

THE IMPORTANCE OF PRESENTING COOPERATIVE FINANCIAL REPORTS TO CREATE GOOD COOPERATIVE GOVERNANCE: INDONESIA CASE

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ABSTRACT

The presence of cooperatives in the Indonesian economic system is a valuable place. Article 33 of the Constitution of the Republic of Indonesia states that cooperatives are used as a foundation to support the country's economy. This is reinforced by Law Number 25 of 1992 concerning Cooperatives of the Republic of Indonesia which states that cooperatives are national economic business entities based on the principle of kinship. Indonesian cooperatives are built based on basic principles: membership is voluntary, democratically managed, independent, and services are provided in accordance with the capital contribution paid by members. The effectiveness of cooperatives is measured by the ability to carry out good cooperative management. One dimension of good cooperative governance is transparency, which is characterized by the cooperative's ability to present its financial reports fairly. The purpose of this research is to assess the ability of cooperatives to present financial reports fairly in accordance with the Indonesian Public Entity Accounting Standards (SAK ETAP). The research method used in this research is qualitative research. The number of cooperatives used as the unit of analysis in this research consists of two multi-purpose cooperatives, two savings and loan cooperatives (credit cooperatives) and one service cooperative. A total of five cooperatives are used as units of analysis. Location of all cooperatives in the DKI Jakarta area. The data collection technique used by researchers is in-depth interviews. The data analysis model used by the author is Miles and Huberman's interactive analysis. Based on the results of this research, most cooperatives prepare year-end annual reports. Only two cooperatives provide complete financial reports. Of the five cooperatives, only two cooperatives are fully implemented by SAK ETAP. The reason cooperatives are not guided by SAK ETAP is because of the limited scientific abilities of employees and carelessness of management in preparing financial reports based on SAK ETAP. The government is expected to be more active in training and developing cooperatives so that they are able to prepare economic reports fairly and completely based on SAK ETAP.

Keywords

Cooperative Financial Reports, Good Cooperative Governance, SAK ETAP

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I. INTRODUCTION

The presence of cooperatives in the Indonesian economic system is a valuable place. Article 33 of the Constitution of the Republic of Indonesia states that cooperatives are used as a foundation to support the country's economy. This is reinforced by the Republic of Indonesia Cooperative Law Number 25 of 1992 which states that cooperatives are national economic business entities based on the principle of kinship. Cooperatives in Indonesia are structured based on main principles: membership is voluntary, democratically managed, independent, and services are provided in accordance with the capital contribution made by members. Indonesian cooperatives can be established in rural areas in certain communities. Such as farming communities, herders, batik producers. In urban areas, cooperatives are found in agencies, the business world, schools, and even the surrounding environment. Cooperative activities are expected to improve the economic welfare of members and the surrounding community. The number of cooperatives in Indonesia continues to increase from year to year, according to the Ministry of Cooperatives and SMEs, as of July 5 2017, the number of active cooperatives in Indonesia was 152,282 units spread throughout Indonesia. Cooperatives include consumer cooperatives of 97,931 units (64.31%), producer cooperatives of 27,871 units (18.30%), savings and loan cooperatives of 19,509 units (12.81%), service cooperatives of 3261.4 and 4%). marketing 3,310 3 pieces (2.17%). The cooperative business volume was IDR 176.3 trillion and the remaining operating profit (SHU) was IDR 6.2 trillion. Article 16 of Law Number 25 of 1992 explains that the types of cooperatives are based on the similarities and economic interests of their members. According to Article 16 of Law no. 25 of 1992, cooperatives are: (1) Consumer cooperatives are cooperatives that provide goods and services needed for their members; (2) Product Cooperatives, cooperatives consisting of associations of producers of certain products; (3) Savings and loan cooperatives are cooperatives that collect community funds and lend them to their members; (4) Marketing cooperatives are cooperatives that help their members market the products they produce; (5) Service cooperatives, namely. cooperatives whose members' identities function as service consumers and/or service providers.

