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# Determinants of Financial Management Accountability and Transparency and its Impact on Public Trust (Study on Villages in Banyudono Subdistrict, Boyolali Regency)

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**Abstract**

This study aims to examine the effect of financial report presentation, financial report accessibility, and monitoring mechanisms on financial management accountability and financial management transparency, as well as to examine their impact on public trust. This quantitative research uses primary data obtained by distributing questionnaires to 90 selected respondents who are village heads, village secretaries, finance heads, planning heads, and two members of the Village Consultative Body in Banyudono District, Boyolali Regency. Data analysis used variant-based structural equation modeling. The results showed that financial management accountability was only influenced by the presentation of financial reports, while financial management transparency was influenced by the presentation of financial reports, and monitoring mechanisms. Public trust is only influenced by financial management transparency. These results indicate that the more transparent the government is in terms of financial management and access to important information, the more public trust will increase.

**Keywords:** Accountability, Transparency, Public Trust

## 1. INTRODUCTION

Village financial management is an important aspect of village governance. One of the powers of the village head mentioned in Law No. 6/2014 is as the holder of the power of financial management and village assets. There is a change in the term of office of the village head from the law to Law number 3 of 2024. In the old provision, the village head could serve a maximum of three terms with a six-year term in one period. In the new law, the village head can serve a maximum of two terms, with a term of eight years in one period. (bpk.go.id, 2014).

The law is enough to increase the concerns of the village community because it is vulnerable to disobedience to the law. This concern is supported by the occurrence of fraud in Tanjungsari Village, Banyudono Subdistrict, Boyolali Regency, namely the village treasury land swap case that was revealed in 2020. The former Tanjungsari Village Head was named as a suspect for receiving IDR 12.5 billion in compensation for village treasury land that was crossed by a toll road project. Furthermore, the money was used to buy replacement land in another location for Rp10.6 billion. The rest was used for personal interests. Evidence from the inspectorate's expert audit, state losses reached Rp1.3 billion. (Solopos, 2020).

Based on interviews with the Tanjungsari Village Government on November 18, 2024, it was confirmed that the case was true. Village treasury land is a village asset that

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should be managed in an accountable and transparent manner. However, community complaints occurred because the government was not honest and open. The Village Consultative Body (BPD) as a partner of the village head was not involved in decision-making. The BPD is part of the transparency and monitoring mechanism. Instead of being used for the benefit of the community or returned, the remaining compensation received by the suspect was used for personal gain. This attitude can reduce public trust, because village officials should work for the benefit of the people and comply with regulations.

The Tanjungsari Village Head, who took office after the case, explained the village government's efforts to restore community trust. Transparency and community participation were optimized by involving the People's Consultative Body (BPD) as the representative of the village community through forums such as village development plan meetings (musrenbangdes), hamlet meetings (musdus), and village meetings (musdes). The village government also faces challenges in rebuilding community trust, as there is always opposition to the implementation of new policies. The limited village budget is also a challenge as a result of the pandemic.

The first factor that affects public trust is financial management accountability. Accountability is defined as the responsibility of an individual or organization in reporting the stages of village financial management from beginning to end. (Mais & Palindri, 2020; Sahrullah et al., 2020).. The government is trusted by the community to have more democratic autonomy. Therefore, accountability is a significant predictor in increasing public trust. (Hartanto et al., 2021).

Research Djafar et al. (2024), Nurhaliza & Marlina (2024), Suhardi et al. (2023), Taufiqi & Rina Ariani (2022), Hartanto et al. (2021), and Apriliana (2019) stated that financial management accountability has a positive effect on public trust. This finding is not in line with research Wirawan & Yaya (2024), Ikhsan & Desitama (2023), Pratolo et al. (2022), Fajri et al. (2021), and Sofyani & Tahar (2021) which states that financial management accountability has no effect on public trust.

