



From regulation to practice: Implementing village financial oversight at the sub-district level in Indonesia

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Abstract

Oversight of village financial management is a crucial mechanism for ensuring accountability and compliance in the use of public resources, but the effectiveness of its implementation still faces various obstacles at the local government level. This study aims to analyze the implementation of village financial management oversight by subdistrict governments and to identify its supporting and hindering factors. The study employs a descriptive qualitative approach in Balerejo Subdistrict, Madiun Regency, Indonesia. Data were collected through interviews, observations, and documentation involving seven purposively selected informants, and were analyzed using the Miles, Huberman, and Saldaña interactive model. The results indicate that oversight has been carried out through evaluations of the village budget (APBDesa) draft, evaluations of village financial management, and evaluations of accountability documents. From the perspective of policy implementation, communication has been supported by various mechanisms for information dissemination and coordination; the disposition of implementers is reflected in oversight accompanied by guidance; and the bureaucratic structure demonstrates a clear division of responsibilities. However, limitations in human resources and budget continue to restrict the intensity of oversight. Implementation is also supported by clear regulations, standard operating procedures (SOPs), the use of information technology, and interagency coordination; however, it faces challenges related to the digital capacity of village officials, regulatory changes, and reporting compliance. The study concludes that there is a gap between regulatory compliance and implementation capacity; therefore, strengthening oversight requires improving civil servant capacity, providing resource support, promoting digital adaptation, and enhancing interagency coordination.

Keywords: Village financial oversight, policy implementation, accountability, subdistrict government, village governance

Introduction

Decentralization has strengthened the position of villages in Indonesia as governmental entities with broader authority to manage development, public services, and financial resources. Law No. 6 of 2014^[18] on Villages provides village governments with the autonomy to address community interests based on local needs and potential, a framework further reinforced through the allocation of Village Funds from the State Budget (Government of the Republic of Indonesia, 2014; Republic of Indonesia, 2014)^[14]. This policy plays a strategic role in rural development because enhancing villages' fiscal capacity can contribute to community well-being (Hartojo *et al.*, 2024)^[8]. However, the significant amount of resources managed by village governments also increases the demand for financial management that is transparent, accountable, participatory, and in accordance with legal regulations.

Accountability in village financial management is becoming increasingly important because increased authority and fiscal capacity are not always accompanied by adequate institutional and administrative capacity. The competence of civil servants, internal controls, leadership, and external pressures are known to influence accountability in village financial management (Cahyani *et al.*, 2022; Diansari *et al.*, 2023)^[2, 4]. Transparency and accountability also play a role in building public trust in the village government (Pratolo *et al.*, 2022)^[16], while strengthening internal controls, accountability, transparency, and participation is necessary to foster good village governance and prevent irregularities

in the management of village resources (Putri, 2024). Permatasari *et al.* (2024)^[15, 17] also highlight the importance of management and reporting systems in strengthening accountability for the Village Fund. These findings indicate that the existence of regulations and administrative systems alone is insufficient without oversight mechanisms capable of ensuring that village financial management is truly carried out in accordance with the principles of good governance.

Within Indonesia's governmental structure, subdistrict governments hold a strategic position as a link between regency government policies and the administration of village governments. Ministry of Home Affairs Regulation No. 20 of 2018^[10] provides the legal framework for village financial management, while Ministry of Home Affairs Regulation No. 73 of 2020^[11] specifically governs the oversight of village financial management (Ministry of Home Affairs of the Republic of Indonesia, 2018, 2020)^[10, 11]. In the context of Madiun Regency, village financial management is also supported by Madiun Regent Regulation No. 78 of 2018 (Madiun Regency Government, 2018)^[13]. The administrative proximity of subdistricts to village governments gives subdistrict heads a key role in guidance and oversight. This aligns with Ginting *et al.* (2024)^[6], who highlight the importance of strengthening the role of subdistrict governments in supporting the management of Village Funds and mitigating various risks arising from their implementation. Nevertheless, empirical conditions in Balerejo Subdistrict indicate that the exercise

of oversight functions still faces challenges. Audit findings by the Madiun Regency Inspectorate regarding villages in Balerejo Subdistrict indicate that problems persist in village financial management, while the implementation of oversight also faces constraints related to human resources, budget, and the dynamics of the relationship between the subdistrict government and village governments.

