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The Role of Village Facilitators in Increasing the Audit Quality of Village Funds in Indonesia

Ya'atulo Warae¹, Erlina Erlina², Dian Anita Nuswantara³, Parapat Gultom⁴

Abstract

Purpose This study analyses and seeks empirical evidence about the factors influencing the audit quality of village funds: auditor independence, auditor risk, and information technology. Moreover, the moderating effect of the village facilitators on the dependent variable, i.e., how effectively or poorly the variables that are independent influence the dependent variable. *Methodology* The research population is internal auditors in district governments throughout North Sumatra Province. Data sources were obtained by distributing questionnaires via the Google form and processed using the Structural Equation Modeling (SEM) technique using the SmartPLS application. *Finding* The study results show that auditor independence and the utilization of information technology have a positive and significant effect on the audit quality of village funds. The audit risk variable has a negative and significant impact on the audit quality of village funds. Furthermore, the role of the village facilitators as a moderating variable strengthens the auditor's Independence with a positive and significant influence on the audit quality of village funds. The moderation findings between the auditor's risk and the village facilitators' function have a detrimental and negligible impact. The moderation results between the part of village facilitators strengthen information technology with a positive and negligible impact on the audit quality of village funds. *Research Limitations* The number of samples was only carried out in 25 districts in the North Sumatra region with as many as 170 respondents, so when data processing is carried out on the Smart-PLS application, the results of the bootstrapping tend to change even when the calculations are carried out the results are positive and significant. Still, the effects can be damaging and effective when the analyses are carried out for the next update. Therefore, to get consistent results in the future, it is better if the number of samples is 500 respondents. Furthermore, the results of this study were carried out only with the auditor's perception, not directly to the respondents on this external research variable. *Practical Implication* The Inspector should note from the Inspectorate in each regency that the assignment of auditors to villages must consider the level of Independence of village officials by not assigning auditors to audit in their village of origin and not having family ties in the village. This dramatically affects and disturbs the psychology of the auditor when examining audit evidence deemed not following the provisions. Therefore, auditor independence is a significant factor in maintaining the audit quality of village funds so that it has a high contribution to achieving the development and welfare of rural communities throughout Indonesia. The central and regional governments should make strict supervisory policies in managing village finances by providing an application that is easy for all parties to use to submit reports on indications of fraud occurring in each village, and the results of this application become reference material for auditors and law enforcement officials to carry out monitoring and field inspection. *Originality/ Value* The novel aspect of this study is how the auditors' internal variables audit risk and auditor independence as well as external factors, such as village officials' use of technology and the role of assistants in the village as moderating variables, affect

¹ Faculty of Economics and Business, Universitas Sumatera Utara Email: yaatulo.warac@gmail.com

² Faculty of Economics and Business, Universitas Sumatera Utara Email: erlina@usu.ac.id

³ Faculty of Economics and Business, Universitas Negeri Surabaya Email: diananita@unesa.ac.id

⁴ Faculty of Economics and Business, Universitas Sumatera Utara Email: parapat@usu.ac.id

the quality of the village fund audit. Subsequently, by revealing fraud detection in the audit report, researchers included an additional measure of audit quality, (Wooten, 2003).

Keywords: *Auditor Independence, Audit Risk, Utilization of Information Technology, Role of Village Facilitators and The Audit Quality of Village Funds.*

Introduction

The government seeks realistic community welfare through a policy of equitable development directly to villages to create jobs, overcome inequalities and alleviate poverty by allocating and distributing State Revenue and Expenditure Budget (APBN) funds from 2015 to 2022 to villages throughout Indonesia in the amount of 400,1 trillion. However, empirical evidence shows that the implementation of village fund management in various regions has yet to be effective and has been widely misused (Zitri et al., 2020). Indonesian Corruption Watch (ICW) researchers released data that the village corrupted the corrupt sector in 2018 (Gabrillin, 2019). There are many cases of corruption in village funds that law enforcement officers are processing in the police and district attorney's offices in each region, and even several unscrupulous village heads and village officials have been jailed.