The second factor that affects public trust is the transparency of financial management. Transparency is defined as the availability of information as *feedback* from government officials. (Hartanto et al., 2021). Transparency ensures the accessibility of the public in reaching information related to the overall administration of government, especially in terms of policy making, implementation, and the results obtained. So that the purpose of implementing transparency is to increase public trust (Mais & Palindri, 2021). (Mais & Palindri, 2020; Sahrullah et al., 2020)..

Research Djafar et al. (2024), Nurhaliza & Marlina (2024), Wirawan & Yaya (2024), Husni et al. (2023), Suhardi et al. (2023), Sofyani & Tahar (2021), and Hartanto et al. (2021) stated that transparency of financial management has a positive effect on public trust. This finding is not in line with research Pratolo et al. (2022), and Apriliana (2019) which states that transparency of financial management has no effect on public trust.

The first factor that affects accountability and transparency is the presentation of financial statements. The government is a large-sized economic actor with the main activity of carrying out financial management for the service and welfare of the community. Therefore, the government must prepare financial reports as a form of responsibility to the public. (Azizah et al., 2015). Public trust will decline when the government is not accountable and transparent (Nurrizkiana et al., 2015). (Nurrizkiana et al., 2017)..

Research Darwis et al. (2022), Jayanti & Setiyani (2022), Latif & Mahmud (2022), Natawibawa et al. (2019), and Nurrizkiana et al. (2017) stated that the presentation of financial statements has a positive effect on financial management accountability. This finding is not in line with research by Widhastama & Jaeni (2024), Apriliana (2019), and Azizah et al. (2015) which states that the presentation of financial statements has no effect on the accountability of financial management.

Research D. Sari et al. (2023), Darwis et al. (2022), Natawibawa et al. (2019), and Nurrizkiana et al. (2017) stated that the presentation of financial statements has a positive effect on the transparency of financial management. This finding is not in line with research Apriliana (2019) and Azizah et al. (2015) which states that the presentation of financial statements has no effect on the transparency of financial management.

The second factor that influences accountability and transparency is the accessibility of financial reports. In general, the accessibility of financial reports is defined as the government's accountability to the community by facilitating access to village financial reports that have been realized. The existence of accessibility is expected to facilitate the supervision of village financial management so that accountability and transparency can be achieved. (Latif & Mahmud, 2022).

Research by Suhendri et al. (2023), Indriasih et al. (2022), Latif & Mahmud (2022), Fuad & Winarsih (2021), Apriliana (2019), Natawibawa et al. (2019), and Nurrizkiana et al. (2017) stated that the accessibility of financial reports has a positive effect on financial management accountability. This finding is not in line with research by Azizah et al. (2015) which states that the accessibility of financial reports has no effect on financial management accountability.

Research D. Sari et al. (2023), Natawibawa et al. (2019), Nurrizkiana et al. (2017), and Azizah et al. (2015) stated that the accessibility of financial reports has a positive effect on the transparency of financial management. This finding is not in line with research Apriliana (2019) which states that the accessibility of financial reports has no effect on the transparency of financial management.

The third factor that influences accountability and transparency is the supervisory mechanism. The supervisory mechanism is a supervisory activity with the aim of minimizing errors in the implementation of organizational functions and responsibilities such as asset misappropriation and fraud. Supervisory mechanisms are needed by the village to find out any irregularities in village financial management. (Ice et al., 2023). When the supervision mechanism is tighter, it will increase the accountability and transparency of financial management. (Apriliana, 2019).

Research Widhastama & Jaeni (2024), Ice et al. (2023), Jayanti & Setiyani (2022), Karim et al. (2023), Apriliana (2019), and Azizah et al. (2015) stated that the supervisory mechanism has a positive effect on financial management accountability. This finding is not in line with research Indriasih et al. (2022) which states that supervisory mechanisms have no effect on financial management accountability.

Research by Apriliana (2019) states that the supervisory mechanism has a positive effect on the transparency of financial management. This finding is not in line with research by Azizah et al. (2015) which states that supervisory mechanisms have no effect on the transparency of financial management.

