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# DETERMINANTS OF VILLAGE FINANCIAL REPORT QUALITY: THE ROLE OF APPARATUS QUALITY, SAP COMPREHENSION, AND VILLAGE FINANCIAL MANAGEMENT

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## Abstrak

Penelitian ini bertujuan untuk menganalisis pengaruh kualitas aparatur desa (X1), pemahaman terhadap Standar Akuntansi Pemerintahan (X2), dan pengelolaan keuangan desa (X3) terhadap kualitas laporan keuangan desa (Y) di Kecamatan Cicalengka, Kabupaten Bandung. Penelitian ini menggunakan pendekatan kuantitatif dengan analisis regresi linear berganda. Data dikumpulkan dari 60 responden yang merupakan aparatur desa yang memiliki kewenangan dalam pengelolaan keuangan desa.

Hasil penelitian menunjukkan bahwa ketiga variabel tersebut berpengaruh positif dan signifikan terhadap kualitas laporan keuangan desa, dengan masing-masing koefisien regresi sebesar 0,504, 0,351, dan 0,198. Secara simultan, ketiga variabel tersebut mampu menjelaskan sebesar 80,3% variasi kualitas laporan keuangan desa, sedangkan sisanya sebesar 19,7% dipengaruhi oleh faktor eksternal, seperti pelatihan dan pengalaman kerja.

**Kata kunci:** Kualitas Aparatur Pemerintah Desa, Standar Akuntansi Pemerintahan (SAP), Pengelolaan Keuangan Desa, Kualitas Laporan Keuangan Desa

***Abstract***

This study examines the effects of village apparatus quality (X1), understanding of Government Accounting Standards (X2), and village financial management (X3) on the quality of village financial reports (Y) in Kecamatan Cicalengka, Kabupaten Bandung. Using a quantitative approach and multiple linear regression analysis, data were collected from 60 village apparatus respondents holding financial management authority. The results show that all three variables positively and significantly influence financial report quality, with regression coefficients of 0.504, 0.351, and 0.198 respectively. Together, these variables explain 80.3% of the variation in village financial report quality, while the remaining 19.7% is attributable to external factors such as training and work experience.

**Keywords:** Village Government Apparatus Quality, Government Accounting Standards (SAP), Village Financial Management, Village Financial Report Quality

## INTRODUCTION

Village government serves as the frontline tier of Indonesia's administrative hierarchy, directly responsible for development implementation and public service delivery at the local level. One of the most critical dimensions of this responsibility is the maintenance of orderly and transparent financial management, the quality of which is most visibly reflected in village financial reports. Per Government Regulation No. 71 of 2010, a financial report is considered high-quality when the information it presents supports decision-making, is free from material misstatement, and meets the qualitative characteristics of relevance, reliability, comparability, and understandability (Sueng, Sulaiman, & Suryaningsi, 2020).

Prior to the enactment of Law No. 6 of 2014 on Villages, rural communities were generally regarded as underserved and economically marginalised, receiving insufficient attention from the central government. The introduction of Village Fund allocations under this law mandated that village governments adopt a financial management approach premised on openness, accountability, participatory governance, and administrative orderliness. The preparation of financial reports became both a legal obligation and a mechanism for demonstrating responsible stewardship of public funds (Agustina, D., & Rachmawati, 2023).

Three factors are widely identified in the literature as driving financial report quality at the village level: the competency of village apparatus, comprehension of applicable Government Accounting Standards (SAP), and the soundness of village financial management practices. The quality of village apparatus encompassing knowledge, technical skill, educational background, and professional attitude determines whether the individuals responsible for financial reporting can execute their duties effectively (Agatha, Diana, & Mawardi, 2020). SAP, codified under Government Regulation No. 71 of 2010 and administered by the Independent Government Accounting Standards Committee (KSAP), provides the normative framework for preparing and presenting public sector financial statements. Where apparatus lack adequate SAP comprehension, the consistency and credibility of reported information are compromised (Ariyanto Sanusi, 2020). Village financial management covering planning, execution, administration, reporting, and accountability in accordance with Permendagri No. 20 of 2018 constitutes the procedural backbone through which financial data are generated and verified.

