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GOVERNANCE OF SOCIAL ASSISTANCE FUNDS IN NON-PROFIT ORGANIZATIONS: AN ANALYSIS OF ACCOUNTABILITY, TRANSPARENCY, AND COMPLIANCE WITH ISAK 35

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ABSTRACT

This study aims to analyze the governance of social assistance funds at the Muhammadiyah Children Center (MCC) KH. Ms Mansur Malang City, especially from the aspects of accountability, transparency, effectiveness, efficiency, and compliance with ISAK 35. The study used a descriptive qualitative approach. Data were obtained through interviews, observations, and documentation of the fund management process that has been running starting from collection, recording, planning use, program implementation, reporting, to evaluation. Accountability has been supported by recording transactions and approval of certain expenses, while effectiveness is seen from the use of funds for education, health, operational, and foster care needs. Efficiency is also quite good because assistance in the form of goods can reduce cash expenditures. However, several obstacles were still found, namely recording that has not been fully carried out in real time, incomplete transaction evidence, reports to donors that are not routine, and the lack of full implementation of ISAK 35. These conditions indicate that the governance of social assistance funds at MCC is running, but still needs to be strengthened, especially in the administration system, transparency to external parties, manager competence, and the quality of financial reporting.

Keywords: Social Assistance Funds, Accountability, Transparency, Effectiveness, Efficiency, ISAK 35

INTRODUCTION

Social assistance is an important form of support for vulnerable communities, including orphans, the poor, and groups with economic limitations. In its implementation, social assistance is not solely the responsibility of the government, but also involves non-profit organizations, social foundations, religious institutions, and humanitarian organizations that collect funds from the public and donors. Unlike profit-oriented businesses, non-profit organizations use their resources to achieve social goals. Because the funds they manage come from third parties and are entrusted with a trust, they must be managed responsibly, transparently, effectively, efficiently, and in accordance with applicable regulations.

The problem in managing social assistance funds lies not only in how they are collected and distributed, but also in how organizations account for their use to stakeholders. Puspitasari (2021) shows that accountability and transparency in managing social organization funds are related to increased public trust. Meanwhile, Rahmawati and Kurniawan (2022) found that the effectiveness of aid distribution is influenced by targeting accuracy, administrative systems, and program evaluation. Hidayat (2020) also showed that implementing good governance can improve the quality of services in non-profit organizations. On the other hand, Sari (2021) found that non-profit organizations still face obstacles in implementing ISK 35, particularly those related to human resource competency, financial recording, and reporting. Although research on accountability, transparency, good governance, and social fund management has been conducted, most of the studies are focused on zakat institutions, social foundations, and government agencies. Research specifically examining the management of social assistance funds in community-based humanitarian organizations is still relatively limited. Furthermore, previous research tends to discuss accountability or transparency separately, so few have examined accountability, transparency, effectiveness, efficiency, and regulatory compliance together. This is crucial because the quality of fund management is directly related to donor trust, program sustainability, and the benefits received by recipients.

OnBased on these conditions, this study was conducted to analyze the management of social assistance funds at the Muhammadiyah Children Center (MCC) KH. Mas Mansur, Malang City. The analysis focused on five aspects: accountability, transparency, effectiveness, efficiency, and regulatory compliance. The study also examined factors that support and hinder fund management, as well as the institution's efforts to improve its governance. A descriptive qualitative approach was used to provide a closer look at the fund management process, from planning, collection, recording, distribution, reporting, to program evaluation. This study is expected to provide an empirical overview of the practice of managing social assistance funds in community-based humanitarian organizations, particularly the MCC KH. Mas Mansur, Malang City. From a scientific perspective, this study expands the study of public sector accounting and nonprofit accounting by combining five aspects of governance into one analysis. From a practical perspective, the results of this study can be used as evaluation material for management in strengthening accountability, transparency, internal control, and the quality of financial reporting. Thus, this study not only examines whether funds have been used according to their intended purpose, but also how the management process can be improved to be more orderly and able to maintain the trust of donors and the community.

RESEARCH METHODS

StudyThis study uses a qualitative approach with a descriptive research type. This approach was chosen because the research focuses on understanding the process of managing social assistance funds based on actual conditions in the field, rather than on statistically testing the relationships between variables. The data reviewed includes the planning, collection, recording, distribution, reporting, monitoring, and evaluation of social assistance funds.

