

Creating Good Village Governance: An Effort to Prevent Village Corruption in Indonesia

Caesar Marga Putri

Department of Business, Faculty of Economics and Business, Universitat de Barcelona, Barcelona, Spain and Department of Accounting, Faculty of Economics and Business, Universitas Muhammadiyah Yogyakarta, Bantul, Indonesia

Josep Maria Argilés-Bosch

Department of Business, Universitat de Barcelona, Barcelona, Spain

Diego Ravenda

Department of Management Control, Accounting and Auditing, TBS Business School, Campus Barcelona, Barcelona, Spain

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Abstract

Purpose: This study aims to investigate how the village government implements internal control, accountability, transparency and participation in the good governance practice for corruption prevention and detection in Indonesia.

Design/methodology/approach: The study is qualitative research by conducting a semi-structured interview with village staff, village consultative council members and auditors.

Findings: The findings highlight three major issues contributing to poor governance and the failure to prevent and detect corruption.

Practical implications: The regulator should urgently provide accounting standards, audit standards and internal control regulations for the village to create good governance for eradicating corruption.

Originality value: This paper is a ground-breaking study that investigates the governance practice in the village as an anchor to solve the chronic corruption problem and offers a new direction of research in the village government.

Keywords: Good governance, village, village fund, corruption, Indonesia

Paper type: Research paper

Introduction

In Indonesia, the village where the majority of farmers and fishermen reside serves as a vital source of the nation's food, however, the economic condition of the village community is still in poverty. In this regard, village government is the level of government closest to the village community and will better understand the community's needs, such as which areas are still undeveloped and what the community needs. As a result, meeting their needs should be easier to improve their quality of life.

The passage of Law No. 6 of 2014, known as the Village Law, is intended to alleviate village poverty. Village Law gives the village government the authority to plan and manage budgets for community development and empowerment with the goal of improving community welfare. To ensure the success of the Village Law, the central government provides each village with \$69,000 per year to fund village development and community empowerment. However, despite the fact that the law is being implemented, corruption in the village government is among the top three corruption cases in the government sector, and it is growing yearly (Indonesia Corruption Watch, 2020). Corruption in Indonesia is a problem that has not been resolved and continues to exist in almost all government sectors, ranking Indonesia 102 out of 183 countries as the least corrupt (Corruption Perception Index, 2020). This situation is

exacerbated by the growing corruption in the village government, a relatively new area of corruption.

The majority of village governance studies have been conducted in China (Howell, 1998, 2007) or Africa (Chung and Windsor, 2012; Nyamori *et al.*, 2017). Meanwhile, there has been relatively little research on village governance in Southeast Asia, particularly on village corruption topic. In fact, in Southeast Asian countries, village governments' existence is critical in eradicating the nation's poverty, primarily dominated by people living in villages. Previous studies on corruption have also been associated with good governance (Hopper, 2017; Pillay, 2004), and the topic is still relevant to be investigated to explain the phenomenon of corruption in villages since village government is a new form of government that has not been extensively discussed in public sector research. In Indonesia, since there was no institutional power in the previous village era, village governments were not required to adopt good governance practices. The village's sole focus was only on administrative services to the village communities. However, under Law No 6 of 2014, the village government has institutional powers and responsibility regarding its budget.

Therefore, the good governance concept is still relevant to explain the occurrence of corruption in the Indonesian village government. This study, thus, conducts an in-depth investigation of the practice of good governance to explain its effectiveness in preventing and detecting corruption in Indonesia.

Literature Review

The Overview of Village Government in Indonesia

Previously, villages in Indonesia were governed by Law No. 32 of 2004, which positioned villages under regency and gave them narrow authority to govern themselves. Rural community development was slow and undeveloped because the village government's function at the time was only as a public servant registering births, deaths and marriages. Ten years later, in 2014, Law No 6 was enacted to improve rural communities' welfare.

Corruption

Corruption is generally defined as the abuse of public positions for private gain (Salihu, 2022). International Monetary Fund (IMF) (2005) defines corruption as using public authority or trust for personal gain. In this research, corruption is defined as any action carried out by an individual or group entrusted with a position of power to obtain unlawful benefit.