This research is a development of research Pratolo et al. (2022) by making accountability and transparency the dependent variable. Independent variables are adopted from research (Apriliana, 2019)The independent variables are adopted from research (Apriliana, 2019), namely the presentation of financial reports, accessibility of financial reports, and supervisory mechanisms. Based on the background and inconsistencies in the results of these studies, researchers are interested in conducting research with the title "Determinants of Accountability and Transparency in Financial Management and its Impact on Public Trust (Study on Village Governments in Banyudono District, Boyolali Regency)".

The purpose of this study was to analyze the effect of financial report presentation, accessibility of financial reports, and supervisory mechanisms on accountability and transparency of village financial management. This study also analyzes the effect of accountability and transparency of financial management on village community trust.

## 2. LITERATURE REVIEW

### *1*) Legitimacy theory

Legitimacy theory is concerned with the social contract that represents many of society's expectations, whether implicit or explicit, and thus explains how an organization operates. This theory makes the key assumption that in order to maintain the successful operation of an organization, it is incumbent on the village government as management to ensure the organization appears to operate according to community expectations in order to be given "*legitimate*" status. The government is sanctioned by the community and considered illegitimate when it does not meet expectations and violates applicable regulations. (Deegan, 2019). Entities are encouraged to provide or disclose their performance in order to be accepted by **society**. (Apriliana, 2019). Community legitimacy plays an important role in the efficiency and effectiveness of company operations. A legitimate village government has easier access to resources from the community, so that its performance increases, risks decrease, the image of the village government becomes good, which then has an impact on the obedience of the village community. (Titisari, 2020).

### *2*) Community trust

Public trust is defined as the collective judgment of a group of people that the party takes honest actions, and fulfills commitments, and does not harm other parties. (Nurhaliza & Marlina, 2024). Village community trust is a belief that the community gives to the village government which has a crucial role for the legitimacy of public administration, so that the village government has an obligation to serve the community. If public trust decreases, there will be problems with a village's policies (Taufiqi & Rina Arina, 2024). (Taufiqi & Rina Ariani, 2022)..

### *3*) Accountability

In relation to legitimacy theory, accountability is mandatory for village governments as a form of responsibility. Activities that have been carried out must be presented, reported, and disclosed to the community. (Ningsih & Anggraeni, 2023).. Financial management accountability is a means to prove that the village government has organized activities in accordance with the objectives. Accountability can also improve village government performance and minimize fraud, thus having a positive impact on public trust. (N. Sari & Andra Asmara, 2021)..

### *4*) Transparency

Based on legitimacy theory, weak transparency will lead to information inequality between the village government and the community, resulting in limited public access to information. The party that has access to information, namely the village government, should provide credible and quality information to the community. This is because, in legitimacy theory, the community will sanction the government when its performance does not meet expectations. This causes the village government to lose its legitimacy, disrupting its operations. (Krissadee & Pathranarakul, 2022)..

***1.*** **The effect of financial report presentation on financial management accountability**

Based on legitimacy theory, the public requires disclosure in the form of presentation of financial statements from the government in order to assess its performance. The accountability of financial management increases along with the presentation of quality financial reports. Thus, the government is obliged to prepare its financial statements in accordance with applicable government accounting standards. One form of government accountability to the public is the transparency of the presentation of information that reflects the actual performance of the government. (Darwis et al., 2022)..

Research Darwis et al. (2022), Jayanti & Setiyani (2022), Latif & Mahmud (2022), Natawibawa et al. (2019), and Nurrizkiana et al. (2017) stated that the presentation of financial statements has a positive effect on accountability. Thus, a hypothesis can be formulated:

H1: Presentation of financial statements has a positive effect on financial management accountability

***2.*** **The effect of the presentation of financial statements on the transparency of financial management**

Based on legitimacy theory, village governments must prepare financial reports as accountability for their performance submitted to the community. The development of the public sector in Indonesia demands government transparency. Transparency in the presentation of financial reports with mass media or non-mass media is one of the government's responsibilities to the community. Presentation of financial statements that are intact and in accordance with government accounting standards will increase transparency. (Azizah et al., 2015).

