

**THE EFFECT OF PARTICIPATION AND COMMUNITY SUPERVISION ON THE
VILLAGE FUND PLANNING PROCESS WITH OFFICE ACCOUNTABILITY AS
A MODERATING VARIABLE
(Study in Kecamatan Dolo Barat, Kabupaten Sigi)**



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Abstract

This study aims to analyze the influence of Community Participation and Community Oversight on the Village Fund Planning Process, as well as to test the conditional role of Official Accountability as a moderating variable. Using a quantitative method using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach to data collected from Officials and community representatives in Dolo Barat District, the results of the study confirm that both Participation and Community Oversight directly contribute significantly to improving planning quality. The most important finding is the complex role of Official Accountability; on the one hand, official accountability strengthens the positive relationship between Community Participation and Planning, indicating optimal goal alignment between responsive officials and active communities. However, on the other hand, Official Accountability actually significantly weakens the positive influence of Community Oversight on Planning. This paradoxical effect indicates that a high level of accountability in Officials can trigger passive behavior or excessive trust from the community (Principals), thereby reducing the intensity and efficacy of the oversight function, which ultimately makes Community Oversight less effective as a driver of planning quality. This study concludes that although Official Accountability is needed to optimize Participation, the community needs to maintain a critical and non-passive attitude in supervision so that village development goals can be achieved optimally and sustainably.

Keywords: Community Participation, Community Supervision, Official Accountability, Village Fund Planning Process

INTRODUCTION

To achieve good governance and focus on grassroots development, the Indonesian government has implemented a fiscal decentralization policy through Law Number 6 of 2014 concerning Villages. This policy grants significant authority and financial resources to villages, known as the Village Fund, as a manifestation of the state's commitment to strengthening villages as the spearhead of national development. The implementation of this policy aligns with the bottom-up development paradigm that prioritizes local community initiative and independence (Law Number 6 of 2014 concerning Villages, 2014).

Effective and efficient management of the Village Fund is key to the success of this fiscal decentralization program in achieving sustainable development goals. The Village Fund management process encompasses several important interrelated stages: planning, implementation, administration, reporting, and accountability, which must be carried out with the principles of transparency, accountability, and participation (PP Number 60 of 2014, n.d.).

During the planning stage, active participation from all elements of society, including marginalized groups and women, is essential to ensure that the programs and activities developed truly align with the real needs, development priorities, and diverse aspirations of the community. Participatory planning not only ensures the program's relevance to community needs but also fosters a strong sense of ownership among residents in village development programs. Meanwhile, during the monitoring stage, the active role of the community as a social control mechanism is also crucial to ensure that the use of funds is transparent, accountable, and on-target, and free from various forms of irregularities or corrupt practices that could harm the public interest (PP No. 60 of 2014, n.d.).

Although normative mechanisms stipulate that Village Fund planning must be participatory through forums such as the Village Development Planning Forum (Musrenbangdes), challenges in the field often indicate a misalignment between the draft plan and the actual needs and priorities of the community. This gap underscores that the effectiveness of the Village Fund Planning Process still faces serious obstacles. Some fundamental problems that often arise in the planning stage are: Limited Apparatus Capacity, Human Resource Capacity (HR) of village officials, both in mastery of regulations and technical planning capabilities, is often considered limited, causing the plans to be less strategic or merely a formality. Time Constraints, The planning process is often hampered by delays in the preparation and distribution of budgets from higher levels of government, which ultimately shortens the time available to produce quality plans and risks suboptimal fund absorption (Ayem & Rahmawati, 2024).

Public oversight of Village Fund implementation is also considered suboptimal and not yet systematic. Various reports in local media have highlighted problems with Village Fund management in Sigi, particularly related to corruption cases. The Sigi District Attorney's Office has named the Acting Village Head of Tanah Harapan as a suspect in a Rp 631 million Village Fund corruption case, demonstrating the weakness of the existing oversight system. This situation is exacerbated by a lack of public understanding of the appropriate oversight mechanisms and procedures, as well as the absence of a protection system for those conducting oversight. This opens up opportunities for potential irregularities, corruption, inefficiency in budget use, and moral hazard among Village Fund

managers. When public participation and oversight are low, accountability in Village Fund management can be threatened, transparency is reduced, and ultimately, village development goals are not achieved optimally and sustainably (Prasetyo & Wibowo, 2021). In West Dolo District, a case of alleged Village Fund corruption has been uncovered, implicating the Village Head of Rarampadende, identified as AS, for misappropriation of the 2023 and 2024 budgets. This case serves as a critical indicator that the mandated Community Participation and Oversight mechanisms have not been fully effective, as misappropriation practices such as fictitious activities and the use of funds for personal gain can occur. The success of this corruption directly demonstrates the failure of Village Official Accountability as a determining factor, raising fundamental questions about the extent to which internal accountability can moderate and ensure that Village Fund planning is truly oriented toward public welfare, rather than individual interests.

