

## Systematic Literature Review (SLR): Transparency And Accountability In Village Financial Management

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### ABSTRACT

Village financial management plays a crucial role in supporting sustainable development and enhancing community welfare. With the enactment of Law No. 6 of 2014, villages in Indonesia have been granted autonomy to manage their finances, including the allocation and utilization of Village Funds. However, the primary challenges remain the lack of transparency and accountability, which often result in budget mismanagement and diminished public trust. This study adopts a systematic literature review (SLR) methodology, analyzing seven relevant studies on transparency, accountability, and village financial management. The findings reveal that transparency in disclosing information regarding the allocation and expenditure of village funds fosters greater community participation and enhances public trust. Furthermore, accountability—defined as adherence to legal regulations and compliance with government accounting standards—emerges as a critical factor in maintaining legitimacy and sustaining public confidence. The integration of technology, such as the Village Financial Information System (Sistem Keuangan Desa or Siskeudes), significantly bolsters both transparency and accountability by streamlining financial processes and enabling real-time monitoring. Additionally, effective village financial management necessitates a synergistic approach, combining the technical precision of accounting practices with the participatory and inclusive nature of public administration. Community involvement is identified as a cornerstone of this system, ensuring a responsive and sustainable framework for financial oversight and governance. This research underscores the importance of aligning technical and social dimensions in village financial management to achieve governance that is both effective and sustainable.

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## 1. INTRODUCTION

Village financial management plays an important role in supporting sustainable development

at the local level, particularly in realizing community welfare. Since the enactment of Law No. 6/2014 on Villages, village governments have broad authority to manage finances independently, including the use of Village Funds allocated to support national priority development programs [1]. The aim of this policy is to strengthen village independence in designing, implementing, and evaluating development programs oriented to the needs of local communities [2].

However, in practice, various reports show that village financial management often faces challenges of transparency and accountability. Failure in these two aspects can result in low effectiveness of fund management, budget misuse, and decreased public trust in the village government [3].

Transparency is key to creating an open environment, where the community has full access to information related to village financial management. This includes the publication of fund allocation data, budget execution, and development program results. Transparency provides the public with the opportunity to engage in oversight, identify potential irregularities, and ensure that the budget is used according to its allocation [4].

Lack of transparency is often caused by low human resource capacity at the village level, weak reporting systems, and underutilization of information technology. The implementation of the Village Financial System (Siskeudes) has become one of the recognized solutions, as it can help create a more structured, accurate, and accessible financial management [5].

Accountability refers to the ability of the village government to account for each use of the budget to the community and relevant parties. This includes formal reporting through financial documents, but also includes a moral responsibility to ensure that budgets are managed in accordance with development objectives. Low levels of accountability have been identified as a major cause of misuse of village funds, as found by Santoso and Anggraeni [8], where the use of village funds is often not in accordance with plans or poorly targeted.[7] From an accounting perspective, village financial management requires a technical approach, including:

1. Standardized Financial Recording: Implementation of Government Accounting Standards (SAP) that regulate the format of village financial reports to ensure consistency and accuracy of financial data.
2. Village Financial Information System: Utilization of technology such as Siskeudes to strengthen village financial management, including real-time recording and budget monitoring.
3. Audit Mechanism: An independent examination to ensure that the financial statements comply with regulations and that there are no budgetary irregularities [8].

Public administration emphasizes the importance of community participation in village financial management. By involving the community in the planning, implementation, and evaluation processes, village governments can create a community-based monitoring system. In addition, responsive and collaborative governance between the village government and the community is essential to create a sense of shared ownership of development programs [9].

Effective village financial management requires synergy between accounting and public administration approaches. Accounting provides the technical basis for data management. While public administration emphasizes the importance of social aspects, including public participation and transparency in the decision-making process.

This research aims to provide a comprehensive understanding of how transparency and accountability can be improved in village financial management through a collaborative approach of accounting and public administration. By integrating these two perspectives, village governments can realize more effective, responsive, and sustainable financial management.

