

Prevention of Fraud to Achieve Accountability For Village Fund Management

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Abstract. *The study aims to analyze the influence of internal control and competence on fraud prevention to achieve accountability for village fund management in pandemic times. Internal control and competence of village officials become one of the challenges in this pandemic period where the village government is more efficient and effective in using the budget. But there are still factors that cause reduced accountability in the management of village funds caused by the change of village heads that bring an overhaul of their leadership structure. In addition, there are still many activities that are not in accordance with Permendes priority. This resulted in one of the causes of weak internal control and competence possessed by the village apparatus. This study used Purposive sampling in Muaro Jambi district as many as 50 respondents. This research is quantitative research with a causality research design. Cross-section data types and primary data sources. Data analysis techniques using SEM-PLS. The results showed that internal control significantly affects fraud prevention directly, and indirectly affects accountability. Conversely, competence does not affect fraud prevention and does not affect either directly or indirectly on accountability for village fund management. Fraud prevention affects accountability of village fund management.*

Keywords: *Internal Control; Competence; Fraud Prevention; Accountability*

INTRODUCTION

Law RI Nomor 6 of 2014 on Villages explains that villages in 2015 will get 10% of the State Revenue and Expenditure Budget (APBN). The funds that go to the village are called village funds. By following with Government Regulation No. 60 of 2014 on Village Funds Sourced from the State Revenue and Expenditure Budget as amended several times, most recently with Government Regulation No. 8 of 2016 on the Second Amendment to Government Regulation No. 60 of 2014 concerning Village Funds Sourced from the State Revenue and Expenditure Budget in Article 1 number (2) mentioned that village funds are funds sourced from the State Revenue and Expenditure Budget. intended for villages that are transferred through the district/city Regional Revenue and Spending Budget and used to finance the implementation of government, implementation of development, community development, and community empowerment.

The change of village head has considerable influence on the organizational structure. This is one of the factors that need to be considered because it requires skills to better understand the use of village funds so that for adjustment to the needs of the community has not been maximal. In addition, there is training

on finances conducted from officers outside Jambi province so that when there are problems, technical or non-technical they can only communicate via telephone because they enter the pandemic period covid 19 so that the existing problems can still not be solved without seeing the evidence and facts in the village.

Observation and control continues to be carried out by the central government against regional authorities, especially villages. However, the supervisory function is sometimes constrained by mileage in muaro jambi villages that are quite far away. During this pandemic there are obstacles to infrastructure development that invites the community to participate in it so that many scheduled activities become backwards. However, the community still considers that the village apparatus is considered responsible for establishing adequate control links and controlling activities to prevent the occurrence of performance and reporting.

The village is given adequate authority and funding in order to manage its potential to improve the economy and welfare of the community. On average, in the village head's office there is already nameplate information that shows the use of village funds, but the information still has not received the full trust of the community. The village community demands accountability and transparency of the

village fund report fully. While the village officials have not been able to show details about the use of village funds because there are some uses of funds outside the priority areas such as most village funds are used only for village road improvements, the creation of village offices and this work is carried out by third parties and the results seen by the community have not been satisfactory. There is still a lack of coaching programs to the community because of the portion of more funds to physical activities. This shows that there are still activities that are not in accordance with Permende's priorities. In addition, there is also no evidence of village development deliberations (Musrengbandes).

From the results of the initial survey, BUMDesa in Muaro Jambi Regency, the average business is less active. In addition, bumdesa many who have not compiled their financial statements in full. They only make a record of incoming money and outgoing money, and have not been in accordance with tax reporting with applicable provisions. For asset management in the village is also not neat and well-registered. Based on the background that has been outlined above, researchers conducted research with the aim to obtain empirical evidence on: Prevention of fraud to achieve accountability of village funds in Kumpeh Ulu District of Muaro Jambi Regency.

Literature Review

Principles of Good Corporate Governance

Corporate governance is a system consisting of a set of structures, procedures, and mechanisms designed for the management of companies based on the principle of accountability that can increase the value of the company in the long run (Velnampy, 2013). Conceptually the understanding of good governance contains the first two understandings, values that uphold the will of the people, and values that can improve people's ability to achieve the goals of independence, sustainable development and social justice. If the quality of local government today and in the future is determined by the quality of good governance, it can actually be said that the core of the quality of local government is largely determined by the quality of its financial management.