This research identifies that village official accountability plays a strategic and critical role in bridging the gap between expectations and reality. The level of official accountability can significantly influence how community participation and oversight impact the effectiveness of the Village Fund planning process. When officials have high accountability, they are more proactive in creating spaces for inclusive participation, providing transparent and accessible information to the public, and being responsive to input and constructive criticism from residents. On the other hand, when the accountability of officials is low, the space for participation can be hampered or even closed, information becomes less open and tends to be asymmetrical, communication with the community becomes one-way, so that community participation and supervision cannot be effective and meaningful in influencing the quality of Village Fund planning (Dwiyanto, 2010).

Various studies have been conducted to analyze the factors influencing Village Fund management and accountability, using diverse approaches and focuses. Puspitasari et al. (2023) examined the influence of transparency, accountability, community participation, and village government effectiveness on village fund management using a quantitative approach. However, this study focused more on internal aspects of village government and institutional capacity without specifically examining the role of community oversight as an external mechanism or its direct link to the effectiveness of the Village Fund planning process. Meanwhile,

Jennifer et al. (2025) and Anugrah et al. (2022) examined community participation in relation to accountability in Village Fund management from a good governance perspective. However, both studies focused more on the whistleblowing system and violation reporting mechanisms as moderating variables, rather than the direct accountability of village officials as a factor that can strengthen or weaken the influence of community participation.

Ayem & Rahmawati's (2024) research examined the influence of community participation on accountability through a local values and traditional wisdom approach, specifically the Tri Pantangan principle in the Javanese cultural context. However, the Village Fund planning process variable was not the primary focus of the analysis and did not simultaneously explore the dynamics of the relationship between participation, oversight, and accountability. Furthermore, Sari et al. (2023) examined several determinants, such as official competence, clarity of budget targets, and internal control systems, on Village Fund accountability using the theory of planned behavior. However, they did not explicitly combine the dimensions of community participation and oversight simultaneously in a single

analytical model, nor did they consider the role of official accountability as a moderating factor that can alter the strength and direction of the relationship between variables.

Based on this literature review, there remains a significant research gap to comprehensively and integratively examine the influence of community participation and oversight on the effectiveness of the Village Fund planning process, with official accountability as a moderating variable. Therefore, this research is crucial to fill this gap and provide theoretical and practical contributions to the development of a more participatory, transparent, and accountable Village Fund management model.

LITERATURE REVIEW

Agency Theory

Jensen & Meckling (1976) Agency theory focuses on the relationship between one or more individuals, called principals, who employ others, called agents, to perform tasks on their behalf. In this context, the principal delegates decision-making authority to the agent. However, conflicts of interest can arise because the goals of the principal and agent may not align. To ensure that the agent acts in the principal's best interests, a monitoring mechanism is necessary. In the context of the Village Fund, the community is the principal and village officials are the agents. Agency conflicts can arise because village officials have more complete information (information asymmetry) and may have personal motives that conflict with the community's collective interests.

Community participation serves as a monitoring mechanism to mitigate agency problems. When communities actively participate in the Village Fund planning process, they can monitor decisions made by village officials and ensure funds are allocated to projects that are truly needed (Eisenhardt, 1989). Participation creates transparency and reduces information asymmetry, so village officials cannot conceal unaccountable actions. According to Fama (1980), supervision from the principal can motivate the agent to act in accordance with the principal's interests.

In addition to participation, formal and informal community oversight (for example, through the Village Consultative Body or citizen forums) is also an important mechanism for suppressing potential agency conflicts. Strict supervision creates a disincentive for village officials to abuse their authority. According to Shapiro (2005), an effective agency relationship depends on adequate control. The stronger the oversight from the community as principal, the less likely village officials as agents are to deviate from their mandate.

