



Proceeding - ICAMEB

International Conference on Accounting, Management, Entrepreneurship and Business (ICAMEB)

# The Effect of Internal Control, Human Resource Competence, and Audit Activities on the Effectiveness of the Use of Village Funds

1<sup>st</sup> Intan Nur Maruwah

Accounting Study Program, Faculty  
of Economy and Business, Swadaya Gunung Jati University,  
Cirebon, Indonesia, intannurmaruwah03@gmail.com

2<sup>nd</sup> Adinda Felisa Putri

Accounting Study Program, Faculty  
of Economy and Business, Swadaya Gunung Jati University,  
Cirebon, Indonesia, adindafelisa7@gmail.com

3<sup>rd</sup> Ida Rosnidah

Accounting Study Program, Faculty  
of Economy and Business, Swadaya Gunung Jati University,  
Cirebon, Indonesia, idarosnidah@ugj.ac.id

4<sup>th</sup> Salta

Accounting Study Program, Faculty  
of Economy and Business, Swadaya Gunung Jati University,  
Cirebon, Indonesia, salta@ugj.ac.id

## Abstract –

**Background.** The performance of village officials in managing the village budget has a significant impact on the effective utilization of village funds. Indonesian: According to Law No. 16 of 2019 from the Ministry of Villages, Development of Disadvantaged Regions, and c Transmigration of the Republic of Indonesia, programs or activities related to the empowerment and development of village communities are prioritized when using all village funds.

**Aims.** The purpose of this study is to investigate the impact of internal control, human resource competence, and audit practices on the effectiveness of village funds utilization in Village X, District X, Majalengka Regency. The efficiency of village funds is a dependent variable that is analyzed, while internal control, human resource competence, and audit activities are independent factors that are examined.

**Methods.** This study uses a quantitative methodology. Approximately 100 households were given questionnaires to complete, allowing for the collection of data. The impact of independent and dependent factors on the efficiency of village budget utilization was then determined using multiple regression analysis to test the data.

**Result.** The findings show that the efficiency of village budget utilization is significantly influenced by internal control, human resource competence, and audit activities. To expand our understanding of the relationships between the variables that have been studied.

**Conclusion.** The results of this research will help village officials in improving the quality of their performance, for local governments are expected to be able to support by providing resources that have special competencies in their respective fields.

**Implementation.** This research adds to the global understanding of best practices in public financial management at the local level, particularly in developing countries with similar village fund schemes.

**Keywords:** internal Control, Human Resource Competence, Audit Activities, Effectiveness of the Use of Village Funds

## INTRODUCTION

The village has the authority to oversee its finances in order to maintain and enhance the welfare of the community. Village funds are funds allocated to the district/city regional revenue and expenditure budget, sourced from the State Revenue and Expenditure Budget, to support village development, governance, and village community empowerment, as stipulated in Law Number 6 of 2014 (W. Lestari et al., 2019). Villages have the authority to manage the interests of the local community and contribute to the realization of these goals, as stipulated in Law Number 6 of 2014 of the Republic of Indonesia (Audela & Kristianti, 2022). Financial assistance and allocation of Village Funds are sourced from grants from external sources, as well as the Regional Revenue and Expenditure Budget (APBD), which is allocated by provinces, Regencies, or Cities (Ministry of Finance, 2017). The performance of village officials in managing the village budget has a significant impact on how effectively village funds are utilized. Indonesian: According to Law No. 16 of 2019 from the Ministry of Villages, Development of Disadvantaged Regions, and Transmigration of the Republic of Indonesia, programs or activities related to the empowerment and development of village communities are prioritized when using all village funds. Lestari, W. et al. (2019) Given the problems faced by the village, including the scarcity of high-quality and high-quantity human resources, the village exclusively assigns local employees to handle financial issues. The values of accountability and openness guide the management of village money. The Regulation of the Minister of Home Affairs of the Republic of Indonesia, PMK Number 201/PMK.07/2022, serves as the basis for administering village funds. This policy aims to prevent theft by ensuring the open and transparent administration of village funds. Lestari, W. et al. (2019) In the fields of environmental control, risk assessment, control activities, information and communication, and monitoring activities, village fund management also faces a number of challenges, including overlap. Lestari, W. et al. (2019)

Effective internal control is essential. To protect assets from waste, condition, and inefficiencies and improve accuracy, which can affect the reliability of financial reporting, a company must implement internal control security. One of the mechanisms that affects systems designed to help achieve corporate goals is internal controls. In 2023, Nurmalia Sari and Darmastuti (2023) stated that to achieve the objectives of the Ministry of Villages, internal control is implemented to regulate and motivate technical executives and work unit leaders to effectively and efficiently carry out their roles, responsibilities, and authorities. To establish good governance in companies in Indonesia, internal control encompasses audits, reviews, evaluations, controls, and other oversight mechanisms to ensure the effective and efficient administration of corporate tasks and functions, thereby providing adequate assurance and establishing effective indicators. (Putra et al., 2024)

The Village Consultative Body (BPD) is an organization that exemplifies democracy in the way village government is run. One way of looking at BPD is as a village council. The BPD's task is to monitor the performance of the village head and approve proposed village regulations. This function is responsible for considering and directing the community's aspirations and conducting internal audits of the use of village resources. Although they do not specifically carry out formal audit activities for BPDs, they act as internal auditors whose role is to ensure transparency and accountability in the management of village resources. However, BPD supervision is not always carried out optimally. Several factors can undermine the effectiveness of this audit function, including a lack of direct oversight, low accountability among BPD members, and limited community involvement.

