

THE EFFECT OF TRANSPARENCY AND ACCOUNTABILITY ON FINANCIAL MANAGEMENT IN DAUH PURI KLOD VILLAGE, WEST DENPASAR DISTRICT

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Abstract:

Indonesia's regional autonomy policy has brought fundamental changes in governance, particularly in the area of village-level public financial management. However, there is a gap between the normative objectives of the policy and the actual practice of village financial management in the field, particularly in terms of implementing village fund policies. Understanding the impact of accountability and transparency on financial management is the main driver of this research. This research was conducted in Dauh Puri Klod Village, West Denpasar Regency. The study involved 100 residents of Dauh Puri Klod Village. Multiple linear regression was used. The results showed that accountability and transparency improve financial resource management. The researcher can recommend: Dauh Puri Klod Village, West Denpasar Regency, is expected to make announcements, establish clear SOPs for report preparation, optimally utilize village financial applications, conduct regular monitoring and impose sanctions for late submissions, conduct periodic and gradual evaluations of village financial management to ensure proper implementation, consistently prepare budgets, and use village funds according to plan.

Keywords: Transparency, Accountability, Financial Management

INTRODUCTION

In Indonesia, the implementation of regional autonomy policies has fundamentally changed governance, particularly in the management of public finances at the village level. Since the enactment of Law Number 6 of 2014 concerning Villages, the central government has decentralized its finances to support equitable growth, community welfare, and regional independence by utilizing village funds. According to the Indonesian Ministry of Finance, 74,961 villages will receive village assistance totaling IDR 71 trillion by 2024. Good governance principles such as accountability and transparency must be implemented to manage these funds efficiently and without misuse.

The Financial and Development Supervisory Agency (BPKP) stated that there is a gap between what the policy states should happen with village funds and what actually happens. (BPKP, 2024) 22% of villages in Indonesia have not submitted their financial reports. Common problems include late reporting, limited public information, weak internal controls, and misuse of village funds. It indicates that the public has not fully accepted accountability and transparency, two essential components of good governance.

In Bali Province, such as in Dauh Puri Klod Village, West Denpasar Regency, this problem of poor local financial governance is also evident. The former treasurer of Dauh Puri Klod Village was implicated in a corruption case in 2020 (BPK, Bali Province, 2020). A similar case resurfaced in Jegu Village, Penebel Regency, in 2024. It was discovered that a village official who also operated the Village Financial System (Siskeudes) had abused his authority by using financial reports and manipulating the system to transfer village funds to a personal account. This behavior, which lasted



for two fiscal years, cost the state more than IDR 850 million (approximately US\$60,000) as a result of this behavior (DetikBali, 2025).

These incidents highlight the continued vulnerability of the village's financial management system to abuse of power, despite efforts to implement oversight, accountability, and transparency.

Financial problems in villages undermine public trust in local government and harm the state. Village leaders manage public resources as community-appointed heads, according to agency theory. Lack of accountability and transparency can undermine trust between agents and heads and encourage opportunistic behavior (Sofyani et al., 2022). Improving transparency and accountability is crucial for the integrity of village financial management.

Transparency in village financial management means public access to relevant, accurate, and easily accessible financial information (Junaidi & Adnan, 2023). Community members can track their village's financial management from planning to reporting using public data.

However, a study conducted in Bali (Budiasni & Ayuni, 2020) revealed that many village transparency activities remain formalistic and administrative, such as the installation of Village Budget (APBDes) notice boards without clear and easily understood explanations. A similar situation was observed in Dauh Puri Klod Village, where a lack of outreach and limited access to information resulted in less-than-ideal community involvement in village financial oversight.

Accountability, along with transparency, is crucial in ensuring that all village funds are used ethically, legally, and administratively accountable (D. I. Dewi, 2022). Inadequate internal control mechanisms, a lack of ongoing oversight, and the incompetence of village officials are often the causes of low accountability. (I. T. Lubis et al., 2022) Improving the honesty and competence of village administrators has a significant impact on accountability in village budget management. Poor financial management in Dauh Puri Klod Village is thought to be due to a lack of understanding of financial regulations and a weak internal accountability system.