Village Governance

Agent-principal theory explains that relations between the government and citizen, the government is an agent of the citizen, and the citizen is the principal who entrusts their money to the agent (Smith and Bertozzi, 1996). This relationship is prone to corruption because the government monopolises information over citizens. As a result, monitoring the government's activity and disclosing financial and non-financial information about management processes and outcomes is critical to close the gap between citizens and the government.

As the village government is subordinate to the central government, it is forced to institutionalise the government process as required by the regulations. In this case, the institutional theory attempts to provide a conceptual framework for analysing organisational behaviour. It is based on the premise that entities do not operate independently but rather interact with one another in what is known as organisational fields, which eventually aggregate into societies. An institutional theory also emphasises the importance of legitimacy to the extent that these circumstances constrain acts and determine behavioural choices (Drew Sellers *et al.*, 2012). Hence, accountability becomes a pivotal component in organisational legitimacy and corruption detection. Since the village government is entrusted with public funds, it must be accountable by providing precise and reliable information on government economic transactions to monitor them. Accountability will also ensure the legitimacy of the village government and will eliminate corruption (Hopper, 2017).

Besides that, the village government must disclose and deliver information promptly to fulfil the concept of transparency. Increased transparency in governance will enable citizens to monitor the government's performance because transparency enables citizens to comprehend a government's accomplishments by providing accurate information (Florini 2000). Since the government exposes citizens to essential information, residents can understand the government's achievements.

Furthermore, according to Village Law, the village becomes the driver of prosperity rather than only the object (Sofyani *et al.*, 2021) Previously, the active participation of the village community has been implemented by the Republic of Vietnam, as Vietnam accomplished with their commune development program (CDP), where the policy tries to build village community trust and active engagement in analysing issues and possibilities and developing solutions (Yen and van Luong, 2008). Through this concept, the grassroots communities utilise their knowledge to explore the village's potencies, obstacles and limitations and find acceptable solutions. In the participation concept, the village community also has the

opportunity to give suggestions and critics about budget and realisation; therefore, potential corruption can be detected.

Corruption detection and prevention also depend on the internal control implemented, which varies depending on the organisation's characteristics (Chenhall 2003). In addition, the village government differs from other types of government in Indonesia, so when it is implemented, it should consider the village's unique aspects. By considering it, internal control will effectively prevent and detect corruption because the control system plays a pivotal role in the local government to alignment with the organisation's goal (Shonhadji and Maulidi 2020).

Hence, this study aims to investigate how the new village government implements internal control, accountability, transparency, and participation through institutional concepts toward the good governance practice for corruption prevention and detection in Indonesia. This study also investigates the capability of village staff and the role of information technology in supporting good governance practices. Thus, we construct the following five research questions:

RQ1: How does the village government implement its internal control?

RQ2: How does the village government practice accountability?

RQ3: How does the village government practice transparency?

RQ4: How does the village government practice participation?

RQ5: Is the village governance effective in preventing corruption?

Methodology

This study relied on the in-depth interview of three groups of participants, i.e., village government staff (VGS), village consultative council (VCC) members and auditors, to comprehensively understand the examined variables. The village staff was interviewed about internal control (IC), accountability, transparency, competency and information technology (IT). Meanwhile, the village consultative council member, whose primary role is supervising and controlling the village government, was interviewed regarding IC, participation, transparency and corruption perspectives. Lastly, the auditor was asked about internal control and accountability. In addition, semi-structured and open-ended questions were asked to participants, then recorded utilising an audio recorder and subsequently transcribed (Creswell, 2012).

Moreover, respondents' data were obtained through a form about their consent for the interview. If they agreed, they wrote down their mobile phone number and personal

information, such as their name and current position in village governance, the village's name, regency and province they were in. Eleven staff (code VGS#1 to VGS#11) and eleven village consultative council members (code VCC#1 to VCC#11) were contacted from five provinces, and finally, nine staff, eleven village consultative council members and three auditors agreed to join the interview. The interview was then conducted using *Zoom Meeting* and *WhatsApp video*, depending on the respondent's intention, and it took approximately an hour for each. Afterward, we coded the participants in accordance with the confidentiality agreement (Table I).

