

## ***Evaluating the Role of Accounting Information Systems in Enhancing Village Financial Governance: a Study From Jayapura City***

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### **ABSTRACT**

*This study evaluates the role of Accounting Information Systems (AIS), particularly Siskeudes, in strengthening village financial governance in Jayapura City. It addresses persistent governance challenges, including uneven AIS implementation, limited human resource capacity, infrastructure constraints, and difficulties in ensuring transparency and accountability. A convergent mixed-methods design was employed by integrating qualitative interviews with 14 key informants, consisting of village heads, village secretaries, and financial officers, with quantitative analysis of village expenditure realization data from 2020 to 2024. Financial management effectiveness was measured using the expenditure realization ratio by comparing actual expenditures with budgeted allocations across major spending categories. The findings show that AIS implementation has improved administrative aspects of village financial management, particularly transaction recording accuracy, reporting standardization, documentation quality, and procedural transparency. However, the effectiveness of AIS varies across villages due to differences in training intensity, infrastructure readiness, human resource capacity, and socio-cultural contexts. Quantitative results indicate that average expenditure realization generally ranges from 90% to 100%, reflecting strong budget absorption capacity. Nevertheless, high realization rates do not necessarily indicate development effectiveness, as village spending remains largely concentrated on administrative and infrastructure-related activities, while allocations for community empowerment programs are relatively limited. This study contributes to the literature by demonstrating that AIS functions as an enabling mechanism for village financial governance rather than a direct determinant of development outcomes, especially in socio-culturally diverse rural contexts. Practically, the findings suggest the need for continuous capacity building, more balanced budget allocation policies, stronger technical assistance, and context-sensitive AIS implementation to improve both administrative performance and long-term development impact.*

**Keywords:** Accounting Information Systems, Siskeudes, Village Financial Management, Financial Governance, Accountability.

### **1. Introduction**

Village financial management plays a vital role in improving rural development performance because it determines how public resources are planned, allocated, implemented, monitored, and accounted for to support community welfare. Effective financial management practices, including sound planning, the use of accounting information systems, and strong accountability mechanisms, have been widely recognized as important factors in strengthening the success of village development initiatives. Prior studies show that better financial management practices are associated with higher effectiveness in village development programs (Kikin Amelia Amir et al., 2024; Masela et al., 2024; Zainun Botutihe et al., 2024). When financial resources are managed efficiently and transparently, budget allocations are more likely to align with planned priorities and generate outcomes that directly benefit rural communities (Permatasari et al., 2021; Yu et al., 2024).

The importance of village financial governance in Indonesia has increased significantly following the implementation of the Dana Desa, or Village Fund, program as part of the country's fiscal decentralization policy. The government's commitment to rural development is reflected

in the substantial increase in village fund allocations, from IDR 20.7 trillion distributed to 74,093 villages in 2015 to IDR 71 trillion allocated to 74,259 villages in 2024 (Kementerian Keuangan Republik Indonesia, 2017; Kementerian Keuangan Republik Indonesia, 2024). In Jayapura City, this policy has resulted in significant financial transfers, with 14 villages receiving a total of IDR 533.29 billion from the Village Fund, Village Fund Allocation, and revenue-sharing schemes during the 2020–2024 period. While these funds are expected to support governance, infrastructure, and community empowerment, they also increase the need for transparent, accountable, and effective financial management.

Despite these substantial fiscal transfers, persistent governance challenges remain in village financial management. Weak transparency, limited accountability, and inefficiencies in financial administration continue to raise concerns about whether village funds are used effectively. Law No. 6 of 2014 concerning Villages emphasizes transparency, accountability, and participatory planning as fundamental principles of village governance. However, the implementation of these principles often faces structural and institutional constraints. Limited human resource capacity, uneven technical skills, and public distrust in financial reporting may hinder the achievement of effective governance outcomes (Farazmand et al., 2022; Zainun Botutihe et al., 2024). Therefore, village financial management should not only focus on budgeting and expenditure realization, but also include integrated monitoring, evaluation, and reporting systems (Ginting et al., 2023; Permatasari et al., 2024).

In this context, accounting information systems (AIS), particularly Siskeudes, have been introduced as strategic instruments to improve village financial administration. AIS supports financial governance by enhancing data accuracy, reporting efficiency, documentation quality, and accountability mechanisms (Bawono et al., 2020; Maharani & Widodo, 2024). However, existing studies on AIS implementation in village governance remain largely focused on administrative compliance, system adoption, and reporting procedures. Many studies tend to evaluate financial management success based on budget realization levels, often assuming that high expenditure absorption reflects effective governance. This assumption is problematic because budget absorption does not necessarily indicate the quality of spending, the achievement of development outcomes, or the extent to which village funds are allocated toward productive and sustainable programs.

