capacity of the village apparatus and the characteristic

Keywords: Village Financial System, Capacity of the Village Apparatus, Internal Control, Characteristics of Village Financial Reports Inflation.

Abstrak: Penelitian ini bertujuan untuk menguji dan menganalisis pengaruh Sistem keuangan Desa, kapasitas aparatur desa, sistem pengendalian intern berpengaruh positif signifikan terhadap karakteristik inflasi laporan keuangan desa. Selain itu juga dimaksudkan untuk menguji dan menganalisis pengaruh sistem pengendalian intern sebagai hubungan moderasi antara Sistem keuangan Desa dengan kapasitas perangkat desa dan karakteristik laporan keuangan desa. Sampel sebanyak empat puluh empat responden. Penelitian ini menunjukkan bahwa Village Financial System, kapasitas aparatur desa dan sistem pengendalian intern berpengaruh positif signifikan terhadap karakteristik inflasi laporan keuangan desa. Sementara itu, sistem pengendalian intern menunjukkan bahwa tidak ada pengaruh yang mampu memoderasi hubungan antara Sistem keuangan Desa dengan Kapasitas perangkat desa dan Karakteristik laporan keuangan desa.

Kata Kunci: Sistem Keuangan Desa, Kapasitas Perangkat Desa, Pengendalian Intern, Karakteristik Laporan Keuangan Desa Inflasi.

INTRODUCTION

Currently, village fund financial information is of public concern, especially with the circulation of news in the media that there are many misappropriations of village funds that are not in line with the village fund budget, which every year is programmed by the Government with a fantastic amount to develop village potential. The village fund budget for 2019 is seventy trillion rupiah, an increase of two trillion compared to the village fund for 2020 of seventy-two trillion rupiah.(www.kemenkopmk.go.id, 2020).

Indonesia Corruption Watch (ICW) until semester I 2020 saw the most corruption occurring in the village fund budget. This problem is present in several villages due to the cycle of village financial management from the immature planning stage, the reported development implementation is not in accordance with the realities in the field, non-transparent reporting to the community and accountability that is still in political governance.

(Mada, Kalangi, & Gamaliel, 2017) stated that the problem of misappropriation of village funds, such as the inadequacy of the accountability report made by the village government, such as expenditures that are not supported by adequate evidence, village funds are kept in banks, not in village treasury accounts. So that this problem does not occur, it is necessary to implement a financial reporting system that is appropriate to the plan, clear and specific to the needs of the community and refers to the principles of transparency and accountability.

Patampanua Subdistrict, located in Pinrang Regency, South Sulawesi, which consists of several villages including Leppangan Village and Mattiro Ade Village. Based on the researcher's preliminary survey with the Village Secretary of Leppangan, the total village income in 2018 was Rp. 1,754,549,000.00 and Mattiro Ade Village, the total village income in 2018 was Rp. 1,707,196,001.00. To manage a fund of this size, a commitment from the village government is required to build the village according to what the community needs.

Some residents questioned the allocation of village funds which was not transparent and did not support the people's needs. The management of village funds tends to focus on building infrastructure, bridges and schools only. Whereas the people hope to be given a loan for business capital that can improve their economy whose priority depends on living only from rice fields. Even for people who do not own rice fields, they only offer services to help the owners of the fields to survive. In a recent phenomenon, a number of residents admitted they were disappointed that they did not receive direct cash assistance at the Mattiro Ade Village Office. According to local residents, the village head did not explain the rejection of the file on the grounds that the quota was full, even though the residents who felt they deserved it were not given BLT. (<https://www.simpulrakyat.co.id/2020.>, April 2020). In Leppang village, the distribution of social assistance is directly monitored by the Head of the Patampanua Police, so that the people will not be upset. (<https://perak-news.com/2020/06/09>).

To reduce misuse of village funds, the community demands that the management of village funds be transparent. This makes the village government have the obligation to publish financial information in the financial reports required by the users. The form of accountability for village financial management to the community affects government performance. (Permendagri No.113). The characteristics of financial reports are relevant, reliable, trustworthy, comparable to the previous period and can be understood by readers. (Peraturan Pemerintah No.71, 2010).

One of the characteristics of village financial reports is the village financial system (Village Financial System) developed by BPKP since 2015 which aims to help village officials report their financial reports on time. (Rahmawati & Fajar, 2017). (Watulingas, Kalangi, & Suwetja, 2019) stated that another benefit of Village Financial System is as a means of controlling optimal village financial management. With the existence of Village Financial System, the village government is younger in documenting data so that it feels efficient for financial managers. (Rusmiyanti, 2014). Village officials are required to be able to apply this Village Financial System since 2019.

(Gayatri & Latrini, 2018) dan (Herawati & Hayati, 2020) found that Village Financial System affected the quality of village financial reports. Users feel that the Village Financial

System is effective starting from planning, budgeting, implementing, administering, reporting and accountability and supervision. (Arfiansyah, 2020) also found that the Village Financial System application facilitates financial management from planning to reporting with features that the village needs. However, it was different. (Trisna & Wahyuni, 2019) found that internet access is a barrier to the effectiveness of Village Financial System, the treasurer must have a strong internet signal to report financial data, so that financial reports cannot be said to be of quality because they always experience delays in reporting.

Another obstacle faced by village governments in producing financial reports according to their characteristics is the lack of village officials who can manage their finances properly. The capacity of village officials who will produce financial information is at least able to understand accounting or what they want to report. If they do not have accounting expertise, then attend training because ability plays a very important role in producing characteristic financial reports. (Lisda, Nurwulan, & Septianisa, 2018).

(Ratih & Nurhasanah S, 2018) stated that the competence of the village apparatus will make it easier to manage village funds and will produce quality financial reports. (Puspitasari & Purnama, 2018) found that competent regional apparatus tended to be easier to apply the Village Financial System which would later produce maximum output on the characteristics of financial statements.

The internal control system can also affect the characteristics of financial statements. The benefits of internal control will provide feedback on organizational achievements in a timely manner and will increase village government compliance with applicable legal rules. Within the scope of government, internal controls are designed to achieve organizational goals so that financial reporting can be achieved effectively. The research from (Ramadhani & Soerono, 2019) and (Anwar & Amin, 2020) found that the internal control system has an effect on the quality of government financial reports.

(Wineh, Ferdian, & Novianti, 2019) found that the relationship between the regional financial accounting system and the quality of OPD financial reports can be moderated by the internal control system. Furthermore, optimal internal control is expected to be a mediator in overcoming the problem of low quality government financial reports. (Fauziyah, 2019). However, (Arista, Rasuli, & Susilatri, 2018) found that internal control was unable to moderate the relationship between the application of the accounting system and the quality of financial reports.

Internal control can strengthen the characteristics of financial reports if the village financial manager has a background in accounting education or has the expertise gained from training on how to manage finances so that later they will be able to produce financial reports that have characteristics (PP No. 60 Tahun 2008). The research from (Suarmika & Suputra, 2016) and (Diansyah, 2019) found that internal control moderated apparatus competence with the quality of financial reports. However, (Inapty & Matiningsih, 2019) found that internal control did not moderate apparatus competence with the quality of financial reports.

Referring to the phenomenon and the results of previous research described above, it is the reason this research is important. The characteristics of financial reports are a form of village government accountability to the community that should be reported in a transparent manner. To produce quality financial reports, the Village Financial System application was developed which attracted the attention of the inspectors because the development of the Village Financial System would facilitate financial reporting for village fund managers which of course had to be supported by capable apparatus and could be monitored through an effective internal control system.

THEORITICAL REVIEW

Agency Theory.

Agency theory developed by (Jensen dan Meckling, 1976) in (Falistina, 2011) explain the form of accountability that can be seen from the actions of local governments in providing information on how their finances are managed as agents of the people as the principal. (Maruhun & Asmany, 2018) states that in agency theory there are different interests. This research justifies that the excess information possessed by the village head and its apparatus is easy to use to commit fraud. Therefore, the Village Financial System application was developed so that the village government can easily complete its obligations to make proper financial management accountability with the competencies of the apparatus and the internal control system is useful to control every village financial activity so that it does not go out of the corridor of regulations so that financial reports are made in accordance with standards.

Characteristics of financial reports as a reflection of village performance accountability. Financial report as the final result that summarizes village financial transactions for the current financial year. The financial report describes whether the village has succeeded or not implemented what has been targeted in the budget or the performance of the local village government. Financial reports that do not meet their characteristics give a tendency for irregularities and errors in financial records that result in corrupt behavior or regulatory violations.

Village Financial System is intended for the Village Government in managing village finances to facilitate reporting and as a means of financial management control, so that the performance of village officials will improve and community demands for accountability are achieved. With the financial management Village Financial System application, it becomes easier for reporting, just by entering data, it can produce many reports. (Watulingas, Kalangi, & Suwetja, 2019). (Kurnianto, Kurniawansyah, & Ekasari, 2019) found that paperless reporting has not been used since the existence of Village Financial System, so that financial managers are no longer bothered, especially the Village Financial System application can be used for both villages that have internet access and those that have not. The research from (Rifandi, 2019) and (Luthfiani, Asmony, & Herwanti, 2020) found that the village financial system affects the quality of financial reports. (Junaid, Muchlis, & Putri, 2018) found that the Village Financial System application was able to increase village financial accountability because the data entry process was fast so that government accountability in financial reports was relevant and well structured. Therefore, Village Financial System is used as an important element that affects the characteristics of village financial reports.

H1: Village Financial System positively and significantly affects the characteristics of village financial reports.

The capacity of village officials affects the characteristics of financial reports. Apparatus who understand accounting in processing finances can produce financial reports that are in accordance with standards, on the other hand, village officials who do not understand how to process finances will produce financial reports that are published with misstatements. The research from (Lisda, Nurwulan, & Septianisa, 2018), (Ratih & Nurhasanah S, 2018) and (Rifandi, 2019) stated that the competence of village officials had an effect on the quality of village financial reports. However, it is different from the research

results (Widyatama, Novita, & Diarespati, 2017) and (Manimpurung, Kalangi, & Gerungai, 2018) prove that human resource capacity has no significant effect on the quality of financial reports. Employees from accounting backgrounds have not been able to support the quality of financial reports because the numbers are not evenly distributed among the agencies that need them. Therefore, the capacity of village officials is an important factor that influences the characteristics of village financial reports.

H₂: Capacity of the village apparatus positively and significantly affects the characteristics of village financial reports.

Internal control system as one of the important things that affect the characteristics of financial statements. The internal control system can control all activities of the village government in producing financial reports through reliable financial reports, safeguarding State assets, effective and efficient and the government complies with regulations. (Ikyarti & Aprila, 2019). A good internal control system functions to reduce the risk of errors and protect the organization from fraudulent actions in the financial statements made so that published financial reports can be said to meet the characteristics. Research from (Ramadhani & Soerono, 2019) and (Anwar & Amin, 2020) found that the internal control system has an effect on the quality of government financial reports. (Riyanita & Widiastuti, 2020) also proved that the internal control system significantly affects the quality of financial reports. The village government has made efforts to ensure that the activities carried out are in accordance with existing regulations so that errors in the presentation of accounting data are minimal so that the financial statements presented reflect the existing reality. However, (Mokogina, Lambey, & Pontoh, 2017) found that the internal control system had a significant negative effect on the quality of financial reports. The existing internal control system cannot guarantee the quality of financial reports because there are other factors that are more important, such as the commitment of officials who should be more pro-public. Therefore, the internal control system is an important factor that affects the characteristics of village financial reports.

H₃: Internal control system has a positive and significant effect on the Characteristics of Government Financial Statements

To meet the needs of village financial managers, the Village Financial System application was developed as a medium for what village budget accountability has been used for. This Village Financial System helps managers process documents into reports that provide information to the public and users of financial information. A good Village Financial System is used to control the implementation of village government so that the financial reports can be said to have characteristics. (Hardiansyah, 2016) found that the internal control system controls the application to reduce the risk of recurring errors and ensures that the data entered by financial managers is accurate. Research from (Prasetya, Prayudi, & Diatmika, 2017) found that supervision has a positive effect on the quality of Village Financial System implementation. The better the supervision, the better the implementation of the Village Financial System system and has implications for the quality of financial reports. (Kapriana & Agung, 2020) found that the government's internal control system was able to moderate the relationship between the regional financial accounting system and the quality of financial reports. Therefore, the internal control system is a factor that is able to moderate the Village Financial System with the characteristics of village financial reports.

H₄: Internal control system able to moderate Village Financial System on the Characteristics of Government Financial Statements.

The capacity of the financial apparatus will make their work complete on time and this will have an impact on the timing of the presentation of financial statements. Apparatus who have the capacity to process finances do not necessarily have high organizational commitment to their institutions. If the apparatus does not have the capacity, then the apparatus will not work seriously to present financial reports according to the stipulated rules and time. (Hardiansyah, 2016) and (Suarmika & Suputra, 2016) found that the internal control system was able to moderate the competence of human resources on the quality of financial reports. SPI can control and supervise the apparatus to use their competence in producing quality financial reports. However, (Redjo, 2020) found that the internal control system was unable to moderate the relationship between Human Resources competence and the quality of financial reports. Therefore, the internal control system is a factor that is able to moderate the capacity of the financial apparatus with the characteristics of village financial reports.

H₅: *Internal control system* able to moderate the capacity of the financial apparatus to the Characteristics of Government Financial Statements.

METHODS

The research object is the village financial system, the capacity of the village apparatus, the external control system and the characteristics of village financial reports. The data source used is primary data. The data were collected through a questionnaire that had been distributed to the village apparatus of the Patampanua District which was then given a score or score. The study population was village officials in Patampanua Subdistrict, Pinrang Regency who received a budget ceiling above 1 billion rupiah. The sampling technique used census sampling, where all the population was sampled with a total of 44 village officials. This study will use a Pooled Least Square (PLS) method to interpret the data according

RESULTS

In this research the description of variables is reflected in the following table 2 :

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Village Financial System	44	2.80	5.00	4.2341	.57098
Capacity of the village apparatus	44	2.38	5.00	4.2775	.61397
Internal Control System	44	2.71	5.00	4.2695	.50333
Characteristics of village financial reports	44	2.63	5.00	4.1248	.60940
Valid N (listwise)	44				

Source : (primary data processed, 2020).

Based on table 2, descriptive statistics results obtained from 44 respondents as follows : Village Financial System variable has the lowest value 1 and the highest 5 with an average value of 4,2341 while the standard deviation value is 0,57098. The average respondent's answer is $4,2341 > 3$, this indicates that the respondent has a perception of high Village Financial System. The standard deviation value of 0,57098 is smaller than the average value indicating the results of the responses are not too far between respondents. The capacity the village apparatus variable has the lowest value 1 and the highest 5 with an average value of 4,2775 while the standard deviation value is 0,61397. The average respondent's answer is $4,2775 > 3$, this indicates that the respondent has a perception of high capacity the village apparatus. The standard deviation value of 0,61397 is smaller than the average value indicating the results of the responses are not too far between respondents. Internal control system variable has the lowest value 1 and the highest 5 with an average value of 4,2775 while the standard deviation value is 0,61397. The average respondent's answer is $4,2775 > 3$, this indicates that the respondent has a perception of high internal control system. The standard deviation value of 0,61397 is smaller than the average value indicating the results of the responses are not too far between respondents. Characteristics of village financial reports variable has the lowest value 1 and the highest 5 with an average value of 4,1248 while the standard deviation value is 0,60940. The average respondent's answer is $4,1248 > 3$, this indicates that the respondent has a perception of high Characteristics of village financial reports. The standard deviation value of 0,60940 is smaller than the average value indicating the results of the responses are not too far between respondents.

Tabel 3. Loading Factor

Construct	Indicator	Outer Loading	Average Variance Extracted (AVE)
Village Financial System	X1.1	0,848	0,764
	X1.2	0,779	
	X1.3	0,880	
	X1.4	0,923	
	X1.5	0,851	
	X1.6	0,877	
	X1.7	0,910	
	X1.8	0,917	
Capacity of the village apparatus	X2.1	0,856	0,688
	X2.2	0,865	
	X2.3	0,917	
	X2.4	0,875	
	X2.5	0,838	
	X2.6	0,679	
	X2.7	0,750	
Internal Control System	Z1.1	0,927	0,787
	Z1.2	0,843	
	Z1.3	0,916	
	Z1.4	0,903	
	Z1.5	0,923	
	Z1.6	0,871	
	Z1.7	0,896	
	Z1.8	0,812	
Characteristics of village financial reports	Y1.1	0,905	0,769
	Y1.2	0,843	
	Y1.3	0,883	
	Y1.4	0,922	
	Y1.5	0,875	
	Y1.6	0,898	

Y1.7	0,921
Y1.8	0,899
Y1.9	0,784
Y1.10	0,826

Source : (primary data processed, 2020).

In this study, each indicator construct are higher than 0.50, it can be concluded that the fully estimate constructs have become a fit measuring tool.

Table 4. *Cronbach's Alpha dan composite reliability*

Variabel	Cronbach's Alpha	Composite Reliability
Village Financial System	0,956	0,963
Capacity of the village apparatus	0,923	0,939
Internal control system	0,961	0,967
Characteristics of village financial repotrs	0,966	0,971

Source : (primary data processed, 2020).

The results of composite reliability and Cronbach alpha show the value of each variable above the value of 0.70, which means that all instrument variables are reliable.

Table 5. R-Square Test

Construct	R-Square
Characteristics of village financial reports	0,989

Source: (primary data processed, 2020).

The *R-Square* value of untuk variabel Characteristics of village financial repotrs sebesar 0,989 which means that Village Financial System, capacity of the village apparatus, Village Financial System*internal control system and capacity of the village apparatus*internal control system are able to explain the variance of Characteristics of village financial repotrs by 98,9% and 1,1% is influenced by other factors that are not investigated in this study.

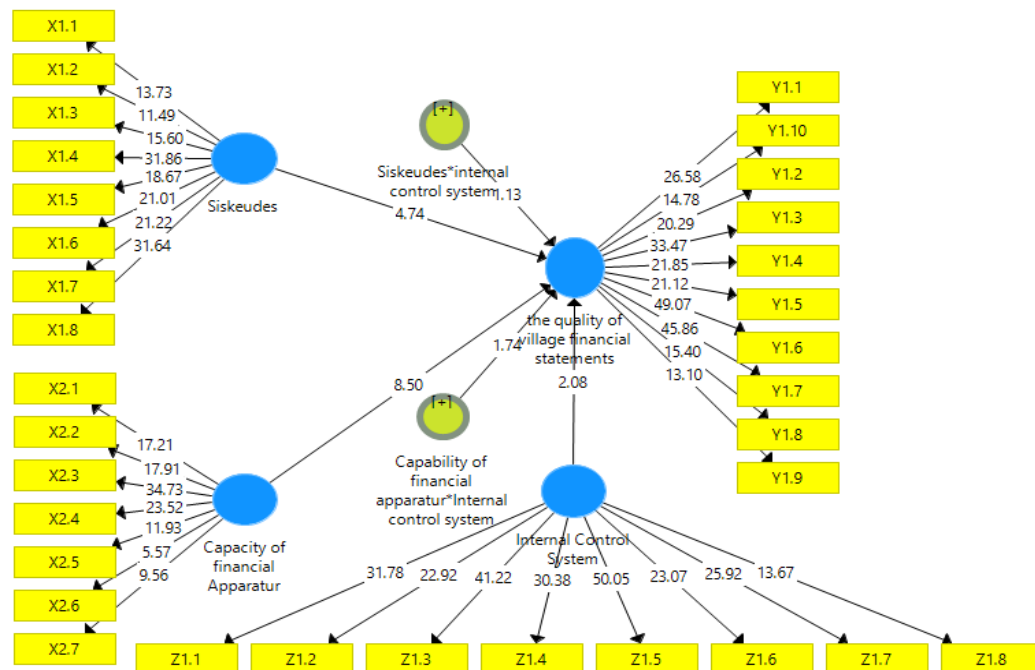


Figure 2. Findings of Structural Model

Source: (primary data processed, 2020).

Table 6. Hypothesis Test Results

Variabel	Original Sample	Standard Error	T Statistics	P Values
Village Financial System Characteristics of village financial repotrs	0,362	0,353	4.663	0,000
Capacity of the village apparatus → Characteristics of village financial repotrs	0,561	0,569	8.335	0,000
Internal Control System Characteristics of village financial repotrs	0,104	0,108	2.034	0,042
Village Financial System *Internal Control System → Characteristics of village financial repotrs	-0,049	-0,030	0,936	0,350
Capacity of the village apparatus * Internal control system → Characteristics of village financial repotrs	0,088	0,063	1,438	0,151

Source : (primary data processed, 2020).

- 1) the relationship between Village Financial System and Characteristics of village financial reports is significant positive effect because the statistical value is greater than t table ($4,663 > 1,683$) at the significance level of 5%.
- 2) the relationship between Capacity of the village apparatus and Characteristics of village financial reports is significant positive effect because the statistical value is greater than t table ($8,335 > 1,683$) at statistically of 5%.
- 3) the relationship between internal control system and Characteristics of village financial reports is significant positive effect because the statistical value is greater than t table ($2,034 > 1,683$) at the significance level of 5%.
- 4) the relationship between Village Financial System*Internal control system and

Characteristics of village financial reports is not significant because the statistical value is smaller than t table ($0,936 < 1,683$) at the significance not level of 5%.

- 5) the relationship between Capacity of the village apparatus*Internal control system and Characteristics of village financial reports is not significant because the statistical value is smaller than t table ($0,936 < 1,683$) at the significance not level of 5%.

DISCUSSION

The effect of Village Financial System on Characteristics of village financial reports.

The results of the test in this study show that the variables of Village Financial System has a significant positive effect on Characteristics of village financial reports. The positive impact of the existence of the Village Financial System makes the Village Government further improve performance so that it can produce effective and efficient financial reports. This result also means that the Village Financial System affects the performance of the Village Government in accordance with its objective of facilitating the work of the Village Government. The result of this study is supported by the result research of (Watulingas, Kalangi, & Suwetja, 2019) found that Village Financial System affects the quality of financial reports because with the financial manager Village Financial System application it becomes easier to report simply by entering data which can generate multiple reports. These results support the statement of (Luthfiani, Asmony, & Herwanti, 2020) Village Financial System is an information technology that is easily understood by users in processing village finances in order to obtain quality financial reports. This research is supported by research (Malahika, Karamoy, & Pusung, 2018) and (Kurnianto, Kurniawansyah, & Ekasari, 2019) found that the Village Financial System application made the village government independent in managing its village funds, the development of digital reporting through Village Financial System changed the form of reporting that was previously paperless and is no longer used, so that village officials are no longer bothered, especially the Village Financial System application can be used both for villages with internet access or not.

The effect of Capacity of the village apparatus on Characteristics of village financial reports.

The results of the test in this study show that the variables of Capacity of the village apparatus has a significant positive effect on Characteristics of village financial reports. Village officials who have expertise or experience in finance will easily manage village funds properly and the financial reports they produce have characteristics according to applicable standards. Village apparatus who have the capacity to manage finances will perform good administration and will work optimally to avoid misstatements in the financial statements they make. This research is supported by research (Lisda, Nurwulan, & Septianisa, 2018) and (Ratih & Nurhasanah S, 2018) finding the competence of village officials influencing the quality of financial reports means that the expertise or desire of village officials to study in accounting will produce quality financial reports. These results support the statement (Sudarlan, Hasiara, & Muhammadiyah, 2019) which knowledge and skills as causality in fulfilling quality financial reports. (Anwar & Amin, 2020) also found that the capacity of the financial apparatus describes the work of the apparatus in managing financial reports with the knowledge, expertise and length of work that determine the success of the characteristics of the financial statements it produces.

