

DOI: <https://doi.org/10.38035/dijefa.v5i3>

Received: 04 June 2024, Revised: 18 June 2024, Publish: 01 July 2024

<https://creativecommons.org/licenses/by/4.0/>

## The Influence of Accountability and Transparency on Public Trust in Villages Mediated by Internal Control Systems in Sidoarjo

Ninesia Aliya Ryandi<sup>1\*</sup>, Rida Perwita Sari<sup>2</sup>,

<sup>1</sup> Universitas Pembangunan Nasional “Veteran” Jawa Timur, Indonesia, [20013010165@student.upnjatim.ac.id](mailto:20013010165@student.upnjatim.ac.id)

<sup>2</sup> Universitas Pembangunan Nasional “Veteran” Jawa Timur, Indonesia, [ridaps.ak@upnjatim.ac.id](mailto:ridaps.ak@upnjatim.ac.id)

\*Corresponding Author: [20013010165@student.upnjatim.ac.id](mailto:20013010165@student.upnjatim.ac.id)

**Abstract:** This study aims to investigate the relationship between accountability, transparency, internal control systems, and community trust in villages in Sidoarjo Regency. The background of this research is based on the importance of the role of the Village Consultative Body (BPD) as a government institution at the village level in ensuring accountability, transparency, and the effectiveness of internal controls to enhance community trust. The research method used is quantitative by collecting data from BPD members and representatives of the village community through questionnaires. The results of data analysis show that accountability, transparency, and internal control systems have a significant positive effect on community trust. Furthermore, it was found that the internal control system can mediate the relationship between accountability and transparency with community trust. These findings provide a deeper understanding of the importance of implementing accountability, transparency, and internal control practices in building community trust in government institutions at the village level.

**Keyword:** Accountability, Transparency, Community Trust, Internal Control.

## INTRODUCTION

As stipulated in Law Number 6 of 2014, a village is a legal community unit with defined territorial boundaries, granted authority to manage and administer governmental affairs, local community interests, inherent rights, and/or traditional rights recognized within the governance system of the Republic of Indonesia. The law also mandates that village governance must be improved in quality. This improvement can be achieved through the structured and systematic implementation of good governance practices, which not only hold the village accountable for all its activities but also enhance its competitiveness.

The central government's allocation of village funds has significantly increased, from an initial amount of one billion to a substantial two billion since the amendment of Law Number 6 of 2014 on Villages was approved by the Indonesian Parliament. This increase

aims to support village growth towards becoming more advanced, strong, democratic, and self-sufficient (Padek, 2023). However, this policy has also raised concerns among the community regarding the potential misuse of these funds by village governments. The fear is that such policies might become a new avenue for corruption, thereby failing to benefit village development.

The high potential for misuse of village funds as a new form of corruption is evident from the persistent cases of village fund corruption occurring in various village governments across Indonesia. Village fund corruption cases ranked as the most prevalent type of corruption in Indonesia in 2022. According to observations by Indonesian Corruption Watch (ICW), in 2022 alone, there were 155 cases of village fund corruption, resulting in state losses exceeding Rp381 billion (Redaksirltv, 2023). The Minister of Villages, Development of Disadvantaged Regions, and Transmigration, Abdul Halim Iskandar, acknowledges that village fund corruption is frequently committed by village heads (Anam, 2023). Additionally, the Ombudsman of the Republic of Indonesia in Aceh has received numerous reports from the public regarding maladministration in village fund management. These reports include allegations of fictitious projects, lack of transparency, inflated costs, and projects that do not meet community needs. Such facts are considered to potentially lead to a crisis of public trust in village officials as managers of village funds (Isti, 2019).

The prevalence of village fund misappropriation cases reported in the media continues to undermine public trust in the government. This is particularly concerning because public trust in village governments is crucial; it serves as a benchmark for evaluating the success of policies and services provided by these local governments. The lack of transparency has led to diminished trust among village residents, as they perceive that this autonomy is not aligned with the implementation of Regent Regulation Number 48 of 2019 concerning the Village Information System (Setyawan et al., 2022).

Public trust is essential for village governments as it drives them to improve and progress. Trust is defined as an individual's willingness to place confidence in a party deemed capable and reliable in performing certain activities. Trust is influenced by factors including credibility, competence, and attitude. This can be illustrated by the extent to which the community trusts the village government as the manager of village funds. The community has the right to evaluate whether the village government has acted honestly, fulfilled its commitments, and not caused harm to the community.

To enhance public trust, effective strategies are needed, such as the implementation of accountability and transparency practices. Accountability and transparency are critical aspects of good governance that can increase public trust. A government that lacks accountability and transparency can negatively impact the community, resulting in low trust in the government (Oktavia, 2020). By publishing financial and performance reports, accountability and transparency can be better maintained. This is consistent with Andayani's (2022) research, which found that accountability and transparency are significant factors influencing public trust in the government.

The internal control system can serve as an intervening variable to examine the influence of accountability and transparency on public trust, supported by agency theory. The optimal implementation of internal control systems helps prevent fraudulent activities within the government. Internal control systems play a crucial role in realizing good governance, as they regulate all governmental activities to ensure they align with village development goals without violating any rules, thereby fostering trust among village residents (Rusydi, 2020). This is supported by Panjaitan et al. (2022), who argue that an efficiently implemented internal control system can positively impact public trust. With an effective internal control system, public confidence in the financial reporting prepared by village governments increases.

Previous studies on accountability, transparency, and public trust in village communities have shown inconsistent results. Sofyani & Tahar (2021a) found that transparency enhances public trust in village communities, whereas accountability does not. Similarly, Husni et al. (2023) discovered that transparency positively affects public trust through the performance of village governments. These findings contrast with those of Aprilia (2019) and Taufiqi & Ariani (2022), which indicate that accountability in managing village funds is a crucial factor in building public trust, while transparency does not have a significant impact.

Furthermore, studies by Andayani (2022) and Beshi & Kaur (2020) indicate that both accountability and transparency of village funds influence the level of public trust. However, these findings are contrary to those of Pratolo et al. (2022), who found a significant negative relationship between direct accountability and public trust in village communities. Additionally, the transparency of COVID-19 budget management was not related to public trust in village communities. Similarly, Azizah & E Kholifah (2023) found that transparency does not affect public trust, nor does accountability.