This limitation reveals an important research gap, particularly in regions with complex socio-cultural and institutional conditions such as Jayapura City. Villages in this region operate within diverse local customs, varying levels of human resource capacity, and unequal access to infrastructure and digital technology. These contextual factors may significantly influence how AIS is implemented and how effectively it contributes to village financial governance. However, empirical evidence explaining how institutional, technical, and socio-cultural factors shape AIS effectiveness remains limited. It is still unclear whether AIS implementation in Jayapura villages leads to substantive improvements in governance quality or merely strengthens administrative reporting practices.

Therefore, this study offers a novel contribution by applying a mixed-methods approach to evaluate the role of AIS in village financial governance. Unlike previous studies that rely mainly on descriptive or single-method analysis, this study integrates qualitative insights from village officials with quantitative analysis of expenditure realization data from 2020 to 2024. This approach allows for a more comprehensive evaluation by examining not only budget absorption but also the institutional, technical, and socio-cultural conditions that influence the effectiveness of AIS implementation.

Accordingly, this study aims to evaluate the extent to which accounting information systems, particularly Siskeudes, contribute to improving transparency, accountability, and effectiveness in village financial management in Jayapura City. In addition, this study examines patterns of AIS implementation across villages, assesses financial management effectiveness based on expenditure realization, and identifies key factors influencing the success of AIS

adoption. By addressing these issues, this research is expected to provide theoretical contributions to the literature on AIS and public financial governance, as well as practical recommendations for improving village financial management policies in socio-culturally diverse contexts.

## **2. LITERATURE REVIEW**

The theoretical foundation of this study integrates three main perspectives: Good Governance, Public Financial Management (PFM), and Public Accountability. These perspectives are used to explain how Accounting Information Systems (AIS), particularly Siskeudes, contribute to village financial governance outcomes. Rather than viewing these theories separately, this study positions them as an interconnected framework in which AIS functions as both an institutional and technological mechanism that translates governance principles into measurable financial management practices.

Good Governance theory emphasizes the importance of transparency, accountability, participation, responsiveness, and efficiency in managing public resources (Junaedi, 2023; Peng et al., 2023; Zaitul et al., 2023). Empirical studies show that the implementation of good governance principles can improve the quality of village financial management and strengthen public trust (Ghofar et al., 2022; Sonbay et al., 2022; Sofyani et al., 2023). However, previous research also indicates that the application of Good Governance in village contexts is often constrained by institutional capacity, local administrative practices, and uneven managerial capability. Although participation and transparency mechanisms, such as village deliberations and public budget disclosures, are widely implemented, their effectiveness varies across regions. This suggests that governance principles require supporting systems and operational tools to be implemented consistently.

Public Financial Management theory complements this perspective by focusing on how financial resources are planned, executed, monitored, and evaluated to achieve efficiency and effectiveness (Haustein & Lorson, 2023; Nurfadila, 2024). At the village level, PFM highlights the importance of structured budgeting through the Village Revenue and Expenditure Budget, timely financial reporting, and financial oversight involving internal and external actors such as Village Consultative Bodies and local inspectorates (Ginting et al., 2023; Supriyati et al., 2024). Prior studies demonstrate that improved budgeting, reporting, and monitoring practices contribute to better public service delivery and stronger governance performance (Harun et al., 2021; Masdar et al., 2021). Nevertheless, implementation remains inconsistent, particularly in areas with limited human resources, weak monitoring capacity, and unequal access to digital infrastructure. Therefore, effective PFM requires not only regulatory frameworks but also reliable operational systems that ensure consistency, accuracy, timeliness, and accountability in financial processes.

Public Accountability theory further reinforces this framework by emphasizing the obligation of government actors to justify their decisions and the use of public resources to citizens and oversight institutions (de Boer, 2023; Pilon & Brouard, 2023). In village governance, accountability is reflected in transparent reporting, community participation, accessible financial information, and oversight mechanisms that ensure public funds are used appropriately (Sofyani et al., 2022; Srirejeki & Khairurrizqo, 2025). However, empirical evidence suggests that accountability practices are often limited to formal reporting compliance rather than substantive evaluation of outcomes and impacts. This creates a gap between procedural accountability and actual governance effectiveness, particularly in rural areas where monitoring capacity, community engagement, and administrative competence may vary.