The use of village funds also has several problems in the control environment, risk assessment, control activities, information and communication, as well as monitoring activities, for example, the lack of regulations and technical guidelines for the use of village funds, low competence of village government, lack of reference in the preparation of the APBDes (village financial planning). Additionally, the preparation of village accountability reports is not subject to standards and is prone to manipulation, including embezzlement, budget abuse, and abuse of authority.

In several cases, such as Village X, Regency X, Majalengka Regency, West Java Province, the village government has not been functioning effectively. The increasing proportion of low-income households in Village X is an indication of this. This is because the poor do not fully benefit from the management of village fund allocation, and the distribution of village funds remains consistent across all villages in Majalengka Regency. However, the Village administration, paying village officials, takes a larger portion of Village X's money allocation than it does for funding the development of village infrastructure. Additionally, the Village Consultative Body (BPD) of Village X claims that it has no say in how village funds are allocated or planned.

The phenomenon mentioned above shows problems with the efficiency of the village government. The increase in the number of low-income households is one indicator of many. Data indicate that the increase in the family population in Village X continues to grow. This suggests that the increase has not fully benefited from the management of village money allocation. The

allocation of the village budget, which is managed evenly across all villages in Majalengka Regency, is a problem, resulting in uneven distribution. This makes the distribution of village funds inefficient in overcoming poverty in Village X because it ignores the various needs and conditions of each community. Paying village employees spends a larger portion of the village's cash allocation than building infrastructure, due to improper budget priorities. The economy and general welfare of Village X's residents can be improved through adequate infrastructure development. Village financial management is not under the authority of the Village Consultative Body (BPD). According to the local BPD, they have no say in how village money is allocated or planned. Nevertheless, BPD plays a crucial role in monitoring and ensuring the honest and accountable management of village funds.

The ability to analyze budget needs to support village initiatives indicates more efficient management of village fund allocation. Efficient improvement and management of village finances are crucial for streamlining village funds and ensuring the equitable distribution of development, thereby allowing existing funds to have a positive impact on community welfare. The allocation of village funds should support village welfare, which is the most important indicator, namely the effectiveness of village financial management, as per the findings of research (Rivan et al., t.t.) and Arip Saepul Milah et al. (2024). This will ensure that the financing carried out is more appropriate and as needed.

This study aims to analyze the influence of internal control, human resource competence, and audit activities on the effectiveness of village fund utilization. Theoretically, this study contributes in the context of agency theory by identifying factors that can minimize agency problems in the management of village funds. Strong internal controls, adequate human resource competencies, and effective audits are believed to be able to prevent misuse of funds, increase accountability, and encourage more transparent and professional governance. Practically, the results of this study are expected to serve as a reference for the development of a more optimal internal control system at the village level and provide a better understanding for village governments regarding the factors that affect the effectiveness of using village funds.

Jensen & Meckling's (1976) Agency Theory defines agency relationships as follows: A contract in which one or more people (principals) hire another person (agent) to perform services on their behalf, thus giving the agent a certain amount of decision-making authority, known as an agency relationship. Jensen and Meckling first proposed the agency theory in 1976. According to Jensen, agency relationships arise when one or more individuals (principals) hire another person (agent) to perform duties and then assign decision-making authority to them. The management that oversees the business is the agent, while the shareholder or investor is the principal. The division of control by management and ownership by investors is a fundamental feature of agency relationships. There will be an agency conflict between the owner and management if the ownership and management roles are divided. Because management may not continuously operate in the best interests of the owner, resulting in agency costs, a conflict of interest arises between the owner and the agent.

The relationship between the business owner, as a principal, and management, as an agent, is explained by agency theory. The principal is the party who directs the other party, i.e., the agent, to perform all the duties on behalf of the principal. Scott (2015) defines agency theory as an evolution of a theory that examines the design of contracts in which agents (management) operate on behalf of principals (investors). According to agency theory, a contractual agreement exists between the principal and the agent, in which the investor or business owner appoints the agent as the manager who runs the business on behalf of the owner.

Effectiveness is the ability to choose and achieve the right goals. Effectiveness, thus, is the relationship between the performance or results achieved and the expected goals or outcomes as stated in the plan. Every company is considered adequate if the services it offers accomplish the desired results. Villages are areas that have the independent right to grow and develop, thereby improving community welfare, as claimed by Zulaifah (2020). The central government, which supports village governments, must continually monitor and encourage the development of village communities through the autonomy of village governments and the active participation of community members in village development. This is in addition to the progress of regional autonomy.

