

## The Effect of Budget Planning, Budget Supervision and Internal Control System on Village Budget Absorption in Lintongnihuta District, Humbang Hasundutan Regency

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### ABSTRACT

This study aims to analyze the influence of Budget Planning, Budget Supervision, and the Internal Control System on Village Budget Absorption in Lintongnihuta District, Humbang Hasundutan Regency. A quantitative method was employed using primary data collected through purposive sampling, involving 66 village officials as respondents. Data analysis was conducted using descriptive statistics, validity and reliability tests, classical assumption tests, multiple linear regression, and hypothesis testing (F-test, t-test, and coefficient of determination) with the aid of SPSS version 26. The results show that both partially and simultaneously, the three independent variables have a positive and significant effect on Village Budget Absorption. The adjusted R<sup>2</sup> value of 72.1% indicates that these variables explain the variance in Village Budget Absorption, while the remaining 27.9% is influenced by other factors outside the model.

## **INTRODUCTION**

The crucial role of government in stimulating national economic development is evident through annual fiscal planning outlined in the State Revenue and Expenditure Budget (APBN). According to Rahmawati and Ishak (2020), the budget represents a documented compilation of work projections encompassing revenues and expenditures expressed in monetary terms, which reflects accomplishments within a specific timeframe by utilizing historical data as an instrument for monitoring and evaluating budgetary performance implemented by Regional Apparatus Work Units (SKPD). As stated by Yasin et al (2017), the Regional Revenue and Expenditure Budget (APBD) constitutes the yearly fiscal plan of local governments throughout Indonesia that receives approval from the Regional House of Representatives. The APBD serves a vital function, particularly in actualizing the execution of regional autonomy. According to Sari (2017), fiscal policy represents governmental policy implementation within the financial domain, encompassing state revenues, state expenditures, and debt obligations. These three elements are integrated into a single framework, specifically within the State Revenue and Expenditure Budget (APBN).

Budget absorption is a special concern by the government. The phenomenon of low budget absorption is now in the public spotlight such as there are 18 villages whose budget absorption is still below 50% of the total village budget disbursed. Some of these villages with low absorption of village funds include Pringbo Village, Rongkop District; Duwet Village, Wonosari District; Bandung Village, Playen District; Semoyo Village, Patuk District; Pengkol Village, Nglipar District and a number of other villages. "Complete data on villages with low absorption of village funds is in the office. What is clear is that there are 18 villages that have low absorption and even reach in the range of 30%. BPK (2019). Similarly, in July 2015, five provinces demonstrated relatively low budget absorption rates, specifically North Kalimantan with 18.6%, DKI Jakarta with 19.2%, Papua with 21.7%, West Java with 25.5%, and Riau with 25.5%. According to Asril (2015), these five provinces recorded budget absorption levels below 30% of their allocated budgets.

Similarly, the absorption of village expenditure budgets in villages within Lintongnihuta sub-district demonstrates that the utilization rate of village expenditure budgets for village development implementation has not been optimally achieved, as indicated by preliminary survey findings conducted across multiple villages in Lintongnihuta sub-district. The survey revealed that road infrastructure continues to experience diminished benefit values due to postponed maintenance and repair activities. Several villages in Lintongnihuta sub-district still possess main road infrastructure connecting to agricultural access roads that remain extensively damaged. The prolonged delays in repairs and extended timeframes for completion constitute significant challenges in themselves. Within this research context, various factors that may influence village expenditure budget absorption encompass budget planning factors, budget supervision mechanisms, and internal control system implementation.

## LITERATURE REVIEW

Stewardship Theory represents a theoretical framework that describes circumstances in which management prioritizes the collective welfare or organizational interests rather than being driven by personal objectives. This theory suggests the existence of robust alignment between individual satisfaction and organizational success, with emphasis placed on behaviors that collectively contribute toward the achievement of organizational goals. In *stewardship theory*, there is a model that focuses on servants with behaviors that can be formed to always be willing to cooperate in the organization. These servants exhibit collective behavior that has a higher utility than individual interests, and is always ready to serve. The behavior of the servant is not separate from the interests of the organization, where the behavior of the executive is in line with the principal interests represented by the stewards. The users of *Stewardship Theory* in this study are *stewards* as village governments and *principals* as village communities.