Within this integrated governance framework, AIS plays a crucial role as an enabling mechanism for village financial governance. AIS supports the implementation of governance principles by providing structured processes for recording, processing, storing, and reporting

financial data (Al-Hattami, 2024; Dai, 2022). In the context of village financial management, Siskeudes helps translate regulatory requirements into operational practices, including standardized financial reporting, real-time monitoring, improved documentation, and stronger auditability (Johri, 2025; Monteiro et al., 2024). Empirical studies indicate that AIS adoption can improve administrative efficiency, reduce recording errors, and enhance financial transparency (Bawono et al., 2020; Maharani & Widodo, 2024). However, the contribution of AIS to governance outcomes remains uneven because it depends on contextual factors such as training, infrastructure, user competence, and institutional support.

A critical limitation in the existing literature is the tendency to evaluate AIS effectiveness primarily through financial indicators, particularly expenditure realization. High budget absorption is often interpreted as a sign of effective financial management. However, this measure does not fully capture the quality of spending, development outcomes, community welfare impact, or the balance of resource allocation (Permatasari et al., 2021). Moreover, previous studies rarely integrate qualitative insights into how AIS is implemented in practice, especially in regions with complex socio-cultural conditions. As a result, there remains limited understanding of how AIS interacts with local governance dynamics, institutional constraints, technical capacity, and cultural practices.

Based on this gap, this study proposes a conceptual perspective in which AIS is positioned as a mediating and enabling mechanism linking governance principles, namely Good Governance, Public Financial Management, and Public Accountability, to village financial governance outcomes. These outcomes include transparency, accountability, administrative efficiency, and financial management effectiveness. In this framework, AIS effectiveness is not determined solely by system adoption, but also by supporting factors such as human resource capacity, training intensity, infrastructure availability, institutional assistance, and socio-cultural conditions. This perspective enables a more comprehensive evaluation of AIS implementation by considering both quantitative performance indicators and qualitative contextual factors.

Accordingly, this study contributes to the literature by advancing a more integrated understanding of AIS in village governance. It moves beyond descriptive and compliance-based approaches by critically examining how AIS functions within a broader governance system and how contextual factors influence its effectiveness. This approach is particularly relevant in Jayapura City, where institutional diversity, infrastructure gaps, and socio-cultural dynamics play a significant role in shaping village financial management practices.

### **3. Methods**

This study employed a convergent mixed-methods design by integrating qualitative and quantitative approaches to evaluate the implementation of Accounting Information Systems (AIS), particularly Siskeudes, in village financial management. A convergent mixed-methods design is appropriate when qualitative and quantitative data are collected and analyzed separately but integrated during interpretation to obtain a more comprehensive understanding of the research problem (Creswell & Plano Clark, 2018). In this study, the qualitative component was used to explain the implementation process, institutional conditions, and socio-cultural dynamics of AIS adoption, while the quantitative component was used to assess financial management effectiveness through expenditure realization data.

The qualitative component aimed to explore how AIS is implemented in village financial administration and to identify factors that support or inhibit its effectiveness. Data were collected through semi-structured interviews with 14 key informants, each representing one village in Jayapura City. The informants consisted of village heads, village secretaries, and village financial officers who were directly involved in financial administration, budgeting, reporting, and AIS operation. Informants were selected using purposive sampling, because this technique enables researchers to identify and select information-rich participants who have direct knowledge and experience related to the phenomenon being studied (Patton, 2015; Palinkas et

al., 2015). Each interview lasted approximately 30–60 minutes and covered several key themes, including system utilization, training experience, reporting practices, technical constraints, institutional support, transparency mechanisms, and socio-cultural factors affecting financial administration.

To ensure the credibility and trustworthiness of the qualitative data, this study applied data triangulation by comparing interview responses with supporting documents, including village financial reports and administrative records. Triangulation was used to strengthen the validity of findings by cross-checking information from different sources. In addition, member checking was conducted by confirming key interpretations with selected informants to ensure that the findings accurately reflected their experiences and institutional conditions. The qualitative data were analyzed using the interactive model of Miles, Huberman, and Saldaña (2014), which consists of data condensation, data display, and conclusion drawing/verification. This analytical process enabled the study to identify patterns of AIS implementation, similarities and differences across villages, and contextual challenges affecting village financial governance.