The effect of Internal Control System on Characteristics of village financial reports.

The results of the test in this study show that the variables of internal control system has a significant positive effect on Characteristics of village financial reports. The internal control system can control all activities of the village government in producing financial reports through reliable financial reports, safeguarding State assets, effective and efficient and the government complies with regulations. This research is supported by research (Lisda, Nurwulan, & Septianisa, 2018) and (Ramadhani & Soerono, 2019) found that the internal control system has an effect on the quality of government financial reports. (Riyanita & Widiastuti, 2020) research from A good internal control system functions to reduce the risk of errors and protect the organization from fraudulent actions in the financial statements made so that published financial reports can be said to meet the characteristics.

The effect of Village Financial System and internal control on Characteristics of village financial reports.

The results of the test in this study show that internal control as a moderating variabel has not succeeded relationship between the Sisikeudes and Characteristics of village financial reports. Village Financial System helps managers process documents into reports that provide information to the public and users of financial information. A good Village Financial System is used to control the implementation of village government so that the financial reports can be said to have characteristics. The internal control system plays a role in maintaining the accuracy of the data. (Suarmika & Suputra, 2016). However, the fact is that the current internal control system is not optimal in terms of controlling the activities that have been carried out by the village apparatus because there is still misappropriation of village funds. The results of this study are supported by research results (Kapriana & Agung, 2020) found that the internal control system was unable to moderate the relationship between government accounting standards and the quality of financial reports. The internal control system has not been able to supervise the compliance of financial officials in preparing reports on time and according to standards. (Mokogina, Lambey, & Pontoh, 2017) stated that the internal control system which has not been implemented optimally will result in a lack of quality of financial reports produced.

The effect of Capacity of the village apparatus and internal control system on Characteristics of village financial reports.

The results of the test in this study show that internal control as a moderating variabel has not succeeded relationship between the Capacity of the village apparatus and Characteristics of village financial reports. The capacity of the financial apparatus will make their work complete on time and this will have an impact on the timing of the presentation of financial statements. However, the fact is that there are still many village officials who do not have the capacity to process finances, because many have an educational background not from accounting and have not attended many training related to finance. The capacity of the apparatus will be maximized if supported by an adequate internal control system (Hardiansyah, 2016) found that the internal control system was unable to moderate the relationship between the Capacity of the village apparatus and Characteristics of village financial reports because the internal control system was not yet able to direct, supervise and measure the capacity of the village apparatus. This result is supported by (Redjo, 2020) states that without an adequate internal control system, financial reports can be of quality if the financial apparatus has the capacity, conversely if the village apparatus does not have the capacity, even though the internal control system is effective it cannot guarantee the quality of the financial reports produced.

CONCLUSION

This study aimed to investigate the effect of Village Financial System, Capacity of the village apparatus, and Internal Control System on the Characteristics of village financial reports. The study found that direct testing of Village Financial System, Capacity of the village apparatus, and Internal Control System had a positive and significant effect on the Characteristics of village financial reports. This indicates that a well-functioning Village Financial System, a capable village apparatus, and an effective Internal Control System are important factors for producing high-quality financial reports for villages.

However, the study also examined whether the Internal Control System had a moderating effect on the relationship between Village Financial System and the Capacity of the village apparatus, and Characteristics of village financial reports. The results showed that the Internal Control System was unable to moderate this relationship. This suggests that although the Internal Control System is important for ensuring the quality of village financial reports, it does not play a significant role in enhancing the relationship between Village Financial System and the Capacity of the village apparatus and Characteristics of village financial reports.

Overall, the study highlights the importance of having a well-functioning Village Financial System, a capable village apparatus, and an effective Internal Control System for producing high-quality financial reports in villages. However, it also suggests that the Internal Control System alone may not be enough to improve the relationship between Village Financial System and the Capacity of the village apparatus and Characteristics of village financial reports.

The sample in this study is still relatively small and is only limited to the village apparatus Leppangan and Mattiro Ade, so this study suggests for further research to add to and expand the area, the number of samples and use new variables other than the variables in this study to better what aspect can affect Characteristics of village financial reports. The results of this study also expect that it can be taken into consideration for related village government to further improve Characteristics of village financial reports.

REFERENCES

- Anwar, A., & Amin, A. (2020). Dimensi Karakteristik Laporan Keuangan Pemerintah. *e-Jurnal Akuntansi*. <https://doi.org/10.33369/j.akuntansi.10.3.223-230>, 10(3).
- Arfiansyah, M. A. (2020, Januari-Mei). Pengaruh Sistem Keuangan Desa dan Sistem Pengendalian Intern Pemerintah Terhadap Akuntabilitas Pengelolaan Dana Desa. *JIFA. Journal Of Islamic Finance and Accounting*. <http://ejournal.iainsurakarta.ac.id/index.php/jifa>, 3(1).
- Arista, R., Rasuli, M., & Susilatri. (2018). Pengaruh Kompetensi Sumber Daya Manusia, Penerapan Sistem Akuntansi Dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi Terhadap Kualitas Laporan Keuangan Pemerintah Daerah (Studi Pada Organisasi Perangkat Daerah Provinsi Riau). *Jurnal Online Mahasiswa*. <https://jom.unri.ac.id/index.php/JOMFEKON/article/view/21427>, 1(1).
- Astini, Y., Fauzi, A. K., & Widowati. (2019, Januari). Determinan Yang Mempengaruhi Keberhasilan Pengelolaan Keuangan Desa. *Valid. Jurnal Ilmiah*. journal.stieamm.ac.id, 16(1).

- Diansyah, A. S. (2019). Pengaruh Kompetensi Teknis Aparatur Sipil Negara, Sistem Informasi, Dan Reviu Laporan Keuangan Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Dengan Variabel Moderasi Sistem Pengendalian Intern Pemerintah. <https://jurnal.untan.ac.id>. *MAKSI Untan*, 4(1).
- Falistina, R. (2011). Faktor-faktor yang Mempengaruhi Keandalan dan Timeliness Pelaporan Keuangan Badan Layanan Umum, Studi pada BLU di Kota Semarang. *Jurnal Fakultas Ekonomi, Jurnal Ekonomi Universitas Diponegoro*, 1(1).
- Fauziyah, E. M. (2019). Pengaruh Penerapan Sistem Akuntansi Keuangan Daerah, Kompetensi Aparatur Pemerintah Daerah. *JRA Jurnal Riset Akuntansi*. <http://dx.doi.org/10.48181/jra%20tirtayasa.v4i2.6386>, 4(2).
- Gayatri, G., & Latrini, M. Y. (2018, July). Efektifitas Penerapan Village Financial System dan Kualitas Laporan Keuangan Dana Desa. *Jurnal Ilmiah Akuntansi dan bisnis*, 13(2).
- Hardiansyah, A. (2016). Pengaruh Kompetensi Sumber Daya Manusia dan Pemanfaatan Teknologi Informasi Terhadap Kualitas Laporan Keuangan dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi pada SKPD Kabupaten Polewali Mandar. *Jurnal Akuntansi Peradaban*. <https://doi.org/10.24252/jiap.v2i1.2999>, 2(1).
- Herawati, L., & Hayati, R. (2020). Efektifitas Penerapan Aplikasi Sistem Keuangan Desa (Village Financial System) di Desa Tantaringin Kecamatan Muara Harus Kabupaten Tabalong. *JAPB. jurnal.stiatabalong.ac.id*, 3(2).
<https://perak-news.com/2020/06/09>. (n.d.).
<https://www.simpulrakyat.co.id/2020>. (April 2020).
- Ikyarti, T., & Aprila, N. (2019). Pengaruh Penerapan Standar Akuntansi Pemerintah, Implementasi Sistem Informasi Manajemen Daerah dan Sistem Pengendalian Internal Pemerintah Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Kabupaten Seluma. *Jurnal Akuntansi*. <https://doi.org/10.33369/j.akuntansi.9.2.131-140>, 9(2).
- Inapty, M. F., & Matiningsih, R. P. (2019, April). Pengaruh Penerapan Standar Akuntansi Pemerintah, Kompetensi Aparatur dan Peran Audit Internal Terhadap Kualitas Informasi Laporan Keuangan Dengan Sistem Pengendalian Intern Sebagai Variabel Moderating (Studi Empiris Pada SKPD di Pemprov NTB). *Akuntabilitas. Jurnal Ilmiah Akuntansi*. <https://doi.org/10.15408/akt.v9i1.3583>, 9(1).
- Junaid, M. S., Muchlis, M., & Putri, R. A. (2018). Evaluasi Penggunaan Aplikasi SISKEUS dalam Upaya Peningkatan Kualitas Akuntabilitas Keuangan Desa (Studi pada Desa Je'netallasa Kecamatan Pallangga Kabupaten Gowa). *Jurnal Akuntansi Peradaban*, 4(1).
- Kapriana, A. P., & Agung, I. (2020). Faktor-faktor Yang Mempengaruhi Kualitas Laporan Keuangan Pemerintah Daerah dengan Sistem Pengendalian Internal Pemerintah sebagai Pemoderasi (Studi Empiris Pada OPD di Kabupaten Kuburaya). *Jurnal Audit dan Akuntansi*, 9(1).
- Kurnianto, S., Kurniawansyah, D., & Ekasari, W. F. (2019). Menilai Keberhasilan Sistem Keuangan Desa (Village Financial System) : Validasi Model Keberhasilan Sistem Informasi Delone dan McLean. *Jurnal Riset Akuntansi dan Bisnis Airlangga*. www.jraba.org, 4(2).
- Lisda, R., Nurwulan, L. L., & Septianisa, L. (2018). Pengaruh Implementasi SIMDA Desa, Sistem Pengendalian Internal Pemerintah, Kompetensi SDM Terhadap Kualitas Laporan Keuangan. *Konferensi Nasional Sistem Informasi. jurnal.atmaluhur.ac.id*. Pangkalpinang: STMIK Atma Luhur.

- Luthfiani, B. M., Asmony, T., & Herwanti, R. (2020, Juli). Analisis faktor-faktor Yang Mempengaruhi Akuntabilitas Pengelolaan Dana Desa di Kabupaten Lombok Tengah. *e-Jurnal Akuntansi*. <https://doi.org/10.24843/EJA.2020.v30.i07.p20>, 30(7).
- Mada, S., Kalangi, L., & Gamaliel, H. (2017). Pengaruh Kompetensi Aparat Pengelola Dana Desa, Komitmen Organisasi Pemerintah Desa dan Partisipasi Masyarakat Terhadap Akuntabilitas Pengelolaan Dana Desa Di Kabupaten Gorontalo. *Jurnal Riset Akuntansi dan Auditing "Goodwill"*. <https://doi.org/10.35800/jjs.v8i2.17199>, 8(2).
- Malahika, J., Karamoy, H., & Pusung, R. J. (2018). Penerapan Sistem Keuangan Desa (VILLAGE FINANCIAL SYSTEM) pada Organisasi Pemerintah Desa (Studi Kasus di Desa Suwaan Kecamatan Kalawat Kabuoaten Minahasa Utara. *Jurnal Akuntansi Going Concern*. <https://ejournal.unsrat.ac.id>, 13(4), 578-583.
- Manimpurung, R., Kalangi, L., & Gerungai, N. (2018). Pengaruh Kapasitas Sumber Daya Manusia dan Komitmen Organisasi Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Pada badan Pengelola Keuangan dan Aset Daerah (BPKAD) Kota Manado. *Jurnal Riset Akuntansi Going Concern*. <https://doi.org/10.32400/gc.13.02.19142.2018>, 13(2), 241-250.
- Maruhun, M., & Asmany, T. (2018). Menyibak Tabir Pengelolaan Dana Desa Dari Perspektif Habermas. *Akuransi. Jurnal Studi Akuntansi dan Keuangan*, 1(1).
- Mokogina, N., Lambey, L., & Pontoh, W. (2017). Pengaruh Sistem Pengendalian Intern dan Sistem Akuntansi Keuangan Daerah Terhadap Kualitas Laporan Keuangan Pemerintah. *Jurnal Riset Akuntansi Going Concern*. <https://ejournal.unsrat.ac.id>, 12(2).
- Peraturan Pemerintah No.71. (2010). Jakarta: Republik Indonesia.
- Permendagri No.113. (n.d.). *Pedoman Pengelolaan Keuangan Desa*. Jakarta: Republik Indonesia.
- PP No. 60 Tahun 2008. (n.d.). Jakarta: Republik Indonesia.
- Prasetya, I. Y., Prayudi, M. A., & Diatmika, P. G. (2017). Pengaruh Kompetensi Sumber Daya, Pemahaman dan Pengawasan Terhadap Kualitas Sistem Keuangan Desa di Kabupaten Buleleng. *e-jurnal S1 Akuntansi*, 8(2).
- Puspitasari, O. R., & Purnama, D. (2018). Implementasi Sistem Keuangan Desa dan Kualitas Laporan Keuangan Pemerintah Desa di Kabupaten Kuningan. *Jurnal Kajian Akuntansi*. <http://jurnal.unswagati.ac.id/index.php/jka>, 2(2), 145-159.
- Rahmawati, M., & Fajar, C. M. (2017). Pengaruh Pendapatan Asli Daerah dan Dana Perimbangan Terhadap Belanja Daerah Kota Bandung. *Jurnal Kajian Akuntansi*. <http://dx.doi.org/10.33603/jka.v1i1.445>, 1(1).
- Ramadhani, M., & Soerono, A. N. (2019). Pengaruh Sumber Daya Manusia, Sistem pengendalian Intern, Teknologi Informasi dan Pemahaman Basis Akrua Terhadap Kualitas Laporan Keuangan Pemerintah Daerah. *Jurnal Riset Akuntansi Terpadu*. <https://jurnal.untirta.ac.id/index.php/JRAT/article/download/5244/3910>, 12(1).
- Ratih, A. E., & Nurhasanah S. (2018). Pengaruh Kompetensi Aparatur Desa dan Peran Serta BPD Terhadap Kualitas Laporan Keuangan Desa di Teluk Sebong dan Teluk Bintan. *Jurnal Ilmiah Akuntansi dan Finansial Indonesia*. <https://doi.org/10.31629/jiafi.v2i1.1278>, 2(1).
- Redjo, P. R. (2020). Pengendalian Intern Sebagai Pemoderasi Pengaruh Kompetensi Sumber Daya Manusia Terhadap Kualitas Laporan Keuangan Daerah. *Ekopern: Jurnal Ekonomi Pembangunan*. <https://doi.org/10.32938/jep.v5i3.640>, 5(3).
- Rifandi, Z. W. (2019). Pengaruh Implementasi Aplikasi Sistem keuangan Desa, Kompetensi Sumber Daya Manusia dan Transparansi Terhadap Kualitas Laporan Keuangan

- Pemerintah Desa. *JRA. Jurnal Riset Akuntansi*. <http://dx.doi.org/10.48181/jra%20tirtayasa.v4i1.4505.>, 4(1).
- Riyanita, A. G., & Widiastuti, H. (2020). Analisis Pengaruh Sistem Pengendalian Intern, Pelatihan dan Pemanfaatan Teknologi Informasi Terhadap Kualitas Laporan Keuangan (Studi Empiris Pada perangkat Desa di Kabupaten Sleman). *Jurnal Akuntansi dan Bisnis.*, 18(1).
- Rusmiyanti, A. (2014). Sistem Informasi Pengelolaan Keuangan Pada Desa Ngadirejan. *Journal Speed - Sentra Penelitian Engineering & Edukasi*. <http://dx.doi.org/10.3112/speed.v6i2.1321.>, 6(2).
- Suarmika, I. L., & Suputra, I. G. (2016). Kemampuan Komitmen Organisasi dan Sistem Pengendalian Intern Memoderasi Pengaruh Kapasitas SDM dan Penerapan SIKD pada Kualitas LKPD Kabupaten Karangasem. *e-Jurnal Ekonomi dan Bisnis*. <https://ojs.unud.ac.id/index.php/EEB/article/view/20205>, 5(9).
- Sudarlan, S., Hasiara, L., & Muhammadijah, A. (2019, April). The Determinant Factors Influence of the Reasonable Judgemnet Without any Expection Opinon on The Financial Accounting Report for East Kalimantan Province. *International Journal of Scientific&Technology Research*. <http://www.ijstr.org>, 8(4).
- Trisna, N., & Wahyuni, R. (2019, April). Implementasi Sistem Keuangan Desa (VILLAGE FINANCIAL SYSTEM) pada Pemerintah Gampong Bilang Neuang Kecamatan Beutong Kabupaten Nagan Raya. *Jurnal Ius Civile*. jic@utu.ac.id, 3(1).
- Watulingas, P., Kalangi, L., & Suwetja, I. (2019). Peranan Sistem Keuangan Desa Terhadap Kinerja Pemerintah Desa (Studi Kasus di Desa Kapataran Kecamatan Lembean Timur Kabupaten Minahasa). *Indonesia Accounting Journal*. <http://doi.org/10.32400/iaj.26684.>, 1(2).
- Widyatama, A., Novita, L., & Diarespati, D. (2017). Pengaruh kompetensi dan Sistem Pengendalian Intern terhadap Akuntabilitas Pemerintah Desa dalam Mengelola Alokasi Dana Desa (ADD). *Baki. Berkala Akuntansi dan Keuangan Indonesia*. <http://dx.doi.org/10.20473/baki.v2i2.4762.>, 2(2).
- Wineh, S., Ferdian, T., & Novianti, N. (2019). Faktor Yang Mempengaruhi Kualitas Laporan Keuangan Dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi. *Dinamika. Jurnal Manajemen, Akuntansi, Bisnis dan Kewirausahaan.*, 5(1).
- www.kemenkopmk.go.id. (2020).



Ratna Sari <ratna.sari@umi.ac.id>

your submission2 messages

Tue, Oct 05, 2021 at 09:02AM

Jurnal Akuntansi (EJA) <submisipaper@fe.untar.ac.id> To: ratna.sari@umi.ac.id

Please revise your attached paper according to following suggestions and send me back

- abstract should be revised according to our journal format
- in many places the language is not in academic writin, I just show few places with yellow colour. Please check whole paper
- many references have missing information. like journal name, volume number and pages numbers. please complete them. There is not need for the published papers that have volume numbers and page numbers. make all corrections into the attached paper.

--

Editor, Jurnal Akuntansi (EJA)
email: submisipaper@fe.untar.ac.id
<https://ecojoin.org/index.php/EJA/contact>



Ratna Sari.docx
402K

Ratna Sari <ratna.sari@umi.ac.id> To: <submisipaper@fe.untar.ac.id>

Tue, Oct 12, 2021 at 02:21 PM

Dear Editor, Jurnal Akuntansi (EJA)

Below I Attach our revised manuscript title **"The Role of Internal Control System on Characteristics of Village Financial Reports"** . Some revision have us corrected such us, Grammatical error, language problem and reference style.

Personally, I also submit the revision via Jurnal Akuntansi (EJA) in Review upload mode.

Thank you very much for your attention.

--

Editor, Jurnal Akuntansi (EJA)
email: submisipaper@fe.untar.ac.id
<https://ecojoin.org/index.php/EJA/contact>



Ratna Sari.docx
402K



Ratna Sari <ratna.sari@umi.ac.id>

your submission

2 messages

Wed, Oct 27, 2021 at 01:09 PM**Jurnal Akuntansi (EJA)** <submisipaper@fe.untar.ac.id> To: ratna.sari@umi.ac.id

Reviewers' comments on your manuscript have now been received. Having considered these comments alongside your paper I have decided that, unfortunately, we will not be able to publish your paper in Jurnal Akuntansi (EJA) on this occasion. If you feel that the manuscript could be significantly revised based on the reviewers' comments, you could consider resubmitting as a new manuscript in the future.

For your guidance, I append the reviewers' comments below.

Reviewer 1:

-I would like to ask you to consider adding relevant previous research to your research background. By adding previous research, readers will have a better understanding of the context and significance of your research.

-I would like to ask you to simplify the conclusion of your research. Please present a brief and easily understandable conclusion for readers. This will help readers to better understand the results of your research.

Reviewer 2:

-I suggest that you add a research model diagram to your research report. This will help readers to better understand and visualize the methodology and research process.

-Please do not present the hypothesis in a point-by-point format during the hypothesis testing phase. Instead, merge it into a structured paragraph. Kindly include information on whether the proposed hypothesis was accepted or rejected in your analysis, along with a model table containing the results of the hypothesis test. Please ensure that the paragraph clearly and coherently presents the results of the hypothesis test and any conclusions that may be drawn from them.

-Please author to include information about the population used in the study. I suggest that the authors include information about the population used in clear and structured tabular form. It is hoped that this table will include information regarding the population size used.

--

Editor, Jurnal Akuntansi (EJA)

email: submisipaper@fe.untar.ac.id

<https://ecojoin.org/index.php/EJA/contact>



Ratna Sari.docx
402K

Peer Review Paper Title:

Analysis of Articulation of Local Government Financial Statements

Reviewer Comment	Author Response
Reviewer I	
I would like to ask you to consider adding relevant previous research to your research background. By adding previous research, readers will have a better understanding of the context and significance of your research. Have you considered this before and perhaps have some ideas about previous research that you would like to include?	Thank you very much for your input. I greatly appreciate the time and attention the interviewer has given in helping my research. I am pleased to inform you that I have added some relevant previous research to my research background. I hope that this step will help readers to understand the context and significance of my research
I would like to ask you to simplify the conclusion of your research. Please present a brief and easily understandable conclusion for readers. This will help readers to better understand the results of your research.	Thank you very much for your input. I greatly appreciate the time and attention the interviewer has given in helping my research. I have added some relevant previous research to my research background. I will try to simplify the conclusion of my research to make it more easily understandable for readers and not too lengthy.
Reviewer II	
I suggest that you add a research model diagram to your research report. This will help readers to better understand and visualize the methodology and research process.	I would like to express my utmost gratitude to the interviewer for their valuable comments and suggestions. I have taken the suggestion into consideration and added a research model diagram to my research report. Hopefully, the addition will improve the quality of the research report and provide a significant contribution to the academic world.

Please do not present the hypothesis in a point-by-point format during the hypothesis testing phase. Instead, merge it into a structured paragraph. Kindly include information on whether the proposed hypothesis was accepted or rejected in your analysis, along with a model table containing the results of the hypothesis test. Please ensure that the paragraph clearly and coherently presents the results of the hypothesis test and any conclusions that may be drawn from them.	Thank you for the advice. I have revised the hypothesis testing section in my paper to present the hypothesis in a structured paragraph format, as you suggested. Additionally, I have included information on whether the hypothesis was accepted or rejected in my analysis, along with a model table containing the results of the hypothesis test. I have made sure that the paragraph is clear and coherent, and that it presents the results of the hypothesis test and their implications in a structured manner. Thank you again for your guidance.
Please author to include information about the population used in the study. I suggest that the authors include information about the population used in clear and structured tabular form. It is hoped that this table will include information regarding the population size used.	Thank you for the suggestion. I have revised my paper to include a clear and structured table containing information on the population used in my study.