Many parties are involved and have the responsibility for overseeing the management of village funds so that they are on target, including the Financial and Development Supervisory Agency (BPKP), the Government Internal Supervisory Auditor (APIP), Republic of Indonesia Financial Audit Agency (BPK-RI), Village Consultative Body (BPD), the community, village facilitators and Non-Governmental Organizations (NGOs). However, the spearhead that carries out direct supervision and physical examination in the field is APIP from the District Inspectorate. Supervision carried out by APIP could have gone better if there needed to be more attention to problems in the village; there were not even findings disclosed in the inspection report (LHP) of village funds by the District Inspectorate APIP. This can also be seen in many cases of physical development where the value is hundreds of millions of rupiahs. The results have been nil, but the accountability for implementation and reporting has been realised one hundred per cent. This phenomenon aligns with research conducted by Erlina et al. (2020) that APIP could not find some of the frauds that occurred but were found by BPK RI auditors.

The misappropriation of the management of village funds shows weak oversight and the declining quality of the Village Fund Audit conducted by the KRI district government (Syam et al., 2020). According to Atmanegara et al. (2021), various fraud cases and decreased quality of audit results reflect the auditor's failure to carry out his duties to audit financial reports. This phenomenon raises questions about the quality of audit results on village funds routinely issued by APIP. The quality of the village fund audit results is a measurement of the auditor's performance in finding and reporting fraud that occurs. The Inspectorate Auditor, who produces reports on the results of routine inspections on a quarterly, semester, and annual basis, is a tool used by auditors to communicate audit results to stakeholders. The quality of the Village Fund Audit reflects high transparency and accountability and presents an audit report that follows the conditions of the findings.

Some previous research on the factors that positively and significantly influence audit quality, namely competence, integrity, and auditor independence (Situmorang et al., 2020; Lamba et al., 2020; Wakil et al., 2020; Rejeki, 2021; Astakoni et al., 2021; Yaumi, 2021). Results are different from the research of Sukriyah et al., 2009 Al-Ajmi & Saudagaran (2011); Tjun et al. (2012),

Salawu (2017), Tawakkal (2019); Nguyen & Nguyen (2020) on the auditor independence variable has no significant effect on audit quality. This research is a development of earlier studies carried out by Tepalagul & Lin (2015), Mondale et al. (2017), and Wakil et al. (2020), who led a review of several articles on audit supervision and quality. Furthermore, Wardani (2018) and Lamba et al. (2020) recommend adding other variables suspected of influencing the maintenance, reliability, and timeliness of village government financial reporting. However, the main objectives of this study are to evaluate and analyse the variables of auditor independence, audit risk, and the utilization of information technology by village authorities as external and internal factors that impact the audit quality of village funds. A novel finding of this study is the addition of fraud detection by reporting it in an audit report as an indicator of the quality of audit results, and the strengthening of the village facilitators' involvement as a moderating variable.

Literature Review

2.1 The audit quality of village funds

The quality of audit results is the implementation of audits carried out according to standards so that the auditor can disclose and report in the audited report if there are violations and material misstatements committed by the auditee in financial management (De Angelo, 1981). The the audit quality of village funds in this study refers to the application of village fund management in accordance with preset standards. The implementation standard for audit tasks aligns with the perspectives of Bobek et al. (2012) and Situmorang et al. (2020).

The quality indicators of village fund audit results used in this study use a combination of several indicators used by previous researchers, namely, indicators of misstatement detection and indicators of compliance with standard operating procedures (Wooten, 2003). Second, the researcher discloses fraud detection indicators in the audit report. The addition of this indicator is the most important thing, and the goal expected by stakeholders is to gain their trust and confidence in managing village funds by village officials effectively and efficiently. Third, indicators of the accuracy of the information reported by the auditor in the audited report (Titman & Trueman, 1986). Fourth, indicators of the effectiveness of completing follow-up findings by the auditee (Regulation of the Supreme Audit Board of the Republic of Indonesia Number 1 of 2017 Regarding State Financial Audit Standards, 2017).

Research results Ariningsih & Martha (2017); Fauziah (2017); Murti & Firmansyah (2017); Budiandru et al. (2019); Lamba et al. (2020); Situmorang et al. (2020); Wakil et al., (2020); Rejeki, (2021); Astakoni et al., (2021); Yaumi, (2021); Erlina et al., (2023) that auditor independence has a positive and significant effect on audit quality and indicates that the higher the level of Independence an auditor has, the higher the audit quality produced by the auditor.