### *Budget Absorption*

Law Number 17 of 2003 establishes that the budget serves as an instrument for accountability, management, and economic policy implementation. As defined by Rahmawati and Ishak (2020), Budget Absorption refers to the capacity of local governments to execute and provide accountability for all activities, which represents the cumulative total of budget absorption undertaken by Regional Apparatus Work Units (SKPD).

### *Budget Planning*

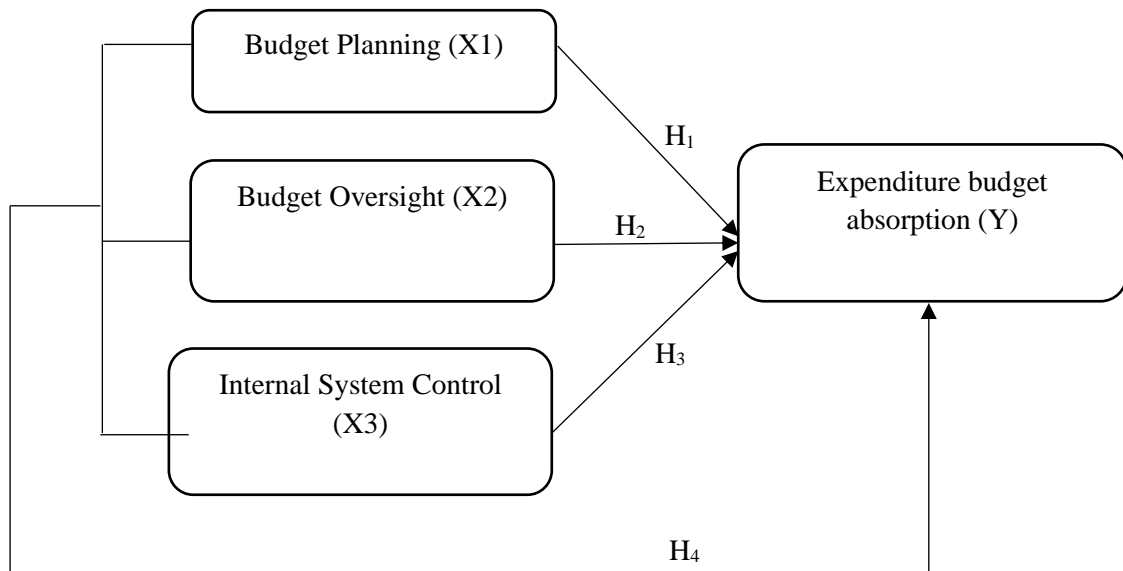
The Law of the Republic of Indonesia Number 25 of 2004 concerning the national development planning framework provides a comprehensive definition of planning as a methodical and structured procedure designed to establish suitable future courses of action through a sequential series of strategic decision-making processes, while simultaneously taking into careful consideration all accessible and available resources at hand. As articulated by Kelejan et al (2019), Budget Planning represents a comprehensive procedural framework and systematic approach specifically designed for determining and establishing future activities and operational directions, thereby rendering it absolutely crucial and essential to execute this comprehensive planning process thoroughly before undertaking any operational activities or implementation phases.

Wattimury (2023) Budget Supervision is all activities and actions to ensure that the implementation of an activity does not deviate from the goals and plans that have been outlined. Supervision can be defined as a procedural framework designed to monitor work that has been executed, evaluate its performance, and implement corrective measures when necessary, with the primary objective of ensuring that work implementation aligns with the original planning framework. Drawing from this conceptual understanding, the researcher can deduce that budget supervision represents a systematic process aimed at guaranteeing that financial management operations proceed in accordance with established plans and predetermined objectives.

### **Internal Control System**

According to Bank Indonesia Regulation No. 5/8/PBI/2013 issued on November 28, 2013, the internal control system is defined as a supervisory framework executed by bank management on a continuous basis (ongoing basis) with the purpose of safeguarding and protecting bank assets, guaranteeing the provision of precise reporting, and enhancing adherence to prevailing regulations.