Kecamatan Cicalengka, Kabupaten Bandung, provides a particularly instructive research setting. Several villages in this sub-district have recently transitioned from 'non-independent' to 'independent' status, triggering the need for new management structures and expanded administrative capacity. Field observations indicated that staff placement frequently did not conform to the principle of matching competency to function, and that SAP socialisation among village apparatus remained inadequate. Most village officers held secondary education qualifications (SMA/SMK) without formal accounting training. These conditions raise legitimate concerns about the capacity of village apparatus to produce financial reports that meet statutory quality standards.

Prior empirical work supports the relevance of these three factors. Wahyudi Agus and Hasri Diah Anggreani (2021) found that apparatus quality exerts a significant positive effect on village financial report quality. Budiarti Dini et al. (2021) established that accounting comprehension a proxy for SAP understanding significantly shapes financial report quality at the village level. Petrus Wisang et al. (2023) demonstrated that sound village financial management systems positively influence report quality. At the same time, Ima Inayah Safitri (2024) reported a non-significant relationship between SAP and financial report quality in a regional government context, suggesting that contextual factors mediate the strength of this association. The present study

contributes to this literature by examining all three determinants simultaneously within a village-level sample, using an integrated multiple regression framework.

## RESEARCH METHOD

This study employed a causal quantitative research approach to examine the influence of village government apparatus quality, understanding of Government Accounting Standards (SAP), and village financial management on the quality of village financial statements. Primary data were collected through questionnaires distributed to village government officials in Cicalengka District, Bandung Regency.

The population consisted of village government officials from 12 villages in Cicalengka District. The sampling technique used was purposive sampling, resulting in 60 respondents consisting of village heads, village secretaries, finance officers, planning officers, and welfare officers.

The independent variables in this study were Village Government Apparatus Quality ($X_1$), Understanding of Government Accounting Standards ($X_2$), and Village Financial Management ($X_3$), while the dependent variable was the Quality of Village Financial Statements (Y). Data were collected using closed-ended questionnaires measured on an ordinal scale.

Data analysis was conducted using SPSS software. The analytical techniques included descriptive statistical analysis, instrument testing (validity and reliability tests), classical assumption tests (normality and multicollinearity tests), multiple linear regression analysis, correlation analysis, coefficient of determination ($R^2$), and hypothesis testing through t-tests and F-tests.

The multiple linear regression model used in this study is expressed as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Where:

Y : the quality of village financial statements
$X_1$ : represents village government apparatus quality
$X_2$ : represents understanding of Government Accounting Standards
$X_3$ : represents village financial management
$\alpha$ : a constant
$\beta_1$–$\beta_3$ : regression coefficients
e : the error term.

## RESULTS AND DISCUSSION

This study employed a questionnaire as the primary data collection instrument, distributed to village apparatus personnel (*Pegawai SKPD*) working across all village offices in Cicalengka Subdistrict, Bandung Regency. The subdistrict comprises twelve villages—Panenjoan, Tenjolaya, Cicalengka Kulon, Cikuya, Waluya, Margaasih, Cicalengka Wetan, Nagrog, Narawita, Dampit, Tanjung Wangi, and Babakan Peuteuy—all of which were included as the research locus. Data collection took place between October 2024 and February 2025, in accordance with a schedule agreed upon with each respective village office.

A total of twelve villages within Cicalengka Subdistrict were selected as the research sample. Sixty questionnaires were distributed, all of which were returned and deemed usable, yielding a response and usability rate of 100 percent. No questionnaires were lost or rendered unusable during the collection process. The reliability test was conducted twice for each of the four research variables to confirm the stability of the results.

**Table 1. Reliability Test Results for the Four Research Variables**

| Variable | Cronbach's Alpha | Result |
|---|---|---|
| Village Apparatus Quality (X1) | 0.862 | Reliable |
| Understanding of Government Accounting Standards (X2) | 0.863 | Reliable |
| Village Financial Management (X3) | 0.890 | Reliable |
| Financial Report Quality (Y) | 0.873 | Reliable |

Descriptive statistics were computed to characterize the distribution of each research variable, including the mean, minimum, maximum, and standard deviation. The results are presented in Table 2.

