

Performance Accountability Financial Reports of Saving and Loan Cooperatives in East Lombok (Study on KSUSPPS Bina Al-Mandiri Syaria'ah)

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ABSTRACT

This study analyzes the accountability of financial reporting performance in one of the cooperatives in East Lombok Regency, the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative. This study aims to determine the extent to which the performance accountability of the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative's financial reports is accountable to members and the public. This study uses a descriptive-qualitative approach, collecting data through observation, interviews, and documentation. The results showed that the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative needed to be more fully accountable and transparent in managing the cooperative. KSUSPPS Bina Al-Mandiri Syari'ah Cooperative, in compiling financial reports, has included proof of transactions but has not integrated them; disclosures are made only in the form of financial report items, and financial reports are available for each unit containing a statement of financial position and profit and loss statement. Documents for cooperative activities are available in full and can be accessed by the community and members.

INTRODUCTION

Cooperatives are businesses that are legal entities and are owned by members who are also service users and consumers. The principal capital of cooperatives is the trust of members to provide mandatory savings, principal savings, and voluntary savings; this is the business form of the Ministry of Cooperatives and Small and Medium Enterprises in giving members trust to cooperatives by issuing Regulation No. 20 of 2015 concerning cooperative accountability, which is the basis for cooperatives in carrying out their business. Most people at this time ignore the role and function of cooperatives.

The research problem raised by the results of the Office of Cooperatives and Small and Medium Enterprises of East Lombok Regency evaluated the existence of cooperatives, which were considered inactive and stubborn. Other data found was that of the 508 cooperative units, only 262 were active, 32 had been disbanded, and the rest were still proposing (Sair, 2017). Erstiawan and Soebijono (2018) state that the information system gains an average of 2.52 implemented, member participation is quite good at 4.20, and the principle of transparency gains an average of 4.02 can be appropriately implemented and is entirely realized. The principle of independence with an index of 3.83 is entirely realized by its management. The principle of accountability, with an index of 3.71, can be adequately implemented, and the principle of fairness and agreement, 3.94, can be appropriately implemented.

Cooperatives received a revision in 1998, reform in 2007, and accounting standards. Entity Finance Without Public Accountability (SAK ETAP) was just issued by the Association of Public Accountants in May 2009. The application of cooperative accounting standards is expected to provide an overview of cooperative management performance in the past and prospects for the future so that they can be trusted and relied upon both by management and by cooperative members and external parties interested in the cooperative. It is a form of implementing cooperative accountability in which cooperatives must be able to manage services and be informed to interested parties in the form of financial reports, where information about assets, liabilities, net assets, and the relationship between these elements is conveyed. The report must also separately present net assets, both bound and unrestricted use. The results of cooperative resource management will be accounted for by presenting financial reports.

LITERATURE REVIEW

Agency Theory

This theory defines the relationship between the principal (owner) and the agent (management), in which the agent is entrusted and authorized to arrange, regulate, and manage several services for their benefit (Jensen & Meckling, 1976). This agency theory arises when there is a working relationship between one or more people. The principal gives authority and cooperates with other people (agents) to gain authority over running the company. Agents must report and provide information to principals because agents know more about company conditions than principals (Zoobar & Miftah, 2020).

This theory implies that cooperatives (agents) who have been given the mandate and authority must report cooperative performance accountable to members of the government and the public. In addition, stakeholders, as users of information, must provide the required information thoroughly to minimize conflicts and information asymmetry between principals and agents. Regarding the performance of the cooperative's financial reports, the village government (principal) will continue to evaluate it so that the cooperative can develop and progress with excellent and correct management.

This research seeks to analyze the accountability for management performance of the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative's financial reports based on the indicators used in the research of Anskaria Simfrosa Gohae (2022) and Mudjiyono (2020). Following the explanation above, the research model is described in Chart 2.2 below:

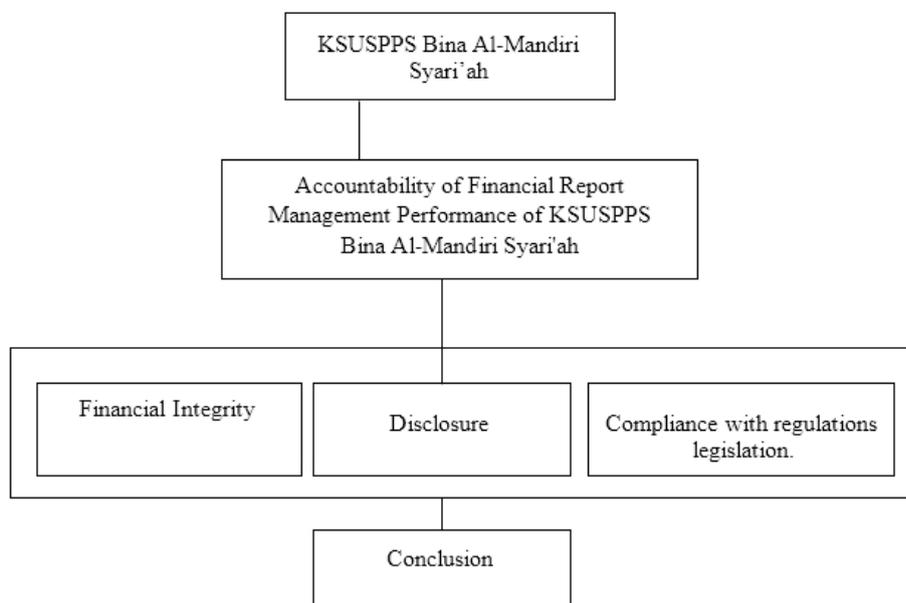


Figure 1. Conceptual Framework

METHODOLOGY

Research Approach

The approach used in this study is qualitative. This qualitative approach is called the postpositivist method because it is based on the philosophy of postpositivism and an artistic method. After all, the research process is more artistic (less patterned) and is called the interpretive method because the research data is more concerned with interpreting the data found in the field (Siyoto & Sodik, 2015). The data that will be interpreted is data found in the field through observation, interviews, and documents related to the accountability of the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative.

Data Collection

Information about data must be obtained from informants who can provide data according to the topic under study. Reliable information can

provide the required information accurately. The informants in this study were the Director of Cooperatives, Abdullah S.Pd, the person who led the implementation of the cooperative; the Treasurer of the Cooperative, Nurul; the person who managed the administration and finances of the cooperative, and Ihwan, the manager of the cooperative, cooperative members and interested communities.

Researchers will go directly to the field for interviews, collecting documents and making observations. The presence of researchers in the field is significant and optimally needed. The researcher is the main key instrument in expressing meaning and, simultaneously, as a data collection tool. Therefore, researchers went directly to observe and collect the required data for this study.

The qualitative data analysis process begins by examining all available data from various sources, namely interviews. These observations have been written down in field notes, personal documents, official documents, photographs, etc. After review, the next step is data reduction, unit preparation, categorization and finally, data interpretation (Siyoto & Sodik, 2015).

According to Siyoto & Sodik (2015), three stages must be done in analyzing qualitative research data, namely:

1. Data Reduction. Reducing data means summarizing, choosing the main things, focusing on the essential things, looking for themes and patterns and removing unnecessary ones. Data reduction can be done by doing abstraction. Abstraction is an attempt to summarise the core processes and statements that must be maintained to remain in the research data. For the data to be reduced related to the results of observations, interviews and documentation, the main points will be selected following the indicators used regarding accountability and transparency so that they are easily presented later.
2. Presentation of Data. The presentation of data is a set of structured information that gives the possibility of concluding. This step is carried out by presenting structured information that gives the possibility of concluding. Reduced data related to Cooperative Performance accountability will be presented in the form of brief descriptions that can be easily understood
3. Conclusion or Verification. Conclusion or verification is the final stage in the data analysis process. In this section, the researcher draws conclusions from the data that has been obtained. This activity is intended to find the meaning of the data collected by looking for relationships, similarities, or differences. Conclusions can be drawn by comparing the appropriateness of the statement from the research subject with the meaning contained in the basic concepts in the research. After the data is presented, conclusions will be drawn regarding the accountability of Cooperative performance by considering the indicators used to obtain appropriate results..