According to Mulyati et al (2019), the Internal Control System represents a comprehensive and systematic procedural framework that operates under the influence and guidance of the board of directors, management staff, and organizational employees. This system is purposefully engineered and specifically constructed to provide reasonable and credible assurance that organizational goals and objectives will be successfully achieved through the implementation of operational efficiency and effectiveness measures, the generation and preparation of reliable and trustworthy financial statements, and strict adherence to and compliance with all applicable legal requirements and regulatory standards.



**Figure 1. Research framework**

In general, this research framework uses a significant approach and shows the relationship between variables in the analysis process.

### **Hypothesis Development**

#### *Budget Planning Affects the Absorption of the Village Expenditure Budget*

Budget planning can be conceptualized as a blueprint that functions as both a control mechanism and directional determinant for organizational pathways in pursuing organizational objectives. Challenges that emerge in budget planning stem from inadequately developed planning frameworks when establishing budgets, which consequently impact work programs that fail to operate according to intended expectations. Budget planning represents one of the key factors influencing the village expenditure budget absorption process, as budget planning can make substantial contributions

to village expenditure budget absorption effectiveness. This is because enhanced budget planning quality leads to improved village budget absorption outcomes, as noted by Oktaliza et al (2020). Based on the aforementioned explanation, the following hypothesis can be developed:

H1: Budget Planning has a Positive Effect on Village Belnaja Budget Absorption

*Budget Supervision Affects Village Budget Absorption*

According to Hasan et al (2024), supervision constitutes a procedural framework of activities conducted on a continuous and ongoing basis to monitor, comprehend, and evaluate the execution of specific activities, enabling the prevention or correction of errors or irregularities that may arise. Consequently, through the implementation of budget supervision, deviations can be prevented, as rigorous supervisory measures can effectively prevent misuse of budget allocations, such as corruption. Therefore, budget supervision can minimize the potential for suboptimal village budget absorption, and through effective budget supervision practices, village expenditure budget absorption can be executed in accordance with predetermined targets in an efficient and effective manner. Based on the aforementioned explanation, the following hypothesis can be developed:

H2: Budget Supervision has a Positive Effect on the Absorption of Village Expenditure Expenditure.

*Internal Control System Affects Village Budget Absorption*

Village governments operating as stewards demonstrate a tendency to utilize budgets in an efficient and responsible manner, particularly when supported by an effective internal control system. A well-functioning internal control system can effectively prevent irregularities and fraudulent activities in budget management as well as prevent abuse of authority. Through the implementation of this internal control system, village expenditure budget absorption can be executed in accordance with established plans. As noted by Setiawan et al (2023), the higher the quality of the internal control system, the more optimally village expenditure budget absorption can be achieved. Based on the aforementioned explanation, the following hypothesis can be developed:

H3: The Internal Control System has a positive effect on the absorption of the Village Expenditure Budget.

*Budget Planning, Budget Supervision and Internal Control System Affect the Absorption of the Village Expenditure Budget*

through the establishment of planning mechanisms, supervision frameworks, and internal control systems that enable efficient and responsible budget management. Consequently, these three interconnected aspects can enhance village expenditure budget absorption and facilitate the attainment of organizational objectives. Based on the aforementioned explanation, the following hypothesis can be developed:

H4: The Simultaneous Effect of Budget Planning, Budget Supervision, and Internal Control System on Village Expenditure Budget Absorption.

## METHODOLOGY

The methodological approach employed in this research utilizes a quantitative framework. As defined by Sugiyono (2018), this represents a research methodology that examines a specific population or sample, gathers data through research instruments, and conducts quantitative/statistical data analysis with the objective of testing pre-established hypotheses.

This research employs primary data collection methods, whereby data is acquired directly from respondents without intermediary sources through questionnaire distribution. Primary data can encompass individual or group subject opinions, observational results of objects, events, or activities, and testing outcomes. The population for this study consists of all village personnel situated in Lintongnihuta District, Humbang Hasundutan Regency, encompassing twenty-two villages, while the research sample comprises sixty-six respondents. The analytical techniques utilized in this study include normality testing, multicollinearity assessment, heteroscedasticity evaluation, multiple linear regression analysis, hypothesis testing, t-test, F-test, and coefficient of determination analysis.