Openness to the people (public disclosure), the right to information, public participation, and the demands for modern

public management, marked an era of increased awareness of the importance of good governance in Indonesia, which is ultimately better known as good government governance, or abbreviated as GGG. In general, GGG is the safeguarding of reciprocal relationships between elements of the organization formed by the government, aimed at achieving policy objectives efficiently and effectively, and communicating openly and providing accountability to stakeholders.

The application of the principles of good governance in the implementation of the state cannot be separated from the issue of accountability and transparency in the management of state finances, because the financial aspects of the country occupy a strategic position in the nation-building process, both in terms of nature, number and effect on the progress, resilience, and stability of the nation's economy. According to the National Committee on Governance Policy (KNKG, 2008) the implementation of the principles of good governance will make a strategic contribution to: (1) improve the welfare of the community; (2) to state a healthy business climate; (3) improve competitiveness; and (4) very effective in avoiding irregularities and preventing corruption and bribery.

The United Nations Development Program (UNDP) recommends several characteristics of good governance, namely, political legitimacy, cooperation with civil society institutions, freedom of socialization and participation, bureaucratic and financial accountability, efficient public sector management, freedom of information and expression, a fair and trustworthy judicial system.

Accountability

According to the State Administration Agency and the Indonesian Financial and Development Supervision Agency (2000:12), Accountability is the obligation to provide accountability or answer and explain the performance and actions of a person / leader of an organizational unit to those who have the right or who are authorized to hold accountable. Accountability is important to ensure values such as efficiency, effectiveness, reliability and predictability. Accountability is not abstract but concrete and must be determined by law through a very specific set of procedures on what issues should be accounted for.

Transparency and accountability are two key words in the administration of government and good corporate implementation, it is also stated that in accountability contained an obligation to present and report all activities, especially in the field of financial administration to higher parties. Accountability can be implemented by giving access to all interested parties, asking questions or holding accountable decision makers and implementers both at the program level, the region and the community. In this case, all activities related to the management of village funds must be accessible to all elements of interest, especially the people in their territory.

There are three main principles underlying regional financial management. First, the principle of transparency or openness. *Transparansi* here gives the meaning that members of the community have the same right and access to know the budget process because it concerns the aspirations and interests of the community, especially the fulfillment of the needs of people's lives. Second, the principle of accountability. Accountability is the principle of public accountability which means that the budgeting process starting from planning, drafting and implementation must be truly reportable and accountable to the DPRD and the community. The public not only has the right to know the budget but also has the right to demand accountability for the plan or implementation of the budget. Third, the principle of value for money. This principle means the application of three points in the budgeting process, namely economical, efficient, and effective. Economics deals with the selection and use of resources in certain quantities and qualities at low prices. Efficiency means that the use of public funds can produce maximum output (useful). Effectiveness means that the use of the budget must achieve public interest targets or objectives.

Fraud Prevention

Experts estimate that the fraud revealed is a small part of all fraud that actually occurs. Therefore, the main effort should be on the prevention of expressions that explain the root of blame or the cause of fraud. Namely Fraud by need, by greed, and by opportunity. The element by opportunity in the phrase is usually suppressed through internal control. Schematically, the Association of Certified Fraud Examiners (ACFE) describes

occupational fraud in the form of a fraud tree. Occupational fraud tree has three main branches, namely corruption, asset misappropriation and fraudulent statements. An illegal (unauthorized, or unlawful) misappropriation or "retrieval" of an asset by a person authorized to manage or supervise the asset, is called embezzled. The term theft in a fraud tree is called larceny. The term embezzlement in English is embezzlement. Example: theft of goods in a warehouse by the head of the warehouse is called embezzlement. Larceny or theft is the most ancient and known form of looting since the beginning of human civilization. The opportunity for this type of looting is closely related to the weakness of the internal control system, especially with regard to the protection of asset safety. (Tuannakota, 2013)

(Dorminey et al., 2012)) reveal that internal control deals primarily with the opportunity aspect of crime. The proper implementation of the control environment may influence the likelihood of such actions, with the evaluation of potential hidden fraud. Even if the perpetrator is able to carry out the action, the possibility of discovery is increased through an internal control environment, so that it can negatively affect hidden fraud.

