

## Original Research Article

# ESCALATION OF BUMDES IN DEVELOPING DIGITALIZED FINANCIAL MANAGEMENT INNOVATIONS IN THE TAPAL KUDA AREA

**Abstract.** In Indonesia, many profit-oriented entities operate, one of which is BUMDes which is included in a profit-oriented organization to improve village welfare. The main activity of BUMDes is as a village-owned business center that aims to increase the value of the village. BUMDes as a profit entity must meet financial reporting standards that have been ratified and issued by the Indonesian Institute of Accountants (IAI) to maintain the transparency of its entity. SAK EMKM as a guideline for the presentation of financial statements of profit-oriented entities clearly explains how an entity that has a permanent advantage prepares financial statements for entities such as BUMDes. The web is a database application that provides multi-functional calculation features as a perfect bridge for compiling mosque financial reports that are more relevant and accountable. Following SAK EMKM guidelines, the outputs generated by using a web-based tool to compile mosque financial reports are a list of accounts, general journals, ledgers, trial balances, profit/loss statements, statements of changes in equity, and statements of financial position.

**Keywords:** BUMDes, Financial Report, Web, SAK EMKM

## 1. Introduction

The development of information systems is increasingly widespread with the development of increasingly rapid technology. The need for information systems has begun to enter the various domains of management and management. Information systems that are part of technology become an important part of the field of management. The use of technology aims to make the performance of an organization or group more effective and efficient. Arifin and Pratolo (2012) state that three aspects must be achieved to achieve the target of the application of information technology, namely: (a) Information technology must have an impact on the creation of service products that are much better than before, either directly or indirectly so that they can improve company performance and competitiveness. (b) Information technology must be able to improve the quality of decision-making for management in the form of providing relevant, precise, accurate, reliable, and high-value information and knowledge. (c) Information technology must be able to increase the company's revenue generation level through an approach to prospective customers. Based on this, the information technology used by employees becomes a necessity for the company in helping their daily activities or activities.

An information system is an organized combination of people, software, communication network hardware, and data resources that collects, transforms, and disseminates information within an organization (Anggraeni, 2017). Anggraeni (2017) also states that the function of an information system is (1) to improve the accessibility of existing data effectively and efficiently to users, without using an information system intermediary (2) to improve the productivity of application development and system maintenance (3) to ensure the availability of quality and skills. in utilizing information systems critically (4) identifying the need for information system support skills (5) anticipating and understanding the economic consequences (6) determining which investments will be directed at information systems (7) developing an effective planning process. The functions of this information system will be very helpful in the activation process of an organization.

Village-Owned Enterprises (BUMDes) are village business institutions that are managed by the community and village government to strengthen the village economy and are formed based on the needs and potential of the village. BUMDes is a pillar of economic activity in the village that functions as a social and commercial institution. In addition, BUMDes also acts as a social institution that favors the interests of the community through its contribution to the provision of social services. Meanwhile, as a commercial institution, it aims to seek profit through offering local resources to the market. The establishment of BUMDes is based on Law no. 32 of 2004 no. UU no. 23 of 2014 concerning Regional Government, Law no. 6 of 2014 concerning Villages, and PP No. 72 of 2005 concerning Villages. In-Law

no. 32 of 2004 in conjunction with Law no. 23 of 2014 concerning Regional Government in Article 213 paragraph (1) it is stated that "Villages can establish village-owned enterprises under the needs and potential of the village". In article 1 point 4 of the Minister of Home Affairs Regulation Number 39 of 2010 concerning Village-Owned Enterprises, BUMDes is defined as which reads Village-Owned Enterprises, hereinafter referred to as BUMDes, are village businesses formed/established by the village government whose capital ownership and management are carried out by the village government and the community.

The times require the government to adapt to the digital world. Seeing the rapid development of information technology, it becomes a challenge as well as a door to enter the free market. Small samples of seaweed commodities from Japan or quality American corn seeds, can be easily purchased through digital platform applications, mobile phones. Digital villages can use Village-Owned Enterprises (Bumdes) as a place for production results in the village. This also encourages the revitalization of BUMDes. A home industry that is integrated with Bumdes, apart from being able to market agricultural products, plantations, can also support the handicraft sector in the Horseshoe area (Bondowoso, Pasuruan, Jember, and surrounding areas). The main purpose of financial digitization is to make it easier for BUMDes managers to record all transactions, time efficiency in managing finances, and increase the competence of BUMDes managers in managing BUMDes finances.