## RESULTS AND DISCUSSION

### *Validity Test and Reliability Test*

The validity test is conducted to determine whether the measurement instrument is valid. The validity assessment is performed by examining the correlation between individual statement item scores and the total score. When the correlation of each item with the total score demonstrates statistical significance, the data is considered valid.

Table 1. Result Test Validity Planning Budget

<b>Statement</b>	<b>r<sub>hitung</sub></b>	<b>Sig</b>	<b>r<sub>tabel</sub></b>	<b>information</b>
1	0.515	0.000	0.238	Valid
2	0.727	0.000	0.238	Valid
3	0.721	0.000	0.238	Valid
4	0.793	0.000	0.238	Valid
5	0.719	0.000	0.238	Valid
6	0.486	0.000	0.238	Valid

*Source: Processed SPSS,2*

Table 2. Result Test Validity Supervision Budget

<b>Statement</b>	<b>Calculation</b>	<b>Sig</b>	<b>r<sub>tabel</sub></b>	<b>Information</b>
1	0.598	0.000	0.238	Valid
2	0.813	0.000	0.238	Valid
3	0.826	0.000	0.238	Valid
4	0.771	0.000	0.238	Valid
5	0.811	0.000	0.238	Valid
6	0.779	0.000	0.238	Valid

*Source: Processed SPSS,26*

Tabel 3. Result Test Validity Internal Control System

Statementn	Calculation	Sig	rtabel	Information
1	0.606	0.000	0.238	Valid
2	0.513	0.000	0.238	Valid
3	0.533	0.000	0.238	Valid
4	0.596	0.000	0.238	Valid
5	0.694	0.000	0.238	Valid
6	0.756	0.000	0.238	Valid
7	0.844	0.000	0.238	Valid
8	0.839	0.000	0.238	Valid
9	0.757	0.000	0.238	Valid
10	0.740	0.000	0.238	Valid
11	0.702	0.000	0.238	Valid
12	0.723	0.000	0.238	Valid

Table 4. Results of the Validity Test of Village Budget Absorption

Statement	Calculation	Sig	rtabel	information
1	0.670	0.000	0.238	Valid
2	0.832	0.000	0.238	Valid
3	0.710	0.000	0.238	Valid
4	0.772	0.000	0.238	Valid
5	0.844	0.000	0.238	Valid
6	0.787	0.000	0.238	Valid

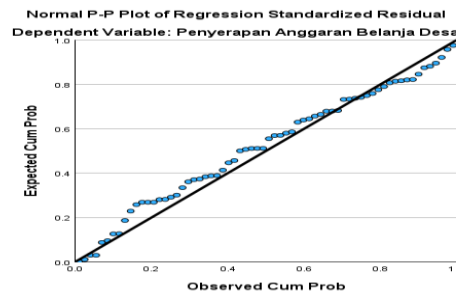
Source: Processed SPSS,26

Reliability assessment must be grounded on established decision-making criteria, specifically utilizing an alpha threshold of 0.70. A variable is deemed reliable when its value exceeds 0.70. In this research, the alpha values obtained are greater than 0.700, leading to the conclusion that all four instruments are declared reliable and satisfy the established requirements.

Table 5. Result Test Reliability

NO	Variabel	Alpha Cronbach	Alpha	Keterangan
1	Budget Planning	0.811	0,700	Reliabel
2	Budget Oversight	0.858	0.700	Reliabel
3	Internal Control System	0.903	0.700	Reliabel
4	Absorption of the Village Expenditure Budget	0.831	0.700	Reliabel

### Normality Test



**Figure 2. Normality Test Results**

According to Figure 2 presented above, the Normal Probability Plot visualization demonstrates that the data points are distributed around the diagonal line. This distribution pattern indicates that the data follows a normal distribution.