(Insert table I. around here)

Findings and Discussion

How does the village government implement internal control? (RQ1)

We interviewed village government staff (VGS), village consultative council (VCC) members and auditors to get the answers to the question-related IC implementation. Some initial questions related to the implementation of internal control were asked to VGS and VCC in Table II.

(Insert table II. around here)

Question IC1: Four of nine village staff (VGS#1, #2, #6, #9) answered that there are no written rules regarding employee ethics. The concept of ethics refers to the generally accepted behaviour in society about what is considered good and bad. Meanwhile, five respondents (VGS#3, #5, #7, #8, and #11) answered that there are rules, but the implementation is not optimal. For example, there is no penalty or punishment for violators. This finding implies that in solving ethical problems, the village government uses more informal methods that are not brought into the realm of law because the code of ethics is not implemented.

Question IC2: All respondents said their office has the rule to guide the segregation of duties. Seven respondents answered that VGS run the job based on their job description. However, two respondents (VGS#2, #6) replied that the segregation of duties has not been fully implemented.

Question IC3: Two village staff (VGS#2, #6) stated that the difficulty encountered when carrying out the authority separation is the uneven ability of village staff, so they sometimes assist their colleagues in carrying out their duties. Furthermore, since the enactment of the Village Law, the increasing number of mid-year and annual reports that must be completed has outnumbered the number of village staff, burdening them. They then emphasised that there is a shortage of staff with many reports that must be submitted to various ministries and that the

upper level of government requires them to work together to meet the requirements. In this case, the upper government might request a report several times because it was misplaced or tucked away.

This finding indicates that, due to a lack of human resources, the village government's segregation of duties was not rigorously enforced. We also discovered that employees assist one another in completing tasks rapidly due to excess tasks.

Question IC4: Regency auditors conducted annual audits in only two villages (VGS#1 and #2), while other villages were not audited annually. Two villages (VGS #3 and #6) were audited every two years; three villages (VGS #7, #8, #9) are audited every three years, and two villages (VGS #5 and #11) were audited in 2017.

Question IC5: According to the village consultative council members interviewed, the approval of the annual financial reports is still unfair. The annual financial reports should be reviewed by a village consultative council member before being submitted to the regency government and ministries, but it is merely a formality or procedural requirement. According to the seven members of the village consultative council (VCC #2, #3, #4, #5, #7, #8 and #10), the time allotted to evaluate and review the village financial report ought to be two weeks, which is considered sufficient to determine if there are any irregularities in the financial report. After being reviewed, the financial reports should be approved by the village consultative council's chairperson by signing them with his and other village consultative council members' signatures, and then the village government is authorised to submit them to the regency government and the ministries of Home Affairs and Village Development.

However, two village consultative council members (VCC #5 and #7) claimed they are only given one night, or a maximum of 24 hours, to review the annual financial reports. Besides, four village consultative council members (VCC #3, #4, #9 and #10) stated that it is customary for the chairperson of the village consultative council to sign on the approval process. According to them, this practice is hazardous because several chairpersons were cronies of the village staff, and it is prone to collusion, leading to corruption.

Two respondents (VCC #2 and #8) even stated that they were never asked to sign on the financial reports that were reviewed (an indication of a fake signature), so they were unaware of the extent of the quality of the financial report submitted to the higher authority. Council members are usually forced to approve the financial report because late submission of financial reports to the regency government will delay village funds transferred in the following period. If village funds were suspended or stopped in the next fiscal year, it would be a

disadvantage for future village development. These findings suggest that the audit function has not been conducted annually. Meanwhile, the village consultative council's function as a supervisor and controller at the village level has been disrupted. Also, there are indications that some village consultative council chairpersons were not working independently because they have become the village staff's cronies. Then, these three were asked of the auditors (Table III).