The literature on village financial governance in Indonesia has expanded with a strong focus on accountability, transparency, civil servant competence, internal controls, community participation, and the impact of the Village Fund on well-being (Cahyani *et al.*, 2022; Diansari *et al.*, 2023; Hartojo *et al.*, 2024) ^[4, 8, 16]. Other studies have expanded the discussion to include participation, local political dynamics, resource distribution, and power relations in village governance (Haryanto *et al.*, 2024; Sidik & Habibi, 2024; Syukri, 2024). Although Ginting *et al.* (2024) ^[9, 19] have emphasized the importance of strengthening subdistrict governments in supporting the management of the Village Fund, attention to how regulatory mandates regarding village financial oversight are translated into practice at the subdistrict level remains relatively limited. The existing literature focuses more on the determinants and consequences of village financial accountability than on the institutional processes linking oversight regulations to oversight practices by subdistrict governments. This gap is significant because the effectiveness of a regulation ultimately depends on how that policy is interpreted and implemented by actors at the implementation level.

This study addresses this gap by framing the oversight of village financial management as a policy implementation process, rather than merely as a matter of administrative compliance or financial accountability. Policy implementation fundamentally determines how formal provisions are translated into action by implementing organizations and actors (Wahab, 2017; Winarno, 2008) ^[21, 22]. Drawing on George C. Edward III's policy implementation model as applied in Winarno (2008) ^[22], this study analyzes implementation through four key dimensions: communication, resources, dispositions, and bureaucratic structure. This framework enables the study to explain not only whether oversight has been carried out but also how the implementation process unfolds, as well as the conditions that support or hinder the sub-district government's ability to fulfill its oversight mandate regarding village financial management.

Based on this gap, this study aims to analyze the implementation of the sub-district head's role in overseeing village financial management in Balerejo Sub-district, Madiun Regency, and to identify the factors that support and hinder its implementation. The main contribution of this study lies in shifting the focus from the predominance of studies on the accountability outcomes of the Village Fund toward an understanding of the mechanisms for implementing oversight at the subdistrict level. By linking the perspective of policy implementation with the practice of village financial oversight, this study is expected to broaden the understanding of village financial governance while providing practical implications for strengthening the capacity of subdistrict governments to bridge the gap between regulation and practice in village financial governance in Indonesia.

Literature Review and Theoretical Framework

1. Village Financial Governance and Accountability

Village financial management is a crucial component of local government governance, as increased fiscal authority for villages must be accompanied by adequate accountability mechanisms. Such accountability pertains not only to administrative compliance but also to the ability of village governments to manage public resources transparently, responsibly, and in accordance with regulations. The competence of officials, transparency, and internal control systems are key factors in supporting the quality of village financial management (Cahyani *et al.*, 2022) ^[16]. Similarly, the competence of officials, leadership, internal controls, and external pressures can influence accountability in the management of Village Funds (Diansari *et al.*, 2023) ^[4]. From a governance perspective, transparency and accountability also contribute to public trust and the strengthening of good village governance (Pratolo *et al.*, 2022; Putri, 2024) ^[16, 17].

Village financial accountability requires management, reporting, and oversight systems capable of ensuring that public resources are used in accordance with policy objectives. Permatasari *et al.* (2024) ^[15] highlight the importance of regulatory frameworks, monitoring, and reporting systems in strengthening transparency and accountability in the management of Village Funds. Thus, village financial governance depends not only on the internal capacity of the village government but also on the effectiveness of oversight mechanisms that link village fiscal authority with public accountability requirements.

2. Subdistrict Government and Village Financial Oversight

Sub-district governments hold a strategic position in village financial oversight because they are administratively close to village governments and serve as a link between regency government policies and their implementation at the village level. Village financial management and oversight are based on a regulatory framework that includes, among others, Ministry of Home Affairs Regulation No. 20 of 2018^[10] and Ministry of Home Affairs Regulation No. 73 of 2020^[11] (Ministry of Home Affairs of the Republic of Indonesia, 2018, 2020) ^[10, 11]. In the context of Madiun Regency, this framework is reinforced by Madiun Regent Regulation No. 78 of 2018 (Madiun Regency Government, 2018) ^[13]. The role of subdistricts is crucial because oversight not only ensures compliance with regulations but also supports the guidance and evaluation of village financial management. Ginting *et al.* (2024) ^[6] highlight the importance of strengthening the capacity of subdistrict governments to support the management of the Village Fund and address various risks in its implementation.

