



## The Role of Accounting in Financial Management of Fund Allocation

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### Abstract

*This research focuses on the financial management of Village Fund Allocation in Tiwu Riwung Village, Mbeliling District, West Manggarai Regency, Indonesia through accounting. The study intends to examine the accounting systems' role in village financial governance, accountability, transparency and administrative control in the process of implementing decentralized rural development policies. A qualitative descriptive method was used, which included observation, semi-structured interviews and documentation analysis of the Village Consultative Body, village officials and financial administrators. The results show that accounting practices, using Microsoft Excel and the Village Financial System, have enhanced the financial recording, budget controlling and accountability reporting system. There was also an improvement in fiscal discipline and supervision in the management of village funds through the phased disbursement mechanism. The study, however, found a number of problems at the institutional level: a lack of human resource competency, problems in documentation management and low community involvement in financial oversight. The novelty of this study is that it will provide a qualitative examination of accounting implementation in a rural governance context, which is in a process of gradual digital transformation. This study also adds to the body of knowledge on public sector accounting through its findings that accounting is not just a financial tool, but also a governance tool that influences transparency, accountability and institutional trust in village administration.*

## INTRODUCTION

Village financial management is of special public sector governance interest, especially in developing countries with fiscal decentralization and community-based development policies. The enactment of Law No. 6 of 2014 on Villages in Indonesia shook the system of rural administration governance by transferring decision-making power concerning the development program on rural administration to the villages. In this policy, the central government provides significant financial resources for the villages in the form of Village Funds and Village Fund Allocations (ADD), aimed at accelerating rural development, decreasing inequality, reinforcing

local institutions and enhancing community welfare. Achievement of this policy is however, largely dependent on the capacity of Village governments to manage public finances in a transparent, accountable and efficient manner (Bakhtiar, 2021; Lubis et al., 2022; Hafiz et al., 2026). Accounting in this context has a strategic function as an administrative and governance tool that can facilitate financial accountability, policy implementation, and public trust in the village governance system (Permatasari et al., 2024; Junaidi & Adnan, 2023; Ginting et al., 2023; Amut & Sulistiyowati, 2023; Islam, 2025).

As the government's funds are dispersed to the villages, one of the concerns is the quality of the financial management of the villages. Village autonomy offers opportunities for participative and localized development but also poses risks of weak administrative capacity, lack of financial supervision and lack of accounting literacy among village officers (Marzuki et al., 2026; Meikhati & Oktaviani, 2025). Earlier, many villages in Indonesia still have challenges in preparing financial statements, accounting standards, and financial regulations, which are caused by low competencies of human resource (HR) and institutional constraints (Rahayu, 2022; Rohayati et al., 2022). Poor accounting systems often result in inefficient use of budgets, late reporting, lack of transparency, and possible misuse of village resources. In the context of good village governance, therefore, improving the accounting mechanisms in village financial management is a high priority issue of governance (Wibisono et al., 2025; Suprastiyo et al., 2025; Setriani et al., 2024).

The use of village accounting systems in Indonesia has evolved from manual system to computerized/digitized system. A new application, the Village Financial System (Siskeudes, which is short for system for village finances) was introduced by the government, with the aim of improving administrative efficiency, transparency and accountability in the management of the village finances. Digital accounting systems are anticipated to reduce errors in accounting, enhance financial monitoring, and improve public accountability systems (Lestari, 2025; Agostino et al., 2022). The study conducted by Gundul (2025) and Basri and Sayuti (2024) shows that the implementation of Siskeudes has a positive impact on financial transparency and financial reporting quality at the village level. However, digital accounting systems have disparate performance across regions, with varying levels of technological literacy, infrastructure preparedness, and institutional support. In villages that have less administrative capacity, accounting systems are often not used in an optimal manner, leading to incomplete use of, and manual accounting practices (Khadka et al., 2024; Zuhrohtun et al., 2024; Siahay, 2025; Fatimah et al., 2025; Aligarh et al., 2025).