### Multicollinearity Test

Table 5 . Multicollinearity Test Results  
Coefficients<sup>a</sup>

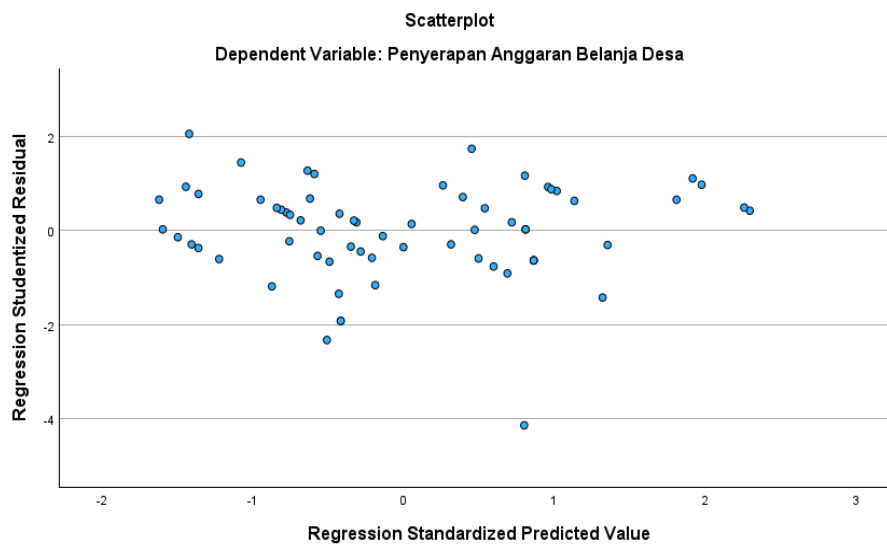
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.	Collinearity Statistics	
					B	Std. Error
1 (Constant)	-19.094	3.605	-5.296	,000		
X1	.508	.095	5.332	,000	.959	1.043
X2	.954	.097	9.835	,000	.938	1.066
X3	.133	.053	2.484	.016	.974	1.026

a. Dependent Variable: Absorption of the Village Expenditure Budget

Source: Processed SPSS,26

According to Table 5 regarding the Multicollinearity Test for the dependent variable of Village Expenditure Budget Absorption, the results indicate the absence of multicollinearity issues. This conclusion is supported by the tolerance values for all variables examined in this research, which exceed 0.10, and the VIF (Variance Inflation Factor) values for all variables in this study, which are less than 10.

**Heterokedasticity Test**



**Figure 3. Heterokedasticity Test Results**

Based on Figure 2, there are no points that form a definite clear pattern, and the dots spread above and below the number 0 on the Y axis.

**Multiple Linear Regression Analysis Test**

Multiple Linear Regression Analysis was employed to assess the degree of influence exerted by the independent variables specifically Budget Planning, Budget Supervision, and Internal Control on the dependent variable, which is Village Expenditure Budget Absorption.

Table 6. Results of Multiple Linear Regression Analysis Test

Coefficients <sup>a</sup>							
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			T	VIF
(Constant)	-19.094	3.605		-5.296	,000		
X1	.508	.095	.357	5.332	,000	.959	1.043
X2	.954	.097	.665	9.835	,000	.938	1.066
X3	.133	.053	.165	2.484	.016	.974	1.026

a. Dependent Variable: Absorption of the Village Expenditure Budget

Based on table 4.11, multiple linear regression equations can be formed as follows:

$$Y = -19.094 + 0.508X_1 + 0.954X_2 + 0.133X_3 + \epsilon$$

According to the regression equation results, the constant value of -19.094 indicates that when the variables of Budget Planning, Budget Supervision, and

Internal Control have no value or equal zero, the Village Expenditure Budget Absorption value would be -19.094. The Budget Planning coefficient value ( $\beta_1$ ) of 0.508 demonstrates that the budget planning variable ( $X_1$ ) exerts a positive influence on village expenditure budget absorption (Y). This signifies that improvements in budget planning will correspondingly increase village expenditure budget absorption. The Budget Supervision coefficient value ( $\beta_2$ ) of 0.954 reveals that the budget supervision variable ( $X_2$ ) has a positive impact on village expenditure budget absorption (Y). This indicates that enhanced budget supervision leads to increased village expenditure budget absorption. The Internal Control System coefficient value ( $\beta_3$ ) of 0.133 shows that the internal control system variable ( $X_3$ ) positively influences village expenditure budget absorption (Y). This demonstrates that strengthening the internal control system variables will result in increased village expenditure budget absorption.

**Simultaneous Test ( F Test)**

A simultaneous significance test (F-test) was employed to examine the collective influence of all independent variables on the dependent variable (Village Expenditure Budget Absorption) simultaneously. This collective influence requires testing to determine whether this regression model can proceed with conducting a t-test (partial analysis) or not.