In this study, the subdistrict head's oversight of village financial management encompasses three main activities: evaluating draft village regulations regarding the Village Budget (APBDesa), evaluating village financial management, and evaluating the Village Budget accountability reports. These three activities place the subdistrict government in a crucial position between the autonomy of village financial management and the local government's obligation to ensure compliance and accountability. Therefore, the effectiveness of oversight is determined not only by the existence of regulations but also by how that mandate is translated into practice at the subdistrict level.

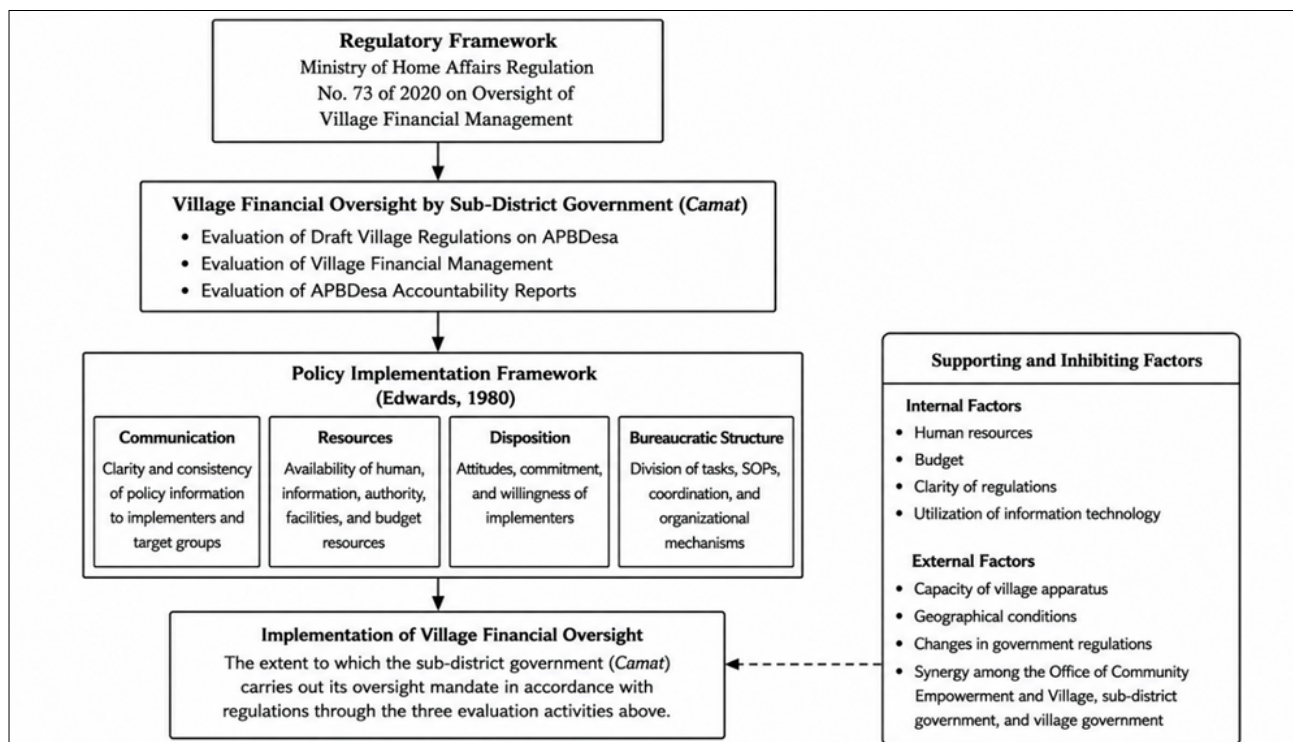
3. Policy Implementation Framework

Policy implementation is a process that links formal decisions to the actions of implementing actors. Regulations that have been formulated do not automatically result in practices aligned with policy objectives, as their success is influenced by the conditions of the organization and the actors implementing the policy (Edwards, 1980; Wahab, 2017) ^[5, 21]. In the context of this study, the effectiveness of Ministry of Home Affairs Regulation No. 73 of 2020^[11] depends on the sub-district government's ability to translate regulatory mandates into oversight practices for village financial management.