The quantitative component analyzed the effectiveness of village financial management using secondary financial data obtained from official village financial reports for the 2020–2024 period. The analysis focused on five expenditure categories: governance, development, community development, community empowerment, and contingency spending. Financial management effectiveness was measured using the expenditure realization effectiveness ratio, calculated as follows:

$$\text{Effectiveness Ratio} = (\text{Actual Expenditure} / \text{Budgeted Expenditure}) \times 100\%$$

This ratio was used to assess the level of budget absorption and budget execution performance in each village. In public financial management, budget execution and expenditure realization are important indicators for evaluating whether allocated public resources have been implemented according to the approved budget framework (OECD, 2001). However, this study recognizes that expenditure realization only reflects budget execution performance and does not fully capture the quality of spending, development outcomes, community welfare impact, or broader governance effectiveness. Therefore, the quantitative findings were not interpreted as a standalone measure of effectiveness, but were integrated with qualitative evidence to provide a more balanced evaluation of AIS implementation and village financial governance.

The secondary data were obtained from official village financial reports validated by the Jayapura City Community Empowerment Office and verified by the local inspectorate. Data validation was carried out through consistency checks across years and cross-referencing with official administrative records to ensure the reliability and accuracy of the financial data. This procedure was important because public financial data must be interpreted carefully to ensure that the reported realization figures are consistent with administrative records and accountability documents.

The integration of qualitative and quantitative findings was conducted using a convergent mixed-methods procedure. Both datasets were first analyzed independently. The qualitative data were used to explain implementation processes, technical capacity, institutional support, transparency practices, and socio-cultural factors, while the quantitative data were used to assess expenditure realization patterns and budget absorption performance. The two sets of findings were then compared and integrated to identify convergence, divergence, and complementary insights. This integration enabled the study to explain how financial performance indicators relate to actual AIS implementation practices and institutional conditions in each village.

Ethical considerations were addressed by informing all participants about the purpose of the study before data collection. Participants provided informed consent prior to the interviews. Confidentiality and anonymity were maintained, and all data were used solely for academic purposes.

## **4. Result and Discussion**

### **Result**

The results of this study present empirical findings on the implementation of Accounting Information Systems (AIS) and the performance of village financial management across 14 villages in Jayapura City. The findings are derived from qualitative interviews with key village officials and quantitative analysis of expenditure realization data from 2020 to 2024.

### **AIS Implementation in Village Financial Management**

The qualitative findings indicate that most village officials, including village heads, secretaries, and financial officers, possess a general understanding of the role and function of AIS in financial governance. AIS is widely perceived as a system that supports systematic recording, processing, and reporting of financial transactions.

Several respondents emphasized the operational benefits of AIS. One village treasurer explained that “Siskeudes helps ensure that financial records are more structured and minimizes calculation errors compared to manual methods.” Another informant noted that “the system makes it easier to prepare reports and speeds up the verification process by the inspectorate.”

Across all 14 villages, Siskeudes has been adopted as the primary platform for financial management, covering budgeting, transaction recording, and reporting processes. Standardized outputs, such as the Village Budget (APBKam), budget realization reports, and asset reports, are consistently generated.

However, the level of utilization varies. While some villages demonstrate full integration of Siskeudes into daily financial operations, others still rely partially on manual records or Excel-based systems. This indicates that system adoption does not automatically translate into uniform implementation practices.

### **Patterns of Similarity in AIS Implementation**

Despite variations, several common patterns are observed across villages. All villages rely on Siskeudes as the core system for financial administration. The system enables real-time data recording, reporting, and monitoring, which supports standardized financial management practices.

Transparency mechanisms are also consistently implemented. Most villages disclose financial information through public media such as notice boards, banners, or village offices.

One respondent stated that “financial reports are displayed publicly so that the community can see how funds are used,” indicating that transparency practices are formally in place.

In addition, most villages report improvements in administrative efficiency and data accuracy after adopting Siskeudes. Financial documentation is more structured, and reporting processes are more organized compared to manual systems.

However, delays in reporting are still reported in several villages, particularly those with limited human resources or infrastructure constraints.

### **Variations in AIS Implementation**

Significant differences emerge in terms of training, technical capacity, and system utilization. Villages that receive regular training demonstrate better system mastery and more timely reporting.

For example, an informant from a well-trained village noted that “routine training helps us understand system updates and improves reporting speed.” In contrast, another respondent from a less-trained village stated that “new staff often struggle to use the system, which slows down reporting.”

System integration also varies. Some villages have fully transitioned to Siskeudes, while others continue to use hybrid systems that combine Siskeudes with manual or Excel-based processes. This partial integration may affect efficiency and consistency in financial reporting.

Reporting timeliness differs significantly. Villages with strong training support and technical capacity tend to submit reports on schedule, whereas villages with limited resources or frequent personnel changes experience delays.

**Influence of Cultural and Institutional Factors**

The findings reveal that socio-cultural and institutional factors play a significant role in shaping AIS implementation. In several villages, customary practices and traditional obligations influence administrative processes, including financial reporting.