StudyThis study was conducted at the Muhammadiyah Children's Center (MCC) KH. Mas Mansur in Malang City. The location was selected based on the institution's activities in collecting, managing, and distributing social assistance funds to support child welfare services through care, education, development, and empowerment programs. The research period was not specifically mentioned in the methods section of the thesis that served as the source for this writing.

Research informants were determined using purposive sampling, selecting individuals deemed to possess knowledge, experience, and direct involvement in managing social assistance funds. Informants included the leader of the KH. Mas Mansur Malang City MCC, the treasurer or financial manager, social assistance program administrators, and administrative staff involved in recording and reporting. Donors and beneficiaries were also considered as informants when possible. Given these characteristics, the study did not determine the sample size based on statistical calculations, but rather on the informants' relevance to the research focus.

SataThe research consisted of primary and secondary data. Primary data were obtained through in-depth interviews, observation, and documentation, while secondary data came from financial reports, administrative documents, SOPs, activity reports, organizational archives, and relevant literature. Interviews were conducted semi-structured using interview guidelines, while observations were used to directly observe the administrative process and program implementation. Documentation included financial reports, transaction evidence, activity reports, activity photos, and other supporting documents. The main instrument in the research was the researcher herself with the assistance of interview and observation guidelines, a voice recorder with the consent of informants, field notes, a camera, and documentation sheets. The focus of the analysis included accountability, transparency, effectiveness, efficiency, and regulatory compliance.

Data validity was conducted through source triangulation, technical triangulation, and time triangulation, as well as member checking with informants to ensure the suitability of the interview results. Furthermore, the data were analyzed interactively using the Miles, Huberman, and Saldana model through four stages: data collection, data reduction, data presentation, and conclusion drawing and verification. Reduction was carried out by selecting and grouping data according to the research focus, then the data was presented in narrative form, a matrix, or a table before conclusions were drawn based on the findings that had been verified during the research process.

RESULTS AND DISCUSSION

Research result

ResultsResearch shows that the management of social assistance funds at the Muhammadiyah Children's Center (MCC) KH. Mas Mansur in Malang City has gone through several stages, starting from fundraising, recording receipts, planning use, program implementation, reporting, and evaluation. The funds managed come from regular and incidental donors, the Muhammadiyah Association, the community, and social institutions. Their use is directed towards the operational needs of the orphanage, foster children's education, health services, coaching, and skills development.

The main findings of the study can be summarized as follows

Aspect	Research Findings	Condition
Accountability	The use of funds is planned through the Annual Budget Plan, transactions are recorded, and certain expenditures require the approval of the head of management.	It's running, but not yet optimal
Transparency	Reports are submitted to the head of management and PCM Blimbing; reports to donors have not been made periodically.	Still needs to be strengthened
Effectiveness	Funds are used for operational needs, education, health, coaching, and foster children's needs.	Social goals have been implemented
Efficiency	Assistance in the form of basic necessities, school supplies and other items is used to reduce cash expenditure.	Pretty good
Compliance	Recording and reporting have been carried out, but not yet using ISAK 35 in full	Not optimal

Source: Processed from research results

In terms of accountability, fund management has a control mechanism in place. Routine expenditures are based on the planned budget, while urgent needs must be approved by the head of the management. The treasurer also records receipts and expenditures in the daily cash flow statement. However, recording is still done manually, not all transactions can be recorded in real time, and some transactions lack physical evidence because they are conducted at small stores that do not provide receipts.

In terms of transparency, financial reports have been submitted to internal parties, particularly the head of management, and to the Muhammadiyah Blimbing Branch Leadership (PCM) when needed. Reports are typically prepared monthly or at board meetings and contain the beginning balance, receipts, expenditures, and ending balance. However, reports to donors have not been submitted regularly and are mostly submitted upon request.

Effective fund management is evident in the allocation of funds to the primary needs of foster children and the operation of social services. Efficiency is also evident in the utilization of non-cash assistance, such as basic necessities, school supplies, and other equipment, so that not all needs must be paid for with cash. Decisions regarding fund use are also made through management meetings and take into account the organization's priority needs.

The constraints thatProblems are still found, especially related to limited human resources with accounting competencies, manual recording, late recording, incomplete transaction evidence, and the non-implementation of ISAK 35. In certain conditions, there is also the use of funds for urgent operational needs. These conditions indicate that the management system is already running, but its administration and reporting still need to be improved.