The presentation of the BUMDes Financial Report itself has its standards. Financial statements are information provided to users relating to the condition of the company and their purpose is to describe the state of the company and make decisions. But with the financial statements, it is not necessarily able to fully assess the entire performance of the company, there must be an analysis of the financial statements that are good and appropriate. Because every business that has been established as a principle to achieve certain goals, where the principle of each establishment of a business generally has the same goal, only the difference is in the priority. According to Riswan (2014), financial performance is a description of every economic result that can be achieved by the company in a certain period through the company's activities to generate profits effectively and efficiently. The company's financial performance can be measured by analyzing and evaluating financial statements. Information on the financial position and financial performance is used as a basis for predicting future financial position and performance. The information presented in the financial statements provides an overview of the company's financial condition and performance in one period. Related to the above conditions, to facilitate MSMEs in preparing financial reports, the Indonesian Accounting Association (IAI) has issued SAK EMKM, namely the financial accounting standards for Micro, Small, and Medium Entities on October 24, 2016, and effective January 1, 2018. The issuance of SAK EMKM aims to assist MSME actors throughout Indonesia in implementing financial reports so that MSME actors can easily obtain funding from various financial institutions (SAK EMKM, 2016).

## **2. Methodology**

In this study, the data that will be used are qualitative data types, where qualitative data is a type of data whose information is obtained from related informants which are usually in the form of interviews. Based on this, the type of data in this study is the sentence conveyed by the informant as the party who understands the most about the object of research. Moleong (2016) said that research using qualitative data views the representation of informants as represented by the quality of the information provided by informants involved in this study. Qualitative data is usually obtained from an objective interview process because it is interpreted by different people. The research was conducted to answer the existing problems; therefore, each researcher will collect information from the field, and then the information will be processed by the researcher as qualitative data. Qualitative data is the source of a broad description and contains an explanation of the processes that occur at the local scope. Qualitative data tends to direct researchers to be able to follow and understand each flow of events chronologically, assess cause and effect within the scope of the minds of local people, and obtain comprehensive and useful explanations (Sugiyono, 2016).

The source of data used in this study is primary data in the form of a survey conducted by researchers to obtain real-time data or data that develops every time in BUMDes as the research location. This primary data is identical to the active involvement or participation of the researcher to synchronize the required data with the data obtained by the researcher in the direct observation process at the research location. The main data collection methods of this research are semi-structured interviews and focus group discussions (Forum Group Discussions (FGD)). Such data collection methods will go hand in hand

with qualitative methods which are the type of this research. Researchers will conduct semi-structured interviews and focused group discussions to obtain qualitative data collected through credible informant sources, namely the head of BUMDes, BUMDes finance department (BUMDes treasurer), and other stakeholders in the village environment where BUMDes is the object of research.

Data analysis is carried out starting (start) data collection until the entire data collection process is carried out. The following are three stages of the data analysis process: (a) Data Reduction. This process is carried out by focusing attention and searching for research material from various reference sources that refer to the main problems that have been proposed in the problem formulation. (b) Data Presentation, Data presentation is done by interpretive method, which begins by explaining the problem formulation as an introduction proposed by the researcher. Then the data relating to the formulation of the problem is explained which is then connected to the theory that can answer the problem formulation. (c) Conclusion Drawing, Data collection, and analysis Qualitative research does not conclude the results in a hurry or haste, but gradually while consistently paying attention to any findings obtained since the initial step of data collection.

This study uses data validity testing with the two most appropriate tests, namely (a) Method Triangulation, this triangulation means that researchers can compare the information or data needed in different ways. For example, in this study, according to the data collection method mentioned earlier, to achieve the validity of information or data related to this research, researchers conducted semi-structured interviews with several BUMDes parties who know about managing mosque financial statements, then to maintain consistency and the accuracy of the information obtained from the interview, the researchers used the triangulation method, namely by carrying out other methods such as focused discussions and field observations. (b) Triangulation of Data Sources. This type of triangulation is defined as the process of exploring the truth of certain information through various methods and sources of data acquisition. For example, the main data source of this research is an interview with the treasurer as the holder of the financial management authority in the mosque, then the researcher can also obtain supporting data sources such as documents or proof of transactions related to the mosque's cash income and expenditure which are included in the financial statement component which is the research variable. This is so that the data or information obtained from interviews can be more accurate. This example concludes that triangulation with data sources is a process of comparing and re-checking the accuracy of information obtained through different forms of data and at different times. (c) The test of dependability in this study was carried out by examining the entire research process. This test is carried out together with the supervisor regarding the technical and all research activities that have been carried out.

