



Analysis of the Role of the Inspectorate in Improving the Accountability of Village Financial Management

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Abstract

This study aims to analyze the role of the Inspectorate in increasing accountability for village financial management in Mandailing Natal Regency. Accountability in village financial management is essential to ensure that village funds are used transparently and effectively in accordance with village development goals. The research method used is qualitative with a case study approach, involving in-depth interviews, observations, and analysis of related documents. The results of the study show that the Mandailing Natal Regency Inspectorate has a significant role in supervising village financial management, including through financial audits, providing recommendations for improvement, coaching to village officials, and continuous supervision. However, this study also found several inhibiting factors that affect the effectiveness of supervision, including limited human resources (HR), limited budgets, lack of coordination between the Inspectorate and the village government, and low understanding of accountability at the village level. To increase the effectiveness of supervision, improvements are needed in these aspects, including increasing human resource capacity, more adequate budget allocation, and more intensive coaching at the village level. This study provides recommendations to increase the role of the Inspectorate in supervising village financial management to achieve more transparent and accountable management.

Introduction

Village financial management has a strategic role in supporting development at the local level (Abidin, 2015). Villages, as the smallest unit of government, have direct control over the use of budgets given by the central and regional governments. Accountability in village financial management is one of the main indicators of the success of the implementation of village government (Sinaga et al., 2022). In this case, accountability is not only limited to fulfilling administrative responsibilities, but also concerns transparency, honesty, and commitment to ensure that the budget is used for the benefit of the community optimally (O'Regan et al., 2022; Arifiyanto et al., 2021; Kraai, 2023).

Mandailing Natal Regency is one of the regions that faces major challenges in village financial management. Like other regions in Indonesia, this district receives an allocation of Village Funds every year. However, the reports that have emerged show that the management of these funds often encounters various obstacles, both in terms of administrative, technical, and implementation in the field (Bello, 2024). The low level of accountability and the existence of allegations of budget abuse are issues that often arise, so they require more intensive supervision (Adrian et al., 2023; Seregig et al., 2021).

In this context, the Regional Inspectorate has a very important role as an institution responsible for supervising and coaching village financial management. The Inspectorate is not only in

charge of examining and auditing financial statements, but also provides recommendations and directions to correct weaknesses in the financial management system (Indonesia, 2008). The existence of the Inspectorate is expected to be able to encourage the village government to increase accountability in the management of the budget that has been entrusted to them (Purba et al., 2022).

Increasing the accountability of village financial management in Mandailing Natal Regency is an urgent need. Not only to minimize the potential for corruption, but also to ensure that the available funds are actually used for infrastructure development, community empowerment, and programs that benefit villagers. In this case, the active role of the Inspectorate is the main key to creating a transparent, accountable, and public-interest-oriented financial management system.

However, in practice, the role of the Inspectorate often encounters obstacles. Limited human resources, lack of operational budget, and weak coordination with the village government are some of the factors that hinder the effectiveness of supervision. In addition, the level of understanding of village officials towards the principles of accountability and good financial management also affects the performance of supervision. This raises a big question about the extent to which the role of the Inspectorate can be optimized to improve the accountability of village financial management in Mandailing Natal Regency.

In recent years, the central government has sought to strengthen the role of the Inspectorate through various regulations and policies. One of them is through strengthening the government's internal supervision system which prioritizes the principles of transparency and community participation (Werimon, 2005). However, implementation at the regional level often encounters challenges, especially in terms of adaptation to local conditions. Therefore, an in-depth study is needed to understand how the role of the Inspectorate can run effectively in the context of village financial management in Mandailing Natal Regency.

This study seeks to analyze the role of the Inspectorate in increasing the accountability of village financial management, especially in the Mandailing Natal Regency area. By examining aspects such as the supervision mechanism, the effectiveness of coaching, and the obstacles faced, this study is expected to provide a comprehensive overview of the efforts that have been made by the Inspectorate to encourage accountability.

In addition, this study will also look at how the village government responds to the supervision carried out by the Inspectorate. This response is very important to assess whether the existing supervision has been effective in encouraging behavior change and improving the quality of financial management. Thus, this research not only focuses on the role of the Inspectorate, but also on the dynamics of the relationship between the Inspectorate and the village government.

In the academic context, this research has an important value as a contribution to the literature that discusses village financial accountability. As one of the closest government units to the community, the village has a great responsibility to ensure that financial management is carried out in a transparent and responsible manner. This research can be a reference for other researchers who are interested in similar issues, both in Mandailing Natal and in other areas.