This study employs Edwards' (1980) ^[5] policy implementation model, which identifies four main dimensions: communication, resources, disposition, and bureaucratic structure. Communication relates to the clarity and consistency of policy information conveyed to implementers and target groups. Resources encompass the human resources, competencies, information, authority, facilities, and budgetary support required to implement the policy. Disposition refers to the attitudes, commitment, and

willingness of implementing actors to carry out the policy mandate. Meanwhile, bureaucratic structure relates to the division of tasks, work procedures, coordination, and organizational mechanisms that support policy implementation (Edwards, 1980) ^[5].

These four dimensions are used to analyze how subdistrict heads and subdistrict officials translate oversight regulations into practice. The analysis also considers internal and external factors that support or hinder the implementation of oversight. Internal factors include human resources, budget, regulatory clarity, and the use of information technology, while external factors include the capacity of village officials, geographical conditions, changes in government regulations, and synergy between the Office of Community and Village Empowerment, the subdistrict government, and the village government. The relationship between the regulatory framework, forms of village financial oversight, dimensions of policy implementation, and supporting and hindering factors is summarized in the conceptual framework in Figure 1.



Source: Developed by the authors based on Edwards (1980) ^[5], Ministry of Home Affairs Regulation No. 73 of 2020^[11], and the study findings.

Fig 1: Conceptual Framework of the Study

Methods

1. Research Design and Setting

This study employs a descriptive qualitative approach using inductive methods to understand the implementation of village financial management oversight by subdistrict governments. A qualitative approach was chosen because it allows for the exploration of policy implementation processes based on the experiences and practices of directly involved actors (Creswell, 2013) ^[3]. The research was conducted in Balerejo Subdistrict, Madiun Regency, Indonesia, focusing on the implementation of oversight of village financial management based on Ministry of Home Affairs Regulation No. 73 of 2020^[11]. The research analysis

drew upon Edwards' (1980) ^[5] four dimensions of policy implementation namely communication, resources, disposition, and bureaucratic structure and identified factors that support and hinder the implementation of oversight.

2. Informants and Data Sources

Informants were selected using purposive sampling based on their knowledge and involvement in the oversight and management of village finances. The study involved seven informants representing three institutional levels: the regency government, the subdistrict government, and the village government. The selection of these informants allowed for the collection of perspectives from actors

involved in policy formulation, the implementation of oversight, and the management of village finances. The research data consisted of primary and secondary data. Primary data were obtained through interviews and observations of directly

involved actors, while secondary data were sourced from documents, archives, literature, and written materials relevant to the oversight and management of village finances. The profiles of the study's informants are presented in Table 1.

Table 1: Profile of Research Informants

Code	Informant Position	Institutional Level	Number
I1	Head of the Village Government Division, Community and Village Empowerment Agency of Madiun Regency	Regency Government	1
I2	Head of Balerejo Subdistrict (Camat)	Subdistrict Government	1
I3	Head of the Village Government Section, Balerejo Subdistrict	Subdistrict Government	1
I4	Head of the PMP Section, Balerejo Subdistrict	Subdistrict Government	1
I5	Village Head	Village Government	1
I6	Head of Village Financial Affairs	Village Government	1
I7	Chairperson of the Village Consultative Body	Village Institution	1
	Total		7

Source: Authors' field data.

3. Data Collection

Data were collected through interviews, observations, and documentation. Interviews were designed to elicit information regarding communication, resources, dispositions, bureaucratic structures, as well as factors supporting and hindering the implementation of oversight; observations were conducted to directly understand oversight practices and the conditions under which they are carried out; while documentation was used to examine documents related to oversight and village financial management. The researchers served as the primary instruments, supported by interview guidelines as well as recording and documentation tools, so that data from various sources could be used to gain a more comprehensive understanding of the phenomenon under study.

4. Data Analysis

Data were analyzed using the interactive analysis model proposed by Miles, Huberman, and Saldaña (2014) ^[12], which includes data collection, data condensation, data display, and conclusion drawing. Data from interviews, observations, and documentation were collected, selected, focused, and simplified in accordance with the research focus, then presented in an organized manner to identify patterns and findings before drawing conclusions. The findings were analyzed based on Edwards' (1980) ^[5] four dimensions communication, resources, disposition, and bureaucratic structure as well as internal and external factors that support or hinder the implementation of oversight of village financial management.