RESEARCH RESULTS

Results of Data Analysis

Based on the research that the researchers have done in the field by interviewing and documenting, the researcher then interprets the data that has been collected. The accountability of the KSUSPPS Bina Al-Mandiri Syari'ah government is interpreted as follows:

1. Financial Integrity

We can simply interpret financial integrity as honesty in presenting reports. The presentation of financial reports made by cooperatives regarding written numbers, accounting descriptions, and their sources must have a relationship or match so that the results of financial reports made by cooperatives can be considered to have financial integrity. Apart from having to be compatible with existing sources, the financial reports must reveal the actual condition of the Cooperative and interested parties, and the public must understand the financial reports made.

Observations made on the Bina Al-Mandiri Syari'ah Multi-Business Savings and Loans Cooperative found that in reports made by the Al-Mandiri Syari'ah Bina Savings and Loans Multi-Business Cooperative, especially the treasurer who records all transactions made, the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative has recorded financial reports following the figures and available sources. The treasurer of the Al-Mandiri Syari'ah Bina Al-Mandiri Syari'ah Multi-Business Cooperative in recording various existing transactions carried out in several stages, starting from recording in a personal notebook or directly recording on a computer and finally entering into the cooperative application. The Director of the Multi-Business Cooperative, Savings and Loans Financing Bina Al-Mandiri Syari'ah Abdullah S.Pd stated that the treasurer holds forms such as cooperative transaction notes as a source of financial records. The financial reports made are reported at the end of the year.

Mr Abdullah S.Pd, in his interview, also gave answers on how the financial management was carried out by the Syari'ah Bina Al-Mandiri Cooperative and stated that the reports made were easy to understand. The point is that the treasurer records any transactions that come in or out either manually or in Excel. Usually, there is proof of the transaction. Coincidentally, the USSI application is also used here, which is a company that develops products and provides information technology-based services for the microfinance industry to compile its financial reports. Suppose we look at the accounting rules in a complete system application. Our reports are standard and effortless to understand; thank God for us.

The treasurer of the Cooperative, Bina Al-Mandiri Nurul, also conveyed the same thing, said that the transaction data form was held by him and the cooperative's financial reporting it was usually reported at the RAT at the end of the year by inviting various parties, including the public. In addition, it also conveyed how financial records and the meaning of reports were made; this statement was confirmed by Buk Nurul as treasurer, who stated:

First, for example, we buy an item, and there is a note that someone gives; I usually write it down in a book first or right in front of the computer, and we immediately input it. Usually, if we input the whole per month. The elements of the financial statements already exist in the application; we buy them. To be honest, all this time, sometimes there are places that I don't understand; the main thing is to help each other, Mr. Satriaji as IT in the cooperative. Maybe there's something I don't understand; I'll ask Mr Satriaji later; if something goes wrong, I'll let you know.

2. Disclosure

Disclosure is generally defined as the delivery (release) of information. Disclosure is the final step in the accounting process which is presented as complete financial reports. In managing cooperative financial reports, it is essential to disclose disclosures when there is market uncertainty. Relevant information is reflected in the disclosure of financial statements. In an interview conducted with the Cooperative, Mr Abdullah S.Pd, the chairman of the Cooperative, revealed that the annual report that was prepared contained financial reports and was reported at the annual member meeting for financial conditions; it was said to contain various financial positions and balance sheets. Yes, usually, we will know how much profit or loss we will lose and how much is already in the application. We are constrained here on average because the background is not from accounting, meaning there must be many deficiencies in financial reports, especially accounting analysis which includes expenses, equipment, and inventories, which are sometimes wrong.

Mr Abdullah S.Pd also explained that the financial statements included a balance sheet and profit/loss. Not all components in the financial statements were in the report, such as a report on changes in equity, cash flow, and notes on financial statements. For the application of SAK ETAP, the determinations were met. Already complies with financial accounting standards, following SAK ETAP, as long as it is complete in the system, starting from financial reports, profit/loss reports, notes on financial reports and others."

Nurul, treasurer of KSUSPPS Cooperative Bina Al-Mandiri Syari'ah, said that the application already contains all of its components. Yes, because there is already everything. We buy the application.

3. Compliance with laws and regulations

The regulations governing how the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative compiles its financial reports are Law number 20/Per/M.KUKM/IX/2015 In articles 5 and 6 of the implementation of cooperative accountability, following these regulations, the management of the cooperative must make financial reports for all business units made in a simple accounting system then the financial reports that are made contain at least a statement of financial position and profit and loss statement.

