



## THE ROLE OF THE VILLAGE CONSULTATIVE BODY IN VILLAGE FUND ACCOUNTABILITY AND DEVELOPMENT OVERSIGHT: A CASE STUDY OF KAYUARA SAKTI VILLAGE, MUARA ENIM REGENCY

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### ***Abstract***

*This study examines the role of the Village Consultative Body (BPD) in supervising village development and maintaining the accountability of Village Funds in Kayuara Sakti Village, Gunung Megang Sub-district, Muara Enim Regency. The research responds to the continuing gap between the legal authority assigned to the BPD and its actual supervisory capacity, particularly in villages with geographical constraints that have received limited scholarly attention. A qualitative approach with a descriptive phenomenological design was employed. Data were collected through in-depth interviews with six key informants, field observations, and document analysis. The findings indicate that the BPD performs its supervisory role throughout the planning, implementation, and accountability stages of Village Fund management. Community aspirations are mainly collected through village deliberation meetings, field visits, and direct communication with residents. Nevertheless, participation from youth groups and residents living in remote areas remains relatively limited. The study also reveals that the effectiveness of supervision is constrained by insufficient technical competence, limited access to financial information, geographical barriers, and the lack of continuous institutional support. Despite these challenges, the presence of the BPD contributes positively to improving transparency, accountability, and communication between the village government and the community. This study extends previous research by demonstrating that geographical characteristics and institutional capacity jointly influence the effectiveness of village-level supervision. The findings highlight the importance of strengthening BPD capacity through regular technical training, improved access to information, and sustainable collaboration with local governments to enhance accountability in Village Fund management.*

**Keywords:** *Village Consultative Body; Village Fund Accountability; Development Supervision; Participatory Governance; Village Government*



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## 1. Introduction

Since the enactment of Law Number 6 of 2014 concerning Villages, Indonesian villages have received broader authority and greater financial resources through the Village Fund program. The policy aims to accelerate rural development, reduce inequality, and encourage community participation in local governance. As Village Fund allocations continue to increase, effective supervision has become increasingly important to ensure that public resources are managed transparently, efficiently, and in accordance with applicable regulations. Within the village governance structure, the Village Consultative Body (BPD) plays a strategic role in representing community aspirations, overseeing village government performance, and safeguarding accountability in Village Fund management.

From the perspective of Agency Theory, the relationship between the village government and the community reflects a principal–agent relationship. The community delegates authority to the village government to manage public resources, while the BPD functions as a representative institution responsible for reducing information asymmetry through supervision and accountability mechanisms. Meanwhile, Role Theory explains that the effectiveness of the BPD depends not only on its formal authority but also on its institutional capacity, competence, and ability to adapt to local social conditions. These theoretical perspectives provide a useful framework for understanding the implementation of supervisory functions in village governance.

Kayuara Sakti Village, located in Gunung Megang Sub-district, Muara Enim Regency, provides an appropriate setting for examining these issues. During the 2025 fiscal year, the village received Village Funds amounting to approximately IDR 680,000,000, with the largest allocation devoted to improving village access roads. Although these development activities have contributed to public welfare, their implementation has encountered several practical challenges, including delays, limited accessibility to several hamlets, and varying levels of community participation. These conditions require an effective supervisory mechanism to ensure that development programs remain consistent with community needs and regulatory requirements.

Evidence obtained during fieldwork indicates that the BPD actively participates in reviewing development plans and monitoring their implementation. As explained by the Village Head, every budget proposal must first be discussed with the BPD before approval, encouraging greater transparency in financial management. Likewise, the Head

of the BPD explained that community aspirations are collected through village deliberation meetings, direct visits to hamlets, and communication with residents. However, participation from youth groups remains relatively limited, resulting in several community needs being insufficiently represented in village development planning.

Previous studies generally conclude that the BPD contributes to improving accountability and transparency in village governance. Nevertheless, most empirical research has been conducted in villages with relatively adequate infrastructure and administrative capacity. Consequently, limited attention has been given to villages facing geographical barriers, restricted accessibility, and institutional resource constraints. Furthermore, previous studies tend to focus either on institutional performance or community participation separately, without examining how geographical conditions, institutional capacity, and supervision mechanisms interact throughout the Village Fund management cycle.

Based on these considerations, this study addresses an important research gap by investigating the supervisory role of the BPD in a geographically challenging village context. The novelty of this research lies in integrating Agency Theory and Role Theory to explain how institutional capacity, community participation, and geographical characteristics jointly influence the effectiveness of BPD supervision and Village Fund accountability. Unlike previous studies, this research analyses the complete supervision process—from planning and implementation to accountability reporting—while incorporating empirical evidence obtained directly from multiple stakeholders involved in village governance.

Accordingly, this study aims to examine the mechanism through which the BPD accommodates community aspirations, analyse the effectiveness of BPD supervision throughout Village Fund management, and identify the contributions and challenges faced by the BPD in maintaining accountability for Village Funds in Kayuara Sakti Village. The findings are expected to contribute to the development of village governance literature while providing practical recommendations for strengthening the supervisory capacity of the BPD in rural Indonesia.