2.2 Auditor Independence

Auditor independence is the attitude of a financial statement examiner who is not easily influenced, carries out his work for the public interest, is not justified in favouring the interests of anyone, and maintains freedom of opinion (IAPI, 2013). According to the The Republic of Indonesia's Supreme Audit Board's Regulation Number 1 of 2017 Regarding State Financial Audit Standards (2017), Independence is an attitude and action in examining to be impartial to anyone and not influenced by anyone.

The auditor independence indicator used in this study is a combination of indicators used by previous researchers. First, the Regulation of the Supreme Audit Board of the Republic of Indonesia Number 1 of 2017 Concerning State Financial Audit Standards (2017) that indicators of auditor independence include: (1) Responsible for continuously maintaining Independence in thought (Independence of mind); (2) Independence in appearance (Independence in appearance). (3) Independence is a situation in which the auditor has high honesty, conducts audits objectively, and is free from conflicts of interest. Second, the indicators used by Arens et al. (2017), Tjun et al. (2012), and Iryani (2017), among others: (1) Independence from the point of expertise or competence (independent incompetence). (2) Pressure from clients and superiors; (3) Review from fellow auditors.

Usman et al. (2014). Iryani (2017), and Fauziah (2017), Arifin (2021) in their research show that auditor independence has a positive and significant influence on audit quality. Erlina et al. (2020) and Astuti (2018) indicate that an auditor with high Independence will be more able to detect fraud and vice versa if an auditor with low Independence will be less able to detect fraud.

2.3 Audit Risk

Audit risk is the impact of the auditor's error in failing to modify his opinion as it should have been in the audit report regarding the provision of an unqualified view on materially misstated financial statements in terms of compliance with laws and regulations, generally accepted accounting principles, and control systems, (IAPI, 2013; Tandiontong, 2015; Arens et al., 2017). According to the Regulation of the Supreme Audit Board of the Republic of Indonesia Number 1 of 2017 Concerning State Financial Audit Standards (2017), audit risk is the risk of the possibility that the examiner's findings, conclusions, and recommendations are incorrect or incomplete, as a result of factors such as insufficient and inappropriate evidence, inadequate inspection procedures or intentional negligence or misleading information, or in other words that the risk of an inspection is that the results of the review are not following the actual conditions.

Audit risk consists of 3 components: First, the vulnerability of claims to substantial misstatements is known as inherent risk; Second, one risk that is disregarded in internal control is control risk; Third, the risk of failing to find a material misrepresentation in a business is known as the detection risk, (AICPA, 1984). The audit risk indicators used in this study are (1) the auditor does not confirm with third parties; (2) The auditor does not carry out physical calculations, be it cash, inventories, fixed assets, or investments; (3) The auditor reduces the number of audit samples, (Diana & Azlina, 2016).

Simanjuntak (2008), Manullang (2010), dan Ketut & Pratama, (2015); Ariningsih & Martha (2017); Pratiwi et al. (2020); Lindrianasari et al. (2021) in the results of his study that audit risk has a negative and significant effect on audit quality. This illustrates that the higher the audit risk faced by an auditor, the lower the resulting audit quality, and the determination of a high level of audit risk will result in the auditor facing increasingly complex tasks in auditing each transaction so that it can have a low-quality impact audits produced by the auditors.

2.4 Utilisation of Information Technology

The utilisation of information technology is The ability of human resources to use a sophisticated tool for data processing, acquisition, compilation, and storage results in the

production of timely, relevant, accurate, and high-quality information that can be used for government, business, and personal purposes, as well as for strategic and appropriate decision making, (Soleman & Latuconsina, 2019; Wulandari & Prasetya, 2020). Information technology utilisation indicators used in this study are (1) Devices; (2) Management of financial data; (3) Frequency of Utilisation; (4) Availability of experts; (5) Investment in technology; (6) Ease of access to information, (Thompson et al., 1994; Mustafa, 2010; Wijasena, 2021; Simarmata et al., 2021).

Research results from Soleman Latuconsina (2019) show that the utilization of information technology is a variable that affects the quality of financial reports. Procurement and service of technical facilities are crucial in improving the quality of village financial reports. Consistent with the findings of the study carried out by Widianingsih et al. (2019), information technology has proven to affect fraud prevention. Research results from Warae et al. (2021) show that the evolution of accounting software has positively impacted achieving more effective and efficient performance. The existence of the implementation of information technology that assists company activities in producing accurate information has a very significant impact on helping to prevent fraud within the company's organisation. Furthermore, Devaraj & Kohli (2003), Afifah et al. (2018), and Lastri et al. (2021) have that the utilization of information technology has a positive effect on the quality of local government financial reports. This confirms that the better the utilization of information technology, the better its implementation on the results of the quality of local government financial reports produced.

