

**ACCOUNTING SYSTEM RECONSTRUCTION: CASE OF CU SAUAN  
SIBARRUNG**

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**ABSTRACT**

**Purpose** – This study aims to reconstruct the credit system by evaluating accounting information systems and conducting in-depth interviews.

**Design/methodology/approach** – Informants were randomly selected from members, managers, and founders of Credit Union Sauan Sibarrung.

**Findings** – Based on the results of interviews with informants from the Manager and Founder of the Sauan Sibarrung Credit Union, information was obtained that the SOP for granting credit at Sauan Sibarrung CU is now standard. It's just that we still must pay close attention to the growth in income and expenses of these members. Associated with the credit termination process Usually, credit termination at the Head Office level, which is authorized by the Deputy, General Manager, CU Sauan Sibarrung Credit Committee or Management, is not processed quickly due to incomplete files from members applying for credit.

**Originality** – Members who became informants in this research case study were all members who had borrowed at the Sauan Sibarrung Credit Union

**Keywords:** Accounting System, Credit Union, Credit System

**Paper Type** Research Result



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## **INTRODUCTION**

The Sauan Sibarrung Credit Union Cooperative, which is an empowerment institution, plays a role in empowering its members, both through financial and non-financial services. One of the financial services provided is lending to members to help meet the required funds. Credit Union Sauan Sibarrung as a community empowerment institution can be interpreted as an effort to restore or increase the empowerment of a community. The goal is to be able to act according to their dignity in exercising their rights and responsibilities as human communities and citizens. The goal of community empowerment is the restoration of human values as their dignity as unique, independent, and independent individuals.

Cooperative is one form of economic organization that is currently getting the government's attention. Cooperatives are organizations that are legal entities. Cooperatives must be built to create businesses and services in creating the principle of kinship. Cooperatives as business entities must always be directed and encouraged to play a real role in increasing the income and welfare of their members so that they are able to overcome economic inequality and social inequality, so that they are more able to play a role as a forum for people's economic activities.

Cooperatives are non-bank financial institutions formed to manage funds raised by members to finance the needs of cooperatives and their membership. These funds are collected through principal savings, mandatory savings and voluntary savings as well as other business activities carried out by cooperatives to obtain large remaining operating results (SHU). The funds raised by the cooperative are managed by the management of the cooperative, which can then be used for empowerment, development and other businesses as well as helping members through loans with conditions stipulated in the Annual Member Meeting (RAT). The funds are channeled to those who meet the requirements to obtain credit, such as members of cooperatives and other communities deemed eligible to obtain credit from cooperatives. Savings and loan cooperatives were established with the aim of giving their members the opportunity to obtain loans with easy terms and relatively low interest rates (Parinata, 2019)

The Sauan Sibarrung Credit Union as an institution that provides microfinance services in the midst of society exists as a manifestation of the concern and attitude of the Catholic Church towards the difficult problems being faced by society today. The Church through the Socio-Economic Development Commission (PSE) of the Archdiocese of Makassar (KAMS) is trying to develop and activate "empowerment" with a mentoring program for microfinance institutions in the KAMS area, especially Credit Unions. The basic vision of this assistance is the creation of a professional financial institution based on the local community by paying attention to elements of culture and the local environment or nature based on the spirit of the Bible and the values and principles of the Credit Union. The main mission of the assistance is to provide education and training that

can assist activists and CU members in designing and developing professional institutions capable of realizing the welfare of their members.

After going through a learning process, for approximately 6 years, Sauan Sibarrung CU then changed its vision and mission. Sauan Sibarrung CU's vision changed from just a "Financial Institution" to an "Empowerment Institution". The full statement is "A Tough, Trusted and Sustainable Toraja Community Life Empowerment Institution for the Prosperity of Members". This change reflects none other than that CU Sauan Sibarrung does provide financial services for the goals and aspirations of its members and CU also empowers its members. CU is not a static institution, which only takes care of members' savings and loans. CU Sauan Sibarrung actually prioritizes changing the mindset and behavior of members, developing an entrepreneurial spirit and productive business, and equipping members with other life skills.

Cooperatives were founded to direct people to work together consciously in a group to achieve a common goal, namely the welfare of members, members of a CU have a dual role, the first role is as owner and the second role is as user (*member-user*). The ownership role gives members the opportunity to oversee the direction and activities of a CU, while the user role gives members the opportunity to oversee product development and quality as well as the quality of financial services provided.

The Sauan Sibarrung Credit Union Cooperative experienced several obstacles in extending credit, mainly in increasing outstanding credit. From the member's point of view, members want to be given loans with low interest and a fast loan process.

Based on the descriptions above, the authors raised these problems as research material for the thesis. The title chosen was "Reconstruction of a Credit Granting System Based on Organizational Aspects and Member Aspects at the Sauan Sibarrung Credit Union Cooperative".

## **LITERATURE REVIEW**

### **Internal Control System**

In carrying out the main activities of the organization, it is necessary to implement a monitoring and control system. By using a good system, the company can prevent fraud that will occur. The control system within the organization is usually referred to as the Internal Control System. The objectives of holding an Internal Control System include (1) maintaining organizational assets, (2) checking the accuracy and reliability of accounting data, (3) encouraging efficiency and, (4) encouraging compliance with management policies. The internal control system emphasizes the objectives to be achieved and not on the elements that make up the system. Thus, the definition of internal control above applies both in companies that process information manually, with bookkeeping machines, or with computers (Mulyadi, 2013: 163).