The Role of Internal Control System on Characteristics of Village Financial Reports

Ratna Sari¹ and M. Muslim²

^{1,2}Universitas Muslim Indonesia

Email address:

* ratna.sari@umi.ac.id

Abstract: This study aimed to examine and analyze the effect of the Village Financial System, the Capacity of the village apparatus, and the internal control system has a significant positive effect on village financial reports inflation characteristics. In addition, it was also meant to test and analyze the influence of the internal control system as a moderating relationship between the Village Financial System and the Capacity of the village apparatus and characteristics of village financial reports. The samples of forty-four respondents. This study indicated that the Village Financial System, the Capacity of the village apparatus and internal control system, has a significant positive effect on village financial reports' inflation characteristics. At the same time, the internal control system shows no influence, unable to moderate the relationship between the Village Financial System and the Capacity of the village apparatus and the characteristic.

Keywords: Village Financial System, Capacity of the Village Apparatus, Internal Control, Characteristics of Village Financial Reports Inflation.

Abstrak: This study aimed to examine and analyze the effect of the Village Financial System, the Capacity of the village apparatus, and the internal control system has a significant positive effect on village financial reports inflation characteristics. In addition, it was also meant to test and analyze the influence of the internal control system as a moderating relationship between the Village Financial System and the Capacity of the village apparatus and characteristics of village financial reports. The samples of forty-four respondents. This study indicated that the Village Financial System, the Capacity of the village apparatus and internal control system, has a significant positive effect on village financial reports' inflation characteristics. At the same time, the internal control system shows no influence, unable to moderate the relationship between the Village Financial System and the Capacity of the village apparatus and the characteristic.

Keywords: Village Financial System, Capacity of the Village Apparatus, Internal Control, Characteristics of Village Financial Reports Inflation.

INTRODUCTION

Currently, village fund financial information is of public concern, especially with the circulation of news in the media that there are many misappropriations of village funds that are not in line with the village fund budget, which every year is programmed by the Government with a fantastic amount to develop village potential. The village fund budget

for 2019 is seventy trillion rupiahs, increasing two trillion compared to the village fund for 2020 of seventy-two trillion rupiahs. (www.kemenkopmk.go.id, 2020).

Indonesia Corruption Watch (ICW) until semester I 2020 saw the most corruption occurring in the village fund budget. This problem is present in several villages due to the cycle of village financial management from the immature planning stage. The reported development implementation is not by the realities in the field, non-transparent reporting to the community, and accountability that is still in political governance.

(Mada et al., 2017) stated that the problem of misappropriation of village funds, such as the inadequacy of the accountability report made by the village government, such as expenditures that are not supported by adequate evidence, village funds are kept in banks, not in village treasury accounts. So that this problem does not occur, it is necessary to implement a financial reporting system that is appropriate to the plan, clear and specific to the needs of the community and refers to the principles of transparency and accountability.

Patampanua Subdistrict, located in Pinrang Regency, South Sulawesi, consists of several villages, including Leppangan Village and Mattiro Ade Village. Based on the researcher's preliminary survey with the Village Secretary of Leppangan, the total village income in 2018 was Rp. 1,754,549,000.00, and Mattiro Ade Village, the total village income in 2018 was Rp. 1,707,196,001.00. To manage a fund of this size, a commitment from the village government is required to build the village according to what the community needs.

Some residents questioned the allocation of village funds which was not transparent and did not support the people's needs. The management of village funds tends to focus on building infrastructure, bridges, and schools only. At the same time, the people hope to be given a loan for business capital that can improve their economy, whose priority depends on living only from rice fields. Even people who do not own rice fields only offer services to help the owners of the fields survive. Several residents admitted they were disappointed that they did not receive direct cash assistance at the Mattiro Ade Village Office in a recent phenomenon. According to residents, the village head did not explain the rejection of the file because the quota was full, even though the residents who felt they deserved it were not given BLT. (<https://www.simpulrakyat.co.id/2020>., April 2020). In Leppang village, the distribution of social assistance is directly monitored by the Head of the Patampanua Police not to be upset. (<https://perak-news.com/2020/06/09>).

To reduce the misuse of village funds, the community demands that village funds be transparent. It makes the village government have an obligation to publish financial information in the financial reports required by the users. The form of accountability for village financial management to the community affects government performance. (Permendagri No.113). The characteristics of financial reports are relevant, reliable, trustworthy, comparable to the previous period, and can be understood by readers. (Peraturan Pemerintah No.71, 2010).

One of the characteristics of village financial reports is the village financial system (Village Financial System) developed by BPKP in 2015, which aims to help village officials report their financial reports on time. (Rahmawati and Fajar, 2017). (Watulingas et al., 2019) state that another benefit of the Village Financial System is to control optimal village financial management. With the existence of the Village Financial System, the village government is younger in documenting data so that it feels efficient for financial managers. (Rusmiyanti, 2014). Village officials have been required to apply this Village Financial System since 2019.

(Gayatri and Latrini, 2018); (Herawati and Hayati, 2020) found that Village Financial System affected the quality of village financial reports. Users feel that the Village Financial

System is effective, starting from planning, budgeting, implementing, administering, reporting, and accountability and supervision. (Arfiansyah, 2020) also found that the Village Financial System application facilitates financial management from planning to reporting with features that the village needs. However, it was different. (Trisna and Wahyuni, 2019) found that internet access is a barrier to Village Financial System's effectiveness. The treasurer must have a strong internet signal to report financial data so that financial reports cannot be of quality because they always experience delays in reporting.

Another obstacle faced by village governments in producing financial reports according to their characteristics: the lack of village officials who can manage their finances properly. The capacity of village officials who will produce financial information can understand accounting or what they want to report. If they do not have accounting expertise, attend training because ability plays a significant role in producing characteristic financial reports. (Lisda et al., 2018).

(Ratih and Nurhasanah S, 2018) stated that the competence of the village apparatus will make it easier to manage village funds and produce quality financial reports. (Puspitasari and Purnama, 2018) found that competent regional apparatus tended to be easier to apply the Village Financial System, which would later produce maximum output on the characteristics of financial statements. While research conducted by (Astini et al., 2019) show different results, that is the ability of village financial managers does not affect the quality of financial reports because financial data as a factor that can affect financial information does not depend entirely on the quality of financial managers.

The internal control system can also affect the characteristics of financial statements. The benefits of internal control will provide feedback on organizational achievements and increase village government compliance with applicable legal rules. Within the scope of government, internal controls are designed to achieve organizational goals so that financial reporting can be achieved effectively. The research from (Ramadhani & Soerono, 2019) and (Anwar and Amin, 2020) found that the internal control system affects the quality of government financial reports. However, (Mokogina et al., 2017) found that the internal control system had a significant adverse effect on the quality of financial reports.

(Wineh et al., 2019) found that the internal control system moderates the relationship between the regional financial accounting system and the quality of OPD financial reports. Furthermore, optimal internal control is expected to be a mediator in overcoming the problem of low-quality government financial reports (Fauziyah, 2019). However, (Arista et al., 2018) found that internal control was unable to moderate the relationship between the application of the accounting system and the quality of financial reports.

Internal control can strengthen the characteristics of financial reports if the village financial manager has a background in accounting education or has the expertise gained from training on how to manage finances so that later they will be able to produce financial reports that have characteristics (PP No. 60 Tahun 2008). The research from (Suarmika and Suputra, 2016) and (Diansyah, 2019) found that internal control moderated apparatus competence with the quality of financial reports. However, (Inapty and Matiningsih, 2019) found that internal control did not moderate apparatus competence with the quality of financial reports.

Referring to the phenomenon and the results of previous research described above, it is the reason this research is essential. The characteristics of financial reports are a form of village government accountability to the community that should be reported transparently. To produce quality financial reports, the Village Financial System application was developed, which attracted the attention of the inspectors because the development of the

Village Financial System would facilitate financial reporting for village fund managers, which of course had to be supported by capable apparatus and could be monitored through an effective internal control system. Refers to research (Gayatri and Latrini, 2018), This study examines the application of the Village Financial System and the quality of village fund financial reports. Different from (Gayatri and Latrini, 2018), this study uses the variable capacity of the village apparatus and the internal control system as moderating variables.

THEORITICAL REVIEW

Agency Theory. Agency theory developed by (Falistina, 2011) explains the form of accountability that can be seen from the actions of local governments in providing information on how their finances are managed as agents of the people as the principal. (Maruhun and Asmany, 2018) states that in agency theory, there are different interests. This research justifies that the excess information possessed by the village head and its apparatus is easy to use to commit fraud. Therefore, the Village Financial System application was developed so that the village government can efficiently complete its obligations to make proper financial management accountable with the competencies of the apparatus and the internal control system is helpful to control every village financial activity so that it does not go out of the corridor of regulations so that standards make financial reports.

Characteristics of financial reports as a reflection of village performance accountability. Financial report as the final result that summarizes village financial transactions for the current financial year. The financial report describes whether the village has succeeded or not implemented what has been targeted in the budget or the performance of the local village government. Financial reports that do not meet their characteristics tend to irregularities and errors in financial records that result in corrupt behavior or regulatory violations.

Village Financial System is intended for the Village Government to manage village finances to facilitate reporting and as a means of financial management control. The performance of village officials will improve, and community demands for accountability will be achieved. With the financial management Village Financial System application, it becomes easier for reporting. Just by entering data, it can produce many reports (Watulingas et al., 2019). (Kurnianto et al., 2019) found that paperless reporting has not been used since the existence of the Village Financial System, so that financial managers are no longer bothered, especially the Village Financial System application can be used for both villages that have internet access and those that have not. The research from (Rifandi, 2019) and (Luthfiani et al., 2020) found that the village financial system affects the quality of financial reports. (Junaid et al., 2018) found that the Village Financial System application increased village financial accountability because the data entry process was fast. Government accountability in financial reports was relevant and well structured. Therefore, Village Financial System is used as an essential element that affects the characteristics of village financial reports.

H1: Village Financial System positively and significantly affects the characteristics of village financial reports.

The capacity of village officials affects the characteristics of financial reports. Apparatus who understand accounting in processing finances can produce financial reports

by standards. On the other hand, village officials who do not understand how to process finances will produce financial reports published with misstatements. The research from (Lisda et al., 2018), (Ratih and Nurhasanah S, 2018), and (Rifandi, 2019) stated that the competence of village officials affected the quality of village financial reports. However, it is different from the research results (Widyatama et al., 2017) and (Manimpurung et al., 2018) prove that human resource capacity has no significant effect on the quality of financial reports. Employees from accounting backgrounds have not supported the quality of financial reports because the numbers are not evenly distributed among the agencies that need them. Therefore, the capacity of village officials is an essential factor that influences the characteristics of village financial reports.

H₂: Capacity of the village apparatus positively and significantly affects the characteristics of village financial reports.

Internal control system as one of the important things that affect the characteristics of financial statements. The internal control system can control all activities of the village government in producing financial reports through reliable financial reports, safeguarding State assets, effective and efficient, and the government complies with regulations. (Ikyarti and Aprila, 2019). A good internal control system functions to reduce the risk of errors and protect the organization from fraudulent actions in the financial statements made so that published financial reports can be said to meet the characteristics. Research from (Ramadhani and Soerono, 2019) and (Anwar and Amin, 2020) found that the internal control system affects the quality of government financial reports. (Riyanita and Widiastuti, 2020) also proved that the internal control system significantly affects the quality of financial reports. The village government has made efforts to ensure that the activities carried out are by existing regulations so that errors in the presentation of accounting data are minimal and that the financial statements presented reflect the existing reality. However, (Mokogina et al., 2017) found that the internal control system had a significant negative effect on the quality of financial reports. The existing internal control system cannot guarantee the quality of financial reports because other factors are more important, such as the commitment of officials who should be more pro-public. Therefore, the internal control system is an important factor that affects the characteristics of village financial reports.

H₃: Internal control system has a positive and significant effect on the Characteristics of Government Financial Statements.

To meet the needs of village financial managers, the Village Financial System application was developed as a medium for what village budget accountability has been used for. This Village Financial System helps managers process documents into reports that provide information to the public and users of financial information. A good Village Financial System is used to control the implementation of village government so that the financial reports can be said to have characteristics. (Hardiansyah, 2016) found that the internal control system controls the application to reduce the risk of recurring errors and ensures that the data entered by financial managers is accurate. Research from (Prasetya et al., 2017) found that supervision positively affects the quality of Village Financial System implementation. The better the supervision, the better the implementation of the Village Financial System system and has implications for the quality of financial reports (Kapriana and Agung, 2020) found that the government's internal control system was able to moderate

the relationship between the regional financial accounting system and the quality of financial reports. Therefore, the internal control system is a factor that can moderate the Village Financial System with the characteristics of village financial reports.

H4: Internal control system able to moderate Village Financial System on the Characteristics of Government Financial Statements.

The capacity of the financial apparatus will make their work complete on time, which will impact the timing of the presentation of financial statements. Apparatus who can process finances do not necessarily have a high organizational commitment to their institutions. If the apparatus does not have the capacity, then the apparatus will not work seriously to present financial reports according to the stipulated rules and time. (Hardiansyah, 2016) Moreover, (Suarmika and Suputra, 2016) found that the internal control system was able to moderate the competence of human resources on the quality of financial reports. SPI can control and supervise the apparatus to use their competence in producing quality financial reports. However, (Redjo, 2020) found that the internal control system could not moderate the relationship between Human Resources competence and the quality of financial reports. Therefore, the internal control system is a factor that can moderate the financial apparatus's capacity with the characteristics of village financial reports.

H5: Internal control system able to moderate the capacity of the financial apparatus to the Characteristics of Government Financial Statements.

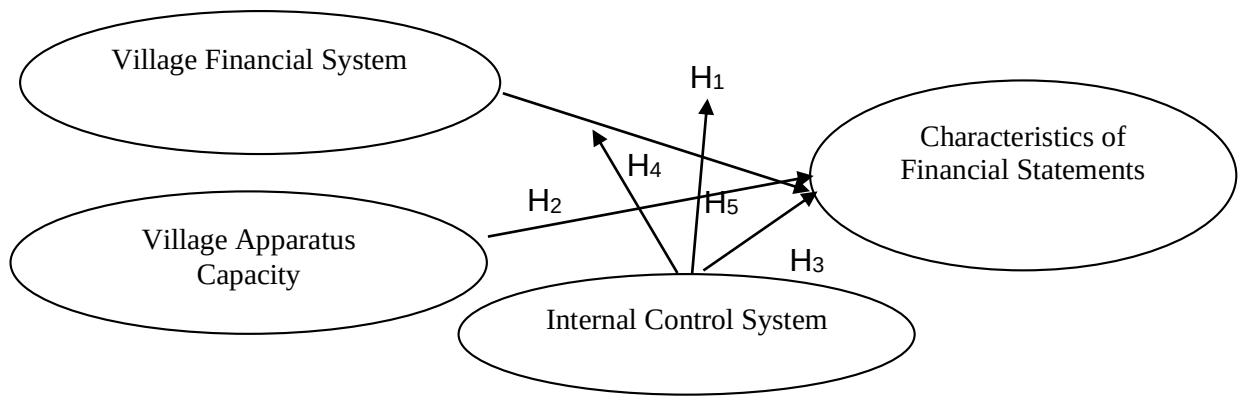


Figure 1. Research Model

METHODS

The research object is the village financial system, the capacity of the village apparatus, the external control system, and the characteristics of village financial reports. The data source used is primary data. The data were collected through a questionnaire distributed to the village apparatus of the Patampanua District, which was then given a score or score. The study population was village officials in Patampanua Subdistrict, Pinrang Regency, who received a budget ceiling above 1 billion rupiahs.

Table 1. Population

Village officials	Leppangan Village	Mattiro Ade. Village
1. Village head	1	1
2. village secretary	1	1
3. Village Treasurer	1	1
4. Head of Government Affairs	1	1
5. Head of Development Affairs	1	1
6. Head of People's Welfare Affairs	1	1
7. Head of Financial Affairs	1	1
8. KAURHead of General Affairs	1	1
9. Village chief	6	4
BPD	9	9
Total	23	21

Source: Data from Patampanua District, 2020

The sampling technique used census sampling, where all the population was sampled with a total of 44 village officials. This study will use a Pooled Least Square (PLS) method to interpret the data according.

RESULTS

In this research the description of variables is reflected in the following table 2 :

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Village Financial System	44	2.80	5.00	4.2341	.57098
Capacity of the village apparatus	44	2.38	5.00	4.2775	.61397
Internal Control System	44	2.71	5.00	4.2695	.50333
Characteristics of village financial reports	44	2.63	5.00	4.1248	.60940
Valid N (listwise)	44				

Source: (primary data processed, 2020).

Based on table 2, descriptive statistics results were obtained from 44 respondents: Village Financial System variable has the lowest value 1 and the highest 5 with an average value of 4,2341 while the standard deviation value is 0,57098. The average respondent's answer is $4,2341 > 3$. It indicates that the respondent perceives the high Village Financial System. The standard deviation value of 0,57098 is smaller than the average value, indicating that the responses' results are not too far between respondents. The village apparatus variable's capacity has the lowest value 1 and the highest 5, with an average value of 4,2775, while the standard deviation value is 0,61397. The average respondent's answer is $4,2775 > 3$, which indicates that the respondent has a perception of the village apparatus's high capacity. The standard deviation value of 0,61397 is smaller than the average value, indicating that the responses' results are not too far between respondents. The internal control system variable has the lowest value 1 and the highest 5, with an average value of 4,2775, while the standard deviation value is 0,61397. The average respondent's answer is

4,2775 > 3, which indicates that the respondent has a perception of a high internal control system. The standard deviation value of 0,61397 is smaller than the average value, indicating that the responses' results are not too far between respondents. The characteristics of the village financial reports variable have the lowest value 1 and the highest 5 with an average value of 4,1248 while the standard deviation value is 0,60940. The average respondent's answer is 4,1248 > 3, which indicates that the respondent has a perception of the high Characteristics of village financial reports. The standard deviation value of 0,60940 is smaller than the average value, indicating that the responses' results are not too far between respondents.

Table 3. Loading Factor

Construct	Indicator	Outer Loading	Average Variance Extracted (AVE)
Village Financial System	X1.1	0,848	0,764
	X1.2	0,779	
	X1.3	0,880	
	X1.4	0,923	
	X1.5	0,851	
	X1.6	0,877	
	X1.7	0,910	
	X1.8	0,917	
Capacity of the village apparatus	X2.1	0,856	0,688
	X2.2	0,865	
	X2.3	0,917	
	X2.4	0,875	
	X2.5	0,838	
	X2.6	0,679	
	X2.7	0,750	
Internal Control System	Z1.1	0,927	0,787
	Z1.2	0,843	
	Z1.3	0,916	
	Z1.4	0,903	
	Z1.5	0,923	
	Z1.6	0,871	
	Z1.7	0,896	
	Z1.8	0,812	
Characteristics of village financial reports	Y1.1	0,905	0,769
	Y1.2	0,843	
	Y1.3	0,883	
	Y1.4	0,922	
	Y1.5	0,875	
	Y1.6	0,898	
	Y1.7	0,921	
	Y1.8	0,899	
	Y1.9	0,784	
	Y1.10	0,826	

Source: (primary data processed, 2020).

In this study, each indicator construct are higher than 0.50, it can be concluded that the fully estimate constructs have become a fit measuring tool.

Table 4. *Cronbach's Alpha dan composite reliability*

Variabel	Cronbach's Alpha	Composite Reliability
Village Financial System	0,956	0,963
Capacity of the village apparatus	0,923	0,939
Internal control system	0,961	0,967
Characteristics of village financial repotrs	0,966	0,971

Source: (primary data processed, 2020).

The results of composite reliability and Cronbach alpha show the value of each variable above the value of 0.70, which means that all instrument variables are reliable.

Table 5. R-Square Test

Construct	R-Square
Characteristics of village financial reports	0,989

Source: (primary data processed, 2020).

The R-Square value of variable Characteristics of village financial reports is 0,989, which means that Village Financial System, the capacity of the village apparatus, Village Financial System internal control system, and capacity of the village apparatus internal control system can explain the variance of Characteristics of village financial reports by 98,9% and 1,1% is influenced by other factors that are not investigated in this study.

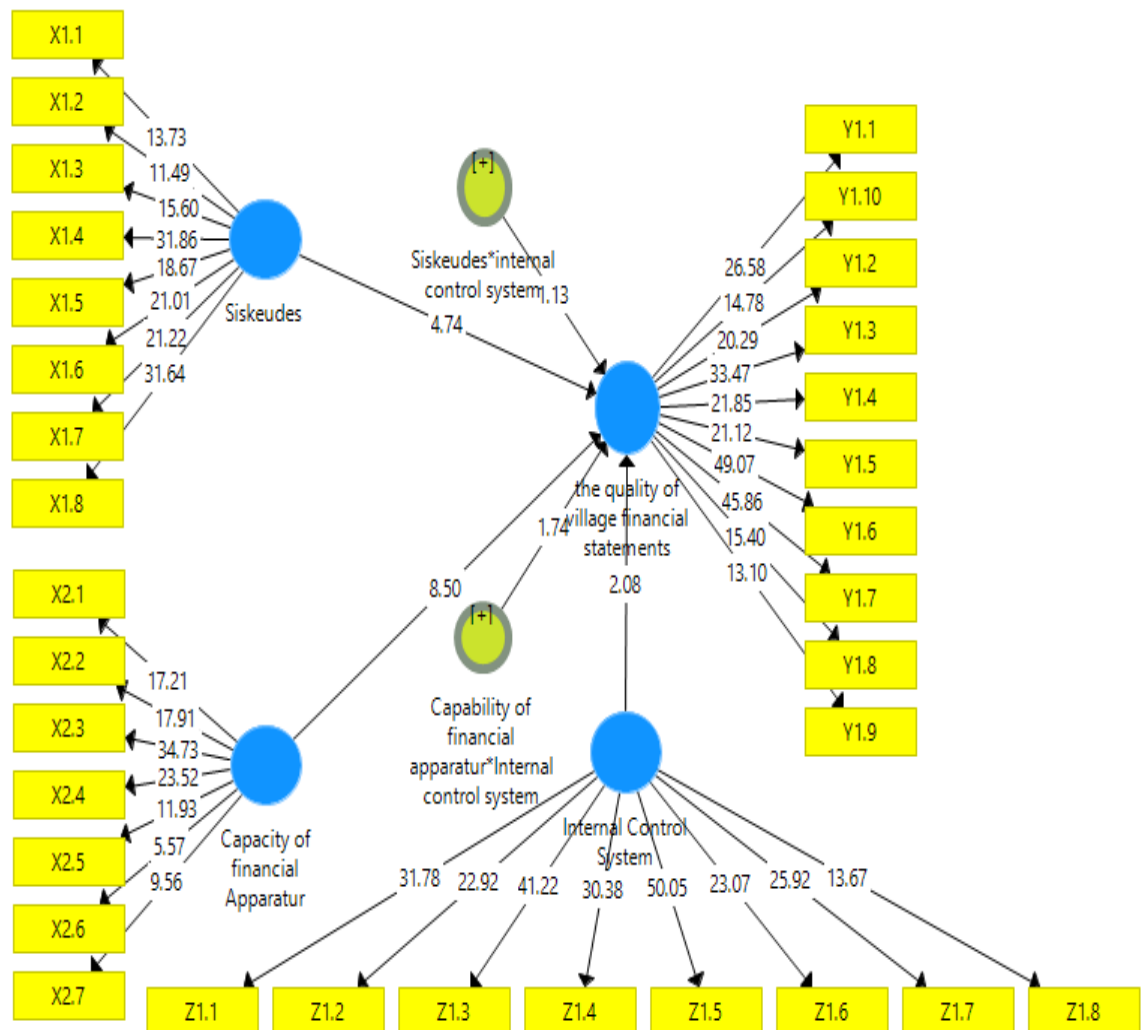


Figure 2. Findings of Structural Model

Source: (primary data processed, 2020).