One respondent explained that “reporting is sometimes delayed because traditional ceremonies must be prioritized,” highlighting the interaction between formal administrative systems and local cultural norms.

In addition to cultural factors, institutional conditions such as staff availability, infrastructure, and external support also affect system utilization. Villages that receive assistance from external facilitators, such as local government or academic institutions, tend to adapt more quickly to AIS implementation.

These findings suggest that AIS implementation is not purely a technical process but is embedded within broader socio-institutional contexts.

**Comparative Overview of AIS Implementation**

The patterns of similarity and variation in AIS implementation across the 14 villages are summarized in Table 1.

**Table 1. Analysis of Similarities and Differences in SIA Implementation in 14 Villages**

No	Village Name	System Usage	HR Training	Main Challenges	Timeliness of Reporting	Public Transparency
1	Kayo Batu	Full Siskeudes	Non-formal (KKN)	Customs, infrastructure access	Sometimes late	Not explained
2	Kayo Pulau	Siskeudes + Excel	Formal training not available	Customs (ceremonies/tradition)	Often late	Not explained
3	Tobati	Full Siskeudes	Routine 2x/year	Not significant	On time (quarterly)	High
4	Nafri	Full Siskeudes	Formal training available	Almost none	On time	High
5	Enggros	Full Siskeudes	Routine 2x/year	Not significant	On time (quarterly)	High
6	Koya Koso	Siskeudes + Excel	5x training	Not significant	On time, fast	High
7	Skouw Mabo	SIA (Siskeudes)	Not informed	Not mentioned	Fast, real-time	High
8	Skouw Yambe	SIA (Siskeudes)	Not informed	Not mentioned	Fast, real-time	High
9	Skouw Sae	Full Siskeudes	>5x training (official + internal)	Operator sometimes late	Sometimes late (1 month)	High

No	Village Name	System Usage	HR Training	Main Challenges	Timeliness Reporting	Public Transparency
10	Holtekamp	Full Siskeudes	Training available	Not mentioned	On time	High
11	Koya Tengah	Manual + Siskeudes	1× by official (+ training update)	Late note collection	Not always fast	Medium
12	Mosso	Online Siskeudes	10× training (official)	Operator absent often	Sometimes late (1 week)	High
13	Yoka	Full Siskeudes	Treasurer not yet trained	Limited HR, adaptation needed	On time (end of year)	High, with banners
14	Waena	Siskeudes + Excel	Routine every year, also by PKK	Not mentioned	On time (staged)	High, with banners

The table provides a comparative overview of system usage, training frequency, implementation challenges, reporting timeliness, and transparency practices.

The data show that villages with more frequent training and better institutional support tend to demonstrate higher levels of system utilization and reporting performance. In contrast, villages facing cultural constraints or limited technical capacity experience delays and lower levels of system optimization.

### Expenditure Realization Performance

The effectiveness of village financial management is analyzed using expenditure realization data for the period 2020–2024.

**Table 2. Level of expenditure realization from funds received in 2020-2024**

No	Nama Kampung/ Sumber Pendanaan	2020			2021			2022			2023			2024		
		DD	ADD	BHPR	DD	ADD	BHPR	DD	ADD	BHPR	DD	ADD	BHPR	DD	ADD	BHPR
1	Kayo Batu	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	97,4 5%	100 %	100 %	100 %	100 %
2	Tahima Soroma	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	99,3 5%	100 %	100 %	98,8 %	100 %
3	Tobati	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	91,4 7%	100 %	100 %
4	Nafri	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	97,6 4%	100 %	100 %	100 %	91,1 8%
5	Enggros	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
6	Koya Koso	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	86,3 5%	100 %	100 %
7	Skouw Mabo	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	97,0 9%	100 %	100 %	92,3 6%	100 %	100 %
8	Skouw Yambe	88,7 6%	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
9	Skouw Sae	100 %	84,3 5%	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
10	Holtekamp	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
11	Koya Tengah	100 %	88,1 2%	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %
12	Mosso	100 %	73,5 4%	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	79,6 3%	100 %	100 %
13	Yoka	98,7 2%	100 %	100 %	100 %	100 %	100 %	100 %	100 %	100 %	63,6 9%	99,6 2%	99,0 2%	100 %	100 %	84,1 1%

14	Waena	100	100	100	100	100	100	100	100	100	100	99,1	100	90,4	99,5	99,1
		%	%	%	%	%	%	%	%	%	%	8%	%	8%	%	5%

The data indicate that most villages achieved high levels of expenditure realization across Village Funds (DD), Village Fund Allocation (ADD), and Revenue Sharing (BHPR). In many cases, realization rates reached or approached 100%.