Research D. Sari et al. (2023), Darwis et al. (2022), Natawibawa et al. (2019), and Nurrizkiana et al. (2017) stated that the presentation of financial statements has a positive effect on the transparency of financial management. Thus, a hypothesis can be formulated:

H2: The presentation of financial statements has a positive effect on the transparency of financial management

**3. The effect of financial report accessibility on financial management accountability**

Based on legitimacy theory, the public accepts government performance that is accounted for through the disclosure of financial statements. Publication of financial reporting will make it easier for the public and users of financial statements to obtain information. When financial reports can be accessed quickly and easily, the accountability of financial management is also getting better. (Apriliana, 2019).

Research Suhendri et al. (2023), Indriasih et al. (2022), Latif & Mahmud (2022) , Fuad & Winarsih (2021), Apriliana (2019), Natawibawa et al. (2019), and Nurrizkiana et al. (2017) stated that the accessibility of financial reports has a positive effect on accountability. Thus, a hypothesis can be formulated:

H3: Accessibility of financial reports has a positive effect on financial management accountability

**4. The effect of accessibility of financial reports on transparency of financial management**

Based on legitimacy theory, village governments must disclose that their performance is acceptable to the community. The public can participate in accepting government performance if there is access to financial reports. Difficulty accessing financial reports causes the transparency of financial management to decrease. The easier the public access to financial reports, the better the transparency of financial management. (Apriliana, 2019).

Research D. Sari et al. (2023), Natawibawa et al. (2019), Nurrizkiana et al. (2017), and Azizah et al. (2015) stated that the accessibility of financial reports has a positive effect on the transparency of financial management. Supported by this research, a hypothesis can be formulated:

H4: Accessibility of financial statements has a positive effect on the transparency of financial management

**5. The effect of supervisory mechanisms on financial management accountability**

Based on legitimacy theory, the public needs to trust the government that finances have been managed accountably. The monitoring mechanism will ensure that the process of achieving goals is carried out and minimize unexpected risks. (Indriasih et al., 2022).. Supervisory mechanisms have a direct or indirect effect on the quality of financial reports, so that they can improve the realization of the principles of accountability in financial management. (Apriliana, 2019).

Research Apriliana (2019) states that the supervisory mechanism has a positive effect on financial management accountability. Research by Widhastama & Jaeni (2024), Ice et al. (2023), Jayanti & Setiyani (2022), Karim et al. (2023), and Azizah et al. (2015) also support, that the supervisory mechanism has a positive effect on financial management accountability. Supported by the theory and previous research, it is formulated:

H5: Supervisory mechanisms have a positive effect on financial management accountability

**6. The effect of supervisory mechanisms on the transparency of financial management**

Based on legitimacy theory, the public needs to know the government's performance so that its legitimacy can be maintained. Quality financial reports are the result of a good supervisory mechanism (Nurrizkiana et al., 2017). (Nurrizkiana et al., 2017).. This is because the supervision mechanism will be directly or indirectly reflected in the financial statements. A good supervisory mechanism will have an impact on the transparency of financial management (Apriliana, 2019). The demand for *good governance* has an increasing impact on the transparency of financial management (Azizah, 2015). The supervisory mechanism will prevent fraud and fraud so as to produce quality financial reports that increase government transparency (Jayanti, 2022).

Research Apriliana (2019) stated that the supervisory mechanism has a positive effect on the transparency of financial management. Supported by the theory and previous research, it is formulated:

H6: Supervisory mechanisms have a positive effect on the transparency of financial management

**7. The effect of financial management accountability on public trust**

Based on legitimacy theory, society and government are two related things. Society needs a form of government and the government needs society. Government duties cannot be carried out properly without the trust of society. Society does not get the best without trust in the government. One way to maintain public trust is to maintain government accountability by making financial reports and performance reports. (Apriliana, 2019).