Results

1. Implementation of Village Financial Oversight

The research results indicate that the oversight of village financial management by the Balerejo Subdistrict Head has been carried out in accordance with Ministry of Home Affairs Regulation No. 73 of 2020^[11]. The oversight encompasses three main activities: evaluation of the draft Village Regulation on the Village Budget (APBDesa), evaluation of village financial management, and evaluation of APBDesa accountability documents. In evaluating the draft Village Budget, the Subdistrict Head formed a team involving the Village Governance Section and the Community Empowerment and Development Section to conduct verification before the draft was enacted as a

Village Regulation. All 18 villages in Balerejo Subdistrict had enacted Village Regulations on the Village Budget for Fiscal Year 2026 by the end of December 2025^[1, 23]. This was confirmed by I2:

"In overseeing village financial management, we follow Ministry of Home Affairs Regulation No. 73 of 2020^[11]." (I2, Interview,)

The results of the evaluation of village financial management show that 17 out of 22 work steps (77.27%) were in accordance with the verification criteria, while five steps still showed non-compliance. The issues primarily relate to delays in submitting amendments to the Village Budget (APBDesa), the management of Village-Generated Revenue (PADes), and the unavailability of several other revenue sources. In the evaluation of accountability documents, 6 out of 7 work steps (85.71%) were in compliance, with non-compliance primarily consisting of delays in enacting Village Regulations regarding APBDesa accountability. The audit findings have been submitted to the village government for follow-up, but the submission of audit reports to the Regent remains irregular.

2. Policy Implementation Dimensions

The research findings indicate that communication regarding the oversight of village financial management has been conducted through meetings, routine briefings, outreach sessions, technical guidance, and monitoring and evaluation activities. Information regarding regulations and developments in village financial management is conveyed by the subdistrict government to implementing officials and the village government. Coordination also takes place between the Office of Community and Village Empowerment (DPMD), the subdistrict government, and the village government to support the dissemination of information and the resolution of issues arising in village financial management. Additionally, Balerejo Subdistrict has implemented a standard operating procedure (SOP) for budget disbursement verification to ensure that all requirements are met before the disbursement process proceeds. Informant I2 explained:

"Whenever there are new regulations or updates regarding village developments, we always convey them to all staff through meetings or during routine roll calls." (I2, Interview)

In terms of resources, the research findings indicate that subdistrict officials possess the experience necessary to support the oversight of village financial management. Capacity building for officials is carried out through training and technical guidance organized by the Madiun Regency DPMD and other local government agencies. However, available resources remain insufficient due to limitations in personnel and budgetary support, preventing the oversight of villages from being carried out optimally. Informant I3 explained:

“In order to enhance the capacity of the Subdistrict Team regarding village financial management, we always participate in any technical guidance sessions or training organized by the Madiun Regency PMD Office or other local government agencies.” (I3, Interview)

In terms of disposition, the research findings indicate a commitment on the part of subdistrict heads and subdistrict officials to carry out oversight of village financial management. The oversight is not only directed at verifying compliance with financial management regulations but is also accompanied by guidance for village governments. This guidance is provided to help village officials understand the applicable financial management procedures and address any shortcomings identified during the oversight process. Thus, the oversight practices carried out by the subdistrict government encompass both control functions and guidance for village governments. Informant I2 stated:

“In carrying out the stages of village financial oversight, we also first provide guidance to all villages regarding village

budget management, learning together how to manage village finances properly and correctly.” (I2, Balerejo Subdistrict Head)

In terms of bureaucratic structure, the research findings indicate that the implementation of oversight has been supported by a division of tasks and responsibilities based on function and village funding sources. The Village Governance Section is responsible for overseeing the Village Fund Allocation (ADD), the share of tax and fee revenues, and Village-Generated Revenue (PADes), while the Community Empowerment and Development Section (PMP) handles the oversight of the Village Fund and Special Financial Assistance (BKK). This division provides clarity regarding which unit is responsible for each source of village revenue in the oversight process. The Balerejo Subdistrict Head explained:

“The division of tasks related to the oversight of village financial management has been implemented in Balerejo Subdistrict... The ADD, tax and fee revenue-sharing funds, and PADes are managed by the Village Governance Section, while the Village Fund and BKK are managed by the PMP Section.” (I2, Balerejo Subdistrict Head)

Overall, the research findings across the four dimensions indicate that the implementation of oversight has been supported by communication mechanisms, capacity building for officials, the commitment of implementers, and a clear division of tasks. However, in the resource dimension, limitations in the number of personnel and budgetary support were still identified. A summary of the findings for each dimension is presented in Table 2.