### **3. Result and Discussion**

A web-based application that has been designed to compile financial reports, which is then carried out by researchers is to implement a web-based application in the preparation of BUMDes financial reports. The preparation of this web-based computerized financial report will produce BUMDes financial reports following SAK EMKM. The following are the steps taken to create a BUMDes financial report based on web-based SAK EMKM:

1. Identify transactions owned by BUMDes

The transaction identification stage is the initial stage for researchers to examine in detail the transaction recording process carried out by the BUMDes. Based on the data review, the recording of transactions carried out by BUMDes is still using the traditional method, namely manual recording. BUMDes records cash inflows and disbursements using a simple cash book containing a column for the date of the transaction, the type of transaction that occurred, and a debit credit column which explains the recording as a reporting process which is carried out through a bulletin board which is carried out every third Friday of each month.

2. Classify the accounts owned by BUMDes then input the account name data into the account menu that has been created. After the transaction identification stage, the researcher then made an account classification based on transaction data that often occurred in BUMDes.

WISATA SALDO AWAL 31/12/2021		AKUN JEJIS			
1000 - ASET					
1110	Kas	DEBIT	IDR	23.800.000,00	
1101	Kas Kaki	DEBIT	IDR	250.500.000,00	
1102	Kas Bank	DEBIT	IDR	100.000.000,00	
1103	Cicil	DEBIT	IDR	0,00	
1200	Pinjaman Usaha	DEBIT	IDR	0,00	
1201	Cadangan Kewajiban Pinjaman	DEBIT	IDR	0,00	
1202	Pinjaman Lain-lain	DEBIT	IDR	0,00	
1300	Perendapan	DEBIT	IDR	0,00	

**Fig 1. Account**

3. Beginning balance

Starting balance is the sum of the numbers that the company had when it first did business on the balance sheet. The following is a web-based starting Balance display:

NO	TANGGAL	KODE	REKENING AKUN	#	SALDO AWAL, BILAN (IDR)
[Empty Table]					

**Fig 2. Beginning balance**

4. Journal

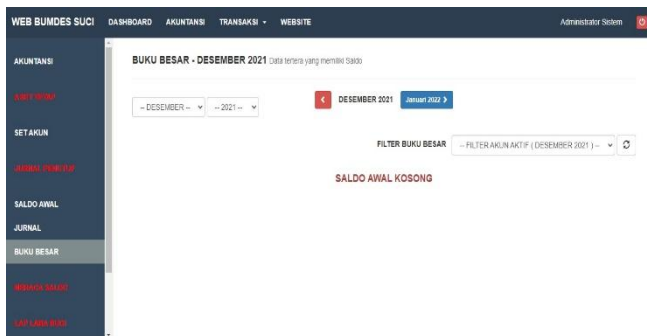
Journal or recording is a form used to record all transaction activities that occur in order of date to tables that include information and the nominal amounts of debits and credits and have a final value that must be balanced. This is how the journal looks on the web.

NO	JURNAL	TANGGAL	REF	REKENING	KETERANGAN	DEBIT (IDR)	KREDIT (IDR)
[Empty Table]							

**Fig 3. Journal**

5. Ledger

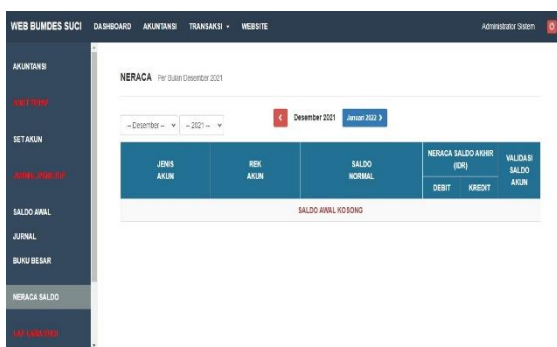
The definition of a general ledger is a book containing estimates regarding the summary of the effects of financial transactions due to changes in assets, liabilities, or capital in a company or organization. Here's what the Ledger looks like on the web:



**Fig 5. Ledger**

6. Trial Balance

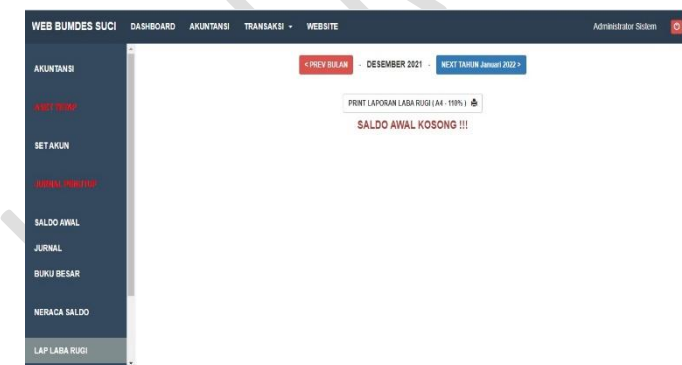
A trial balance is a bookkeeping or accounting report that lists the balances in each of the organization's general ledger accounts. Here's what the Trial Balance looks like on the web:



**Fig 6. Trial Balance**

7. Income Statement

The income statement describes the increase and decrease in the economic benefits of the profit entity originating from receipts or revenues and expenses or expenses. The following is an image of a web-based Profit/Loss Statement:



**Fig 7. Income Statement**

8. Statement of Changes in Equity

Profit Organizations based on EMKM (IAI, 2016) are required to make a statement of financial position which must also include initial capital, personal withdrawals, and retained earnings. This is how the web-based Equity Change Report looks like:

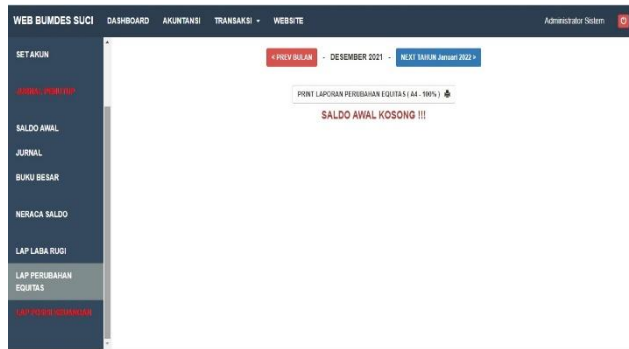


Fig 8. Statement of change in asset

#### 9. Statement of Financial Position

Statement of financial position that describes the position of assets, liabilities, and net assets at a certain time. The following is a web-based view of the Statement of Financial Position:

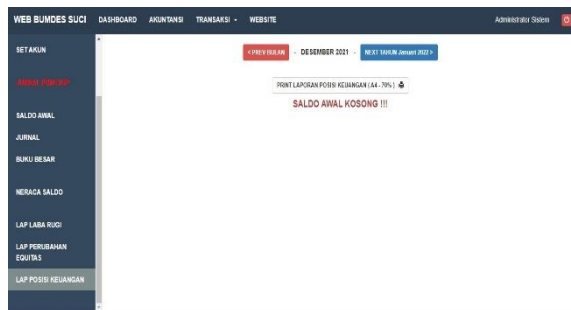


Fig 9. Statement of financial position

#### 4. Conclusion

The results of the researcher's analysis state that web-based financial reports require several stages, namely making a list of accounts menu, making an initial balance menu, making a journal menu, making a general ledger menu, making a trial balance menu, and making a financial report menu. After designing a web-based financial report, the researcher then compiles the BUMDes financial report by implementing the functions that have been designed from a web-based application. The process of implementing BUMDes financial reports on the web also consists of several stages, namely identifying transactions owned by BUMDes, classifying the accounts owned by BUMDes then inputting account name data into the account menu that has been created, inputting initial balance data into the initial balance menu that has been created. designed to use the web, carry out the process of recording general journals on the journal menu that has been made, posting journalized data to the general ledger, compiling a trial balance, compiling BUMDes financial reports following SAK EMKM

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