Research results Djafar et al. (2024), Nurhaliza & Marlina (2024), Suhardi et al. (2023), Taufiqi & Rina Ariani (2022), Hartanto et al., and Apriliana (2019) stated that financial management accountability has a positive effect on public trust. Supported by this theory and research, it is formulated:

H7: Financial management accountability has a positive effect on public trust

**8. The effect of financial management transparency on public trust**

Based on legitimacy theory, the village government must reveal that its performance is acceptable to the community. Thus, the financial management of the village government must be carried out transparently so that the community can accept and trust it. (Apriliana, 2019). Transparency helps the public to monitor government performance whether it is in accordance with applicable norms and culture. The easier access to information regarding government operations and administration, the more public trust will increase. (Hartanto et al., 2021).

Research results Djafar et al. (2024), Nurhaliza & Marlina (2024), Wirawan & Yaya (2024), Husni et al. (2023), Suhardi et al. (2023), Sofyani & Tahar (2021b), and Hartanto et al. (2021) stated that transparency of financial management has a positive effect on public trust. Supported by this theory and research, it is formulated:

H8: Transparency of financial management has a positive effect on public trust

## 3. METHODS

This type of research is quantitative research using primary data. Data was obtained through distributing questionnaires with a Likert scale. Measurement indicators are presented in table 1. This study uses structural model data analysis, namely variant-based structural equation analysis (SEM PLS) with the SmartPLS 4.0 application.

The population in this study were village officials and the Village Consultative Body (BPD) in all village governments in Banyudono District, Boyolali Regency. The sampling technique used was *purposive sampling,* which is the determination of samples with predetermined criteria and considerations. (Sugiyono, 2018). The samples in this study were village officials and BPDs in Banyudono District, Boyolali Regency, namely 15 village heads, 15 village secretaries, 15 finance heads, 15 planning heads, and 30 BPDs. So that a sample of 90 respondents was obtained.

**Table 1.** Variable Measurement

| Variables | Indicator | Reference |
|---|---|---|
| Accountability (Y1) | 1. Honesty and information disclosure<br>2. Information sufficiency | Pratolo et al. (2022) |
| Transparency (Y2) | 1. Informative<br>2. Open access<br>3. Periodic disclosure of activities<br>4. Disclosure | Pratolo et al. (2022) |
| Public Trust (Y3) | 1. Working for the benefit of the people<br>2. Community participation<br>3. Public satisfaction with services<br>4. Adherence to rules | Pratolo et al. (2022) |
| Financial Statement Presentation (X1) | 1. Reliable<br>2. Relevant<br>3. Comparable<br>4. Understandable | Apriliana (2019) |
| Accessibility of Financial Statements (X2) | 1. Openness<br>2. Ease<br>3. Accessible | Apriliana (2019) |
| Supervisory Mechanism (X3) | 1. Control environment<br>2. Risk assessment<br>3. Control activities<br>4. Information and communication<br>5. Internal control monitoring | Apriliana (2019) |

## 4. RESULTS

Table 2 presents the demographic data of respondents in this study. From the table, it can be seen that the majority of respondents in this study are 41-50 years old, as many as 37 people or 43%. Characteristics based on gender, the number of male respondents was 70 people or 80% and female respondents were 17 people or 20%. Characteristics by education level show that most respondents have a high school education, namely 47 people or 54% of all respondents. This means that academically, knowledge about village financial management is still low.

Respondent data also shows that most respondents' length of service is between 5-10 years, namely 36 respondents or 41%. This means that the experience they have is sufficient in carrying out work in accordance with the duties and functions of their position. The respondents with a length of service of 1-5 years were 25 respondents or 29%, and while the respondents with a length of service of more than 10 years amounted to 26 people or 30%.