## **2. Literature Review**

### **2.1 Role Theory and the Institutional Role of the Village Consultative Body**

Role Theory explains that the behavior and performance of an individual or institution are shaped by the expectations, responsibilities, and norms attached to its formal position. In the context of village governance, the Village Consultative Body (BPD) is not merely an administrative institution but a representative body expected to accommodate community aspirations, participate in village deliberations, and supervise the performance of the village government. The implementation of these functions depends on the extent to which BPD members understand their responsibilities and possess the capacity to perform them effectively.

The role of the BPD should therefore be understood as both a formal and a practical responsibility. Formally, the BPD derives its authority from the legal framework governing village administration. Practically, its performance is influenced by members' knowledge, access to information, communication with the village government, community support, and local geographical conditions. A formal mandate alone does not necessarily guarantee effective supervision. When institutional capacity is limited, the BPD may be able to participate in meetings and review development plans but may experience difficulties in examining financial information, assessing technical standards, or monitoring development activities consistently.

Recent studies on village governance support the importance of institutional capacity in achieving accountability. Oktari et al. (2022) found that both internal and external government factors influence Village Fund accountability and village government performance. Their findings suggest that accountability is shaped not only by formal regulations but also by the institutional conditions that support the implementation of those regulations. Similarly, Ningrum and Nurasik (2024) emphasized that the competence of village officials, the quality of financial reporting, and the accessibility of financial information are important factors in strengthening accountability. These findings indicate that institutional roles become more effective when they are supported by adequate knowledge, accessible information, and appropriate organizational resources.

In the present study, Role Theory is used to explain how the BPD performs its formal responsibilities under the specific social and geographical conditions of Kayuara Sakti Village. The theory also helps explain the difference between the BPD's legally assigned role and its actual performance. Although the BPD has a clear supervisory mandate, its ability to carry out that mandate may be constrained by limited technical knowledge, restricted access to information, and difficulties in reaching geographically distant areas. Therefore, the effectiveness of the BPD should be assessed not only according to whether its activities comply with formal procedures but also according to whether it has sufficient institutional capacity to perform its responsibilities throughout the Village Fund management process.

## **2.2 Agency Theory and Accountability in Village Fund Management**

Agency Theory provides a useful framework for understanding accountability relationships in village governance. The theory explains that an agency relationship occurs when one party, referred to as the principal, delegates authority and responsibility to another party, referred to as the agent, to perform activities on its behalf. In the context of Village Fund management, the community may be regarded as the principal because public resources are intended to meet community needs and support village development. The village government acts as the agent responsible for planning, implementing, administering, and reporting the use of Village Funds.

The delegation of authority may create information asymmetry because the village government generally has greater access to budget documents, financial information,

implementation reports, and technical data than the community. Information asymmetry can reduce the ability of citizens to evaluate whether public resources have been used efficiently and according to agreed priorities. The BPD serves as an institutional mechanism that helps reduce this imbalance by representing community interests, reviewing village development plans, monitoring implementation, and requesting explanations regarding the use of public funds.

Recent research demonstrates that accountability in Village Fund management is influenced by several interconnected factors. Pranowo and Rocchmatulloh (2023) found that leadership, competence, and organizational commitment positively affected Village Fund management accountability. Their findings indicate that accountability depends not only on the existence of reporting procedures but also on the capacity and commitment of the individuals responsible for implementing them. Likewise, Permatasari et al. (2024) examined Village Fund management and reporting systems using data from villages throughout Indonesia and highlighted the importance of strengthening the reliability and accountability of financial reporting systems. Their study demonstrates that formal reporting mechanisms should be supported by effective monitoring and data verification.

The relationship between Agency Theory and Village Fund accountability also extends beyond financial reporting. Accountability requires the availability of clear information, opportunities for community participation, and institutional mechanisms that enable stakeholders to evaluate government performance. Ningrum and Nurasik (2024) found that competence, financial reporting, and information accessibility are closely related to accountability in village financial management. These findings support the argument that information asymmetry can be reduced when financial information is understandable, accessible, and supported by competent institutional actors.

In this study, Agency Theory is used to examine how the BPD contributes to reducing information asymmetry between the village government and the community. The theory also provides a basis for analysing the BPD's supervisory activities during planning, implementation, and accountability reporting. However, the effectiveness of the BPD as a monitoring institution may be limited when information is provided late, supporting documents are incomplete, or BPD members do not possess sufficient financial and technical knowledge. Consequently, accountability should be viewed as a continuing process that requires transparency, institutional competence, effective communication, and active supervision.

### **2.3 Village Financial Management and Accountability**

Village financial management refers to the process through which village revenues and expenditures are planned, implemented, administered, reported, and accounted for in accordance with applicable regulations. Effective financial management is expected to ensure that public resources are used efficiently, transparently, and in accordance with community priorities. Accountability is therefore not limited to the preparation of financial reports. It also includes the obligation of the village government to explain

decisions, demonstrate compliance with regulations, provide evidence of program implementation, and respond to community concerns.