Agency theory explains that a successful relationship between principal and agent requires a clear accountability system. Official accountability is the ability and willingness of village officials to be responsible for their decisions and actions. This accountability can act as a moderating variable. When official accountability is high, Agency Theory predicts that community participation and oversight will be more effective. Accountable officials will welcome oversight and input from the community, thereby reducing agency costs. On the other hand, if the accountability of the apparatus is low, then the efforts of community participation and supervision will be in vain because the agents are unresponsive and refuse to take responsibility, which exacerbates the agency problem and causes failure in Village Fund planning.

Village Funds

Village Funds are mandated by Law Number 6 of 2014 concerning Villages and aim to accelerate improvements in the quality of public services, local economic development, and the welfare of village communities. These funds are allocated from the State Budget (APBN) to villages to finance governance, development, community empowerment, and community development. Effective and accountable management of Village Funds is crucial to achieving village development goals. The Village Fund management process includes planning, implementation, administration, reporting, and accountability. In the context of this research, the primary focus is on the Village Fund planning stage, where community participation and oversight play a fundamental role.

Community Participation

Community participation is a process in which citizens are actively involved in decision-making, implementation, and evaluation of programs that affect their lives. This goes beyond mere presence; it is substantial involvement to ensure programs align with real needs. According to Sanusi (2011, p. 52), participation is community involvement in policy-making, planning, organizing, implementing, controlling, and evaluating development outcomes. In this study, community participation is operationally defined as the level of active participation of citizens in all stages of development, including policy-making, planning, organizing, implementing, controlling, and evaluating development outcomes. This is measured through indicators such as frequency, contribution of ideas or energy, and utilization of development outcomes (Cohen, 1980, p. 60).

Public Oversight

Public oversight is a crucial mechanism that involves the active participation of citizens in assessing and monitoring the performance, accountability, and transparency of public bodies and development initiatives. The fundamental role of this mechanism is to ensure that the allocation of public resources is efficient and effective, that abuse of authority is prevented, and that every decision made is always in line with the public interest. Thus, this oversight serves as an essential social control in a democratic system, giving the public the right to demand accountability from the authorities (Desmalita & Setyadi, 2025).

Village Fund Planning

Village Fund planning involves a series of structured stages implemented by the village government and the community to prepare a Village Revenue and Expenditure Budget (APBDes) that meets the criteria of effectiveness, transparency, and accountability. This planning stage is crucial because it determines the successful management and utilization of funds. According to village financial management regulations (as stipulated in Minister of Home Affairs Regulation No. 113 of 2014), the planning process must be carried out in an orderly and disciplined manner. Operationally, Village Fund planning refers to the technical and procedural quality of the preparation and approval of the Village Government Work Plan (RKPDs) and APBDes documents, indicators of which include adherence to the principles of efficiency, administrative completeness, and timeliness in accordance with regulatory provisions (Wahyuni, 2020).

Official Accountability

Official accountability is the obligation of village officials to be accountable to the public for every action, decision, and policy they take, particularly in the management of Village Funds. According to Mardiasmo (2002, p. 25), accountability is "the obligation to be accountable for the management of resources and the implementation of policies entrusted to a particular party." In this study, official accountability is operationally defined as the ability and obligation of village officials to be accountable for the management of Village Funds (Permana, 2018).

Theoretical Framework

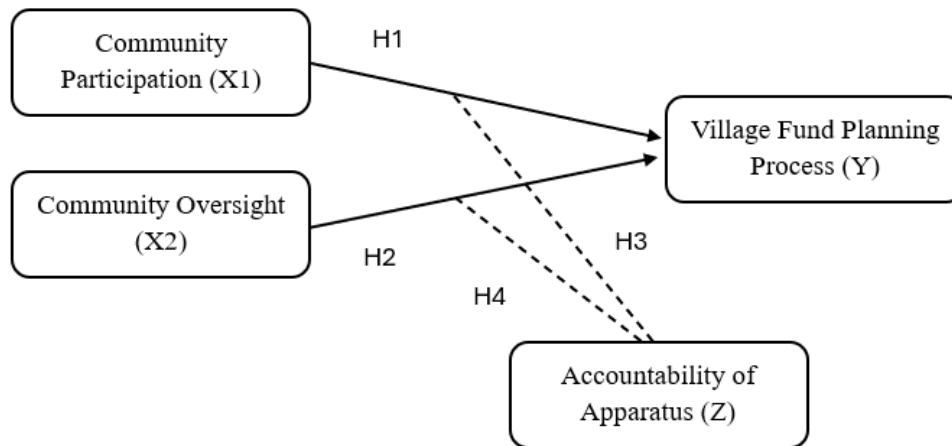


Figure 2. Hypothesis Test Results

Source: Data processing results using WarpPLS 7.0 (2025)