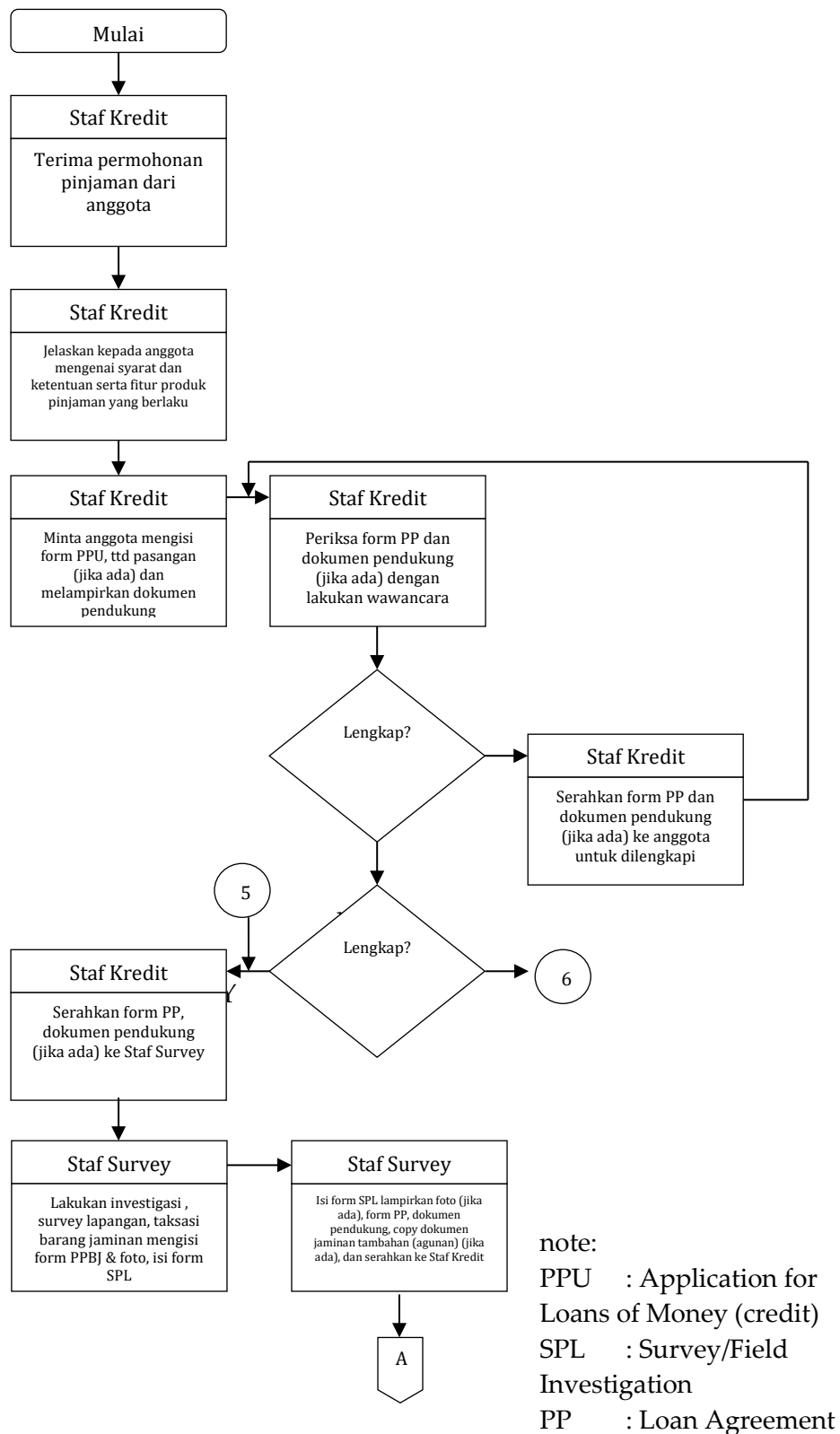
### **Internal Control Procedures**

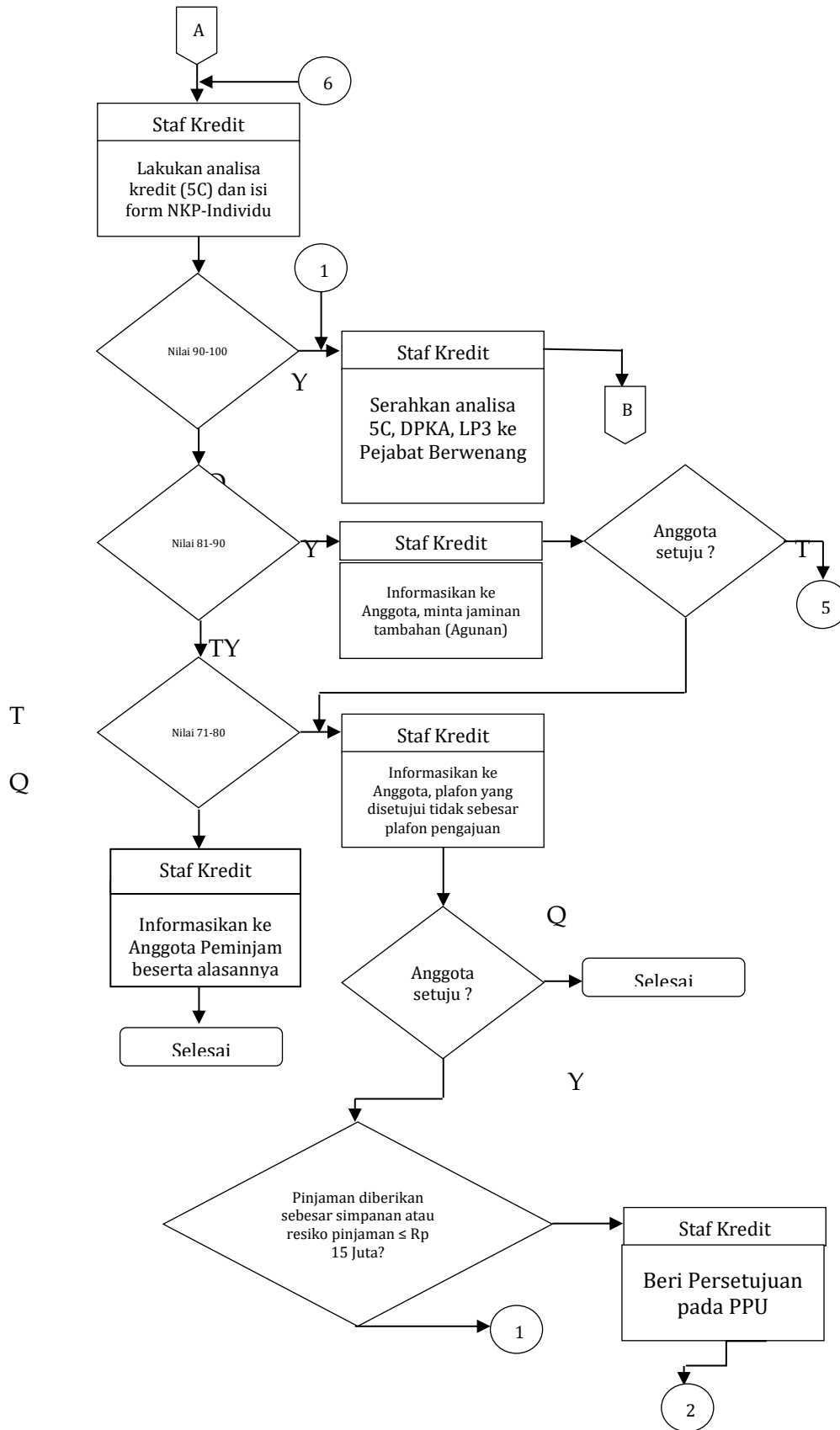
According to Damanik (2019) control procedures are policies and rules regarding employee behavior that are made to ensure that management control objectives can be achieved.