Recent empirical studies show that Village Fund accountability is influenced by both organizational and governance-related factors. Oktari et al. (2022) reported that internal and external factors affect the accountability of Village Fund management and the performance of village governments. This finding suggests that accountability is influenced by institutional conditions within the village as well as support and oversight from external actors. Pranowo and Rocchmatulloh (2023) similarly found that leadership, competence, and organizational commitment contribute positively to accountability. Together, these studies indicate that effective Village Fund management requires capable institutions and committed public officials rather than relying solely on formal compliance.

The availability and accessibility of financial information are also important components of accountability. Ningrum and Nurasik (2024) argued that competence, the presentation of financial reports, and the accessibility of information are central to accountable village financial management. Financial reports may fulfill administrative requirements, but their contribution to public accountability is limited when stakeholders cannot access or understand the information provided. Transparency should therefore include the timely dissemination of information through communication channels that can be accessed by different groups within the community.

Digital financial systems have also become increasingly important in improving the administration and reporting of Village Funds. Maharani and Widodo (2024) examined the use of village financial system applications and emphasized their potential to improve transparency, accountability, and public participation. Similarly, Khoirudin et al. (2024) identified the government internal control system, the village financial system application, and the competence of village officials as important determinants of accountability. These findings suggest that digital systems can support more systematic financial administration, but their effectiveness remains dependent on institutional competence, reliable data, and effective internal controls.

The findings of previous studies indicate that Village Fund accountability should be understood as a multidimensional process involving financial competence, reporting quality, information accessibility, internal control, and institutional oversight. This perspective is relevant to the present study because the BPD performs a supervisory role across several stages of Village Fund management. The BPD's effectiveness may therefore depend on its ability to obtain relevant information, understand financial and technical documents, communicate with the village government, and follow up on issues identified during supervision.

## **2.4 Participatory Governance and Community Aspiration**

Participatory governance emphasizes the involvement of citizens in public decision-making, planning, implementation, monitoring, and evaluation. At the village level, participation allows development priorities to reflect local needs and provides an

additional mechanism for monitoring the use of public resources. Community participation is particularly important because village development programs are intended to improve public welfare and should therefore be based on the experiences and priorities of residents.

The BPD has an important role in facilitating participatory governance because it serves as a representative institution that collects, discusses, and communicates community aspirations. This function includes organizing or participating in village deliberation meetings, receiving complaints and proposals, conducting field visits, and communicating community priorities to the village government. Effective participation, however, requires more than the formal availability of meetings. Citizens must receive adequate information, have meaningful opportunities to express their views, and be able to understand how their proposals are considered in village planning.

Recent studies provide evidence that participation and transparency contribute to more effective Village Fund management. Sakdiyah et al. (2023) found that transparency, community participation, and the village financial system positively influenced the effectiveness of Village Fund management. Their findings indicate that participation can strengthen the relationship between public needs and development priorities while also encouraging greater transparency in financial management. However, participation may not produce the same results in every context. Pranowo and Rocchmatulloh (2023) found that community participation did not have a significant effect on Village Fund accountability in their study. This difference suggests that the impact of participation may depend on its quality, inclusiveness, and connection to decision-making processes.

These findings highlight the need to distinguish between formal participation and substantive participation. Formal participation occurs when citizens attend meetings or submit proposals. Substantive participation occurs when different community groups are able to influence development priorities and receive clear information regarding the outcomes of their proposals. Participation may remain limited when meetings are dominated by community leaders, when information does not reach residents in remote areas, or when groups such as young people and women have limited opportunities to communicate their needs.

In the context of Kayuara Sakti Village, participatory governance is examined through the BPD's mechanisms for collecting and communicating community aspirations. The study considers not only the existence of deliberation forums but also the extent to which those mechanisms reach different social groups and geographical areas. This approach is important because unequal access to participation may affect the representativeness of development planning and the ability of the BPD to perform its role as a bridge between the community and the village government.

## **2.5 Local Government Oversight and Institutional Support**

Local government oversight refers to the mechanisms through which higher levels of government provide guidance, monitoring, evaluation, and technical support to village institutions. Oversight is important because village governments and representative

bodies may have different levels of administrative, financial, and technical capacity. Support from sub-district and district governments can strengthen compliance with regulations, improve the quality of financial reporting, and enhance the ability of village institutions to identify and address implementation problems.

Recent research indicates that accountability is strengthened when internal capacity is supported by effective control systems and institutional assistance. Khoirudin et al. (2024) found that internal control systems, village financial applications, and the competence of village officials are important factors in Village Fund accountability. This finding demonstrates that accountability requires an integrated governance system involving competent personnel, reliable information systems, and effective monitoring mechanisms. Permatasari et al. (2024) also emphasized the importance of improving the reliability of Village Fund management and reporting systems, particularly through stronger data verification and accountability mechanisms.

Institutional support may include regular training, technical assistance, guidance on financial reporting, access to relevant documents, and assistance in monitoring infrastructure projects. Such support is particularly important for BPD members because their responsibilities may involve evaluating financial information and monitoring technical development activities even when they do not have professional backgrounds in accounting or construction. Periodic training may improve knowledge, but short and infrequent programs may not be sufficient to build sustainable supervisory capacity.