Community Participation Positively Influences the Village Fund Planning Process

Community participation is the essence of bottom-up development as mandated by the Village Law. Active community involvement in Village Deliberations (Musdes) and Village Development Planning Meetings (Musrenbangdes) ensures that the real needs and aspirations of residents (including vulnerable/marginalized groups) are captured and accommodated in planning documents such as the Village Government Work Plan (RKPDes) and the Village Revenue and Expenditure Budget (APBDes). When participation is high, program legitimacy increases, and the resulting plans become more relevant, inclusive, and on-target. Conversely, low and formalistic participation, as seen in Sigi Regency, will result in plans that are not aligned with community needs, thus reducing the effectiveness of the planning process.

Community Oversight Positively Influences the Village Fund Planning Process

Community oversight (social control) is an external mechanism that encourages village governments to operate transparently and accountably. While oversight is often associated with the implementation and accountability stages, strong oversight pressure from the outset (the planning stage) will compel village officials to develop careful plans, comply with regulations on prioritizing Village Fund use, and base them on valid needs data.

Effective oversight serves as an early warning system for potential moral hazard or irregularities, ensuring that Village Fund allocations are designed in accordance with the public interest and avoid wasteful or unnecessary projects.

Official Accountability Moderates the Influence of Public Participation on the Village Fund Planning Process

Official accountability acts as a conditional factor that determines the extent of public participation's impact on planning quality. Official accountability encompasses the willingness and ability to be transparent (providing access to information) and responsive (following up on input). If official accountability is high, officials will be proactive in facilitating inclusive participation, ensuring substantive Village Development Planning Meetings (Musrenbangdes), and responding openly to public proposals. Under these conditions, the positive influence of public participation on planning will be strengthened (a strengthening moderation). If official accountability is low, officials tend to present information asymmetrically and are less responsive. Public participation, even if it does exist, will be merely a formality (as occurred in Sigi, where proposals were not accommodated). Under these conditions, the positive influence of participation on planning will be weakened or even insignificant (a weakening moderation).

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RESEARCH METHODS

This research is fundamentally classified as quantitative research, aiming to statistically test the relationships and influences between variables: Community Participation and Community Oversight as independent variables, Official Accountability as a moderating variable, and the Village Fund Planning Process as a dependent variable. To obtain the necessary data, the data source used was primary data, obtained directly from respondents, namely the community and village officials who were sampled, by answering questions in a questionnaire. In-depth interviews were also included to complement and enrich the information obtained from the questionnaire, while also serving as a means to validate and strengthen the quantitative data generated.

This research was conducted in Dolo Barat District, Sigi Regency. The objects of study were Community Participation and Community Oversight as independent variables. The independent variables were then assessed for their relationship with the dependent variable (related variable), namely the Village Fund Planning Process, with Official Accountability as a moderating variable. The population in this study was all 12 villages in the Dolo Barat District, Sigi Regency. The sampling technique used in this study was purposive sampling, or the determination of respondents/samples based on certain criteria with several considerations aimed at making the data obtained more effective. The criteria used to select respondents were the Village Head, Village Secretary, Village Treasurer, and 2 community representatives. Because they have key roles, knowledge, understanding, and the ability to provide answers related to the variables of this study. Overall, 60 people in the Dolo Barat District participated in this survey. Smart PLS 4 was used as an analysis tool in this study. The author conducted trials on the outer and inner models. The results obtained metrics such as composite reliability, discriminant validity, outer loading, and average variance extracted (AVE) in the outer model. Meanwhile, the R-squared value and hypothesis testing were placed in the inner model.