However, some variations are observed. Villages such as Mosso and Yoka experienced lower realization rates in specific years, indicating fluctuations in financial management performance.

Overall, the data show a consistent pattern of high budget absorption across villages, suggesting that village governments are generally able to execute planned expenditures.

**Expenditure Allocation Patterns**

In addition to realization levels, the structure of expenditure allocation reveals important patterns. Village spending is predominantly concentrated on development activities and administrative operations. Development expenditures account for approximately 35–50% of total budgets, while administrative expenditures range from 28–40%. In contrast, community empowerment expenditures remain relatively low, averaging between 3–7%. Some villages demonstrate slightly higher allocations for community development activities, but overall, empowerment programs receive limited funding compared to infrastructure and administrative spending. The data also show that emergency and direct cash assistance (BLT) expenditures increased significantly during 2020 due to the COVID-19 pandemic and declined in subsequent years. These patterns indicate that while village governments prioritize infrastructure and operational needs, less emphasis is placed on long-term community empowerment and economic development initiatives.

**Discussion**

**AIS as an Enabling Mechanism in Village Financial Governance**

The findings of this study indicate that the implementation of Accounting Information Systems (AIS), particularly Siskeudes, has contributed positively to improving administrative efficiency, reporting accuracy, and procedural transparency in village financial management. The use of standardized digital systems enables village governments to produce more consistent financial reports, reduce manual recording errors, and facilitate verification processes by supervisory institutions. These improvements reflect the practical operationalization of Good Governance principles, particularly transparency and accountability, at the administrative level.

However, the findings also show that AIS does not function as an independent determinant of governance effectiveness. Rather, AIS operates as an enabling mechanism whose contribution depends on complementary institutional conditions, including human resource capacity, training intensity, infrastructure readiness, and technical assistance. Villages with more frequent training and stronger institutional support tend to demonstrate better system utilization and more timely reporting. In contrast, villages with limited training, weaker technical capacity, or unstable personnel tend to experience reporting delays and partial system adoption.

This finding is consistent with previous studies indicating that the success of AIS implementation depends on user competence, organizational readiness, and institutional support (Bawono et al., 2020; Maharani & Widodo, 2024). Therefore, while AIS provides the technological infrastructure for financial administration, its effectiveness is shaped by the quality of implementation and the capacity of users to translate system functions into accountable financial practices. This study extends the existing literature by demonstrating that AIS should not be understood merely as a technical reporting tool, but as part of a broader village governance ecosystem.

### **Rethinking Effectiveness Beyond Budget Absorption**

One of the central findings of this study is the need to reinterpret the meaning of effectiveness in village financial management. The quantitative results show that most villages achieved high expenditure realization rates, often above 90% across funding sources. At the administrative level, this indicates that village governments have relatively strong capacity to absorb and execute their allocated budgets.

Nevertheless, high expenditure realization should be interpreted with caution. Budget absorption mainly reflects the extent to which allocated funds have been spent within a fiscal period. It does not automatically indicate the quality of spending, the relevance of programs, the achievement of development outcomes, or the extent to which expenditures generate meaningful benefits for the community. In other words, the ability to spend funds according to budget targets does not necessarily mean that those funds are used effectively, efficiently, or equitably.

This finding challenges the common assumption that high realization rates are equivalent to effective village financial governance. Consistent with Permatasari et al. (2021), this study argues that effectiveness should be assessed through a multidimensional approach that combines financial indicators with qualitative dimensions, such as service quality, transparency practices, development outcomes, and community welfare impact. The qualitative findings show that even in villages with high budget realization, challenges such as reporting delays, uneven system utilization, limited practical transparency, and imbalance in budget allocation may still persist.

Therefore, effectiveness in village financial management should be understood not only as budget execution performance, but also as the ability of village governments to transform financial resources into sustainable development outcomes. This distinction is important because it shifts the focus of evaluation from merely asking whether funds have been spent to whether the spending contributes to community welfare and long-term development.

### **Structural Imbalance in Village Expenditure Allocation**

Another important finding concerns the structure of village expenditure allocation. The analysis shows that village budgets are predominantly allocated to infrastructure development and administrative operations, while community empowerment programs receive a relatively limited portion of total spending. Although infrastructure and administrative expenditures are necessary for supporting basic governance functions and physical development, the relatively low allocation for community empowerment suggests an imbalance in development priorities.

This imbalance indicates that village financial management remains largely oriented toward short-term and visible outputs, such as physical infrastructure, administrative activities, and operational needs. However, long-term rural development also requires investment in community empowerment, local economic capacity, entrepreneurship, human capital development, and social resilience. When empowerment programs receive limited funding, village funds may have less impact on strengthening the productive capacity of local communities.