Research on accountability, transparency, and public trust is crucial in Sidoarjo Regency due to the persistent issue of village heads being implicated in cases of village fund misappropriation and the resulting crisis of public trust. This mistrust stems from suspicions of corruption among village officials. Within a single year, three village heads and one former village head in Sidoarjo have been named as suspects (Sholahuddin, 2022). A notable example of village fund misappropriation occurred in Kemantren Village, where a former village head engaged in a fictitious project for personal gain. After four months on the run, Bambang Sugeng (50), the former head of Kemantren Village, Tulangan District, Sidoarjo Regency, was arrested for embezzling village funds by creating a fictitious project during his tenure from 2018 to 2019, resulting in the misappropriation of Rp600 million (Suparno, 2020).

Another incident highlighting the crisis of public trust took place in Janti Village, Tulangan District, Sidoarjo Regency. The residents of Janti Village expressed their anger through a demonstration at the Janti Village Hall, followed by a march around the village, ending at the Tulangan District office. The demonstration aimed to seek assistance and solutions for the misuse of village land lease funds, which were allegedly distributed among the village officials. Joko Santoso, the head of Janti Village, admitted to his wrongdoing and to distributing the proceeds of his corruption to several village officials. Surahman, a resident of Janti Village, emphasized the community's demand for transparency in the use of village funds and called for the immediate suspension and legal prosecution of the corrupt village head and involved parties (Admin, 2022). These incidents indicate a weakness in accountability, transparency, and the internal control system within the villages of Sidoarjo, leading to low public trust and making this area suitable for research.

Additionally, these issues are supported by fluctuations in the effectiveness of the realization of Janti Village's budget (APBDes) over the past three years. To assess how well and effectively village budgets are managed, an analysis of village financial performance effectiveness is necessary. This effort aims to assure the community that the village government is capable of managing village funds properly. The analysis can serve as a guide to improve future financial performance, evaluate current financial performance, and demonstrate the achievement of set financial performance goals. This involves comparing predetermined results with those achieved over a specific period (Todje, 2023).

**Table 1. Effectiveness of Janti Village Budget Realization (APBDes) for 2021-2023**

Year	Target Revenue	Realized Revenue	Percentage	Criteria
2021	Rp 1,660,331,189.00	Rp 1,661,840,231.00	100.09%	Highly Effective
2022	Rp 2,117,455,831.00	Rp 2,688,491,176.00	126.97%	Highly Effective
2023	Rp 2,107,725,780.00	Rp 2,171,782,185.93	103.04%	Highly Effective

Table 1 illustrates the fluctuations in the effectiveness of Janti Village Budget (APBDes) realization over the years. In 2021, the effectiveness percentage was initially 100.09%, which then increased significantly to 126.97% in 2022, marking a 26.88% rise. However, a 23.93% decrease occurred in 2023, resulting in an effectiveness level of 103.04%.

**Table 2. Economic Efficiency of Budget Targets and Realization in Janti Village for 2021-2023**

Year	Budget Target	Budget Realization	Percentage	Criteria
2021	Rp 1,695,157,832.16	Rp 1,626,015,650.00	95.92%	Economical
2022	Rp 2,188,107,055.16	Rp 2,137,598,395.00	97.69%	Economical
2023	Rp 2,163,431,785.16	Rp 1,836,034,511.00	84.87%	Economical

Table 2 demonstrates that the budget expenditure of Janti Village falls under the economical category, as the realization of the expenditure budget remains below the 100% threshold, indicating the village's ability to economize on its budget usage each year. The budget realization aligns with the planned budget without any additional programs that might lead to expenditures exceeding the initially targeted budget. This is evident from the budget realization results from 2021 to 2023. In 2021, the economic efficiency percentage was 95.92%. The budget realization in 2022 saw a 1.77% increase, reaching 97.69%. However, in 2023, the budget realization decreased by 12.82%, bringing it to 84.87%. Despite these fluctuations, the economic efficiency over the past three years has generally been categorized as economical.

This research is compelling to revisit due to the inconsistent findings of previous studies. Additionally, the prevalence of village fund misappropriation cases has led to public distrust in village government management of these funds. Given this context, this study aims to examine the relationship between transparency and accountability and public trust in village governments, incorporating the mediating variable of the Internal Control System (ICS). This approach is supported by the findings of Belo (2023) and Panjaitan, Simanjuntak, Sembiring, & Benyamin Siahaan (2022), which indicate that ICS influences trust. The outcomes of this research are expected to provide recommendations for village governments on the importance of good governance practices specifically accountability, transparency, and internal control systems in fostering public trust. Furthermore, this study aims to broaden the discussion on public trust, particularly in the rarely studied context of village organizations.

## RESEARCH METHODOLOGY

This study employs a quantitative approach, focusing on numerical data analysis and using statistical methods to test hypotheses and produce significant results regarding the relationships under investigation (Nurfritri, 2023). Consequently, the research will concentrate on collecting and analyzing quantifiable data, allowing for systematic identification and examination of the relationships between the variables studied.

The research objects include aspects such as accountability, transparency, internal control systems, and public trust in village governments. This study seeks to deepen the

understanding of how these factors influence or relate to the performance of the Village Consultative Body (BPD) and the level of public trust in Sidoarjo Regency. The research subjects comprise BPD members and village community representatives, who will serve as the primary data sources for gathering relevant information related to the studied variables.

## RESULTS AND DISCUSSION

The data analysis method employed in this study is Partial Least Squares Structural Equation Modeling (PLS-SEM), using Warp PLS 7.0 software.

### Research Results

#### Measurement Model Analysis (Outer Model)

The evaluation of the measurement model (outer model) aims to assess the validity and reliability of the model. Validity is assessed through convergent validity, which can be determined by examining the loading factors and average variance extracted (AVE), and discriminant validity, which can be determined by cross loadings. Reliability is assessed through Cronbach's Alpha and Composite Reliability.

