

# The Financial Report Manual Recording Review of the Indonesian Red Cross of Rembang Regency in 2018

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## Abstract

The recording process as in the financial statements is indeed a big scourge to be carried out in accordance with the applicable financial accounting standards caused by unprepared human resources to the unpreparedness of the technology it uses. This also expressed in the research conducted by Soleh (2017) states that in the process of recording, managing and preparing financial reports for the Indonesian Red Cross Blood Transfusion Unit which can still be said to be semi computerized because it has used computers as a travel medium but there is no system for the process. Of course it still has many disadvantages, one of the biggest possibilities is human error. The financial statements reported is useful for providing information on the financial position of an organization for management and leadership of the organization in supporting decision-making as well as beneficial for outside stakeholders who are interested in such as investing in shares investment. Therefore it is required to provide accurate, precise and clear financial statements. The research written in the form of a case study is one of the studies applied to applied research with intensive focus and this study was conducted to find out the occurrences of events. Instead of case studies must be able to explain the whole symptoms or factors so that a general description of the cases studied is obtained and clarified the cases that occur can be given a logical solution. And then, the researcher will make in-depth observations to look for information addressed to the institution or someone who knows this condition, in this study usually in the form of descriptive approach. Based on the case, the researcher recommends 1) to immediately make improvements to the existing financial statements by adjusting the existing provisions at the Rembang Regency Indonesian Red Cross so that the recorded financial statements can be understood comprehensively and provide functions as they should; 2) hope that all supporting documents are always neatly compiled so that the data can be used as a basis for preparing financial statements and 3) distinguish between RAB and budget realization reports so that they are not confusing when evaluating.

**Keyword:** Review. Financial Statement. Indonesian Red Cross. Rembang Regency.

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## 1. INTRODUCTION

Indonesian Red Cross (PMI) has been spread in 33 Regional PMI (of Province) and around 408 PMI Branches (in Regency Level) throughout Indonesia now. The Indonesian Red Cross is impartial, doesn't take sides with any political, racial, ethnic groups or religions. In its implementation the PMI doesn't distinguish but it prioritizes the victims who do need immediate help for the safety of their lives. PMI's performance in the field of humanity and volunteerism has been carried out since 1945 giving the same service to the communities including 1) providing assistance during a war or conflicts; 2) helping victims of natural disasters; 3) serving blood transfusion and health. PMI has several divisions in accordance with PMI's regulation decision : 176/KEP/PP.PMI/X/ 2010 states

that PMI has fourteen divisions/bureaus/units consisting of 1) institutional divisions; 2) disaster management division, 3) health division, 4) volunteer division, 5) division of cooperation and resources development, 6) planning and legal bureau, 7) staffing bureau, 8) internal audit work unit division, 9) public bureau , 10) public relations bureaus, 11) education and training units, 12) polyclinic units, 13) Information Technology units and 14) financial bureaus<sup>8</sup>.

The financial bureau is the main locomotive in the Indonesian Red Cross whose task is to present financial reports. The recording process as in the financial statements is indeed a big scourge to be carried out in accordance with the applicable financial accounting standards caused by unprepared human resources to the

unpreparedness of the technology it uses. This also expressed in the research conducted by Soleh (2017) states that in the process of recording, managing and preparing financial reports for the Indonesian Red Cross Blood Transfusion Unit which can still be said to be semi computerized because it has used computers as a travel medium but there is no system for the process<sup>10</sup>. Of course it still has many disadvantages, one of the biggest possibilities is human error. The financial statements reported is useful for providing information on the financial position of an organization for management and leadership of the organization in supporting decision-making as well as beneficial for outside stakeholders who are interested in such as investing in shares investment. Therefore it is required to provide accurate, precise and clear financial statements. Based on the field data that researchers observed in various financial sectors and read the literatures from other researchers' research, it comes to the conclusion that the financial statement is an illustration/a frame of an entity either in terms of profit or loss as well as to assess future prospects that the entity could go on to carry out its business or its operational axis takes place continuously (going concern). In