Observations made at the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative found that the financial reports that had been made included all existing business units of the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative. However, indeed in its preparation, it was not fixated on every month; the treasurer of the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative often directly entered existing transaction notes into the computer so that transactions made were always recorded in direct financial reports. As previously explained, the financial statements prepared by the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative contain a statement of financial position and profit/loss. As stated by Mr Abdullah S.Pd, the person in full authority at the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative that the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative has prepared monthly and quarterly financial reports and contain profit and loss and balance sheets. We have an application every day where there are transactions, so when there is one, we need monthly and quarterly reports; all we have to do is click on them. For the profit/loss report and balance sheet, because I have used the application, and also when the members' meeting asked for a profit report, we have to prepare it.

Mrs Nurul, the cooperative's treasurer, also conveyed the same thing, who stated that the report had been made monthly and contained the required reports. This statement followed the results of the researcher's interview with Mr Abdullah S.Pd, who stated: It has made monthly; if it is not like that, we're sure to be at a loss for Salman later; if it is not like that, there are lots of transactions that we do not remember. As I said in the application, there are all profits/losses and the balance sheet.

DISCUSSION

Agency theory arises when there is a cooperative relationship between one or more people, where the owner gives authority to management to work and manage the resources provided. The agency theory (agency theory) put forward by (Jensen & Meckling, 1976) states that the relationship between the principal (owner) and the agent (management) is where the agent is given the mandate and is authorized to administer, regulate, and manage several services for the benefit of the owner. Because the principal appoints the agent to manage the company, the agent must be responsible for all of his work; one of the expected ways to align the agent's and the principal's goals is through a reporting mechanism. Agents must report and provide information to principals because agents know more about company conditions than principals (Zoebar & Miftah, 2020).

The management of the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative chaired by Mr Abdullah S.Pd in carrying out all forms of management activities at the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative, existing business units. Each unit that is carrying out its activities must follow the interests of members and the community to find out whether the activities carried out by the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative are following the interests of the community, namely by reporting. The form of reporting is carried out in

various forms, which, of course, must be provided with documents such as activity plan documents, financial report documents, accountability documents in the form of annual reports, and others. Therefore this study seeks to analyze how the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative carries out accountability and how open it is to the parties involved in its management. The following indicators describe the results of this study:

1. Financial Integrity

Seeing the condition of the financial statements that are not following the cash records of each unit causes the financial reports made by the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative to be unable to describe the actual conditions so that there is a risk of misleading financial users such as members and the public. The difference between cash records and financial statements is due to incorrect journalizing because the management of the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative does not fully understand how the journalizing process is in accounting, besides that one of the causes of the difference in numbers is that there are still many old transactions that are mixed up.

This research has similarities with research conducted by Raven Pardomuan Siagian (2016) which revealed that there are still some discrepancies with the rules for presenting financial statements according to SAK ETAP. The things that make this cooperative have deficiencies in presenting its financial reports based on SAK ETAP are due to the lack of knowledge about SAK ETAP itself and the lack of management awareness of the importance of financial reports.

2. Disclosure

Financial Report Disclosures are concepts, methods, and media regarding how Financial Report information is conveyed to interested parties. Disclosure is carried out by submitting information regarding financial reports prepared by the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative, such as financial statement headings, footnotes (notes to financial statements), use of technical terms (terminology), explanations in brackets, attachments, auditor explanations in the auditor's report, and management communications in the form of official letters or statements. The financial reports prepared by the management of the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative include consolidated reports for all units. This consolidated report makes it easier to see the overall financial condition of the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative. Looking at the financial reports that the KSUSPPS has made, Bina Al-Mandiri Syari'ah Cooperative already contains posts consisting of current assets, non-current assets, and other assets. There has also been a classification of liabilities in the liability section, starting from short-term debt, long-term debt, and capital. Similarly, the profit/loss report is clear for the division of expense accounts which consist of operating and non-operating expenses and income, which includes all units; this result follows what Buk Nurul conveyed as the cooperative's treasurer.