Internal Control

According to Krismiaji (2010) stated internal control is, "Internal control is an organizational plan and method used to maintain or protect assets, produce accurate and reliable information, improve efficiency, and encourage the adherence of management policies". Whereas according to SA Section 319 Considerations for Internal Control in Audit financial statements paragraph 06 in Mulyadi (2002) defines "control is a process influenced by the board of commissioners, management, and other personnel of business units, designed to gain adequate confidence about the achievement of objectives in the following: Reliability of financial reporting, conformity with applicable regulatory laws, and the effectiveness and efficiency of the operation." Based on SA Section 319 Considerations for Internal Control in Audit financial statements paragraph 07 in Mulyadi (2002) mentions the five main elements of internal control, namely:

a. Control Environment

The control environment establishes the pattern of an organization, affecting the control awareness of its people. The control

- environment is the basis for all components of internal control, providing discipline and internal.
- b. Risk Assessment
Risk Assessment is the identification of an entity and the analysis of relevant risks to achieve its objectives, forming a basis for determining how risk should be managed. The determination of risk objectives of financial statements is the identification of the organization, analysis, and management of risks relating to the addition of financial statements presented in accordance with general accounting principles.
 - c. Control activities
Control activities are policies and procedures that help ensure that management directives are implemented. Such activities help ensure that actions are needed to address risks in achieving the entity's objectives.
 - d. Information and Communication
Communication concerns the delivery of information to all involved in financial reporting so that they understand how their activities relate to the work of others, both within the organization and outside the organization.
 - e. Monitoring
Monitoring is a process that determines the quality of internal control performance all the time. Monitoring includes the timely determination of control design and operation and the taking of corrective action. The purpose of monitoring is to determine whether the control is still running in accordance with the goals to be achieved or needs improvement.

Internal Control System is defined as a process influenced by the board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives related to operations, reporting, and compliance (COSO, 2013).

Mahmudi, 2010 stated that the internal control system is an integral process of actions and activities carried out by management (executive and its ranks to provide adequate

assurance or confidence in the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, security of State assets, and compliance with laws and regulations. The purpose of the internal control system is: 1) to protect assets (including data) to maintain records in detail and accurate; 2) to produce accurate, relevant, and reliable financial information; 3) to ensure that financial statements are prepared in accordance with applicable accounting standards (government accounting standards / SAP); 4) to be efficient and effective operation; 5) to ensure compliance with management policies and applicable laws and regulations.

Internal control according to Arens and Loebbecke (2000) is an internal control is a process designed to provide security that marks to achieve management objectives in the following categories: a) reliability of financial statements; b) effectiveness and efficiency of operation; c) compliance with laws and regulations. Internal control is a process, conducted by the board of directors, management, and other personnel within an entity, designed to provide adequate confidence in the achievement of objectives in the following categories, 1) the existence of financial reporting; 2) compliance with applicable laws and regulations; 3) Effectiveness and efficiency of surgery.

According to (Arens, 2014) there are three levels of validity / absence of internal control, namely control deficiency, significant deficiency, and material weakness. Based on the Decision of the Indonesian Audit Board No. 2/K/I-XIII/7/2012 on Technical Instructions for Understanding and Testing of Internal Control Systems, Financial Examination states that the weakness of the Internal Control System occurs if there are no key controls or inadequate controls in preventing material misstatements in financial statements. The level of weakness of the Internal Control System is divided into material, significant and impactless.

The main purpose of internal control is to maintain assets and adequate inventory recording in financial statements therefore internal control of goods. Internal control of goods supplies can be said to be effective if there is fulfillment of elements of internal control and fulfillment of the internal control objectives themselves, namely: 1. Reliability of Inventory Report 2. Compliance with applicable

policies and procedures regarding the supply of goods 3. Effectiveness and efficiency of inventory operations.

Competence

Competence is defined as the basic ability and quality of work needed to do a good job (Furham, 1990 in Fikri et al., 2015). According to Aruan (2003) in Fikri et al. (2015) The competence of local government apparatus means the ability that must be possessed by a person in the form of knowledge, skills, attitudes and behaviors needed in the implementation of his duties. Competence is needed in supporting the implementation of tasks for the success of the organization

Government regulation number 60 of 2008 explains that the government must conduct background checks for prospective employees in the recruitment process so that they are placed in accordance with their respective fields and conduct training and coaching to improve the competence of employees in their fields. Human resources will do a good job if placed in their fields. The financial management of local governments must place human resources in accordance with their educational background. Training must also be conducted by the local government to improve the competence of the Framework of Thought.