## **2. METHOD**

### **2.1. Research Design**

This research used a systematic approach to conduct a literature review (SLR) related to Transparency and Accountability in Village Financial Management. To ensure results that are free from bias and have strong scientific value, this research refers to seven relevant studies, including the works of Pratiwi et al. [4], Yuliani et al. [11], Hadi et al. [2], Wijaya et al. [10], Santoso et al. [8], Marpaung et al. [3], and Amin et al. [1]. The review process was conducted by adopting the analytical framework set by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) guidelines. PRISMA was chosen due to its comprehensive advantages and wide use in various fields of science, thus increasing transparency and consistency in the review process (Liberati et al., 2009; Pahlevan-Sharif et al., 2019). With this approach, the research aims to present a more in-depth analysis of Transparency and Accountability in Village Financial Management.

### **2.2. Object of Research**

The object of this research is Transparency and Accountability in Village Financial Management, which is reviewed through a Systematic Literature Review (SLR) approach. The main focus of this research is to explore how transparency and accountability can be effectively applied in the context of village financial management, and how they influence each other in improving the quality of village governance. Transparency is understood as the openness of the village government in providing information related to financial management that is relevant and easily accessible to the public, while accountability includes the responsibility of the village government to manage village funds efficiently and in accordance with regulations.

This research is important because village financial management in Indonesia still faces various challenges, such as low community participation, weak supervision, and limitations in the use of technology. In addition, non-transparent management practices often lead to public distrust and potential irregularities. By reviewing previous studies, this research aims to provide a more comprehensive view of the implementation of transparency and accountability, including the factors that support or hinder its success.

The selection of this research object is relevant because village financial management is one of the main pillars in supporting development at the local level. By identifying best practices and challenges faced, this research is expected to make a significant contribution to improving village financial governance, while encouraging the creation of a more transparent, accountable, and community-oriented village government.

The websites utilized for this research are *Google Scholar* with the site address <https://scholar.google.com/> and *Semantic Scholar* with the site <https://www.semanticscholar.org> to search for related literature, as primary and secondary data sources.

## **3. RESULTS AND DISCUSSION**

The results of the systematic review of the seven literatures analyzed show a close relationship between transparency and accountability in village financial management. Previous studies provide an in-depth understanding of how transparency and accountability can improve the quality of village financial governance through increased community participation, better oversight, and the application of information technology.

### **3.1. The Effect of Transparency on Participation and Public Trust**

Research by Pratiwi and Nugroho (2023) confirms that transparency, particularly in the delivery of information on the allocation and use of village funds, directly affects the level of community participation. Communities that have access to clear and open information tend to be

more involved in monitoring and decision-making related to village financial management. This is in line with the findings of Amin and Setiawan [1], which show that well-implemented transparency can increase public trust. This trust becomes important social capital in encouraging sustainable community involvement.

### **3.2. Accountability in Legal and Accounting Perspectives**

The accountability of village fund management depends not only on transparency but also on compliance with regulations and accounting standards. Yuliani and Wicaksono [11] highlight that accountability in village financial management involves legal and accounting aspects simultaneously. Village governments that prepare financial reports in accordance with government accounting standards and follow legal regulations can create public trust and legitimacy for village fund management. However, this study also found that a lack of understanding of these standards can be an obstacle to optimal accountability implementation.

### **3.3. The Role of Technology in Supporting Transparency and Accountability**

Hadi and Rahman [2] identified that the Village Financial Information System (Siskeudes) plays an important role in improving transparency and accountability. Siskeudes enables real-time recording of financial transactions and provides wider access to information to stakeholders. However, the implementation of this technology still faces challenges, such as low human resource capacity and technological infrastructure at the village level, as revealed by Wijaya and Nugraha [10]. This suggests that technology adoption requires a more inclusive approach to overcome existing constraints.

### **3.4. Factors Affecting Accountability**

Santoso and Anggraeni [8] identified internal and external factors that influence the accountability of village fund management. External factors such as district government supervision and legal regulations contributed significantly to improving accountability. Meanwhile, internal factors such as the capacity of village apparatus and culture work also has a major influence. This research highlights the need for training and capacity building of village officials to improve accountability.

### **3.5. The Importance of Collaboration in Village Financial Supervision**

Marpaung and Lubis [3] emphasize the importance of collaboration between accounting and public administration in the oversight of village funds. This collaborative approach allows village governments to integrate technical and social aspects of financial management, which in turn can improve accountability. The study also recommends the development of community-based oversight mechanisms to ensure more inclusive financial management and responsiveness to community needs.