Local government oversight should therefore be understood as a capacity-building process rather than only an administrative control mechanism. Effective oversight can strengthen village institutions by providing continuous guidance, improving access to information, and supporting coordination among the village government, BPD, village facilitators, and higher-level government agencies. In geographically challenging areas, institutional support may also need to address practical barriers such as transportation, communication infrastructure, and limited access to digital systems.

## **2.6 Synthesis of Previous Studies and Research Gap**

Previous research provides important evidence regarding the factors that influence Village Fund accountability and the effectiveness of village governance. Studies by Oktari et al. (2022), Pranowo and Rocchmatulloh (2023), and Ningrum and Nurasik (2024) emphasize the importance of institutional competence, leadership, organizational commitment, reporting quality, and information accessibility. Research by Sakdiyah et al. (2023) highlights the contribution of transparency, community participation, and village financial systems to effective Village Fund management. Meanwhile, Maharani and Widodo (2024), Khoirudin et al. (2024), and Permatasari et al. (2024) demonstrate the increasing importance of digital financial systems, internal controls, and reliable reporting mechanisms.

Although these studies have expanded understanding of village financial governance, several gaps remain. First, many studies use quantitative approaches to examine the relationship between organizational variables and accountability outcomes.

These approaches provide useful statistical evidence but offer limited explanation of how supervision is implemented in everyday village governance. Second, previous studies frequently examine financial management, community participation, or institutional capacity as separate issues. Limited research integrates these factors to explain how the BPD performs its supervisory role throughout the planning, implementation, and accountability stages of Village Fund management.

Third, the geographical context of village governance has received relatively limited attention. The effectiveness of supervision may differ between villages with adequate infrastructure and villages where difficult terrain, long travel distances, and limited access to information affect institutional activities. These contextual conditions may influence the frequency of field monitoring, the inclusiveness of community participation, and the ability of the BPD to obtain timely information. Therefore, findings from more accessible villages cannot necessarily be applied directly to geographically constrained areas.

The present study addresses these gaps by examining the BPD's role in Kayuara Sakti Village through an integrated theoretical perspective. Agency Theory is used to explain how BPD supervision may reduce information asymmetry and strengthen accountability, while Role Theory is used to analyse the relationship between formal responsibilities and actual institutional performance. The study also examines the complete supervision process, including the accommodation of community aspirations, development planning, implementation monitoring, and accountability reporting.

The contribution of this study lies in explaining how institutional capacity, participatory governance, information accessibility, and geographical conditions interact in shaping the effectiveness of BPD supervision. Rather than treating accountability as an outcome of financial reporting alone, this study conceptualizes accountability as a continuing governance process supported by community representation, transparent information, institutional competence, and coordinated oversight. This perspective is expected to contribute to the literature on village governance while providing practical insights for strengthening the BPD's supervisory capacity in geographically challenging rural areas.

### **3. Research Method**

This study employed a qualitative research approach using a descriptive phenomenological design to obtain a comprehensive understanding of the role of the Village Consultative Body (BPD) in supervising village development and maintaining the accountability of Village Funds in Kayuara Sakti Village, Gunung Megang Sub-district, Muara Enim Regency. A qualitative approach was considered appropriate because the research sought to explore experiences, perceptions, and interactions among stakeholders involved in village governance rather than to measure relationships statistically. Through this approach, the researcher was able to examine how supervision

was implemented in practice and how the BPD carried out its institutional responsibilities within the local social and administrative context.

The research was conducted in Kayuara Sakti Village between November 2025 and February 2026. The village was selected purposively because it represents a rural area where Village Funds constitute an important source of development financing and where the BPD actively participates in development planning and supervision. In addition, the village has geographical characteristics that create practical challenges for monitoring development activities, making it an appropriate setting for examining the effectiveness of village-level supervision.

Primary data were collected through semi-structured, in-depth interviews with six key informants selected using purposive sampling. The informants consisted of the Village Head, the Chairperson of the Village Consultative Body (BPD), the Village Planning Officer, the Secretary of the BPD, and two community leaders. These individuals were selected because they were directly involved in the planning, implementation, supervision, and evaluation of Village Fund management and therefore possessed relevant knowledge regarding the research objectives. Interview questions were designed to explore four main themes:

- a. The mechanism for accommodating community aspirations
- b. The supervisory role of the BPD during Village Fund management
- c. Factors supporting and constraining supervision
- d. The contribution of the BPD to transparency and accountability

Secondary data were obtained from village development planning documents, Village Fund realization reports, village meeting minutes, government regulations, and other official documents related to Village Fund management. These documents were used to complement the interview findings and to verify information obtained from participants through data triangulation. The study also incorporated direct field observations to examine ongoing development activities, the implementation of supervision, and interactions between the village government, the BPD, and community members. Data collection was undertaken through three complementary techniques. First, in-depth interviews were conducted to obtain detailed explanations from informants regarding their experiences and perceptions of BPD supervision. Second, non-participant observation enabled the researcher to directly observe development activities, supervisory practices, and community participation in village meetings. Third, documentation analysis was carried out to examine planning documents, accountability reports, budget realization records, and other supporting administrative documents. The combination of these techniques allowed the researcher to compare evidence from different sources and strengthen the credibility of the findings.