#### 1. Convergent Validity Test

**Table 3. Convergent Validity Test Results**

	AKUNT	TRANS	SPI	KEP	Type (a	SE	<i>P value</i>
<b>AKUNT2</b>	(0.638)				Reflect	0.111	<0.001
<b>AKUNT3</b>	(0.678)				Reflect	0.109	<0.001
<b>AKUNT5</b>	(0.714)				Reflect	0.107	<0.001
<b>AKUNT6</b>	(0.771)				Reflect	0.105	<0.001
<b>AKUNT8</b>	(0.820)				Reflect	0.103	<0.001
<b>AKUNT9</b>	(0.696)				Reflect	0.108	<0.001
<b>AKUNT10</b>	(0.698)				Reflect	0.108	<0.001
<b>TRANS1</b>		(0.757)			Reflect	0.106	<0.001
<b>TRANS2</b>		(0.748)			Reflect	0.106	<0.001
<b>TRANS3</b>		(0.755)			Reflect	0.106	<0.001
<b>TRANS6</b>		(0.746)			Reflect	0.106	<0.001
<b>TRANS7</b>		(0.620)			Reflect	0.111	<0.001
<b>TRANS8</b>		(0.620)			Reflect	0.111	<0.001
<b>SPI1</b>			(0.681)		Reflect	0.109	<0.001
<b>SPI2</b>			(0.741)		Reflect	0.106	<0.001
<b>SPI4</b>			(0.76)		Reflect	0.106	<0.001
<b>SPI5</b>			(0.497)		Reflect	0.117	<0.001
<b>SPI7</b>			(0.742)		Reflect	0.106	<0.001
<b>SPI8</b>			(0.815)		Reflect	0.103	<0.001
<b>KEP3</b>				(0.707)	Reflect	0.108	<0.001
<b>KEP5</b>				(0.678)	Reflect	0.109	<0.001
<b>KEP6</b>				(0.867)	Reflect	0.101	<0.001
<b>KEP7</b>				(0.699)	Reflect	0.108	<0.001
<b>KEP8</b>				(0.727)	Reflect	0.107	<0.001

Convergent Validity Measurement is also assessed based on the Average Variance Extracted (AVE) measure. An indicator is considered valid if the Average Variance Extracted (AVE) > 0.5. Table 4.11 below shows that each variable is valid because the variables of



accountability, transparency, internal control systems, and public trust in the village community each have an Average Variance Extracted (AVE) > 0.5.

**Table 4. Average Variances Extracted (AVE)**

Average variances extracted (AVE)	
<b>AKUNT (X1)</b>	0.516
<b>TRANS (X2)</b>	0.505
<b>SPI (Z)</b>	0.509
<b>KEP (Y)</b>	0.546

(Source: Data Processed, 2024)

## 2. Discriminant Validity Test

The output in Table 4.12 indicates that the square root of AVE, shown in the diagonal column and enclosed in parentheses, is greater than the correlations between latent variables in the same column. This indicates that all variables used in this study have good discriminant validity.

**Table 5. Discriminant Test**

	<b>AKUNT</b>	<b>TRANS</b>	<b>SPI</b>	<b>KEP</b>
<b>AKUNT</b>	<b>(0.719)</b>	0.673	0.617	0.322
<b>TRANS</b>	0.673	<b>(0.710)</b>	0.474	0.366
<b>SPI</b>	0.617	0.474	<b>(0.713)</b>	0.434
<b>KEP</b>	0.322	0.366	0.434	<b>(0.739)</b>

## 3. Reliability Test

Reliability testing can be measured using two research instruments, namely composite reliability and Cronbach's alpha, each of which must be above 0.70. The output of composite reliability and Cronbach's alpha in this study has been fulfilled because all variables have a high level of reliability with values > 0.70.

**Table 6. Reliability Test**

<b>Variable</b>	<b>Cronbach's Alpha</b>	<b>Composite Reliability</b>
<b>Accountability (X1)</b>	0.842	0.881
<b>Transparency (X2)</b>	0.802	0.858
<b>Internal Control System (SPI)</b>	0.801	0.859
<b>Public Trust in Village (Y)</b>	0.788	0.856

## Structural Model Analysis (Inner Model)

The evaluation of the structural model aims to measure the influence of relationships between variables. This test can be conducted by observing the values of the coefficient of determination (R-Square or R<sup>2</sup>) and the predictive relevance value (Q-Square or Q<sup>2</sup>).

### 1. Coefficient of Determination (R-Square or R<sup>2</sup>)

The values of R-Square 0.75, 0.50, and 0.25 indicate that the model is strong, moderate, and weak towards the structural model, respectively. The higher the R<sup>2</sup> value, the better the predictive model proposed from the research model.

**Table 7. Coefficient of Determination**

	<b>R-Square</b>	<b>R-Square Adjusted</b>
<b>SPI (Z)</b>	0.559	0.541

KEP (Y)	0.237	0.187
---------	-------	-------

## 2. Predictive Relevance (Q<sup>2</sup> or Q-Square)

Predictive relevance (Q<sup>2</sup>) measures how well the observation values produced and estimate parameters in a structural model. Predictive relevance must be greater than zero. The following are the results of predictive relevance for the research variables:

Table 8. Predictive Relevance (Q <sup>2</sup> )	
	Q-Squared
SPI (Z)	0.559
KEP (Y)	0.269

Based on the table above, it indicates that the Q-Squared for the Internal Control System (SPI) variable is 0.559, which means that the Accountability (AKUNT), Transparency (TRANS), and Public Trust in Village (KEP) variables are able to explain the predictive relevance of the Internal Control System (SPI) mediation variable by 56%. Additionally, the table shows that the Q-Squared for Public Trust in Village (KEP) is 0.269, indicating that the Accountability (AKUNT) and Transparency (TRANS) variables are able to explain the predictive relevance of the Public Trust in Village (KEP) variable by 27%.

## 3. Model Fit Test

The model fit test is conducted to determine whether the model is good/fit or not. In this study, the model fit test uses three main fit indicators, namely average path coefficient (APC), average R-squared (ARS), and Average Full Collinearity VIF (AFVIF).

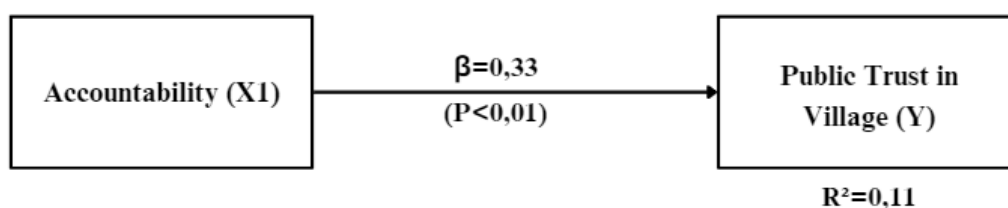
Table 9. Model Fit Test			
No.	Fit Model Indicator	Index and P-Value	Result
1.	Average Path Coefficients (APC)	APC=0,278, P=0,008	Accepted
2.	Average R-Squared (ARS)	ARS=0,398, P<0,001	Accepted
3.	Average Full Collinearity VIF (AFVIF)	AFVIF=1,828	Accepted

The table above shows that the P-values for APC and ARS are < 0.05, and AFVIF ≤ 5, thus it can be concluded that the model in this study has met the fit model criteria.