2.5 The Role of the Village Facilitator

Based on the Regulation of the Minister of Villages for Development of Disadvantaged Regions and Transmigration of the Republic of Indonesia Number 3 of 2015 Concerning Village Assistance (2015), the role of village facilitators is to use village facilitators to implement community empowerment initiatives, organisation, guidance and assistance. The indicators for the position of village facilitators used in this study are (1) coaching and regeneration, (2) Cooperation facilitation, (3). Communication; (4) Accountability; (5) Monitoring and evaluation (Regulation of the Minister of Villages for Development of Disadvantaged Regions and Transmigration of the Republic of Indonesia Number 3 of 2015 Concerning Village Assistance, 2015).

Results of research conducted by Wibisono (2017) and Wijayanti et al. (2020) showed that the presence of village facilitators is expected to enable rapid progress in each village. However, conditions in the field still need to be improved, namely the non-optimal role of village facilitators actively in developing empowerment programs and implementing and monitoring evaluations. Further research results by Deva et al. (2017) showed that village facilitators have a crucial role in increasing the effectiveness of managing village funds through the village financial system application. This condition aligns with having village facilitators, expanding the village administration's capacity, effectiveness, and accountability. Additional research findings by Suswanto et al. (2019) demonstrate that village facilitators play an active role beginning from the stages of programme planning, implementation, monitoring, and evaluation through programme socialisation activities, counselling training, mentoring, partnerships, and creating independence. Village facilitators also have a role in administrative management, village development finance, and community empowerment. The role of village facilitators is likely to provide a

significant contribution to auditors in the form of important information in managing village finances, which they facilitate so that the audit quality of village funds can be better and of higher quality. This aligns with Deva et al. (2017) that the role of village facilitators has a positive and significant effect on the effectiveness of using village financial system applications. Researchers see that the capacity of the village facilitators' role in managing village finances should have a positive and significant impact on improving the audit quality of village funds. Therefore, researchers make it the basis for the independent moderating variable on the dependent variable.

This research was conducted using a quantitative approach with factors that influence the audit quality of village funds, and based on the literature review above, the following hypotheses can be proposed:

- H1:** *Auditor independence positively and significantly affects the audit quality of village funds.*
- H2:** *Audit risk negatively and significantly affects the audit quality of village funds.*
- H3:** *The utilization of information technology has a positive and significant effect on the audit quality of village funds.*
- H4:** *The role of village facilitators in moderating auditor independence positively and significantly affects the audit quality of village funds.*
- H5:** *Audit risk is moderated by the role of village facilitators and has a positive and significant effect on the audit quality of village funds.*
- H6:** *The utilization of information technology moderated by village facilitators positively and significantly affects the audit quality of village funds.*