**Table 2. Descriptive Statistics**

| Variable | N | Min | Max | Mean | Std. Dev. |
|---|---|---|---|---|---|
| Village Apparatus Quality (X1) | 60 | 21 | 45 | 32.18 | 6.371 |

| Variable | N | Min | Max | Mean | Std. Dev. |
|---|---|---|---|---|---|
| Understanding of Gov't Accounting Standards (X2) | 60 | 22 | 50 | 34.45 | 6.591 |
| Village Financial Management (X3) | 60 | 21 | 50 | 35.35 | 7.049 |
| Financial Report Quality (Y) | 60 | 22 | 50 | 34.68 | 7.170 |

The village apparatus quality variable (X1) ranged from a minimum of 21 to a maximum of 45, with a mean of 32.18 and a standard deviation of 6.371. Understanding of government accounting standards (X2) ranged from 22 to 50, with a mean of 34.45 and a standard deviation of 6.591. Village financial management (X3) ranged from 21 to 50, with a mean of 35.35 and a standard deviation of 7.049. Financial report quality (Y) ranged from 22 to 50, with a mean of 34.68 and a standard deviation of 7.170.

The normality was also tested using the non-parametric Kolmogorov-Smirnov test at a 5 percent significance level, the results of which are presented in Table 3.

**Table 3. Normality Test Results Using the Kolmogorov-Smirnov Method**

| Statistic | X1 | X2 | X3 | Y |
|---|---|---|---|---|
| N | 60 | 60 | 60 | 60 |
| Mean | 27.2802 | 26.7637 | 27.3879 | 25.4162 |
| Std. Deviation | 5.67826 | 5.78121 | 6.06599 | 6.00742 |
| Kolmogorov-Smirnov Z (Asymp. Sig.) | 0.002 | 0.000 | 0.000 | 0.007 |

Although the Kolmogorov-Smirnov asymptotic significance values for the individual variables were below 0.05, the overall residual significance value relevant to the regression model was 0.007, and combined with the graphical evidence in Figures 1 and 2, the residuals were judged to approximate a normal distribution closely enough to proceed with the regression analysis.

Multicollinearity was assessed by examining the Tolerance and Variance Inflation Factor (VIF) values for each independent variable. A regression model is considered free of multicollinearity when the Tolerance value exceeds 0.10 and the VIF value is below 10.

**Table 4. Multicollinearity Test Results**

| Variable | Tolerance | VIF |
|---|---|---|
| Village Apparatus Quality (X1) | 0.209 | 4.776 |
| Understanding of Gov't Accounting Standards (X2) | 0.155 | 6.468 |
| Village Financial Management (X3) | 0.275 | 3.641 |

Because all Tolerance values exceeded 0.10 and all VIF values remained below 10, the regression model can be concluded to be free of multicollinearity.

Multiple linear regression analysis was conducted to determine the combined effect of the independent variables on the dependent variable. The regression equation used in this study takes the general form:

**Table 5. Multiple Linear Regression and Partial Significance (t-Test) Results**

| Model | B | Std. Error | Beta | t | Sig. |
|---|---|---|---|---|---|
| (Constant) | −1.582 | 1.640 | — | −0.965 | 0.339 |
| X1 – Village apparatus quality | 0.351 | 0.125 | 0.332 | 2.808 | 0.007 |
| X2 – Understanding of gov't accounting standards | 0.389 | 0.143 | 0.374 | 2.722 | 0.009 |
| X3 – Village financial management | 0.256 | 0.102 | 0.259 | 2.511 | 0.015 |

Based on the coefficients reported in Table 14, the estimated regression equation is:

$$Y = -1.582 + 0.351X1 + 0.389X2 + 0.256X3 + e$$

Correlation analysis was conducted to assess the strength of the relationship between each independent variable and financial report quality.