Village financial management, according to Liani and Takari (2024), is a set of procedures that include planning, implementation, supervision, and community accountability for the money received by the village. The primary goal is to foster growth and enhance the well-being of the village community. A comprehensive legal basis for village financial management is regulated in Law Number 6 of 2014 concerning Village Government. For village development goals to be achieved effectively, careful planning is essential. To maintain uniformity and harmony at various levels of government, village governments integrate planning at the district and city levels. For village development to run smoothly and effectively, this planning process aims to integrate various stages, from planning and budgeting to implementation and monitoring. The Village Consultative Body (BPD) and the village community must also actively participate in planning to ensure the proper use of village finances and provide the greatest benefits for everyone.

According to (Dethan & Minarni, 2019), several crucial factors need to be considered when evaluating the effectiveness of the use of village funds: a). Achievement of goals: Village funds are considered adequate if they are used to meet priority needs, so as to achieve those goals; b). Timeliness: allocation and utilization of funds under the schedule of the implementation of activities until the end of the activity; c). Uniformity of benefits: village communities as recipients of the program feel the benefits of village funds; d). The results achieved align with the community's expectations.

According to COSO, internal control is a procedure implemented by the board of directors, management, and other staff members within a company, intended to provide a reasonable level of confidence in the achievement of the company's objectives in terms of operations, reporting, and compliance (COSO, 2013). The COSO 2013 framework identifies five interrelated elements of internal control: information and communication, monitoring, risk assessment, control measures, and control environment (COSO, 2013). The following are the elements and concepts of the guide:

**Control Environment Components.** The control environment, according to COSO, is a collection of procedures, structures, and standards that serve as the foundation of internal control in a company. The five guiding principles of environmental control are as follows (COSO, 2013):

- a. Moral principles and corporate integrity
- b. A measuring tool or parameter for the implementation of tasks and obligations in business management.
- c. Duties, authorities, responsibilities, and structure of the company.
- d. Procedures or actions to find, train, and retain qualified employees.
- e. Firmness in awarding, incentives, and performance evaluations

**Risk Assessment Component.** The cornerstone for deciding how risks will be addressed is risk assessment (COSO, 2013). According to COSO, risk is the possibility of something happening that can impact the achievement of a company's goals. According to COSO (2013), identifying and evaluating risks is a dynamic and participatory process. The four guiding principles of risk assessment in the COSO framework (COSO, 2013) are as follows:

- a. Clearly defined and appropriately acceptable corporate goals.
- b. Determine how risks will be addressed by identifying and evaluating them.
- c. Identify and evaluate potential hazards.
- d. Finding and evaluating modifications or upgrades that have a significant impact on the internal controls of the business.

**Control Activities Component.** The term "control activities" refers to the control policies and processes established by management to ensure the business follows management guidelines and takes precautions against risks (COSO, 2013). According to COSO, control activities are carried out in the technical environment, at various phases of business processes, and at every level of the company. According to COSO, control operations consist of many components, including:

- a. Companies select, assess, and create control measures that can assist risk management initiatives.
- b. The company selects, decides, and creates information technology control activities that will be used to achieve business objectives.
- c. The Company uses established policies and action processes to govern operations

**Information and Communication Component.** The information generated or obtained by management, whether from internal and external sources, is intended to support the internal control component, according to COSO (COSO, 2013). According to COSO, crucial information is shared, both internally and externally, throughout the company's environment through communication based on internal and external sources. Management can also convey to all employees that control actions need to be taken seriously by communicating information internally within the company (Schandl & Foster, 2019). The three corporate concepts that underlie the information and communication components are as follows, according to COSO (COSO, 2013):

- a. Companies select, assess, and create control measures that can assist risk management initiatives.
- b. The company selects, decides, and creates information technology control activities that will be used to achieve business objectives.
- c. The Company uses established policies and action processes to govern operations.

**Monitoring Component.** Two continuous evaluation activities and separate evaluations are the monitoring components in the management assessment process for internal control gaps (COSO, 2013). At every level of the company, continuous assessments are developed and implemented in business operations (COSO, 2013). To ensure that the company's operations run smoothly, separate reviews are conducted periodically to assess the effectiveness of the internal control structure's design and operation (COSO, 2013). According to COSO (COSO, 2013), there are two guiding concepts for monitoring activities:

- a. Businesses need to conduct independent assessments on a regular basis to ensure their internal controls are operating as planned.
- b. The business initiates and informs each department whether internal controls are operating as planned.

Competence is related to the ability and talent of employees in carrying out their work, as noted by Rosenidah et al. (2022). Based on the established job criteria, competence is related to the application of knowledge and abilities supported by work attitudes in the implementation of tasks and work in the workplace.

Dwi Pramudita et al. (2024) emphasized that human resources, which include all employees, their abilities, expertise, and individual contributions in achieving company goals, are important components of every business. One of the company's key resources is its human capital, which encompasses all the individuals who carry out the tasks. Human resources (HR) and non-human resources (NHR) are two categories that encompass all resources within a company. ( Hertati et al., 2021)

According to him, there are three indicators that form the competence of human resources, which include: ( Stuart et al., 2008)

- a. Knowledge is closely related to work, including awareness and understanding of information in their discipline about duties and obligations in the workplace.
- b. The ability to perform tasks effectively is an individual talent.
- c. Having a creative mindset, a strong work ethic, and the ability to be corporate and
- d. plan are examples of work attitudes or behaviors.

