

Management Analysis of Internal Cooperative (CASE STUDY at KOPERASI "X")

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Abstract

This study aims to evaluate the internal control of the cooperatives X which should be a concern for the leaders and supervisors of the cooperatives. The study was conducted by comparing the internal control system run by cooperatives X with the theory of internal control systems. Data collection techniques used is interviews, observation, and direct research to the object. Based on the results of the cooperatives X internal control study, the internal control indicators include; An organizational structure that separates functional responsibilities properly, Authority systems and recording procedures that provide adequate protection to the assets of cooperatives, Healthy practices in carrying out the duties and functions of each organizational unit, Employees whose quality is under their responsibilities. From the test results on these indicators, it shows that the cooperative's internal control has been running well but there is some part that not running well, this is because there is several organizational structure and job description that not clear, the quality of employees is good enough. In addition, the procedure in cooperatives is not effective because it is not under existing procedures in theory.

Keywords

Internal Control, Cooperatives

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Introduction

Cooperative business entities whose establishment is expected to prosper members of cooperatives in particular and society in general. As mandated in the cooperative law number 17 of 2012 concerning cooperatives. According to Cooperative Law No. 17 of 2012 Article 4: "Cooperatives aim to promote the welfare of members in particular and society in general and to participate in building the national economic order to create an advanced, just and prosperous society based on Pancasila and the 1945 Constitution. " Savings and Loan Cooperatives in the establishment and implementation of their operations are regulated in the regulation of the Minister of KUKM Number 15 of 2015 concerning savings and loan businesses by cooperatives.

According to the National Legal Entity of the Ministry of Law and Human Rights (2015) that the implementation of cooperatives in Indonesia there are still practices that violate the applicable rules and regulations, as happened to the Langit Biru Savings and Loans Cooperative in Banten in 2012. Cooperative management uses cooperative funds to run a meat buying and selling the business and invest the funds in other businesses which in the end cannot return the funds of the cooperative members. The latest case in early 2020 that reported on ekonomi.okezone.com (2020) was the Bodong Investment Case under the guise of a Savings and Loan Cooperative run by the Pandawa Group.

Previous Related Research

Previous research consists of researches conducted by previous researchers related to this study. In addition, the research results of the related topic are presented in the table below:

No.	Researcher	Research Title	Research Result
1.	Salim and Poputra (2015)	Analysis of Internal Control System Giving Credit to the Main Karya Savings and Loans Cooperative Pasuruan	The result showed that the application of accounting information systems in support of the internal control of credit at PT. Bukopin Bank Manado is quite effective. During PT. Bukopin Bank, conduct the process according to the elements of internal control that are adequate and effective following the theory of internal control by the COSO, then the banks can cope with bad credit and no bank suffered huge losses.
2.	Putri and Andiana (2020)	The Influence of Accounting Information Systems and Internal Control Systems on Company	The results of this study prove that the accounting information system has no effect on company performance while the internal control structure has a positive effect on company performance.

		Performance (Case Study on Cooperatives in Payangan District)	
3.	Barata and Kurniawati (2019)	Evaluation of the Internal Control System for Cash Receipts on Cash Sales at the Employee Cooperative of PT. Anabatic Technologies TBK	The internal control efforts carried out are still not good due to the absence of standard documents that are made to support the course of internal control and the lack of cooperative companies that go down the field to carry out internal control efforts.
4.	Panambunan and Tinangon (2016)	Evaluation Of Internal Control Systems and Procedures in The Implementation of Cash Expenditures of Department of Cooperatives and UMKM in North Sulawesi	The results showed that the internal control systems and procedures in the application of cash disbursements in the Department of Cooperatives and UMKM in North Sulawesi has been in accordance with the rules.

Literature Review

Horngern, Walter and Lindah (2006:372) state that internal control is an organizational plan and all related actions are implemented by an entity to safeguard assets, encourage employees to follow company policies, improve operating efficiency and ensure the reliability of accounting records.

1. According to Mulyadi (2010) the elements of a good internal control system are:
2. Organizational structure that separates functional responsibilities appropriately
3. Authority system and recording procedures that provides adequate protection of company assets
4. Healthy practice in carrying out the duties and functions of each organizational unit
5. Employees whose quality is under their responsibilities

Management has three general objectives in designing an effective internal control system, namely the reliability of financial statements, efficiency and effectiveness of operating activities, and compliance with applicable laws. (Arens, 2008).

Cooperative is a legal entity established by an individual or a cooperative legal entity, with the separation of the wealth of its members as capital for running a business, which fulfills shared aspirations and needs in the

economic, social and cultural fields in accordance with the values and principles of cooperatives (UU 17, 2012).