The accounting process is not just a technical one that involves bookkeeping and reporting but also an institutional process that influences accountability relationships between government and society from a governance perspective (Grossi & Argento, 2022; Narayan & Oru, 2024). Accounting information becomes a medium in evaluating the achievement of the budget, monitoring the implementation of the program and ensuring that public funds are used according to the rules and priorities for development. For decentralized governance systems, accountability is especially critical as the financial authority is spread across multiple administrative levels and effective coordination and supervision are essential (Asmorowati et al., 2022; Boufounou et al., 2024; Tunzina et al., 2024; Greer et al., 2022). These are important prerequisites for the successful implementation of participatory governance, for minimizing information asymmetry and for increasing institutional trust in the rural public administration, which makes effective accounting systems essential.

There are several empirical studies that have studied village financial management from different perspectives including transparency, accountability, governance

quality, and digital transformation. Based on the findings of Permatasari et al. (2024), administrative discipline and reporting systems in the village play a significant role in determining accountability in the village fund. In strengthening financial accountability in the village, Susanti et al. (2025) emphasized the need for the involvement of the community and the governance of the community. Likewise, Wibisono et al. (2025) stated that the performance of village government is significantly improved if the village is well managed and has good know-how management. Other researchers have pointed to the role of technology in promoting rural governance modernization, such as smart villages and digital financial systems (Ella & Andari, 2018; Dirgatama et al., 2024). Although these have been important contributions, the role of accounting practices in affecting the operational dynamics of village fund allocation management has previously received relatively limited attention in the literature.

Also, the existing studies usually focus on quantitative research methods that examine the statistical relationships between governance variables while qualitative studies that examine how accounting practices are practiced, interpreted, and felt by the actors in the villages are limited. Current research also generally studies the villages that have a relatively advanced administration system and neglects the villages with structural difficulties. However, there is still little understanding about accounting operations in villages that experience difficulties with human resource capacity, community participation and transitional adaptation towards digital accounting systems. This condition presents an interesting study of the practicality of accounting for financial governance in institutional and technological constrained administrative setting in rural areas.

The empirical context for this issue is of great importance as the Tiwu Riwung Village in Mbeliling District, West Manggarai Regency. The village has taken up computerization of the financial records using Microsoft excel and the Village Financial System (Siskeudes) over time, however, certain administrative and governance issues are apparent. Based on some preliminary observations, there are administrative errors, the budgeting issues have not been resolved in the previous fiscal year, and the competency of the village officials in managing the village finances is limited. Such conditions may impact the effectiveness of implementation of accounting and financial accountability processes. Meanwhile, Tiwu Riwung Village is still carrying out the Village Fund Allocation for the government running, development of infrastructure, and program of community empowerment. In this context the village is a proper context to examine the influence of accounting practices on the financial management processes in practice.

Therefore in this study the role of accounting in financial management of the Village Fund Allocations in Village Tiwu Riwung, Mbeliling District, West Manggarai Regency is examined. The study emphasises the implementation of accounting systems, the process of fund disbursement and budgeting, the phases of financial management, challenges faced in financial management, and strategies used to overcome these challenges. The novelty of this research is that it has qualitatively explored accounting practices in the context of gradual digital transformation in a rural area in regards to village financial governance. This study shifts the focus from the quantitative aspects of governance indicators or administrative compliance, as is common in previous studies, to contextual issues of accounting as a technical and governance tool in village fund management. The results are hoped to be able to add to the theoretical and practical aspects of the literature on public sector accounting, decentralized governance in rural Indonesia, particularly in strengthening the accountability of the village and human resource capacity and participatory governance in rural Indonesia.

## METHODS

### Research Design

This study employed a qualitative descriptive research design to examine the role of accounting in the financial management of Village Fund Allocation in Tiwu Riwung Village, Mbeliling District, West Manggarai Regency. A qualitative approach was selected because the study aimed to explore institutional practices, administrative processes, and the experiences of village actors in implementing accounting systems within village financial governance. Qualitative research enables researchers to understand social phenomena contextually through direct interaction with participants and interpretation of meanings embedded in institutional activities (Lim, 2025). The descriptive orientation of the study was intended to provide a systematic explanation of accounting practices, financial management procedures, governance mechanisms, and administrative challenges encountered in the management of village funds.