## Hypothesis Test

### a. Stage 1 Results: Direct Effect Model Accountability to Public Trust in Village

Figure 1. Direct Effect Model X1 to Y



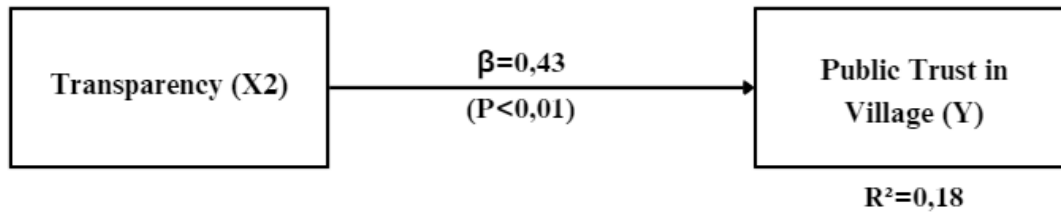
(Source: Data Processed, 2024)

Based on the figure 1, it can be seen that the results of stage 1 hypothesis testing, namely direct effect model of Accountability on Public Trust in Village, obtained a  $\beta$  value of

0.33 and obtained a p-value of  $P < 0.01$ . The p-value requirement for the hypothesis to be accepted is  $P < 0.05$  so that the results of testing hypothesis 1 (H1), Accountability (X1) on Public Trust in Village (Y) is accepted, which means that Accountability has an effect on Public Trust in Village.

### Transparency to Public Trust in Village

**Figure 2. Direct Effect Model X2 to Y**

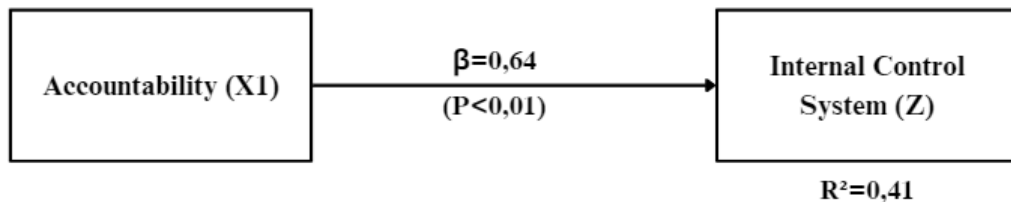


(Source: Data Processed, 2024)

Based on the figure 2, it can be seen that the results of stage 1 hypothesis testing, namely the direct effect model of Transparency on Public Trust in Village, obtained a  $\beta$  value of 0.43 and obtained a p-value of  $P < 0.01$ . The p-value requirement for the hypothesis to be accepted is  $P < 0.05$  so that the results of testing hypothesis 2 (H2), Transparency (X2) on Public Trust in Village (Y), is accepted, which means Transparency has an effect on Public Trust in Village.

### Accountability to Internal Control System

**Figure 3. Direct Effect Model X1 to Z**

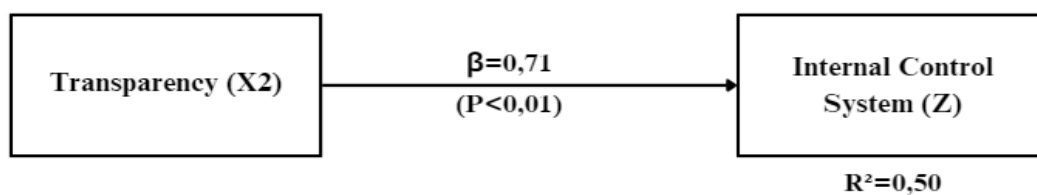


(Source: Data Processed, 2024)

Based on the figure 3, it can be seen that the results of stage 1 hypothesis testing, namely the direct effect model of Accountability on the Internal Control System, produced a  $\beta$  value of 0.64 and obtained a p-value of  $P < 0.01$ . The p-value requirement for the hypothesis to be accepted is  $P < 0.05$  so that the results of testing hypothesis 3 (H3), namely Accountability (X1) for the Internal Control System (Z), are accepted, which means Accountability has an effect on the Internal Control System.

### Transparency to Internal Control System

**Figure 4. Direct Effect Model X2 to Z**



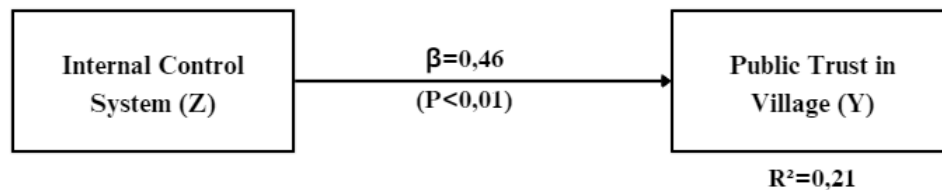
(Source: Data Processed, 2024)



Based on the figure 4, it can be seen that the results of stage 1 hypothesis testing, namely the direct effect model of Transparency on the Internal Control System, produced a  $\beta$  value of 0.71 and obtained a p-value of  $P < 0.01$ . The p-value requirement for the hypothesis to be accepted is  $P < 0.05$  so that the results of testing hypothesis 4 (H4), namely Transparency (X2) on the Internal Control System (Z), are accepted, which means transparency has an effect on the internal control system.

### Internal Control System on Public Trust in Village

Figure 5. Direct Effect Model Z to Y



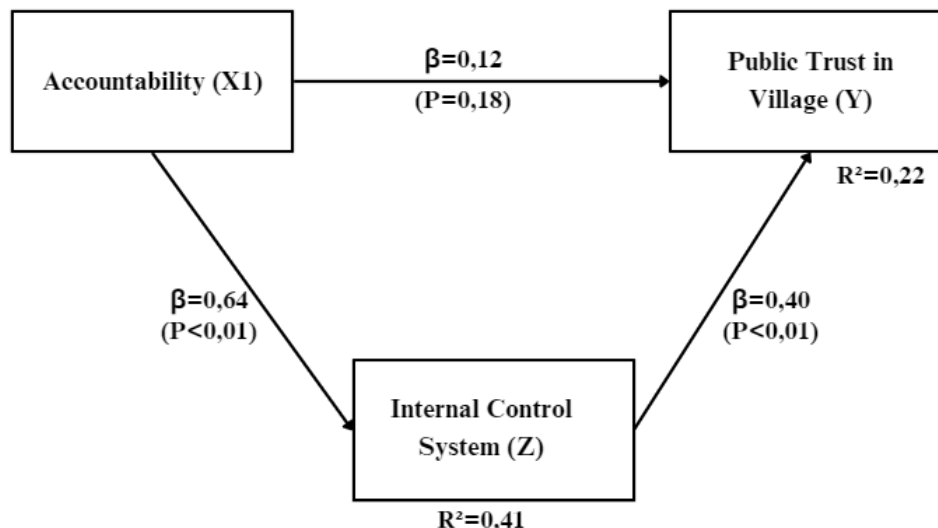
(Source: Data Processed, 2024)