Table 7. F Test Results (Simultaneous)  
ANOVA<sup>a</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	455.275	3	151.758	33.573	.000 <sup>b</sup>
	Residual	280.255	62	4.520		
	Total	735.530	65			

- a. Dependen Variabel: Absorption of the Village Expenditure Budget (Y)
- b. Predictors (Constant), Internal Control System, Budget Supervision and Budget Planning

Based on table 4.13, it can be seen that the results of the F test show a significant value of 0.000 which is much smaller than 0.5. This means that the results of the F test show that Budget Planning, Budget Supervision and Internal Control System have a significant influence on the simultaneous absorption of the village expenditure budget. To see what independent variables affect the dependent variables, a t (partial) test is performed.

**T test ( Partial)**

The partial significance testing methodology that systematically utilizes the t-test statistical approach is strategically implemented and employed to comprehensively assess, measure, and quantify the precise degree and magnitude of influence that a single, individual independent variable exerts in explaining, predicting, and accounting for the variance observed in the

dependent variable. This analytical process operates under the fundamental and critical assumption that all other independent variables present within the regression model remain held constant at fixed and unchanging values, thereby isolating the specific effect of the variable under examination.

This comprehensive and rigorous testing procedure is meticulously executed through careful examination, detailed analysis, and thorough evaluation of the significance level (sig) values generated by the statistical software. The interpretation of these results follows established statistical conventions: when the obtained significance value falls below the critical threshold of 0.05 (representing a 95% confidence level), this provides statistical evidence and indicates that the independent variable in question exhibits a statistically significant partial effect on the dependent variable, meaning that the relationship observed is unlikely to have occurred by chance alone. Conversely, when the calculated significance value surpasses or exceeds the established 0.05 threshold, this demonstrates and confirms that the independent variable fails to exert any meaningful, substantial, or statistically significant effect on the dependent variable, suggesting that any observed relationship could reasonably be attributed to random variation rather than a true causal or predictive relationship.

Table 8. Partial Test ( Test- t)  
 Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics
	B	Error Std.				
1 (Constant)	-19.094	3.605		-5.296	.000	
X1	.508	.095	.357	5.332	.000	.959 1.043
X2	.954	.097	.665	9.835	.000	.938 1.066
X3	.133	.053	.165	2.484	.016	.974 1.026

a. Dependent Variable: Absorption of the Village Expenditure Budget

1. The Budget Planning variable demonstrates a calculated t-value of 5.332 with a significance level of 0.000. Since the calculated t-value exceeds the table t-value ( $5.332 > 1.668$ ) and the significance level is below 5% ( $0.000 < 0.05$ ), combined with a positive coefficient value of 0.508, the Budget Planning variable exhibits a positive and statistically significant partial effect on the Village Budget Absorption variable.
2. The Budget Supervision variable shows a calculated t-value of 9.835 with a significance level of 0.000. Given that the calculated t-value surpasses the table t-value ( $9.835 > 1.668$ ) and the significance level remains below 5% ( $0.000 < 0.05$ ), along with a positive coefficient value of 0.954, the Budget Supervision variable demonstrates a positive and statistically significant

- partial influence on the Village Expenditure Budget Absorption variable.
3. The Internal Control System variable presents a calculated t-value of 2.484 with a significance level of 0.016. Since the calculated t-value is greater than the table t-value ( $2.484 > 1.668$ ) and the significance level is less than 5% ( $0.016 < 0.05$ ), coupled with a positive coefficient value of 0.133, the Internal Control System variable displays a positive and statistically significant partial effect on the Village Expenditure Budget Absorption variable.

**Coefficient of Determination ( Adjusted R<sup>2</sup>)**

The coefficient of determination test is employed to evaluate the extent to which the regression model explains the variability observed in the dependent variable, with coefficient values constrained within the range of 0 to 1. When the coefficient of determination value is lower (moving toward 0), this demonstrates a diminished ability of the independent variables to explain or predict changes in the dependent variable. Conversely, when the coefficient of determination value is higher (approaching 1), this indicates an enhanced capacity of the independent variables to account for and influence variations in the dependent variable.