The performance of cooperatives received a negative spotlight when PPATK realized that Savings and Loans cooperatives (KSP) were vulnerable to becoming tools for money laundering and other crimes. In fact, cooperatives are an important part of the system for preventing and controlling the crime of money laundering (AML) and terrorist financing (AML). Some cooperatives may experience losses of up to trillions of rupiah, such as the Blue Langit Cooperative which caused losses to customers of up to IDR 6 trillion, the Pandawa Cooperative which lost IDR 3 trillion, and Cipaganti Karya. Guna Persada Cooperative. IDR 3.2 trillion. (<https://keuangan.kontan.co.id/>). The latest case is the Indosurya Savings and Loans Institution. Case of Indosurya Savings and Loans which failed to pay and suffered a loss of more than Rp. 14 trillion (<https://finance.detik.com>). Cooperative management must be based on good cooperation. One important part of cooperative management in terms of the transparency dimension is the submission of financial reports. The importance of financial reporting is not only limited to cooperatives. In Indonesia, the public sector is also required to prepare financial reports. One argument state that high-quality financial reports are a product of the accounting profession. We believe this factor has a big impact because political conditions greatly influence the characteristics of the Indonesian public sector, especially the government. Political factors can include political interference in the financial sector and lack of synergy between political processes and political institutions and government leadership (Haliah and Nirwana, 2019).

The financial reports of all entities in Indonesia must be prepared in accordance with the accounting standards applicable in Indonesia issued by the Indonesian Accountants Association (IAI). The guideline for preparing cooperative financial reports in Indonesia is the Non-Public Accountability Accounting Standards (SAK-ETAP). This means that these accounting standards are regulated by entities that do not have significant public reporting, but whose financial reports are intended to convey financial information to the general public, especially cooperative members. SAK-ETAP is designed so that IFRS convergence can be fully implemented immediately, so that companies that experience difficulties in fully implementing SAK can adopt SAK-ETAP as a simpler

financial standard (Muljono, 2012: 1). In the past, the guideline for preparing cooperative financial reports was Standard 27 for Cooperative Financial Reports (PSAK 27) published by the Indonesian Accountants Association. The basis for considering the cancellation of PSAK 27 is the impact of the convergence of international accounting standards (International Financial Reporting Standards, or IFRS) which causes the need to eliminate SAK in certain areas of activity. This is because in principle SAK has accounting regulations that refer to the International Financial Reporting Standard (IFRS).

In fact, not all cooperatives that have permission from the Ministry of Cooperatives and SMEs can prepare financial reports that comply with Indonesian accounting standards. Several obstacles cause cooperatives to be unable to prepare financial reports: (1) limited human resources (HR) who have knowledge of accounting and finance (2) management's indifference in preparing good and accurate financial reports in accordance with Indonesian Financial Accounting Standards (SAK). (3) Cooperative members who do not understand the importance of financial reports as a tool for measuring cooperative performance, especially in terms of transparency. This article discusses whether cooperative financial reports are presented in accordance with accounting standards in Indonesia. As well as investigating the reasons for preparing financial reports properly.

II. LITERATURE REVIEW

Cooperatives exist to improve the welfare of their members and the surrounding community through collective principles. In theory, cooperatives can be seen as an answer to cooperative problems. Cooperatives can overcome collective action problems only if there is sufficient social capital in the organization. Thus, social capital can be considered the “fuel” of cooperatives (Helderman et al., 2020). The results of cooperatives in Indonesia are very diverse. There are cooperatives that are very successful and experience very large turnover growth, even though they compete with conglomerates. On the other hand, there are cooperatives that cannot develop and even almost go bankrupt. The failure of cooperatives in business development was caused by two factors. First, internal actors, managers, supervisors and collaborative managers do not practice good collaborative governance. Second, external factors, namely the government's political will. The values of cooperation emphasized by Rilahi (2017) are divided into 10 (ten) important strands, namely: (1) helping oneself; (2) responsibility; (3) democratic; (4) equity; (5) justice; (6) solidarity; (7) integrity; (8) transparency; (9) social responsibility; and (10) concern for others. The principles of Indonesian cooperatives are always related to the culture of family and mutual cooperation of Indonesian society. The level of cooperative participation is a measure of the success of cooperatives, because member participation is an activity in cooperatives that can be trusted and carried out together (Natadjaya, 2020).