order to restrict and optimize problems solving have been described before, the researcher intends to use the financial statements of the Indonesian Red Cross (PMI) of Rembang Regency. The reasons in choosing the financial statements of the Indonesian Red Cross of Rembang Regency are as follows: 1) that PMI of Rembang Regency is one of the institutions that its recording financial statement needs to be reviewed; and 2) that PMI's financial statement have positive contribution or positive performance projects to the government, especially the health department. Based on the problems background have been stated above, the subject matter in this research is formulated as how was the implementation of the financial report manual recording review of the Indonesian Red Cross of Rembang in 2018 ?. Thus researchers are interested in conducting research entitled "The Financial Report Manual Recording Review of the Indonesian Red Cross of Rembang in 2018."

## 2. THE BASIC FRAMEWORK OF THEORY

### 2.1 SERVICES REVIEW

The Minister of Home Affairs Regulation (Permendagri) Number 4/2008 states that review services are procedures for tracking numbers, informing, and analysis that should be an adequate basis for the Government Internal Control to serve limited confidence in financial statements that no material modifications must be made for financial

statements so that these financial statements are presented based on the Internal Control System (SPI) that is adequate and in accordance with Government Accounting Standards (SAP)<sup>5</sup>. Then it can be concluded that the service review is a fundamental analysis procedure which is used to provide limited confidence that the presentation of financial statements is based on the Internal Control System (SPI) and in accordance with Financial Accounting Standards (SAK). To summarize the review (Irwan 2010) is a means of providing limited confidence in the review and recommendations regarding the financial statements of the Internal Control System which are then used to improve the basis of internal statements from management<sup>3</sup>.

According to Irwan (2010) the implementation steps of the review are a) review planning covers the understanding of the entity used to understand the background, nature, significant transaction processes, accounting principles and methods in making financial statements in the reporting entity; b) assessment of the Internal Control System (SPI) by understanding financial management systems and procedures such as cash receipts, cash disbursements, and non-cash; c) implementation includes preparation by collecting financial information in the form of annual report, accounting policies and other information needed, and d) reporting containing the results of the review which are presented in the form of a letter with a statement reviewed<sup>3</sup>. Note that the purpose of the review (Irwan 2010) is only to provide confidence regarding accuracy, reliability, validity of the information presented in the financial statements. Review does not cover a test of the substance truth of a source document such as a contract for the procurement of goods or services, proof of payment or receipts and physical minutes for the procurement of goods or services and other procedures that can be carried out in an audit.

### 2.2 FINANCIAL STATEMENT

Financial reports (kieso et.al 2008) are a recording process that is a summary of financial transactions that occur during the financial year concerned, which are useful in decision making of financial report users and as providers of information regarding financial position, performance, and changes in financial position an entity<sup>4</sup>. To provide information on financial position, performance and changes in financial position, the elements that must be present in making financial statements according to PSAK (2012) paragraph 10 are: 1) equity (Keiso et.al 2008) is the interest residual assets in an entity, after reduced by its liabilities, 2) liabilities are economic sacrifices that may occur in the future arising from the liabilities to walk a certain entity, 3) income is

inflows or other enhancements to the assets of an entity or repayment of liabilities (a combination of both) during a period from the delivery or production of goods, provision of services, or other activities which are the main operations or central operations of the company, 4) the expenses is current exit or other use of an entity's assets or the occurrence of liabilities (a combination of both) during a period of delivery or production of goods, provision of services, or other activities which are the main operations or central operations of a company, 5) profit is an increase in equity the company caused by peripheral or institutional transactions and from all transactions and other events and situations that affect the company during a period except those originating from the owner's income or investment, 6) a loss is a decrease in a company's equity (net assets) caused by peripheral transactions or inside and from all transactions and other events and situations that affect the company during a period except those originating from income or investment by the owner, 7) contribution from and distribution to the owner in his capacity as owner is a decrease in the net assets of a company caused by the transfer of assets, provision of services, or the creation of liabilities by the company to the owner, 8) comprehensive income is a change in an equity

On the basis of PSAK Number 1 paragraph 17, financial statements fairly present financial position, and an entity's cash flows. A reasonable presentation requires honest presentation of the impact of transactions, other events and conditions in accordance with the definitions and criteria for recognizing assets, liabilities, income and expenses which are arranged in the basic framework of financial statement preparation and presentation. When the financial statement has covered the four elements stated above (assets, liabilities, incomes and expenses), the presentation or the reporting of that financial statement is considered to be fair and suited with the Financial Accounting Standards (SAK)<sup>7</sup>.