**Table 2.** Respondent Data

| Characteristics | Category | Total | Percentage |
|---|---|---|---|
| Age | 20-30 years | 3 | 3% |
| | 31-40 years old | 12 | 14% |
| | 41-50 years old | 37 | 43% |
| | >50 years | 35 | 40% |
| Gender | Male | 70 | 80% |
| | Female | 17 | 20% |
| Length of Service | 1-5 years | 25 | 29% |
| | 5-10 years | 36 | 41% |
| | >10 years | 26 | 30% |
| Education | SMP | 1 | 1% |
| | HIGH SCHOOL | 47 | 54% |
| | Diploma | 6 | 7% |
| | S1 | 32 | 37% |
| | S2 | 1 | 1% |
| | S3 | 0 | 0% |

(*Source: Data Analysis*)

Table 3 shows the results of validity and reliability testing. All *factor loading item* values are above 0.5 which indicates that all constructs used in this study are reliable. Likewise, the *Average Variance Extract* (AVE) value of each variable is above 0.5. This shows that each indicator is reliable in measuring the variable in question.

**Table 3.** Validity Test and Reliability Test

| Indicator | Item | Loading Factor | AVE |
|---|---|---|---|
| **Financial Management Accountability (Y1)** | | | |
| | AK1 | 0,673 | 0,708 |
| | AK2 | 0,929 | |
| | AK3 | 0,824 | |
| | AK4 | 0,915 | |
| **Transparency of Financial Management (Y2)** | | | |
| | TK2 | 0,812 | 0,662 |
| | TK5 | 0,769 | |
| | TK6 | 0,857 | |
| **Public Trust (Y3)** | | | |
| | KM1 | 0,790 | 0,712 |
| | KM2 | 0,863 | |
| | KM3 | 0,851 | |
| | KM4 | 0,870 | |
| **Financial Statement Presentation (X1)** | | | |
| | PLK3 | 0,845 | 0,679 |
| | PLK4 | 0,813 | |
| | PLK6 | 0,820 | |
| | PLK7 | 0,760 | |
| | PLK8 | 0,879 | |
| **Accessibility of Financial Statements (X2)** | | | |
| | ALK1 | 0,824 | 0,664 |
| | ALK2 | 0,862 | |
| | ALK3 | 0,851 | |
| | ALK4 | 0,873 | |
| | ALK5 | 0,729 | |
| | ALK6 | 0,737 | |
| **Supervisory Mechanism (X3)** | | | |
| | MP1 | 0,779 | 0,594 |
| | MP2 | 0,694 | |
| | MP3 | 0,820 | |
| | MP5 | 0,788 | |
| | MP7 | 0,815 | |
| | MP8 | 0,743 | |
| | MP9 | 0,748 | |

(*Source: Data Analysis*)

Table 4 shows the results of the discriminant validity test. The test results show that the correlation between the same variables cannot be smaller than the correlation with other variables. Variable indicators are said to be the same as indicators of other variables if the correlation is higher with other variables,. In the *discriminants validity* test criteria represented by Fornell Larcker, the criteria show that the AVE value of the construct is higher than the correlation of the construct with other constructs.

**Table 4**. Discriminant Validity

| Variables | PLK | ALK | MP | AK | TK | KM |
|---|---|---|---|---|---|---|
| Financial Statement Presentation (X1) | 0,824 | | | | | |
| Accessibility of Financial Statements (X2) | 0,751 | 0,815 | | | | |
| Supervisory Mechanism (X3) | 0,740 | 0,594 | 0,771 | | | |
| Financial Management Accountability (Y1) | 0,763 | 0,526 | 0,630 | 0,841 | | |
| Transparency of Financial Management (Y2) | 0,800 | 0,631 | 0,747 | 0,735 | 0,814 | |
| Public Trust (Y3) | 0,616 | 0,456 | 0,698 | 0,464 | 0,718 | 0,844 |

(*Source: Data Analysis*)

The test results in table 5 show that *Cronbachs alpha* and *composite reliability are* more than 0.7. This means that all variables meet the criteria and the indicators used in this study are reliable.