In general, good control procedures consist of:

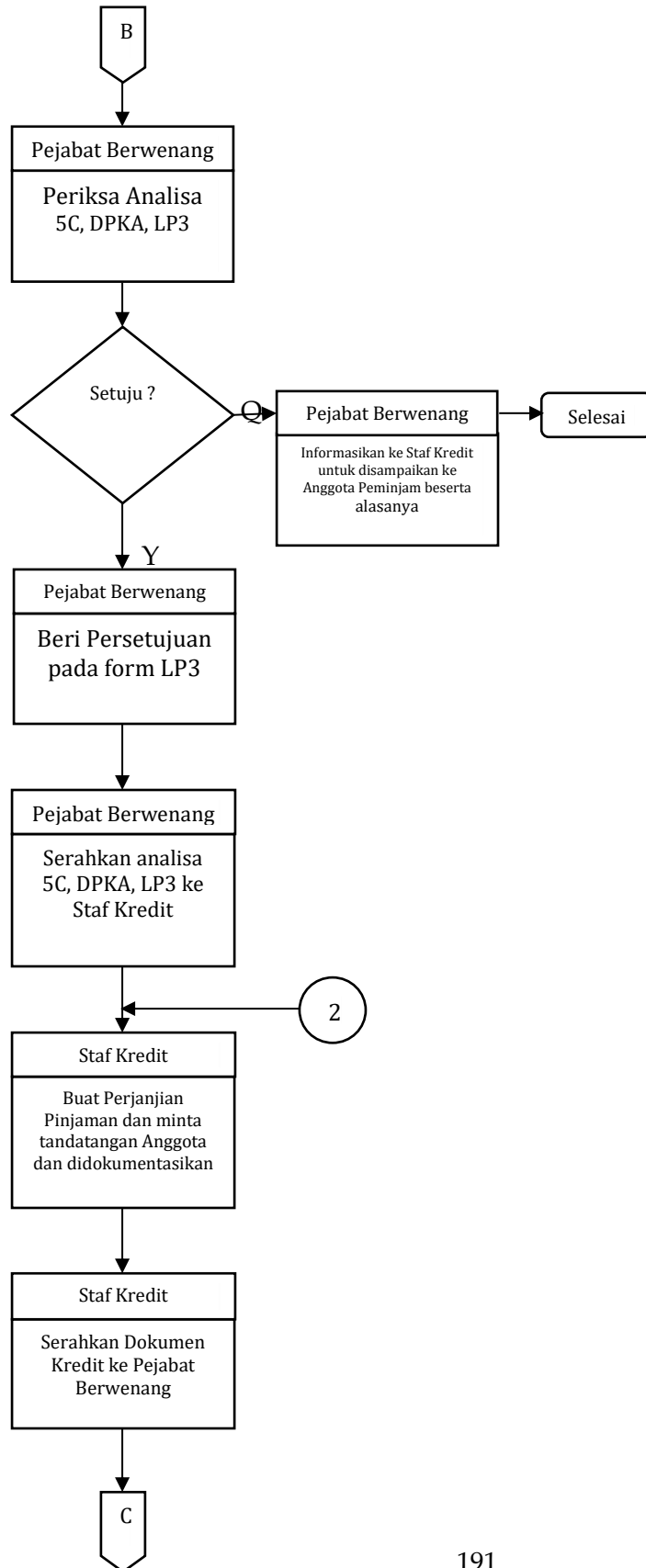
- a. **Appropriate Use of Authority**  
Within the organization, each transaction only occurs based on authorization from an official who has the authority to approve the transaction. Therefore, within the organization, a system must be created that regulates the distribution of authority for authorization for the implementation of each transaction. The existence of this division of authority will make it easier if an audit trail is to be carried out, because authorization limits transaction activities to only selected people. Authorization prevents misappropriation of transactions by other people.
- b. **Division of tasks**  
The segregation of duties separates the operations and storage functions from the accounting (recording) functions. And a function may not execute all stages of a transaction. Separating the operations and storage functions from the recording function, the accounting records prepared can reflect actual transactions occurring in the operations and storage functions, if all functions are combined, it will open the possibility of recording transactions that did not actually occur, so that the resulting accounting information cannot be trusted. the truth, and as a result the security of the organization's assets is not guaranteed.
- c. **Adequate Documents and Records**  
Procedures should cover the design and use of adequate documents and records to help ensure adequate recording of transactions and events. Furthermore, adequate documents and records will produce accurate and reliable information about the assets, debts, income and expenses of an organization (usually done side by side with the proper use of authority).
- d. **Adequate security of assets and records**  
Adequate security includes limiting access to assets and company records to prevent theft of company assets and data/information.
- e. **Independent check of performance**  
All records regarding existing assets must be compared (checked) periodically with physically existing assets. This check must be carried out by an independent organizational unit (other than the storage function unit, the operating function unit, and the recording function) to maintain the objectivity of the inspection.