Table 1. Operational Variables

Variables	Measurement Indicators	Source
Community Participation (X1)	Community involvement in the deliberation forum, Musrenbangdes, to voice aspirations and determine priorities.	(Herman, 2024)
	Physical and material involvement of the community in realizing planned programs.	
	Community involvement in providing feedback and assessing the effectiveness of programs that have been completed.	
Community Oversight (X2)	Availability of access to information regarding the Budget Plan	(Kholik, 2024)
	Ease of obtaining documents and realization reports	
	Opportunity for the public to provide input and suggestions for supervision	
	The existence of an effective complaint or grievance mechanism	
	Cooperation between the community and village officials in following up on findings	
Accountability of Apparatus (Z)	Compliance with laws and regulations	
	No abuse of office	

	Achievement of planned program targets	(Kuncahyo & Dharmakarja, 2022)
	Transparency in budget management	
Village Fund Planning (Y)	Timeliness of preparation and determination of RKPDES and APBDES according to the regulatory schedule	(Peraturan Menteri Dalam Negeri Nomor 20 Tahun 2018 Tentang Pengelolaan Keuangan Desa, 2018)
	Completeness of document elements (availability of RAB, Activity Design, etc. as supporting APBDes)	
	Budgeting rationality (budgeted costs do not exceed fair market prices)	

Source: Processed by researchers (2025)

RESULTS AND DISCUSSION

Respondent Profile

In order to collect data for this study, questionnaires were given to each respondent. Of all the questionnaires distributed, 108 questionnaires were returned. The respondents in this study can be seen in the following table:

Tabel 2. Profil Responden

No	Jabatan	Jumlah	Persentase (%)
1	Kepala Desa	12	11,11%
2	Sekretaris Desa	12	11,11%
3	Bendahara	12	11,11%
4	Masyarakat	72	66,67%

Source: Processed by researchers (2025)

The distribution of respondents shows that 66.67% (72 of 108) of respondents came from the community, while 33.33% (36 of 108) came from the village apparatus. This proportion is designed to place significant emphasis on the community's views as the primary users of Village Funds and the party with the greatest role in external oversight.

Measurement Model Evaluation (Outer Model)

Measurement Model Evaluation (Outer Model) in PLS-SEM analysis is an essential step in validating the research instrument before testing the structural relationships between constructs. The primary focus of this evaluation is to assess how the indicators reflect the latent constructs through determining validity and reliability. Testing begins by assessing the reliability of a single indicator through factor loadings. Next, convergent validity is assessed using Average Variance Extracted (AVE). Finally, construct reliability is measured using Composite Reliability (Hair et al., 2021). If these criteria are met, the construct measurement is considered adequate and ready for use in hypothesis testing.

Outer Model Validity

To ensure the quality and validity of the research data, instrument validity was evaluated by testing the factor loadings of each indicator. Each indicator was deemed valid and suitable for measuring the latent construct if the obtained loading factor value equaled or exceeded the threshold of 0.70. This testing was essential to ensure that each question or statement accurately reflected the latent variable it represented. Details of the test results are presented in the related table.

Tabel 3. Loading Factor Results

	Y	Z	X1	X2	Keterangan
X1,1			0.755		Valid
X1,10			0.752		Valid
X1,11			0.717		Valid
X1,12			0.736		Valid
X1,2			0.849		Valid
X1,3			0.823		Valid
X1,4			0.707		Valid
X1,5			0.789		Valid
X1,6			0.781		Valid
X1,7			0.818		Valid
X1,8			0.775		Valid
X1,9			0.712		Valid
X2,1				0.884	Valid
X2,10				0.777	Valid
X2,2				0.804	Valid
X2,3				0.850	Valid
X2,4				0.847	Valid
X2,5				0.772	Valid
X2,6				0.792	Valid
X2,7				0.819	Valid
X2,8				0.738	Valid

X2,9				0.815	Valid
Y1	0.735				Valid
Y2	0.777				Valid
Y3	0.780				Valid
Y4	0.842				Valid
Y5	0.809				Valid
Z1		0.781			Valid
Z2		0.850			Valid
Z3		0.860			Valid
Z4		0.850			Valid
Z5		0.763			Valid
Z6		0.710			Valid
Z7		0.860			Valid
Z8		0.817			Valid

Source: Results of data processing using WarpPLS 7.0 (2025)

Based on the data presented in Table 3, the evaluation results indicate that all indicators used in this research variable have been declared valid. This validity sufficiency is confirmed by the fact that the factor loading value for each measurement item has exceeded the threshold of 0.700, thus meeting the statistical criteria established for validity testing.