Based on the figure 5, it can be seen that the results of stage 1 hypothesis testing, namely the direct effect model of the Internal Control System on Public Trust in Village, produced a  $\beta$  value of 0.46 and obtained a p-value of  $P < 0.01$ . The p-value requirement for the hypothesis to be accepted is  $P < 0.05$  so that the results of testing hypothesis 5 (H5), namely the Internal Control System (Z) on Public Trust in Village (Y), are accepted, which means the Internal Control System has an effect on Public Trust in Village.

### b. Stage 2 Results: Model *Indirect Effect*

#### Accountability for Public Trust in Village is Mediated by the Internal Control System

Figure 6. Indirect Effect Model X1 to Y mediated by Z



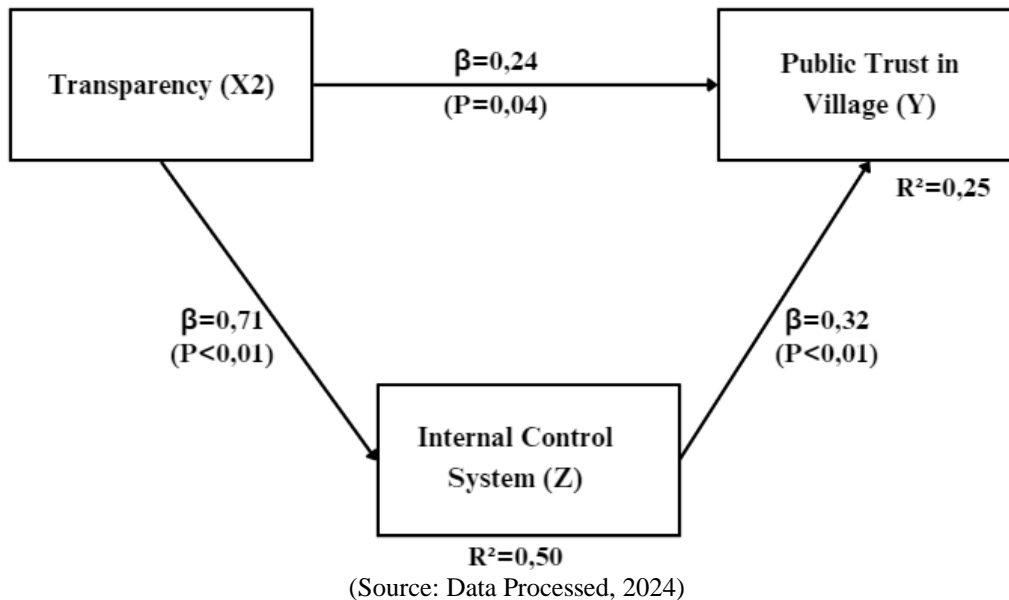
(Source: Data Processed, 2024)

Based on the figure 6, the results of testing the indirect effect model, the mediation effect that must be fulfilled is that the path coefficient is significant at stages 1 and 2. The path coefficients X1 and Y must be significant. The path coefficient of X1 to Y in stage 1 obtained a  $\beta$  value of 0.33 and obtained a p-value of  $< 0.01$ . Meanwhile, the path coefficient X1 to Y in stage 2 obtained a  $\beta$  value of 0.12 and obtained a P-value of 0.18. There is a

decrease in the path coefficient value, which was originally  $\beta=0.33$  down to  $\beta=0.12$ . This shows that there is a decrease in the path coefficient value, which means that the internal control system variable is able to mediate the Accountability and Public Trust in Village, so that H6 is accepted.

### Transparency for Public Trust in Village is Mediated by the Internal Control System

**Figure 7. Indirect Effect Model X2 to Y mediated by Z**

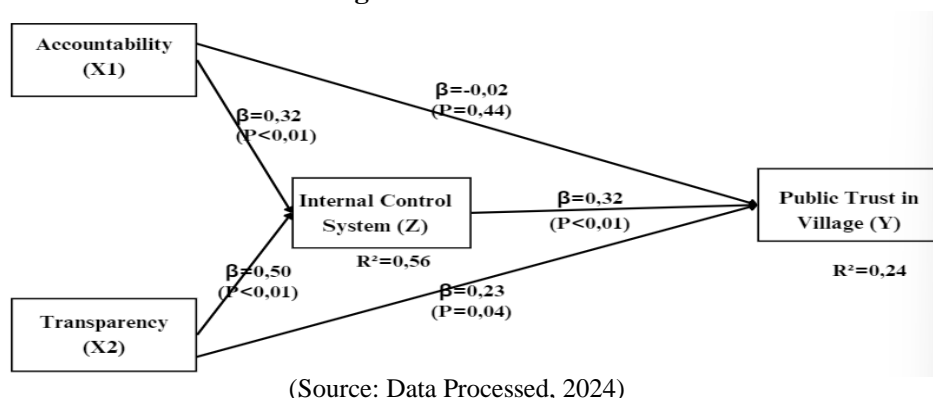


Based on the figure 7, the results of testing the indirect effect model, the mediation effect that must be fulfilled is that the path coefficient is significant at stages 1 and 2. The path coefficients X2 and Y must be significant. The path coefficient of X2 to Y in stage 1 obtained a  $\beta$  value of 0.43 and obtained a p-value of  $<0.01$ . Meanwhile, the path coefficient X2 to Y in stage 2 obtained a  $\beta$  value of 0.29 and obtained a p-value of  $<0.01$ . There is a decrease in the path coefficient value, which was originally  $\beta=0.43$  down to  $\beta=0.29$ . This shows that there is a decrease in the path coefficient value, which means that the Internal Control System variable is able to mediate Transparency and Public Trust in Village, so that H7 is accepted.