Table 9. Determination Coefficient Test (Adjusted R<sup>2</sup>)

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.857 <sup>a</sup>	.734	.721	1.79453

a. Predictors: (Constant), Internal Control, Budget Planning, Budget Supervision

Dependent Variable: Absorption of the Village Expenditure Budget

According to Table 4.14, the Adjusted R Square value is 0.721, equivalent to 72.1%, indicating that the dependent variable (Village Expenditure Budget Absorption) is explained by three independent variables: Budget Planning, Budget Supervision, and Internal Control System. This signifies that an additional 27.9% of the variance in the dependent variable (Village Expenditure Budget Absorption) is attributed to other independent variables that are not included in this research study.

**DISCUSSION**

***The Effect of Budget Planning on Village Budget Absorption.***

According to the regression analysis and t-test results, the independent variable of Budget Planning in relation to village expenditure budget absorption demonstrates a coefficient value of 0.508 with a significance value of  $0.000 < 0.05$ , indicating the existence of a positive and statistically significant relationship between Budget Planning and Village Expenditure Budget absorption. These findings reveal that enhanced budget planning leads to improved Village Expenditure Budget absorption.

Lintong Nihuta District, situated in Humbang Hasundutan Regency within North Sumatra Province, possesses a compelling geographical characteristic featuring mountainous terrain surrounded by highlands. The region experiences tropical climatic conditions with substantial precipitation levels, which contribute to agricultural soil productivity and natural tourism opportunities. The population of Lintong Nihuta comprises diverse ethnic groups, predominantly Batak people, and maintains rich cultural heritage including traditional ceremonial practices and indigenous arts. The community's economic foundation primarily relies on agricultural activities and small-scale enterprises, though access to tertiary education remains constrained. Institutionally, this sub-district operates under the leadership of a sub-district head and maintains administrative work units, along with various community organizations actively engaged in social and economic development initiatives. Community involvement in governmental and developmental activities demonstrates considerable effectiveness, as evidenced through village consultations and discussion platforms. The empirical findings of this research align with previous studies conducted by Ramdhani & Anisa (2017), Zarinah et al. (2016), Mutmainna & Iqbal (2017), Kuntadi et al. (2023), Rahmawati et al. (2021), Nurchayati & Nawatmi (2022), and Sulastri (2023), all of which concluded that budget planning exerts a positive and significant influence on village budget absorption.

#### ***The Effect of Budget Supervision on Village Budget Absorption***

According to the regression analysis and t-test findings, the independent variable of budget supervision regarding village expenditure budget absorption exhibits a coefficient value of 0.954 with a significance value of  $0.000 < 0.05$ , demonstrating the presence of a positive and statistically significant relationship between Budget Supervision and village expenditure budget absorption. These results indicate that improved budget supervision leads to enhanced village expenditure budget absorption.

Lintong Nihuta District, positioned within Humbang Hasundutan Regency in North Sumatra Province, presents an appealing geographical landscape characterized by undulating topography encircled by mountainous terrain. The region experiences tropical weather patterns with considerable precipitation, which supports agricultural soil fertility and natural tourism development potential. The inhabitants of Lintong Nihuta consist of multiple ethnic communities, with Batak people forming the majority, and they maintain vibrant cultural traditions encompassing ceremonial practices and indigenous artistic expressions. The community's economic structure predominantly depends on agricultural activities and small-scale commercial ventures, while access to tertiary education opportunities remains restricted. From an institutional perspective, this sub-district operates under the governance of a sub-district head and maintains administrative work units, alongside numerous community organizations actively participating in social and economic development efforts. Community engagement in governmental and

developmental processes demonstrates substantial effectiveness, as reflected through village consultation meetings and discussion forums.

The empirical outcomes of this research corroborate findings from studies conducted by Hasan et al. (2024) and Batubara & Risna (2020), with both research teams asserting that budget supervision exerts a positive and significant influence on village expenditure budget absorption.

### ***The Effect of the Internal Control System on the Absorption of the Village Expenditure Budget***

Based on the regression and t-test analysis results, the independent variable of budget supervision in relation to village expenditure budget absorption displays a coefficient value of 0.954 and a significance value of  $0.000 < 0.05$ , indicating the existence of a positive and statistically significant correlation between Budget Supervision and village expenditure budget absorption. These findings suggest that enhanced budget supervision results in improved village expenditure budget absorption.