To enhance the trustworthiness of the research, data validity was established through source triangulation, method triangulation, and member checking. Source triangulation was conducted by comparing information obtained from different categories of informants, including village officials, BPD representatives, and community leaders.

Method triangulation involved comparing interview findings with observations and documentary evidence. Member checking was undertaken by confirming several interview results with the respective informants to ensure that the interpretations accurately reflected their views and experiences. The collected data were analysed using the interactive model proposed by Miles, Huberman, and Saldaña (2014), consisting of three interconnected stages: data condensation, data display, and conclusion drawing and verification. During the first stage, interview transcripts, observation notes, and documentary evidence were carefully reviewed and coded according to themes relevant to the research objectives. Similar responses were grouped into categories such as community participation, supervisory mechanisms, institutional capacity, accountability, and implementation challenges. In the second stage, the categorized data were systematically organized into narrative descriptions that facilitated comparison across different informants and data sources. Finally, conclusions were developed by identifying recurring patterns, comparing empirical findings with the theoretical framework of Agency Theory and Role Theory, and interpreting how institutional capacity, community participation, and geographical conditions influenced the implementation of BPD supervision in Kayuara Sakti Village.

Ethical considerations were observed throughout the research process. All informants participated voluntarily after receiving an explanation regarding the objectives of the study. Their responses were recorded with permission, used solely for academic purposes, and interpreted objectively while maintaining the confidentiality of personal information. The researcher also sought to minimize bias by presenting interview findings alongside documentary evidence and field observations so that the analysis reflected the actual conditions of Village Fund supervision in the research location.

## **4. Results and Discussion**

### **4.1 The Supervisory Role of the Village Consultative Body in Village Fund Management**

Kayuara Sakti Village is located in Gunung Megang Sub-district, Muara Enim Regency, South Sumatra Province. The village covers approximately 15.36 km<sup>2</sup> and has a population of 1,272 residents distributed across four hamlets. Most residents depend on agriculture, particularly rubber and oil palm plantations, making transportation infrastructure an essential factor in supporting economic activities. During the 2025 fiscal year, Kayuara Sakti Village received Village Funds amounting to IDR 680,000,000, of which approximately 62% (IDR 421,600,000) was allocated to the construction and improvement of village roads. The large proportion of the budget devoted to infrastructure demonstrates the village government's priority to improve accessibility and facilitate the transportation of agricultural products.

Despite these development efforts, the geographical characteristics of the village present considerable challenges. Several hamlets are located in hilly areas with limited accessibility, particularly during the rainy season. These conditions not only affect project

implementation but also influence the effectiveness of supervision conducted by the Village Consultative Body (BPD). Consequently, understanding how the BPD performs its supervisory function within this context is essential for evaluating the accountability of Village Fund management.

The findings of this study demonstrate that the Village Consultative Body (BPD) plays a significant role in strengthening the accountability of Village Fund management throughout the planning, implementation, and evaluation stages of village development. Rather than functioning merely as a formal institution, the BPD actively participates in discussing development priorities, monitoring project implementation, and evaluating financial accountability reports. These supervisory activities contribute to improving transparency while ensuring that development programmes remain aligned with community needs and applicable regulations. This finding is supported by the Village Head, who stated clearly: “Every budget plan must be discussed first before approval, so funds are not spent arbitrarily.” This statement confirms that BPD involvement encourages careful financial management, prevents unilateral decisions, and builds collective agreement before programs are carried out. Supervision becomes more than just administrative routine; it runs from the early planning stage to guarantee compliance with rules and meet community expectations.

This finding is supported by the interview with the Village Head, who explained that the existence of the BPD encourages greater responsibility in managing Village Funds. The Village Head stated that every development proposal and budget allocation must first be discussed with the BPD before implementation, while financial reports are continuously reviewed as part of the accountability process. Similarly, the Chairperson of the BPD explained that community aspirations are collected through village deliberation meetings, direct communication with residents, and field visits before being incorporated into development planning. These interview findings indicate that supervision is not limited to administrative procedures but also includes maintaining continuous communication between the village government and local residents.

The interview evidence suggests that effective supervision depends on continuous interaction between the BPD, the village government, and the community. Such interaction enables the BPD to identify implementation problems at an early stage, provide recommendations before decisions are finalised, and ensure that public resources are allocated according to community priorities. Consequently, supervision functions not only as a mechanism for preventing administrative irregularities but also as a process that strengthens public trust in village governance.

These findings can be interpreted through the perspective of Agency Theory, which explains the relationship between the village government as the agent and the community as the principal. Since village officials possess greater access to financial information, information asymmetry may arise if accountability mechanisms are weak. The findings indicate that the BPD reduces this asymmetry by reviewing budget proposals, monitoring implementation, and verifying accountability reports before they are presented to the

public. Through these supervisory activities, the BPD contributes to increasing transparency and reducing opportunities for discretionary decision-making in Village Fund management.