### Research Site and Context

The research was conducted in Tiwu Riwung Village, located in Mbeliling District, West Manggarai Regency, Indonesia. The village was selected purposively because it represents a rural administrative unit that has gradually implemented computerized financial management systems through Microsoft Excel and the Village Financial System (Siskeudes). Despite these developments, the village continues to face several governance and administrative challenges related to accounting implementation, financial reporting, and community participation. The study was conducted between April and May 2025, a period during which village financial activities and accountability reporting processes were actively undertaken. This context provided an appropriate setting for examining the practical role of accounting in village financial management and identifying institutional constraints affecting accountability practices.

### Data Collection Techniques

Data were collected using three primary techniques: observation, semi-structured interviews, and documentation studies. Observation was conducted through direct visits to the Tiwu Riwung Village Office to examine financial administration practices, accounting procedures, and the implementation of village financial systems. This technique enabled the researcher to observe the interaction between administrative actors and financial management mechanisms within the natural research setting.

Semi-structured interviews were used as the primary source of qualitative data. This interview model allowed flexibility in exploring participants' experiences while maintaining consistency with the research objectives (Chand, 2025). Interviews were conducted with key village stakeholders, including the Village Head, Village Secretary, financial officers, and representatives of the Village Consultative Body (BPD). These informants were selected purposively based on their direct involvement in the planning, implementation, supervision, and accountability processes of Village Fund Allocation management. The interviews focused on accounting practices, budgeting mechanisms, disbursement procedures, administrative challenges, and institutional efforts to improve financial accountability.

Documentation studies were also conducted to strengthen data triangulation and enhance the credibility of findings. The documents analyzed included Village Revenue and Expenditure Budget reports (APBDs), General Cash Books, subsidiary cash books, budget plans, village regulations, accountability reports, and village profile documents. These records provided formal evidence regarding accounting procedures and financial management implementation in Tiwu Riwung Village.

## **Data Analysis**

The data analysis process followed the interactive qualitative analysis model proposed by Ningi (2022), which consists of data condensation, data display, and conclusion drawing. Data condensation involved selecting, simplifying, and categorizing information obtained from interviews, observations, and documentation. The categorized data were then organized into thematic displays to facilitate interpretation and analytical comparison across different sources of evidence. The final stage involved drawing conclusions by identifying recurring patterns, institutional relationships, and governance implications related to accounting practices in village financial management. The iterative nature of qualitative analysis enabled the researcher to continuously compare findings throughout the research process to ensure interpretive consistency.

## **Validity and Trustworthiness**

To ensure the validity and trustworthiness of the findings, this study employed data triangulation and source triangulation techniques. Information obtained through interviews was cross-checked with observational findings and documentary evidence to enhance data credibility. Source triangulation was achieved by comparing perspectives from different informants involved in village financial management, including village government officials and BPD representatives. Member checking was also conducted during the interview process by confirming key interpretations and statements with participants to minimize misinterpretation. In addition, the researcher maintained detailed field notes and documentation records throughout the study to strengthen the dependability and confirmability of the research findings. These procedures were intended to ensure that the study accurately represented the realities of accounting implementation and village financial governance in Tiwu Riwung Village.

## **RESULTS AND DISCUSSION**

This section presents the findings concerning the role of accounting in the financial management of Village Fund Allocation (ADD) in Tiwu Riwung Village, Mbeliling District, West Manggarai Regency. The findings are organized into several thematic sub-sections covering the implementation of accounting systems, fund disbursement mechanisms, stages of financial management, transparency and supervision practices, obstacles encountered in financial administration, and institutional efforts undertaken to strengthen accountability. The results are derived from observations, interviews, and documentation studies conducted during April–May 2025. To strengthen analytical depth, interview findings are presented using layered narrative interpretation to illustrate the practical realities of village financial governance.