Discussion

The research findings show that the management of social assistance funds at MCC KH. Mas Mansur is essentially aligned with the principles of good governance. The five aspects used in the research—accountability, transparency, effectiveness, efficiency, and compliance—are already evident in daily practice, although their implementation is not yet uniform. This aligns with the concept of stewardship theory, which positions managers as trustees and responsible for safeguarding and utilizing resources in accordance with organizational goals. In this study, budget preparation, transaction recording, expenditure approval, and reporting demonstrate the managers' responsibility for the funds entrusted to them by donors and the community.

OnRegarding accountability, the research findings align with Puspitasari (2021), who found that accountability and transparency are associated with increased public trust. MCC already has recording and reporting as a form of accountability, but weaknesses remain in the completeness of transaction evidence and the timeliness of recording. Therefore, the problem is not a lack of accountability, but rather the system used is still simple. This is important because the more orderly the recording and transaction evidence are, the easier it is for the organization to explain the use of funds to the parties entrusted with the trust.

OnIn terms of effectiveness, the use of funds for education, health, operational needs, and foster care demonstrates that funds have been directed towards the organization's primary objectives. This finding aligns with Rahmawati and Kurniawan (2022), who stated that the effectiveness of social assistance is influenced by targeted accuracy, good administration, and program evaluation. The difference is that this study not only examines distribution results but also follows the fund management process from planning to reporting. Therefore, effectiveness at MCC is not only measured by disbursed funds but also by their alignment with social service needs.

Efficiency is also evident in how managers utilize the aid received. Assistance in the form of basic necessities, school supplies, and other necessities is used directly, reducing cash expenditures. This approach makes sense for an organization that relies heavily on donor funding. Managers focus not only on the amount of funds available but also consider how existing resources can be utilized to meet the needs of foster children. This finding reinforces the view that efficiency in nonprofit organizations is related to the appropriate use of funds, effort, time, and facilities to achieve greater benefits.

Meanwhile, transparency remains a key area requiring attention. Reports have been prepared and submitted to internal stakeholders, but not routinely to donors. This finding aligns with Puspitasari (2021), who argued that transparency in reporting and accountability to donors are crucial for maintaining public trust. From a stakeholder theory perspective, this situation suggests that relationships with internal stakeholders already have a fairly clear mechanism, while external stakeholders' information needs could be improved through more structured and accessible reports.

Another issue concerns compliance with financial reporting standards. MCC has not yet implemented ISAK 35 in the preparation of its financial statements. ISAK 35 provides guidelines for the presentation of financial statements for non-profit entities and is intended to produce more relevant, reliable, comparable, and understandable information. This finding aligns with Sari (2021), who found that nonprofit organizations still face challenges in implementing ISAK 35. In the context of MCC, these obstacles relate to limited human resource competency and a rudimentary recording system.

Overall, the research results indicate that the management of social assistance funds at MCC KH. Mas Mansur already has a fairly clear governance basis, especially in planning, recording, monitoring, and utilizing funds for social needs. However, its implementation is not yet fully strong in terms of external transparency and compliance with accounting standards. This finding is in line with Hidayat (2020) who stated that the application of good governance principles can support the quality of service for non-profit organizations, but at MCC still needs improvements in the administrative system, manager competency, and financial reporting. Under these conditions, the most realistic improvements are to strengthen recording and evidence of transactions, improve the manager's ability in non-profit organization accounting, and begin preparing financial reports that refer to ISAK 35.

CONCLUSION

Based onThe results of the study show that the management of social assistance funds at the Muhammadiyah Children Center (MCC) KH. Mas Mansur, Malang City has been running quite well and has included the processes of collection, recording, planning, use, reporting, and evaluation. Of the five aspects analyzed, accountability and effectiveness are already visible in daily management, while efficiency is also quite good through the use of non-cash assistance to reduce cash expenditures. However, there are still several parts that need to be improved, especially transparency to donors, manual recording, completeness of transaction evidence, human resource competency, and the implementation of ISAK 35 which has not been fully implemented. Therefore, management improvements should be directed at more orderly recording, increasing the ability of managers in non-profit organization accounting, submitting financial reports to donors more regularly, and preparing financial reports that refer to ISAK 35. These improvements are important so that fund management not only runs according to the organization's needs, but also becomes more easily accountable to donors and interested parties.

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