The internal control system is defined by the AICPA (American Institute Of Certified Public Accountants) in (Hall, 2001) as the structure of an organization and all organized methods and measures established in a company for the purpose of maintaining the security of company assets, checking accuracy and correctness of accounting data, improve operational efficiency of activities and encourage adherence to established policies.

Research Method

Research Methodology is a method that is systematic and objective with the aim of collecting information or data under study that can be used as guidelines for carrying out research (Sugiyono; 2014). The object of this research is Cooperative X. This study aims to make a systematic, factual and accurate description of the internal control procedures for the internal control of the Cooperative.

Data collection technique

Library Research

The research technique is carried out through books, magazines, and education and training to obtain secondary data related to the research.

Field Research (Field Research)

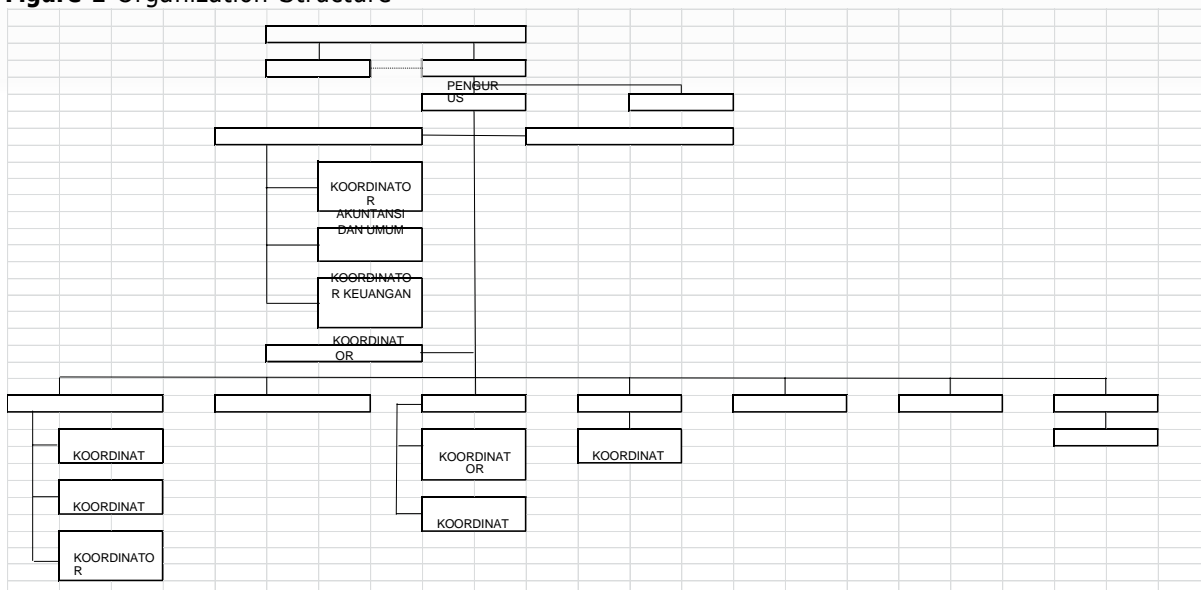
The research was conducted by collecting data and information directly at "X" Cooperative as the object of research including by Observation, namely by making direct observations of the company to obtain actual data and Interview which collecting data by asking questions directly to the management of Cooperative systematically based on research objectives.

Results & Discussion

Organizational Structure That Separates Responsibilities

The organizational structure of cooperative X has implemented the division of tasks and functions that should be as shown in Figure 1 below:

Figure 1 Organization Structure



Based on the results of interviews and observations made, the following things were found as in table 1:

Table 1
Findings on Organizational Structure That Separates Responsibilities

No	Finding	Rules or Standards
1	There are multiple positions in several divisions	There are no duplicate positions or job descriptions
2	Money can be disbursed by the finance department only with the approval of the manager and or treasurer without any evidence/written documents that are complete and can be considered valid	There must be complete and valid documents/evidence
3	There is no separation of recording and storage functions in the finance department	Separation of recording and storage functions
4	Money can be disbursed by the finance department only by requesting word of mouth (verbally) without any written evidence and on behalf of the manager's verbal approval	Money can be disbursed by the finance department only by requesting word of mouth (verbally) without any written evidence and on behalf of the manager's verbal approval
5	The flow of requests for money from the unit is approved by the manager who is also in charge of the operational unit so as to allow conflicts of interest to occur	The flow of money requests to the finance department first then the finance department submits an approval to the manager
6	There is no handover of data when there is a change of personnel	There is a handover of data when there is a change of personnel

Standard Operating Procedure

Based on the results of interviews and observations made, the following things were found as in table 2:

Table 2

Findings on Standard Operating Procedures

No	Finding	Rules or Standards
1	The storage area for documents/archives for finance and accounting is inadequate due to concurrently with other departments	Has a special room that cannot be accessed by anyone except the person concerned, namely the finance and accounting department
2	The finance department room placed in the front office	The finance department should be in the back office so that its work is not disturbed by guests who come to the office
3	Key access to the document/archives storage room for finance and accounting can be accessed by other sections	Have separate access that is not combined with other sections
4	Safes in the cooperative can be accessed by other departments besides finance	The safe can only be accessed by the finance department
5	It often happens that there are less cuts and more taxes because the cuts are made by the finance department	Calculating taxes carefully and good coordination between the divisions concerned so that tax calculations can be more accurate
6	There is a discrepancy in the price of goods in the SPU with the market price	Appropriate between the price in SPU and the market price
7	There is a discrepancy between the goods listed in the SPU and the goods in the realization	Appropriate between the goods listed in the SPU with the goods in the realization

8	The form of accountability is only in the form of a stamped and signed receipt, there is no official invoice/invoice	Completeness of accountability is the existence of a Purchase Request, Purchase Order, Delivery Order or Minutes of Work completed, and Receipts
9	There is a sales invoice but none in the PO	
10	There are no clear rules regarding the period for refunds, sanctions, or the maximum value in SPU and other cash disbursements	There are clear rules regarding the period for refunds, sanctions, and the maximum value in SPU and other cash disbursements
11	No master data	Have master data
12	Do not have DRM (List of Able Partners)	Have DRM
13	There is a sales invoice without proof of receipt / proof of transfer, because it was entrusted to the employees of the Cooperative	There is proof of receipt / proof of transfer for every transaction that occurs
14	The finance department has difficulty in carrying out follow-up to the unit if the documents received from the unit are lacking/incomplete	Before entering the finance department, the unit must ensure that all relevant evidence is complete
15	There is a sales invoice but none in the PO	Each sales invoice is based on the previous PO
16	PO goods and services that are not clear between services or goods so that the completeness of the documents is not properly identified	PO is made clearly and precisely without any engineering
17	Difficulty in recording/bookkeeping when there is a tax invoice because in the cooperative financial accounting application/program there is no menu for bookkeeping/recording tax invoices or in other words there is no separator for tax invoices	There is a separate menu to input transactions that contain tax invoices
18	The data entered in the Cooperative Accounting Application/Program can produce financial reports but the nominal in the financial statements generated by the program/application does not match the input data.	The Cooperative Accounting Application/Program must be able to produce Financial Statements based on the data that has been inputted
19	No inventory of assets	There is an inventory of assets
21	There are no inventory, accounts payable and receivable cards	There are inventory, accounts payable, and accounts receivable cards

In an organization, there must be healthy practices so that the existing internal control system can function properly. Cooperative X has not fully implemented healthy practices in the operations of Savings and Loans Cooperatives; this can be seen by the absence of carrying out tasks following the procedures set by the leadership, the Cooperative Law, and Cooperative Regulations. Cooperative X has not fully implemented healthy organizational practices, especially in terms of realizing good organizational governance. These include; adhered to and implemented accounting systems and procedures for both purchases and receipts. However good the organizational structure within the company and healthy practices are carried out as well as possible, it all depends on the employees who carry out the tasks assigned to them. The level of employee skills will affect the success or failure of an internal control system within the company. To obtain employees whose skill level is sufficient and by what is needed, the personnel and general divisions have conducted a

fairly good selection. To ensure that cooperative transactions are carried out properly, employees who carry out these duties must be trustworthy and competent. However, the employee as the technical executor of the cooperative is concurrently the Cooperative Management. Judging from the procedures carried out by the company in determining employees who are in charge of carrying out technical filing and accounting records, it can be concluded that employees in cooperatives do not have sufficient abilities and skills to meet the demands of the tasks they are responsible for. So it can be said that the existing internal control is not good enough.

Conclusion

Based on the results of observations and interviews about the internal control of the management of Cooperative X, it can be concluded that the internal control is implemented well, for several reasons, namely as follows;

1. Cooperatives have an organizational structure as well as a clear job desk along with its functions and authorities that should be carried out by each management but some part has duplicate job description and position.
2. Employees in cooperatives have sufficient abilities and skills to meet the demands of the tasks for which they are responsible. So it can be said that the existing internal control is quite good. Cooperatives have staff who focus on carrying out recording and archiving functions
3. The management of cash receipts and disbursements at Cooperative X is quite good, where every transaction has been recorded according to applicable accounting

procedures, and the preparation of Financial Statements has begun. Although there is still a procedure that not been established and proper.

4. Internal control over Cooperative X is not running effectively, this is because the authority system and cash recording procedures are carried out not properly. Another thing that needs to be improved is so that each function carries out its respective role and is not carried out with overlapping between the recording function and the operational function not being integrated or must be separated so that internal control can be carried out better.

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