Even though it has been disclosed in clear posts, the financial reports of the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative cannot yet be used as a reference in making decisions because they are not yet integrated. Also looking at the footnotes (notes to financial statements), the use of technical terms (terminology), explanations in parentheses, attachments, auditor explanations in the auditor's report, and management communications in the form of letters or official statements have not been owned by the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative so that we cannot understand more deeply about the financial statements that have been prepared, the results of the observations are following those expressed by the hero as the cooperative manager.

This research also has similarities with Anskaria Simfrosa Gohae's research (2022) which state that there is still a lack of understanding in the preparation of financial reports by the Osseda Faolala Women Nias Cooperative is not ideal, as evidenced by the preparation of financial reports only in the form of monthly reports containing reports on loans or receivables and cooperative consumer savings. This is due to management's lack of understanding of SAK ETAP.

3. Compliance with Legislation

The latest regulations stipulated by the Indonesian Accountants Association Financial Accounting Standards Board (DSAK IAI) have ratified the Private Entity Financial Accounting Standards (SAK EP), which is adopting IFRS for SMEs considering the conditions in Indonesia. SAK EP will replace SAK Entities Without Public Accountability (ETAP). SAK EP is prepared to meet the financial reporting needs of private entities, namely entities that do not have public accountability and issue general-purpose financial statements for external users. The financial statements consist of a statement of financial position as of reporting date, a statement of comprehensive income, profit and loss, a statement of changes in equity during the reporting period, a statement of cash flows during the reporting period and notes to the financial statements.

The financial reports made by the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative have been financial reports for each unit. The financial statements prepared by KSUSPPS Bina Al-Mandiri Syari'ah Cooperative are incomplete following SAK EP, namely the statement of financial position as of reporting date, statement of comprehensive income, profit and loss, statement of changes in equity during the reporting period, statement of cash flows during the reporting period and notes to the financial statements. The report prepared by the KSUSPPS Bina Al-Mandiri Syari'ah Cooperative only contains a statement of financial position and a profit and loss statement, including the consolidation of each unit. This follows Law Number 25 of 2020 in article 57, which stipulates that cooperatives are required to submit a business activity report every year, including financial and annual reports.

This is the same as the results of research conducted by Mudjiyono (2020), which revealed that the financial statements presented had not

been implemented following SAK-ETAP as guided by the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 04/Per/M.KUKM/VII/2012.

CONCLUSIONS AND RECOMMENDATIONS

It can be said that the Management of the Al-Mandiri Syari'ah Bina Al-Mandiri Syari'ah Multi-Business Cooperative has implemented the principle of accountability. However, there are still some things that are lacking. The accountability indicators are financial integrity, disclosure, and compliance with laws and regulations. The transparency indicators used are the availability and affordability of documents, the clarity and completeness of information and the completeness of the process.

The results of this study can provide theoretical and practical implications. Theoretically, this research can provide implications for agency theory. As an agent who is given the authority to manage existing resources in the cooperative, the cooperative manager must be able to report all forms of its activities to interested parties, namely, the community. KSUSPPS Bina Al-Mandiri Syari'ah, in reporting to the village government, must be clear and complete following existing provisions, as well as all processes in running the Cooperative must be open to members and the community. If the Cooperative manager can appropriately do this, the village government and the community as the resource owner will be satisfied with the performance that has been carried out.

Practically, this research is expected to be used as one of the guidelines for KSUSPPS Bina Al-Mandiri Syari'ah managers to be better at applying the principle of accountability to provide clear and complete information to assembled parties and the community as well as evaluation and improvement of performance that is effective and efficient in cooperative accountability. This research also has implications for the Office of Cooperatives and UMKM in East Lombok Regency and the community.

ADVANCED RESEARCH

The limitations of this study are as follows:

1. This research was only conducted in one cooperative
2. The information obtained through interviews still needs to answer the questions asked
3. The information obtained through interviews still needs to answer the questions asked

ACKNOWLEDGMENT

It is better to do further research on a broader scope, such as cooperatives in one sub-district or district. In addition, the indicators used in accountability and accountability can be improved, and research informants can be increased in number and variety. Furthermore, subsequent researchers were more agile in asking informants so that the information obtained was clear and accurate.

For Cooperatives, the desire is to increase understanding in the field of accounting so that later they can make excellent and correct financial reports and reporting that is easy to understand.

For the government, it is necessary to provide training on making financial reports to cooperative management in the regions to present quality financial reports and carry out cooperative activities effectively and efficiently..

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