Table 2: Summary of Policy Implementation Findings

Dimension	Key Findings	Empirical Indications
Communication	Information is conveyed through meetings, routine briefings, outreach sessions, technical guidance, monitoring, and evaluation	Communication mechanisms are in place
Resources	Staff have experience and participate in capacity-building activities, but the number of employees and budgetary support remain limited	Human resource and budget constraints
Disposition	Subdistrict officials carry out oversight accompanied by guidance for village governments	Supervision accompanied by guidance
Bureaucratic Structure	There is a clear division of oversight responsibilities and verification procedures	The division of tasks and responsibilities is clear

Source: Authors' field data.

3. Supporting and Inhibiting Factors

The research findings identified internal and external factors that influence the implementation of oversight. Internally, the main obstacles are limited human resources and budget constraints. Balerejo Subdistrict has 17 civil servants compared to a need for 37 employees based on the Job and Workload Analysis; consequently, some officials must perform additional duties, and oversight of the 18 villages cannot yet be carried out intensively. This situation was explained by I2:

“The number of staff in the Local Government Section and the Community Empowerment and Development Section is insufficient... the subdistrict's budget constraints also pose a separate challenge to conducting oversight in the villages.” (I2, Balerejo Subdistrict Head)

From an external perspective, obstacles include the limited ability of some village officials to use digital systems, the scope of oversight covering 18 villages, and regulatory changes that require repeated adjustments. Village financial management has utilized digital systems such as Siskeudes, e-Musrenbangdes, and the Cash Management System

(CMS), but the ability of village officials to operate these systems is not yet consistent. On the other hand, the implementation of oversight is supported by clear regulations, the existence of standard operating procedures (SOPs), the use of Siskeudes, and coordination between the PMD Office, the subdistrict government, and the village government through meetings, consultations, guidance, and regular gatherings.

Discussion

1. From Regulatory Compliance to Effective Village Financial Oversight

Research findings indicate that oversight of village financial management in Balerejo Subdistrict has a clear regulatory foundation and implementation mechanisms through the evaluation of the APBDesa draft, the evaluation of village financial management, and the evaluation of accountability documents. However, compliance rates of 77.27% in the financial management evaluation and 85.71% in the accountability evaluation indicate that the existence of regulations has not been fully accompanied by consistent

administrative implementation. Non-compliance is still found, particularly regarding changes to the Village Budget (APBDesa), the management of certain revenue sources, the timeliness of accountability reports, and the proper submission of oversight reports to the Regent.

These findings suggest that the effectiveness of oversight cannot be adequately measured solely by the existence of formal rules and procedures but also by the ability of actors to ensure that these provisions are consistently applied. This aligns with the work of Cahyani *et al.* (2022) and Diansari *et al.* (2023) ^[4, 16], which highlight the importance of accountability, civil servant competence, and control mechanisms in village financial management. These findings also support Permatasari *et al.* (2024) ^[15], who emphasize the importance of management and reporting systems in fostering accountability for village funds. Thus, subdistrict oversight serves as a mechanism linking regulatory compliance with implementation accountability in village financial management.

2. Institutional Capacity in Policy Implementation

The four dimensions of implementation indicate that institutional capacity is a key element in translating oversight policies into practice. In the communication dimension, policy information has been disseminated through various mechanisms and supported by coordination among the PMD Office, subdistrict governments, and village governments. In the disposition dimension, oversight is carried out not only through inspections but also through guidance provided to village governments. Meanwhile, the bureaucratic structure has established a relatively clear division of responsibilities among the units involved in oversight. These conditions align with Edwards' (1980) ^[5] framework, which identifies communication, resources, disposition, and bureaucratic structure as interrelated elements in the policy implementation process.

However, the resources dimension reveals the most significant weakness. The availability of only 17 civil servants compared to a need for 37 staff members, coupled with budget constraints, indicates a gap between oversight demands and the organization's capacity to carry them out. This situation demonstrates that effective communication, the commitment of implementers, and a clear division of tasks do not necessarily result in optimal implementation when not supported by adequate resources. These findings align with those of Ginting *et al.* (2024) ^[6], who noted that the implementation of the village fund program faces various challenges and risks that require strengthening governance capacity. Thus, oversight implementation capacity is the result of the interaction between institutional mechanisms and the adequacy of resources, not merely compliance with procedures.