Financial reports are a means of financial communication regarding community operational activities. Every company is expected to use financial reports to analyze financial results in order to provide users of financial reports with information on financial position, profits and cash flows that are useful for making financial decisions and to demonstrate management's responsibility in using these financial results. report on the resources entrusted to them (Nuvitasari et al, 2019). One of the important differences that makes cooperatives in developing countries in general, and especially developing countries in Indonesia, including underdeveloped is that in industrial countries, cooperatives were born to fight market injustice, so that cooperatives grow and develop in an atmosphere that is not profitable. Market competition. At the same time, cooperatives were established in developing countries to build institutions that could become state partners in encouraging development to achieve community welfare (Masngudi, 1990).

Financial reporting must contain high quality information so that it can be used optimally by potential investors and other users (Edvandini et al, 2014). Business unit financial reports have proven useful only if they are prepared consistently with information from previous periods (Eshagniya, 2017). However, globally, errors in financial reporting are common. For example, the Price Water House Coopers Global Economic Crime and Fraud Survey (PwC, 2018) shows that 49% of the financial reports presented by companies do not meet quality standards (Kaawaase, et al, 2020). The

ultimate goal is for financial report users to be able to analyze cooperative operations through the information presented in the financial reports. For example, research results show that the financial structure of cooperatives and the industry they manage were not significantly affected by the crisis, but the research target was cooperatives in Italy (Fusco and Migliaccio, 2017). Considering that cooperative members have different levels of education and understanding of financial reporting, it is important to consider reports that are simple, accurate, precise and reliable. Financial reports must be easy to read and understand by users, because the aim is to provide an adequate basis for users in making financial decisions based on the financial information they need (Chakrabarty, et al., 2018; Fakhfakh, 2016; Havemo, 2018).; Merkl-Davies and Brenman, 2017). Herawati (2015) added that she found six advantages in preparing cooperative financial reports, namely: (1.) As an evaluation tool to spread the development and health of cooperatives; (2.) Settle with the cooperative's assets; (3) As proof of the responsibility of the cooperative management; (4) determine the amount of SHU that members will receive; (5) knowing the cooperative's ability to pay SHU; (6) As one of the conditions for applying for state assistance.

The obligations of cooperatives in preparing financial reports are regulated in the Cooperative Law Number 25 of 1992. More specifically, if a cooperative is unable to prepare its own annual financial reports, it can ask for help from outside parties, such as bookkeeping. office or accounting office that has permission from the Ministry of Finance of the Republic. From Indonesia. In accordance with the guidelines of the Indonesian Accountants Association (IAI), cooperatives that do not have public responsibility can still use the SAK ETAP guidelines. The characteristics of the quality of information in financial reports (2016:3) are: (1) Comprehensive, meaning that the quality of information presented in financial reports must be easy for users to understand; (2) Relevant, that is, for information to be useful, the information must be relevant to the user's needs as an important decision-making tool from an economic point of view. (3) materiality, if there is an error in recording information that is considered material or important, so that it can influence the financial decisions of users who rely on financial reports; (4) Job security. The information presented in financial reports must be reliable to be useful. Information is considered reliable if it does not contain significant errors and biases. Financial reports are impartial (through the selection and presentation of information) if they aim to influence decisions or policies to achieve certain results; (5) Fill in the form, namely transactions, events and other circumstances are reported and presented according to content and economic reality, not just legal form. The aim is to increase the reliability of financial reports; (6) prudent judgment, which includes caution in making necessary decisions in uncertain circumstances so as not to overestimate assets or income or underestimate expenses or liabilities; (7) Equipment. To be reliable, the information in financial reports must be complete; (8) Comparable. Users must be able to compare an entity's financial statements between periods to identify trends in financial positions and results; (9) accurate; includes the presentation of financial information during the decision-making period. If unnecessary delays occur in reporting, the resulting information will lose its meaning; (10) Balance of costs and benefits. The benefits of financial reports must outweigh the costs of providing them. When evaluating benefits and costs, an entity must realize that the benefits of information are those that accrue to external users.