Practically, the results of this study are expected to be an input for local governments, especially the Inspectorate, in formulating more effective supervision policies and strategies. By paying attention to the findings of the research, the Inspectorate can improve its working mechanisms and strengthen its internal capacity to face existing challenges. In addition, the results of this study can also be a reference for village governments in increasing their understanding and awareness of the importance of accountability in financial management.

The issue of village financial accountability is not only a concern for the government, but also for the wider community. In the era of information disclosure like today, the community has the right to know how the village budget is managed and used (Suwito, 2021). Therefore, this research is also expected to encourage community participation in supervising village financial management. With supervision from the community, it is hoped that a more transparent and accountable management system will be created.

Mandailing Natal Regency, with all its potentials and challenges, is a relevant location to study this issue. As an area with a large number of villages, Mandailing Natal has a great opportunity to become a successful example in accountable village financial management. However, to achieve this, a collective effort is needed from all parties, including the local government, the Inspectorate, the village government, and the community.

Thus, this research is not only relevant for answering academic questions, but also has far-reaching practical implications. In the long term, the results of this study are expected to contribute to efforts to improve the quality of village governance in Indonesia as a whole. Therefore, it is important for all parties to support and be involved in efforts to increase accountability for village financial management, especially in Mandailing Natal Regency.

With a clear focus and a comprehensive approach, this research seeks to provide real solutions to overcome existing problems. The role of the Inspectorate, although clearly regulated in regulations, requires strengthening from various aspects in order to function optimally. Through this research, it is hoped that recommendations that can be implemented to realize better and accountable village financial management in the future.

Methods

This study uses a qualitative approach to analyze the role of the Inspectorate in increasing the accountability of village financial management in Mandailing Natal Regency. The qualitative approach was chosen because this study aims to explore and understand the phenomenon that occurs in depth, as well as identify factors that affect the effectiveness of supervision carried out by the Inspectorate in the context of village financial management.

This type of research is a case study with a descriptive design. The case study was chosen because this study focused on in-depth observation of the role of the Inspectorate in one area, namely Mandailing Natal Regency, which allowed researchers to collect detailed data on the role, challenges, and effectiveness of village financial management supervision (Assyakurrohim et al., 2023). The descriptive design is used to provide a detailed description of how the role of the Inspectorate in improving the accountability of village financial management.

This research was conducted in Mandailing Natal Regency, North Sumatra. This district was chosen as the location of the research because it has characteristics that represent an area with considerable challenges in village financial management. In addition, the existence of government policies that support the strengthening of supervision at the village level makes this area relevant for analysis.

The subjects of this study are the Mandailing Natal Regency Inspectorate, the village government, and the community directly involved in the management and supervision of village finances. The researcher will conduct in-depth interviews with Inspectorate officials, village heads, and financial management staff at the village level. In addition, interviews with village communities participating in the village financial supervision process will also be conducted to gain a broader perspective on the effectiveness of supervision.

In this study, data was collected through several techniques (Jogiyanto Hartono, 2018) that is: Semi-structured interviews will be conducted with Inspectorate officials, village heads, village officials involved in financial management, and communities who play a role in supervision. This interview aims to explore their understanding, experience, and views related to village financial management and the role of the Inspectorate in improving accountability. Participatory observation was carried out to obtain data on direct practices in village financial management and supervision carried out by the Inspectorate. Researchers will be involved in several activities at the village level to observe how village financial management is carried out and how supervision is carried out. The researcher will also collect documents related to village financial management, such as village financial reports, the results of the Inspectorate's inspection, and policy documents relevant to village financial management and supervision. This documentation will be used to analyze how procedures and regulations are applied in practice in the field.

Data Analysis Techniques

Data collected from interviews, observations, and documentation will be analyzed using thematic analysis techniques. The data analysis process will be carried out in several stages (Miles & Huberman, 1994): The results of the interviews and observations will be transcribed to facilitate the analysis process. Researchers will identify the main themes that emerge from the transcription of interviews and observations, as well as relevant documents. This coding aims to group data that has a common topic or issue. After the coding process, the data will be compiled into larger themes that reflect the role of the Inspectorate, supervisory challenges, and factors that affect the accountability of village financial management. After these themes are compiled, the researcher will interpret to answer research questions about the role of the Inspectorate in increasing accountability in village financial management and the obstacles faced in carrying out supervision.