Outer Model Reliability

After establishing convergent validity, researchers proceeded with discriminant validity testing to ensure each construct was unique and separate from the others. This testing used methods such as comparing cross-correlations (cross-loadings) and the square root of the average (AVE) criterion with correlations between constructs. Details of the discriminant validity testing results are presented in the following table.

Table 4. Reliability Model Results

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	(AVE)	Keterangan
Y	0.848	0.849	0.892	0.623	Reliabel
Z	0.926	0.937	0.940	0.661	Reliabel

X1	0.937	0.942	0.945	0.591	Reliabel
X2	0.942	0.948	0.950	0.658	Reliabel

Source: Results of data processing using WarpPLS 7.0 (2025)

Based on Table 4, the evaluation of the measurement model shows that all research variables meet the criteria for reliability and convergent validity. Construct reliability was tested using Cronbach's Alpha and Composite Reliability values, where all variables produced values that significantly exceeded the threshold, thus all constructs were declared reliable. Furthermore, all variables demonstrated strong convergent validity, as seen from the Average Variance Extracted (AVE) values, which all exceeded the criteria.

Structural Model Evaluation (Inner Model)

(Ghozali, 2015) notes that an integral part of PLS-SEM analysis is the evaluation of the structural model in SmartPLS, which focuses on the interrelationships of latent components. The assessment steps consist of:

Coefficient of Determination (R2)

This test is conducted to measure the model's ability to predict or explain observed data. If the resulting value exceeds 0.75, the model is considered to have strong predictive power; a value between 0.50 and 0.75 indicates a fairly adequate model; while a value below 0.25 indicates that the model has limited predictive ability.

Table 5. Results of the Determination Coefficient

Konstruk Model	R-square	R-square adjusted
Y	0.550	0.528

Source: Results of data processing using WarpPLS 7.0 (2025)

Table 5 shows that the research R-squared value expressed as a percentage is 0.550. This means that 55.0% of the variance in the dependent variable can be explained by the independent factors discussed. The remaining 45.0% of the variance is explained by other factors. Furthermore, this value is considered adequate because it exceeds the threshold of 0.50.

Hypothesis Testing (t-Test)

Hypothesis analysis in PLS-SEM aims to test the significance of relationships between constructs (latent variables). Significance measurements are performed on path coefficients, including the Total Effect (direct and indirect influences). To obtain reliable and accurate results, the non-parametric statistical procedure Bootstrapping (re-sampling) is used (Hair et al., 2017). The bootstrapping process produces statistics and values that serve as the basis for decision-making.

