

Transparency of Financial Statements as a Basis for Assessment of Bumdes (Village-Owned Enterprises)

(The Case Study of BUMDes Pangrango, Cibeureum Village, Cisarua District, Bogor Regency)

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Abstract: The strength of the Indonesian economy is largely determined by the strength of the village economy. This is because the majority of Indonesia's population lives in rural areas. We always seek to develop the village economy, one of which is the establishment of Village-Owned Enterprises (BUMDes). The success of BUMDes can be measured from valid financial statement data and is ultimately reflected in the balance sheet and profit / loss statement which should be made and reported annually in order to provide information on business developments.

The purpose of this study is to determine the financial management of BUMDes Pangrango, with the hope that the development of BUMDes performance can be monitored transparently and in accordance with the rules.

The results showed that the Pangrango BUMDes had not submitted financial reports as stipulated in the ETAP Financial Accounting Standards so that the Parango Bundes Financial Statements, both in terms of transparency and accountability, could not be assessed for reasonableness (opinion does not express an opinion / Disclaimer of opinion), 2). Communication between the Village Government and BUMDes both institutionally and individually and the control function of the village government as regulated in Law Number 4 of 2015 concerning Village-Owned Business Entities does not work as it should.

To increase transparency, it is better if training is carried out in stages and on an ongoing basis for the executors of the financial management of the BUMDes in cooperation with institutions that have competence in the field of financial management. In addition, the communication forum between the BUMDes, the Village Government and the Village Consultative Body (BPD) needs to be improved so that optimal results are obtained both in the field of village income and the level of community welfare.

Keywords: Transparency, financial reports

I. Introduction

Indonesia is a country where most of its people live in rural areas, and to improve the lives of rural communities a participatory development model is needed, namely a joint development management system that is planned, implemented and evaluated by means of deliberation, consensus, and mutual cooperation, which is a way of life for the community. which has long been rooted in culture in the territory of Indonesia. This is in accordance with Permendagri Article 5 No. 66 of 2007. (4). One of the village development efforts is the establishment of Village-Owned Enterprises (BUMDes). The establishment of this Village-Owned Enterprise is based on (1) Law no. 32 of 2004 concerning Regional Government Article 213 paragraph (1) states that "Villages can establish village-owned enterprises according to the needs and potential of the village" and is also listed in Government Regulation (PP) no. 72 of 2005 concerning Village. (2)

As a public business entity where the capital comes from the Village Revenue Budget and the participation of village community capital, BUMDes must be managed openly and accountably so that it can be accounted for in accordance with applicable laws and regulations, where this accountability concerns the source / input, the process carried out and also the results / outputs obtained.

Every company / public business entity is obliged to prepare financial reports because the financial statements that are prepared provide financial information needed by users, both from internal and external parties of the company. In line with this, the Indonesian Institute of Accountants (IAI) has published standards in the preparation of financial reports. The standards for preparing these financial statements are in the form of Financial Accounting Standards (SAK) and Entittas Financial Accounting Standards without Public Accountability (SAK ETAP), for BUNDES and small and medium enterprises (MSMEs) which state that a transparent and accountable financial report must cover at least five things. namely: Balance Sheet, Income

Statement, Statement of Changes in Equity, Cash Flow Statement, Notes to financial statements. With this standard, it is expected that there will be guidelines in preparing financial reports as a form of accountability for financial management in a transparent and accountable manner.

The lack of awareness of BUMDesa managers on the importance of complete and standard financial reports has an effect on the conditions and potential of BUMDes, which are difficult for managers to read, thus hampering their development. The good handling of BUMDes has had a positive economic and social impact on the villagers, both directly and indirectly.

BUMDes Pangrango is located in Cibeureum Village, which is one of 9 (nine) Villages and 1 (one) Kelurahan within the Cisarua District, Bogor Regency, whose administrative location is in the south directly adjacent to Cianjur Regency. The village area is 1,128.62 hectares, with a population of 14,432 people. This BUMDes was founded in 2015.