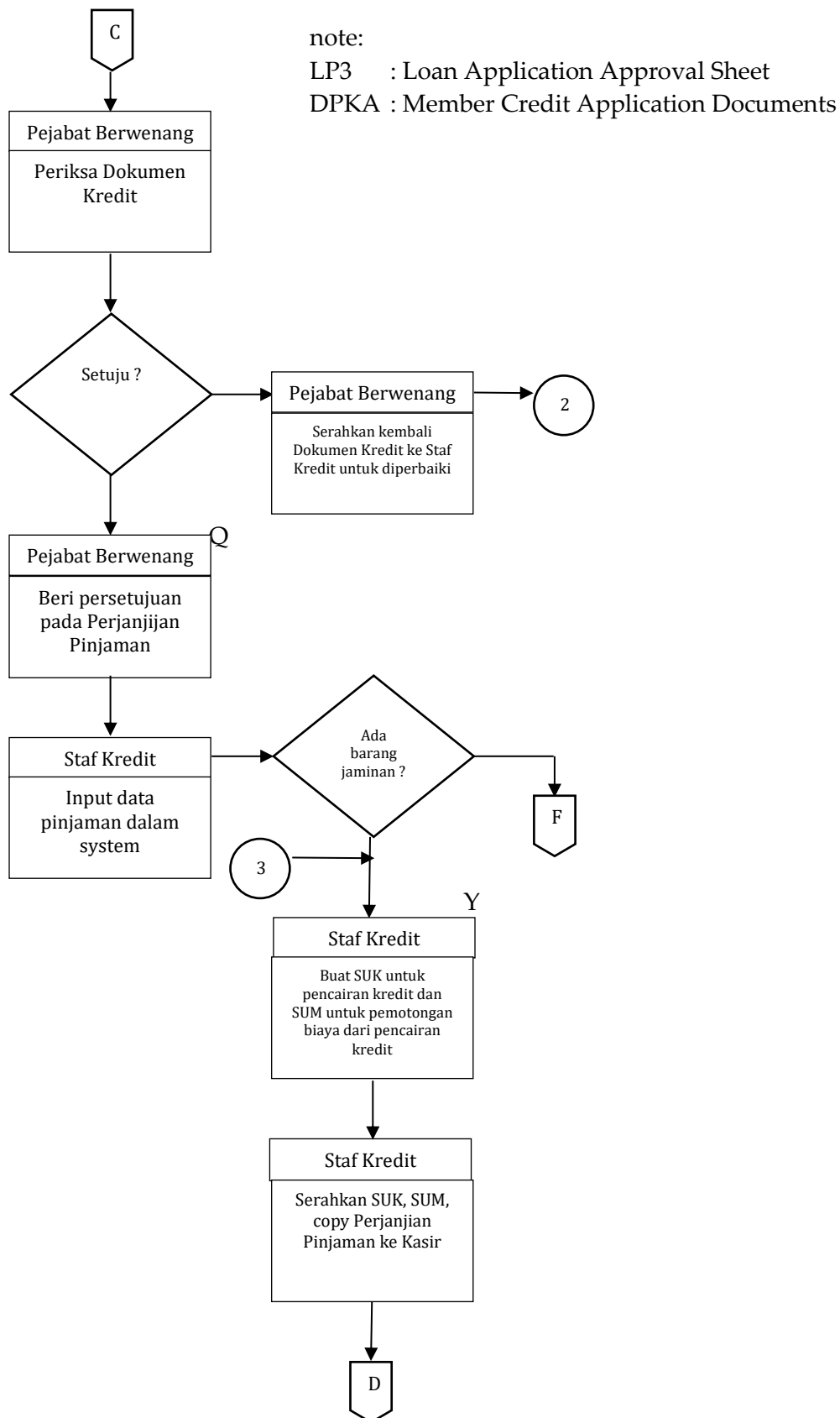
Figure 1. Loan SOP Flowchart at Sauan Sibarrung Credit Union





Note: T  
LP3 : Loan Application Approval Sheet  
DPKA : Member Credit Application Documents  
PPU : Application for Loans of Money (credit)