Table 6. Hypothesis Test Results

Variabel	Original Sample	Standard Error	T Statistics	P Values	Result
Village Financial System → Characteristics of village financial reports	0,362	0,353	4.663	0,000	Accepted
Capacity of the village apparatus → Characteristics of village financial reports	0,561	0,569	8.335	0,000	Accepted
Internal Control System → Characteristics of village financial reports	0,104	0,108	2.034	0,042	Accepted
Village Financial System *Internal Control System → Characteristics of village financial reports	-0,049	-0,030	0,936	0,350	Rejected
Capacity of the village apparatus * Internal control system → Characteristics of village financial reports	0,088	0,063	1,438	0,151	Rejected

Source: (primary data processed, 2020).

Table 6 shows that 1) the relationship between Village Financial System and Characteristics of village financial reports has a significant positive effect because the statistical value is greater than t table ($4,663 > 1,683$) at the significance level of 5%. Therefore, the first hypothesis is Accepted; 2) the relationship between the Capacity of the village apparatus and Characteristics of village financial reports is a significant positive effect because the statistical value is greater than t table ($8,335 > 1,683$) at a statistically of 5%. Thus, the second hypothesis is Accepted; 3) the relationship between the internal control system and Characteristics of village financial reports is a significant positive effect because the statistical value is greater than t table ($2,034 > 1,683$) at the significance level of 5%. Therefore, the third hypothesis is Accepted; 4) the relationship between Village Financial System, Internal control system and Characteristics of village financial reports is not significant because the statistical value is smaller than t table ($0,936 < 1,683$) at the significance not level of 5%. Thus, the fourth hypothesis is Rejected; 5) the relationship between the Capacity of the village apparatus, Internal control system, and Characteristics of village financial reports is not significant because the statistical value is smaller than t table ($0,936 < 1,683$) at the significance not level of 5%. Therefore, the fifth hypothesis is Rejected.

DISCUSSION

The effect of Village Financial System on Characteristics of village financial reports.

The test results in this study show that the variables of the Village Financial System have a significant positive effect on the Characteristics of village financial reports. The positive impact of the existence of the Village Financial System makes the Village Government further improve performance so that it can produce effective and efficient financial reports. This result also means that the Village Financial System affects the performance of the Village Government by its objective of facilitating the work of the Village Government.

The result of this study is supported by the resulting research of (Watulingas et al., 2019) found that Village Financial System affects the quality of financial reports because, with the financial manager Village Financial System application, it becomes easier to report simply by entering data which can generate multiple reports. These results support the statement of (Luthfiani et al., 2020) that the Village Financial System is an information technology that is easily understood by users in processing village finances to obtain quality financial reports. This research is supported by research (Malahika et al., 2018) and (Kurnianto et al., 2019) found that the Village Financial System application made the village government independent in managing its village funds, the development of digital reporting through Village Financial System changed the form of reporting that was previously paperless and is no longer used, so that village officials are no longer bothered, especially the Village Financial System application can be used both for villages with internet access or not.

The effect of Capacity of the village apparatus on Characteristics of village financial reports. The test results in this study show that the variables of Capacity of the village apparatus have a significant positive effect on Characteristics of village financial reports. Village officials who have expertise or experience in finance will easily manage village funds properly, and the financial reports they produce have characteristics according to applicable standards. Village apparatus that can manage finances will perform good administration and will work optimally to avoid misstatements in the financial statements they make. This research is supported by research (Lisda et al., 2018) and (Ratih and Nurhasanah S, 2018) finding the competence of village officials influencing the quality of financial reports means that the expertise or desire of village officials to study in accounting will produce quality financial reports. These results support the statement (Sudarlan et al., 2019) which knowledge and skills as causality in fulfilling quality financial reports. (Anwar and Amin, 2020) also found that the capacity of the financial apparatus describes the work of the apparatus in managing financial reports with the knowledge, expertise, and length of work that determine the success of the characteristics of the financial statements it produces.

The effect of Internal Control System on Characteristics of village financial reports. The test results in this study show that the variables of the internal control system have a significant positive effect on the Characteristics of village financial reports. The internal control system can control all activities of the village government in producing financial reports through reliable financial reports, safeguarding State assets, effective and efficient, and the government complies with regulations. This research is supported by research (Lisda et al., 2018) and (Ramadhani and Soerono, 2019) found that the internal control system affects the quality of government financial reports. (Riyanita and Widiastuti, 2020) research from an excellent internal control system reduces the risk of errors. It protects the organization from fraudulent actions in the financial statements made so that published financial reports can be said to meet the characteristics.

The effect of Village Financial System and internal control on Characteristics of village financial reports. The test results in this study show that internal control as a moderating variable has not succeeded relationship between the Sisikeudes and Characteristics of village financial reports. Village Financial System helps managers process documents into reports that provide information to the public and users of financial information. A good Village Financial System is used to control the implementation of village government so that the financial reports can be said to have characteristics. The internal control system

plays a role in maintaining the accuracy of the data. (Suarmika and Suputra, 2016). However, the fact is that the current internal control system is not optimal in terms of controlling the activities that have been carried out by the village apparatus because there is still a misappropriation of village funds. The results of this study are supported by research results (Kapriana and Agung, 2020) found that the internal control system was unable to moderate the relationship between government accounting standards and the quality of financial reports. The internal control system has not been able to supervise the compliance of financial officials in preparing reports on time and according to standards. (Mokogina et al., 2017) stated that the internal control system, which has not been implemented optimally, will lack the quality of financial reports produced.

The effect of Capacity of the village apparatus and internal control system on Characteristics of village financial reports. The test results in this study show that internal control as a moderating variable has not succeeded relationship between the Capacity of the village apparatus and the Characteristics of village financial reports. The capacity of the financial apparatus will make their work complete on time, which will impact the timing of the presentation of financial statements. However, the fact is that there are still many village officials who cannot process finances because many have an educational background not from accounting and have not attended much training related to finance. The capacity of the apparatus will be maximized if supported by an adequate internal control system (Hardiansyah, 2016) found that the internal control system was unable to moderate the relationship between the Capacity of the village apparatus and Characteristics of village financial reports because the internal control system was not yet able to direct, supervise and measure the capacity of the village apparatus. This result is supported by (Redjo, 2020) who states that financial reports can be of quality without an adequate internal control system if the financial apparatus has the capacity. Conversely, if the village apparatus does not have the capacity, even though the internal control system is effective, it cannot guarantee the quality of the financial reports produced.

CONCLUSION

This study found that direct testing of the Village Financial System, Capacity of the village apparatus, and internal control system had a positive and significant effect on the Characteristics of village financial reports. The internal control system as a moderating variable cannot moderate the relationship between the Village Financial System and the Capacity of the village apparatus and the characteristics of village financial reports. The sample in this study is still relatively small. It is only limited to the village apparatus Leppangan and Mattiro Ade, so this study suggests that further research add to and expand the area, the number of samples, and use new variables other than the variables in this study to better what aspect can affect Characteristics of village financial reports. The results of this study also expect that it can be taken into consideration for related village government to improve Characteristics of village financial reports further.

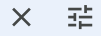
REFERENCES

- Anwar, A., dan Amin, A. (2020). Dimensi Karakteristik Laporan Keuangan Pemerintah. *e-Jurnal Akuntansi*. <https://doi.org/10.33369/j.akuntansi.10.3.223-230>, 10(3).
- Arfiansyah, M. A. (2020, Januari-Mei). Pengaruh Sistem Keuangan Desa dan Sistem Pengendalian Intern Pemerintah Terhadap Akuntabilitas Pengelolaan Dana Desa. *JIFA. Journal Of Islamic Finance and Accounting*. <http://ejournal.iainsurakarta.ac.id/index.php/jifa>, 3(1).
- Arista, R., Rasuli, M., dan Susilatri. (2018). Pengaruh Kompetensi Sumber Daya Manusia, Penerapan Sistem Akuntansi Dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi Terhadap Kualitas Laporan Keuangan Pemerintah Daerah (Studi Pada Organisasi Perangkat Daerah Provinsi Riau). *Jurnal Online Mahasiswa*. <https://jom.unri.ac.id/index.php/JOMFEKON/article/view/21427>, 1(1).
- Astini, Y., Fauzi, A. K., dan Widowati. (2019, Januari). Determinan Yang Mempengaruhi Keberhasilan Pengelolaan Keuangan Desa. *Valid. Jurnal Ilmiah*. journal.stieamm.ac.id, 16(1).
- Diansyah, A. S. (2019). Pengaruh Kompetensi Teknis Aparatur Sipil Negara, Sistem Informasi, Dan Reviu Laporan Keuangan Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Dengan Variabel Moderasi Sistem Pengendalian Intern Pemerintah. <https://jurnal.untan.ac.id>. *MAKSI Untan*, 4(1).
- Falistina, R. (2011). Faktor-faktor yang Mempengaruhi Keandalan dan Timeliness Pelaporan Keuangan Badan Layanan Umum, Studi pada BLU di Kota Semarang. *Jurnal Fakultas Ekonomi*. *Jurnal Ekonomi Universitas Diponegoro*, 1(1).
- Fauziyah, E. M. (2019). Pengaruh Penerapan Sistem Akuntansi Keuangan Daerah, Kompetensi Aparatur Pemerintah Daerah. *JRA Jurnal Riset Akuntansi*. <http://dx.doi.org/10.48181/jra%20tirtayasa.v4i2.6386>, 4(2).
- Gayatri, G., dan Latrini, M. Y. (2018, July). Efektifitas Penerapan Village Financial System dan Kualitas Laporan Keuangan Dana Desa. *Jurnal Ilmiah Akuntansi dan bisnis*, 13(2).
- Hardiansyah, A. (2016). Pengaruh Kompetensi Sumber Daya Manusia dan Pemanfaatan Teknologi Informasi Terhadap Kualitas Laporan Keuangan dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi pada SKPD Kabupaten Polewali Mandar. *Jurnal Akuntansi Peradaban*. <https://doi.org/10.24252/jiap.v2i1.2999>, 2(1).
- Herawati, L., dan Hayati, R. (2020). Efektifitas Penerapan Aplikasi Sistem Keuangan Desa (Village Financial System) di Desa Tantarigin Kecamatan Muara Harus Kabupaten Tabalong. *JAPB. jurnal.stiatabalong.ac.id*, 3(2).
<https://perak-news.com/2020/06/09>. (n.d.).
<https://www.simpulrakyat.co.id/2020>. (April 2020).
- Ikyarti, T., dan Aprila, N. (2019). Pengaruh Penerapan Standar Akuntansi Pemerintah, Implementasi Sistem Informasi Manajemen Daerah dan Sistem Pengendalian Internal Pemerintah Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Kabupaten Seluma. *Jurnal Akuntansi*. <https://doi.org/10.33369/j.akuntansi.9.2.131-140>, 9(2).
- Inapty, M. F., dan Matiningsih, R. P. (2019, April). Pengaruh Penerapan Standar Akuntansi Pemerintah, Kompetensi Aparatur dan Peran Audit Internal Terhadap Kualitas Informasi Laporan Keuangan Dengan Sistem Pengendalian Intern Sebagai Variabel Moderating (Studi Empiris Pada SKPD di Pemprov NTB). *Akuntabilitas. Jurnal Ilmiah Akuntansi*. <https://doi.org/10.15408/akt.v9i1.3583>, 9(1).

- Junaid, M. S., Muchlis, M., dan Putri, R. A. (2018). Evaluasi Penggunaan Aplikasi SISKEUS dalam Upaya Peningkatan Kualitas Akuntabilitas Keuangan Desa (Studi pada Desa Je'netallasa Kecamatan Pallangga Kabupaten Gowa). *Jurnal Akuntansi Peradaban*, 4(1).
- Kapriana, A. P., dan Agung, I. (2020). Faktor-faktor Yang Mempengaruhi Kualitas Laporan Keuangan Pemerintah Daerah dengan Sistem Pengendalian Internal Pemerintah sebagai Pemoderasi (Studi Empiris Pada OPD di Kabupaten Kuburaya). *Jurnal Audit dan Akuntansi.*, 9(1).
- Kurnianto, S., Kurniawansyah, D., dan Ekasari, W. F. (2019). Menilai Keberhasilan Sistem Keuangan Desa (Village Financial System) : Validasi Model Keberhasilan Sistem Informasi Delone dan McLean. *Jurnal Riset Akuntansi dan Bisnis Airlangga*. www.jraba.org, 4(2).
- Lisda, R., Nurwulan, L. L., dan Septianisa, L. (2018). Pengaruh Implementasi SIMDA Desa, Sistem Pengendalian Internal Pemerintah, Kompetensi SDM Terhadap Kualitas Laporan Keuangan. *Konferensi Nasional Sistem Informasi*. jurnal.atmaluhur.ac.id. Pangkalpinang: STMIK Atma Luhur.
- Luthfiani, B. M., Asmony, T., dan Herwanti, R. (2020, Juli). Analisis faktor-faktor Yang Mempengaruhi Akuntabilitas Pengelolaan Dana Desa di Kabupaten Lombok Tengah. *e-Jurnal Akuntansi*. <https://doi.org/10.24843/EJA.2020.v30.i07.p20>, 30(7).
- Mada, S., Kalangi, L., dan Gamaliel, H. (2017). Pengaruh Kompetensi Aparat Pengelola Dana Desa, Komitmen Organisasi Pemerintah Desa dan Partisipasi Masyarakat Terhadap Akuntabilitas Pengelolaan Dana Desa Di Kabupaten Gorontalo. *Jurnal Riset Akuntansi dan Auditing"Goodwill"*. <https://doi.org/10.35800/jjs.v8i2.17199>, 8(2).
- Malahika, J., Karamoy, H., dan Pusung, R. J. (2018). Penerapan Sistem Keuangan Desa (Village Financial System) pada Organisasi Pemerintah Desa (Studi Kasus di Desa Suwaan Kecamatan Kalawat Kabupaten Minahasa Utara. *Jurnal Akuntansi Going Concern*. <https://ejournal.unsrat.ac.id>, 13(4), 578-583.
- Manimpurung, R., Kalangi, L., dan Gerungai, N. (2018). Pengaruh Kapasitas Sumber Daya Manusia dan Komitmen Organisasi Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Pada badan Pengelola Keuangan dan Aset Daerah (BPKAD) Kota Manado. *Jurnal Riset Akuntansi Going Concern*. <https://doi.org/10.32400/gc.13.02.19142.2018>, 13(2), 241-250.
- Maruhun, M., dan Asmany, T. (2018). Menyibak Tabir Pengelolaan Dana Desa Dari Perspektif Habermas. *Akuntansi. Jurnal Studi Akuntansi dan Keuangan*, 1(1).
- Mokogina, N., Lambey, L., dan Pontoh, W. (2017). Pengaruh Sistem Pengendalian Intern dan Sistem Akuntansi Keuangan Daerah Terhadap Kualitas Laporan Keuangan Pemerintah. *Jurnal Riset Akuntansi Going Concern*. <https://ejournal.unsrat.ac.id>, 12(2).
- Peraturan Pemerintah No.71. (2010). Jakarta: Republik Indonesia.
- Permendagri No.113. (n.d.). *Pedoman Pengelolaan Keuangan Desa*. Jakarta: Republik Indonesia.
- PP No. 60 Tahun 2008. Jakarta: Republik Indonesia.
- Prasetya, I. Y., Prayudi, M. A., & Diatmika, P. G. (2017). Pengaruh Kompetensi Sumber Daya, Pemahaman dan Pengawasan Terhadap Kualitas Sistem Keuangan Desa di Kabupaten Buleleng. *e-jurnal S1 Akuntansi*, 8(2).

- Puspitasari, O. R., dan Purnama, D. (2018). Implementasi Sistem Keuangan Desa dan Kualitas Laporan Keuangan Pemerintah Desa di Kabupaten Kuningan. *Jurnal Kajian Akuntansi*. <http://jurnal.unswagati.ac.id/index.php/jka>, 2(2), 145-159.
- Rahmawati, M., dan Fajar, C. M. (2017). Pengaruh Pendapatan Asli Daerah dan Dana Perimbangan Terhadap Belanja Daerah Kota Bandung. *Jurnal Kajian Akuntansi*. <http://dx.doi.org/10.33603/jka.v1i1.445>, 1(1).
- Ramadhani, M., dan Soerono, A. N. (2019). Pengaruh Sumber Daya Manusia, Sistem pengendalian Intern, Teknologi Informasi dan Pemahaman Basis AkruaI Terhadap Kualitas Laporan Keuangan Pemerintah Daerah. *Jurnal Riset Akuntansi Terpadu*. <https://jurnal.untirta.ac.id/index.php/JRAT/article/download/5244/3910>, 12(1).
- Ratih, A. E., dan Nurhasanah S. (2018). Pengaruh Kompetensi Aparatur Desa dan Peran Serta BPD Terhadap Kualitas Laporan Keuangan Desa di Teluk Secong dan Teluk Bintang. *Jurnal Ilmiah Akuntansi dan Finansial Indonesia*. <https://doi.org/10.31629/jiafi.v2i1.1278>, 2(1).
- Redjo, P. R. (2020). Pengendalian Intern Sebagai Pemoderasi Pengaruh Kompetensi Sumber Daya Manusia Terhadap Kualitas Laporan Keuangan Daerah. *Ekopern: Jurnal Ekonomi Pembangunan*. <https://doi.org/10.32938/jep.v5i3.640>, 5(3).
- Rifandi, Z. W. (2019). Pengaruh Implementasi Aplikasi Sistem keuangan Desa, Kompetensi Sumber Daya Manusia dan Transparansi Terhadap Kualitas Laporan Keuangan Pemerintah Desa. *JRA. Jurnal Riset Akuntansi*. <http://dx.doi.org/10.48181/jra%20tirtayasa.v4i1.4505>, 4(1).
- Riyanita, A. G., dan Widiastuti, H. (2020). Analisis Pengaruh Sistem Pengendalian Intern, Pelatihan dan Pemanfaatan Teknologi Informasi Terhadap Kualitas Laporan Keuangan (Studi Empiris Pada perangkat Desa di Kabupaten Sleman). *Jurnal Akuntansi dan Bisnis*, 18(1).
- Rusmiyanti, A. (2014). Sistem Informasi Pengelolaan Keuangan Pada Desa Ngadirejan. *Journal Speed - Sentra Penelitian Engineering & Edukasi*. <http://dx.doi.org/10.3112/speed.v6i2.1321>, 6(2).
- Suarmika, I. L., dan Suputra, I. G. (2016). Kemampuan Komitmen Organisasi dan Sistem Pengendalian Intern Memoderasi Pengaruh Kapasitas SDM dan Penerapan SIKD pada Kualitas LKPD Kabupaten Karangasem. *e-Jurnal Ekonomi dan Bisnis*. <https://ojs.unud.ac.id/index.php/EEB/article/view/20205>, 5(9).
- Sudarlan, S., Hasiara, L., and Muhammadih, A. (2019, April). The Determinant Factors Influence of the Reasonable Judgemenet Without any Expection Opinon on The Financial Accounting Report for East Kalimantan Province. *International Journal of Scientific&Technology Research*. <http://www.ijstr.org>, 8(4).
- Trisna, N., & Wahyuni, R. (2019, April). Implementasi Sistem Keuangan Desa (Village Financial System) pada Pemerintah Gampong Bilang Neuang Kecamatan Beutong Kabupaten Nagan Raya. *Jurnal Ius Civile*. jic@utu.ac.id, 3(1).
- Watulingas, P., Kalangi, L., dan Suwetja, I. (2019). Peranan Sistem Keuangan Desa Terhadap Kinerja Pemerintah Desa (Studi Kasus di Desa Kapataran Kecamatan Lembean Timur Kabupaten Minahasa). *Indonesia Accounting Journal*. <http://doi.org/10.32400/iaj.26684>, 1(2).
- Widyatama, A., Novita, L., dan Diarespati, D. (2017). Pengaruh kompetensi dan Sistem Pengendalian Intern terhadap Akuntabilitas Pemerintah Desa dalam Mengelola Alokasi Dana Desa (ADD). *Baki. Berkala Akuntansi dan Keuangan Indonesia*. <http://dx.doi.org/10.20473/baki.v2i2.4762>, 2(2).

Wineh, S., Ferdian, T., dan Novianti, N. (2019). Faktor Yang Mempengaruhi Kualitas Laporan Keuangan Dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi. *Dinamika. Jurnal Manajemen, Akuntansi, Bisnis dan Kewirausahaan.*, 5(1).
www.kemenkopmk.go.id. (2020).
















Dear Ratna Dewi

"Jurnal Akuntansi (EJA) publication fee"

The Role of Internal Control System on Characteristics of Village Financial Reports

by Ratna Sari

Submission date: 29-Nov-2020 09:07AM (UTC+0700)

Submission ID: 2065222789

File name: Ratna Sari.pdf (486.98K) **Word count:** 7335

Character count: 41580

31

The Role of Internal Control System on Characteristics of Village Financial Reports

Ratna Sari¹ and M. Muslim²

^{1,2}Universitas Muslim Indonesia

Email address²⁹

* ratna.sari@umi.ac.id

Abstract: This study aimed to examine and analyze the effect of the Village Financial System, the Capacity of the village apparatus, and the internal control system has a significant positive effect on village financial reports inflation characteristics. In addition, it was also meant to test and analyze the influence of the internal control system as a moderating relationship between the Village Financial System and the Capacity of the village apparatus and characteristics of village financial reports. The samples of forty-four respondents. This study indicated that the Village Financial System, the Capacity of the village apparatus and internal control system, has a significant positive effect on village financial reports' inflation characteristics. At the same time, the internal control system shows no influence, unable to moderate the relationship between the Village Financial System and the Capacity of the village apparatus and the characteristic.

Keywords: Village Financial System, Capacity of the Village Apparatus, Internal Control, Characteristics of Village Financial Reports Inflation.

Abstrak: This study aimed to examine and analyze the effect of the Village Financial System, the Capacity of the village apparatus, and the internal control system has a significant positive effect on village financial reports inflation characteristics. In addition, it was also meant to test and analyze the influence of the internal control system as a moderating relationship between the Village Financial System and the Capacity of the village apparatus and characteristics of village financial reports. The samples of forty-four respondents. This study indicated that the Village Financial System, the Capacity of the village apparatus and internal control system, has a significant positive effect on village financial reports' inflation characteristics. At the same time, the internal control system shows no influence, unable to moderate the relationship between the Village Financial System and the Capacity of the village apparatus and the characteristic.