Activities or units managed by Pangrango BUMDes include: a). Stall / kiosk unit; b). Payment unit for electricity, telephone, credit, etc. (POB); c). Waste bank unit; and D). Clean water management unit.

The funds used in the management of BUMDes come from the allocation of village funds, and from the results of the businesses they manage. The allocation of village funds is an inclusion of the village income and expenditure budget. The observation results in the BUMDes field still have not shown progress because there have been no financial reports submitted by BUMDes leaders that show developments from year to year since 2015, whereas according to rules based on the correct accounting system, the success of BUMDes can be measured from valid financial statement data. and in the end, it is reflected in the balance sheet and profit / loss statement which should be prepared and reported annually in order to provide information on business developments.

The benefit of this research is that BUMDes Pangrango is expected to show accountability results by presenting financial reports fairly and correctly and transparently so that the picture and development of BUMDes performance, especially financial performance, will be assessed by funders (APBD) and BUMDes Pangrango partners in making decisions. This research is supported by several previous studies, Setyobakti, (2017), states that handling BUMDes well has a positive economic and social impact on villagers, both directly and indirectly, while Jayanti (2019) Analysis of the Implementation of SAK ETAP in Village-Owned Enterprises (BUMDesa) "Surya Sejahtera" In Kedungturi Village, Taman Subdistrict, Sidoarjo Regency, EQUITY Volume 4 Issue 3 (2018) concluded that the lack of awareness of BUMDes managers on the importance of complete and standard financial reports has an effect on the conditions and potential of BUMDes which are difficult to read by managers. thus hindering its development. According to I Wayan Saputra in the Effectiveness of Village Fund Allocation Management in Lambean Village, Kintamani District, Bangli Regency in 2019-2014, he stated that the village was in the effective category, but the community's understanding of village fund allocations was still lacking, there was a miss of communication, village fund allocations were late. According to BUMDes that are declared healthy if they meet the criteria for financial ratio analysis of Capitol Assets Management, Earning and Liquidity (CAMEL). Research by Dina Irawati and Diana Elvianita Martanti, 2017, Transparency of BUMDes Financial Report Management Against Asset Reporting in Karangbendo Village, Kec. PongokKab. Blitar stated that transparent accounting practices in the form of financial reports with the guide "Land Data Book in Villages or Kelurahan of Origin District"

II. Literature Review and Hypothesis Development

Village-Owned Enterprises or BUMDes are business entities whose entire or most of the capital is owned by the village through direct participation originating from separated village assets in order to manage assets, services, and other businesses for the welfare of the village community. (Law No. 4 of 2015).

Article 3 of Permendesa No.4 of 2015 states that the objectives of establishing BUM Desa are as follows :

- a. Improve the Village economy;
- b. Optimizing Village assets to be useful for the welfare of the Village;
- c. Increase community efforts in managing the economic potential of the Village;
- d. Develop business cooperation plans between villages and / or with third parties;
- e. Create market opportunities and networks that support citizens' public service needs;
- f. Opening employment opportunities;
- g. Improve community welfare through improved public services, growth and even distribution of the Village economy;
- h. Increase Village community income and Village Original Income.

As a public business entity where the capital comes from the Village Revenue Budget and the participation of village community capital, the BUMDes must be managed openly and accountably, meaning that it can be accounted for in accordance with applicable laws and regulations, and does not conflict with the

two things, where this accountability concerns the source / input, the process carried out and also the results / outputs obtained. BUMDes like companies need and make financial reports to provide an accounting overview of the company's operations and financial position. (Farah Margaretha).

According to the Indonesian Institute of Accountants (2015.1), "a financial report is a structure that presents the financial position and financial performance in an entity."

The purpose of financial reports according to PSAK (2015: 1) is "to provide information on financial position, financial performance, and cash flow that is useful for most users of financial statements in making economic decisions. Financial reports also show the results of the accountability of management or resource users. entrusted to them".

In the financial statements, the principles used are Accountability and Transparency. Accountability according to Mahmudi (2011: 18) what is meant by public accountability is the obligation of the trustee (agent) to provide accountability, present, report, and disclose all activities and activities that are their responsibility to the principal who has the right and authority to ask the accountability. Meanwhile, transparency is the openness of an organization in providing information related to public resource management activities to parties who are stakeholders.