Lintong Nihuta District, located in Humbang Hasundutan Regency within North Sumatra Province, features an attractive geographical profile with hilly terrain surrounded by mountain ranges. The area is characterized by tropical climatic conditions with substantial rainfall levels, fostering agricultural land productivity and natural tourism opportunities. The population of Lintong Nihuta comprises diverse ethnic groups, predominantly Batak communities, who preserve rich cultural heritage including traditional ceremonial rituals and customary arts. The economic foundation of the community primarily relies on farming activities and small business enterprises, though opportunities for higher education access remain limited. Institutionally, this sub-district functions under the leadership of a sub-district head and encompasses work units responsible for administrative functions, along with various community organizations that actively engage in social and economic development initiatives. Citizen participation in governance and development activities shows considerable strength, as evidenced through village deliberation processes and public discussion platforms.

The empirical findings and statistical results of this comprehensive research investigation correspond directly and align systematically with previous academic studies conducted by Hasan et al. (2024) and Batubara & Risna (2020), whereby both independent research teams, through their respective methodological approaches and analytical frameworks, conclusively determined and established that budget supervision mechanisms exert a positive, substantial, and statistically significant influence on village expenditure budget absorption processes and outcomes.

### ***The Effect of Budget Planning, Budget Supervision and Internal Control System on Village Budget Absorption***

Based on the comprehensive simultaneous test (F-test) statistical findings and analytical results, the obtained significance value of 0.000 falls substantially below the established critical threshold of 0.05 (representing a 95% confidence level), which provides strong statistical evidence and results in the definitive

conclusion that Budget Planning variables, Budget Supervision mechanisms, and Internal Control System frameworks jointly and collectively demonstrate a statistically significant, measurable, and meaningful impact on Village Expenditure Budget Absorption when these three independent variables are analyzed concurrently and simultaneously within the regression model. This simultaneous effect indicates that these three variables work together synergistically to influence budget absorption outcomes, rather than operating independently, thereby demonstrating the interconnected nature of these organizational and administrative factors in determining village financial management effectiveness.

## **CONCLUSIONS AND RECOMMENDATIONS**

### ***Conclusion***

This research investigation is specifically structured and methodologically designed to systematically examine, analyze, and comprehensively evaluate the measurable impact and influence of Budget Planning mechanisms, Budget Supervision frameworks, and Internal Control System implementations on Village Budget Absorption processes and outcomes. Based on the comprehensive statistical findings and empirical results obtained through rigorous data analysis, several definitive conclusions can be established: Budget Planning demonstrates a positive, substantial, and statistically significant influence on Village Budget Absorption effectiveness. Budget Supervision exhibits a positive, measurable, and statistically significant impact on Village Expenditure Budget Absorption performance. The Internal Control System displays a positive, meaningful, and statistically significant effect on Village Expenditure Budget Absorption outcomes.

Furthermore, when these three independent variables are analyzed collectively and simultaneously through comprehensive statistical modeling, Budget Planning, Budget Supervision, and Internal Control System together demonstrate a combined positive, substantial, and statistically significant influence on Village Expenditure Budget Absorption, indicating that these organizational and administrative factors work synergistically to enhance overall budget absorption effectiveness in village financial management systems.

### ***Recommendations***

Based on the research findings and conclusions drawn, the researcher anticipates that this study will serve as valuable input. The recommendations or suggestions for this research are outlined as follows: For future research, it is recommended that researchers incorporate additional variables suspected to influence village expenditure budget absorption in other villages. Subsequent studies are advised to include additional independent variables beyond those examined in this research, such as budget implementation variables and goods and services procurement variables. Expanding the population and sampling scope further is recommended to obtain more comprehensive and precise information. Additionally, researchers should be better prepared in data gathering and collection processes to ensure proper research execution.

Optimizing budget allocation should involve adherence to efficiency, effectiveness, and accountability principles, while enhancing community participation in budget oversight through community supervision forums, transparent disclosure of financial statements, and providing training and competency development for village officials engaged in budget management, particularly concerning effective village financial governance practices.

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