### 3. RESEARCH METHODS

According to Nawawi and Martini (2005) that the form of relationship research studies consists of several models is a correlation study; causal studies and comparisons and case studies. However, research written in the form of a case study is one of the studies applied to applied research with intensive focus and this study was conducted to find out the occurrences of events. Instead of case studies must be able to explain the whole symptoms or factors so that a general description of the cases studied is obtained and clarified the cases that occur can be given a logical solution. And then, the researcher will make in-depth observations to look for information addressed to the institution or someone who knows this condition, in this

(entity's net assets) on one period caused by transactions and other events not sourced from the owner, this includes all changes in equity during a period except changes caused by owner's investment and distribution to owners, 9) owner's investment is an increase in a company's net assets arising from the transfer of something value from other entities to the company to obtain or increase ownership interests (or equity) in it and 10) assets are economic benefits that may occur in the future that are obtained or controlled by an entity as a result of transactions or past events<sup>7</sup>. To maintain the quality of financial statements, the financial statement format standards according to PSAK Number 1 of 2012 are as

Follows

Income		
Other Income	300	
<b>Total Income</b>		300
Expenses		
Distribution Expense	100	
Cost of Goods Sold	100	
Administrative Fee	50	
Income Tax Expense	50	
Employee Benefits Expense	50	
Funding Services Expense	50	
Accumulation	100	
<b>Total Expense</b>		500
<b>Comprehensive Profit/Loss</b>		300

study usually in the form of descriptive approach.

Opening Equity (1st January 2014)		100
Profit	100	
Loss	100	
<b>Equity Changes</b>		100
<b>Final Equity (31st December 2014)</b>		200

This study uses primary data. Primary data (Satria 2010) is data collected directly by researchers from the respondents, and not from data collection that has been done before. The data is the financial report data of the Indonesian Red Cross (PMI) of Rembang Regency in 2018. Then from this financial statement data, the researcher conducts a review that aims as a means of solving problems or providing logical solutions by analyzing reduction data to draw conclusions and describe and its reflection<sup>9</sup>.

### 4. RESULT

PMI Rembang Regency whose office is in Diponegoro Number 99 Rembang 59211 Tel (0295) 91335. The implementation of the Rembang Regency PMI financial report review in 2018 originated from the request of local officials with the structure of the Rembang Regency PMI as follows:

1. Name: Bayu Adriyanto, SE

Position: Chairman of PMI

2. Name: Suparwi  
Position: Secretary
3. Name: Achmad Kualif  
Position: Treasurer

PMI Rembang Regency, located on Jalan Diponegoro Number 99 Rembang 59211 Tel (0295) 91335 is a client who must be reviewed on the financial statements of 2018. Based on field data made by the financial staff of PMI Rembang Regency in the form of 2018 financial statements that are not in accordance with the provisions of Financial Accounting Standards (SAK) and Internal Control System (SPI) as follows :

Date	Keterangan	Ref	Saldo
Jan 2018	Operational deposit from managerial		398.004.029
	on pieces take way pulvis ball		200.000
	Office credit + BORS purchase note		200.000
	Bill for six pulvis		102.000
	Memorandum of purchase for sugar, plastic, lycelin		635.000
	Memorandum of purchase for molase		832.000
	Jawa post subscription payment note January 2018		100.000
	Prudential payment note January 2018		4.470.000
	Write check payment note for operational permission		690.500
	Officers Utensils purchase note		235.000
	Accommodation receipt for officers taking blood from RSMN Tuban (5 times taken)		100.000
	Accommodation receipt for officers taking blood from RSMN Tuban (5 times taken)		60.000
	Phone payment note		97.267
	Speedy payment note		1.772.200