This research is focused on BUMDes financial reporting with an emphasis on the principles of accountability and transparency

III. Methodology

Selection of Data Collection Methods

This research is a descriptive exploratory study with a qualitative approach within the scope of the interpretive paradigm, while the type of data uses quantitative data and qualitative data from primary and secondary sources. This type of qualitative descriptive research is a research method that utilizes qualitative data and is described descriptively. This research describes the condition of Bumdes Pangrango and analyzes events, phenomena, or conditions of the village community. The techniques used in this study were unstructured interviews with BUMDes Managers, the Village Head of Cibereum, the Head of Economic Affairs and the Head of Service Affairs.

Location and Period of Research

The location of this research is BUMDes Pangrango Jl. Captain Harun Kabir, Cibereum Village, Cisarua District, Bogor Regency, West Java. The research period is approximately one year from 2019 to 2020.

Data Analysis Method

Data analysis method is the process of systematically searching and compiling data obtained from interviews, field notes and documentation by organizing data into categories, describing them into units, synthesizing compiling into patterns, choosing which ones are important and which will be studied and make conclusions so that they are easily understood by oneself and others. The data analysis process begins by examining all data obtained from the results of data mining (Bambang, 2016: 71 - 72)

The method of analysis uses descriptive analysis.

Descriptive analysis is a statistic that is used to analyze data by describing or describing the state of the data that has been collected as it is without intending to make general conclusions or generalizations (Sugiyono, 2012).

IV. Results and Discussion.

From the results of initial observations, BUMDes Pangrango has promising potential. This can be seen from its strategic location, where in this area there are several tourist objects such as Safari Park, Agro Tourism, cattle breeding business and many others. This makes the hospitality and culinary business grow rapidly.

The amount of this potential has not been well accommodated, even very minimal, when viewed from the business sector that has been managed by BUMDes Pangrango as seen from the BUMDes business activities above.

Pangrango BUMDes management has not been able to display financial reports to the public and partners from 2015 to 2019. This is not in accordance with the provisions of laws and regulations (Law No. 4 of 2015). The success in managing BUMdes can be seen from the reporting, both administratively and from the presentation of financial reports in accordance with the Financial Accounting Standards for Entities without Public Accountability (SAK ETAP).

The financial reports presented by BUMDes managers are presented in outline in the media profile issued by BUMDes Pangrango. The report is only in the form of Equity Participation, Total Turnover, and Profits from 2015 to 2018. Reports are made per period, where each period is three years. The main business

activity of this BUMDes is in the form of PPOB (Online Bank Payment Point), which is a bank-like counter that can be used to pay various bills in one place. BUMDes Pangrango has several features, such as:

1. Smart Laku and the KUR (People's Business Credit) program in collaboration with BNI Bank.
2. Features purchase pulses, PLN tokens, data packages, game and TV vouchers, multi-finance payments, Social Insurance Institution (BPJS Health) payments, bank transfers and electricity bill payments.
3. Motor Vehicle Tax payment service program (PKB), in collaboration with Development Planning Agency at Sub-National Level (BAPPEDA Bogor).

All transactions can be done either via SMS, Android application or websites. * (The Pangrango Locket application can be downloaded on the Playstore).

Tabel 3. 1 Equity Participation.
In Rupiah

Fiscal year	Value of BUMDes Equity Participation			
	Village government		Other parties	
	Rp	%	Rp	%
2015	50.000.000	100	-	-
2016	100.000.000	100	-	-
2017	60.000.000	100	-	-
February 2019	150.000.000		-	-
Total	360.000.000			

Source: Secondary, Profile of Pangrango BUMDes, June 2018.