### **Implementation of Accounting Systems in Village Fund Allocation Management**

The findings reveal that accounting has become an important administrative instrument in supporting financial governance in Tiwu Riwung Village. Financial recording activities are conducted through Microsoft Excel and gradually integrated into the Village Financial System (Siskeudes). The accounting process includes the preparation of General Cash Books, Subsidiary Cash Books for Receipts, Subsidiary Cash Books for Expenditures, and accountability reports.

Field observations showed that accounting practices in Tiwu Riwung Village have shifted from conventional manual recording toward digital administrative systems. Village officials perceived this transition as necessary to improve financial transparency and facilitate accountability reporting to district authorities.

The Village Head explained:

*“Previously, financial administration was mostly manual. We often experienced delays because transaction records had to be checked repeatedly before reporting. Since the implementation of computerized recording through Microsoft Excel and Siskeudes, the reporting process has become more organized. Every expenditure and receipt must now be recorded directly because all accountability reports are connected to the district government system. Accounting is no longer considered merely bookkeeping, but part of village governance responsibilities.”*

The statement indicates that accounting practices are increasingly integrated into governance processes rather than functioning solely as administrative routines. Digital accounting systems are viewed as mechanisms for improving institutional accountability.

The Village Secretary provided a similar explanation regarding the relationship between accounting records and budget implementation:

*“All village expenditures must correspond to the Budget Plan that has been approved in the APBDes. Before an activity is implemented, supporting documents such as expenditure details, receipts, and financial evidence must be prepared. If accounting documents are incomplete, the accountability report cannot be finalized. Therefore, accounting activities become the basis for evaluating whether village programs are implemented according to regulations.”*

This finding demonstrates that accounting functions as an internal control mechanism linking budgeting, expenditure realization, and financial accountability.

A Village Treasurer also emphasized the importance of accounting documentation in maintaining financial order:

*“The accounting process requires us to record every transaction immediately after activities are conducted. We prepare the General Cash Book and subsidiary books regularly because financial inspections from the district government can occur at any time. If transaction evidence is missing, it becomes difficult to explain budget realization during supervision.”*

The statement highlights the role of accounting in supporting audit readiness and administrative transparency.

Another village financial officer explained that accounting implementation remains influenced by technological adaptation challenges:

*“The accounting system is already computerized, but not all officials fully understand the digital system. Some village staff still require assistance when using Siskeudes because financial reporting procedures continue to develop. This situation sometimes slows the reporting process, especially during the preparation of accountability reports.”*

This finding indicates that although digital accounting systems have been introduced, the effectiveness of implementation remains dependent on human resource competency and technological literacy.

Table 1. Accounting Documents Used in Village Fund Allocation Management

<b>Accounting Document</b>	<b>Function</b>
General Cash Book	Recording all village financial transactions
Subsidiary Cash Book for Receipts	Recording incoming village funds
Subsidiary Cash Book for Expenditures	Recording expenditure transactions
Budget Plan (RAB)	Planning activity expenditures

Payment Request Letter (SPP)	Requesting budget disbursement
Accountability Report	Reporting financial realization

Source: Processed from village financial documentation and interview data, 2025

The data in Table 1 indicate that the accounting system implemented in Tiwu Riwung Village follows formal administrative procedures required in village financial governance.

### **Village Fund Allocation Disbursement Mechanism**

The findings show that the disbursement mechanism of Village Fund Allocation in Tiwu Riwung Village follows the regulations established by the West Manggarai Regency Government. The funds are distributed in three stages consisting of 40% in the first phase, 40% in the second phase, and 20% in the final phase.

The Village Secretary explained that the disbursement mechanism is strongly connected to budget realization and accountability procedures:

*“The disbursement process begins with activity proposals submitted by implementation teams. After the budget is approved, the Village Head submits the request because the Village Head acts as the budget user authority. Funds cannot be disbursed directly without administrative verification. Every stage depends on financial reporting from the previous stage.”*

The statement illustrates that the disbursement process emphasizes procedural accountability and budget control.