**Table 5.** *Cronbachs Alpha* and *Composite Reliability*

| | ***Cronbachs Alpha*** | ***Composite Reliability*** |
|---|---|---|
| Financial Management Accountability (Y1) | 0,881 | 0,914 |
| Transparency of Financial Management (Y2) | 0,901 | 0,922 |
| Public Trust (Y3) | 0,886 | 0,911 |
| Financial Statement Presentation (X1) | 0,858 | 0,905 |
| Accessibility of Financial Statements (X2) | 0,743 | 0,854 |
| Supervisory Mechanism (X3) | 0,865 | 0,908 |

(*Source: Data Analysis*)

Table 6 shows the path analysis on hypothesis testing. Based on this hypothesis test, it proves that 4 out of 8 hypotheses are significantly supported. Hypotheses 1 and 2 state that the presentation of financial statements has a positive effect on the accountability and transparency of financial management. Hypotheses 3 and 4 state that the accessibility of financial statements has no effect on the accountability and transparency of financial management. Hypotheses 5 and 6 state that supervisory mechanisms only have a positive effect on the transparency of financial management. Hypotheses 7 and 8 show that only the financial management transparency variable has a positive effect on public trust.

**Table 6.** Structural Model Test

| | **Original Sample** | **T Statistic** | **p-values** | **Information** |
|---|---|---|---|---|
| Financial Statement Presentation → Financial Management Accountability | 0,741 | 6,862 | 0,000 | Supported |
| Presentation of Financial Statements → Transparency of Financial Management | 0,519 | 4,340 | 0,000 | Supported |
| Financial Statement Accessibility → Financial Management Accountability | -0,121 | 1,556 | 0,120 | Not Supported |
| Accessibility of Financial Statements → Transparency of Financial Management | 0,039 | 0,405 | 0,685 | Not Supported |
| Supervisory mechanism → Financial Management Accountability | 0,153 | 1,317 | 0,188 | Not Supported |
| Supervisory mechanism → Financial Management Transparency | 0,340 | 3,073 | 0,002 | Supported |
| Financial Management Accountability → Public Trust | -0,137 | 0,953 | 0,341 | Not Supported |

| | | | | |
|---|---|---|---|---|
| Financial Management Transparency → Public Trust | 0,819 | 7,059 | 0,000 | Supported |

(*Source: Data Analysis*)

## 5. DISCUSSION

### 1) *The Effect of Financial Statement Presentation on Accountability and Transparency of Financial Management*

The results of testing hypothesis 1 show that the presentation of financial statements has a positive effect on the accountability of financial management. These results are in line with legitimacy theory which states that the presentation of good financial statements is a factor that can increase accountability and transparency. (Nurrizkiana et al., 2017).. As an implication of this research, village governments must be able to prepare financial reports in accordance with government accounting standards (Darwis et al., 2017). (Darwis et al., 2022)..

The results of testing hypothesis 2 show that the presentation of financial statements has a positive effect on the transparency of financial management. Financial reports can be said to be of quality if they are presented reliably, relevant, comparable and understandable. According to Nurrizkiana et al. (2017) When the presentation of financial reports is of higher quality, the transparency of financial management will increase. The village government in Banyudono District, Boyolali Regency can optimize the transparency of financial management by presenting financial reports on MMT or billboards in the village head's office, and even creating a website as a village information center that can be accessed by the public anywhere and anytime.

The results of this study support research by Darwis et al. (2022), Jayanti & Setiyani (2022), Latif & Mahmud (2022), Natawibawa et al. (2019), and Nurrizkiana et al. (2017) which states that the presentation of financial statements has a positive effect on accountability. Also supports research D. Sari et al. (2023), Darwis et al. (2022), Natawibawa et al. (2019), and Nurrizkiana et al. (2017) which states that the presentation of financial statements has a positive effect on the transparency of financial management.