Financial reporting can be weekly, monthly, quarterly or annually. Good companies prepare financial reports at least once. (Maschuraini, 2014). Based on SAK ETAP, it is stated that the financial report is complete and includes: (1) Balance sheet. The minimum amounts include the following: cash, receivables, inventory, real estate investments, tangible fixed assets, intangible fixed assets, accounts payable, taxes, estimated liabilities and equity; (2) Profit and loss report, which includes: income, financial expenses, share of capital investment profits or losses using the equation method, tax expenses, net profit; (3) Report of changes in equity, which contains at least: profit or loss for the reporting period, income and expenses that are directly reflected in equity; (4) Cash flow statements present: cash flow reports for an economic period and are classified according to commercial activities, investment activities and financial activities; (5) Attachment to financial reports. Contains descriptions or descriptive details and explanations regarding the amounts presented in the financial

reports, as well as information regarding items that do not meet the requirements to be reported in the financial reports.

Good cooperative governance must be reflected in good financial performance and can provide economic benefits for cooperative members. All financial success reports are included in detail in the cooperative's financial report. Financial reporting must have good quality information, so that it can be used optimally by investors and other users (Edvandini & Darsono Candidate, 2014). This research relies on Behavioral Accounting Theory. This theory explains that personal behavior or attitudes in an organization, both profit and non-profit organizations, greatly influence accounting data and economic decisions. Behavioral accounting is a breakthrough in business measurement and information that enables CEOs and strategic planners to make decisions and improve performance. In contrast to traditional accounting which only reports financial data, behavioral accounting uses scientific behavioral methodology to perfect the information picture and report human factors that influence their business decisions (Shodiq, 2015). It can be concluded that the preparation of cooperative financial reports cannot be separated from the behavioral characteristics of cooperative administrators and administrators who make every effort to present financial reports fairly and on time.

III. METHODS

The research method used in this research is qualitative research. The research phase begins with researching and understanding collaborative accounting standards. The accounting standard used as a guideline is SAK ETAP (Financial Accounting Standards for Entities Without Public Accountability). The unit of analysis for this research is collaboration. The cooperatives used as the unit of analysis are: (1) universal cooperatives with savings and loan units; (2) savings and loan associations that are independent without the existence of other economic entities; (3) Service cooperatives. The author defines two multi-enterprise cooperatives and two savings and loan cooperatives and one service cooperative. A total of five cooperatives are used as units of analysis. All cooperatives used as units of analysis are located in the DKI Jakarta area. Research subjects called participants are individuals who have knowledge and experience about cooperatives. The population is spread throughout the cooperative area, especially at the management, supervision and administration levels. The main target group was asked for detailed information through the interview method. Later the participants are called informants. The criteria for informants in this research were administrators, supervisors and administrators of the sample cooperative. Informants were determined based on purposive sampling. To obtain accurate, precise and reliable information, the following criteria must be met: (1). Parties (subjects) who have at least 5 years of experience and have intensified their research activities, namely in the field of collaborative management; (2). The parties actively involved (subjects) are cooperative managers who really understand the activities that are the object of research, namely. collaborative management; (3). Parties (subjects) who have a lot of information, sufficient time and opportunity to obtain information about cooperative management; (4). Parties (subjects) who have extensive knowledge and expertise both in theory and practice, especially in the field of cooperative management; (5). Parties (objects) located in the target area of the research object.