Sigit Ibrahim1mutia et al. (t.t.) stated that in terms of supervision, there are two main ideas: state financial management and regional/local/village finance. In particular, the central and regional levels of the Government Internal Supervision Apparatus (APIP) are responsible for internal supervision. The relevant authorities in this case are the Financial and Development Supervisory Agency (BPKP), Ministries, Provinces, and Regency/City Inspectorates. External supervision, on the other hand, comes from the Audit Board (BPK), which reports its findings to the DPR/DPRD. According to Government Regulation No. 60 of 2008, which is also known as the Government Internal Control System (PP SPIP), article 1 number 3, internal supervision is an effort to supervise the implementation of government duties and other tasks by the central and regional governments through audits, reviews, evaluations/monitoring, and other supervisory activities. This is done in the context of implementing good and clean governance. Based on Ministerial Regulation No. 19 of 2009, the Regional Apparatus Authority (APIP) consists of the Financial and Development Supervisory Agency (BPKP) and the Inspectorate. The Regent, in his capacity as a regional leader, held the district inspectorate accountable for the implementation of his duties and authority. Therefore, the inspectorate is responsible for supervising various agencies and villages that are under the scope of the district government, as well as the Regional Apparatus Company (OPD).

Neither the regional regulations nor their implementing regulations regulate the supervision of regional funds. The Government Internal Control System (PP SPIP) is regulated in Government Regulation No. 60 of 2008, which provides special guidelines for the implementation of monitoring village fund management. The central government disburses funds to each APIP annually, and this PP requires each APIP to oversee the management of these funds. Additionally, PP SPIP requires local governments, including governors, regents, and mayors, to play an active role in supporting and overseeing the management of village funds. ( Sigit Ibrahim1mutia et al., n.d.)

According to the report, there are four general indicators of audit activities, which include: ( São Paulo & Asti, 2020)

- a. Availability of village fund technical guidelines: review that technical guidelines exist and are accessible to the relevant parties
- b. Timeliness of distribution: measures the timing of the distribution of funds from RKUN to RKUD and beyond, with certain delay criteria.
- c. Data amount suitability: deny that the amount of funds received is as planned
- d. Administrative accountability: measures how well the administration of village funds is managed according to the set criteria.

### **The Effect of the Internal Control System on the Effectiveness of the Use of Village Funds**

According to Karena, the internal control system can affect accountability and decision-making in village government. The internal control mechanism implemented among village government officials positively influences accountability in the management of village budget allocation. (Ramadan & Indra Arza , 2021)

Internal controls, according to COSO, are procedures that involve the company's board of commissioners, management, and other members and are intended to provide a reasonable level of certainty that the company's goals will be achieved in terms of operations, reporting, and compliance. Effective internal audits can improve the performance of village governments and have a

positive impact on preventing fraud. The financial administration of the village can become more transparent and safer from theft with the help of efficient internal audits.

Under the principle of agency theory, village government supervision is necessary to ensure that its management is conducted according to applicable rules and guidelines. Information reduces inequality as communities receive more egalitarian information due to greater responsibility from village authorities. When information inequality is reduced, the potential for fraud will also decrease. The effectiveness of village funds encompasses all actions taken by individuals or companies aimed at achieving the desired goals, as measured by predetermined results.

The relationship between agency theory and internal control over the effectiveness of the use of village funds is in line with the results of the research (Andi Nurhaeda & Baiq the internal control system on the effectiveness of the use of village funds has a positive effect.

Based on the explanation above, the researcher formulated the first hypothesis as follows

H1: Internal Control System Affects the Effectiveness of Village Fund Use

### **The Influence of Human Resource Competence on the Effectiveness of the Use of Village Funds**

According to the village government's expertise in financial management, it is expected to support the achievement of its company's goals. Work experience in related sectors demonstrates individual competence and enhances the ability of village officials to manage village finances efficiently, which maximizes benefits for village communities. Human resource competence is crucial and closely related to the preparation of financial statements, which in turn impacts the quality of government financial statements. The proficiency of the village government is another criterion for effective village financial management, according to research (Pahlawan et al., 2020). A capable village government will find it easier to carry out its duties if it can manage regional finances. Thus, the efficiency of utilizing village income is greatly influenced by the competence of human resources. (Agnes Derang Duli et al., 2024) (Adam et al., n.d.)

Human resource competencies are essential for planning, implementing, and managing related entities. Competence is the basis for a person to perform best in completing their work. Without competence, human resources cannot carry out their duties successfully, economically, and efficiently. Work results will not be achieved on time in this situation, and resources can be wasted. The village government must ensure that management is carried out by all applicable laws and regulations, as per agency theory. The community receives more balanced information as the village government's responsibility increases, which suggests that information disparities can be reduced. This condition is less likely to occur when the information disparity is smaller. All actions taken by individuals or companies with the aim of achieving predetermined outcomes are included in the effectiveness of village funding.