Keywords: Village Financial System, Capacity of the Village Apparatus, Internal Control, Characteristics of Village Financial Reports Inflation.

INTRODUCTION

Currently, village fund financial information is of public concern, especially with the circulation of news in the media that there are many misappropriations of village funds that are not in line with the village fund budget, which every year is programmed by the Government with a fantastic amount to develop village potential. The village fund budget

for 2019 is seventy trillion rupiahs, increasing two trillion compared to the village fund for 2020 of seventy-two trillion rupiahs. (www.kemenkopmk.go.id, 2020).

Indonesia Corruption Watch (ICW) until semester I 2020 saw the most corruption occurring⁴⁹ the village fund budget. This problem is present in several villages due to the cycle of village financial management from the immature planning stage. The reported development implementation is not by the realities in the field, non-transparent reporting to the community, and accountability that is still in political governance.

(Mada et al.,²¹ 17) stated that the problem of misappropriation of village funds, such as the inadequacy of the accountability report made by the village government, such as expenditures that are not supported by adequate evidence, village funds are kept in banks, not in village treasury accounts. So that this problem does not occur, it is necessary to implement a financial reporting system that is appropriate to the plan, clear and specific to the needs of the community and refers to the principles of transparency and accountability.

Patampanua Subdistrict, located in Pinrang Regency, South Sulawesi, consists of several villages, including Leppangan Village and Mattiro Ade Village. Based on the researcher's preliminary survey with the Village Secretary of Leppangan, the total village income in 2018 was Rp. 1,754,549,000.00, and Mattiro Ade Village, the total village income in 2018 was Rp. 1,707,196,001.00. To manage a fund of this size, a commitment from the village government is required to build the village according to what the community needs.

Some residents questioned the allocation of village funds which was not transparent and did not support the people's needs. The management of village funds tends to focus on building infrastructure, bridges, and schools only. At the same time, the people hope to be given a loan for business capital that can improve their economy, whose priority depends on living only from rice fields. Even people who do not own rice fields only offer services to help the owners of the fields survive. Several residents admitted they were disappointed that they did not receive direct cash assistance at the Mattiro Ade Village Office in a recent phenomenon. According to residents, the village head did not explain the rejection of the file because the quota was full, even though the residents who felt they deserved it were not given BLT. (<https://www.simpulrakyat.co.id/2020/06/09/>, April 2020). In Leppang village, the distribution of social assistance is directly monitored by the Head of the Patampanua Police not to be upset. (<https://perak-news.com/2020/06/09/>).

To reduce the misuse of village funds, the community demands that village funds be transparent. It makes the village government have an obligation to publish financial information in the financial reports required by the users. The form of accountability for village financial management to the community affects government performance. (Permendagri No.113). The characteristics of financial reports are relevant, reliable, trustworthy, comparable to the previous period, and can be understood by readers. (Peraturan Pemerintah No.71, 2010).

One of the characteristics of village financial reports is the village financial system (Village Financial System) developed by BPKP in 2015, which aims to help village officials report their financial report⁵¹ time. (Rahmawati and Fajar, 2017). (Watulingas et al.³⁷ 19) state that another benefit of the Village Financial System is to control optimal village financial management. With the existence of the Village Financial System, the village government is younger in documenting data so that it feels efficient for financial managers. (Rusmiyanti, 2014). Village officials have been required to apply this Village Financial System since 2019.

(Gayatri and Latrini, 2018); (Herawati and Hayati, 2020) found that Village Financial System affected the quality of village financial reports. Users feel that the Village Financial

System is effective, starting from planning, budgeting, implementing, administering, reporting, and accountability and supervision. (Arfiansyah, 2020) also found that the Village Financial System application facilitates financial management from planning to reporting with features that the village needs. However, it was different. (Trisna and Wahyuni, 2019) found that internet access is a barrier to Village Financial System's effectiveness. The treasurer must have a strong internet signal to report financial data so that financial reports cannot be of quality because they always experience delays in reporting.

Another obstacle faced by village governments in producing financial reports according to their characteristics: the lack of village officials who can manage their finances properly. The capacity of village officials who will produce financial information can understand accounting or what they want to report. If they do not have accounting expertise, attend training because ability plays a significant role in producing characteristic financial reports. (Lisda et al., 2018).

(Ratih and Nurhasanah S, 2018) stated that the competence of the village apparatus will make it easier to manage village funds and produce quality financial reports. (Puspitasari and Purnama, 2018) found that competent regional apparatus tended to be easier to apply the Village Financial System, which would later produce maximum output on the characteristics of financial statements. While research conducted by (Astini et al., 2015) show different results, that is the ability of village financial managers does not affect the quality of financial reports because financial data as a factor that can affect financial information does not depend entirely on the quality of financial managers.

The internal control system can also affect the characteristics of financial statements. The benefits of internal control will provide feedback on organizational achievements and increase village government compliance with applicable legal rules. Within the scope of government, internal controls are designed to achieve organizational goals so that financial reporting can be achieved effectively. The research from (Ramadhani & Soero, 2019) and (Anwar and Amin, 2020) found that the internal control system affects the quality of government financial reports. However, (Mokogina et al., 2017) found that the internal control system had a significant adverse effect on the quality of financial reports.

(Wahid et al., 2019) found that the internal control system moderates the relationship between the regional financial accounting system and the quality of OPD financial reports. Furthermore, optimal internal control is expected to be a mediator in overcoming the problem of low-quality government financial reports (Fauziyah, 2019). However, (Arista et al., 2018) found that internal control was unable to moderate the relationship between the application of the accounting system and the quality of financial reports.

Internal control can strengthen the characteristics of financial reports if the village financial manager has a background in accounting education or has the expertise gained from training on how to manage finances so that later they will be able to produce financial reports that have characteristics (PP No. 60 Tahun 2008). The research from (Suarmika and Suputra, 2016) and (Diansyah, 2019) found that internal control moderated apparatus competence with the quality of financial reports. However, (Inapty and Matigsih, 2019) found that internal control did not moderate apparatus competence with the quality of financial reports.

Referring to the phenomenon and the results of previous research described above, it is the reason this research is essential. The characteristics of financial reports are a form of village government accountability to the community that should be reported transparently. To produce quality financial reports, the Village Financial System application was developed, which attracted the attention of the inspectors because the development of the

Village Financial System would facilitate financial reporting for village fund managers, which of course had to be supported by capable apparatus and could be monitored through an effective internal control system. Refers to research (Gayatri and Latrini, 2018), This study examines the application of the Village Financial System and the quality of village fund financial reports. Different from (Gayatri and Latrini, 2018), this study uses the variable capacity of the village apparatus and the internal control system as moderating variables.

THEORITICAL REVIEW

Agency Theory. Agency theory developed by (Falistina, 2011) explains the form of accountability that can be seen from the actions of local governments in providing information on how their finances are managed as agents of the people as the principal. (Maruhun and Asmany, 2018) states that in agency theory, there are different interests. This research justifies that the excess information possessed by the village head and its apparatus is easy to use to commit fraud. Therefore, the Village Financial System application was developed so that the village government can efficiently complete its obligations to make proper financial management accountable with the competencies of the apparatus and the internal control system is helpful to control every village financial activity so that it does not go out of the corridor of regulations so that standards make financial reports.

Characteristics of financial reports as a reflection of village performance accountability. Financial report as the final result that summarizes village financial transactions for the current financial year. The financial report describes whether the village has succeeded or not implemented what has been targeted in the budget or the performance of the local village government. Financial reports that do not meet their characteristics tend to irregularities and errors in financial records that result in corrupt behavior or regulatory violations.

Village Financial System is intended for the Village Government to manage village finances to facilitate reporting and as a means of financial management control. The performance of village officials will improve, and community demands for accountability will be achieved. With the financial management Village Financial System application, it becomes easier for reporting. Just by entering data, it can produce many reports (Watulingas et al., 2019). (Kurnianto et al., 2019) found that paperless reporting has not been used since the existence of the Village Financial System, so that financial managers are no longer bothered, especially the Village Financial System application can be used for both villages that have internet access and those that have not. The research from (Rifandi, 2019) and (Luthfiani et al., 2020) found that the village financial system affects the quality of financial reports. (Junaid et al., 2018) found that the Village Financial System application increased village financial accountability because the data entry process was fast. Government accountability in financial reports was relevant and well structured. Therefore, Village Financial System is used as an essential element that affects the characteristics of village financial reports.

H1: Village Financial System positively and significantly affects the characteristics of village financial reports.

The capacity of village officials affects the characteristics of financial reports. Apparatus who understand accounting in processing finances can produce financial reports

by standards. On the other hand, village officials who do not understand how to process finances will produce financial reports published with misstatements. The research⁴⁰ from (Lisda et al., 2018), (Ratih and Nurhasanah S, 2018), and (Rifandi, 2019) stated that the⁸ competence of village officials affected the quality of village financial reports. However, it is different²⁶ in the research results (Widyatama et al., 2017) and (Manimpurung et al., 2018) prove that human resource capacity has no significant effect on the qua⁵⁴ of financial reports. Employees from accounting backgrounds have not supported the quality of financial reports because the numbers are not evenly distributed among the agencies that need them. Therefore, the capacity of village officials is an essential factor that influences the characteristics of village financial reports.

H₂: Capacity of the village apparatus positively and significantly affects the characteristics of village financial reports.

Internal control system as one of the important things that affect the characteristics of financial statements. The internal control system can control all activities of the village government in producing financial reports through reliable financial reports, safeguarding State assets, effective and efficient, and the government complies with regulations. (Ikyarti and Aprila, 2019). A good internal control system functions to reduce the risk of errors and protect the organization from fraudulent actions in the financial statements made so that published financial reports can be said to meet the characteristics. Research¹⁰ from (Ramadhani and Soerono, 2019) and (Anwar and Amin, 2020) found that the internal control system affects the qua¹⁰ of government financial reports. (Riyanita and Widiastuti, 2020) also proved that the internal control system significantly affects the quality of financial reports. The village government has made efforts to ensure that the activities carried out are by existing regulations so that errors in the presentation of accounting data are minimal and that the financial sta¹¹ments presented reflect the existing reality. However, (Mokogina¹³ al., 2017) found that the internal control system had a significant negative effect on the quality of financial reports. The existing internal control system cannot guarantee the quality of financial reports because other factors are more important, such as the commitment of officials who should be more pro-public. Therefore, the internal control system is an important factor that affects the characteristics of village financial reports.

²⁴
H₃: Internal control system has a positive and significant effect on the Characteristics of Government Financial Statements.

To meet the needs of village financial managers, the Village Financial System application was developed as a medium for what village budget accountability has been used for. This Village Financial System helps managers process documents into rep²²s that provide information to the public and users of financial information. A good Village Financial System is used to control the implementation of village government so that the financial reports can be said to have characteristics. (Hardiansyah, 2016) found that the internal control system controls the application to reduce the risk of recurring errors and ensures that the data entered by financial managers is accurate. Research from (Prasetya et al., 2017) found that supervision positively affects the quali² of Village Financial System implementation. The better the supervision, the better the implementation of the Village Financial System system and has implications for the quality of financial reports (Kapriana and Agung, 2020) found that the government's internal control system was able to moderate

the relationship between the regional financial accounting system and the quality of financial reports. Therefore, the internal control system is a factor that can moderate the Village Financial System with the characteristics of village financial reports.

H4: Internal control system able to moderate Village Financial System on the Characteristics of Government Financial Statements.

The capacity of the financial apparatus will make their work complete on time, which will impact the timing of the presentation of financial statements. Apparatus who can process finances do not necessarily have a high organizational commitment to their institutions. If the apparatus does not have the capacity, then the apparatus will not work seriously to present financial reports according to the stipulated rules and time. (Hardiansyah, 2016) Moreover, (Suarmika and Suputra, 2016) found that the internal control system was able to moderate the competence of human resources on the quality of financial reports. SPI can control and supervise the apparatus to use their competence in producing quality financial reports. However, (Redjo, 2020) found that the internal control system could not moderate the relationship between Human Resources competence and the quality of financial reports. Therefore, the internal control system is a factor that can moderate the financial apparatus's capacity with the characteristics of village financial reports.

H5: Internal control system able to moderate the capacity of the financial apparatus to the Characteristics of Government Financial Statements.

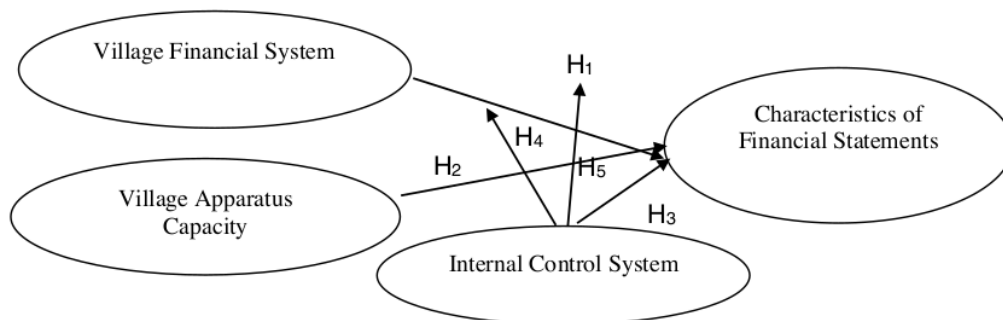


Figure 1. Research Model

METHODS

The research object is the village financial system, the capacity of the village apparatus, the external control system, the characteristics of village financial reports. The data source used is primary data. The data were collected through a questionnaire distributed to the village apparatus of the Patampanua District, which was then given a score or score. The study population was village officials in Patampanua Subdistrict, Pinrang Regency, who received a budget ceiling above 1 billion rupiahs.

Table 1. Population

33	Village officials	Leppangan Village	Mattiro Ade. Village
1.	Village head	1	1
2.	village secretary	1	1
3.	Village Treasurer	1	1
4.	Head of Government Affairs	1	1
5.	Head of Development Affairs	1	1
6.	Head of People's Welfare Affairs	1	1
7.	Head of Financial Affairs	1	1
8.	KAURHead of General Affairs	1	1
9.	Village chief	6	4
	BPD	9	9
	Total	23	21

Source: Data from Patampanua District, 2020

The sampling technique used census sampling, where all the population was sampled with a total of 44 village officials. This study will use a Pooled Least Square (PLS) method to interpret the data according.

RESULTS

In this research the description of variables is reflected in the following table 2 :

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Village Financial System	44	2.80	5.00	4.2341	.57098
Capacity of the village apparatus	44	2.38	5.00	4.2775	.61397
Internal Control System	44	2.71	5.00	4.2695	.50333
Characteristics of village financial reports	44	2.63	5.00	4.1248	.60940
Valid N (listwise)	44				

Source: (primary data processed, 2020).

Based on table 2, descriptive statistics results were obtained from 44 respondents: Village Financial System variable has the lowest value 1 and the highest 5 with an average value of 4,2341 while the standard deviation value is 0,57098. The average respondent's answer is $4,2341 > 3$. It indicates that the respondent perceives the high Village Financial System. The standard deviation value of 0,57098 is smaller than the average value, indicating that the responses' results are not too far between respondents. The village apparatus variable's capacity has the lowest value 1 and the highest 5, with an average value of 4,2775, while the standard deviation value is 0,61397. The average respondent's answer is $4,2775 > 3$, which indicates that the respondent has a perception of the village apparatus's high capacity. The standard deviation value of 0,61397 is smaller than the average value, indicating that the responses' results are not too far between respondents. The internal control system variable has the lowest value 1 and the highest 5, with an average value of 4,2775, while the standard deviation value is 0,61397. The average respondent's answer is

4,2775 > 3, which indicates that the respondent has a perception of a high internal control system. The standard deviation value of 0,61397 is smaller than the average value, indicating that the responses' results are not too far between respondents. The characteristics of the village financial reports variable have the lowest value 1 and the highest 5 with an average value of 4,1248 while the standard deviation value is 0,60940. The average respondent's answer is 4,1248 > 3, which indicates that the respondent has a perception of the high Characteristics of village financial reports. The standard deviation value of 0,60940 is smaller than the average value, indicating that the responses' results are not too far between respondents.

Table 3. Loading Factor

Construct	Indicator	Outer Loading	Average Variance Extracted (AVE)
Village Financial System	X1.1	0,848	0,764
	X1.2	0,779	
	X1.3	0,880	
	X1.4	0,923	
	X1.5	0,851	
	X1.6	0,877	
	X1.7	0,910	
	X1.8	0,917	
Capacity of the village apparatus	X2.1	0,856	0,688
	X2.2	0,865	
	X2.3	0,917	
	X2.4	0,875	
	X2.5	0,838	
	X2.6	0,679	
	X2.7	0,750	
Internal Control System	Z1.1	0,927	0,787
	Z1.2	0,843	
	Z1.3	0,916	
	Z1.4	0,903	
	Z1.5	0,923	
	Z1.6	0,871	
	Z1.7	0,896	
	Z1.8	0,812	
Characteristics of village financial reports	Y1.1	0,905	0,769
	Y1.2	0,843	
	Y1.3	0,883	
	Y1.4	0,922	
	Y1.5	0,875	
	Y1.6	0,898	
	Y1.7	0,921	
	Y1.8	0,899	
	Y1.9	0,784	
	Y1.10	0,826	

Source: (primary data processed, 2020).

In this study, each indicator construct are higher than 0.50, it can be concluded that the fully estimate constructs have become a fit measuring tool.

Table 4. Cronbach's Alpha dan composite reliability

Variabel	Cronbach's Alpha	Composite Reliability
Village Financial System	0,956	0,963
Capacity of the village apparatus	0,923	0,939
Internal control system	0,961	0,967
Characteristics of village financial repotrs	0,966	0,971

Source: (primary data processed, 2020).

The results of composite reliability and Cronbach alpha show the value of each variable above the value of 0.70, which means that all instrument variables are reliable.

Table 5. R-Square Test

Construct	R-Square
Characteristics of village financial reports	0,989

Source: (primary data processed, 2020).

The R-Square value of variable Characteristics of village financial reports is 0,989, which means that Village Financial System, the capacity of the village apparatus, Village Financial System internal control system, and capacity of the village apparatus internal control system can explain the variance of Characteristics of village financial reports by 98,9% and 1,1% is influenced by other factors that are not investigated in this study.

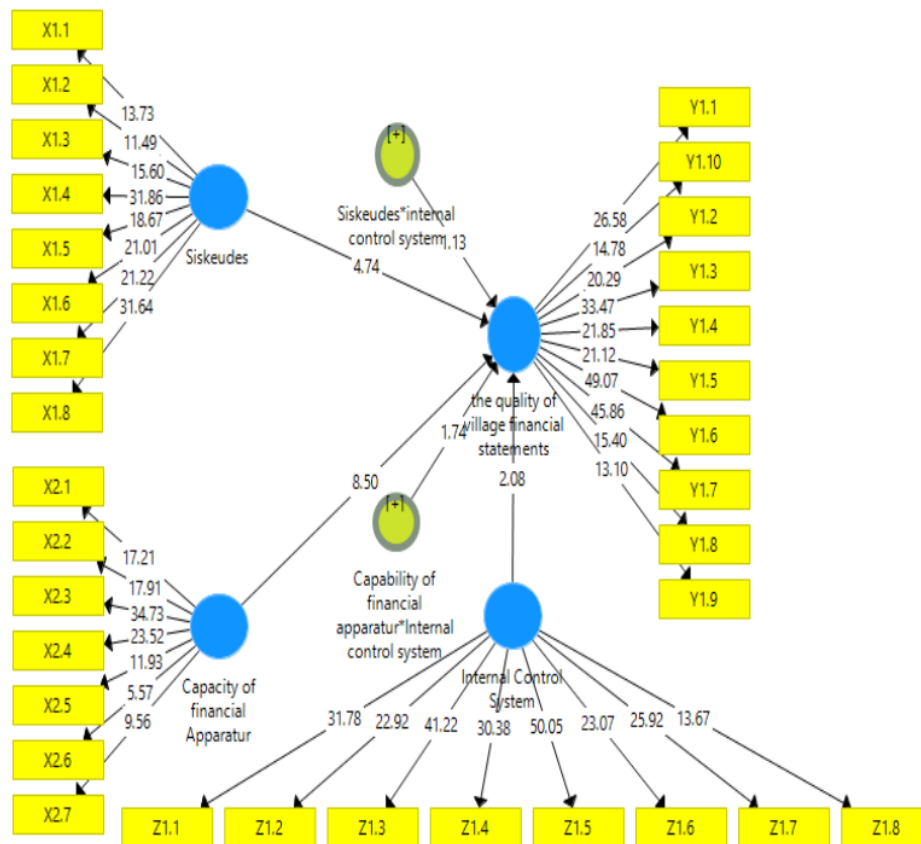


Figure 2. Findings of Structural Model
Source: (primary data processed, 2020).

Table 6. Hypothesis Test Results

Variabel	Original Sample	Standard Error	T Statistics	P Values	Result
Village Financial System → Characteristics of village financial reports	0,362	0,353	4.663	0,000	Accepted
Capacity of the village apparatus → Characteristics of village financial reports	0,561	0,569	8.335	0,000	Accepted
Internal Control System → Characteristics of village financial reports	0,104	0,108	2.034	0,042	Accepted
Village Financial System *Internal Control System → Characteristics of village financial reports	-0,049	-0,030	0,936	0,350	Rejected
Capacity of the village apparatus * Internal control system → Characteristics of village financial reports	0,088	0,063	1,438	0,151	Rejected

Source: (primary data processed, 2020).

Table 6 shows that 1) the relationship between Village Financial System and Characteristics of village financial reports has a significant positive effect because the statistical value is greater than t table ($4,663 > 1,683$) at the significance level of 5%. Therefore, the first hypothesis is Accepted; 2) the relationship between the Capacity of the village apparatus and Characteristics of village financial reports is a significant positive effect because the statistical value is greater than t table ($8,335 > 1,683$) at a statistically of 5%. Thus, the second hypothesis is Accepted; 3) the relationship between the internal control system and Characteristics of village financial reports is a significant positive effect because the statistical value is greater than t table ($2,034 > 1,683$) at the significance level of 5%. Therefore, the third hypothesis is Accepted; 4) the relationship between Village Financial System, Internal control system and Characteristics of village financial reports is not significant because the statistical value is smaller than t table ($0,936 < 1,683$) at the significance not level of 5%. Thus, the fourth hypothesis is Rejected; 5) the relationship between the Capacity of the village apparatus, Internal control system, and Characteristics of village financial reports is not significant because the statistical value is smaller than t table ($0,936 < 1,683$) at the significance not level of 5%. Therefore, the fifth hypothesis is Rejected.

DISCUSSION

The effect of Village Financial System on Characteristics of village financial reports. The test results in this study show that the variables of the Village Financial System have a significant positive effect on the Characteristics of village financial reports. The positive impact of the existence of the Village Financial System makes the Village Government further improve performance that it can produce effective and efficient financial reports. This result also means that the Village Financial System affects the performance of the Village Government by its objective of facilitating the work of the Village Government.