Method

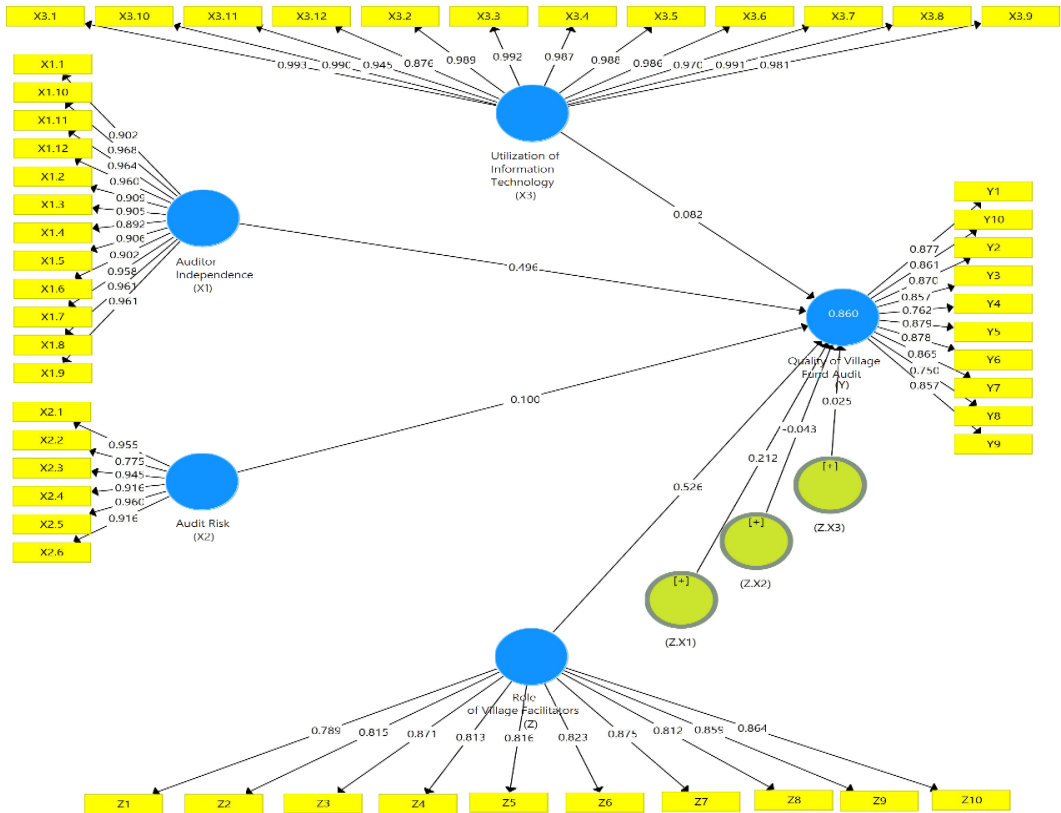
This quantitative study intends to examine and test theories, in order to improve the quality of the village fund audit that the inspectorate auditor produces. The population used is all auditors from the Inspectorate of all Regencies in North Sumatra Province, as many as 304 people, and the sample is 170. The sampling technique uses Probability Sampling with the Simple Random Sampling technique. Data collection using a questionnaire via a Google form. Data analysis with Structural Equation Modeling technique using SmartPLS software. The analysis technique for testing the hypothesis is through the bootstrapping process by looking at the t-statistic value > 1.96 so that the hypothesis criteria are accepted and < 1.96 are rejected. Furthermore, for a significant level using a probability value of $p < 0.05$ and vice versa, $p > 0.05$ is not significant.

Results and Discussion

4.1. Results

A convergent validity test is done by looking at the value of the loading factor in each construct. The test results for the loading factor value in this study were above 0.7, so it was declared an ideal or valid measure as an indicator in measuring constructs. Based on data calculations using the PLS algorithm method, the loading factor value for each variable indicator can be seen in Figure 4.1 below:

Figure 4.1. Loading Factor



Sources: SmartPLS (2023)

The results of the Average Variance Extracted (AVE) value for each construct are > 0.5 so that the construct meets convergent validity. Furthermore, the value of Cronbach's alpha and composite reliability for each variable above 0.7 means that all latent variables are reliable. These results can be seen in Table 4.1. the following:

Table 4.1. Construct Validity and Reliability

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Auditor Independence _(X1)	0,986	0,987	0,988	0,870
The audit quality of village funds _(Y)	0,956	0,958	0,962	0,717
Utilisation of Information Technology _(X3)	0,995	0,997	0,996	0,950
The role of the Village Facilitator _(Z)	0,955	0,972	0,958	0,696
Audit Risk _(X2)	0,962	0,965	0,968	0,835

Hypothesis testing looks at the t-statistics values resulting from the bootstrapping process. According to Abdillah & Hartono (2015), the theory is acknowledged (supported) if the t-statistics value is more significant than 1.96, with a significance level of 5% (two-tailed). This research resulted in a bootstrapping process for the Smart PLS program with a value above 1.96, as seen in Table 4.2. the following:

Table 4.2. Path Coefficient Value

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STD EV)	T Statistics (O/STD DEV)	P Values	Decision
(Z.X1) -> The audit quality of village funds _(Y)	0,212	0,202	0,043	4,954	0,00	Accepted
(Z.X2) -> The audit quality of village funds _(Y)	0,043	0,041	0,032	1,356	0,17	Rejected
(Z.X3) -> The audit quality of village funds _(Y)	0,025	0,027	0,030	0,835	0,40	Rejected
Auditor Independence _(X1) -> The audit quality of village funds _(Y)	0,496	0,501	0,048	10,433	0,00	Accepted
Audit Risk _(X2) -> The audit quality of village funds _(Y)	0,100	0,094	0,028	3,634	0,00	Accepted
Utilization of Information Technology_(X3) -> The audit quality of village funds _(Y)	0,082	0,084	0,031	2,624	0,00	Accepted
The Role of the Village Facilitator _(Z) -> The audit quality of village funds _(Y)	0,526	0,521	0,057	9,202	0,00	Accepted

Sources: SmartPLS (2023)

4.2. Discussion

The study results show that the auditor's independence variable positively and significantly affects the audit quality of village funds. These results support previous research from Usman et al. (2014), Wakil et al. (2020), Rejeki (2021), Astakoni et al. (2021), Yaumi (2021), Erlina et al. (2023) that auditor independence has a favourable and noteworthy outcome on audit quality and the ability of the auditor to identify fraud. Otherwise, reject the research results of Sukriyah et al. (2009), Al-Ajmi & Saudagaran (2011), Tjun et al. (2012), Salawu (2017); Tawakkal (2019); Nguyen & Nguyen (2020) that the Independence of the auditor has no significant effect on audit quality because there is still interference in determining, eliminating certain account items to be examined. There is intervention in the procedures chosen by the auditor.

The findings of this study provide credence to Triandis (1977) theory of behaviour and attitude, which forms the basis of Independence's explanation of attitudes, customs, and social norms. The results of this study reinforce the first hypothesis proposed that the information generated by the auditor in auditing village funds, the results are contained in an audited report whose quality can be trusted (Situmorang et al., 2020) and used in making the right policies and decisions to have a positive and significant influence on the quality of the village fund audit results.

Even though this study's findings support those of a number of earlier investigations the facts of the problems that occur in the field are that there are several cases of misappropriation of village funds as per the results of research by researchers who have registered public complaints at several police and prosecutor's offices in the North Sumatra region and have not maximum development achievements through village funds whose value is very large in each village.

Problematic conditions regarding existing facts should be included in the audit findings. The researcher's interviews with several respondents showed the actual situations faced when carrying out their duties in auditing village funds, and their Independence in including the findings in the audit report was significantly compromised. This is caused by several factors, including leadership intervention in making decisions related to the points contained in the audit report and the leadership authority to transfer auditors to other positions and more remote and inconvenient areas, so this causes auditors not to dare to reveal findings of indications of fraudulent management of village funds. Auditors follow the leader's political style and situation/conditions; this is not conveyed, but the consequences will be bitter and uncomfortable if it goes against the leader's wishes. This condition of disrupted auditor independence is reflected in the results of the descriptive analysis of respondents' answers that researchers obtained in the field. Then, there was tremendous pressure from village administrators who were uncooperative during audits and a lack of protection for auditors and whistleblowers from the community.

This research also confirms that auditor independence is essential so that the audit quality of village funds increases. Inspectors from the Inspectorate in each Regency need to pay attention to assigning auditors to villages to consider the level of Independence of the auditor from village officials by not assigning auditors to audit in their home village area and not having family relationships in the village. This influences and disturbs the auditor's psychology when examining audit evidence deemed not to comply with the provisions. Therefore, auditor independence is a significant factor in maintaining the audit quality of village funds so that they have a high contribution to achieving the development and welfare of village communities throughout Indonesia.

In addition to the research results above, researchers need to explain the condition of the presentation of village financial reports, which have not been presented in detail and entirely in the Regional Government Financial Report; only a tiny part is recorded in the Budget Realization Report, explanatory notes to the Financial Report and as an attachment in the LKPD. This is because there are no accounting and reporting standards for village finances. This condition causes independent external auditors such as the Financial Audit Agency of the Republic of Indonesia (BPK-RI) and the Financial and Development Monitoring Agency (BPKP) to not carry out audits on the management of village funds such as the School Operational Cost Fund and the Health Insurance Fund whose distribution of funds is the same as village funds. It is channelled directly from the state general treasury account to the accounts of schools, health centres and villages. Therefore, it is essential to review the mechanisms for reporting, accountability and inspection of village funds so that the quality of audits on village fund management can be trusted because independent external regional government institutions audit them. The auditor's Independence in carrying out his duties is a significant standard. It must be complied with so that any factors that interfere with him will not be affected by his performance, which is reflected in the quality of the village fund audit results, which are adequate and reasonable.