Research Hypothesis

From the objectives stated above can be drawn provisional allegations that will be followed up in this study, namely:

1. Internal control affects the prevention of fraud of village funds in Kumpeh Ulu District of Muaro Jambi regency.
2. Internal control affects the accountability of village funds in Kumpeh Ulu District of Muaro Jambi Regency
3. Internal controls affect the accountability of village funds through fraud prevention in Kumpeh Ulu District of Muaro Jambi Regency.
4. Competence affects the prevention of fraud of village funds in Kumpeh Ulu District of Muaro Jambi district.
5. Competence affects the accountability of village funds in Kumpeh Ulu District of Muaro Jambi district.
6. Competence affects the accountability of village funds through fraud prevention in Kumpeh Ulu District of Muaro Jambi Regency.

7. Fraud prevention affects accountability in Kumpeh Ulu District of Muaro Jambi Regency

METHODS

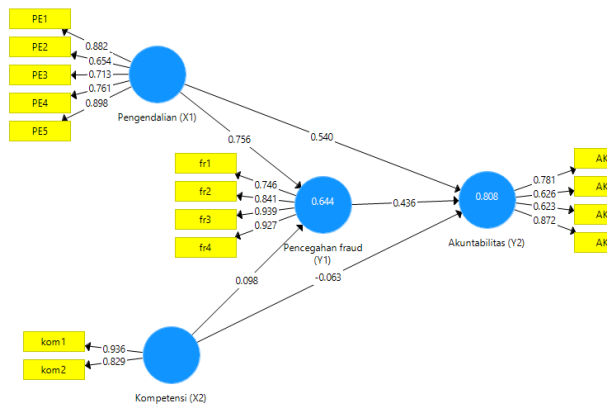
The types of data to be used in the research are primary data and secondary data. Primary data in the form of respondents' answers to questions in questionnaires about village funds. While secondary data in the form of evidence, records and historical reports about village financial statements and other reports that have to do with this study. This method of research is an explanatory method. Cooper and Schindler (2017) explain that explanatory methods are research methods that study the relationship between two or more variables. This research method uses a quantitative approach.

The population in this study is all villages registered to receive village funds in Kumpeh Ulu District of Muaro Jambi Regency. with the object of the study is the entire village device in Kumpeh Ulu District of Muaro Jambi Regency. The collection of research data is carried out in one stage, namely by giving on August 1, 2021 and returning for 2 weeks on August 14, 2021. From the research questionnaires shared, back 55 sets, of these, five sets of questionnaires could not be processed because the answer was incomplete, while the rest did not return. So questionnaires that can be used to perform data analysis only as many as 50 sets

Based on research data that has been collected, data on the demographics of research respondents consists of: (1) working period and (2) the level of education of respondents. The apparatus in kec. Kumpeh Ulu Jambi village is on average not experienced enough which is less than five years of working life as much as 46%. Most of the village officials are in high school education and from the results of questionnaires also obtained that those who have been trained through village fund training and other training are only a small part. With the lack of work experience, educational background and lack of training that followed, this still shows the lack of competence possessed by village officials in Kumpeh Ulu District of Muaro Jambi Regency.

RESULT

Data analysis methods use descriptive statistical analysis and inferential statistical analysis. Overall the variables of preventing fraud, competence, internal control and accountability have a high average score.



Picture 1. Loading Factor

The Discriminant validity test is performed to determine the correlation between each indicator and all existing latent variables. All indicators are declared valid if the cross loading correlation value of all indicators used in forming latent variables is greater than the correlation to other latent variables (Ghozali &latan, 2015). Based on table 1, the Discriminant validity test shows the cross loading correlation value of all indicators compared to other latent variables.

Table 1. Test Discriminant Validity

	Accountability	Competence	fraud prevention	Internal Control
AK1	0.781	0.403	0.600	0.724
AK2	0.626	0.025	0.570	0.489
AK3	0.623	0.213	0.507	0.489
AK4	0.872	0.324	0.759	0.770
PE1	0.886	0.322	0.884	0.882
PE2	0.432	0.193	0.423	0.654
PE3	0.536	0.506	0.534	0.713
PE4	0.662	0.352	0.491	0.761
PE5	0.746	0.313	0.671	0.898
FR1	0.452	0.306	0.746	0.480
FR2	0.647	0.240	0.841	0.511
FR3	0.789	0.536	0.939	0.784
FR4	0.909	0.333	0.927	0.872
KOM1	0.394	0.936	0.409	0.462
KOM2	0.176	0.829	0.317	0.243

Source: Smart PLS output results 3.0 (2021)

Reliability testing for semantically differential data is carried out to find out whether the questionnaire is reliable or not. Reliability tests are conducted using the Average Variance Extranced (AVE) test, and the Composite Reliability Test. Pengujian

reliabilitas untuk data semantic differensial dilaksanakan untuk mengetahui apakah kuesioner reliable atau tidak . Uji reliabilitas dilaksanakan dengan menggunakan uji *Average Variance Extranced (AVE)*, dan Uji *Composite reliability*.