3. Internal and External Conditions Shaping Oversight

The effectiveness of oversight is also shaped by internal and external conditions surrounding the implementation process. Internally, regulatory clarity, the existence of SOPs, and the utilization of Siskeudes serve as supporting factors, while limitations in human resources and budget act as barriers. Externally, coordination between the PMD Office, subdistricts, and village governments strengthens implementation; however, the uneven digital capabilities of village officials, the scope of oversight covering 18 villages, and regulatory changes create a need for continuous adaptation.

These findings demonstrate that village financial oversight is a governance process that extends beyond the formal relationship between regulators and implementers. The sub-district's ability to conduct oversight also depends on the readiness of the village government, the use of technology, regulatory stability, and the quality of inter-institutional coordination. This is consistent with Syukri (2024) ^[20], who highlights the complexity of village governance within the Indonesian institutional context, as well as Putri (2024) ^[17], who emphasizes the importance of *good village governance* in preventing irregularities and corruption at the village level. Thus, efforts to strengthen oversight must consider the capacity of the entire village governance ecosystem, not just the internal capacity of subdistrict governments.

4. Theoretical and Practical Implications

Theoretically, this study shows that Edwards' (1980) ^[5] framework remains relevant for explaining the implementation of oversight in village financial management, but these four dimensions of implementation operate within an institutional environment influenced by internal and external conditions. The main finding of this study lies in the gap between regulatory compliance and implementation capacity: regulations, SOPs, communication, disposition, and division of tasks are in place, but the effectiveness of oversight is still influenced by the adequacy of human resources and budget, the capacity of village officials, regulatory changes, technology, and inter-institutional coordination. Thus, this study broadens the understanding of policy implementation from merely meeting formal structures to the interaction between the regulatory framework, institutional capacity, and the governance environment.

In practical terms, the research findings indicate that improving the effectiveness of oversight cannot be achieved solely through the addition or tightening of regulations. Local governments need to strengthen the human resource capacity of subdistrict officials, provide adequate budgetary support for oversight, enhance the digital competencies of subdistrict and village officials, and strengthen the reporting of oversight results. Coordination among the PMD Office, subdistrict governments, and village governments must also be maintained as a mechanism for guidance and the resolution of financial management issues. Strengthening these aspects can shift the function of oversight from merely checking administrative compliance toward preventive and capacity-based oversight that better supports accountability in village financial management.

Conclusion

This study concludes that the implementation of village financial management oversight by the Balerejo Subdistrict government has proceeded in accordance with the regulatory framework and encompasses the evaluation of the Village Budget (APBDesa) draft, village financial management, and accountability documents. The implementation is supported by communication mechanisms, the commitment of officials to carry out oversight and guidance, and a clear division of tasks. However, its implementation has not yet been fully optimal, primarily due to limitations in human resources and budget, as well as the lack of a systematic process for submitting oversight reports to the Regent. Internal factors—such as regulatory clarity, standard operating procedures (SOPs),

and the use of information technology—support the implementation of oversight, while external factors highlight the importance of village officials' capacity, the ability to adapt to regulatory changes, and inter-institutional coordination. These findings indicate a gap between regulatory compliance and implementation capacity in the oversight of village financial management.

Consequently, improving the effectiveness of oversight cannot be achieved solely through regulatory strengthening but must be accompanied by capacity building for subdistrict and village officials, adequate budgetary support, enhanced proficiency in utilizing digital systems, strengthened coordination between the PMD Office, subdistricts, and village governments, and improved reporting of oversight results. Strengthening these aspects is necessary so that oversight evolves from merely ensuring administrative compliance to a preventive, adaptive, and capacity-based mechanism capable of strengthening accountability in village financial management.

Limitations and Future Research

This study has several limitations. First, the research was conducted in a single subdistrict using a qualitative approach and a limited number of informants; consequently, the findings represent the institutional context and oversight practices in Balerejo Subdistrict and are not intended to be statistically generalized to all subdistrict governments. Second, the study focused on the implementation of oversight from the perspective of the government actors involved; thus, it did not directly measure the impact of oversight on the quality of financial management, the level of irregularities, or village development performance. Future research could employ a comparative design across several subdistricts or regencies, involve a more diverse group of informants, and combine qualitative and quantitative approaches to examine the relationship between oversight capacity, financial management compliance, and village government accountability.

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