### c. Full Model

#### Accountability and Transparency for Public Trust in Village Mediated by Internal Control System

**Figure 8. Full Model**



The figure 8 is the result of a full model test that tests the influence of accountability and transparency on village community trust mediated by the internal control system in Sidoarjo. Based on this figure, we can conclude that there is a significant influence of accountability and transparency on village community trust. The internal control system is also effective as a mediator in this relationship.

## Discussion

Based on the research findings, issues, and hypotheses related to the study title, several points can be clarified regarding all research variables as follows:

### **The Influence of Accountability on Village Community Trust**

The results of hypothesis testing indicate that accountability (X1) has a significant positive effect on village community trust (Y), evidenced by a path coefficient ( $\beta$ ) value of 0.33 and a p-value of less than 0.01. This suggests that better accountability practices lead to increased community trust. Accountability ensures that village leaders are responsible for their actions and decisions. Leaders who are accountable tend to act more cautiously and ethically because they are aware that the consequences of their actions impact the level of community trust.

This finding aligns with agency theory, which posits that accountability serves as a control mechanism to manage conflicts of interest between the village community (principal) and the village government (agent). The principal must always ensure that the agent acts in the principal's best interest. In the village context, good accountability not only prevents abuse of power but also enhances the community's trust in the village administration. This trust is crucial for sustainable development and active community participation in village programs, fostering a more efficient and mutually beneficial relationship.

This research is consistent with the findings of Taufiqi and Rina (2022), who similarly discovered a positive influence of accountability on community trust. Moreover, Aprilia (2019) noted that the easier it is for the community to access financial reports, the more accountable the village fund management becomes, thereby strengthening community trust (Aprilia, 2019).

### **The Influence of Transparency on Village Community Trust**

The results of hypothesis testing for hypothesis 2 demonstrate that transparency (X2) significantly affects village community trust (Y). This is evidenced by a path coefficient ( $\beta$ ) value of 0.43 and a p-value of less than 0.01. Transparency has a significant positive impact on village community trust, meaning that the better the transparency implemented, the higher the community's trust. Transparency provides the community with open access to information regarding the allocation of village funds, which helps alleviate lingering distrust as the community can better understand how policies are made and how village resources are managed.

This hypothesis result aligns with agency theory. Transparency serves as a means to prevent information asymmetry in the principal-agent relationship between the village government and the community. The village government (agent) has an obligation to provide accurate, complete, relevant, and easily understandable information to the village community (principal). Transparency helps equalize access to information, creating a fairer environment understood by all parties, thus avoiding information asymmetry and increasing community trust.

This research is consistent with the findings of Husni et al. (2023), which show a positive influence of transparency on community trust. The study suggests that the more transparent the information regarding village fund allocation, the higher the community's

trust. Conversely, a lack of openness by the village government results in lower community trust.

### **The Influence of Accountability on the Internal Control System**

The results of hypothesis testing for hypothesis 3 demonstrate that accountability (X1) has a significant positive effect on the internal control system (Z). This indicates that the better the accountability implemented, the more effective the internal control system will be. This is evidenced by a path coefficient ( $\beta$ ) value of 0.64 and a p-value of less than 0.01. The implementation of accountability prompts village government officials, as agents, to adhere more closely to established policies and procedures, thereby enhancing the effectiveness of the internal control system.

This hypothesis is supported by agency theory. Effective management of the principal-agent relationship through strong accountability reinforces and supports the internal control system of an organization. Agency conflicts can be minimized by ensuring that village government officials (agents) act in the best interests of the community (principals). Therefore, effective organizations must understand and integrate accountability principles into the design and implementation of their internal control systems.

This research aligns with the study conducted by Rexhepi et al. (2020), which states that accountability structures in public institutions serve as a foundation for mechanisms that enhance the effectiveness of internal control system implementation. The internal control system can be strengthened by higher levels of accountability, indicating a mutual relationship between these two factors.

### **The Influence of Transparency on the Internal Control System**

The results of hypothesis testing for hypothesis 4 indicate acceptance, as evidenced by a path coefficient ( $\beta$ ) value of 0.71 and a p-value of less than 0.01. Based on these results, it can be concluded that transparency (X2) has a significant positive effect on the internal control system (Z). The higher the level of transparency, the more effective the implementation of the internal control system becomes. Transparency fosters an environment that supports the implementation and effectiveness of internal controls.

This hypothesis aligns with agency theory. Transparency helps mitigate agency conflicts by providing the public (principals) with better access to information. By increasing transparency, the monitoring and oversight of government activities (agents) can be more easily conducted. The implementation of accountability ensures that village governments are more likely to adhere to established policies and procedures, thereby enhancing the effectiveness of the internal control system. As agents, government officials are compelled to comply with internal rules and regulations, creating a compliant environment by understanding the risks of engaging in fraudulent activities.

Research conducted by Rexhepi et al. (2020) also indicates that the implementation of an internal control system in public institutions must be accompanied and correlated with transparency, accountability, and the separation of duties under democratic development standards. High levels of transparency have a positive impact on strengthening the effectiveness of internal control systems.

### **The Influence of the Internal Control System on Village Community Trust**

The results of hypothesis testing for hypothesis 5 demonstrate that the internal control system (Z) has a significant positive effect on village community trust (Y). This means that better implementation of the internal control system leads to increased trust from the village community. This is evidenced by the path coefficients ( $\beta$ ) value of 0.46 and a p-value of less than 0.01.

Agency theory can explain the relationship between the internal control system and village community trust by highlighting how effective internal controls can minimize agency conflicts and address information asymmetry by providing more transparent information to the village community. By implementing an effective internal control system, the village government can create an environment that strengthens community trust, reduces uncertainty, and minimizes potential agency conflicts. This aligns with the principles of agency theory and the efforts to mitigate information asymmetry in village governance. Consequently, community trust is expected to grow.

This finding is consistent with the research by Belo (2023), which found that the internal control system influences trust in the financial management of the Toraja Church. Similarly, the study by Panjaitan et al. (2022) found that a well-established internal control system can positively impact community trust. The presence of an effective internal control system increases the community's trust in the financial reporting prepared by the village government.

### **The Influence of Accountability on Village Community Trust Mediated by the Internal Control System**

Based on the results of the indirect effect hypothesis testing (hypothesis 6), it is evident that the internal control system mediates the relationship between accountability and village community trust. This conclusion is supported by the significant path coefficient requirements. The path coefficient of accountability (X1) to village community trust (Y) in stage 1 (direct effect) yielded a path coefficient ( $\beta$ ) of 0.33 and a p-value of less than 0.01. Meanwhile, in stage 2 (indirect effect), the path coefficient of accountability (X1) to village community trust (Y) yielded a  $\beta$  value of 0.12 and a p-value of 0.18. This indicates a reduction in the path coefficient value, suggesting that the internal control system effectively mediates the relationship between accountability and village community trust, thereby supporting hypothesis 6.