(Insert table III. around here)

Question IC6: Three auditors (Auditor#1, #2, #3) explained that before the Village Law enactment, their primary task was to audit the regency government; however, since 2014, they have been given additional tasks to audit the village government; thus, the audit is not performed every year. Two out of three auditors (Auditor#1, #3) said that annual audits are only conducted by sampling based on the level of risk because there are lack of auditor numbers and the different capabilities among auditors (Junior vs. Senior). One team of assignment has a few senior auditors. In addition, Auditor#2 explained that the regency government only had 30 auditors to conduct audits in 34 divisions of the regency government and 144 village governments; therefore, auditing all these areas in a single year is impossible.

Question IC7: An auditor (Auditor #1) elucidated that the five elements of the internal control system should be tested prior to the audit to get an overview of the village's internal control. Yet, two auditors (Auditor #2 and #3) explained that the village government's auditing process is ineffective because the villages had not implemented all internal control elements; the current audits only meet compliance audit standards rather than financial statement audit standards. For example, the ethical code that should exist in every village has not been implemented. Furthermore, there is no available audit standard for village government that regency auditors can use as a reference when conducting audits.

Moreover, three auditors (Auditor #1, #2 and #3) stated that internal control regulations do not yet exist at the village level, and as a result, the village staff do not understand the internal control concept. The current regulations are Government Regulation Number 60 of 2008 concerning the Government Internal Control System and Village Financial Management Regulation Number 20 of 2018. However, Government Regulation Number 60 of 2008 does not include the phrase "village government IC system," and it is incompatible with the unique characteristics of village governments. The regency regulations, derived from these two government regulations, then provide additional audit guidance on IC at the village level.

Question IC8: Auditor #1 did not respond to the question. Meanwhile, two auditors (Auditors #2 and #3) stated that the village consultative council's role was ineffective. It is because their duties as members of the village consultative council are supplementary to their primary jobs. They were not paid a salary but rather received incentives. Furthermore, some village consultative council members come from lower economic strata than the village staff, limiting their power.

According to interviews, the village government's prosecution of cases of ethical violations is not strictly enforced because there is no approved and implemented written code of ethics. The authority separation has also been implemented, but it is occasionally infringed upon due to the limited staff number and capacity. Moreover, they stated that the village consultative council is not functioning correctly as a village controller. Some authorisations that should be carried out by the village consultative council chairperson and members, such as the approval of annual financial statements, are passed out by village staff without the village consultative council's approval.

Moreover, there were no audit standards for villages, and audits are now carried out by auditors appointed by the government in accordance with Regulation 60 of 2008 on the Government IC System and Regulation 20 of 2018 on Village Financial Management. However, the IC rules are not specified for villages that are different from other types of government, resulting in the ineffective implementation of internal control at the village level.

We also found that the audit and supervision functions by the auditor and village consultative council are not appropriately run. The audit does not perform annually because of the limited number of auditors. The unavailability of internal control regulations in accordance with the village government's characteristics also makes the village staff not pay much more attention to the importance of internal control in their government. Furthermore, the complete absence of audit standards for the village government makes it difficult for regency auditors to conduct village-level audits, exacerbating the situation. Meanwhile, supervision and control from the village consultative council did not follow the regulation's procedure due to their weak role caused by the economic strata. These explanations above can be used to answer RQ1 which shows that IC still has many obstacles in implementation.

How does the village government practice accountability? (RQ2)

The following three questions related to accountability were asked to VGS (Table IV)

(Insert table IV. around here)

Question ACC1: According to the nine village staff responses (VGS #1 to #9), the expenditure procedure is proposed by the village treasurer and will be verified by the village secretary and the village head. The treasurer can then execute the transaction after the secretary and the head sign the expenditure form.

Question ACC2: Nine village staff responded that every expenditure should be accompanied by an invoice. Transactions without evidence are not allowed, and the auditor will consider them a finding or fraud. However, three staff (VGS #2, #5 and #7) stated that some of the evidence is not authentic due to unavailability and loss, but they make it or ask the supplier where they purchase the materials.