### **3.6. Challenges of Good Governance Implementation in Villages**

Wijaya and Nugraha [10] revealed that the implementation of good governance principles in village financial management still faces various challenges, especially in the digital era. Constraints such as limited technological literacy, low community participation, and weak external monitoring mechanisms are the main obstacles. Therefore, a more holistic strategy is needed to overcome these challenges, including through strengthening the capacity of village officials and integrating information technology.

## **4. DISCUSSION**

A systematic review of the seven literatures analyzed revealed that transparency and

accountability have a close relationship in village financial management. Existing studies show that these two concepts play a very important role in improving the quality of village financial governance, which can be seen from the increase in community participation, the effectiveness of supervision, and the application of information technology in the village financial administration system.

For example, research by Pratiwi and Nugroho [4] highlights that transparency in the delivery of information on the allocation and use of village funds contributes greatly to increased community participation in the monitoring and decision-making process. Communities that have access to clear and open information will feel more involved in the process. This finding is in line with research by Amin and Setiawan [1], which shows that effective transparency can build public trust. This trust is an important foundation in encouraging more active and sustainable community involvement in village financial management.

However, while transparency plays a major role, village financial management also requires accountability that is based on an understanding of and adherence to the law, regulations and applicable accounting standards. Yuliani and Wicaksono [11] revealed that the accountability of village fund management does not only rely on transparency, but must also involve legal and accounting aspects. Village governments that are able to prepare financial reports in accordance with government accounting standards and legal regulations will more easily gain public legitimacy. However, this study also notes that a lack of understanding of these standards can be an obstacle to optimal accountability implementation. In addition, the role of technology, especially the Village Financial Information System (Siskeudes), is also very important in supporting transparency and accountability. Hadi and Rahman [2] found that Siskeudes enables real-time recording of financial transactions and provides wider access to information to the community and other stakeholders. However, the implementation of Siskeudes in villages still faces challenges, such as limited trained human resources and inadequate technological infrastructure, as revealed by Wijaya and Nugraha [10]. This suggests that while technology can be a very effective tool, its adoption requires a more inclusive approach and improved infrastructure at the village level.

Internal and external factors also have a major influence on the accountability of village fund management. Santoso and Anggraeni [8] identified that supervision from the district government and legal regulations are significant external factors in improving accountability. On the other hand, internal factors such as the capacity of village officials and work culture also play an important role in realizing accountability. This study emphasizes the need for training and capacity building of village officials in order to improve accountability in village financial management.

Furthermore, Marpaung and Lubis [3] revealed that collaboration between accounting and public administration is essential in the supervision of village funds. This collaboration allows integration between the technical aspects of financial management and the social dimension of supervision. Community-based supervision is also a recommendation in this study to ensure financial management that is more inclusive and responsive to the needs of village communities. Good collaboration between various parties at the village level can strengthen accountability and ensure village funds are used efficiently and effectively.

However, despite the many potentials that can be utilized, the implementation of good governance principles in village financial management still faces various challenges. Wijaya and Nugraha [10] noted that obstacles such as low technological literacy, lack of community participation, and weak external monitoring mechanisms are the main obstacles in implementing good governance. Therefore, a more holistic strategy is needed to overcome these challenges, including capacity building of village officials and better integration of information technology. By strengthening these three aspects-human resource capacity, technology, and supervision-village financial management can become more transparent and accountable, and more responsive to

community needs.

Overall, this study shows that transparency and accountability in village financial management cannot stand alone, but are interrelated and mutually supportive. Strengthening the capacity of village officials, adopting appropriate technology, and supervision that involves all elements of society are key to improving the effectiveness of village financial management.

## **5. CONCLUSION**

Based on the results of a systematic review of the seven literatures analyzed, it can be concluded that transparency and accountability have a very close relationship in village financial management. Existing studies reveal that these two concepts support each other in improving the quality of village financial governance. Good transparency can increase community participation and build public trust, which in turn encourages community involvement in monitoring and decision-making regarding the use of village funds. On the other hand, accountability based on compliance with regulations and accounting standards also plays an important role in ensuring legitimate and accountable village financial management. Technology, particularly the Village Financial Information System (Siskeudes), also contributes significantly to improving transparency and accountability. However, the implementation of this technology still faces challenges related to limited human resource capacity and existing infrastructure at the village level. Internal and external factors, including the capacity of village officials and supervision from the district government, also affect accountability in the management of village funds.

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