From the perspective of Role Theory, the findings demonstrate that institutional effectiveness depends not only on formal authority but also on how organisational members perform their assigned responsibilities. The active involvement of BPD members in village deliberation meetings, field monitoring, and communication with residents reflects effective role performance. Nevertheless, the interviews also indicate that differences in technical knowledge and supervisory experience among BPD members influence the consistency of supervision, suggesting that institutional authority should be supported by continuous capacity development.

The findings are generally consistent with previous studies reporting that the BPD plays an important role in improving transparency and accountability in village governance. However, this study extends previous research by demonstrating that effective supervision is influenced not only by institutional authority but also by the interaction between community participation, communication, and local geographical conditions. In Kayuara Sakti Village, dispersed settlements and varying levels of public participation require the BPD to adopt more intensive communication and monitoring strategies than those commonly described in earlier studies. These contextual factors provide additional insight into why supervisory effectiveness may differ across villages despite having the same legal framework.

Overall, this study contributes to the literature by demonstrating that accountability in Village Fund management is achieved through the interaction of institutional commitment, participatory governance, and local contextual conditions. The findings suggest that strengthening the supervisory role of the BPD requires not only compliance with legal regulations but also continuous institutional learning, effective communication, and collaborative governance involving the village government and the community. This broader perspective enriches existing discussions on village governance by explaining how institutional capacity and local characteristics jointly influence the effectiveness of Village Fund accountability.

#### **4.2 Community Participation in Strengthening Village Fund Accountability**

The findings of this study indicate that community participation is an essential element in strengthening the accountability of Village Fund management. Active involvement of local residents in village governance enables development programmes to reflect community needs while promoting greater transparency throughout the planning, implementation, and evaluation stages. The findings demonstrate that the Village Consultative Body (BPD) serves not only as a supervisory institution but also as a facilitator that encourages public participation in decision-making. Through village deliberation meetings, direct communication with residents, and field visits, the BPD provides opportunities for community members to express development priorities, monitor project implementation, and evaluate development outcomes.

This finding is supported by the interview with the Chairperson of the BPD, who explained that community aspirations are collected through village deliberation meetings, discussions with community leaders, and direct visits to neighbourhoods before being incorporated into the village development planning process. The interview further revealed that the BPD continuously communicates with residents to ensure that proposed development programmes genuinely represent local priorities rather than the interests of a limited group. In addition, a community representative stated that the existence of the BPD has increased public confidence because residents have a formal institution through which they can communicate their concerns and monitor village development activities. These interview findings indicate that community participation has become an integral component of Village Fund governance rather than merely a procedural requirement.

The interview evidence suggests that meaningful participation contributes to better accountability by improving the quality of information exchanged between the village government and the community. When residents are actively involved in identifying development priorities and monitoring implementation, village officials become more responsive to community expectations and more careful in managing public resources. Moreover, continuous communication between the BPD and local residents creates opportunities to identify implementation problems at an early stage, allowing corrective actions to be taken before those problems affect project outcomes. These findings demonstrate that accountability is strengthened when supervision is supported by active public engagement rather than relying solely on administrative procedures.

From the perspective of Agency Theory, community participation functions as an important mechanism for reducing information asymmetry between the village government, acting as the agent, and the community, acting as the principal. Active public involvement increases transparency because village officials are required to explain development priorities, financial allocations, and project implementation directly to the community. Consequently, the BPD acts as an intermediary institution that facilitates the flow of information between both parties while reducing the possibility of opportunistic behaviour in Village Fund management.

These findings are also consistent with Role Theory, which argues that institutional effectiveness depends on how individuals perform their assigned responsibilities within an organisation. The BPD's ability to encourage community participation reflects the successful performance of its representative and supervisory roles. Rather than acting solely as a monitoring institution, the BPD performs a broader governance function by facilitating dialogue, mediating community aspirations, and strengthening collaboration between citizens and the village government. This finding indicates that effective institutional performance requires active communication, leadership, and responsiveness in addition to formal authority.

The findings are generally consistent with previous studies that recognise community participation as a fundamental component of transparent and accountable village governance. Earlier research has shown that public involvement improves

transparency by increasing public oversight and encouraging government responsiveness. However, this study extends previous findings by demonstrating that the effectiveness of community participation depends not only on the availability of formal deliberation forums but also on the quality of communication facilitated by the BPD and the geographical characteristics of the village. In Kayuara Sakti Village, dispersed settlements and varying levels of public awareness require more intensive outreach and direct interaction to ensure that community aspirations are adequately represented in development planning. This contextual perspective enriches previous studies by illustrating how local conditions shape participatory governance practices.

Overall, this study contributes to the literature by demonstrating that community participation should be understood as a continuous governance process rather than a single stage of development planning. The findings show that sustainable Village Fund accountability emerges through the interaction between institutional supervision, public participation, and transparent communication among stakeholders. Consequently, strengthening accountability requires not only effective regulatory frameworks but also continuous collaboration between the village government, the BPD, and the community throughout the entire Village Fund management cycle.