Question ACC3: The entire village staff said that there are numerous reports to be prepared and reported. The village government is also asked to report to several agencies, the rency, the Ministry of Home Affairs, and the Ministry of Village Development. Furthermore, these parties frequently inquired because they are perplexed. We also asked the auditor question ACC3, and they (Auditor #1, #2, #3) answered that the village government accounting standard is not available, making staff difficult to prepare standardised and generally accepted financial reports. Nowadays, the accounting practice in village government is based on regulations issued by the Ministry of Home Affairs and handed down to the rency government and regulations issued by the Ministry of Village Development, which are vague. Three of the village staff (VGS #2, #3, #10) explained that many regulations are conflicting, causing difficulties for staff about which one to follow, making it difficult to record and report correctly. For example, the regulations made by the two ministries conflict with each other in specific articles or chapters; as a result, villages frequently suffer from reporting errors, so the ministry must correct them.

Further, RQ2 can be explained by those findings that the accounting practice in the village has been appropriately conducted with authorisation and evidence in every transaction. However, some evidence of the transaction is not real-time, making it fictitious. Moreover, we uncovered that the financial reports that should be prepared are too many and repeated. It is worsened by the existing regulations being vague and conflicting with each other since the regulations are enacted by two ministries.

How does the village government practice transparency? (RQ3)

We asked four initial questions to the participants to gather information about transparency (Table V).

(Insert table V. around here)

Question Tran1: All the staff (VGS #1 to #9) said that the disclosure of village funds received from the central government is through billboards because it is mandatory. Besides, they also conducted a meeting with the village consultative council to explain the detail of the fund received.

Question Tran2: All the staff (VGS #1 to #9) stated that the village consultative council is kept up to date on all activities involving the village fund. However, a village consultative council member (VCC#8) revealed that budget details are not disclosed, such as the details of what they purchased for village development. As a result, the village consultative council only knows the total amount spent but not the specifics, such as the product's quality or price. He also claimed that the procurement budget for certain activities is not fairly disclosed and that staff typically refused when asked about the detailed budget. Furthermore, a village consultative council member (VCC#5) stated that the amount of the budget realisation is rarely disclosed. The other three village consultative council members (VCC #4, #5, #7) said that while the budget informs the amount of expenditure at the start of the fiscal year, the implementation usually changes throughout the year without any discussion with the village consultative council. The staff is never informed of the purpose of the budget change, and it occurs unexpectedly. The changes to the village budget were also not clearly communicated, leaving them unable to control the details of budget expenditure. Consequently, the village consultative council only observes and inspects the infrastructure built as physical evidence of budget realisation; however, the expenditure details were not disclosed for analysis.

Question Tran3: All the staff (VGS #1 to #9) said that the village should disclose the achievement related to what infrastructure has been built, road, building and others, and what kind of training has been conducted for the community. It should also be reported on the billboard that the village communities can access it. They can also read how long the bridge or road is built and the budget realisation to build it.

Question Tran4: All the staff (VGS #1 to #9) stated that they were required to report via billboard and village meeting and only two staff (VGS #3 and #11) said that their village government also actively reported via the website. The remaining staff stated that they do not disclose financial statements through the website for various reasons, including a lack of staff to operate and maintain it. Furthermore, the staff (VGS #2) noted that the village community is not interested in checking the website, preferring manual announcements, such as billboards, papers, or in-person meetings.

Answering RQ3, We indicate that the village governments have already disclosed the budget and activities related to its realisation. However, it is still not fully transparent regarding changes in budgets and expenditures without prior confirmation and authorisation from village consultative council members.

How does the village government practice participation? (RQ4)

Two questions about participation were inquired of the interviewee (Table VI).

(Insert table VI. around here)

Question Part1: All eleven members of the village consultative council (VCC #1 to #11) stated that they are always involved in the planning and budgeting process. They propose village development planning based on the village consultative council meeting and then discuss with staff to determine the priority of the programs and the number of village funds allocated. The village consultative council members can then provide input, suggestions, critiques and comments to ensure that all programs decided during fiscal years are intended for community development and empowerment.

Question Part2: Based on the regulation, the program's implementation is obligatory to create an activity enforcement team whose members are the village community and responsible for executing every program planned. Then, the project will be managed by the person chosen from the enforcement team. Their involvement is intended to empower the village community and to increase the transparency of the budget realisation. Therefore, the RQ4 can be answered that participation practice has involved council members and the community in the village activities.