The Village Head further explained:

*“Village funds are distributed gradually during the fiscal year. The first stage is 40 percent, followed by another 40 percent, and the final 20 percent at the end of the year. This staged mechanism helps us control expenditures because every stage requires evaluation and financial accountability before additional funds can be released.”*

The findings indicate that phased disbursement functions as a governance mechanism for monitoring financial implementation.

A member of the village implementation team also emphasized the importance of administrative readiness during the disbursement process:

*“When the village plans infrastructure projects or community activities, the implementation team must prepare expenditure details and activity proposals first. The funds can only be withdrawn after the documents are approved and entered into the financial administration system. Without complete documentation, the process becomes delayed.”*

This finding suggests that accounting documentation directly influences the efficiency of budget realization.

A community representative additionally explained that information concerning fund disbursement is gradually becoming more transparent:

*“The community usually receives information about village funding through village meetings and information boards. People now understand that village funds are distributed in stages and cannot be used immediately without administrative procedures.”*

The statement reflects the increasing public awareness of financial governance mechanisms within the village administration system.

Table 2. Village Fund Allocation Disbursement Structure

<b>Disbursement Stage</b>	<b>Percentage</b>	<b>Implementation Period</b>
Stage I	40%	January – May
Stage II	40%	June – September
Stage III	20%	October – December

Source: Tiwu Riwung Village Financial Documentation, 2025

Table 2 shows that the Village Fund Allocation in Tiwu Riwung Village is distributed in three stages throughout the fiscal year. The phased disbursement mechanism is intended to strengthen budget control, improve financial accountability, and ensure that fund realization is aligned with reporting and implementation progress at each stage.

### **Allocation Priorities and Financial Management Stages**

The findings reveal that Village Fund Allocation in Tiwu Riwung Village is used primarily to finance village administration, operational expenditures, infrastructure development, and community empowerment programs.

The Village Head explained:

*“Village Fund Allocation is mainly directed toward village administration and operational activities. This includes fixed income for village officials, office operational costs, BPD allowances, meeting consumption, village administration systems, and infrastructure activities. Some funds are also allocated for women empowerment and community development programs.”*

A Village Treasurer provided additional clarification:

*“Every activity financed through Village Fund Allocation must already exist in the APBDes. The implementation process begins with village deliberation meetings where priorities are discussed collectively. After approval, the implementation team prepares the Budget Plan and expenditure details.”*

The findings indicate that accounting procedures are integrated into all stages of financial management, including planning, implementation, and accountability.

The Head of the BPD also emphasized the role of village deliberation in ensuring participatory governance:

*“The planning stage begins with village deliberations involving community representatives, village officials, and the BPD. We discuss development priorities and determine which programs should receive funding. This process is intended to ensure that village financial management reflects community needs rather than administrative interests only.”*

This statement demonstrates that village financial planning is institutionally linked to participatory governance mechanisms.

Another village official explained the implementation stage:

*“During implementation, every activity must have supporting documents such as the Budget Plan, Payment Request Letter, and transaction evidence. Financial administration is supervised continuously because all expenditure reports will later become part of accountability reporting.”*

The findings indicate that accounting documentation functions as a formal requirement throughout the implementation stage.

Table 3. Priority Areas of Village Fund Allocation Utilization

<b>Priority Sector</b>	<b>Description</b>
Village Administration	Salaries, allowances, office operations
Infrastructure Development	Village roads and public facilities
Community Empowerment	Economic and social empowerment
Education and Health	Educational and health support
Village Information System	Administrative information services
Cultural Preservation	Local cultural development

Source: APBDes Documentation and Interview Data, 2025

Table 3 illustrates that Village Fund Allocation in Tiwu Riwung Village is utilized across various strategic sectors, including administrative operations, infrastructure development, community empowerment, public services, and cultural preservation. These allocation priorities reflect the village government's effort to balance operational needs with sustainable rural development and community welfare improvement.

### **Transparency, Supervision, and Accountability Practices**

The findings demonstrate that transparency and supervision mechanisms are increasingly institutionalized in village financial management.