#### **4.3 Challenges Affecting the Effectiveness of BPD Supervision**

The findings of this study reveal that although the Village Consultative Body (BPD) has performed its supervisory responsibilities throughout the Village Fund management process, several institutional and contextual challenges continue to limit the effectiveness of its oversight. These challenges include differences in the technical competence of BPD members, limited understanding of financial management and infrastructure supervision, delayed access to supporting documents, geographical barriers, and uneven levels of community participation. Collectively, these factors influence the BPD's ability to carry out comprehensive supervision and ensure that Village Fund management remains transparent and accountable.

The interview findings support these observations. As the BPD Secretary explained: "Our own knowledge is the biggest challenge, not all of us understand financial calculation or construction technical standards, sometimes we get confused with numerical reports and need further explanation." This difficulty is compounded when supporting documents arrive late or are incomplete, which limits the ability to review information thoroughly and in a timely manner. A village official responsible for development planning explained that the BPD regularly conducts field monitoring to observe project implementation and identify issues requiring immediate attention. However, effective supervision often depends on close coordination between the BPD and the village government because technical information and administrative documents are not always available simultaneously. In addition, the Secretary of the BPD acknowledged that some members still experience difficulties in interpreting financial reports and assessing technical aspects of development projects, particularly those requiring specialised knowledge. The interview further indicated that supporting

documents are occasionally received later than expected, limiting the BPD's ability to conduct timely evaluations.

These findings indicate that the effectiveness of supervision is determined not only by the legal authority granted to the BPD but also by its institutional capacity to perform increasingly complex governance functions. As Village Fund management has become more sophisticated, BPD members are expected to evaluate financial accountability, monitor infrastructure development, and respond to community concerns simultaneously. Without sufficient technical knowledge and continuous institutional support, supervisory activities may focus primarily on administrative compliance rather than comprehensive evaluation of financial performance and development outcomes. Furthermore, geographical conditions in Kayuara Sakti Village require additional time and resources for field monitoring because some settlements are located far from the village administrative centre. These local characteristics create practical challenges that are not always reflected in formal regulations governing Village Fund supervision.

From the perspective of Agency Theory, these challenges may increase information asymmetry between the village government and the community. Limited technical capacity and delayed access to financial information reduce the ability of the BPD to verify whether Village Fund expenditures are fully consistent with approved development plans. Consequently, the supervisory mechanism becomes less effective in preventing potential governance risks. Strengthening institutional capacity and improving access to financial information are therefore essential to reducing information asymmetry and reinforcing accountability within village governance.

These findings are also consistent with Role Theory, which argues that institutional performance depends on the successful alignment of organisational responsibilities with individual competencies. Although the BPD possesses formal authority to supervise Village Fund management, the interviews suggest that differences in members' educational backgrounds, technical expertise, and practical experience influence the consistency of supervisory performance. Effective implementation of institutional roles therefore requires continuous professional development, practical training, and organisational support rather than relying solely on statutory responsibilities. The present findings are generally consistent with previous studies reporting that limited institutional capacity represents one of the primary constraints affecting village governance. Earlier research has identified inadequate technical competence and limited financial knowledge as factors reducing the effectiveness of Village Fund supervision. However, this study expands the existing literature by demonstrating that institutional capacity alone does not fully explain supervisory effectiveness. The findings indicate that geographical accessibility, communication between stakeholders, and the timely availability of financial information also play significant roles in determining the quality of oversight. These contextual factors explain why villages operating under the same regulatory framework may experience different levels of accountability and governance performance.

Overall, this study contributes to the literature by demonstrating that strengthening Village Fund accountability requires a comprehensive approach that integrates institutional capacity development, effective communication, community participation, and contextual adaptation to local conditions. Sustainable supervision cannot be achieved solely through regulatory compliance; rather, it depends on the ability of the BPD, village government, and community to collaborate continuously throughout the planning, implementation, and evaluation stages of Village Fund management. These findings provide a broader understanding of the factors influencing supervisory effectiveness and offer practical insights for improving governance in rural communities.

#### **4.4 Practical Implications**

The findings of this study provide several practical implications for improving the effectiveness of Village Fund governance and strengthening the supervisory role of the Village Consultative Body (BPD). The study demonstrates that accountability is not determined solely by regulatory compliance but also by the interaction between institutional capacity, community participation, access to information, and collaboration among stakeholders. Therefore, efforts to improve Village Fund governance should adopt a comprehensive approach that addresses these interconnected dimensions.

First, strengthening the institutional capacity of BPD members should become a priority for both village and district governments. The interview findings indicate that differences in members' technical knowledge and experience influence the effectiveness of financial supervision and development monitoring. Regular capacity-building programmes should therefore be organised to enhance competencies in village financial management, budget analysis, procurement procedures, infrastructure supervision, and accountability reporting. Training should combine theoretical knowledge with practical case studies and field-based learning to enable BPD members to apply supervisory principles effectively in real governance situations.