Validity and Reliability

To ensure the validity and reliability of the data, the researcher will use the triangulation technique, which is to compare the results of the interview with the results of observation and documentation. In addition, the researcher will also conduct a member check with several sources to ensure that the results of the interview are in accordance with their understanding

Results and Discussion

The Role of the Inspectorate in the Supervision of Village Financial Management in Mandailing Natal Regency

The Mandailing Natal Regency Inspectorate has a very important role in supervising village financial management. Based on interviews with Inspectorate officials and village heads, it was found that the role of the Inspectorate is divided into several main aspects, as follows:

Financial Audit

The Inspectorate conducts an audit of the village's financial statements every year to ensure that budget management is carried out in accordance with applicable rules and procedures. The results of this audit are an evaluation material for village governments to improve their financial management.

Giving Recommendations

After conducting the inspection, the Inspectorate provides recommendations to the village government related to the improvement of the financial management system, both in terms of administrative procedures and budget reporting.

Coaching and Socialization

The Inspectorate also plays a role in providing guidance to village officials through socialization activities regarding good and accountable financial management. This coaching aims to increase the understanding of village officials about the importance of accountability in the use of village funds.

Continuous Supervision

The Inspectorate not only conducts inspections once a year, but also conducts continuous monitoring through regular monitoring and visits to villages to ensure that the recommendations given have been properly implemented.

Table 1. Role of the Inspectorate in Supervision of Village Financial Management

| It | Role of the Inspectorate | Description |
|-----------|---------------------------------|--|
| 1 | Financial Audit | Checking the village's financial statements to ensure compliance with regulations. |
| 2 | Giving Recommendations | Providing suggestions for improving village financial management |
| 3 | Coaching and Socialization | Educating village officials on accountable financial management. |
| 4 | Continuous Supervision | Conduct regular monitoring and visits to ensure that repairs are carried out. |

Overall, the role of the Inspectorate is vital in maintaining the integrity and accountability of village financial management. However, the effectiveness of such supervision still depends on other factors that will be discussed in the following subheadings.

Based on the findings of the research, the Mandailing Natal Regency Inspectorate plays several crucial roles in the supervision of village financial management, such as conducting financial audits, providing recommendations for improvement, conducting coaching, and carrying out continuous supervision. This is in line with the theory of Good Governance which states that good supervision is one of the main pillars in creating transparent and accountable governance (Maserumule & Gutto, 2008). Good governance emphasizes that transparency, accountability, participation, and responsiveness are basic principles that must be implemented in government management, including in village financial management. The role of financial audits carried out by the Inspectorate is also very important in identifying discrepancies in budget management and ensuring that village funds are used for legitimate interests and beneficial to the community. This is in accordance with research conducted by (Iswahyudi, 2022), which states that financial audits at the village level play a very important role in improving the transparency and accountability of village government finances. In addition, coaching and socialization carried out by the Inspectorate is also important to increase the understanding and awareness of the village government in terms of accountable financial management. Organizational learning theory (Argyris & Schön, 1997) explained that continuous coaching and training can increase the capacity of village government officials in managing the budget better. Thus, this coaching effort is very necessary to strengthen internal supervision in the village.

Factors Hindering the Role of the Inspectorate in Supervision of Village Financial Management in Mandailing Natal Regency

Although the Inspectorate has an important role in the supervision of village financial management, there are several inhibiting factors that reduce the effectiveness of the

supervision. Based on interviews with Inspectorate officials, village heads, and observation results, the main inhibiting factors found in the supervision of village financial management in Mandailing Natal Regency are as follows:

Limited Human Resources (HR)

The Mandailing Natal Regency Inspectorate faces a shortage of trained and experienced employees in supervising village finances. This causes delays in the implementation of audits and coaching, as well as reducing the quality of supervision that can be carried out.

Limited Budget

The limited operational budget of the Inspectorate is also an obstacle in carrying out optimal supervision. This hampers the ability of the Inspectorate to conduct regular and thorough inspections throughout the village.

Lack of Coordination between the Village Government and the Inspectorate

Several village heads revealed that there were difficulties in establishing good communication with the Inspectorate. This lack of clarity in communication and coordination often causes village financial management not to run in accordance with supervisory expectations.

Lack of Understanding of Accountability

Some village officials still have a limited understanding of the importance of accountability in financial management. This makes the supervision carried out by the Inspectorate less effective because there is no adequate awareness at the village level to improve the financial management system.