Agency theory provides a conceptual framework for understanding the relationship between accountability, the internal control system, and village community trust. Accountability is seen as a mechanism for managing agency relationships by holding the village government (agent) accountable to the community (principal). Through the mediation of the internal control system, agency conflicts can be minimized by providing control and oversight over the actions of the agents, thereby increasing community trust.

This finding is consistent with the study by Rahim et al. (2023), which indicated that the principles of accountability and transparency, coupled with a strong internal control system, facilitate the financial administration in managing mosque funds. The trust of the congregation as donors increases significantly. Accountability plays a crucial role in building village community trust, particularly when implemented through an internal control system. Thus, the internal control system successfully mediates the relationship between accountability and village community trust.

### **The Influence of Transparency on Village Community Trust Mediated by the Internal Control System**

Based on the results of the indirect effect hypothesis testing (hypothesis 7), it is evident that the internal control system mediates the relationship between transparency and village community trust. This conclusion is supported by the significant path coefficient requirements. The path coefficient of transparency (X2) to village community trust (Y) in stage 1 (direct effect) yielded a path coefficient ( $\beta$ ) of 0.43 and a p-value of less than 0.01. Meanwhile, in stage 2 (indirect effect), the path coefficient of transparency (X2) to village community trust (Y) yielded a  $\beta$  value of 0.29 and a p-value of less than 0.01. This indicates a

reduction in the path coefficient value, suggesting that the internal control system effectively mediates the relationship between transparency and village community trust, thereby supporting hypothesis 7.

In the context of agency theory, transparency can be seen as a mechanism for managing agency conflicts by providing clear and open information. Agency theory posits that the level of transparency can influence the level of trust, as clearer information enhances public understanding and confidence. By involving the mediating role of the internal control system, the risk of agency conflicts can be mitigated through enhanced oversight and control. This, in turn, reduces information asymmetry, thereby increasing community trust.

This finding is consistent with the study by Rahim et al. (2023), which underscores the necessity of internal control in financial management to enhance transparency. Accountability and transparency alone are insufficient; internal control plays a crucial role in fostering community comfort and trust. Therefore, the internal control system effectively mediates the relationship between transparency and village community trust.

## CONCLUSION

The analysis of data and hypothesis testing in this study yield several important conclusions regarding the relationships between accountability, transparency, internal control systems, and the trust of village communities. First, it was found that accountability and transparency have a significant positive impact on the trust of the village community, indicating that better implementation of these factors results in higher levels of community trust towards the Village Consultative Body (BPD). Furthermore, the results also show that both accountability and transparency significantly positively influence the effectiveness of the internal control system. This suggests that good practices of accountability and transparency can enhance the internal control system's ability to perform its functions.

Additionally, the study's findings demonstrate that the internal control system itself has a significant impact on village community trust. The better the implementation of the internal control system, the higher the level of community trust in the BPD. Moreover, it was found that the internal control system mediates the relationship between accountability and transparency with village community trust. This indicates that the positive effects of accountability and transparency on village community trust are largely explained by the mediating role played by the internal control system. These findings provide a deeper understanding of the complex relationships among these factors within the context of village communities in Sidoarjo Regency.

## REFERENCES

- Admin. (2022). *Akhirnya...!! Warga Desa Janti kluruk Kecamatan Tulangan, terkait dugaan korupsi yang dilakukan Kades Janti beserta perangkat*. Hallo Jatim News. <https://www.hallojatimnews.com/2022/09/15/akhirnya-warga-desa-janti-kluruk-kecamatan-tulangan-terkait-dugaan-korupsi-yang-dilakukan-kades-janti-beserta-perangkat/>
- Amin, N. W., Indriani, E., & Mariadi, Y. (2022). Akuntabilitas dan Transparansi Pengelolaan Dana Bantuan Operasional Sekolah (BOS) pada Sekolah Dasar di Kecamatan Mataram Tahun 2021. *Jurnal Risma*, 1(2).
- Anam, K. (2023). *Dana Desa Kok Masih Dikorupsi Sih? Ini Penjelasan Mendes*. CNBC Indonesia. <https://www.cnbcindonesia.com/news/20230712173439-4-453741/dana-des-kok-masih-dikorupsi-sih-ini-penjelasan-mendes>
- Basri, I. (2020). Good Governance Akuntansi Dana Desa dalam Membangun Kepercayaan Masyarakat (Studi Pada Desa Wiwitan Timur) (Doctoral dissertation). *Universitas Muhammadiyah Palopo*.