The relationship between agency theory and human resource competence in the effectiveness of village fund use aligns with the research results, which indicate that human Solatiyah, 2024) (Rahmah Sari et al., n.d.), which (S. A. Lestari et al., 2023) states that resource competence has a positive effect on the effectiveness of village fund use. (Restiti Nintyari et al., 2019) (Andi Nurhaeda & Baiq Solatiyah, 2024) (Anas, 2022)

Based on the explanation above, the researcher formulated the second hypothesis as follows:

H2: Human resource competence affects the effectiveness of the use of village funds

### **The Effect of Audit Activities on the Effectiveness of the Use of Village Funds**

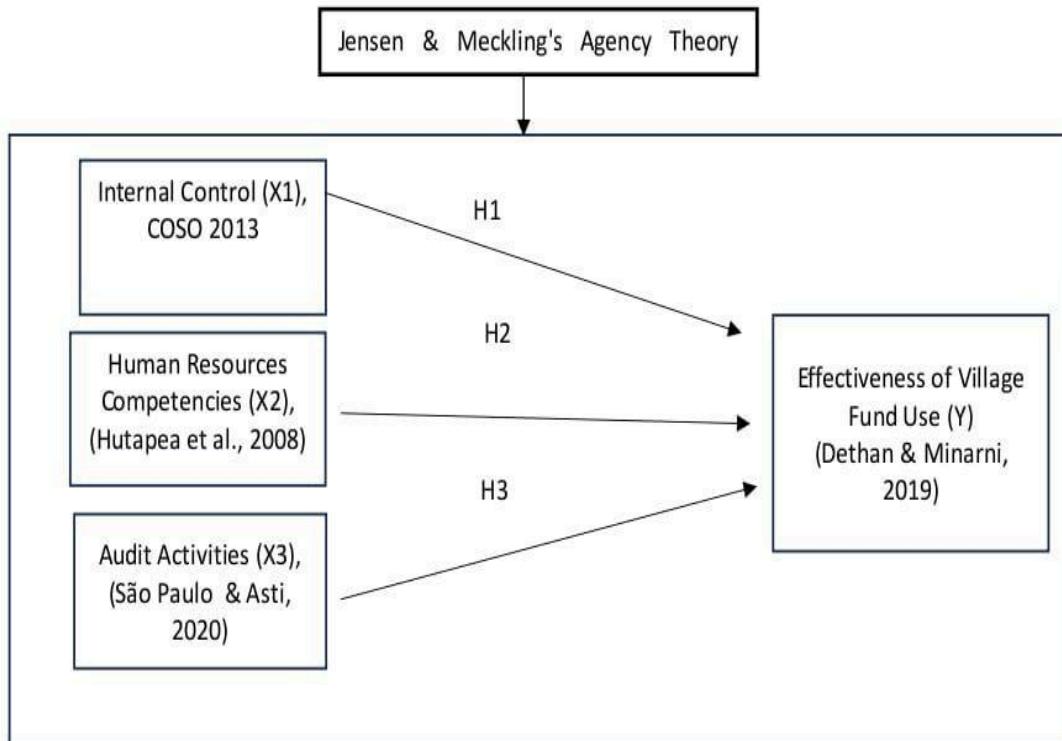
Audit activities play a crucial role in ensuring transparency and accountability in the use of village funds. The audit aims to identify and prevent potential irregularities or fraud related to the use of village funds, thereby enhancing public trust in the village government. The effectiveness of internal audits has a positive impact on preventing fraud and improving performance in the village government. Efficient internal audits can minimize the risk of fund misuse and enhance transparency in village financial management.

According to agency theory, village government supervision is essential to ensure that its administration is conducted by applicable laws and guidelines. As a result, public information has become more egalitarian with greater responsibility from village governments, which suggests that information disparities may be reduced. Accidents are less likely to occur when information disparities are reduced. All actions taken by individuals or companies aimed at achieving predetermined goals, in the form of results, are included in the effectiveness of village finances.

The relationship between agency theory and audit activities on the effectiveness of the use of village funds is in line with the results of the study, and which states that audit activities on the effectiveness of the use of village funds have a positive effect. (Pratiwi et al., n.d.) (Stuart et al., 2023) (Firza Alpi & Sinaga, n.d.)

Based on the explanation above, the researcher formulated the third hypothesis as follows:  
H3: Audit activities affect the effectiveness of the use of village funds

### Picture



### METHOD

This study employs a quantitative method because it aims to examine the causal relationship between independent variables (internal control, human resource competence, and audit activities) and dependent variables (the effectiveness of using village funds). This study employs a survey method, where data are collected through a questionnaire distributed to the relevant respondents.

#### Population and sample

The population in this study consists of all related parties, including 314 village officials, 56 Village Consultative Bodies (BPD), and 112 community leaders in the District X area of Majalengka Regency, West Java Province. Given the large population, this study employs a sampling technique to determine the sample size, resulting in a sample of 83 people. The sample size is determined using the following Sölvyn formula:

$$n = \frac{N}{(1 + N \times e^2)}$$

$$n = \frac{482}{(1 + 482 \times 10\%)}$$

$$= 82,817 = 83$$

Minimum sampel 83

Respon rate = 143

200

$$= 0,715 = 71,5\%$$

The Village Consultative Body (BPD), community leaders, village officials, and villagers became respondents to the structured questionnaire used in the data collection method of this study. This survey used closed-ended questions on a Likert scale of 1 to 5 to measure respondents' opinions on internal control, human resource competence, audit activities, and efficiency in the use of village funds.