Additionally, the study's findings demonstrate that the audit risk variable significantly and negatively affects the calibre of village fund audits. The results of this study support some of the previous research results by Chang et al. (2007), Ketut & Pratama (2015), Diana & Azlina (2016), Ariningsih & Martha (2017), Pratiwi et al. (2020) that audit risk harms audit quality reduction behaviour. This condition explains that if the standard of audit risk taken is high enough, it will affect more audit evidence that will be missed. A material misstatement will likely occur and result in a decrease in the

quality of audit results. The results in the field also found that the progress of development in the villages has yet to show significant results. These results align with the results of research conducted by Gunawan (2018) that the supervision technique carried out by APIP is only a sampling of the samples, so it is likely that much data needs to be legible and unchecked. Therefore, it is essential to conduct comprehensive research on audit evidence examined by auditors by reviewing auditor working papers on problematic villages.

On the contrary, this shows that auditors detecting audit evidence tend to be set very low in implementing audit procedures, which impacts reducing audit quality. The results of researchers' investigations, when they were directly involved in the field by carrying out observations, documentation and interviews with auditors, found that audit evidence examination of village fund management and village fund allocation was only done by reviewing documents without physical inspection in the field. Physical checks in the area are only carried out if there is a report from another party and if there are minimal monitoring and evaluation activities. This provides very valid proof to researchers that a lot of audit evidence should have been noticed during the audit implementation process, thus significantly affecting the decline in the quality of the village fund audit. Therefore, measured and careful accuracy is needed by the auditor team in examining competent and representative audit evidence, both through document reviews and physical inspections in the field.

The results of other studies show that village officials' variable utilisation of information technology positively and significantly affects the audit quality of village funds. The results of this study are in line with the results of previous research conducted by Devaraj & Kohli (2003), Stoel et al. (2012), Wardani (2018), Soleman & Latuconsina (2019); Widianingsih et al. (2019); Lastri et al., (2021) that the utilization of information technology has a positive effect on the quality of local government financial reports can disclose information effectively and efficiently, every financial management transaction will have more thorough documentation, systematically and can present village financial reports on time, information technology has proven to affect fraud prevention. The utilization of information technology by village officials is an external factor, and the testing process is carried out with the auditor's perception. The results are very positive in supporting the operation of the audit by the auditor, because through the application that the government has provided, it can present financial management and reporting information correctly so that the auditor can quickly obtain detailed data in the framework of examining the accountability of village financial management so that it has a positive impact on improving the quality of results village fund audit.

Although there have been several studies on the effect of the utilization of information technology by village officials on financial reporting, this study focuses on the impact on the audit quality of village funds conducted by auditors, which is a novelty from the development of previous research. The results of his study provide evidence of a direct positive and significant effect on the audit quality of village funds. The results of observations and interviews with researchers in the field also provide an obvious picture to the auditor when carrying out audit assignments and dealing directly with village officials who cannot operate computers. There were some difficulties explaining the inputting evidence of village fund expenditure transactions, so verification could not be done. Adequate data validation. Village officials rely only on other people's services to complete reporting and accountability. Of course, this will impact reducing the audit quality of village funds. Conversely, when the auditor is dealing with village officials who are proficient at using computers and operating village fund management applications, it is straightforward for the audit process to carry out their duties

with a confident, detailed and adequate level of satisfaction so that it has a positive impact on the the audit quality of village funds.

The results of moderating the role of village facilitators with auditor independence on the audit quality of village funds have a positive and significant effect. These results confirm that the part of village facilitators can strengthen the impact of auditor independence on the audit quality of village funds. The results of moderating the role of village facilitators with audit risk on the audit quality of village funds are harmful and insignificant. The study's findings refute the hypothesis put forth and support the idea that auditors' knowledge, focus, thoroughness, and accuracy in evaluating audit evidence for audit risk decrease with the role of village facilitators, thereby lowering the calibre of village fund audits. The results of moderating the role of village facilitators with utilization of information technology on the audit quality of village funds have a positive but insignificant effect. The results of this study are based on the auditor's perception, which confirms that the role of village facilitators in working with village officials in the utilization of information technology has been carried out but has yet to go well. This aligns with previous research by Widianingsih et al. (2019) that information technology has proven to affect fraud prevention. Furthermore, Devaraj & Kohli (2003), Afifah et al. (2018), and Lastri et al. (2021) have that the utilization of information technology has a positive effect on the quality of local government financial reports.