Table 2. Average Variance Extranced (AVE)

Laten Variable	AVE	Keterangan
Accountability	0.537	Reliabel
Fraud Prevention	0.751	Reliabel
Competence	0.781	Reliabel
Internal Control	0.620	Reliabel

Sumber : Hasil output Smart PLS 3.0 (2021)

Based on table 2 above it can be explained that the AVE value of each variable Prevention of fraud, internal control, competence is > 0.5. The AVE value of each of the above research variables is interpreted as reliable.

A structural model is a model that connects exogenous latent variables with endogenous latent variables or endogenous variable relationships with other endogenous variables, described as follows:

Table 3. Estimation Result of Structural Equation Parameters from Direct Effect

Structure		Original sample (o)	Standard Deviation (STDEV)	T Count	P Values
First	Internal Control --> Fraud Prevention	0.756	0.073	10.300	0.000
	Competence --> <i>Fraud</i> Prevention	0.098	0.103	0.949	0.343
Kedua	Internal Control --> Accountability	0.540	0.127	4.253	0.000
	<i>Fraud</i> Prevention --> Accountability	0,436	0.122	3.567	0.000
	Competence --> Accountability	-0.063	0.100	0.633	0.527

Source: Smart PLS output results 3.0 (2021)

Table 4. Estimation Result of Structural Equation Parameters from Indirect Effect

Structure		Original sample (o)	Standard Deviation (STDEV)	T Count	P Values
First	Internal Control --> Fraud Prevention --> Accountability	0,329	0,089	3,693	0,000
Second	Competence --> Prevention Fraud --> Accountability	0,043	0,050	0,847	0.397

Source: Smart PLS output results 3.0 (2021)

Based on tables 3 and 4, conclusions can be drawn to the direct and indirect relationships between the hypothesized variables as shown in table 5 below:

Table 5. Result of Hypothesis Testing of Direct and Indirect Effects

Hypothesis	Koefesien	p - value	Ket	Conclusion
H ₁ Internal Control affects The Prevention of fraud village fund	0.756	0.000	Reject H ₀	Internal Control affects The Prevention of fraud village fund
H ₂ Internal control affects the accountability of village funds in Kumpeh Ulu District of Muaro Jambi Regency	0.540	0.000	Reject H ₀	Internal control affects the accountability of village funds in Kumpeh Ulu District of Muaro Jambi Regency
H ₃ Internal controls affect the accountability of village funds through fraud prevention in Kumpeh Ulu District of Muaro Jambi Regency	0,329	0,000	Reject H ₀	Internal controls affect the accountability of village funds through fraud prevention in Kumpeh Ulu District of Muaro Jambi Regency
H ₄ Competence affects the prevention of fraud of village funds in Kumpeh Ulu District of Muaro Jambi district.	0.098	0.343	Reject H ₀	Competence does not affect the prevention of fraud of village fund in Kumpeh Ulu District of Muaro Jambi district.
H ₅ Competence affects the accountability of village fund in Kumpeh Ulu District of Muaro Jambi district.	-0.063	0.527	Accept H ₀	Competence does not affect the accountability of village fund in Kumpeh Ulu District of Muaro Jambi district.
H ₆ Competence affects the accountability of village funds through fraud prevention in Kumpeh Ulu District of Muaro Jambi Regency.	0,043	0.397	Accept H ₀	Competence does not affect the accountability of village fund through fraud prevention in Kumpeh Ulu District of Muaro Jambi Regency.

H ₇	Fraud prevention affects accountability in Kumpeh Ulu District of Muaro Jambi Regency	0,436	0.000	Reject H ₀	Fraud prevention affects accountability in Kumpeh Ulu District of Muaro Jambi Regency
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Source: Data Processed

DISCUSSION

Based on table 3 can be seen the value of T-calculate variable Internal Control to Prevention Fraud (10,300) greater than critical t (1.96). Because the t value calculates greater than the critical t at the error rate of 5%. So based on the results of the test it can be concluded that internal control significantly affects fraud prevention in the kumpeh ulu district government of MuaroJambi Regency. This is in line with the research of Atmaja & Saputra (2017), Soleman (2013), Arfah (2011), Kadir (2015) which shows that internal control significantly affects the effectiveness of audit procedures in fraud prevention, it also shows that the better internal controls applied, the more effective the implementation of audit procedures in this case prevents fraud. But this is not in line with mufidah and paramita research (2018) that internal control has no effect on fraud prevention in hajj and Umrah travel in the city of Jambi.