### **Validity and Reliability Tests**

To ensure that the questionnaire is trustworthy and valid in accurately measuring research variables, validity and reliability tests are carried out before data analysis. To assess how consistently the questionnaire measured the research variables, a validity test was performed. Some of the validity tests used in this study include:

- a. Content Validity
  - 1) Anything significant to the topic being measured should be covered in the questionnaire. Internal control measures should cover a wide range of topics, including information and communication, monitoring, risk assessment, environmental control, and control measures.
  - 2) The test method is carried out by expert judgment in the field of internal control, human resource management, audit and village fund management. Experts will assess whether the items in the questionnaire are relevant and comprehensive in measuring the concept in question.
- b. Construct Validity
  - 1) The questionnaire must correspond to the theoretical construct underlying the concept being measured. For example, if the theory states that strong internal control will increase the effectiveness of the use of village funds, then the results of the study must also show a similar relationship.
  - 2) Method of testing: is carried out with factor analysis to see if the items of statements in the questionnaire are really grouped according to the expected theoretical construct.
- c. Criterion Validity
  - 1) The questionnaire must be able to predict or correlate with relevant external criteria. For example, the effectiveness of the use of village funds is valid, so the score from the questionnaire should be positively correlated with other indicators of effectiveness.
  - 2) Method of testing: analysis of the correlation between questionnaire scores and external criteria.

### **Classic Assumption Test**

To ensure the data meets the necessary statistical assumptions, traditional assumption tests are performed before performing multiple regression analysis. The traditional assumption test used in this study consisted of:

- a. Normality Test: The Kolmogorov-Smirnov or Shapiro-Wilk test can be used to test normality in these investigations. Data transformations such as logarithmic or square root transformations are necessary if the data is not distributed regularly.
- b. Multicollinearity Test: VIF values or tolerance values can be used to test for multicollinearity in this study. Multicollinearity is indicated if the tolerance value is less than 0.1 or the VIF score is greater than 10.
- c. Heteroscedasticity Test: The Glejser or White test can be used to test heteroscedasticity in this study. Techniques such as least weighted least square analysis or data manipulation are required if heteroscedasticity is present.

### **Multiple Regression Test**

The multiple regression test in this study was used to achieve two objectives, including the simultaneous and partial influence of independent variables, namely internal control, human resource competence and audit activities on dependent variables, namely the effectiveness of the use of village funds. In this study, multiple regression tests include:

- a. Regression Coefficient: shows the magnitude of the influence of each independent variable on the dependent variable. A positive regression coefficient means that an increase in the independent variable will increase the dependent variable, and vice versa.
- b. Coefficient of Determination (R-squared): indicates the extent to which the independent variable explains the variance of the dependent variable. The ability of regression models to explain the variance of dependent variables increases with their R-squared values.
- c. Multiple Regression Equation: to explain the relationship between the independent variable, namely internal control, human resource proficiency, and audit activities with the bound variable, namely the efficiency of village financial utilization.

$$EPDD = a + \beta_1 PI + \beta_2 KSDM + \beta_3 AA + e$$

Information:

EHR : Dependent variables (effectiveness of use of village funds)

A : Constant

$\beta_1, \beta_2, \beta_3$  : the regression coefficient for each independent variable

PI : Independent variable 1 (internal control)

KSDM : Independent variable 2 (HR competence)

AA : Independent variable 3 (audit activity)

e : Error (residual), the possibility of problems arising in one regression analysis

## Hypothesis test

### T Test

The t-test is used to determine whether each independent variable individually significantly affects the dependent variable.

- a. Significance Value (p-value): The null hypothesis is rejected if the p-value of the t-test is less than the significance threshold (alpha), which is usually 0.05. This suggests that there is sufficient statistical support to draw the conclusion that independent variables have a substantial influence on dependent variables.
- b. Regression Coefficient Sign: The dependent variable will rise in response to the increase of the independent variable if the regression coefficient is positive. The negative regression coefficient indicates that the dependent variable will decrease as the independent variable increases.

### Test F

The f-test is to test whether all independent variables together significantly affect the dependent variables. Significance value (p-value): if the p-value of the F test is less than the established level of significance (alpha) usually 0.05, then the null hypothesis is rejected. This means that there is enough statistical evidence to conclude that all independent variables together significantly affect the dependent variables.

## RESULTS AND DISCUSSION

As a result of the research and discussion, it is expected to conduct routine training for village officials related to financial management, budget planning and financial reporting with the regulation of the Minister of Home Affairs PMK Number 201/PMK.07/2022 so that the management of village funds becomes transparent and accountable. Provide training to members of the Village Consultative Body (BPD) to be able to carry out the functions of internal supervision and audit optimally, increasing the feasibility and transparency of village fund management. Ensure that BPD is actively involved in planning and supervising budget implementation as an internal audit.