Improving accountability and transparency in village financial management can be achieved through community involvement. Improved village governance and reduced corruption cases are the result of active community participation in the planning and management of public expenditures. (Intan et al., 2024). However, the social control function over the use of village funds has not been optimal in Dauh Puri Klod Village due to low levels of community involvement in village discussions.

Several studies have been conducted in the past examining the impact of accountability and transparency on financial resource management in villages. However, most of these studies focused on populations in Sulawesi and Sumatra, which exhibit characteristics typical of rural areas (Bakhtiar, 2021). There is still a lack of research explicitly examining semi-urban villages, such as Dauh Puri Klod Village, which have more complex social, economic, and political dynamics. Furthermore, few empirical investigations have been conducted following cases of cash embezzlement in these villages.

In this context, it would be beneficial to conduct a quantitative analysis of how accountability and transparency have influenced the financial management of Dauh Puri Klod Village, located in West Denpasar Regency. This study examines how these two variables improve village financial governance, particularly after a budget misappropriation case. Studies on public administration and village government accounting based on good governance principles could theoretically benefit from this research. Practically, the findings of this study should be used as a guide for local, regional, and village governments to improve village financial management systems that are open, accountable, and focused on the public interest.



There is limited empirical data explicitly examining the relationship between transparency and accountability in semi-urban villages, particularly in areas that have experienced financial irregularities, although these two variables have been extensively researched in the context of village financial management. Most previous studies have focused on villages with rural characteristics and have not fully investigated the effectiveness of accountability and transparency as financial management tools after budget anomalies.

This situation indicates a gap in research, both in the empirical context and in the geographic setting. Therefore, a quantitative analysis is needed to verify and statistically assess the influence of accountability and transparency on the financial management of Dauh Puri Klod Village. Only then can we gain an empirical understanding of how these two principles actually work to improve the quality of village financial governance.

Table 1. Budget Realization of Dauh Puri Klod Village, West Denpasar District, 2020-2024

Year	Budget (Rp)	Realization (Rp)	% Realization
2020	7.626.567.850,85	4.153.087.535,28	54,46%
2021	8.965.753.663,75	6.481.408.282,04	72,29%
2022	8.092.307.654,69	7.191.779.305,64	88,87%
2023	11.355.999.971,05	9.074.301.836,96	79,91%
2024	11.989.573.399,30	8.237.974.377,75	68,71%

Source: Dauh Puri Klod Village Government 2025

Table 1 illustrates how budget and realization have changed over the past five years, demonstrating significant improvements in the quality of financial management and planning. Only approximately 54.46% of the Rp 7.62 billion budget was realized in 2020. Several external factors contributed to poor absorption that year, including activity restrictions due to the COVID-19 pandemic, the need to modify policies, and potential delays in activity implementation, all of which impacted budget realization.

With realization increasing to 72.29% of the Rp 8.96 billion budget in 2021, budget absorption performance showed significant improvement. It demonstrates progress in preparation, implementation, and situational flexibility as conditions begin to return to normal. The realization rate continued to increase in 2022, reaching a five-year high of 88.87%. This finding indicates that village governments and institutions have been able to implement planned initiatives more successfully and efficiently.

Despite a significant increase in the overall budget to IDR 11.35 billion, budget realization fell to 79.91% in 2023. Increased budget allocations do not always correlate with the capacity to implement projects as effectively as possible, as this example demonstrates. This situation may indicate technical challenges, more complex administrative procedures, or shifting priorities that prevent some budget allocations from being fully utilized.

Despite a budget increase of IDR 11.98 billion, the realization rate fell again to 68.71% by 2024. Planning, regulatory changes, and delays in activity implementation are some of the underlying issues in the budget management process, further accentuated by this year's decline in utilization. Consequently, increasing budget allocations each year does not always result in greater effectiveness.

Overall, the data shows that financial success varies from year to year. The two years with the lowest utilization were 2020 and 2024, while the maximum realization was achieved in 2022. This pattern highlights the importance of conducting a comprehensive assessment of planning



mechanisms, implementation coordination, and activity governance to maximize the absorption of the allocated budget and increase benefits to the community.