Is village governance effective in preventing corruption? (RQ5)

Three questions about corruption were to gather information from the village consultative council (Table VII).

(Insert table VII. around here)

Question corrup1: Most respondents were hesitant to answer the Corrup1 and Corrup2 questions, whereas they answered it concerning question corrup3. Only a staff (VCC #2) said income from agricultural products owned by the village government is not accepted as village income but was used by the village head's interest. Meanwhile, two village consultative council members (VCC #4,#5) said that tender with third parties for a specific project becomes an opportunity for corruption. The village consultative council (VCC#4) also explained that the staff never discussed in advance the planning of the tender, the amount they dealt with the third parties and the quality standard of the project; therefore, if the project had already been finished,

the village consultative council could not evaluate the fairness of the amount of the tender and the project quality.

Third-party bribery is also considered when deciding to accept or reject the tender. The village consultative council (VCC#5) elucidated that community empowerment programs, such as a training program for village communities to increase their skill for increasing their income, have the potential for corruption. Unlike building infrastructure, training programs that could not be seen clearly in the time frame until reporting makes it a fraudulent loophole by not reporting actual expenses or even fictitious training. Other village consultative council members (VCC #7, #8) said there was collusion and corruption indication in the procurement of equipment and supplies during COVID-19 because the purchase price was exorbitant compared to the products' quality. The village consultative council raised this concern; however, tracing the evidence was also difficult, as there was an indication of collusion between the supplier and the staff. In addition, the village consultative council (VCC #7) stated that the procurement changes are usually carried out without village consultative council approval. Only the village consultative council (VCC#1 and #3) stated no evidence of corruption because the government has been transparent. Meanwhile, three village consultative council members (VCC#9, #10 and #11) refused to answer corruption-related questions.

Therefore, for answering RQ5, we discover that corruption still occurred in most respondent villages. Corruption could also take various forms, including bribery, collusion, and the embezzlement of income. This finding indicates that village governance is not effective to prevent and detect corruption in village because there are some weaknesses in IC implementation, accounting, and transparency practices.

Village staff competency

Three questions were inquired to explore staff competency (Table VIII).

(Insert table VIII. around here)

Question Comp1: All the staff respondents answered that their work is much more complex than before. According to the staff (VGS #2), Since 2014, VGS has been responsible for managing the enormous village fund and being accountable for public funds that every economic transaction must be recorded and accompanied by an invoice. Before Village Law, the village government's primary duty was to serve the villagers in daily life, such as recording birth, marriage and mortality event, and as the community mediator. Furthermore, they stated that financial reports must be prepared every six months and annually, a new concept and

knowledge that must be learned and supported by training. Meanwhile, according to a staff (VGS #3), the lack of competency of village staff is due to some village employees being elders. However, the government has gradually recruited young staff aged 17 to 45 since 2016 to improve staff capability. Nevertheless, the minimum educational requirement for the staff is senior high school. The government also provides administrative, budget, financial management and information technology training to enhance skills.

Question comp2: Ten staff stated that the regulations that must be followed in administrative work are unclear and that they must comply with numerous regulations issued by the ministries of interior and village development. Because these regulations contain ambiguous and conflicting rules, the staff have to manipulate some transactions for them to comply with the regulations.

Question comp3: All staff (VGS#1 to #9) agreed that training is still required, and should be addressed to all village government employees, not just specific staff. Since regulation is dynamic and frequently revised by regulators, there will be difficulties in completing the tasks without training.

The staff competency investigation supports the answers for Q1 and Q2 which staff still becomes an obstacle in IC implementation and accountability practice.

Information Technology Support

There are five questions about IT (Table IX) as follows:

(Insert table IX. around here)

Question IT1: Four staff (VGS #1, #2, #5, #7) stated that the transaction is still recorded manually and only a small portion of it is computerised, while three staff (VGS#3, #6, #11) stated that all transaction recording is done on a computer. Furthermore, two staff (VGS #8 and VGS #9) noted that all daily transactions are manually recorded on paper books.