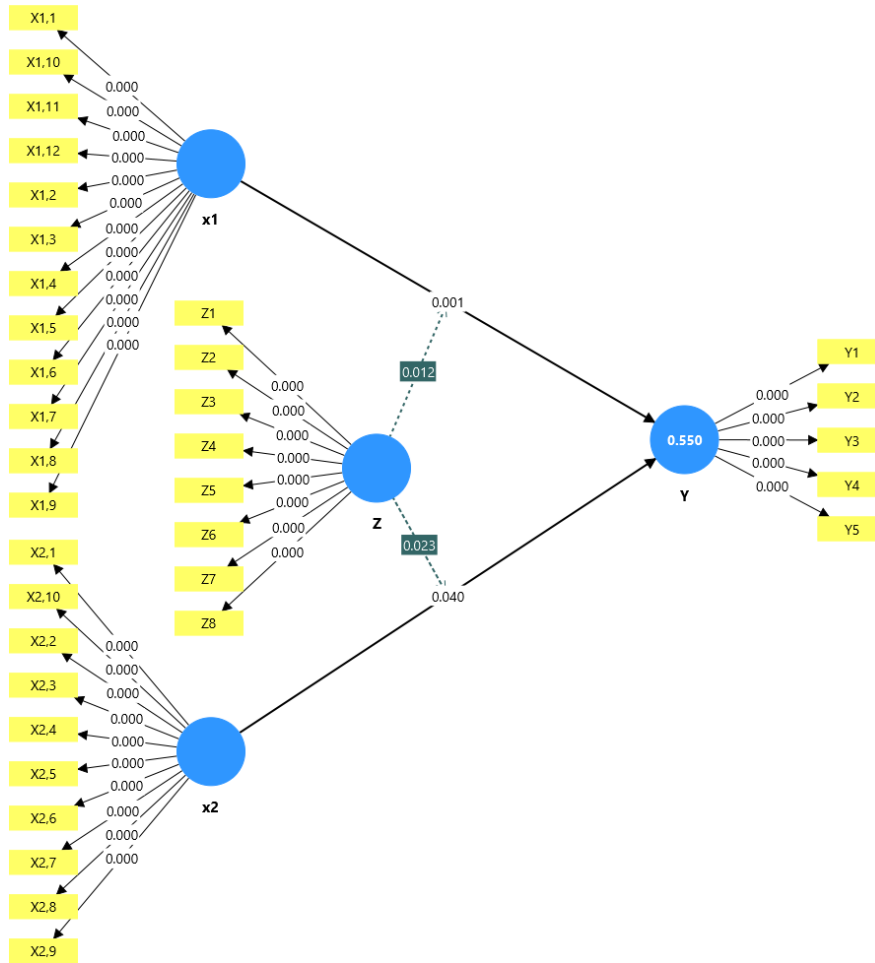


Figure 2. Hypothesis Test Results
 Source: Data processing results using WarpPLS 7.0 (2025)

Table 6. Patch Coefficients Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics ((O/STDEV))	P values
X1 -> Y	0.386	0.396	0.113	3.408	0.001
X2 -> Y	0.209	0.215	0.102	2.058	0.040
Z X X1 -> Y	0.229	0.213	0.091	2.511	0.012
Z X X2 -> Y	-0.362	-0.265	0.159	2.271	0.023

Source: Results of data processing using WarpPLS 7.0 (2025)

Based on the PLS-SEM Hypothesis Test Results Table (Bootstrapping), this analysis aims to test the significance of the direct influence between (Community Participation) and (Community Supervision) on (Village Fund Planning Process), as well as to test the role of

(Application Officer Accountability) as a moderating variable. The criteria for determining significance are the α -value or β -statistic (Hair et al., 2017).

DISCUSSION

The Influence of Community Participation on the Village Fund Planning Process

The data in Table 6 shows that community participation significantly influences the Village Fund Planning Process. The hypothesis test results show a p-value of 0.001, which is $p < 0.05$ (T-statistic $3.408 > 1.96$). Therefore, Community Participation has a significant positive influence on the Village Fund Planning Process. The research findings demonstrate that active community involvement fundamentally influences the quality of village fund planning, with a p-value of < 0.05 . Therefore, the speculation that Community Participation impacts planning quality is proven correct. This positive influence indicates that the higher the level of community participation in the planning process, the better and more accommodating the quality of the resulting village fund planning (Ghozali, 2015).

These results directly support the assumption of Agency Theory, which states that Community Participation is a monitoring mechanism by the Principal (Community) to reduce information asymmetry between the Officials (Agents) and the Community. When the Principal is actively involved, the Apparatus is forced to act transparently and direct resources according to the priority of the real needs of the community, not based on the personal interests (self-interest) of the Apparatus (Kurniawan, 2024). Thus, strong participation significantly reduces Agency Costs arising from conflicts of interest and improves the quality of the village fund planning process.

The Influence of Community Oversight on the Village Fund Planning Process

The results of the hypothesis test also show that community oversight has a significant positive influence on village fund management. This relationship is supported by a p-value of 0.040, which is $p < 0.05$ (T-statistic $2.058 > 1.96$). Therefore, this evidence supports the claim that Community Oversight has a significant influence on the Village Fund Planning Process. This positive influence indicates that the active oversight function of the local community acts as a control mechanism to ensure the planning process is carried out transparently and in accordance with requirements, thereby improving its quality.

These results also align with the principles of Agency Theory, where oversight is a crucial instrument in the governance mechanism. Effective oversight by the Principal creates disciplinary pressure on the Agent (Apparatus) to comply with established regulations and performance standards (Teuku Al Ichsan et al., 2023). Oversight serves as an early warning signal for the Agent, preventing irregularities, and ensuring that the budget is allocated rationally and accountably. Strong oversight ensures that the Village Fund Planning Process achieves optimal quality.

Moderating Effect on the Relationship between Community Participation and the Village Fund Planning Process

The results of the hypothesis test indicate that Official Accountability (Z) acts as a moderator in the relationship between Community Participation (X1) and the Village Fund Planning Process (Y). The interaction path ($Z \times X1 \rightarrow Y$) shows a p-value of 0.012, which is $p < 0.05$ (T-statistic $2.511 > 1.96$).