Based on table 3 can be seen the value of T-calculate competency variable to Fraud (0.949) is smaller than critical t (1.96). Because the t value is smaller than the critical t at the error rate of 5%. So based on the results of the test it can be concluded that competence does not significantly affect fraud prevention in kumpeh ulu subdistrict. The results of this study provide empirical evidence that the better the competence of village officials has no effect in improving fraud prevention. This is not in line with the research of (Atmadja & Saputra, 2017), (Budiarto et al., 2020) which explained that compence affects fraud prevention.

Based on table 3 can be seen the value of T-calculate accountability variable (3,693) greater than critical t (1.96). Because the t value calculates greater than the critical t at the error rate of 5%. So based on the results of the test it can be concluded that internal control through fraud prevention significantly affects accountability in kumpeh ulu subdistrict. The results of this study provide empirical evidence that internal control in kumpeh ulu subdistrict can improve accountability. This is in line with Pradayani's (2014) research which showed that the effectiveness of internal control has an effect

on organizational accountability through the tendency of accounting fraud.

The internal control system should be the basis for the development plan. A successfully developed internal control system is a necessary condition but not sufficient for efficient management. Internal kontrol can't solve all of the company's problems. However, inefficient internal controls or lack thereof can cause serious problems for the company. Internal control becomes part of the management process. Nevertheless, even the most effective internal control techniques are not the answer to bad problems, inefficient management or external or unexpected events. On the other hand, good management and effective internal control can limit the effects of unfavorable conditions through identification and rapid response to those conditions.

The value of T-calculate accountability variable (0.847) is smaller than critical t (1.96). Because the t value is smaller than the critical t at the error rate of 5%. So based on the results of the test it can be concluded that accounting competence through fraud prevention does not significantly affect accountability in kumpeh ulu subdistrict. The results of this study provide empirical evidence that competence in kumpeh ulu subdistrict cannot increase accountability. The value of T-calculate internal control variable to Accountability (4,253) greater than critical t (1.96). Because the t value calculates greater than the critical t at the error rate of 5%. So based on the results of the test it can be concluded that Internal Control significantly affects accountability in kumpeh ulu district of MuaroJambi Regency. This research is supported by budiarto research, et al. 2020 which state that internal control has an effect on accountability.

Based on table 3 can be seen the value of T-calculate competency variable to Accountability (0.633) is smaller than critical t (1.96). Because the t value is smaller than the critical t at the error rate of 5%. So based on the results of the test it can be concluded that competence does not significantly affect accountability in kumpeh ulu district of MuaroJambi Regency. This is supported by

research in the field that most village officials have a background in high school education and have minimal work experience and minimal training / seminars. This research is not in line with (Budiarto et al., 2020) which states that competence affects accountability

The last value of T-calculate fraud prevention variable to Accountability(3,404) greater than critical t (1.96). Because the t value calculates greater than the critical t at the error rate of 5%. So based on the results of the test it can be concluded that fraud prevention has a significant effect on accountability in kumpeh ulu district of MuaroJambi Regency.

CONCLUSION

Based on hypotheses, the results of research and discussion can be drawn as follows:

(1) Internal control has a significant effect on fraud prevention, (2) Competence does not significantly affect fraud prevention, (3) Internal control through fraud prevention has a significant effect on accountability, (4) Competence through fraud prevention does not significantly affect accountability, (5) competence has a significant effect on accountability. (6) internal control has a significant effect on accountability (7) fraud prevention has a significant effect on accountability.

Based on this conclusion, that effective and efficient internal control is highly dependent on the humans who carry it out, because the internal control system and competence can provide adequate confidence to prevent the on set of fraud in order to create accountability of village funds can be achieved. In addition, because the sample is dominated by the staff of the finance / financial department, the village government feels so accountable, but if this research is in the future for the community and the apparatus, then the accountability of village funds will be questioned again. To be able to prevent fraud, more effective internal control is needed. Because fraud arises a lot due to the opportunity resulting from ineffective internal control. For Kumpeh Ulu sub-district, the use of village funds is more widely used for infrastructure such as renovation and creation of a new village head office. For programs that can increase the value of productivity products in the village is still very lacking. Therefore, productive programs are needed that can generate the economy in villages in Kumpeh Ulu Subdistrict.

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