- Belo, F. (2023). *Pengaruh Akuntabilitas, Transparansi Dan Sistem Pengendalian Internal Terhadap Kepercayaan Pengelolaan Keuangan Gereja Toraja*.
- Beshi, T. D., & Kaur, R. (2020a). Public trust in local government: Explaining the role of good governance practices. *Public Organization Review*, 20, 337–350.
- Beshi, T. D., & Kaur, R. (2020b). Public Trust in Local Government: Explaining the Role of Good Governance Practices. *Public Organization Review*, 20(2), 337–350. <https://doi.org/10.1007/s11115-019-00444-6>
- Dunia, E. (2023). *Janti, Tulangan, Sidoarjo*. P2K Stikom.
- Ghozali, I. (2020). *Structural Equation Modeling: metode alternatif dengan partial least square (5th ed)*.
- Handiyono, V. J., & Lutfi, A. (2020). Penerapan Sistem Pengendalian Internal Pengelolaan Dana Desa Tahun 2018 (Desa Tambun dan Desa Segarajaya). *Dinamika Governance: Jurnal Ilmu Administrasi Negara*, 2(10), 101–119.
- M.S., A. (2021). The Influence of Internal Controls on Public Financial Reporting Quality (PFRQ) in Sri Lanka; an Empirical Study. *Account and Financial Management Journal*, 06(07). <https://doi.org/10.47191/afmj/v6i7.02>
- Nurfitri, A. B. (2023). *Pengaruh Transparansi, Akuntabilitas, Dan Partisipasi Masyarakat Terhadap Pengelolaan Alokasi Dana Desa Di Desa Patihan Kidul, Kecamatan Siman, Kabupaten Ponorogo*. UPN Veteran Jawa Timur.
- Oktavia, N. (2020). Pengaruh Akuntabilitas Dan Transparansi Dana Desa Terhadap Kepercayaan Masyarakat Di Desa Talang Kebun Kecamatan Lubuk Sandi Kabupaten Seluma. In *Skripsi*. Institut Agama Islam Negeri (IAIN) Bengkulu.
- Padek, A. (2023). *DPR Setujui Dana Desa Naik Drastis Jadi Rp 2 Miliar, Jabatan Kades 9 Tahun*. Padek Jawa Pos. <https://padek.jawapos.com/nasional/04/07/2023/dpr-setujui-dana-desa-naik-drastis-jadi-rp-2-miliar-jabatan-kades-9-tahun/>
- Transparansi Dan Sistem Pengendalian Intern Terhadap Akuntabilitas Pengelolaan Dana Desa (Studi Empiris Di Desa Motung, Pardumuan M. *Jurnal Manajemen*, 1(8), 51–70.
- Peraturan Pemerintah Nomor 60 Tahun 2008 Tentang Sistem Pengendalian Intern Pemerintah*. (2008).
- Pratolo, S., Sofyani, H., & Maulidini, R. W. (2022). The roles of accountability and transparency on public trust in the village governments: The intervening role of COVID-19 handling services quality. *Cogent Business & Management*, 1(9).
- Puspa, D. F., & Prasetyo, R. A. (2020). Pengaruh kompetensi pemerintah desa, sistem pengendalian internal, dan aksesibilitas laporan keuangan terhadap akuntabilitas pengelolaan dana desa. *Media Riset Akuntansi, Auditing & Informasi*, 2(20), 281–298.
- Rahim, A. A., Hamdani, I., Marifatullah, A., Agama Islam Sumatera Barat Pariaman, I., Kolonel Anas Malik Bypass Jl Wolter Monginsidi, J., Gadang, K., Pariaman Tim, K., Pariaman, K., Barat, S., Islam Negeri Mahmud Yunus Batusangkar, U., Jenderal Sudirman No, J., Kaum, L., Lima Kaum, K., & Tanah Datar, K. (2023). Implementatif Konsep Amanah dalam Pengendalian Internal Keuangan Masjid (Studi Kasus Masjid Baiturrahman Padang Panjang). *Journal on Education*, 05(03), 7766–7777.
- Rexhepi, S., Maloku, S., & Lushi, I. (2020). *The Role of the Internal Control for Increasing Performance in the Public Institutions*. <https://ssrn.com/abstract=4322872>
- Rofiah, N. K., Suryawati, D., & Rohman, H. (2023). Dimensi-Dimensi Dalam Membangun Transparansi Pengelolaan Dana Desa. *Jurnal Ilmiah Manajemen Publik Dan Kebijakan Sosial*, 1(7), 46–60.
- Rusydi, M. K. (2020). *Sistem Pengendalian Intern Keuangan Desa*. <https://www.iaijawatimur.or.id/default>

- Setyawan, A., Rochim, A. I., & Kusbadrijo, B. (2022). Penggunaan Sistem Informasi Desa Dalam Pelayanan Publik Di Pemerintah Desa Wonokerto Kabupaten Lumajang Provinsi Jawa Timur. *Jurnal Penelitian Administrasi Publik*, 2(05), 42–51.
- Sholahuddin, M. (2022). *Tahun Ini Tiga Kades dan Satu Mantan Kades di Sidoarjo Jadi Tersangka*. Jawa Pos. <https://www.jawapos.com/surabaya-raya/01403279/tahun-ini-tiga-kades-dan-satu-mantan-kades-di-sidoarjo-jadi-tersangka>
- Sholihin, M., & Ratmono, D. (2021). *Analisis SEMPLS dengan WarpPLS 7.0 (Edisi 2)*.
- Sidoarjo, R. (2023). *Profil Kabupaten Sidoarjo: Geografis, Wisata hingga Perdagangan*. Sidoarjo News.
- Sofyani, H., & Tahar, A. (2021a). Peran akuntabilitas dan transparansi pemerintah desa indonesia terhadap kepercayaan masyarakat desa: kasus di Kabupaten Bantul. *Jurnal Akademi Akuntansi*, 1(4).
- Sofyani, H., & Tahar, A. (2021b). Peran Akuntabilitas Dan Transparansi Pemerintah Desa Indonesia Terhadap Kepercayaan Masyarakat Desa: Kasus Di Kabupaten Bantul. *Jurnal Akademi Akuntansi*, 4(1). <https://doi.org/10.22219/jaa.v4i1.16481>
- Sugiyono. (2020a). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta.
- Sugiyono. (2020b). *Metode Penelitian Kuantitatif Kualitatif dan R&D*. Alfabeta Bandung, 133–134.
- Suparno. (2020). *Mantan Kades di Sidoarjo yang Korupsi Dana Desa Ditangkap Usai 4 Bulan DPO*. Detik News. <https://news.detik.com/berita-jawa-timur/d-5279085/mantan-kades-di-sidoarjo-yang-korupsi-dana-desa-ditangkap-usai-4-bulan-dpo>
- Taufiqi, D., & Ariani, K. R. (2022). The Effect of Good Governance, Accountability, and Transparency of Village Funds on Public Trust. *Procedia of Social Sciences and Humanities*, 184–191.
- Taufiqi, D., & Rina Ariani, K. (2022). *The Effect of Good Governance, Accountability, and Transparency of Village Funds on Public Trust*. <https://pssh.umsida.ac.id>.
- Todje, M. Z. (2023). *Analisis Efektivitas Pengelolaan Anggaran Pendapatan Dan Belanja Desa (Apbdes) Pada Desa Tonusu Kecamatan Pamona Puselemba Kabupaten Poso*.
- Undang-Undang Nomor 6 Tahun 2014 Tentang Desa. (2014).
- Wardani, P. P. (2021). Akuntabilitas Dan Transparansi Dalam Pengelolaan Dana Desa (Studi Kasus Desa Kademangan Kabupaten Jombang). *Jurnal Ilmiah Mahasiswa FEB*, 2(9).
- Zaki, A. N., Oktafiyani, M., & Yovita, L. (2023). Efektivitas Pengelolaan Dana Desa Kecamatan Tuntang: Perspektif Teori Keagenan. *Jurnal Ekonomi Dan Bisnis*, 1(2), 23–37.