## CONCLUSIONS

Based on the findings of the study and discussion, it can be said that internal control has a significant and positive effect on the effectiveness of the use of village funds; In other words, the more effective the internal control, the more effective the use of village funds. The effectiveness of the use of village finances is positively and significantly influenced by the competence of human resources; This means that the more competent the human resources of the village apparatus, the more efficient the use of village funds. The effectiveness of the use of village finances is positively influenced by audit activities; Therefore, the more successful the audit activity, the more effective the use of village funds.

## REFERENCES

Adam, R. R., Blongkod, H., & Aqmal, I. U. (n.d.). Pengaruh Kompetensi Sumber Daya Manusia Dan Kualitas Sistem Informasi Terhadap Efektifitas Pengelolaan Keuangan Desa.

Agnes Derang Duli, Anthon Simon Y. Kerihi, & Novi Theresia Kiak. (2024). Analisis Kompetensi Sumber Daya Manusia Dan Penerapan Akuntabilitas Terhadap Pengelolaan Keuangan Dana Desa di Desa Kolilanang Kecamatan Adonara Kabupaten Flores Timur. Anggaran : Jurnal Publikasi Ekonomi Dan Akuntansi, 2(3), 271-284. <https://doi.org/10.61132/anggaran.v2i3.787>

Anas, M. (2022). Pengaruh Kompetensi Sumber Daya Manusia Dan Komitmen Perusahaan Terhadap Efektivitas Pengelolaan Dana Desa Manawa Kecamatan Patilanggio Kabupaten Pohuwato. Journal, 1(2), 83-094.

Andi Nurhaeda, & Baiq Solatiyah. (2024). Pengaruh Kompetensi Sumber Daya Manusia dan Sistem Pengendalian Internal Terhadap Akuntabilitas Pengelolaan Dana Desa di Kabupaten Enrekang. Jurnal Ekonomi, Akuntansi, Dan Perpajakan, 1(3), 306-315. <https://doi.org/10.61132/jeap.v1i3.468>

Arip Saepul Milah, Arie Budiawan, & Irfan Nursetiawan. (2024). Efektivitas Pengelolaan Keuangan Desa Oleh Kepala Desa Bahara Kecamatan Panjalu Kabupaten Ciamis Tahun Anggaran 2022. Jurnal Media Administrasi, 9(2), 43-52. <https://doi.org/10.56444/jma.v9i2.1986>

Audela, K., & Kristianti, I. (2022). The Effectiveness of Internal Control in Village Fund System. AFRE (Accounting and Financial Review), 5(1), 1-10. <https://doi.org/10.26905/afr.v5i1.7469>

Dethan, & Minarni. (2019). Efektivitas Pengelolaan Alokasi Dana Desa (ADD): Suatu Pendekatan Teoritis. Jurnal Akuntansi: Transparansi Dan Akuntabilitas, 7(1), 15-19.

Dwi Pramudita, I., Julianti, M., Putri, R. E., Ananda, S., & Rodiah, S. (2024). Peran Kompetensi Sumber Daya Manusia terhadap Peningkatan Kualitas Laporan Keuangan Pemerintah Daerah di Indonesia: Literature Review. In JAKP: Jurnal Akuntansi, Keuangan dan Perpajakan (Vol. 7, Issue 1).

Firza Alpi, M., & Sinaga, A. (n.d.). Peranan Efektivitas Pengelolaan dana desa: Sistem Pengendalian Internal Dan Kompetensi Desa Dengan Akuntabilitas Sebagai Variabel Intervening.

Hertati, L., Gantino, R., Puspitawati, L., Ilyas, M., & Safkaur, O. (2021). Pengaruh Kompetensi Sumberdaya Manusia guna Meningkatkan Sistem Pengendalian Internal Pasien Rumah Sakit Era Covid-19. Economics and Digital Business Review, 2(2), 178-195. <https://doi.org/10.37531/ecotal.v2i2.29>

Hutapea, Parulian, & Nurianna Thoha. (2008). Kompetensi Plus: Teori, Desain, Kasus dan Penerapan Untuk HR dan Perusahaan. Gramedia Pustaka Utama.

Lestari, S. A., Arifin, K. Z., & Armaini, R. (2023). Pengaruh Kompetensi Aparatur Pengelola Dana Desa, Sistem Pengendalian Internal dan Transparansi Informasi terhadap Efektivitas Pengelolaan Dana Desa di Kecamatan Tugumulyo Kabupaten Musi Rawas. JEMSI (Jurnal Ekonomi, Manajemen, Dan Akuntansi), 9(5), 1745-1752. <https://doi.org/10.35870/jemsi.v9i5.1442>

Lestari, W., Azwardi, A., & Siddik, S. (2019). Can Internal Control Prevent Fraud in Managing Village Funds? Accounting and Finance, 4(86), 112-118. [https://doi.org/10.33146/2307-9878-2019-4\(86\)-112-118](https://doi.org/10.33146/2307-9878-2019-4(86)-112-118)

Liani, Y., & Takari, D. (2024). Analisis Efektivitas Kebijakan Pengelolaan Dana Desa dalam Meningkatkan Perekonomian Masyarakat di Kabupaten Gunung Mas Tahun 2022 (Vol. 5, Issue 11).