With a positive interaction path coefficient (0.229), this finding indicates that Official Accountability strengthens the positive relationship between Community Participation and the Village Fund Planning Process. This suggests that community participation will be more effective and have a significant impact on village planning when Official Accountability is at a high level. This means that an individual's (official) commitment and responsibility will increase when they feel satisfied and happy in carrying out their obligations and responsibilities without pressure from superiors, thereby increasing community participation and acceptance. From an agency perspective, public accountability can be viewed as a bonding mechanism implemented by agents to convince principals that they will act in the principal's best interests. This strengthening effect occurs due to goal congruence between the principal and agent (Mulyono, 2024). When agents are accountable, they are more responsive to input from community participation (X1). Public accountability acts as a catalyst that optimizes the positive impact of participation, transforming participatory input into high-quality planning decisions. This minimizes agency costs that would otherwise arise from agent resistance.

Moderating Effect on the Relationship between Community Oversight and the Village Fund Planning Process

The results of the hypothesis test show that Official Accountability (Z) also plays a moderating role in the relationship between Community Oversight (X2) and the Village Fund Planning Process (Y). The interaction path ($Z \times X2 \rightarrow Y$) shows a p-value of 0.023, which is $p < 0.05$ (T-statistic $2.271 > 1.96$).

However, with a negative interaction path coefficient (0.362), this study indicates that Official Accountability acts as a moderator, weakening the relationship between Community Oversight and the Village Fund Planning Process. In this context, although both (Oversight) and (Accountability) are equally effective, high attendance paradoxically reduces the dependence of village fund planning on community oversight. This may be due to public belief that accountable officials will perform their jobs well (Pramuktisari, 2022), leading to public apathy toward intensive oversight processes, ultimately rendering the oversight function ineffective as a key driver of planning quality. This evidence does not support the claim that official accountability always strengthens public oversight.

This counterintuitive result can be explained through the concept of Principal Behavior in Agency. When officials (agents) are perceived as highly accountable, principals (community) can develop a high level of trust, thereby reducing the intensity or criticality of public oversight (Rohman, 2022). Oversight becomes less powerful as a driver of village fund planning quality because principals assume agents are acting appropriately. This means that, amid high levels of official accountability, monitoring costs (oversight efforts) incurred by the community become less effective in improving the planning process. Excessive trust can lead to moral hazard for the Principal (the Principal becomes passive) even though the Agent (Apparatus) is initially accountable, thus reducing the impact of Supervision on outcomes (Sutarna & Subandi, 2023).

CONCLUSION

Based on the analysis and discussion, comprehensive conclusions can be drawn regarding the dynamic relationship between external community control and internal

commitment of village officials on the quality of Village Fund planning. In general, this study confirms that external control mechanisms, manifested through Community Participation and Oversight, are fundamental prerequisites for improving the Village Fund Planning Process. Active citizen involvement in voicing aspirations and implementing oversight functions acts as a balance of power, forcing Village Officials to develop transparent plans that align with the public's real needs. This finding is consistent with the postulates of Agency Theory, which emphasizes the importance of monitoring by the Principal to minimize Agency Costs and potential deviations by the Agent.

The most crucial finding lies in the conditional role of Official Accountability as a moderating variable, which indicates different behaviors in responding to external control mechanisms. On the one hand, Official Accountability significantly strengthens the positive influence of Community Participation on planning. This occurs because Officials with a strong commitment to accountability tend to be more responsive, proactive, and open to receiving input from the community, enabling participatory input to be optimized into quality planning decisions. This strengthening effect reflects the alignment of goals between officials and the community.

Official accountability actually weakens the positive influence of public oversight on the Village Fund Planning Process. This phenomenon is a paradoxical outcome, where a high level of accountability in officials can trigger passive behavior or excessive trust on the part of the principal (the community). Excessive trust tends to reduce the intensity and criticality of oversight, ultimately making the oversight function less powerful as a key driver of planning quality. This indicates that improving the quality of internal control (accountability) can unexpectedly reduce the efficacy of external control (oversight), an important implication within the framework of agency relationships in the public sector. This study concludes that while participation and oversight are important, the success of Village Fund planning depends heavily on the ability of officials to maintain accountability. It is also challenging for the community to maintain a critical approach to oversight despite high levels of trust in officials.

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