### 2) *The Effect of Accessibility of Financial Statements on Accountability and Transparency of Financial Management*

The results of hypothesis 3 testing show that the accessibility of financial reports does not affect the accountability of financial management. This result is suspected because all villages in Banyudono Subdistrict, Boyolali Regency only publish their financial reports through non-mass media, namely billboards in the village head's office. The current generation, along with the development of technology, requires publications that can be accessed anywhere and anytime. As an implication of this research, the village government can create and optimize a website as a village information center. The results of hypothesis 4 testing show that the accessibility of financial reports has no effect on the transparency of financial management. This result indicates a lack of easy public access to financial reports that are only published through non-mass media.

The results of this study support research Azizah et al. (2015) which shows that the accessibility of financial reports has no effect on the accountability of financial management. Research by Apriliana (2019) shows that the accessibility of financial reports has no effect on the transparency of financial management.

3) ***The Effect of Supervisory Mechanisms on Accountability and Transparency of Financial Management***

The results of hypothesis 5 testing support research Indriasih et al. (2022)The results of hypothesis testing 5 support the research of Indriasih et al. (2022), namely the supervisory mechanism has no effect on financial management accountability. This means that supervision such as the control environment, risk assessment, control activities, information and communication, and monitoring of internal control does not make village governments accountable for managing village finances. These results contradict legitimacy theory which states that supervisory mechanisms can increase accountability because they can maintain the process of achieving goals and minimizing risks.

In contrast, hypothesis 6 shows that supervisory mechanisms have a positive effect on financial transparency. These results are in line with legitimacy theory which states that a good supervisory mechanism is reflected in quality financial reports so that it has a positive effect on the transparency of government performance. Thus, legitimacy from the community can be obtained. The results of this study support research Apriliana (2019).

4) ***The Effect of Accountability and Transparency of Financial Management on Public Trust***

The results of hypothesis 7 testing show that financial management accountability has no effect on public trust. This means that accountability does not add value to society. According to Sofyani & Tahar (2021a) this can occur because some people do not feel the real impact of the programs run by the village government. Government programs that are only obtained by certain people such as the families of village officials also trigger the community to become apathetic and even ignore village government accountability. This result contradicts legitimacy theory which states that the preparation of financial and performance reports as a form of government accountability can maintain public trust.

This result supports research by Wirawan & Yaya (2024), Ikhsan & Desitama (2023), Pratolo et al. (2022), Fajri et al. (2021), and Sofyani & Tahar (2021b).

The results of testing hypothesis 8 show that transparency of financial management has a positive effect on public trust. According to Husni et al. (2023)(2023), the village community feels valued when the village government reports its activities. Legitimacy theory states that transparency in village government financial management can increase public trust. The results of this study support the research of Djafar et al. (2024), Nurhaliza & Marlina (2024), Wirawan & Yaya (2024), Husni et al. (2023), Suhardi et al. (2023), Sofyani & Tahar (2021a), and Hartanto et al. (2021).

## 6. CONCLUSION

The results of this study indicate that the presentation of financial reports has a positive effect on the accountability and transparency of financial management. This means that the better the quality of financial reports presented, the more accountable and transparent village finances are. This study also shows a positive influence on the supervisory mechanism on the transparency of village financial management. The better the supervision mechanism, the more transparent the village financial management. In contrast, the accessibility of financial reports has no effect on the accountability and transparency of financial management. Supervisory mechanisms also have no effect on accountability.

Public trust is only influenced by the transparency of village financial management. Accountability has no effect on public trust. Village governments need to optimize financial management transparency by providing access to important information about village finances to the public so that public trust can increase. Thus, the government will gain legitimacy from the community.

## 7. LIMITATION

This study is limited to villages in Banyudono Subdistrict. Therefore, this study cannot be generalized in a broad context. Future researchers can expand the sample by conducting similar studies throughout Indonesia. Future researchers are also advised to add other relevant variables.

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