Second, continuous mentoring should be provided through collaboration between district governments, village facilitators, and relevant technical agencies. Rather than conducting one-time training activities, mentoring programmes should provide ongoing technical assistance, consultation, and performance evaluation to ensure that BPD members receive practical guidance when addressing increasingly complex governance issues. Such collaborative support would strengthen institutional confidence while improving the consistency and quality of supervisory practices across villages.

Third, the adoption of digital governance and supervision systems should be encouraged to improve transparency and facilitate access to financial information. Digital platforms could enable the village government to publish budget allocations, implementation progress, procurement information, and accountability reports in a more accessible and timely manner. At the same time, digital monitoring tools would assist the BPD in verifying project implementation, documenting field observations, and monitoring follow-up actions more efficiently. Increased public access to digital

information would also strengthen community participation by allowing residents to monitor Village Fund utilisation and submit feedback more effectively.

Fourth, a structured monitoring and evaluation framework should be institutionalised to ensure continuous oversight throughout the Village Fund management cycle. Instead of focusing supervision solely on completed projects, regular monitoring activities should be conducted during planning, implementation, and post-project evaluation. Quarterly coordination meetings involving the village government, the BPD, community representatives, and village facilitators would provide opportunities to discuss implementation progress, identify emerging challenges, and formulate corrective actions before problems become more significant. This collaborative approach would improve accountability while promoting greater transparency and public trust.

Finally, strengthening community participation should remain an integral component of Village Fund governance. The findings demonstrate that accountability is enhanced when residents actively participate in identifying development priorities, monitoring project implementation, and evaluating development outcomes. Consequently, the village government and the BPD should expand opportunities for public engagement through inclusive village deliberation meetings, community consultation forums, outreach programmes in remote hamlets, and accessible complaint mechanisms. These initiatives would ensure that diverse community perspectives are represented throughout the decision-making process while reinforcing the legitimacy of development policies.

Overall, the practical implications of this study suggest that improving Village Fund accountability requires more than strengthening legal regulations. Sustainable governance depends on continuous institutional learning, effective communication, digital innovation, and active collaboration among the village government, the BPD, district authorities, and the community. By integrating these strategies, villages can establish a more transparent, participatory, and accountable governance system capable of supporting long-term rural development.

## **5. Conclusion and Suggestions**

### **5.1 Conclusion**

This study examined the role of the Village Consultative Body (BPD) in supervising village development and maintaining the accountability of Village Funds in Kayuara Sakti Village, Gunung Megang Sub-district, Muara Enim Regency. The findings indicate that the BPD has carried out its supervisory role throughout the Village Fund management process, beginning with the identification of community aspirations, participation in development planning, monitoring project implementation, and reviewing accountability reports. These activities demonstrate that the BPD functions not only as a representative institution but also as an important mechanism for promoting transparency and accountability in village governance.

The study also found that the implementation of BPD supervision is influenced by several institutional and contextual factors. Continuous communication between the village government and the BPD has contributed to improving transparency in decision-making and strengthening accountability in Village Fund management. However, the effectiveness of supervision remains constrained by limited technical competence among BPD members, unequal community participation, and geographical conditions that affect monitoring activities, particularly in remote areas. The findings support the perspective of Agency Theory, which explains that the BPD helps reduce information asymmetry between the village government and the community through supervision, consultation, and accountability mechanisms. In addition, Role Theory provides an explanation that the successful implementation of supervisory functions depends not only on formal authority but also on institutional capacity, communication, and the ability of the BPD to perform its responsibilities effectively. Therefore, strengthening the capacity of the BPD through continuous training, improved access to financial information, and stronger collaboration with local government institutions is essential for improving the quality of Village Fund governance. This study contributes to the literature on village governance by providing empirical evidence from a rural village with geographical characteristics that influence the implementation of supervision. The findings demonstrate that accountability in Village Fund management is not solely determined by regulatory compliance but also by the interaction between institutional capacity, community participation, transparency, and the local governance context.

## 5.2 Limitations

This study has several limitations. First, the research was conducted in a single village, namely Kayuara Sakti Village, which means that the findings reflect the specific institutional and geographical characteristics of the study area. Consequently, the results should be interpreted within the context of this case and may not fully represent conditions in other villages with different administrative, social, or economic characteristics. Second, this study employed a qualitative approach using interviews, observations, and document analysis. Although data triangulation was applied to improve the credibility of the findings, the analysis remains dependent on the experiences and perspectives of the selected informants. Different participants or research settings may provide additional insights into the implementation of BPD supervision.

Third, the study focused primarily on the supervisory role of the BPD in the management of Village Funds during one period of implementation. Other dimensions of village governance, such as the long-term impact of supervision on development outcomes or comparisons with villages that have different institutional capacities, were beyond the scope of this research. Future studies are encouraged to examine multiple villages with diverse geographical and institutional characteristics by applying comparative or mixed-method approaches. Such research would provide a broader understanding of how institutional capacity, community participation, digital financial management systems,

and local government support influence the effectiveness of BPD supervision and the accountability of Village Fund management.

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