METHODS

West Denpasar. This research was conducted here because the Village Budget (APBDes), or anomalies in the village revenue and expenditure budget, significantly impact financial governance. This quantitative survey involved 11,983 residents of Dauh Puri Klod Village.

Simple random sampling was used to select participants to ensure fairness. Using the Slovin algorithm and a 10% margin of error, 100 participants were deemed sufficient. Village financial management was the dependent variable, while accountability (X2) and transparency (X1) were the independent variables.

Transparency was measured using the availability of financial reports, clarity of fund use, APBDes information disclosure indicators, and timeliness of information delivery. Compliance with regulations, clarity of accountability procedures, completeness of financial reports, and effectiveness of internal oversight were used to assess accountability. Village fiscal management was measured throughout planning, implementation, administration, reporting, and accountability. Quantitative data were obtained from questionnaire responses.

A Likert scale of 1 to 5 was used for the investigation. Descriptive statistics, along with validity and reliability tests, were used to analyze the data. Heteroscedasticity, multicollinearity, and normality were tested, as were other classical assumptions. Multiple linear regression was used in SPSS to test the hypotheses. We ran an F-test to assess model adequacy and a t-test to assess the effect of each independent variable on the dependent variable, in addition to testing R².

RESULTS AND DISCUSSION

One hundred respondents were given questionnaires as part of the study. 100% of the questionnaires were returned and processed. It indicates that the data collected was comprehensive and representative. Men constituted the majority of respondents (67%), and 39% were aged between 36 and 45. The majority of respondents (42%) had a bachelor's degree, according to educational level. It indicates that respondents have a sufficient understanding of village financial management.

Validity and Reliability Test Results. (Ghozali, 2021) To compare statement item scores with variable scores, this section explains how to conduct a validity test using the Pearson product-moment correlation. To determine item validity, the calculated *r* value must exceed the table *r* value at a significance level, for example, $\alpha = 0.05$. The question correctly evaluates the construct.

Furthermore, validity is conceptual and statistical, according to Sarwono (2021). It implies that researchers must ensure the resulting measurement indicators align with the theory they use. Instruments with representational power that can be used for accurate hypothesis testing are the result of good validity testing. This study found that each calculated correlation coefficient, or *r*, of the variables studied in financial management, accountability, and transparency was greater than 0.196. It means that each indicator in this study was validated.

According to Sugiyono (2022), measurement accuracy depends on reliability. A reliable questionnaire has consistent answers. If an instrument consistently produces the same results, it is reliable for data collection.

(Ghozali, 2021) The Cronbach's Alpha (α) coefficient is typically used to assess reliability. Strong reliability is indicated by a Cronbach's Alpha value above 0.70. This high value indicates that the components of the construct are highly connected and measure the same thing. The study found



Cronbach's Alpha scores above 0.70 for all instruments, indicating they are reliable and suitable for scientific research.

Classical Assumption Test; Normality Test.

Table 2. Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters ^{a,b}	Mean	0,0000000
	Std. Deviation	2,60080223
Most Extreme Differences	Absolute	0,059
	Positive	0,033
	Negative	-0,059
Test Statistic		0.059
Asymp. Sig (2-tailed)		0,200 ^{c,d}

a. Test distribution is Normal.
b. Calculated from data
c. Lilliefors Significance correction
d. This is a lower bound of the significance

Source: Processed data, 2025

The Asymp. Sig. The value for the One-Sample Kolmogorov-Smirnov test for normality is 0.200, higher than 0.05. It is a statistically significant test. Because the residual data are regularly distributed, the regression model meets the normality criteria.

Multicollinearity Test.

Table 3. Multicollinearity Test

Model	Collinear Statistics	
	Tolerance	VIF
1 (Constant)		
Transparency	0,628	1,593
Accountability	0,628	1,593

Source: Processed data, 2025

Accountability and transparency have a VIF value of 1.593 and a tolerance value of 0.628. To avoid multicollinearity, these values must have a range greater than 0.10 and a VIF less than 10.