Question IT2: Five staff (VGS#2, #5, #7, #8, #9) explained that human resources constrain, such as the number of staff and sizeable elder staff, became an obstacle in running the IT.

Question IT3: Seven employees said that the software is intended to facilitate the accounting process and to prepare reporting that can be generated with a single click rather than manually. However, according to two staff (VGS #7 and #8), the software complicated the work because many different types of reports should be completed through the system and hard file reports. They questioned why they must provide hard copies of all these annual reports, which adds extra work if software can generate automated reports.

Question IT4: Three staff (VGS #1, #2, #6) said that since every transaction in the village is unique from one to another, some accounts are not provided on the software. According to a staff member (VGS #2), a poor network and a lack of skilled personnel make running the software complex. Based on the rule, each authorised staff member should operate the software based on their position, but in reality, the system is performed by a single staff member who operates the software from inputting transactions to generating reports. Other staff (VGS#8) said it must be supported with a strong internet connection, a reliable server and computer from the software provider, and skilled human resources. A staff (VGS #9) revealed that financial software is prone to errors, which, according to the information obtained, is due to poor software development quality. Another limitation is that it is complex and not easy to use (VGS#3, #5, #6, #8, #11) and only one staff (VGS #11) claimed that there are no difficulties in operating the software.

Question IT5: Only two staff (VGS#3, #11) said his village government has an active website. Meanwhile, five villages (VGS#1, #2, #5, #8, #7) have the website but do not operate it actively. They admitted that they often communicate through *Facebook* and *WhatsApp* to share any information and receive any criticism or suggestions from the community because the community more often accesses social media than the website.

Findings regarding IT support and staff competency show that their presence has little impact on good governance improvement because of inadequate educational background for the workforce and underdeveloped technology. Technology, like financial system software that cannot be relied on as a financial system, frequently makes errors and cannot meet the demands of village government financial reports. Additionally, few people have access to the internet and do not regularly access the website. The finding of IT investigation strengthens the answer for RQ1, RQ2 and RQ3.

Discussion

The study found three main concerns in achieving good governance in Indonesia's village government.

Weak internal control implementation

First, the unavailability of regulations of internal control for the village government causes the IC implementation not to run properly. Since there is a lack of a written code of ethics rules that should be understood and agreed upon for sanctioning employees who violate ethical behaviour, violations of ethics are not carried out properly. Second, unclear separation of work

authority due to a large amount of work and low capacity of the village staff becomes an issue in governance. Third, the village consultative council's supervisory and controlling role over the village level's governance does not work properly. It is because of this board's weak position in its members' capabilities and their voice strength. Fourth, the inadequacy of regency audits with additional tasks to audit villages causes audits are not conducted regularly. In addition, because the regulations of IC including audit standards, are unclear, the village audit is more about a compliance audit whose task is to review the village's adherence to regulatory guidelines. The audit report evaluates the strength and thoroughness of compliance preparation, security policies and risk management procedures over a compliance audit. It is consistent with the study of (Donelson *et al.*, 2017) that strong control will reduce financial reporting fraud by managers.

Absence of accounting standards and conflicts among current governance regulations

First, the village does not have village government accounting standards; therefore, the guidance in running accounting transaction merely refer to the government regulation and policies on village governance. However, the existing regulations overlap and conflict, resulting in village staff having difficulty carrying out financial management and poor quality of financial reporting. Second, the complexity of financial transactions in the village since the enactment of the Village Law has not been supported by the quality of human resources because many of the staff hold unrelated educational backgrounds to the tasks they are responsible for, leading to poor governance. These two issues cause a problem in accountability at the village level. Third, this absence also leads to a lack of transparency and participation from the community. In addition, the village consultative council's authority as the community's representative is limited because the regulation is uncertain about how it should be interpreted. As consistent with (Kimbrow, 2002) Corruption is negatively associated with the legal system quality, measured by laws and regulations quality, accounting standards, and accountant concentration. Their current position is nothing more than a complement to the democratic system that requires representation from the community.