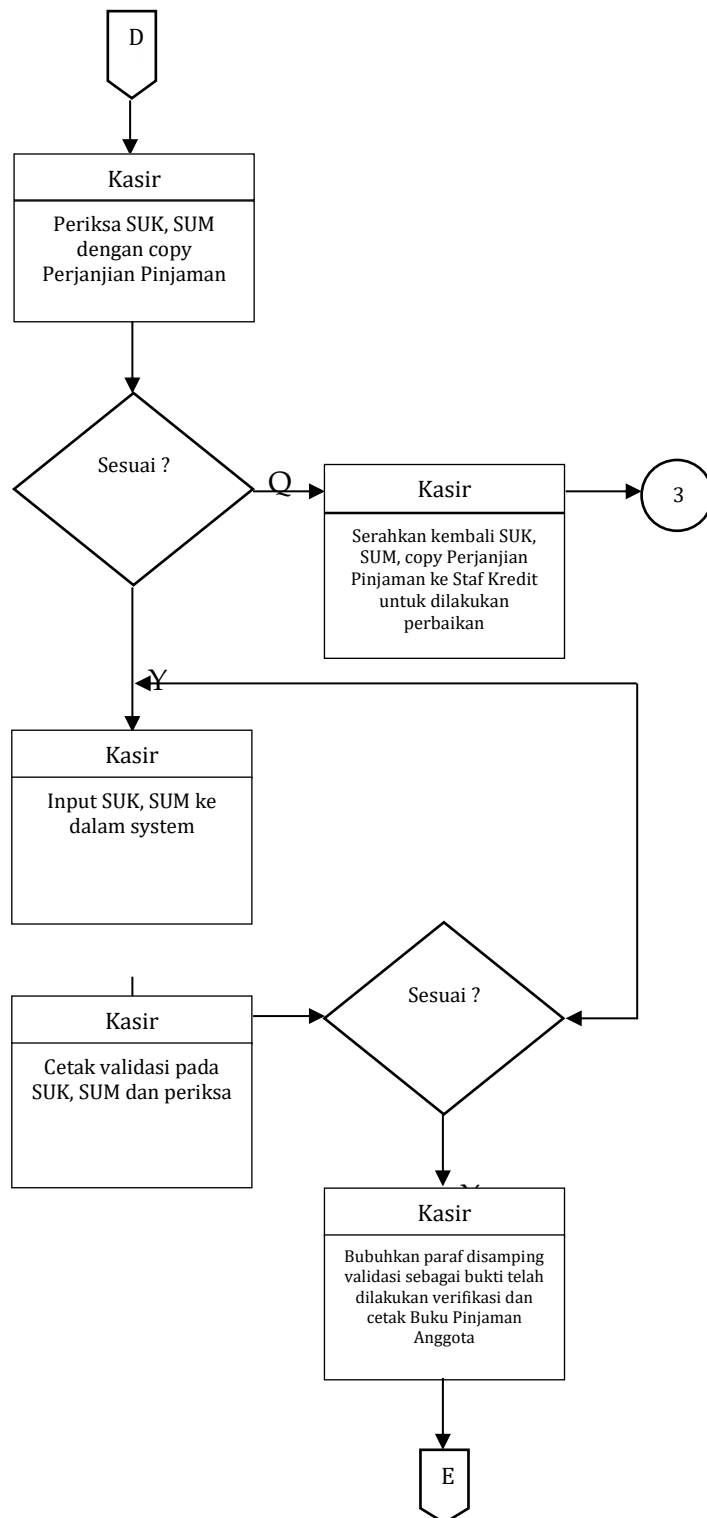




note:

SUK : Cash Out Slip

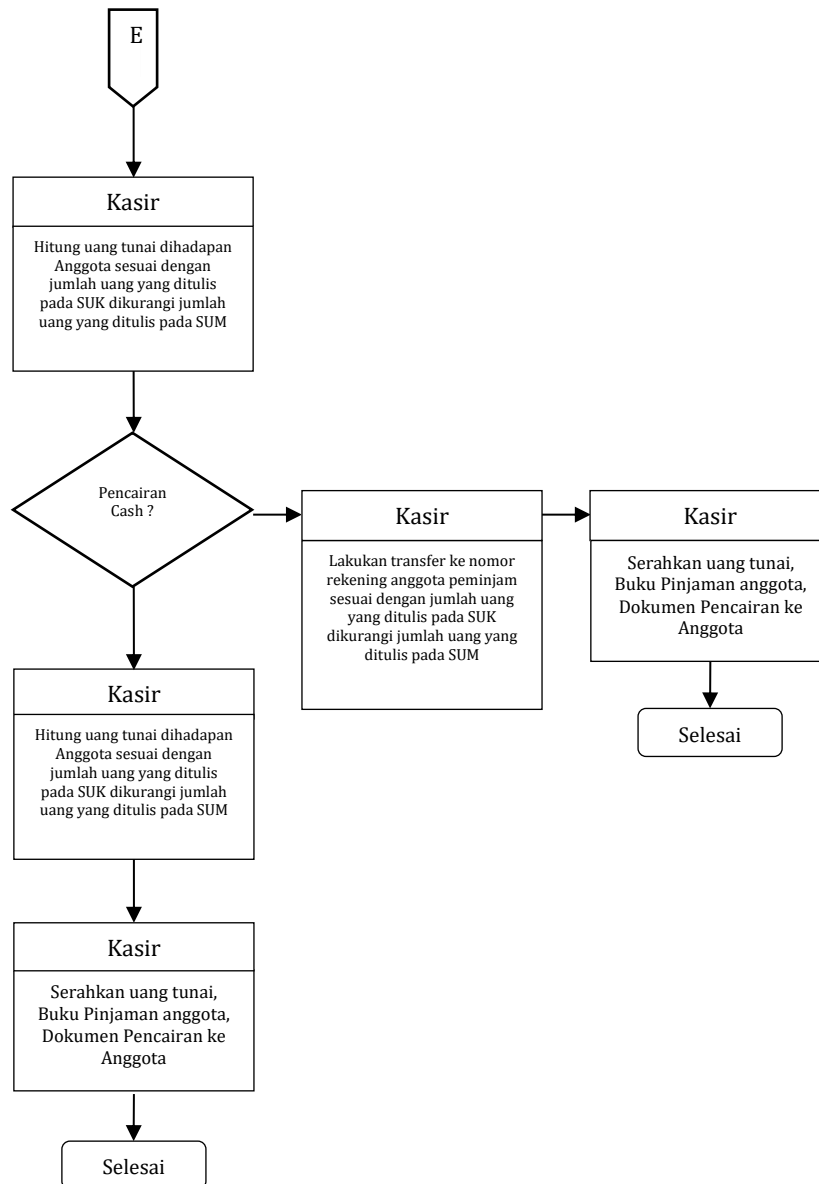
SUM : Money In Slip



note:

SUK : Cash Out Slip

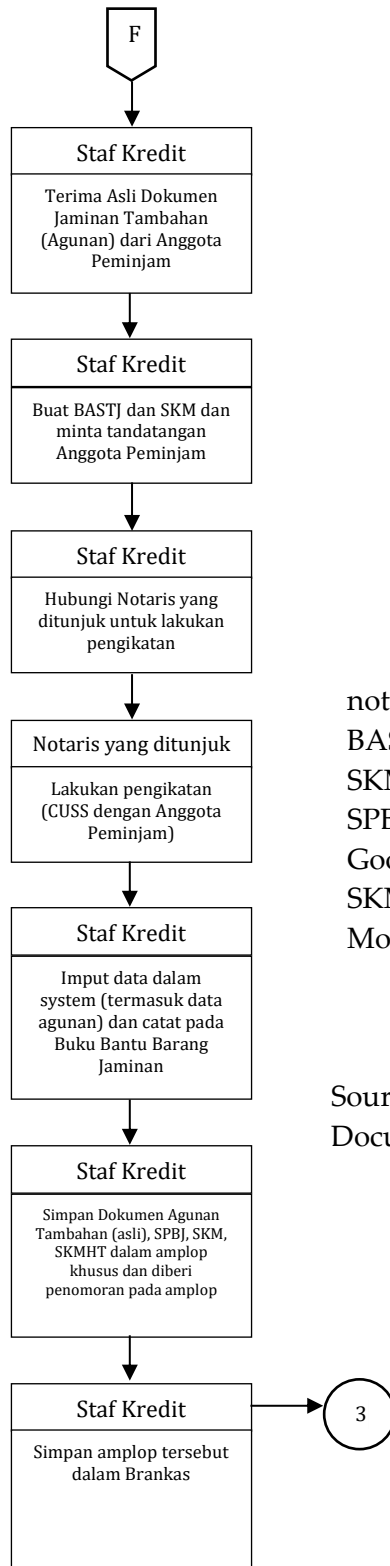
SUM : Money In Slip



note:

SUK : Cash Out Slip

SUM : Money In Slip



note:

BASTJ : Minutes of Collateral Handover

SKM : Power of Attorney to Sell

SPBJ : Letter of Submission of Guaranteed

Goods

SKMHT : Power of Attorney Guaranteeing

Mortgage Rights

Source: Credit Union Credit Union SOP  
 Documents Sibarrung

## **DISCUSSION**

The Sauan Sibarrung Credit Union was founded on December 7, 2006 by 83 participants in the *Strategic Palanning* Credit Union Workshop from Makale, Rantetayo, Rantepao, Nonongan, Nanggala, Deri, Pangli, Tombanglambe and Mengkendek Parishes and Bone-Bone Parish.

### **Vision and mission**

- a. Sauan Sibarrung Credit Union Vision  
To become a Toraja people's life empowerment institution, which is strong and trusted for the welfare of its members
- b. Mission Credit Union Sauan Sibarrung  
Improving the quality of life of community-based members through sustainable social and economic empowerment.

### **Core Values of CU Sauan Sibarrung**

1. *Bulaan Tasak* (True Life)
2. *Kinaa* (Wise)
3. *Sikamasean* (Sharing)
4. *Sangserek* (Together and Brothers)
5. Mature ( *Teacious* )
6. *Matarru'* (Creative)
7. *Ma'patongan* (Believe)
8. *Madarana Lako Daenan* (Environmentally Friendly)

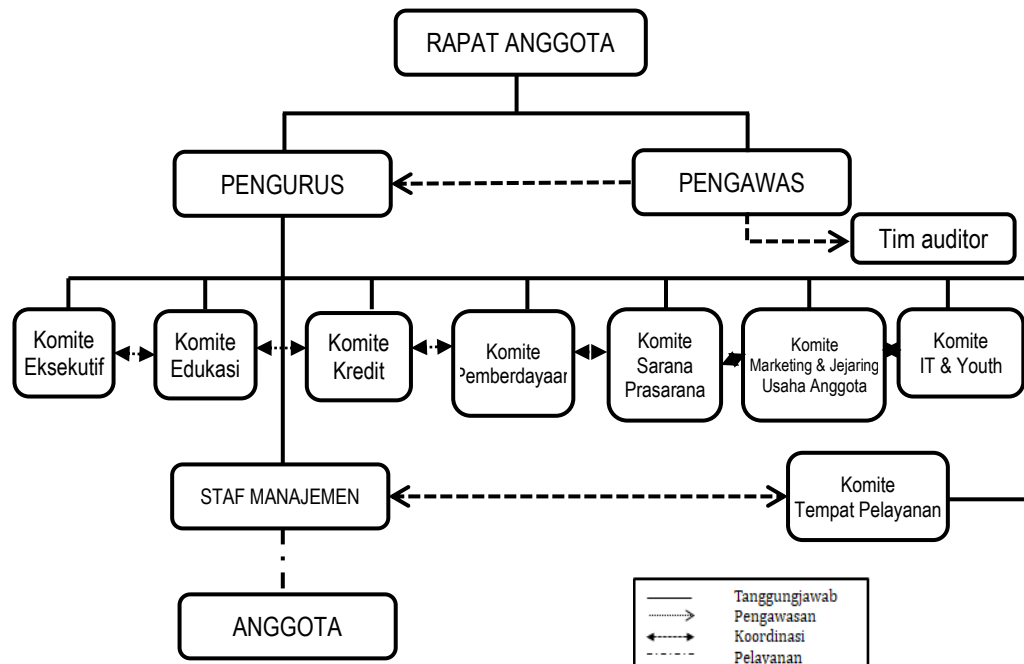
### **The slogan of CU Sauan Sibarrung**

CU Sauan Sibarrung's slogan is "*INDEMO TU GORI-GORI TANG MA'TI*" which means this is a source of livelihood that never runs dry.