The Head of the BPD explained:

*“The BPD conducts supervision to ensure that development activities are implemented according to the approved budget. We monitor financial realization, attend evaluation meetings, and request clarification when financial information is incomplete.”*

The Village Head also emphasized transparency practices:

*“Information regarding APBDes programs is displayed publicly through information boards in the village office and project locations. The community can access information regarding activity budgets, implementation timelines, and funding sources.”*

Observation findings confirmed the presence of information boards displaying project names, budget allocations, and implementation schedules.

A village facilitator further explained:

*“Village financial management is supervised not only by the BPD but also by facilitators and district authorities. Accountability reports are examined carefully because they become the basis for future budget disbursement.”*

This statement indicates the existence of multi-layered supervision mechanisms within village financial governance.

Another important finding concerns weaknesses in document management. A village financial officer explained:

*“There was a situation where the Budget Cash Plan document could not be found in the Siskeudes archive. Even though the activity had already been implemented, missing documents created administrative difficulties during reporting and evaluation.”*

This finding suggests that document management remains a structural weakness despite the implementation of digital accounting systems.

## **Obstacles and Institutional Efforts in Financial Management**

The findings reveal that the major obstacles in accounting and financial management include limited human resource competency and low community participation.

The Head of the BPD explained:

*“Human resource capacity remains the biggest challenge. Some village officials still experience difficulties operating digital accounting systems and understanding new financial regulations. This affects reporting quality and administrative consistency.”*

A Village Treasurer added:

*“Financial regulations frequently change, while not all village officials receive sufficient technical training. As a result, officials often need assistance from facilitators during financial reporting preparation.”*

A community representative also highlighted participation challenges:

*“Community participation in financial supervision is still limited. Residents usually become involved only when physical projects are visible, while discussions regarding financial accountability receive less public attention.”*

To address these challenges, the village government has undertaken several institutional initiatives.

The Village Head explained:

*“We regularly conduct outreach activities and technical guidance for village officials. In the future, village staff recruitment must also consider educational background and technological understanding because accounting administration is becoming increasingly complex.”*

The findings indicate that institutional strengthening efforts focus on improving administrative competency, technological adaptation, and community participation in village governance. Overall, accounting has become an integral component of financial management in Tiwu Riwung Village, although its effectiveness remains influenced by human resource limitations, documentation consistency, and participatory governance conditions.

## **Accounting Digitalization, Governance Accountability, and Institutional Capacity in Village Financial Management**

The results from this study showed that accounting in strengthening the financial governance of Village Fund Allocation in Tiwu Riwung Village was strategic. The shift from manual accounting systems to computerised financial administration using Microsoft Excel and the Village Financial System (Siskeudes) is part of a general process of institutionalisation of accountability and transparency as a component of village governance. The result is in line with the previous studies which stated that the use of digital accounting systems would improve the orderliness of accounting, accuracy of financial reporting, and accountability for the public in decentralized financial management systems (Permatasari et al., 2024; Gundul, 2025; Rahayu, 2022). The creation and use of accounting documents, like General Cash Books, Subsidiary Cash Books, and Accounting Reports, signify a growing trend of using the accounting systems standardised for the public sector.

The results also align with the viewpoint given by Basri and Sayuti (2024) who state that accounting systems in the governance of villages are not only a technical accounting means but also an institutional means that facilitates the accountability of the village governance legitimacy and faith. In Tiwu Riwung Village, the budget control, staged fund disbursement and accountability reporting mechanisms became

directly associated with accounting practices. The phased disbursement system (40%-40%-20%) illustrates how accounting documentation is incorporated into fiscal supervision mechanisms, with subsequent funds disbursed based on financial realisation and reporting at earlier stages. This is in tandem with Madjid et al. (2024) who claim that the staged village fund disbursement process promotes financial discipline and reduces the chances of financial irregularities.