Poor information technology development

Unreliable financial software admits errors in the accounting process and financial reports preparation. In addition, the implementation of the financial information system software cannot generate accurate financial reports in accordance with regulations due to the system software's development limitations. In fact, the different characteristics of villages causing various economic transactions are also one of the factors driving the ineffectiveness of the

implementation of the existing financial system. It is consistent with affordance theory, which suggests that technology affordance refers to the number of potential uses enabled by IT objects. A previous study (Zammuto *et al.*, 2007) has characterised affordances as resulting from the interaction between the attributes of the non-profit organisation and the attributes of the technology; when considering different situations, the same technology may have different potentialities. Therefore, IT implemented for governance in the village government should be suitable for the characteristics of the village government.

Conclusion

This study aims to investigate the internal control implementation, accountability, transparency and participation practice for corruption prevention and detection in Indonesia. Those three findings show the current IC implementation, accounting, participation and transparency practice contribute to the failure of the village governance in corruption prevention and detection in the village government. Therefore, future research should examine and compare corruption prevention in Southeast Asian countries.

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No	Staff Code	Agreement	Council Code	Agreement	Auditor Code	Agreement
1.	VGS#1	Yes	VCC#1	Yes	Audit#1	Yes
2.	VGS#2	Yes	VCC#2	Yes	Audit#2	Yes
3.	VGS#3	Yes	VCC#3	Yes	Audit#3	Yes
4.	VGS#4	No	VCC#4	Yes		
5.	VGS#5	Yes	VCC#5	Yes		
6.	VGS#6	Yes	VCC#6	Yes		
7.	VGS#7	Yes	VCC#7	Yes		
8.	VGS#8	Yes	VCC#8	Yes		
9.	VGS#9	Yes	VCC#9	Yes		
10.	VGS#10	No	VCC#10	Yes		
11.	VGS11	Yes	VCC#11	Yes		

Table I.

Code of
Participants

No	Questions
IC1	How is the implementation of written rules regarding employee ethics?
IC2	How are the authority and segregation of duties in your village government?
IC3	What are the obstacles faced in implementing the separation of authority and function?
IC4	How does the regency auditor audit the financial reporting every year?
IC5	How does the village consultative council review and authorise the budget and financial report?

Table II.
IC Questions for
VGS and VCC

No	Questions
IC6	How does the village financial reports audit conduct?
IC7	What is the audit procedure in the village government?
IC8	Based on your opinion, how does the function of the village consultative council in supervising and controlling the village governance?

Table III.
IC Questions for
Auditors

No	Questions	
ACC1	What is the procedure for the village expenditure?	
ACC2	Does every transaction always accompany by evidence (e.g. invoice)?	
ACC3	What obstacles are faced in preparing financial reports under existing regulations and systems?	Table IV. Accountability Questions

No	Questions	
Tran1	How does the village government regularly report information on the number of village funds received?	
Tran2	Does your village government regularly report information related to activities of village funds that have been implemented?	
Tran3	Does your village government regularly report information related to the village's achievements?	
Tran4	What media were used to report this (website, billboard media, or village meeting)?	Table V. Transparency Questions

No	Questions	
Part1	How is the involvement of the village consultative council in the planning and budgeting process?	
Part2	How is the process of the village community involvement in the program implementation?	Table VI. Participation Questions

No	Questions	
Corrup1	What do you think about the integrity of the village staff in managing the huge money of the village fund?	
Corrup2	Has any village staff indicated that they use village facilities for personal gain?	
Corrup3	Is there any indication of bribery related to procurement?	Table VII. Corruption Questions

No	Questions	
Comp1	Since the implementation of Village Law No.6 of 2014, how do you feel about your work?	
Comp2	Are there any difficulties in completing the work according to existing regulations?	
Comp3	Is training still needed to enhance the competency of village staff?	Table VIII. Competency questions

No	Questions	
IT1	How is the process of recording accounting transactions in your village? Is it proceeded manually or by computer?	
IT2	In your opinion, what is the difficulty in recording these transactions using a computer?	
IT3	How does the financial system software help the village staff work?	
IT4	What obstacles did you experience in using village financial system software?	
IT5	Does your village government have a website? How is it going?	Table IX. IT Questions