### **Organizational Structure of the Sauan Sibarrung Credit Union**

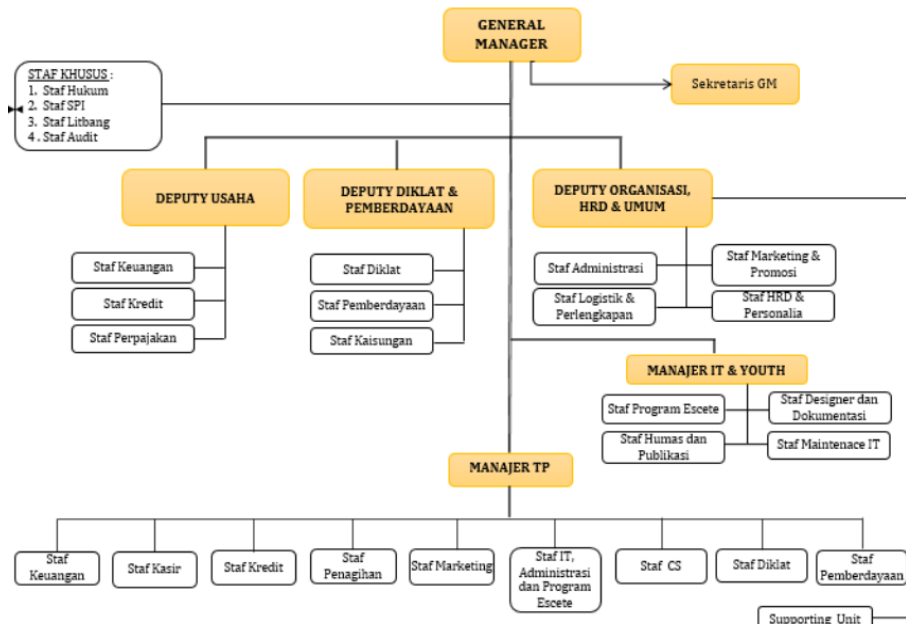
In general, the notion of organizational structure is a systematic description of the sections, duties, and responsibilities as well as the relationships contained within a section or institution. Good organization is needed so that the parts of the organization can run smoothly and are directed which include duties, authorities and responsibilities that are carried out in a balanced manner according to their respective roles. The organizational structure of the Sauan Sibarrung Credit Union can be seen in Figure 1 and the management structure of the Sauan Sibarrung Credit Union can be seen in Figure 1.

Figure 2. Organizational Structure of the Sauan Sibarrung Credit Union



Source: Sauan Sibarrung CU Documents

Figure 3. Management Structure of the Sauan Sibarrung Credit Union



Source: Sauan Sibarrung CU Documents

### **Loan Evaluation**

1. Loan Application Form, in which a loan investigation report is completed and submitted to the credit department staff, who then conducts loan appraisal interviews with the guarantors.
2. The loan application recommendation is signed by the credit officer and submitted to the credit department. The reasons for approval or rejection of a loan application for a loan applicant must be stated in writing.
3. All loan applications that have been subject to loan investigations and loan appraisal procedures are submitted to the TP Manager for re-examination, if necessary. If there is no change, and the TP Manager agrees, then the loan application will then be submitted to the credit department for follow-up.
4. A loan application that makes the decision becomes the authority of the credit department which has gone through the appraisal stage, if the loan is decided to be approved, it will be forwarded to the cashier's department to be disbursed immediately.
5. Loan applications that have passed the credit department's assessment but are not under the authority of the credit department must submit a decision to the manager for further processing.
6. Loan applications that have passed an assessment at the Manager's level of authority are returned to the credit department with appropriate recommendations and responses. The reasons for refusal need to be stated if rejected. Information that causes the rejection of a loan application is communicated and discussed with the loan guarantors by the credit department.
7. For loan requests whose decisions are beyond the authority of the Manager, the Manager provides recommendations to the credit department for further processing at the Sauan Sibarrung CU Committee level.
8. For a loan application whose decision is not within the authority of the Sauan Sibarrung CU Committee, the Committee will provide a recommendation to the credit department for further processing at the management meeting level.
9. The minutes of the credit meeting must provide information about the loan approval (name of member, loan amount approved, etc.) and the Board's consideration of the loan application.
10. Credit meeting minutes must provide clear information if the loan is rejected.
11. For loan applications the Management, Supervisors, Sauan Sibarrung CU Committee, TP Committee, and Staff must go through the same process and the decision is at the Board Meeting. Loans in the amount

of deposits can be processed at the TP by first confirming with the CUSS Credit Committee Coordinator and submitted at the regular Board meeting the following month.

## **2. Guarantee Agreement**

1. All collateral submitted and received must go through inspection and approval.
2. Approval can be made by experienced Sauan Sibarrung CU or by other competent parties for a certain loan amount.
3. The value of the loan secured by property cannot be more than 70% of the estimated value (taxation), 50% for movable collateral with an age of no more than 5 (five) years, except for vehicles whose taxation value is still quite high, with a maximum age of 10 (ten) years.

## **3. Loan Disbursement**

1. The Manager, Credit Committee or Administrator, according to their authority, has the right to approve all loans. Without his approval, the loan cannot be disbursed. A list of all approved loans must be provided to the TP Manager.
2. A detailed list of approved loan applications will be made, and proof of approval will then be submitted to the credit staff for further processing.
3. The credit department prepares a loan disbursement document (receipt. slip) to be signed by the applicant. Once complete, the applicant makes a disbursement at the cashier. Loan disbursement is only done in front of the cashier, and the slip must be signed in front of the cashier and cannot be represented.
4. Loan agreement letters and other official (original) documents are registered/booked by credit staff and archived.
5. The borrower is given a copy of the payment schedule, installments and accounts receivable along with the loan agreement and other important documents.
6. All loan documents are filed in one folder per borrower, except for the original letter of ownership of the collateral which must be kept in a special filing safe.
7. Collateral descriptions, registration numbers and other documents must be put together in one folder (file), including proof of loan disbursement.

## **4. Loan Monitoring**

1. After the loan is disbursed, the field staff is required to monitor the use of the loan no later than 14 (fourteen) days after credit disbursement (especially for productive and welfare loans), to ensure that the loan is

- used according to its purpose when applying by attaching a photo of the activity.
2. Loan staff monitors monthly installment payment and receivables service records by preparing a monthly target list for installment payments and accounts receivable services. Documents containing area codes and due dates should be used as a basis for billing staff in prioritizing billing activities. Billing fee receipts must be made for each money received (for each billing)
  3. The billing system created by the billing staff is recorded in the Billing Schedule, which is submitted weekly and discussed during the weekend briefing.
  4. Every month, the credit department completes the Loan Disbursement List, to be submitted to the Manager through the credit staff for monitoring purposes and as supporting evidence in the financial reports. Besides that, every month, the credit department must provide a report on outstanding loans to the Manager. An evaluation based on the criteria of each outstanding loan must be made by the Credit Department. Recommendations for allowance to cover bad loans must be made by the Finance Department.