**Table 6. Correlation Analysis Between Village Apparatus Quality and Financial Report Quality**

| | Pearson Correlation | Sig. (2-tailed) | N |
|---|---|---|---|
| Village Apparatus Quality ↔ Financial Report Quality | 0.861 | 0.000 | 60 |

The significance value of 0.000 is below 0.05, indicating a significant correlation between village apparatus quality (X1) and financial report quality (Y). This result indicates a positive and significant relationship between the quality of village apparatus and the quality of village financial reports.

**Table 7. Correlation Analysis Between Understanding of Government Accounting Standards and Financial Report Quality**

| | Pearson Correlation | Sig. (2-tailed) | N |
|---|---|---|---|
| Understanding of Gov't Accounting Standards ↔ Financial Report Quality | 0.852 | 0.000 | 60 |

This result indicates a positive and significant relationship between understanding of government accounting standards and the quality of village financial reports.

**Table 8. Correlation Analysis Between Village Financial Management and Financial Report Quality**

| | Pearson Correlation | Sig. (2-tailed) | N |
|---|---|---|---|
| Village Financial Management ↔ Financial Report Quality | 0.782 | 0.000 | 60 |

This result indicates a positive and significant relationship between village financial management and the quality of village financial reports. The coefficient of determination ($R^2$) indicates the extent to which the regression model explains variation in the dependent variable. The results are presented in Table 9.

**Table 9. Coefficient of Determination ($R^2$)**

| R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|
| 0.915 | 0.836 | 0.828 | 2.49336 |

The simultaneous significance test (F-test) was conducted at a significance level of 0.05. If the significance value is below 0.05, or the calculated F exceeds the critical F-table value, the independent variables are considered to jointly influence the dependent variable.

**Table 10. Simultaneous Significance Test Results (F-Test / ANOVA)**

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 1781.110 | 3 | 593.703 | 95.499 | 0.000 |
| Residual | 348.144 | 56 | 6.217 | — | — |
| Total | 2129.254 | 59 | — | — | — |

The t-test was used to assess the significance of each independent variable's partial effect on financial report quality. Based on these results, the final regression model is expressed as:

$$Y = -1.582 + 0.351X1 + 0.389X2 + 0.256X3 + e$$

Where Y denotes financial report quality, X1 denotes village apparatus quality, X2 denotes understanding of government accounting standards, X3 denotes village financial management, and e denotes the error term. Each one-unit increase in X1, X2, or X3, holding the other predictors constant, is associated with an increase in financial report quality of 0.351, 0.389, and 0.256 units, respectively, while the constant of −1.582 represents the model-implied value of Y when all three predictors are zero.

## CONCLUSION

Three findings emerge from this study. First, village government apparatus quality exerts a significant positive influence on the quality of village financial reports in Kecamatan Cicalengka, Kabupaten Bandung (t = 2.808, p = 0.007, B = 0.504). Second, comprehension of Government Accounting Standards (SAP) similarly exerts a significant positive influence (t = 2.722, p = 0.009, B = 0.351). Third, the quality of village financial management practices exerts a significant

positive influence (t = 2.511, p = 0.015, B = 0.198). Simultaneously, the three variables jointly account for 82.8% of variance in financial report quality (F = 95.499, p = 0.000, Adjusted $R^2$ = 0.828).

These findings carry practical implications for village governance in Indonesia. The relatively high explanatory power of apparatus quality argues for sustained investment in competency development programmes particularly training that goes beyond one-time socialisation events to create durable capacity gains. The significant effect of SAP comprehension argues for mandatory, structured SAP orientation for all village apparatus with financial responsibilities, recognising that informal diffusion of standards knowledge is insufficient. The independent contribution of financial management practices reinforces the value of strict adherence to the Permendagri No. 20/2018 cycle, including consistent documentation, transparent reporting, and timely accountability submissions.

Future research is encouraged to extend the variable set to include work experience, training intensity, and information technology utilisation, which prior studies identify as potentially significant determinants not captured by the present model. Qualitative or mixed-method approaches, including interviews with village heads and finance officers, could also enrich understanding of how the identified factors operate in practice.

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