From the perspective of Public Financial Management, effective financial governance should not only ensure that budgets are executed efficiently, but also that resources are allocated in accordance with strategic development priorities. In this context, the findings reveal a distinction between administrative effectiveness and allocative effectiveness. Villages may succeed in spending their budgets, yet the composition of spending may not fully support inclusive and sustainable development objectives.

This issue is particularly important in the post-pandemic context, where community empowerment and local economic recovery should receive greater attention. The persistent underinvestment in empowerment programs suggests the need for policy intervention to

rebalance expenditure priorities. Local governments should encourage villages to allocate a more proportional share of their budgets to empowerment activities that directly support community welfare, local business development, and economic resilience.

### **Socio-Cultural Factors and Contextual Governance Dynamics**

A distinctive contribution of this study lies in its identification of socio-cultural factors as an important determinant of AIS implementation and village financial governance effectiveness. The findings show that in several villages, customary practices, traditional ceremonies, and local social obligations influence administrative schedules, reporting timelines, and financial documentation processes.

This finding indicates that village governance operates within a complex socio-cultural environment in which formal administrative systems coexist with informal institutional norms. In such contexts, reporting delays or deviations from standard procedures are not always caused by technical inefficiency or lack of compliance. They may also reflect the need to accommodate customary obligations and local community practices.

From a Public Accountability perspective, this finding highlights that accountability mechanisms are socially embedded. Accountability in village governance cannot be fully understood only through formal reports, regulatory compliance, or digital systems. It is also shaped by local norms, community expectations, leadership practices, and socio-cultural relationships. Therefore, effective governance in rural and culturally diverse contexts requires adaptive approaches that recognize local realities while maintaining the principles of transparency, accountability, and financial discipline.

This result extends previous studies on village governance and cultural challenges by showing that socio-cultural factors are not merely external constraints, but structural elements that shape how governance systems operate in practice (Sonbay et al., 2022). Therefore, policies aimed at improving AIS implementation should adopt a context-sensitive approach. Standardization remains important, but it should be accompanied by flexible implementation strategies, localized technical assistance, and culturally responsive reporting mechanisms.

### **Integration of AIS and Financial Performance Outcomes**

Another key issue identified in this study is the indirect and uneven relationship between AIS implementation and financial performance outcomes. The findings show that AIS improves administrative processes, financial documentation, and reporting systems. However, its impact on financial effectiveness varies across villages depending on local capacity and institutional conditions.

This variation can be explained by differences in training intensity, infrastructure availability, operator competence, and local governance capacity. Villages with trained personnel, stable operators, adequate infrastructure, and continuous technical assistance are better able to use AIS to improve financial management. Conversely, villages with limited resources, frequent personnel changes, weak infrastructure, or insufficient training face challenges in maximizing the benefits of AIS.

This finding suggests that AIS alone is insufficient to improve financial governance outcomes. The system facilitates financial administration, but the quality of outcomes depends on how well the system is used, supported, and integrated into broader governance practices. In this sense, AIS acts as a mediating and enabling mechanism that supports governance processes but does not directly determine development outcomes.

This contribution is important because it moves beyond the binary perspective of whether AIS is implemented or not. Instead, it emphasizes the quality of AIS implementation. Digital governance systems must be supported by capacity-building, infrastructure improvement, leadership commitment, and institutional strengthening. Without these

supporting conditions, AIS may improve procedural compliance but may not necessarily produce substantive improvements in governance effectiveness.

### **Theoretical and Empirical Contributions**

This study provides several theoretical and empirical contributions. First, it contributes to the literature on Accounting Information Systems and public financial governance by positioning AIS as an enabling and mediating mechanism. AIS helps translate Good Governance, Public Financial Management, and Public Accountability principles into operational practices, such as standardized reporting, structured documentation, improved auditability, and procedural transparency.

Second, this study challenges the conventional reliance on budget realization as the primary indicator of financial management effectiveness. The findings show that high realization rates may indicate strong budget absorption, but they do not necessarily reflect spending quality, program relevance, development outcomes, or community welfare impact. This contribution supports the need for a multidimensional evaluation framework in village financial management.

Third, this study highlights the importance of socio-cultural and institutional factors in shaping the effectiveness of digital governance systems. The case of Jayapura City demonstrates that AIS implementation is influenced by local customs, human resource capacity, infrastructure conditions, and institutional support. By integrating qualitative and quantitative approaches, this study offers a more comprehensive understanding of village financial governance in socio-culturally diverse contexts.