However, the study indicates that the structural issues concerning human resource competency and technological adaptation remain problematic. The village officials were less aware of accounting literacy, which made it difficult to implement digital accounting, especially in terms of uniformity in financial reporting and document management. The failure to find the Budget Cash Plan (RAK) documents means digital transformation is not enough to ensure institutional accountability if there is a lack of administrative capacity. The study's findings are in contrast to the studies that mostly show that the use of digital financial systems is a sufficient instrument to achieve good governance results (Gundul, 2025; Suardiyanti et al., 2025). But the present study shows that the effectiveness of the accounting digitalization is still heavily reliant on organizational learning, technological literacy, and disciplinary system of institutions. The study supports the arguments of Rohayati et al. (2022) and Dirgatama et al. (2024) which state that human capital development investment and continuous adaptation of institutions are essential in the context of technological transformation in rural governance.

A second important finding is related to the role of accounting practices in participatory governance. The study revealed that the village deliberation forums and public disclosure apparatus like APBDes information boards helped ensure transparency and awareness among the villagers on financial management of the village. This result corroborates another research by Susanti et al. (2025) which posited that transparency and the involvement of multiple stakeholders was one of the pillars of accountable village governance. Yet, involvement of the community in Tiwu Riwung Village was still primarily procedural and procedural and mainly within formal meetings instead of during the continuous monitoring process. Participatory governance along the lines of formal accountability mechanisms in rural financial management remains constrained by institutional barriers, as suggested by this situation.

As a theory, the study makes a significant academic contribution to public sector accounting and decentralized governance by providing evidence that accounting in the village administration is technically, institutionally and socio-governance oriented. This research attempts to explain the accounting practice in the context of the day-to-day administration of the villages qualitatively as opposed to the research that has largely focused on quantitative governance indicators. This study explores how accounts are implemented in a situation of rural governance with a gradual process of digital transformation, a small administrative capacity, and changing accountability structures, which is a novelty of this study. In this regard, the findings broaden the discussion of village financial governance from a procedural compliance to institutional capacity and governance adaptation perspective.

In practice, the study suggests, improving financial governance in villages goes beyond the delivery of accounting applications and the creation of regulatory systems. To enhance accounting literacy with village officials, there is a need for continuous technical training, administrative mentoring, and capacity building. There is also a need to improve financial implementation monitoring by the community to increase participative accountability and social control over the village funds. In addition, there is a need to enhance the document management systems to minimise the administrative inconsistencies which can lead to the poor preparedness for audit and lack of financial transparency.

There are a number of limitations to this study. First, the study was only in a single village, so it is not easily generalisable to other rural settings with varying administrative properties. Second, the study only included the views of the village officials and institutional actors, and wider community views were still relatively limited. Comparative multi-village studies could then be used in future research to explore the differences in the implementation of accounting in different governance environments. In addition, quantitative or mixed method approaches can also be formulated to measure the relationship between accounting digitalization, human resource competency, and financial accountability performance in village governance systems.

## CONCLUSION

From this study, it can be concluded that the role of accounting is very important in strengthening financial governance of Village Fund Allocation (VFA) in Tiwu Riwung Village, Mbeliling District, West Manggarai Regency. Based on the findings, the use of computer applications such as Microsoft Excel and Village Financial System (VFS) has positively influenced the administrative orderliness, financial transparency and accountability in financial management of the villages. Accounting practices were institutionalized in all aspects of financial governance, from budgeting, disbursement, implementation, supervision to accountability reporting. A phased disbursement mechanism and accounting documentation were also used as control instruments to provide budget discipline and regulatory compliance.

The study also revealed that the implementation of accounting is still limited because of the lack of human resources competence, lack of documents management and limited community involvement in financial monitoring. The findings indicate that digital accounting transformation is not enough without capacity development of institutions and strengthening of participatory governance. From a theoretical perspective, this research will help to advance the literature on public sector accounting and decentralized governance by showing that accounting is a governance tool that affects institutional accountability and public trust in rural governance. In practice the study suggests that there is a constant need for technical training, financial oversight and greater public mechanisms of involvement in village governance. The findings of this research are limited to a single village context and this limits the generalisation of the key points. Future studies are encouraged to have comparative and multi-regional analysis to explore how accounting implementation and financial governance effectiveness of the village work differently in various settings.

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