The result of this study is supported by the resulting research of (Watulingas et al., 2019) found that Village Financial System affects the quality of financial reports because, with the financial manager Village Financial System application, it becomes easier to report simply by entering data which can generate multiple reports. These results support the statement of (Luthfiani et al., 2020) that the Village Financial System is an information technology that is easily understood by users in processing village finances to obtain quality financial reports. This research is supported by research (Malahika et al., 2016) and (Kurnianto et al., 2019) found that the Village Financial System application made the village government independent in managing its village funds, the development of digital reporting through Village Financial System changed the form of reporting that was previously paperless and is no longer used, so that village officials are no longer bothered, especially the Village Financial System application can be used both for villages with internet access or not.

The effect of Capacity of the village apparatus on Characteristics of village financial reports. The test results in this study show that the variables of Capacity of the village apparatus have a significant positive effect on Characteristics of village financial reports. Village officials who have expertise or experience in finance will easily manage village funds properly, and the financial reports they produce have characteristics according to applicable standards. Village apparatus that can manage finances will perform good administration and will work optimally to avoid misstatements in the financial statements they make. This research is supported by research (Lisda et al., 2018) and (Ratih and Nurhasanah S, 2018) finding the competence of village officials influencing the quality of financial reports means that the expertise or desire of village officials to study in accounting will produce quality financial reports. These results support the statement (Sudarlan et al., 2019) which knowledge and skills as causality fulfilling quality financial reports. (Anwar and Amin, 2020) also found that the capacity of the financial apparatus describes the work of the apparatus in managing financial reports with the knowledge, expertise, and length of work that determine the success of the characteristics of the financial statements it produces.

The effect of Internal Control System on Characteristics of village financial reports. The test results in this study show that the variables of the internal control system have a significant positive effect on the Characteristics of village financial reports. The internal control system can control all activities of the village government in producing financial reports through reliable financial reports, safeguarding State assets, effective and efficient, and the government complies with regulations. This research is supported by research (Lisda et al., 2018) and (Ramadhani and Soerono, 2019) found that the internal control system affects the quality of government financial reports. (Riyanita and Widiastuti, 2020) research from an excellent internal control system reduces the risk of errors. It protects the organization from fraudulent actions in the financial statements made so that published financial reports can be said to meet the characteristics.

The effect of Village Financial System and internal control on Characteristics of village financial reports. The test results in this study show that internal control as a moderating variable has not succeeded relationship between the Sisikeudes and Characteristics of village financial reports. Village Financial System helps managers process documents into reports that provide information to the public and users of financial information. A good Village Financial System is used to control the implementation of village government so that the financial reports can be said to have characteristics. The internal control system

plays a role in maintaining the accuracy of the data. (Suarmika and Suputra, 2016). However, the fact is that the current internal control system is not optimal in terms of controlling the activities that have been carried out by the village apparatus because there is still a misappropriation of village funds. The results of this study are supported by search results (Kapriana and Agung, 2020) found that the internal control system was unable to moderate the relationship between government accounting standards and the quality of financial reports. The internal control system has not been able to supervise the compliance of financial officers in preparing reports on time and according to standards. (Mokogina et al., 2017) stated that the internal control system, which has not been implemented optimally, will lack the quality of financial reports produced.

The effect of Capacity of the village apparatus and internal control system on Characteristics of village financial reports. The test results in this study show that internal control as a moderating variable has not succeeded relationship between the Capacity of the village apparatus and the Characteristics of village financial reports. The capacity of the financial apparatus will make their work complete on time, which will impact the timing of the presentation of financial statements. However, the fact is that there are still many village officials who cannot process finances because many have an educational background not from accounting and have not attended much training related to finance. The capacity of the apparatus will be maximized if supported by an adequate internal control system (Hardiansyah, 2016) found that the internal control system was unable to moderate the relationship between the Capacity of the village apparatus and Characteristics of village financial reports because the internal control system was not yet able to direct, supervise and measure the capacity of the village apparatus. This result is supported by (Redjo, 2020) who states that financial reports can be of quality without an adequate internal control system if the financial apparatus has the capacity. Conversely, if the village apparatus does not have the capacity, even though the internal control system is effective, it cannot guarantee the quality of the financial reports produced.

CONCLUSION

This study found that direct testing of the Village Financial System, Capacity of the village apparatus, and internal control system had a positive and significant effect on the Characteristics of village financial reports. The internal control system as a moderating variable cannot moderate the relationship between the Village Financial System and the Capacity of the village apparatus and the characteristics of village financial reports. The sample in this study is still relatively small. It is only limited to the village apparatus Leppangan and Mattiro Ade, so this study suggests that further research add to and expand the area, the number of samples, and use new variables other than the variables in this study to better what aspect can affect Characteristics of village financial reports. The results of this study also expect that it can be taken into consideration for related village government to improve Characteristics of village financial reports further.

REFERENCES

- Anwar, A., dan Amin, A. (2020). Dimensi Karakteristik Laporan Keuangan Pemerintah. *e-Jurnal Akuntansi*. <https://doi.org/10.33369/j.akuntansi.10.3.223-230>, 10(3).
- Arfiansyah, M. A. (2020, Januari-Mei). Pengaruh Sistem Keuangan Desa dan Sistem Pengendalian Intern Pemerintah Terhadap Akuntabilitas Pengelolaan Dana Desa. *JIFA. Journal Of Islamic Finance and Accounting*. <http://ejournal.iainsurakarta.ac.id/index.php/jifa>, 3(1).
- Arista, R., Rasuli, M., dan Susilatri. (2018). Pengaruh Kompetensi Sumber Daya Manusia, Penerapan Sistem Akuntansi Dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi Terhadap Kualitas Laporan Keuangan Pemerintah Daerah (Studi Pada Organisasi Perangkat Daerah Provinsi Riau). *Jurnal Online Mahasiswa*. <https://jom.unri.ac.id/index.php/JOMFEKON/article/view/21427>, 1(1).
- Astini, Y., Fauzi, A. K., dan Widowati. (2019, Januari). Determinan Yang Mempengaruhi Keberhasilan Pengelolaan Keuangan Desa. *Valid. Jurnal Ilmiah*. journal.stieamm.ac.id, 16(1).
- Diansyah, A. S. (2019). Pengaruh Kompetensi Teknis Aparatur Sipil Negara, Sistem Informasi, Dan Reviu Laporan Keuangan Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Dengan Variabel Moderasi Sistem Pengendalian Intern Pemerintah. <https://jurnal.untan.ac.id>. *MAKSI Untan*, 4(1).
- Falistina, R. (2011). Faktor-faktor yang Mempengaruhi Keandalan dan Timeliness Pelaporan Keuangan Badan Layanan Umum, Studi pada BLU di Kota Semarang. *Jurnal Fakultas Ekonomi*. *Jurnal Ekonomi Universitas Diponegoro*, 1(1).
- Fauziyah, E. M. (2019). Pengaruh Penerapan Sistem Akuntansi Keuangan Daerah, Kompetensi Aparatur Pemerintah Daerah. *JRA Jurnal Riset Akuntansi*. <http://dx.doi.org/10.48181/jra%20tirtayasa.v4i2.6386>, 4(2).
- Gayatri, G., dan Latrini, M. Y. (2018, July). Efektifitas Penerapan Village Financial System dan Kualitas Laporan Keuangan Dana Desa. *Jurnal Ilmiah Akuntansi dan bisnis*, 13(2).
- Hardiansyah, A. (2016). Pengaruh Kompetensi Sumber Daya Manusia dan Pemanfaatan Teknologi Informasi Terhadap Kualitas Laporan Keuangan dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi pada SKPD Kabupaten Polewali Mandar. *Jurnal Akuntansi Peradaban*. <https://doi.org/10.24252/jiap.v2i1.2999>, 2(1).
- Herawati, L., dan Hayati, R. (2020). Efektifitas Penerapan Aplikasi Sistem Keuangan Desa (Village Financial System) di Desa Tantaringin Kecamatan Muara Harus Kabupaten Tabalong. *JAPB. jurnal.stiatabalong.ac.id*, 3(2).
- <https://perak-news.com/2020/06/09>. (n.d.).
- <https://www.simpulrakyat.co.id/2020>. (April 2020).
- Ikyarti, T., dan Aprila, N. (2019). Pengaruh Penerapan Standar Akuntansi Pemerintah, Implementasi Sistem Informasi Manajemen Daerah dan Sistem Pengendalian Internal Pemerintah Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Kabupaten Seluma. *Jurnal Akuntansi*. <https://doi.org/10.33369/j.akuntansi.9.2.131-140>, 9(2).
- Inapty, M. F., dan Matiningsih, R. P. (2019, April). Pengaruh Penerapan Standar Akuntansi Pemerintah, Kompetensi Aparatur dan Peran Audit Internal Terhadap Kualitas Informasi Laporan Keuangan Dengan Sistem Pengendalian Intern Sebagai Variabel Moderating (Studi Empiris Pada SKPD di Pemprov NTB). *Akuntabilitas. Jurnal Ilmiah Akuntansi*. <https://doi.org/10.15408/akt.v9i1.3583>, 9(1).

- Junaid, M. S., Muchlis, M., dan Putri, R. A. (2018). Evaluasi Penggunaan Aplikasi SISKEUS dalam Upaya Peningkatan Kualitas Akuntabilitas Keuangan Desa (Studi pada Desa Je'netallasa Kecamatan Pallangga Kabupaten Gowa). *Jurnal Akuntansi Peradaban*, 4(1).
- Kapriana, A. P., dan Agung, I. (2020). Faktor-faktor Yang Mempengaruhi Kualitas Laporan Keuangan Pemerintah Daerah dengan Sistem Pengendalian Internal Pemerintah sebagai Pemoderasi (Studi Empiris Pada OPD di Kabupaten Kuburaya). *Jurnal Audit dan Akuntansi*., 9(1).
- Kurnianto, S., Kurniawansyah, D., dan Ekasari, W. F. (2019). Menilai Keberhasilan Sistem Keuangan Desa (Village Financial System) : Validasi Model Keberhasilan Sistem Informasi Delone dan McLean. *Jurnal Riset Akuntansi dan Bisnis Airlangga*. www.jraba.org, 4(2).
- Lisda, R., Nurwulan, L. L., dan Septianisa, L. (2018). Pengaruh Implementasi SIMDA Desa, Sistem Pengendalian Internal Pemerintah, Kompetensi SDM Terhadap Kualitas Laporan Keuangan. *Konferensi Nasional Sistem Informasi*. jurnal.atmaluhur.ac.id. Pangkalpinang: STMIK Atma Luhur.
- Luthfiani, B. M., Asmony, T., dan Herwanti, R. (2020, Juli). Analisis faktor-faktor Yang Mempengaruhi Akuntabilitas Pengelolaan Dana Desa di Kabupaten Lombok Tengah. *e-Jurnal Akuntansi*. <https://doi.org/10.24843/EJA.2020.v30.i07.p20>, 30(7).
- Mada, S., Kalangi, L., dan Gamaliel, H. (2017). Pengaruh Kompetensi Aparat Pengelola Dana Desa, Komitmen Organisasi Pemerintah Desa dan Partisipasi Masyarakat Terhadap Akuntabilitas Pengelolaan Dana Desa Di Kabupaten Gorontalo. *Jurnal Riset Akuntansi dan Auditing "Goodwill"*. <https://doi.org/10.35800/jjs.v8i2.17199>, 8(2).
- Malahika, J., Karamoy, H., dan Pusung, R. J. (2018). Penerapan Sistem Keuangan Desa (Village Financial System) pada Organisasi Pemerintah Desa (Studi Kasus di Desa Suwaan Kecamatan Kalawat Kabupaten Minahasa Utara). *Jurnal Akuntansi Going Concern*. <https://ejournal.unsrat.ac.id>., 13(4), 578-583.
- Manimpurung, R., Kalangi, L., dan Gerungai, N. (2018). Pengaruh Kapasitas Sumber Daya Manusia dan Komitmen Organisasi Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Pada badan Pengelola Keuangan dan Aset Daerah (BPKAD) Kota Manado. *Jurnal Riset Akuntansi Going Concern*. <https://doi.org/10.32400/gc.13.02.19142.2018>, 13(2), 241-250.
- Maruhun, M., dan Asmany, T. (2018). Menyibak Tabir Pengelolaan Dana Desa Dari Perspektif Habermas. *Akuransi. Jurnal Studi Akuntansi dan Keuangan*, 1(1).
- Mokogina, N., Lambey, L., dan Pontoh, W. (2017). Pengaruh Sistem Pengendalian Intern dan Sistem Akuntansi Keuangan Daerah Terhadap Kualitas Laporan Keuangan Pemerintah. *Jurnal Riset Akuntansi Going Concern*. <https://ejournal.unsrat.ac.id>., 12(2).
- Peraturan Pemerintah No.71. (2010). Jakarta: Republik Indonesia.
- Permendagri No.113. (n.d.). *Pedoman Pengelolaan Keuangan Desa*. Jakarta: Republik Indonesia.
- PP No. 60 Tahun 2008. Jakarta: Republik Indonesia.
- Prasetya, I. Y., Prayudi, M. A., & Diatmika, P. G. (2017). Pengaruh Kompetensi Sumber Daya, Pemahaman dan Pengawasan Terhadap Kualitas Sistem Keuangan Desa di Kabupaten Buleleng. *e-jurnal SI Akuntansi*, 8(2).

- Puspitasari, O. R., dan Purnama, D. (2018). Implementasi Sistem Keuangan Desa dan Kualitas Laporan Keuangan Pemerintah Desa di Kabupaten Kuningan. *Jurnal Kajian Akuntansi*. <http://jurnal.unswagati.ac.id/index.php/jka>, 2(2), 145-159.
- Rahmawati, M., dan Fajar, C. M. (2017). Pengaruh Pendapatan Asli Daerah dan Dana Perimbangan Terhadap Belanja Daerah Kota Bandung. *Jurnal Kajian Akuntansi*. <http://dx.doi.org/10.33603/jka.v1i1.445>, 1(1).
- Ramadhani, M., dan Soerono, A. N. (2019). Pengaruh Sumber Daya Manusia, Sistem pengendalian Intern, Teknologi Informasi dan Pemahaman Basis Akrua Terhadap Kualitas Laporan Keuangan Pemerintah Daerah. *Jurnal Riset Akuntansi Terpadu*. <https://jurnal.untirta.ac.id/index.php/JRAT/article/download/5244/3910>, 12(1).
- Ratih, A. E., dan Nurhasanah S. (2018). Pengaruh Kompetensi Aparatur Desa dan Peran Serta BPD Terhadap Kualitas Laporan Keuangan Desa di Teluk Sebung dan Teluk Bintan. *Jurnal Ilmiah Akuntansi dan Finansial Indonesia*. <https://doi.org/10.31629/jiafi.v2i1.1278>, 2(1).
- Redjo, P. R. (2020). Pengendalian Intern Sebagai Pemoderasi Pengaruh Kompetensi Sumber Daya Manusia Terhadap Kualitas Laporan Keuangan Daerah. *Ekopern: Jurnal Ekonomi Pembangunan*. <https://doi.org/10.32938/jep.v5i3.640>, 5(3).
- Rifandi, Z. W. (2019). Pengaruh Implementasi Aplikasi Sistem keuangan Desa, Kompetensi Sumber Daya Manusia dan Transparansi Terhadap Kualitas Laporan Keuangan Pemerintah Desa. *JRA. Jurnal Riset Akuntansi*. <http://dx.doi.org/10.48181/jra%20tirtayasa.v4i1.4505>, 4(1).
- Riyanita, A. G., dan Widiastuti, H. (2020). Analisis Pengaruh Sistem Pengendalian Intern, Pelatihan dan Pemanfaatan Teknologi Informasi Terhadap Kualitas Laporan Keuangan (Studi Empiris Pada perangkat Desa di Kabupaten Sleman). *Jurnal Akuntansi dan Bisnis*, 18(1).
- Rusmiyanti, A. (2014). Sistem Informasi Pengelolaan Keuangan Pada Desa Ngadirejan. *Journal Speed - Sentra Penelitian Engineering & Edukasi*. <http://dx.doi.org/10.3112/speed.v6i2.1321>, 6(2).
- Suarmika, I. L., dan Suputra, I. G. (2016). Kemampuan Komitmen Organisasi dan Sistem Pengendalian Intern Memoderasi Pengaruh Kapasitas SDM dan Penerapan SIKD pada Kualitas LKPD Kabupaten Karangasem. *e-Jurnal Ekonomi dan Bisnis*. <https://ojs.unud.ac.id/index.php/EEB/article/view/20205>, 5(9).
- Sudarlan, S., Hasiara, L., and Muhammadijah, A. (2019, April). The Determinant Factors Influence of the Reasonable Judgement Without any Expectation Opinion on The Financial Accounting Report for East Kalimantan Province. *International Journal of Scientific & Technology Research*. <http://www.ijstr.org>, 8(4).
- Trisna, N., & Wahyuni, R. (2019, April). Implementasi Sistem Keuangan Desa (Village Financial System) pada Pemerintah Gampong Bilang Neuang Kecamatan Beutong Kabupaten Nagan Raya. *Jurnal Ius Civile. jic@utu.ac.id*, 3(1).
- Watulingas, P., Kalangi, L., dan Suwetja, I. (2019). Peranan Sistem Keuangan Desa Terhadap Kinerja Pemerintah Desa (Studi Kasus di Desa Kapataran Kecamatan Lembean Timur Kabupaten Minahasa). *Indonesia Accounting Journal*. <http://doi.org/10.32400/iaj.26684>, 1(2).
- Widyatama, A., Novita, L., dan Diarespati, D. (2017). Pengaruh kompetensi dan Sistem Pengendalian Intern terhadap Akuntabilitas Pemerintah Desa dalam Mengelola Alokasi Dana Desa (ADD). *Baki. Berkala Akuntansi dan Keuangan Indonesia*. <http://dx.doi.org/10.20473/baki.v2i2.4762>, 2(2).

Winch, S., Ferdian, T., dan Novianti, N. (2019). Faktor Yang Mempengaruhi Kualitas Laporan Keuangan Dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi. *Dinamika. Jurnal Manajemen, Akuntansi, Bisnis dan Kewirausahaan.*, 5(1).
www.kemenkopmk.go.id. (2020).

The Role of Internal Control System on Characteristics of Village Financial Reports

ORIGINALITY REPORT

18%

SIMILARITY INDEX

14%

INTERNET SOURCES

12%

PUBLICATIONS

6%

STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Strayer University Student Paper	1 %
2	www.journal.stieamkop.ac.id Internet Source	1 %
3	ulilalbabinstitute.com Internet Source	1 %
4	Submitted to Houston Community College Student Paper	1 %
5	pekbis.ejournal.unri.ac.id Internet Source	1 %
6	Mardiana, Eka Hartati. "User Satisfaction Level on Implementation of SISKEUDES Application", Journal of Physics: Conference Series, 2020 Publication	1 %
7	docobook.com Internet Source	1 %

8	Budi Rismayadi. "Inspectorate Auditor Performance Improvement Reference", ATESTASI : Jurnal Ilmiah Akuntansi, 2022 Publication	1 %
9	jasf.upnjatim.ac.id Internet Source	1 %
10	Submitted to Birzeit University Main Library Student Paper	1 %
11	journal.ipm2kpe.or.id Internet Source	<1 %
12	journal.unimma.ac.id Internet Source	<1 %
13	journal.ikopin.ac.id Internet Source	<1 %
14	journal.stieamm.ac.id Internet Source	<1 %
15	lib.ibs.ac.id Internet Source	<1 %
16	journal.unpak.ac.id Internet Source	<1 %
17	Submitted to Universitas Terbuka Student Paper	<1 %
18	Farid Madjodjo, Charis Muhammad Saleh, Fadli Dahlan. "THE INFLUENCE OF	<1 %

INTERGOVERNMENTAL REVENUE BUDGETS AND CLARITY OF BUDGET TARGETS ON THE FINANCIAL PERFORMANCE OF REGIONAL GOVERNMENTS: THE CASE OF THE REGIONAL APPARATUS ORGANIZATION OF THE CITY OF TIDORE ISLANDS", ACCOUNTABILITY, 2020

Publication

19

jurnal.unsyiah.ac.id

Internet Source

<1 %

20

www.scitepress.org

Internet Source

<1 %

21

Arna Suryani. "The accountability of village funds and to improve the effectiveness of village programs", Jurnal Perspektif Pembiayaan dan Pembangunan Daerah, 2022

Publication

<1 %

22

Mirna Indriani, Nadirsyah, Raida Fuadi, Evayani, Collins G. Ntim. "Can Siskeudes support village governance in Aceh Province of Indonesia?", Cogent Business & Management, 2020

Publication

<1 %

23

jurnalwahana.aaykpn.ac.id

Internet Source

<1 %

24

jbmp.umsida.ac.id

Internet Source

<1 %

www.atlantis-press.com

25

Internet Source

<1 %

26

Ni Kadek Sri Dewi Asih, Ni Putu Trisna Windika Pratiwi. "PENGARUH KAPASITAS SUMBER DAYA MANUSIA, IMPLEMENTASI SISTEM INFORMASI MANAJEMEN DAERAH (SIMDA), SISTEM AKUNTANSI KEUANGAN DAERAH (SAKD) TERHADAP KUALITAS LAPORAN KEUANGAN PADA OPD KABUPATEN GIANYAR", Hita Akuntansi dan Keuangan, 2021

Publication

<1 %

27

Selina Hoar Beilulik, Wahyu Widarjo, Wulan Suci Rachmadani. "The Effect Quality of Supervision of Village Consultative Body and Community Participation in Village Fund Management Accountability", International Journal of Economics, Business and Management Research, 2022

Publication

<1 %

28

journal.uinjkt.ac.id

Internet Source

<1 %

29

jurnal.unswagati.ac.id

Internet Source

<1 %

30

Submitted to Keimyung University

Student Paper

<1 %

Submitted to RDI Distance Learning

31

Student Paper

<1 %

32

Submitted to Universitas Muhammadiyah
Surakarta

Student Paper

<1 %

33

g2aging.org

Internet Source

<1 %

34

thejbis.org

Internet Source

<1 %

35

Desak Made Dwitya Sari Pebriyanti, Amrie
Firmansyah, Suparna Wijaya, Ferry Irawan.
"The CEO's foreign experience and the CEO's
share ownership: Does tax aggressiveness
matter?", Journal of Governance and
Regulation, 2022

Publication

<1 %

36

ejournal.stiesia.ac.id

Internet Source

<1 %

37

etheses.uin-malang.ac.id

Internet Source

<1 %

38

jurnal.untan.ac.id

Internet Source

<1 %

39

jurnaljam.ub.ac.id

Internet Source

<1 %

40

ojs.amhinternational.com

Internet Source

<1 %

41

www.ijsr.net

Internet Source

<1 %

42

www.technoarete.org

Internet Source

<1 %

43

Submitted to Universitas Sultan Ageng
Tirtayasa

Student Paper

<1 %

44

jab.fe.uns.ac.id

Internet Source

<1 %

45

journal.unnes.ac.id

Internet Source

<1 %

46

jurnal.stisipwidyapuri-smi.ac.id

Internet Source

<1 %

47

ojs.umrah.ac.id

Internet Source

<1 %

48

www.ajmesc.com

Internet Source

<1 %

49

internationalpublisher.id

Internet Source

<1 %

50

jurnal.unimor.ac.id

Internet Source

<1 %

51

jurnal.unmer.ac.id

Internet Source

<1 %

52

www.jp.feb.unsoed.ac.id

Internet Source

<1 %

53

Enggar Wahyuning Pahlawan, Anita Wijayanti, Suhendro Suhendro. "Pengaruh kompetensi aparatur desa, sistem pengendalian internal, pemanfaatan teknologi informasi dan partisipasi masyarakat terhadap akuntabilitas pengelolaan dana desa", Indonesia Accounting Journal, 2020

Publication

<1 %

54

Ayu Kristina Br Hombing, Reggy Reynatasya Pandiangan, Dona Simangunsong, Yois Nelsari Malau. "Pengaruh kapasitas sumber daya manusia, pemanfaatan teknologi, dan komitmen organisasi terhadap kualitas laporan keuangan di pemerintahan Kota Medan", Jurnal Paradigma Ekonomika, 2020

Publication

<1 %

55

Cornelia Desiana Matani, Linda Hutajulu. "PENGARUH KOMPETENSI, KOMITMEN ORGANISASI, PARTISIPASI MASYARAKAT, DAN SISTEM PENGENDALIAN INTERNAL TERHADAP AKUNTABILITAS PENGELOLAAN DANA KAMPUNG DIKOTA JAYAPURA", KEUDA (Jurnal Kajian Ekonomi dan Keuangan Daerah), 2021

<1 %

56

Dwi Febri S, Sri Rahayu, Wiralestari.
"Pengaruh Penerapan SAP, Kompetensi SDM
dan SPIP Terhadap Kualitas Laporan
Keuangan Pemerintah Daerah Dengan
Akuntabilitas Sebagai Variabel Intervening
(Studi Empiris di Kota Jambi)", Jurnal
Akuntansi & Keuangan Unja, 2019

Publication

<1 %

57

Yesi Mutia Basri, Tusanti Igus Findayani,
Arumega Zarefar. "IMPLEMENTATION OF
GOOD GOVERNANCE TO IMPROVE THE
PERFORMANCE OF VILLAGE GOVERNMENTS",
Jurnal Akuntansi, 2021

Publication

<1 %

Exclude quotes Off

Exclude matches Off

Exclude bibliography Off

The Role of Internal Control System on Characteristics of Village Financial Reports

Ratna Sari¹ and M. Muslim²

^{1,2}Universitas Muslim Indonesia

Email address:

* ratna.sari@umi.ac.id

Abstract: This study aimed to examine and analyze the effect of the Village Financial System, the Capacity of the village apparatus, and the internal control system has a significant positive effect on village financial reports inflation characteristics. In addition, it was also meant to test and analyze the influence of the internal control system as a moderating relationship between the Village Financial System and the Capacity of the village apparatus and characteristics of village financial reports. The samples of forty-four respondents. This study indicated that the Village Financial System, the Capacity of the village apparatus and internal control system, has a significant positive effect on village financial reports' inflation characteristics. At the same time, the internal control system shows no influence, unable to moderate the relationship between the Village Financial System and the Capacity of the village apparatus and the characteristic.