The table above shows that 100% of the funding obtained by the Pangrango BUMDes comes from the Cibereum Village equity funds. The investment funds distributed to the Pangrango BUMDes in 2015 amounted to Rp. 50,000,000, -; in 2016 Rp. 100,000,000 and in 2017 Rp. 60,000,000, -. Based on the results of interviews with the village (head of economic affairs), in 2019 in February the village distributed funds worth Rp. 150,000,000, -

Tabel 3.2. Turnover, Net Profits and Dividends / deposit to Budget and Regional Revenue (APB Desa)

Year	Total Net Turnover (Rp)	Total Net Profits (Rp)	Deviden/ Deposit to APB Desa
2016	0	0	0
2017	14.400.000	9.000.000	0
2018	17.500.000	1.400.000	0

Source: Secondary, Profile of Pangrango BUMDes, June 2018.

There has been no sales turnover in 2016 due to an investment of Rp 50,000,000 which is used for construction and operational costs including renovation of office buildings. In 2017, the total turnover obtained by the Pangrango BUMDes was IDR 14,400,000 with a net profit of IDR 9,000,000, for 2018 the turnover obtained was IDR 17,500,000 and a net profit of IDR 1,400,000. Contributions for capital participation from village funds cannot be given because all profits are used for business strengthening.

Judging from the financial statements above, the data presented is incomplete, 100% capital participation from the government has consequences for BUMDes to be accountable for the acquisition of these funds, not only limited to the value of participation but must be balanced with the use of these funds for anything. From the turnover and net profit reports, the costs or activity expenditures of the BUMDes activities are not shown, so the accountability and transparency of the use of these funds is far from expected.

It is hoped that the transparency of BUMDes' financial reports can provide information to all elements of society regarding the progress of BUMDes management. This financial information is useful for monitoring activities carried out by BUMDes and as a basis for consideration, decision making, as well as a form of BUMDes accountability in carrying out its activities. When viewed from the reporting presented by BUMDes Pangrango, where reporting is only provided globally (table 3.1 and table 3.2), so that elements of society and interested parties cannot see a transparent picture of management from the data in the financial statements. This is because the presentation of financial statements is only reported on the BUMDes profile, so that the report cannot be accounted for under applicable regulations, both legally and administratively.

The transparency process carried out by the Pangrango BUMDes in managing its finances has not been visible. The presentation of the financial statements does not reflect the financial position of the Pangrango

BUMDes income and expenditure. In addition, the Asset Reporting does not exist or has not been recorded, the true value is unknown and cannot be responsibility

Based on the results of interviews with the village head, the physical assets of the BUMDes Pangrango exist but the value of these assets is not recorded in the report presented. This condition is certainly not in accordance with the purpose of financial statements, namely to provide information regarding the financial position, performance and changes in the financial position of a company which is useful for a large number of users in making decisions.

The transparency of the financial statements above is clarified by a statement from the head of economic affairs and services which states that:

1. BUMDes Pangrango in presenting financial statements only in the form of profiles, without complete documents.
2. Financial reports are only made on a periodic basis where in one period is three years which are presented in annual form, so that the period reports that are displayed are the first period since BUMDes was established in 2015.
3. Financial reports in the form of profiles for the first period are made from 2015 to June 2018, while the next period, namely after June 2018 to 2021, has not been presented or has not yet existed. Control from the village side is not optimal, because of the family element.

V. Conclusion

Based on the research results, quantitatively the performance of the Pangrango BUMDes, the conclusion is that 1). Pangrango BUMDes has not submitted financial reports as stipulated in the ETAP Financial Accounting Standards (SAK) so that the Pangrango BUMDes Financial Statements, both in terms of transparency and accountability, cannot be judged as fairness (opinion does not express an opinion / Disclaimer of opinion), 2) Communication between the Village Government and BUMDes both institutionally and individually and, the control function of the village government as regulated in Law Number 4 of 2015 concerning Village-Owned Business Entities. not going the way it should.

Regarding the aforementioned problems it is recommended to increase financial transparency and supervision as regulated in SAK ETAP, it is better if training is carried out gradually and continuously for the executors of the BUMDes financial management both in collaboration with the Faculty of Economics in the form of community service, as well as other institutions that have competence in management finance. In addition, the communication forum between the BUMDes, the Village Government and the Village Consultative Body (BPD) needs to be improved so that optimal results are obtained both in the field of village income and the level of community welfare.

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