Table 2. Factors Hindering the Role of the Inspectorate in Supervision of Village Financial Management

| It | Inhibiting Factors | Description |
|-----------|--|---|
| 1 | Limited Human Resources (HR) | Lack of employees trained in village financial supervision and audit. |
| 2 | Limited Budget | Limited operational funds that hinder the implementation of comprehensive supervision |
| 3 | Lack of Coordination with the Village Government | Communication between the Inspectorate and the village government is not clear. |
| 4 | Lack of Understanding of Accountability | Limited knowledge of financial accountability at the village level. |

While the role of the Inspectorate is crucial, the study also identifies several inhibiting factors that reduce the effectiveness of supervision. One of the main factors is the limitation of human resources (HR) who are trained in village financial supervision and audit. This is in accordance with the findings in the study by (Sururama & Masdar, 2020), which stated that one of the main obstacles in village financial supervision is the lack of human resource capacity in the Inspectorate which results in inhibited quality of supervision. Without adequate human resources, the Inspectorate cannot carry out its supervisory duties effectively and efficiently.

In addition, the limited operational budget of the Inspectorate is also a significant obstacle. Research by (Abidin, 2015) shows that minimal budget allocation is one of the main obstacles in village budget supervision. Without sufficient budget, the Inspectorate cannot conduct a thorough inspection or conduct visits to all villages to ensure that financial management is in accordance with applicable regulations.

Another factor found in this study is the lack of coordination between the Inspectorate and the village government. This poor coordination often hinders more effective supervision, as information that is not conveyed properly can lead to errors in village budget management. This is in line with the opinion conveyed by (Tiza et al., 2014) which reveals that poor coordination between various parties in the local government can hinder the achievement of optimal supervision objectives.

In addition, the low understanding of village officials regarding the importance of financial management accountability is also an obstacle. Research by (Rosidah et al., 2023) revealed that the lack of understanding and awareness of accountability in financial management can lead to weak supervision implementation. Without a good understanding, village financial management tends to be carried out carelessly or not transparently, which ultimately reduces the effectiveness of supervision carried out by the Inspectorate.

Solutions to Improve Surveillance Effectiveness

To address the inhibiting factors found in this study, several solution steps can be proposed. First, increasing the capacity of human resources in the Inspectorate is very important. More intensive training and education should be provided to auditors and supervisors to ensure that they have adequate skills in conducting village financial audits. In this case, the theory of social learning by (Bandura, 1977) explained that good training will improve the skills and abilities of individuals in performing more complex tasks, including in terms of financial auditing.

Second, local governments need to provide a more adequate budget for the operations of the Inspectorate so that supervision can be carried out more thoroughly and planned. The increase in the operational budget for the Inspectorate will allow them to conduct routine and in-depth inspections in villages, as well as provide more intensive guidance to village officials. Research by (Sumarsono & Purnomo, 2019) It also suggested increasing the budget for supervision as a way to strengthen the implementation of accountable village financial management.

Third, to improve coordination between the Inspectorate and the village government, it is important to create clear and effective communication channels. An integrated village financial management information system can be one of the solutions to ensure that each party can access data and information transparently. This will also make it easier for the Inspectorate to conduct real-time surveillance and identify problems before they become larger.

Fourth, there is a need to increase understanding of accountability among village officials. More intensive socialization and education on the importance of transparent and accountable financial management must be carried out on an ongoing basis. As expressed by (Istiqomah, 2015), increasing understanding of accountability at the village level will help create better financial management and increase the effectiveness of supervision.

Conclusion

Based on the results of the research that has been carried out, it can be concluded that the role of the Mandailing Natal Regency Inspectorate in supervising village financial management has a very important contribution to increasing accountability and transparency in the use of village funds. The Inspectorate carries out several main functions in supervision, such as conducting financial audits, providing recommendations for improvement, providing guidance to village officials, and conducting continuous supervision. This is very relevant to the theory of Good Governance, which emphasizes the importance of supervision in creating transparent and accountable governance. However, although the Inspectorate has a crucial role, this study also found several inhibiting factors that affect the effectiveness of supervision. Limited human resources (HR), limited operational budgets, lack of coordination between the Inspectorate and

the village government, and low understanding of the importance of accountability at the village level are the main challenges that hinder optimal supervision. This shows that to achieve effective and quality supervision, joint efforts are needed in overcoming these various obstacles. Related to these inhibiting factors, solutions that can be taken include increasing human resource capacity through training and education, increasing budget allocation for the Inspectorate, improving coordination between related parties, and increasing understanding of accountability among village officials. All of these steps are very important to strengthen better and transparent village financial management, as well as support the efforts of the Inspectorate in carrying out supervisory duties to the maximum. Overall, the role of the Inspectorate in supervising village financial management is vital to ensure that village funds are used appropriately and in accordance with applicable regulations. By improving the existing inhibiting factors, it is hoped that the supervision of the Inspectorate can run more effectively and have a positive impact on more accountable, transparent, and sustainable village financial management.

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