This research uses research instruments, namely. semi-structured interview guide. The purpose of the semi-structured interview guide is to develop written instructions for obtaining more detailed responses to the questionnaire responses, which are simply checklists and#039; and#039; and and#039; leading#039;. The data collection technique used by researchers is in-depth interviews. Interviews are oral (face-to-face) interactions between researchers and informants. View the list of interviews prepared by the author (questionnaire). In-depth interviews are open-ended questions. In-depth interviews are necessary to refine short "yes" or "no" answers in surveys. Another option is to send a list of questions by sending a form to be filled in and it will be returned after the informant answers it. The information obtained was coded and described based on the informant's answers to the questions asked in the interview. Field notes and diaries are used in interviews to record ideas,

thoughts and reflections that arise during field research. The interview stages that the author considers are: (1) place of data collection, time and duration of the interview, and costs required; (2) obtain specific information about potential participants. (3) strategies for developing overall data collection. The basis for data collection is the preparation of a list of questions (questionnaire).

One of the determinants of data validity in qualitative research is the use of triangulation techniques. Triangulation is a data collection technique that combines different data collection techniques and existing data sources (Sugiyono, 2017). This research also uses observation techniques. After that, conduct an FGD by collaborating with practitioners and experts. The data analysis process was carried out inductively, along with data collection in a cyclical process (Nugrahani, 2014). The data analysis model used by the author is Miles and Huberman's interactive analysis. The most important data analysis is data reduction. The data reduction process was carried out from the results of survey responses and semi-structured questions. Survey answers can vary between informants, even if the answer is only yes or no. In addition, every yes answer gets a score of 1 and no gets a score of 0.

IV. RESULTS AND DISCUSSION

4.1 Research Result

The results of this research are explained by the fact that only two cooperatives present complete financial reports and add additional information to the financial reports. Based on interviews and direct observations of cooperatives that were research participants, two cooperatives, namely BPK RI Osuuskunta and SMS Credit Union, provided complete financial reports. The internal financial reports presented include: (1) balance sheet; (2) performance reports; (3) stock exchange reports; (4) Cash flow report; (5) Attachment to financial reports. In accordance with good corporate governance, internal financial reports must be signed by management and acknowledged by supervisors. The signature of the principal authorized official will be affixed to the financial report as proof that the responsibility for presenting the financial report has been presented correctly.

The implementation of SAK ETAP is advertised by the BPK RI cooperative and the SMS credit cooperative. This is demonstrated by: (1) All parts of the financial report are in accordance with SAK ETAP; (2) The cooperative has provided an express and unconditional statement regarding SAK ETAP; (3) The cooperative submits a continuous evaluation report on cooperative activities; (4) Osuuskunta BPK RI and SMS Kredit Osuuskunta compare the current year's financial statements with the previous year; (5) The location and legal form of the cooperative is explained in the attachment to the cooperative's annual book; (6) In the balance sheet report, the grouping of accounts is in accordance with SAK ETAP. Among them are: a). Current funds are used for accounts that are expected to be realized for sale or use during the normal business operating cycle. B). Accounts on the credit side of the balance sheet are short-term liabilities. The main characteristic of current liabilities is that they are obligations that are paid within 12 months after the end of the accounting period. For example, company debt and other debt. C). Specifically for cooperative accounts, cooperatives have basic savings accounts, mandatory savings. This account is unique to cooperatives, because SAK ETAP does not regulate these two accounts. Principal savings are savings that cooperative members must have when they become members. Principal savings are only made once during membership and the amount is determined by the cooperative. The amount is the same for each new member. Mandatory savings are an amount of money that must be charged to cooperative members at certain times and situations, for example every month with the same amount of savings every month. Mandatory savings cannot be withdrawn as long as the person concerned is still a member of the cooperative. Cooperatives do not record accumulated profits in stock accounts, but exchange accounts include funds; (7) The cooperative has prepared an activity report that describes its financial development during a certain period. Income is derived based on actual income generated in the relevant economic period. Costs are calculated according to their nature, for example depreciation, employee salary costs, transportation costs.