### **Policy Implications**

The findings of this study have several policy implications. First, local governments should shift from an absorption-oriented approach to an outcome-oriented approach in evaluating village financial management performance. Evaluation should not only focus on whether funds are fully realized, but also on whether expenditures contribute to service improvement, community welfare, economic resilience, and sustainable development outcomes.

Second, continuous capacity-building programs are needed to improve the competence of village officials, particularly treasurers and Siskeudes operators. Training should not be limited to technical system operation, but should also include financial planning, budget analysis, reporting quality, transparency practices, and the interpretation of financial data for decision-making.

Third, local governments should strengthen technical assistance and infrastructure support for villages with limited capacity. Reliable internet access, stable operators, updated system knowledge, and responsive support from supervisory institutions are essential to ensure that AIS can be used effectively and consistently across villages.

Fourth, village budget allocation policies should be rebalanced to provide greater support for community empowerment programs. Increasing the proportion of budget allocation for empowerment activities can help strengthen local economic capacity, entrepreneurship, skills development, and community resilience. This is important to ensure that village funds generate not only administrative outputs but also long-term socio-economic benefits.

Finally, policy frameworks should incorporate socio-cultural considerations into AIS implementation and village financial governance. Flexible reporting mechanisms, culturally responsive technical assistance, and adaptive supervision can help improve compliance without disregarding local traditions. In this way, governance systems can remain standardized and accountable while still being contextually appropriate for culturally diverse village environments.

## **5. Conclusions**

This study provides empirical evidence on the implementation of Accounting Information Systems (AIS), particularly Siskeudes, in village financial governance across 14 villages in Jayapura City. The findings show that AIS contributes positively to administrative aspects of village financial management, especially in improving transaction recording, reporting standardization, documentation quality, and procedural transparency. AIS also facilitates oversight by relevant authorities by producing more structured and traceable financial information. However, the contribution of AIS is mainly reflected in administrative efficiency and compliance, rather than directly determining broader development outcomes.

The quantitative findings indicate that most villages achieved high expenditure realization rates, generally above 90%, which reflects strong budget absorption capacity. Nevertheless, high realization rates should be interpreted cautiously because they mainly represent budget execution performance and do not necessarily indicate the quality, impact, or sustainability of development programs. The expenditure structure also shows that village budgets remain heavily concentrated on administrative and infrastructure-related spending, while allocations for community empowerment are relatively limited. This imbalance suggests that although village financial management appears effective from an administrative perspective, it has not fully supported long-term socio-economic development and community resilience.

The study further reveals that AIS implementation is shaped by contextual factors, including training intensity, human resource capacity, infrastructure availability, institutional support, and socio-cultural practices. Local cultural dynamics and customary obligations influence reporting timeliness and administrative processes, indicating that village financial governance is embedded within broader social and institutional contexts. Therefore, AIS should be understood as an enabling and mediating instrument rather than a standalone determinant of governance effectiveness. It facilitates the operationalization of Good Governance, Public Financial Management, and Public Accountability principles, but its effectiveness depends on supporting institutional and contextual conditions.

From a practical perspective, the findings suggest several policy implications. First, local governments should shift from an absorption-oriented approach to an outcome-oriented approach in evaluating village financial performance. Evaluation should include not only expenditure realization, but also development impact, service quality, community welfare, and sustainability of programs. Second, continuous training and technical assistance are needed to strengthen the capacity of village officials, particularly treasurers and Siskeudes operators. Third, local governments should establish clearer guidelines for more proportional budget allocation, especially by increasing the share of community empowerment programs. Finally, the integration of AIS into broader regional accountability systems may improve coordination, transparency, monitoring, and policy alignment across levels of government.

This study has several limitations. First, it is limited to 14 villages in Jayapura City, which may restrict the generalizability of the findings to other regions with different institutional, geographical, and socio-cultural characteristics. Second, the quantitative analysis primarily relies on expenditure realization data, which does not fully capture efficiency, spending quality, development outcomes, or long-term community impact. Third, although socio-cultural factors are identified as important influences, they are not quantitatively measured in this study.

Future research should address these limitations by expanding the scope of analysis to multiple regions and incorporating more comprehensive governance performance indicators, such as service quality, community satisfaction, program effectiveness, and development outcomes. Further studies may also use longitudinal analysis or econometric modeling to examine the causal relationship between AIS implementation and village governance performance. In addition, future research could explore the roles of digital literacy, organizational capacity, leadership commitment, and community participation as moderating or

mediating variables in strengthening the contribution of AIS to sustainable and inclusive rural development.

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