Heteroscedasticity Test.

Table 4. Heteroscedasticity Test (Glejser Test)

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,602	0,810		4,447	0,000
	Transparency	-0,088	0,055	-0,202	-1,615	0,109
	Accountability	-0,015	0,062	-0,030	-0,241	0,810

a. Dependent Variable: Absolute_Residual

Source: Processed data, 2025



The Glejser test shows that the accountability and transparency variables have significance values above 0.05. The values are 0.810 and 0.109, respectively. Heteroscedasticity in the model is absent, ensuring accurate regression results.

Multiple Linear Regression Analysis.

Table 5. Summary of Multiple Linear Regression Analysis Results

Model	Coefficients ^a			t	Sig.
	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta		
1 (Constant)	4,971	1,354		3,672	0,000
Transparency	0,376	0,091	0,355	4,110	0,000
Accountability	0,565	0,104	0,467	5,410	0,000

Source: Processed data, 2025

The results of the multiple linear regression analysis show the equation:

$$Y = 4.971 + 0.376X_1 + 0.565X_2 + e$$

Interpretation:

- If accountability and transparency are set at zero, the constant 4.971 represents the baseline value of financial management.
- A transparency coefficient of 0.376 indicates that financial management will improve by 0.376 for each additional unit of transparency.
- An accountability coefficient of 0.565 indicates that financial management will improve by 0.565 for each unit increase in accountability.
- When the significance value is less than 0.05, both factors have a positive and significant influence on how the village manages its funds.

Coefficient of Determination.

Table 6. Results of Determination Analysis

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.739 ^a	.546	.537	2.627

Source: Processed data, 2025

Transparency and accountability accounted for 53.7% of the variance in village financial management, with other factors outside the study contributing the remaining 46.3%, according to an Adjusted R2 value of 0.537.

Model Goodness-of-Fitness Test (F-Test).

Table 7. F-Test Results

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	806,057	2	403,028	58,379	.000 ^b
	Residual	669,653	97	6,904		
	Total	1475,710	99			



Source: Processed data, 2025

This regression model is suitable for use because the calculated F-value is $58.379 > F\text{-table } 3.09$ and the Sig. $0.000 < 0.05$. Village financial management is significantly influenced by accountability and transparency simultaneously.

t-Test (Significance of Individual Variables). The following are the hypothesis test findings based on Table 5:

1. The critical value for the transparency variable is $0.000 < 0.05$, the t-value is $4.110 > 1.660$, and the p-value is 0.376 . Transparency has a positive influence on financial management, which is statistically supported. We can accept H1 as true because transparency does not change the way money is managed.
2. The accountability variable has a positive regression coefficient of 0.565 , a calculated t-value of $5.410 > 1.660$, and a significance value of $0.000 < 0.05$. Accountability improves financial management. H2, that accountability significantly improves financial management, is accepted.

The Impact of Transparency on Financial Management. In Dauh Puri Klod Village, West Denpasar Regency, transparency has a strong and positive impact. Note the t-value of 4.110 , higher than the t-table value of 1.660 , a positive regression coefficient of 0.376 , and a significance level of 0.000 ± 0.05 . Financial management in Dauh Puri Klod Village, West Denpasar Regency, has improved with transparency.

Unfortunately, financial management in Dauh Puri Klod Village, West Denpasar Regency, has worsened due to a lack of transparency. Agency theory states that the government-citizen relationship is threatened by knowledge asymmetry. By disclosing village budget information (APBDes), publishing realizations, and providing access to records, transparency reduces information asymmetry, encourages social oversight, and improves budgeting, implementation, and reporting.

According to Good Governance Theory and Legitimacy Theory, transparency also makes village administration appear more legitimate in the eyes of local communities. Perceptions of fairness and compliance increase when procedures and results are readily accessible, ultimately improving management practices (more participatory planning, focused fund use, and clear audit trails). Transparency in public sector financial management is necessary for efficiency, effectiveness, and accountability, according to the findings of a recent systematic review (Sam et al., 2024).