The company's profit or loss can be seen in the cooperative's profit and loss account. This confusion stems from the fact that cooperatives do not report profits and losses. A commercial entity that does not guarantee profits, but prioritizes family interests and the welfare of members, or what is called "residual results of commercial activities". SAK ETAP does not recognize certain types of entities, so cooperatives must use the concept of "net profit or loss" in accordance with the concept used by other types of entities that are not accountable to the community. The cooperative financial report which is used as the object of research, namely. BPK RI Ühistu and SMS Hoiu-laenuühistu, have been audited by the audit company. The accounting firm's statement to the second cooperative was "unrestricted". In conducting an audit of financial reports, refer to the Cooperative Law Number 25 of 1992 which states: "In order to increase efficiency, increase management transparency and protect stakeholders, cooperatives can request audit services from auditors, audit services from auditors, and there is a possibility of request This is fulfilled by the supervisor. Audit Services are the examination of annual bookkeeping and examination of other cooperative activity needs in accordance with the examination of annual bookkeeping as regulated by Ministerial Regulations. Regulation of Cooperatives and Small and Medium Enterprises Republic of Indonesia Number 15/Per/M.KUKM/IX/2015 concerning Savings and Loans Cooperatives, which states that Savings and Loans Cooperatives (KSP) or Savings and Loans Units (USP) have a loan amount of up to IDR 2,500,000. 000 (two billion two hundred million rupees) in one financial year and must be audited by a Public Accounting Firm.

Multifunctional cultural cooperatives, which are also the object of research, have not fully implemented SAK ETAP, this is caused by several factors as follows: (1) the cooperative management is old, has not increased their accounting knowledge, so they do not understand how to prepare financial reports according to applicable standards. The cooperative management in question does not have an accounting and financial background, so they cannot provide advice regarding the integrity of the preparation of the annual report. However, the multi-function company includes the location and legal form of the cooperative in the attachment to the annual report. From the research results it can be concluded that the financial reports presented are only in the form of balance sheets and profit and loss statements. Lastly, the cooperative studied is the Kalpika Wahana Services Cooperative (KWK) which operates in the transportation sector and has prepared a more comprehensive financial report consisting of a balance sheet, profit and loss report and change in equity report, and cash flow reports, but do not contain notes to the financial reports and are not signed by management as the person responsible for the financial reports. Financial reports are presented compared to the previous year. The cooperative did not issue a statement regarding the provision of SAK ETAP, nor was there a written statement regarding the continuity of cooperative activities. SAK ETAP is used as a comprehensive guideline in preparing financial reports that are presented compared to the results of the previous year. In terms of financial reporting, the KWK Services Cooperative is the weakest because all that is completed is a financial report comparing positions. More specifically, the results of research regarding the presentation and disclosure of cooperative financial reports against the SAK ETAP accounting standards can be described in this section in following table:

Tabel 1. Preparation and Disclosure Cooperative Financial Statements

Cooperative Name	Completeness of financial statements	Authorization of Financial Statements	According to SAK ETAP	Comparative Financial Reports	Statement of Compliance with SAK ETAP	Business Continuity Statement	Listing the Domicile and Legal Form of the Cooperative
BPK RI	✓	✓	✓	✓	✓	✓	✓
BUDYA	-	-	-	✓	-	-	✓
SMS	✓	✓	✓	✓	✓	✓	✓
BBD	✓	✓	✓	✓	✓	-	✓
KWK	-	-	-	✓	-	-	-

Source: Data processed by the author.