**Tabel 4:** PMI's Financial Statement in 2018

Based on the result of interviews with responden, the financial statements prepared in 2018 have several factors that have caused the financial statement are 1) PMI's financial officer have not expertise in the intended field of financial statement preparation, 2) lack of training provided to financial officers and 3) an organization does not have a standard which can use to a guideline in the preparation of financial statement. And the content of financial statement to be incompatible unsurs with PSAK (2012) paragraph 10 are: 1) equity (Keiso et.al 2008) is the interest of residual assets in an entity, after reduced by its liabilities, 2) liabilities are economic sacrifices that may occur in the future arising from the liabilities to walk a certain entity, 3) income is inflows or other enhancements to the assets of an entity or repayment of liabilities (a combination of both) during a period from the delivery or production of goods, provision of services, or other activities which are the main operations or central operations of the company, 4) the expenses is current exit or other use of an entity's assets or the occurrence of liabilities (a combination of both) during a period of delivery or production of goods, provision of services, or other activities which are the main operations or central operations of a company, 5) profit is an increase in equity the company caused by peripheral or institutional transactions and from all transactions and other events and situations that affect the company during a period except

those originating from the owner's income or investment, 6) a loss is a decrease in a company's equity (net assets) caused by peripheral transactions or insidetil and from all transactions and other events and situations that affect the company during a period except those originating from income or investment by the owner, 7) contribution from and distribution to the owner in his capacity as owner is a decrease in the net assets of a company caused by the transfer of assets, provision of services, or the creation of liabilities by the company to the owner, 8) comprehensive income is a change in an equity (entity's net assets) on one period caused by transactions and other events not sourced from the owner, this includes all changes in equity during a period except changes caused by owner's investment and distribution to owners, 9) owner's investment is an increase in a company's net assets arising from the transfer of something value from other entities to the company to obtain or increase ownership interests (or equity) in it and 10) assets are economic benefits that may occur in the future that are obtained or controlled by an entity as a result of transactions or past events.

Table 5 Comprehensive Income Statement	
Indonesia Red Cross of Rembang	
Comprehensive Income Statement	
December 31, 2018	
Income From operational deposit managerial	398.004.029
<b>Total Income</b>	<b>398.004.029</b>
<b>Expenses</b>	
Six pieces take way pulvis ball	200.000
Office credit + BORS purchase note	200.000
Bill for six pulvis	102.000
Memorandum of purchase for sugar, plastic, lycelin	635.000
Memorandum of purchase for molase	832.000
Jawa post subscription payment note January 2018	100.000
Prudential payment note January 2018	4.470.000
Write check payment note for operational permission	690.500
Officers Utensils purchase note	235.000
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Accommodation receipt for officers taking blood from RSMN Tuban (5 times taken)	60.000
Phone payment note	97.267
Speedy payment note	1.772.200
<b>Total Expense</b>	<b>9.470.006</b>
<b>Comprehensive Profit Loss</b>	<b>388.534.023</b>

Author give advise of conducts coachin by arranging financial statement in accordance with the intended PSAK and then, that the financial statements recording in 2018 which have been made by financial staff of the Indonesian Red Cross of Rembang in accordance with the appropriate Financial Accounting Standards (SAK), such as the true forms of comprehensive income statement should be adjusted are:

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Phone payment note	97.267
Speedy payment note	1.772.200
<b>Total Expense</b>	<b>9.470.006</b>
<b>Comprehensive Profit Loss</b>	<b>388.534.023</b>

## 5. CONCLUSION

PMI Rembang Regency is one of the clients that must be reviewed. By the results of the review it can be concluded that the financial statements in 2018 can be stated that the financial statements are reasonable. However, in the recording process it has not referred to the Financial Accounting Standards (SAK) held by the generally accepted Rembang Regency Indonesian Red Cross Center. So that the researcher recommends 1) to immediately make improvements to the existing financial statements by adjusting the existing provisions at the Indonesian Red Cross so that the recorded financial statements can be understood comprehensively and provide functions as they should; 2) hope that all supporting documents are always neatly compiled so that the data can be used as a basis for preparing financial statements and 3) distinguish between RAB and budget realization reports so that they are not confusing when evaluating.

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