Keywords: Village Financial System, Capacity of the Village Apparatus, Internal Control, Characteristics of Village Financial Reports Inflation.

Abstrak: This study aimed to examine and analyze the effect of the Village Financial System, the Capacity of the village apparatus, and the internal control system has a significant positive effect on village financial reports inflation characteristics. In addition, it was also meant to test and analyze the influence of the internal control system as a moderating relationship between the Village Financial System and the Capacity of the village apparatus and characteristics of village financial reports. The samples of forty-four respondents. This study indicated that the Village Financial System, the Capacity of the village apparatus and internal control system, has a significant positive effect on village financial reports' inflation characteristics. At the same time, the internal control system shows no influence, unable to moderate the relationship between the Village Financial System and the Capacity of the village apparatus and the characteristic.

Keywords: Village Financial System, Capacity of the Village Apparatus, Internal Control, Characteristics of Village Financial Reports Inflation.

INTRODUCTION

Currently, village fund financial information is of public concern, especially with the circulation of news in the media that there are many misappropriations of village funds that are not in line with the village fund budget, which every year is programmed by the Government with a fantastic amount to develop village potential. The village fund budget

for 2019 is seventy trillion rupiahs, increasing two trillion compared to the village fund for 2020 of seventy-two trillion rupiahs. (www.kemenkopmk.go.id, 2020).

Indonesia Corruption Watch (ICW) until semester I 2020 saw the most corruption occurring in the village fund budget. This problem is present in several villages due to the cycle of village financial management from the immature planning stage. The reported development implementation is not by the realities in the field, non-transparent reporting to the community, and accountability that is still in political governance.

(Mada et al., 2017) stated that the problem of misappropriation of village funds, such as the inadequacy of the accountability report made by the village government, such as expenditures that are not supported by adequate evidence, village funds are kept in banks, not in village treasury accounts. So that this problem does not occur, it is necessary to implement a financial reporting system that is appropriate to the plan, clear and specific to the needs of the community and refers to the principles of transparency and accountability.

Patampanua Subdistrict, located in Pinrang Regency, South Sulawesi, consists of several villages, including Leppangan Village and Mattiro Ade Village. Based on the researcher's preliminary survey with the Village Secretary of Leppangan, the total village income in 2018 was Rp. 1,754,549,000.00, and Mattiro Ade Village, the total village income in 2018 was Rp. 1,707,196,001.00. To manage a fund of this size, a commitment from the village government is required to build the village according to what the community needs.

Some residents questioned the allocation of village funds which was not transparent and did not support the people's needs. The management of village funds tends to focus on building infrastructure, bridges, and schools only. At the same time, the people hope to be given a loan for business capital that can improve their economy, whose priority depends on living only from rice fields. Even people who do not own rice fields only offer services to help the owners of the fields survive. Several residents admitted they were disappointed that they did not receive direct cash assistance at the Mattiro Ade Village Office in a recent phenomenon. According to residents, the village head did not explain the rejection of the file because the quota was full, even though the residents who felt they deserved it were not given BLT. (<https://www.simpulrakyat.co.id/2020>., April 2020). In Leppang village, the distribution of social assistance is directly monitored by the Head of the Patampanua Police not to be upset. (<https://perak-news.com/2020/06/09>).

To reduce the misuse of village funds, the community demands that village funds be transparent. It makes the village government have an obligation to publish financial information in the financial reports required by the users. The form of accountability for village financial management to the community affects government performance. (Permendagri No.113). The characteristics of financial reports are relevant, reliable, trustworthy, comparable to the previous period, and can be understood by readers. (Peraturan Pemerintah No.71, 2010).

One of the characteristics of village financial reports is the village financial system (Village Financial System) developed by BPKP in 2015, which aims to help village officials report their financial reports on time. (Rahmawati and Fajar, 2017). (Watulingas et al., 2019) state that another benefit of the Village Financial System is to control optimal village financial management. With the existence of the Village Financial System, the village government is younger in documenting data so that it feels efficient for financial managers. (Rusmiyanti, 2014). Village officials have been required to apply this Village Financial System since 2019.

(Gayatri and Latrini, 2018); (Herawati and Hayati, 2020) found that Village Financial System affected the quality of village financial reports. Users feel that the Village Financial

System is effective, starting from planning, budgeting, implementing, administering, reporting, and accountability and supervision. (Arfiansyah, 2020) also found that the Village Financial System application facilitates financial management from planning to reporting with features that the village needs. However, it was different. (Trisna and Wahyuni, 2019) found that internet access is a barrier to Village Financial System's effectiveness. The treasurer must have a strong internet signal to report financial data so that financial reports cannot be of quality because they always experience delays in reporting.

Another obstacle faced by village governments in producing financial reports according to their characteristics: the lack of village officials who can manage their finances properly. The capacity of village officials who will produce financial information can understand accounting or what they want to report. If they do not have accounting expertise, attend training because ability plays a significant role in producing characteristic financial reports. (Lisda et al., 2018).

(Ratih and Nurhasanah S, 2018) stated that the competence of the village apparatus will make it easier to manage village funds and produce quality financial reports. (Puspitasari and Purnama, 2018) found that competent regional apparatus tended to be easier to apply the Village Financial System, which would later produce maximum output on the characteristics of financial statements. While research conducted by (Astini et al., 2019) show different results, that is the ability of village financial managers does not affect the quality of financial reports because financial data as a factor that can affect financial information does not depend entirely on the quality of financial managers.

The internal control system can also affect the characteristics of financial statements. The benefits of internal control will provide feedback on organizational achievements and increase village government compliance with applicable legal rules. Within the scope of government, internal controls are designed to achieve organizational goals so that financial reporting can be achieved effectively. The research from (Ramadhani & Soerono, 2019) and (Anwar and Amin, 2020) found that the internal control system affects the quality of government financial reports. However, (Mokogina et al., 2017) found that the internal control system had a significant adverse effect on the quality of financial reports.

(Wineh et al., 2019) found that the internal control system moderates the relationship between the regional financial accounting system and the quality of OPD financial reports. Furthermore, optimal internal control is expected to be a mediator in overcoming the problem of low-quality government financial reports (Fauziyah, 2019). However, (Arista et al., 2018) found that internal control was unable to moderate the relationship between the application of the accounting system and the quality of financial reports.

Internal control can strengthen the characteristics of financial reports if the village financial manager has a background in accounting education or has the expertise gained from training on how to manage finances so that later they will be able to produce financial reports that have characteristics (PP No. 60 Tahun 2008). The research from (Suarmika and Suputra, 2016) and (Diansyah, 2019) found that internal control moderated apparatus competence with the quality of financial reports. However, (Inapty and Matiningsih, 2019) found that internal control did not moderate apparatus competence with the quality of financial reports.

Referring to the phenomenon and the results of previous research described above, it is the reason this research is essential. The characteristics of financial reports are a form of village government accountability to the community that should be reported transparently. To produce quality financial reports, the Village Financial System application was developed, which attracted the attention of the inspectors because the development of the

Village Financial System would facilitate financial reporting for village fund managers, which of course had to be supported by capable apparatus and could be monitored through an effective internal control system. Refers to research (Gayatri and Latrini, 2018), This study examines the application of the Village Financial System and the quality of village fund financial reports. Different from (Gayatri and Latrini, 2018), this study uses the variable capacity of the village apparatus and the internal control system as moderating variables.

THEORITICAL REVIEW

Agency Theory. Agency theory developed by (Falistina, 2011) explains the form of accountability that can be seen from the actions of local governments in providing information on how their finances are managed as agents of the people as the principal. (Maruhun and Asmany, 2018) states that in agency theory, there are different interests. This research justifies that the excess information possessed by the village head and its apparatus is easy to use to commit fraud. Therefore, the Village Financial System application was developed so that the village government can efficiently complete its obligations to make proper financial management accountable with the competencies of the apparatus and the internal control system is helpful to control every village financial activity so that it does not go out of the corridor of regulations so that standards make financial reports.

Characteristics of financial reports as a reflection of village performance accountability. Financial report as the final result that summarizes village financial transactions for the current financial year. The financial report describes whether the village has succeeded or not implemented what has been targeted in the budget or the performance of the local village government. Financial reports that do not meet their characteristics tend to irregularities and errors in financial records that result in corrupt behavior or regulatory violations.

Village Financial System is intended for the Village Government to manage village finances to facilitate reporting and as a means of financial management control. The performance of village officials will improve, and community demands for accountability will be achieved. With the financial management Village Financial System application, it becomes easier for reporting. Just by entering data, it can produce many reports (Watulingas et al., 2019). (Kurnianto et al., 2019) found that paperless reporting has not been used since the existence of the Village Financial System, so that financial managers are no longer bothered, especially the Village Financial System application can be used for both villages that have internet access and those that have not. The research from (Rifandi, 2019) and (Luthfiani et al., 2020) found that the village financial system affects the quality of financial reports. (Junaid et al., 2018) found that the Village Financial System application increased village financial accountability because the data entry process was fast. Government accountability in financial reports was relevant and well structured. Therefore, Village Financial System is used as an essential element that affects the characteristics of village financial reports.

H1: Village Financial System positively and significantly affects the characteristics of village financial reports.

The capacity of village officials affects the characteristics of financial reports. Apparatus who understand accounting in processing finances can produce financial reports

by standards. On the other hand, village officials who do not understand how to process finances will produce financial reports published with misstatements. The research from (Lisda et al., 2018), (Ratih and Nurhasanah S, 2018), and (Rifandi, 2019) stated that the competence of village officials affected the quality of village financial reports. However, it is different from the research results (Widyatama et al., 2017) and (Manimpurung et al., 2018) prove that human resource capacity has no significant effect on the quality of financial reports. Employees from accounting backgrounds have not supported the quality of financial reports because the numbers are not evenly distributed among the agencies that need them. Therefore, the capacity of village officials is an essential factor that influences the characteristics of village financial reports.

H₂: Capacity of the village apparatus positively and significantly affects the characteristics of village financial reports.

Internal control system as one of the important things that affect the characteristics of financial statements. The internal control system can control all activities of the village government in producing financial reports through reliable financial reports, safeguarding State assets, effective and efficient, and the government complies with regulations. (Ikyarti and Aprila, 2019). A good internal control system functions to reduce the risk of errors and protect the organization from fraudulent actions in the financial statements made so that published financial reports can be said to meet the characteristics. Research from (Ramadhani and Soerono, 2019) and (Anwar and Amin, 2020) found that the internal control system affects the quality of government financial reports. (Riyanita and Widiastuti, 2020) also proved that the internal control system significantly affects the quality of financial reports. The village government has made efforts to ensure that the activities carried out are by existing regulations so that errors in the presentation of accounting data are minimal and that the financial statements presented reflect the existing reality. However, (Mokogina et al., 2017) found that the internal control system had a significant negative effect on the quality of financial reports. The existing internal control system cannot guarantee the quality of financial reports because other factors are more important, such as the commitment of officials who should be more pro-public. Therefore, the internal control system is an important factor that affects the characteristics of village financial reports.

H₃: Internal control system has a positive and significant effect on the Characteristics of Government Financial Statements.

To meet the needs of village financial managers, the Village Financial System application was developed as a medium for what village budget accountability has been used for. This Village Financial System helps managers process documents into reports that provide information to the public and users of financial information. A good Village Financial System is used to control the implementation of village government so that the financial reports can be said to have characteristics. (Hardiansyah, 2016) found that the internal control system controls the application to reduce the risk of recurring errors and ensures that the data entered by financial managers is accurate. Research from (Prasetya et al., 2017) found that supervision positively affects the quality of Village Financial System implementation. The better the supervision, the better the implementation of the Village Financial System system and has implications for the quality of financial reports (Kapriana and Agung, 2020) found that the government's internal control system was able to moderate

the relationship between the regional financial accounting system and the quality of financial reports. Therefore, the internal control system is a factor that can moderate the Village Financial System with the characteristics of village financial reports.

H4: Internal control system able to moderate Village Financial System on the Characteristics of Government Financial Statements.

The capacity of the financial apparatus will make their work complete on time, which will impact the timing of the presentation of financial statements. Apparatus who can process finances do not necessarily have a high organizational commitment to their institutions. If the apparatus does not have the capacity, then the apparatus will not work seriously to present financial reports according to the stipulated rules and time. (Hardiansyah, 2016) Moreover, (Suarmika and Suputra, 2016) found that the internal control system was able to moderate the competence of human resources on the quality of financial reports. SPI can control and supervise the apparatus to use their competence in producing quality financial reports. However, (Redjo, 2020) found that the internal control system could not moderate the relationship between Human Resources competence and the quality of financial reports. Therefore, the internal control system is a factor that can moderate the financial apparatus's capacity with the characteristics of village financial reports.

H5: Internal control system able to moderate the capacity of the financial apparatus to the Characteristics of Government Financial Statements.

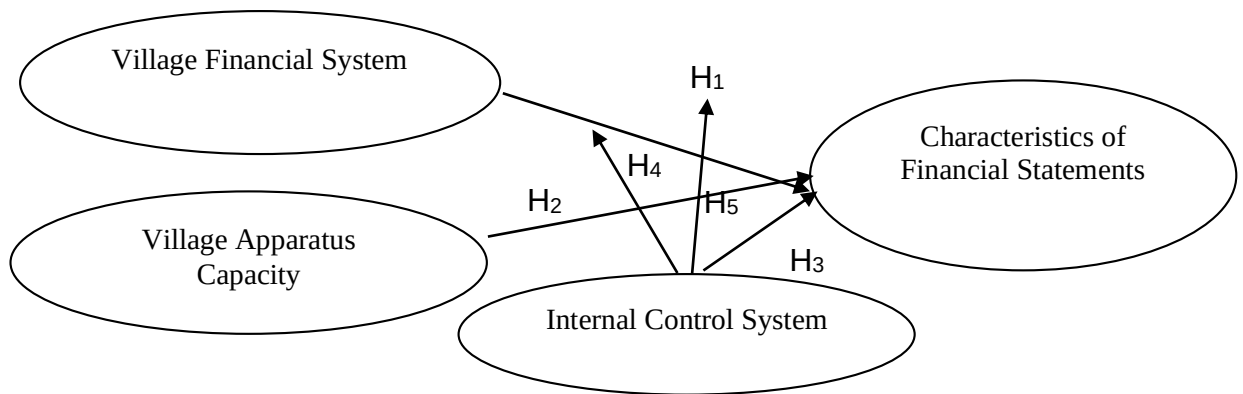


Figure 1. Research Model

METHODS

The research object is the village financial system, the capacity of the village apparatus, the external control system, and the characteristics of village financial reports. The data source used is primary data. The data were collected through a questionnaire distributed to the village apparatus of the Patampanua District, which was then given a score or score. The study population was village officials in Patampanua Subdistrict, Pinrang Regency, who received a budget ceiling above 1 billion rupiahs.

Table 1. Population

Village officials	Leppangan Village	Mattiro Ade. Village
1. Village head	1	1
2. village secretary	1	1
3. Village Treasurer	1	1
4. Head of Government Affairs	1	1
5. Head of Development Affairs	1	1
6. Head of People's Welfare Affairs	1	1
7. Head of Financial Affairs	1	1
8. KAURHead of General Affairs	1	1
9. Village chief	6	4
BPD	9	9
Total	23	21

Source: Data from Patampanua District, 2020

The sampling technique used census sampling, where all the population was sampled with a total of 44 village officials. This study will use a Pooled Least Square (PLS) method to interpret the data according.

RESULTS

In this research the description of variables is reflected in the following table 2 :

Table 2. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Village Financial System	44	2.80	5.00	4.2341	.57098
Capacity of the village apparatus	44	2.38	5.00	4.2775	.61397
Internal Control System	44	2.71	5.00	4.2695	.50333
Characteristics of village financial reports	44	2.63	5.00	4.1248	.60940
Valid N (listwise)	44				

Source: (primary data processed, 2020).

Based on table 2, descriptive statistics results were obtained from 44 respondents: Village Financial System variable has the lowest value 1 and the highest 5 with an average value of 4,2341 while the standard deviation value is 0,57098. The average respondent's answer is $4,2341 > 3$. It indicates that the respondent perceives the high Village Financial System. The standard deviation value of 0,57098 is smaller than the average value, indicating that the responses' results are not too far between respondents. The village apparatus variable's capacity has the lowest value 1 and the highest 5, with an average value of 4,2775, while the standard deviation value is 0,61397. The average respondent's answer is $4,2775 > 3$, which indicates that the respondent has a perception of the village apparatus's high capacity. The standard deviation value of 0,61397 is smaller than the average value, indicating that the responses' results are not too far between respondents. The internal control system variable has the lowest value 1 and the highest 5, with an average value of 4,2775, while the standard deviation value is 0,61397. The average respondent's answer is

4,2775 > 3, which indicates that the respondent has a perception of a high internal control system. The standard deviation value of 0,61397 is smaller than the average value, indicating that the responses' results are not too far between respondents. The characteristics of the village financial reports variable have the lowest value 1 and the highest 5 with an average value of 4,1248 while the standard deviation value is 0,60940. The average respondent's answer is 4,1248 > 3, which indicates that the respondent has a perception of the high Characteristics of village financial reports. The standard deviation value of 0,60940 is smaller than the average value, indicating that the responses' results are not too far between respondents.

Table 3. Loading Factor

Construct	Indicator	Outer Loading	Average Variance Extracted (AVE)
Village Financial System	X1.1	0,848	0,764
	X1.2	0,779	
	X1.3	0,880	
	X1.4	0,923	
	X1.5	0,851	
	X1.6	0,877	
	X1.7	0,910	
	X1.8	0,917	
Capacity of the village apparatus	X2.1	0,856	0,688
	X2.2	0,865	
	X2.3	0,917	
	X2.4	0,875	
	X2.5	0,838	
	X2.6	0,679	
	X2.7	0,750	
Internal Control System	Z1.1	0,927	0,787
	Z1.2	0,843	
	Z1.3	0,916	
	Z1.4	0,903	
	Z1.5	0,923	
	Z1.6	0,871	
	Z1.7	0,896	
	Z1.8	0,812	
Characteristics of village financial reports	Y1.1	0,905	0,769
	Y1.2	0,843	
	Y1.3	0,883	
	Y1.4	0,922	
	Y1.5	0,875	
	Y1.6	0,898	
	Y1.7	0,921	
	Y1.8	0,899	
	Y1.9	0,784	
	Y1.10	0,826	

Source: (primary data processed, 2020).

In this study, each indicator construct are higher than 0.50, it can be concluded that the fully estimate constructs have become a fit measuring tool.

Table 4. *Cronbach's Alpha dan composite reliability*

Variabel	Cronbach's Alpha	Composite Reliability
Village Financial System	0,956	0,963
Capacity of the village apparatus	0,923	0,939
Internal control system	0,961	0,967
Characteristics of village financial repotrs	0,966	0,971

Source: (primary data processed, 2020).

The results of composite reliability and Cronbach alpha show the value of each variable above the value of 0.70, which means that all instrument variables are reliable.

Table 5. R-Square Test

Construct	R-Square
Characteristics of village financial reports	0,989

Source: (primary data processed, 2020).

The R-Square value of variable Characteristics of village financial reports is 0,989, which means that Village Financial System, the capacity of the village apparatus, Village Financial System internal control system, and capacity of the village apparatus internal control system can explain the variance of Characteristics of village financial reports by 98,9% and 1,1% is influenced by other factors that are not investigated in this study.