The completeness of the credit process flow is presented in Figure 4.2 below:

**Figure 4. Credit Process Flow**



Source: CU Documents Saunan Sibarrung

### Credit Termination Authority at Saunan Sibarrung CU

Credit termination authority at the Saunan Sibarrung Credit Union as stated in the MO (Operational Manual) of the Saunan Sibarrung Credit Union Credit Union is as follows:

#### 1. Safe Check

- 1.1 Every loan application is checked by the credit department.
- 1.2 The credit department prepares data regarding loan risk.

- 1.3 The credit department makes a meeting schedule to discuss loan applications in accordance with the loan termination authority.
2. **Analysis, Approval and Termination of Credit in TP**
  - 2.1 Loan risks up to IDR 15,000,000 are analyzed and decided directly by the TP Credit Staff.
  - 2.2 Loan risks >Rp 15,000,000 up to Rp 20,000,000 are analyzed and decided directly by the TP Credit Staff and the TP Manager.
  - 2.3 The loan risk of > Rp. 20,000,000 up to Rp. 30,000,000 after being analyzed and decided by the TP Credit Staff and the TP Manager will then be analyzed and decided together with the TP Credit Committee.
  - 2.4 The loan risk is > IDR 30,000,000 up to IDR 50,000,000 after being analyzed and decided by the TP Credit Staff, TP Manager and TP Credit Committee, then analyzed and decided together with the TP Committee Team.
  - 2.5 The loan risk is > IDR 50,000,000, - after being analyzed and deemed appropriate, it is then recommended by TP to the Sauan Sibarrung CU Head Office.
3. **Analysis, Approval and Termination of Loans by the Deputy and General Manager and Credit Committee of CU Sauan Sibarrung in the Luwu Region**
  - 3.1 The loan risk of > Rp 50,000,000 up to Rp 70,000,000 is analyzed and decided jointly by the Deputy Business Director and the General Manager in the Toraja area, and for the Luwu area by the assigned Sauan Sibarrung CU Credit Committee.
  - 3.2 Loan risk of > Rp. 70,000,000 up to Rp. 90,000,000 after being analyzed by the Business Deputy and General Manager (Toraja area) and deemed appropriate, is then recommended for analysis and a decision by the Sauan Sibarrung CU Plenary Credit Committee.
4. **Credit Analysis, Approval and Termination by the Credit Committee of the Sauan Sibarrung CU Plenary**
  - 4.1 The loan risk of > Rp. 70,000,000 up to Rp. 90,000,000 is analyzed and decided by the Plenary Credit Committee at the Head Office.
  - 4.2 The loan risk is > IDR 90,000,000, - after being analyzed and deemed appropriate, it is then recommended by the Plenary Credit Committee to the Management.
5. **Analysis, Approval and Termination of Management Loans at Head Office**
  - 5.1 The loan risk of > Rp 90,000,000 is analyzed and decided at the Board of Directors meeting.
  - 5.2 Managers are only allowed to decide on loans with a maximum risk of IDR 250,000,000 from deposits.

### **Research result**

The data to be used in this study are primary data collected from observations and in-depth interviews with informants related to issues in the field, as well as related secondary data in the form of credit documents obtained from the Sauan Sibarrung CU. Study collecting information from a number of informants .

### **Informant Description**

A total of 8 informants were randomly selected from members, managers and founders of Credit Union Sauan Sibarrung. Members who became informants were selected from the length of membership, namely those who had been members for more than 5 years and members who had just joined the Sauan Sibarrung Credit Union. Members who became informants in this research case study were all members who had borrowed at the Sauan Sibarrung Credit Union, while the Managers and Founders who became informants were parties who played a role in the process of granting and terminating credit at the Sauan Sibarrung Credit Union. This informant has been adapted to the needs required in the study.

**Table 1. Number of Interview Participants**

<b>No.</b>	<b>Informant</b>	<b>Number of Interview Participants</b>
1.	Members with at least 5 years of experience as members of Sauan Sibarrung CU	2 people
2.	Members who have just joined become members of the Sauan Sibarrung CU	2 people
3.	Manager of CU Sauan Sibarrung	2 people
4.	Founder of CU Sauan Sibarrung	1 people

### **Characteristics of Informants**

Informant characteristics consist of gender , age, education, occupation .

**Table 2. Characteristics of Informants**

<b>Informant</b>	<b>JK</b>	<b>Age</b>	<b>Education</b>	<b>Profession</b>
Member >5 years 1	P	68 years	SD	Self-employed
Member >5 years 2	P	53 years	SENIOR HIGH SCHOOL	Self-employed
New member 1	P	27 years	SENIOR HIGH SCHOOL	Farmer
New member 2	L	49 years	No school	Farmer
Manager 1	P	32 years	S1	CUSSS staff
Manager 2	P	38 years	S1	CUSSS staff
Founder 1	L	57 years	S1	ASN
Founder 2	L	55 years	S1	CUSSS staff

Source: Primary Data, processed by Researchers

Based on the results of interviews with informants from the Manager and Founder of the Sauan Sibarrung Credit Union, information was obtained that the SOP for granting credit at Sauan Sibarrung CU is currently standard. The loan application form at Sauan Sibarrung CU has started as standard, from 4 sheets to 2 sheets. In the future, this format will be input directly into the computer so that when a member makes a request, the data is already stored so that it can be printed directly from the computer. It's just that we still have to pay close attention to the growth in income and expenses of these members. Related to the current credit termination process at Sauan Sibarrung CU, it must be fast. Usually credit termination at the Head Office level, which is authorized to be terminated by the Deputy, General Manager, CU Sauan Sibarrung Credit Committee or Management, is not processed quickly due to incomplete files from members applying for credit. So the credit termination process should be even faster.

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