4.2 Discussion

It is interesting to observe that of all the cooperatives sampled, the most complete BPK RI Cooperative complies with SAK ETAP guidelines. Because the cooperative is in the agency The audit board of the Republic of Indonesia (BPK RI). The management of the BPK RI Cooperative consists of state auditors who are very familiar with the preparation of fair financial reports and are concerned with good cooperative governance. The cooperative's financial report is very complete, it has even been audited by a Public Accounting Firm with an unqualified opinion. Complete financial reports were also found in SMS credit unions that were already medium in scale. Complete financial statements, signed by the management as evidence of accountability and audited by a Public Accounting Firm with an unqualified opinion. Based on the results of interviews with SMS credit union administrators, they stated that they manage funds from members that are loaned to members. Members are willing to save because there is a high trust that the funds they save are not misused. Evidence to uphold trust is to prepare financial statements that are reasonable, free from material errors, and have been audited by a Public Accounting Firm that is ready to be accounted for at the annual member meeting as the highest institution of a cooperative.

According to SAK ETAP, financial reports must be prepared comparatively as a tool to compare the financial performance of cooperatives for the current year with the previous year. Performance comparison tools are financial ratios. Financial reports that present numbers will have more strategic meaning if analysis and interpretation are carried out. Interpretation of financial statements is done by connecting the numbers contained in the financial statements. From this relationship an assessment can be made of the performance of the cooperative concerned, so that conclusions can be drawn for decision making (Silvan, 2019). Comparative financial reports prepared by the BPK RI Multipurpose Cooperative and SMS credit union are in accordance with SAK ETAP guidelines. The presentation of financial statements is considered good, if it has described two years of business activities. (IAI, 2016).

Small-scale cooperatives tend to not present complete financial reports and are not guided by SAK ETAP. The main reason is that the staff who prepare the financial statements do not have knowledge of SAK ETAP. There are even staff who have absolutely no formal education in accounting and finance. The second reason is that the management does not care about the importance of preparing complete financial statements and is guided by SAK ETAP. When asked whether the cooperative's financial statements will be audited by a Public Accounting Firm, the cooperative management considers that there is no need for an external audit, because neither the supervisor nor the members requested it. In fact, the supervisor believes that the audit fee will increase the cooperative's expenses. The author got the same opinion from the Multi-Buddhist Business Cooperative and the KWK Services cooperative.

V. CONCLUSION

Cooperatives as an entity in preparing their financial statements must be guided by the applicable financial accounting standards in Indonesia issued by the Indonesian Institute of Accountants. The guideline that must be followed is SAK ETAP, which applies to all entities that do not have public accountability. From the results of the study, it can be concluded that cooperatives that completely present financial reports based on SAK ETAP, and which have been authorized by the competent authorities are BPK RI cooperatives and SMS Credit Union. Both cooperatives have been audited by a Public Accounting Firm with the best opinion, namely "unqualified". Cooperatives realize the importance of audits to increase members' confidence in the fairness of the financial statements prepared. As well as carrying out the mandate of the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia number 15/Per/M.KUKM/IX/2015 concerning Savings and Loans by Cooperatives, it states, Savings and Loans Cooperatives (KSP) or Savings and Loans Units (USP) that have loan volumes reach Rp.2,500,000,000 (two billion two hundred million rupiah) in one financial year, must be audited by

a public accounting firm. The two cooperatives have exceeded the loan volume by Rp.2,500,000,000 (two billion two hundred million rupiah) in one financial year.

Cooperatives that do not compile complete financial reports, and do not follow SAK ETAP, namely the Multi-Purpose Business Cooperative and the KWK Service Cooperative are due to: (1) the limited ability of the accounting staff to prepare financial reports according to standards; (2) Ignorance of the existence of SAK ETAP as the basis for preparing cooperative financial statements; (3) The cooperative management ignores the importance of compiling complete financial statements in accordance with SAK ETAP.

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