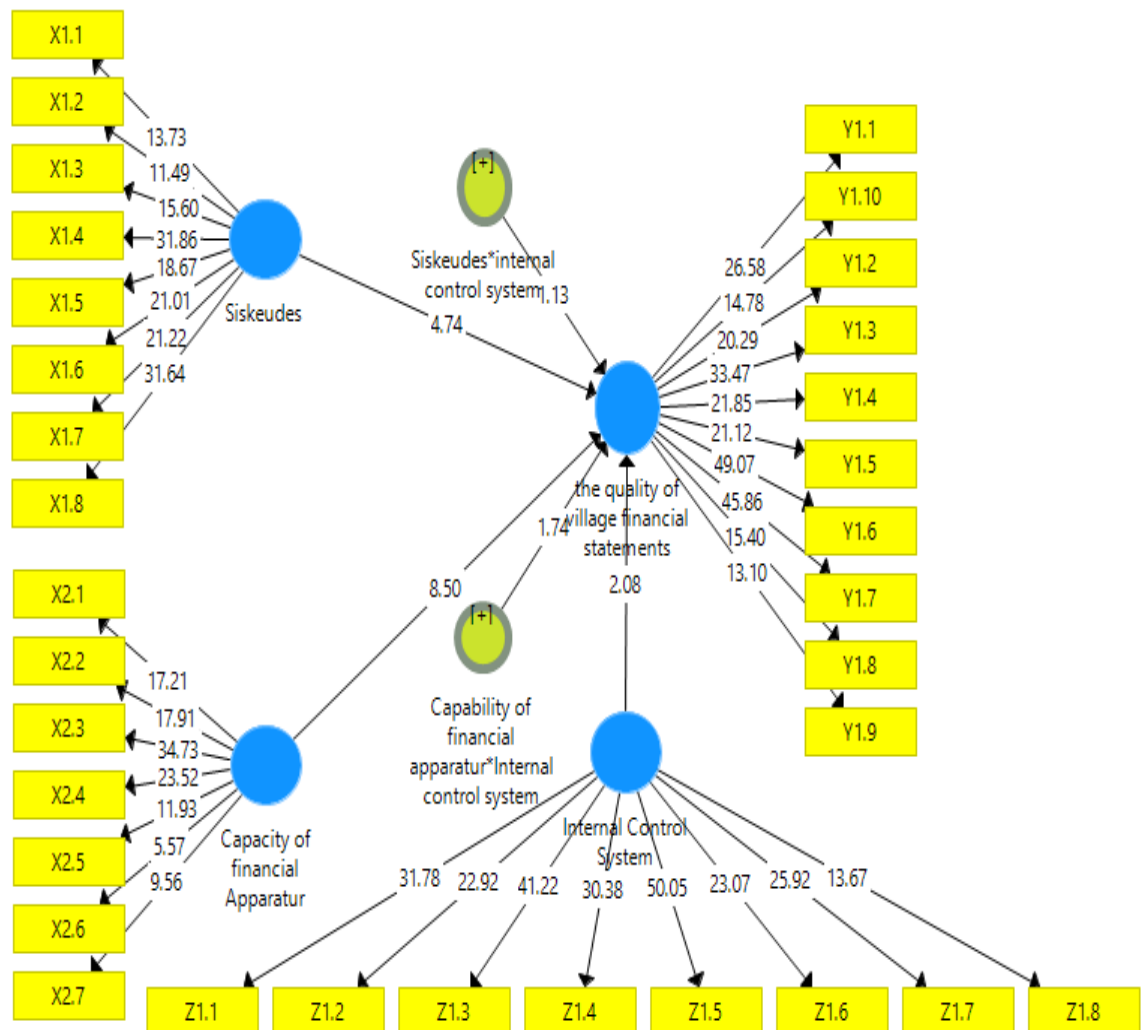


Figure 2. Findings of Structural Model

Source: (primary data processed, 2020).

Table 6. Hypothesis Test Results

Variabel	Original Sample	Standard Error	T Statistics	P Values	Result
Village Financial System → Characteristics of village financial reports	0,362	0,353	4.663	0,000	Accepted
Capacity of the village apparatus → Characteristics of village financial reports	0,561	0,569	8.335	0,000	Accepted
Internal Control System → Characteristics of village financial reports	0,104	0,108	2.034	0,042	Accepted
Village Financial System *Internal Control System → Characteristics of village financial reports	-0,049	-0,030	0,936	0,350	Rejected
Capacity of the village apparatus * Internal control system → Characteristics of village financial reports	0,088	0,063	1,438	0,151	Rejected

Source: (primary data processed, 2020).

Table 6 shows that 1) the relationship between Village Financial System and Characteristics of village financial reports has a significant positive effect because the statistical value is greater than t table ($4,663 > 1,683$) at the significance level of 5%. Therefore, the first hypothesis is Accepted; 2) the relationship between the Capacity of the village apparatus and Characteristics of village financial reports is a significant positive effect because the statistical value is greater than t table ($8,335 > 1,683$) at a statistically of 5%. Thus, the second hypothesis is Accepted; 3) the relationship between the internal control system and Characteristics of village financial reports is a significant positive effect because the statistical value is greater than t table ($2,034 > 1,683$) at the significance level of 5%. Therefore, the third hypothesis is Accepted; 4) the relationship between Village Financial System, Internal control system and Characteristics of village financial reports is not significant because the statistical value is smaller than t table ($0,936 < 1,683$) at the significance not level of 5%. Thus, the fourth hypothesis is Rejected; 5) the relationship between the Capacity of the village apparatus, Internal control system, and Characteristics of village financial reports is not significant because the statistical value is smaller than t table ($0,936 < 1,683$) at the significance not level of 5%. Therefore, the fifth hypothesis is Rejected.

DISCUSSION

The effect of Village Financial System on Characteristics of village financial reports.

The test results in this study show that the variables of the Village Financial System have a significant positive effect on the Characteristics of village financial reports. The positive impact of the existence of the Village Financial System makes the Village Government further improve performance so that it can produce effective and efficient financial reports. This result also means that the Village Financial System affects the performance of the Village Government by its objective of facilitating the work of the Village Government.

The result of this study is supported by the resulting research of (Watulingas et al., 2019) found that Village Financial System affects the quality of financial reports because, with the financial manager Village Financial System application, it becomes easier to report simply by entering data which can generate multiple reports. These results support the statement of (Luthfiani et al., 2020) that the Village Financial System is an information technology that is easily understood by users in processing village finances to obtain quality financial reports. This research is supported by research (Malahika et al., 2018) and (Kurnianto et al., 2019) found that the Village Financial System application made the village government independent in managing its village funds, the development of digital reporting through Village Financial System changed the form of reporting that was previously paperless and is no longer used, so that village officials are no longer bothered, especially the Village Financial System application can be used both for villages with internet access or not.

The effect of Capacity of the village apparatus on Characteristics of village financial reports. The test results in this study show that the variables of Capacity of the village apparatus have a significant positive effect on Characteristics of village financial reports. Village officials who have expertise or experience in finance will easily manage village funds properly, and the financial reports they produce have characteristics according to applicable standards. Village apparatus that can manage finances will perform good administration and will work optimally to avoid misstatements in the financial statements they make. This research is supported by research (Lisda et al., 2018) and (Ratih and Nurhasanah S, 2018) finding the competence of village officials influencing the quality of financial reports means that the expertise or desire of village officials to study in accounting will produce quality financial reports. These results support the statement (Sudarlan et al., 2019) which knowledge and skills as causality in fulfilling quality financial reports. (Anwar and Amin, 2020) also found that the capacity of the financial apparatus describes the work of the apparatus in managing financial reports with the knowledge, expertise, and length of work that determine the success of the characteristics of the financial statements it produces.

The effect of Internal Control System on Characteristics of village financial reports. The test results in this study show that the variables of the internal control system have a significant positive effect on the Characteristics of village financial reports. The internal control system can control all activities of the village government in producing financial reports through reliable financial reports, safeguarding State assets, effective and efficient, and the government complies with regulations. This research is supported by research (Lisda et al., 2018) and (Ramadhani and Soerono, 2019) found that the internal control system affects the quality of government financial reports. (Riyanita and Widiastuti, 2020) research from an excellent internal control system reduces the risk of errors. It protects the organization from fraudulent actions in the financial statements made so that published financial reports can be said to meet the characteristics.

The effect of Village Financial System and internal control on Characteristics of village financial reports. The test results in this study show that internal control as a moderating variable has not succeeded relationship between the Sisikeudes and Characteristics of village financial reports. Village Financial System helps managers process documents into reports that provide information to the public and users of financial information. A good Village Financial System is used to control the implementation of village government so that the financial reports can be said to have characteristics. The internal control system

plays a role in maintaining the accuracy of the data. (Suarmika and Suputra, 2016). However, the fact is that the current internal control system is not optimal in terms of controlling the activities that have been carried out by the village apparatus because there is still a misappropriation of village funds. The results of this study are supported by research results (Kapriana and Agung, 2020) found that the internal control system was unable to moderate the relationship between government accounting standards and the quality of financial reports. The internal control system has not been able to supervise the compliance of financial officials in preparing reports on time and according to standards. (Mokogina et al., 2017) stated that the internal control system, which has not been implemented optimally, will lack the quality of financial reports produced.

The effect of Capacity of the village apparatus and internal control system on Characteristics of village financial reports. The test results in this study show that internal control as a moderating variable has not succeeded relationship between the Capacity of the village apparatus and the Characteristics of village financial reports. The capacity of the financial apparatus will make their work complete on time, which will impact the timing of the presentation of financial statements. However, the fact is that there are still many village officials who cannot process finances because many have an educational background not from accounting and have not attended much training related to finance. The capacity of the apparatus will be maximized if supported by an adequate internal control system (Hardiansyah, 2016) found that the internal control system was unable to moderate the relationship between the Capacity of the village apparatus and Characteristics of village financial reports because the internal control system was not yet able to direct, supervise and measure the capacity of the village apparatus. This result is supported by (Redjo, 2020) who states that financial reports can be of quality without an adequate internal control system if the financial apparatus has the capacity. Conversely, if the village apparatus does not have the capacity, even though the internal control system is effective, it cannot guarantee the quality of the financial reports produced.

CONCLUSION

This study found that direct testing of the Village Financial System, Capacity of the village apparatus, and internal control system had a positive and significant effect on the Characteristics of village financial reports. The internal control system as a moderating variable cannot moderate the relationship between the Village Financial System and the Capacity of the village apparatus and the characteristics of village financial reports. The sample in this study is still relatively small. It is only limited to the village apparatus Leppangan and Mattiro Ade, so this study suggests that further research add to and expand the area, the number of samples, and use new variables other than the variables in this study to better what aspect can affect Characteristics of village financial reports. The results of this study also expect that it can be taken into consideration for related village government to improve Characteristics of village financial reports further.

REFERENCES

- Anwar, A., dan Amin, A. (2020). Dimensi Karakteristik Laporan Keuangan Pemerintah. *e-Jurnal Akuntansi*. <https://doi.org/10.33369/j.akuntansi.10.3.223-230>, 10(3).
- Arfiansyah, M. A. (2020, Januari-Mei). Pengaruh Sistem Keuangan Desa dan Sistem Pengendalian Intern Pemerintah Terhadap Akuntabilitas Pengelolaan Dana Desa. *JIFA. Journal Of Islamic Finance and Accounting*. <http://ejournal.iainsurakarta.ac.id/index.php/jifa>, 3(1).
- Arista, R., Rasuli, M., dan Susilatri. (2018). Pengaruh Kompetensi Sumber Daya Manusia, Penerapan Sistem Akuntansi Dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi Terhadap Kualitas Laporan Keuangan Pemerintah Daerah (Studi Pada Organisasi Perangkat Daerah Provinsi Riau). *Jurnal Online Mahasiswa*. <https://jom.unri.ac.id/index.php/JOMFEKON/article/view/21427>, 1(1).
- Astini, Y., Fauzi, A. K., dan Widowati. (2019, Januari). Determinan Yang Mempengaruhi Keberhasilan Pengelolaan Keuangan Desa. *Valid. Jurnal Ilmiah*. journal.stieamm.ac.id, 16(1).
- Diansyah, A. S. (2019). Pengaruh Kompetensi Teknis Aparatur Sipil Negara, Sistem Informasi, Dan Reviu Laporan Keuangan Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Dengan Variabel Moderasi Sistem Pengendalian Intern Pemerintah. <https://jurnal.untan.ac.id>. *MAKSI Untan*, 4(1).
- Falistina, R. (2011). Faktor-faktor yang Mempengaruhi Keandalan dan Timeliness Pelaporan Keuangan Badan Layanan Umum, Studi pada BLU di Kota Semarang. *Jurnal Fakultas Ekonomi*. *Jurnal Ekonomi Universitas Diponegoro*, 1(1).
- Fauziyah, E. M. (2019). Pengaruh Penerapan Sistem Akuntansi Keuangan Daerah, Kompetensi Aparatur Pemerintah Daerah. *JRA Jurnal Riset Akuntansi*. <http://dx.doi.org/10.48181/jra%20tirtayasa.v4i2.6386>, 4(2).
- Gayatri, G., dan Latrini, M. Y. (2018, July). Efektifitas Penerapan Village Financial System dan Kualitas Laporan Keuangan Dana Desa. *Jurnal Ilmiah Akuntansi dan bisnis*, 13(2).
- Hardiansyah, A. (2016). Pengaruh Kompetensi Sumber Daya Manusia dan Pemanfaatan Teknologi Informasi Terhadap Kualitas Laporan Keuangan dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi pada SKPD Kabupaten Polewali Mandar. *Jurnal Akuntansi Peradaban*. <https://doi.org/10.24252/jiap.v2i1.2999>, 2(1).
- Herawati, L., dan Hayati, R. (2020). Efektifitas Penerapan Aplikasi Sistem Keuangan Desa (Village Financial System) di Desa Tantarangin Kecamatan Muara Harus Kabupaten Tabalong. *JAPB. jurnal.stiatabalong.ac.id*, 3(2).
<https://perak-news.com/2020/06/09>. (n.d.).
<https://www.simpulrakyat.co.id/2020>. (April 2020).
- Ikyarti, T., dan Aprila, N. (2019). Pengaruh Penerapan Standar Akuntansi Pemerintah, Implementasi Sistem Informasi Manajemen Daerah dan Sistem Pengendalian Internal Pemerintah Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Kabupaten Seluma. *Jurnal Akuntansi*. <https://doi.org/10.33369/j.akuntansi.9.2.131-140>, 9(2).
- Inapty, M. F., dan Matiningsih, R. P. (2019, April). Pengaruh Penerapan Standar Akuntansi Pemerintah, Kompetensi Aparatur dan Peran Audit Internal Terhadap Kualitas Informasi Laporan Keuangan Dengan Sistem Pengendalian Intern Sebagai Variabel Moderating (Studi Empiris Pada SKPD di Pemprov NTB). *Akuntabilitas. Jurnal Ilmiah Akuntansi*. <https://doi.org/10.15408/akt.v9i1.3583>, 9(1).

- Junaid, M. S., Muchlis, M., dan Putri, R. A. (2018). Evaluasi Penggunaan Aplikasi SISKEUS dalam Upaya Peningkatan Kualitas Akuntabilitas Keuangan Desa (Studi pada Desa Je'netallasa Kecamatan Pallangga Kabupaten Gowa). *Jurnal Akuntansi Peradaban*, 4(1).
- Kapriana, A. P., dan Agung, I. (2020). Faktor-faktor Yang Mempengaruhi Kualitas Laporan Keuangan Pemerintah Daerah dengan Sistem Pengendalian Internal Pemerintah sebagai Pemoderasi (Studi Empiris Pada OPD di Kabupaten Kuburaya). *Jurnal Audit dan Akuntansi.*, 9(1).
- Kurnianto, S., Kurniawansyah, D., dan Ekasari, W. F. (2019). Menilai Keberhasilan Sistem Keuangan Desa (Village Financial System) : Validasi Model Keberhasilan Sistem Informasi Delone dan McLean. *Jurnal Riset Akuntansi dan Bisnis Airlangga. www.jraba.org*, 4(2).
- Lisda, R., Nurwulan, L. L., dan Septianisa, L. (2018). Pengaruh Implementasi SIMDA Desa, Sistem Pengendalian Internal Pemerintah, Kompetensi SDM Terhadap Kualitas Laporan Keuangan. *Konferensi Nasional Sistem Informasi. jurnal.atmaluhur.ac.id*. Pangkalpinang: STMIK Atma Luhur.
- Luthfiani, B. M., Asmony, T., dan Herwanti, R. (2020, Juli). Analisis faktor-faktor Yang Mempengaruhi Akuntabilitas Pengelolaan Dana Desa di Kabupaten Lombok Tengah. *e-Jurnal Akuntansi*. <https://doi.org/10.24843/EJA.2020.v30.i07.p20>, 30(7).
- Mada, S., Kalangi, L., dan Gamaliel, H. (2017). Pengaruh Kompetensi Aparat Pengelola Dana Desa, Komitmen Organisasi Pemerintah Desa dan Partisipasi Masyarakat Terhadap Akuntabilitas Pengelolaan Dana Desa Di Kabupaten Gorontalo. *Jurnal Riset Akuntansi dan Auditing "Goodwill"*. <https://doi.org/10.35800/jjs.v8i2.17199>, 8(2).
- Malahika, J., Karamoy, H., dan Pusung, R. J. (2018). Penerapan Sistem Keuangan Desa (Village Financial System) pada Organisasi Pemerintah Desa (Studi Kasus di Desa Suwaan Kecamatan Kalawat Kabupaten Minahasa Utara. *Jurnal Akuntansi Going Concern*. <https://ejournal.unsrat.ac.id>, 13(4), 578-583.
- Manimpurung, R., Kalangi, L., dan Gerungai, N. (2018). Pengaruh Kapasitas Sumber Daya Manusia dan Komitmen Organisasi Terhadap Kualitas Laporan Keuangan Pemerintah Daerah Pada badan Pengelola Keuangan dan Aset Daerah (BPKAD) Kota Manado. *Jurnal Riset Akuntansi Going Concern*. <https://doi.org/10.32400/gc.13.02.19142.2018>, 13(2), 241-250.
- Maruhun, M., dan Asmany, T. (2018). Menyibak Tabir Pengelolaan Dana Desa Dari Perspektif Habermas. *Akuransi. Jurnal Studi Akuntansi dan Keuangan*, 1(1).
- Mokogina, N., Lambey, L., dan Pontoh, W. (2017). Pengaruh Sistem Pengendalian Intern dan Sistem Akuntansi Keuangan Daerah Terhadap Kualitas Laporan Keuangan Pemerintah. *Jurnal Riset Akuntansi Going Concern*. <https://ejournal.unsrat.ac.id>, 12(2).
- Peraturan Pemerintah No.71. (2010). Jakarta: Republik Indonesia.
- Permendagri No.113. (n.d.). *Pedoman Pengelolaan Keuangan Desa*. Jakarta: Republik Indonesia.
- PP No. 60 Tahun 2008. Jakarta: Republik Indonesia.
- Prasetya, I. Y., Prayudi, M. A., & Diatmika, P. G. (2017). Pengaruh Kompetensi Sumber Daya, Pemahaman dan Pengawasan Terhadap Kualitas Sistem Keuangan Desa di Kabupaten Buleleng. *e-jurnal S1 Akuntansi*, 8(2).

- Puspitasari, O. R., dan Purnama, D. (2018). Implementasi Sistem Keuangan Desa dan Kualitas Laporan Keuangan Pemerintah Desa di Kabupaten Kuningan. *Jurnal Kajian Akuntansi*. <http://jurnal.unswagati.ac.id/index.php/jka>, 2(2), 145-159.
- Rahmawati, M., dan Fajar, C. M. (2017). Pengaruh Pendapatan Asli Daerah dan Dana Perimbangan Terhadap Belanja Daerah Kota Bandung. *Jurnal Kajian Akuntansi*. <http://dx.doi.org/10.33603/jka.v1i1.445>, 1(1).
- Ramadhani, M., dan Soerono, A. N. (2019). Pengaruh Sumber Daya Manusia, Sistem pengendalian Intern, Teknologi Informasi dan Pemahaman Basis Akrua Terhadap Kualitas Laporan Keuangan Pemerintah Daerah. *Jurnal Riset Akuntansi Terpadu*. <https://jurnal.untirta.ac.id/index.php/JRAT/article/download/5244/3910>, 12(1).
- Ratih, A. E., dan Nurhasanah S. (2018). Pengaruh Kompetensi Aparatur Desa dan Peran Serta BPD Terhadap Kualitas Laporan Keuangan Desa di Teluk Sebang dan Teluk Bintan. *Jurnal Ilmiah Akuntansi dan Finansial Indonesia*. <https://doi.org/10.31629/jiafi.v2i1.1278>, 2(1).
- Redjo, P. R. (2020). Pengendalian Intern Sebagai Pemoderasi Pengaruh Kompetensi Sumber Daya Manusia Terhadap Kualitas Laporan Keuangan Daerah. *Ekopern: Jurnal Ekonomi Pembangunan*. <https://doi.org/10.32938/jep.v5i3.640>, 5(3).
- Rifandi, Z. W. (2019). Pengaruh Implementasi Aplikasi Sistem keuangan Desa, Kompetensi Sumber Daya Manusia dan Transparansi Terhadap Kualitas Laporan Keuangan Pemerintah Desa. *JRA. Jurnal Riset Akuntansi*. <http://dx.doi.org/10.48181/jra%20tirtayasa.v4i1.4505>, 4(1).
- Riyanita, A. G., dan Widiastuti, H. (2020). Analisis Pengaruh Sistem Pengendalian Intern, Pelatihan dan Pemanfaatan Teknologi Informasi Terhadap Kualitas Laporan Keuangan (Studi Empiris Pada perangkat Desa di Kabupaten Sleman). *Jurnal Akuntansi dan Bisnis*, 18(1).
- Rusmiyanti, A. (2014). Sistem Informasi Pengelolaan Keuangan Pada Desa Ngadirejan. *Journal Speed - Sentra Penelitian Engineering & Edukasi*. <http://dx.doi.org/10.3112/speed.v6i2.1321>, 6(2).
- Suarmika, I. L., dan Suputra, I. G. (2016). Kemampuan Komitmen Organisasi dan Sistem Pengendalian Intern Memoderasi Pengaruh Kapasitas SDM dan Penerapan SIKD pada Kualitas LKPD Kabupaten Karangasem. *e-Jurnal Ekonomi dan Bisnis*. <https://ojs.unud.ac.id/index.php/EEB/article/view/20205>, 5(9).
- Sudarlan, S., Hasiara, L., and Muhammadih, A. (2019, April). The Determinant Factors Influence of the Reasonable Judgement Without any Expectation Opinion on The Financial Accounting Report for East Kalimantan Province. *International Journal of Scientific & Technology Research*. <http://www.ijstr.org>, 8(4).
- Trisna, N., & Wahyuni, R. (2019, April). Implementasi Sistem Keuangan Desa (Village Financial System) pada Pemerintah Gampong Bilang Neuang Kecamatan Beutong Kabupaten Nagan Raya. *Jurnal Ius Civile*. jic@utu.ac.id, 3(1).
- Watulingas, P., Kalangi, L., dan Suwetja, I. (2019). Peranan Sistem Keuangan Desa Terhadap Kinerja Pemerintah Desa (Studi Kasus di Desa Kapataran Kecamatan Lembean Timur Kabupaten Minahasa). *Indonesia Accounting Journal*. <http://doi.org/10.32400/iaj.26684>, 1(2).
- Widyatama, A., Novita, L., dan Diarespati, D. (2017). Pengaruh kompetensi dan Sistem Pengendalian Intern terhadap Akuntabilitas Pemerintah Desa dalam Mengelola Alokasi Dana Desa (ADD). *Baki. Berkala Akuntansi dan Keuangan Indonesia*. <http://dx.doi.org/10.20473/baki.v2i2.4762>, 2(2).

Wineh, S., Ferdian, T., dan Novianti, N. (2019). Faktor Yang Mempengaruhi Kualitas Laporan Keuangan Dengan Sistem Pengendalian Intern Sebagai Variabel Moderasi. *Dinamika. Jurnal Manajemen, Akuntansi, Bisnis dan Kewirausahaan.*, 5(1).
www.kemenkopmk.go.id. (2020).