Nurmala Sari, D., & Darmastuti, D. (2023). Karakteristik dan tindak lanjut hasil audit. *Jurnal Akuntansi Dan Auditing Indonesia*, 27(1), 2023. <https://doi.org/10.20885/jaai.vol27.i> Pahlawan, E. W., Wijayanti, A., & Suhendro, S. (2020). Pengaruh kompetensi aparatur desa, sistem pengendalian internal, pemanfaatan teknologi informasi dan partisipasi masyarakat terhadap akuntabilitas pengelolaan dana desa. *Indonesia Accounting Journal*, 2(2), 162. <https://doi.org/10.32400/iaj.29261>

Pamungkas, G., Puri, P. A., & Yanto, D. (2023). Pengaruh Audit Internal dan Akuntabilitas Sektor Publik terhadap Kualitas Penyajian Laporan Keuangan dalam Mengelola Alokasi Dana Desa di Kecamatan Pontang Tahun 2022. *Al-Kharaj : Jurnal Ekonomi, Keuangan & Bisnis Syariah*, 6(3), 3521- 3533. <https://doi.org/10.47467/alkharaj.v6i3.5149>

Pratiwi, I., Rimbano, D., Susanto, Y., & Ustadi, N. (n.d.). Efektifitas Hasil Audit Dalam Meningkatkan Kinerja Pemerintah Desa Di Kecamatan Tiang Pumpung Kepungut Kabupaten Musi Rawas.

Putra, D. P., Sahri, S., & Basuki, P. (2024). Effectiveness of Village Fund Utilization in Supporting Rural Development (Case Study of Punti Village, Soromandi Subdistrict, Bima Regency, West Nusa Tenggara). *Journal of Economics, Finance And Management Studies*, 07(07). <https://doi.org/10.47191/jefms.v7-i7-33>

Rahmah Sari, N., Kusumawardani, A., & Wawo, A. (n.d.). ISAFIR Islamic Accounting and Finance Review Budaya Mappacekk Wanua Dalam Memoderasi Pengaruh Sistem Informasi Keuangan Dan Pengendalian Internal Terhadap Pengelolaan Dana Desa. <https://journal.uin-alauddin.ac.id/index.php/isafir/index>

Ramadhan, W., & Indra Arza, F. (2021). Pengaruh Kompetensi, Sistem Pengendalian Internal, Peran Perangkat Desa, dan Kualitas Penyajian Laporan Keuangan terhadap Akuntabilitas Pemerintah Desa dalam Mengelola Alokasi Dana Desa. In *Jurnal Eksplorasi Akuntansi (JEA)* (Vol. 3, Issue 4). Online. <http://jea.ppj.unp.ac.id/index.php/jea/index>

Restiti Nintyari, L., Sukma Kurniawan, P., & Tungga Atmadja Jurusan Akuntansi Program,

A. S. (2019). Pengaruh Kompetensi Sumber Daya Manusia, Sosialisasi, Serta Manajemen Kontrol Terhadap Efektivitas Dan Efisiensi Pelaksanaan Sistem Keuangan Desa (Siskeudes) (Studi Empiris Pada Desa-Desa Penerima Dana Desa Di Kabupaten Tabanan). In *Jurnal Ilmiah Mahasiswa Akuntansi* Universitas Pendidikan Ganesha (Vol. 10, Issue 2).

Rivan, A., Ridwan Maksum, I., Kunci, K., Keuangan Desa, S., Desa, P., & Keuangan, M. (n.d.). Penerapan Sistem Keuangan Desa dalam Pengelolaan Keuangan Desa Application of Village Financial System in Village Financial Management. *Public Administration Journal*, 9(2), 2019. <https://doi.org/10.31289/jap.v9i2.2487>

Rosnidah, I., Taufik Hidayat, M., & Rohimatum Nahdiyyah, I. (2022). Pengaruh Kompetensi dan Motivasi terhadap Kinerja Pengelolaan Keuangan Daerah. 6(1). <http://ejournal.bsi.ac.id/ejurnal/index.php/ecdemica>

Sigit Ibrahim1mutia, M., Thalib2abdul, C., Tome3, H., & Kunci, K. (n.d.). Reformulasi Pemerintah Daerah Mengenai Dana Desa Pengawasan Informasi Artikel Abstrak. [www.onlinedoctranslator.com](http://www.onlinedoctranslator.com)

Wijayanti, & Asti. (2020). Pengembangan Indikator Pemantauan dan Evaluasi Penggunaan Dana Desa (Studi pada Desa Sidoarum Kabupaten Sleman). *Accounting and Business Information System Journal*, 4.

Zulaifah, I. A. (2020). Perencanaan Pengelolaan Keuangan Desa (Studi Kasus pada Desa Jlumpang, Kecamatan Bancak, Kabupaten Semarang). *Jurnal Akuntansi Dan Pajak*,

21(01). <https://doi.org/10.29040/jap.v21i1.981>