Another result of this study that needs to be hypothesised is that the role of village facilitators has a positive and significant effect on the audit quality of village funds. This means that the variable of the role of the village facilitators from the auditor's perception can positively impact the quality of the audit results. The study's findings are consistent with the previous research that was done by Wibisono (2017), Deva et al. (2017), Suswanto et al. (2019), Wijayanti et al. (2020) that the presence of a village facilitators can quickly realise the progress of each village and has a crucial role in increasing the effectiveness of managing village funds through the village financial system application starting from the program planning, implementation, monitoring and evaluation stages, through program socialisation activities counselling ng, training, mentoring, partnerships and create Independence.

5. Novelty Research

This study focuses on the audit quality of village funds, which differs from other studies. Researchers see that village funds are a hot issue sector currently that is most corrupted, as released by Indonesia Corruption Watch (Gabrillin, 2019). Hence, it requires a study of problem-solving and recommendations to the government for the welfare of people in the villages. As with the results of the research above, what is obtained as novelty is auditor independence, audit risk as an internal factor from APIP and the utilization of information technology by village officials, as well as the role of village facilitators as external factors to be moderating variables that can affect the the audit quality of village funds and add one quality indicator audit results, namely fraud detection by disclosing it in an audit report.

Conclusions and Suggestions

This research confirms that auditor independence is a condition and priority factor that auditors must meet in carrying out their audit duties. This is evidenced by the test results in this study that auditor independence has a very positive and significant influence on the audit quality of village funds with a higher t-statistics value than other variables. During the process of carrying out the audit, the auditor is faced with a variety of different conditions and situations

of the auditee's organisational support, firm leadership, and work pressure so that consistency of Independence through the quality output of village fund audit results will determine the success of managing village funds appropriately and appropriately target. The community as a village fund stakeholder has high hopes for the APIP auditor as a shield to guard the totality of village fund management because the mandate of the applicable regulations gives full authority and responsibility to examine the use of village funds comprehensively and sustainably. Therefore, it is necessary to strengthen professionalism and support for APIP auditor human resources in each region.

In addition, audit risk is a variable that the auditor pays attention to in examining village funds. The misappropriation of village funds was caused by a large amount of audit evidence overlooked in the examination, resulting in a decrease in the quality of the village fund audit. The factor of using information technology by village officials also increases the audit quality of village funds. The low quality of the Village Fund Audit is caused by the inability of village officials to use the village financial system application, which only relies on other people's services and cannot explain and account for village financial reports to auditors. Moderating the role of village facilitators on auditor independence can positively and significantly strengthen the effect on the audit quality of village funds. However, the results of moderation with audit risk and the utilization of information technology by village officials have yet to have a positive and significant impact.

Limitations

This research has a limited sample size, which was only conducted in 25 districts in the North Sumatra region with a total of 170 respondents. To obtain consistent results in the future, it is best to have a sample size of 500 respondents with a focus on areas that are prone to corruption in village funds, namely North Sumatra, Madura and Papua. It is recommended that further research be carried out using a combination of data collection methods and models by conducting Focus Group Discussions (FGD) and data processing with NVivo, as well as examining other variables, such as the role of the community as an intervening variable. The active role of village facilitators also needs to be evaluated and strengthened; if necessary, a sanction of dismissal is given if cases of misappropriation of village funds are not discovered and reported in their routine reports. The central government revoked the authority of regional governments. It took over the recruitment transfer of employees and auditors at the Inspectorate to overcome interventions that could interfere with auditors when carrying out their duties. It is recommended that regional governments require all village heads and village officials to report their assets and submit them on the information board at each village office. The aim is to increase the community's role in monitoring the misuse of village funds. Furthermore, local governments need to provide application facilities that are easy to operate by village communities to submit complaints and reports of indications of misuse of village funds, such as the Jakarta Kini (JAKI), Qlue, etc. applications so that they become a reference for APIP in increasing the intensity of village fund audits.

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