Statements with the highest mean scores for the transparency variable indicate that the community is aware of the activities supported by village funds, which encourages community involvement and monitoring of fund use. Communities can evaluate whether programs, activities, and budgets are implemented according to established plans if they are aware of them. Village administration will manage village funds more carefully and responsibly if the community exercises social control (Heykal et al., 2024).

The findings of this study corroborate previous research by Dukalaa et al. (2025) and Suciana et al. (2025), which showed that financial management in village finances has a positive impact on transparency. A previous study by Lubis et al. (2025) (2022) and Saputra & Wulandari (2023), which shows that transparency has a negative effect on financial management in village fund management, contradicts these findings.

The Effect of Accountability on Financial Management. This study found that accountability improves financial management in Dauh Puri Klod Village, West Denpasar Regency. The regression coefficient was 0.565 , the t-test value was 5.410 , the t-table value was 1.660 , and the significance level was 0.000 , several times lower than 0.05 . Budget management and accountability are interconnected



in Dauh Puri Klod Village, West Denpasar Regency. The term "accountability" refers to the existence of formal and substantive accountability mechanisms between village officials and stakeholders, such as procedural governance that ensures the traceability of every transaction, the existence of sanction mechanisms for misuse, and the village's capacity to inform the community about budget use.

Theoretically, stewardship theory (leadership theory) and agency theory (principal-agent) are relevant. According to agency theory, village leaders are agents who must be monitored to ensure they operate in the best interests of the community. While stewardship theory emphasizes that an organizational environment that establishes accountability can encourage officials to operate in accordance with public objectives, accountability reduces the costs of oversight by leaders through reporting and penalty processes. Both perspectives demonstrate that social accountability (accountability to the community) and institutional accountability (reporting, auditing, and penalties) are equally important for sound financial management (Junaidi, 2023).

Village financial reports are prepared thoroughly and methodically, in accordance with statements with the highest average scores for the accountability variable. Consequently, methodically written reports facilitate the community, supervisors, and village administration in monitoring and assessing the use of village funds. Consequently, village fund administration becomes more accountable, transparent, and administratively organized, reducing errors and financial mismanagement.

Previous research by (P. S. Lubis, 2022) and (Bakhtiar, 2021) The conclusion stating that accountability significantly influences financial management for the better, strengthening this study. Previous research by Shubhan & Aisyah (2020) and Kurniawan & Fatmawati (2020), which shows that accountability has a detrimental effect on financial management in village fund management, contradicts this conclusion.

CONCLUSION

Financial management in Dauh Puri Klod Village, West Denpasar District, has improved thanks to transparency, according to data analysis and discussions. It suggests that transparency improves village financial management. Strong evidence suggests that accountability improves financial management. Accountability makes villages more organized and accountable in financial management.

Several limitations hamper this study. Only Dauh Puri Klod Village in West Denpasar District could benefit from these findings. Changing the variables or subjects could improve the results of this study. While environmental variables are dynamic and susceptible to change, this study was also conducted over a specific time period (cross-sectional). To obtain more comprehensive results, further research is needed in the future.

Several recommendations can be made to improve village financial management. The statement regarding the timely publication of budget realization reports received the lowest average score in terms of transparency. Therefore, the village government is obliged to create standard operating procedures (SOPs) for systematic reporting, establish a clear announcement schedule, maximize the use of village financial applications, conduct regular monitoring, and impose sanctions for delays. Statements regarding village financial management assessment also had the lowest average score in terms of accountability.

To ensure better financial management and regulatory compliance, village administration should conduct frequent and periodic assessments. Statements regarding the alignment of budget



implementation with plans, on the other hand, scored the lowest in financial management. Consequently, it is hoped that village administrators can create more accurate budget plans and implement the use of village funds in accordance with established plans.

It is recommended that future studies include additional factors that may impact financial management, such as oversight, community involvement, the implementation of the village financial system, and the skills of village authorities. It is hoped that these additional variables will offer a more comprehensive and comprehensive view of the elements influencing village financial management. It is also recommended that future researchers expand the research sample to include other nearby villages, such as Dauh Puri Kaja Village, so that the results are more generalizable and reflective of the population.

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