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## ANALYSIS OF THE IMPLEMENTATION OF PESANTREN ACCOUNTING GUIDELINES (PAP) ON RECORDING OF TRANSACTIONS AND PRESENTATION OF FINANCIAL STATEMENTS AT PONDOK PESANTREN XYZ

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# **ANALYSIS OF THE IMPLEMENTATION OF PESANTREN ACCOUNTING GUIDELINES (PAP) ON RECORDING OF TRANSACTIONS AND PRESENTATION OF FINANCIAL STATEMENTS AT PONDOK PESANTREN XYZ**

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## **ABSTRACT**

This study aims to evaluate the suitability of the recording and presentation of financial statements at the pondok pesantren or as known as Islamic boarding school XYZ in Central Sulawesi in term of the Pesantren Accounting Guidelines (PAP). The research method used is a qualitative case study with a descriptive approach. Primary data and secondary data are used, with data collection techniques in the form of interviews and document analysis. The results of the analysis reveal that the records and presentations prepared by the pondok pesantren XYZ were not in accordance with the PAP because the financial statements prepared are still manually (handwritten) and employ a very simple format, namely only cash income and expenditure reports. There are several obstacles that occur in the school which causes them to not be able to apply the applicable accounting guidelines, namely a system that used in collaboration with partners is very difficult to understand, the cost of purchasing the system is too high, financial statements are not held by a person competent in the accounting field because they do not have an accounting education background, there is no assistance from experts, and there is a lack of commitment to make changes in the preparation of financial statements.

Keywords: Pesantren Accounting, Recording, Presentation, Pondok Pesantren XYZ.

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## 1. INTRODUCTION

As a country in which the majority of the population is Muslim, Indonesia has great potential for economic development and Islamic finance. In light of the country's potential to pursue its target of being the centre of the world's Islamic economy by 2025, Indonesia requires an active role to be played by various elements in the economic system, including the Islamic economy (Mardiasmo, 2021).

Realising this, Bank Indonesia (BI) has specifically prepared a blueprint for the development of the Islamic economy and finance through three main pillars, namely (1) Islamic economic empowerment, (2) increasing the efficiency of the Islamic financial system and (3) strengthening research, assessment and education. Islamic economic empowerment can be achieved by developing real sector businesses, one of whose segments includes the development of pondok pesantren (IAI & BI, 2018).

Pondok pesantren are educate and house students, with the aim of instilling religious values and implementing them in their daily lives (Suyono & Wahyuni, 2013). They are also an important element in the development of the nation's Islamic economy. pondok pesantren as educational institutions create cadres of community leaders, individuals with good morals, and competent people in society and in the economic field (IAI & BI, 2018).

The great potential for pondok pesantren to help improve the Islamic economy naturally requires good governance, including the availability of financial reports that meet widely applicable accounting standards and are accepted by all stakeholders. However, according to Setiawan (2018), many aspect need to be improved in the management of pondok pesantren, both internally and externally, especially one related to the accounting field, such as the lack of management funding sources, low quality human resources, management and administrative arrangements, and other needs for the development of the schools (Setiawan, 2018). This situation motivated the BI and the Indonesian Institute of Accountants (IAI) to prepare financial reporting standards specifically for pondok pesantren schools, namely the Pesantren Accounting Guidelines (PAP).

According to Sugeha and Lambey (2017) many pondok pesantren have paid little attention to the importance of the financial management systems but instead emphasise the quality of the learning process. In fact, in institutions, good financial management is needed in term of the main indicator, namely producing quality and reliable financial reports for decision making by interested parties.

Research conducted by Nurdin; Labangu; Ismah (2020) at the *Yayasan Islamic Center Mu'adz Bin Jabal cabang Kendari*, by Rohmah (2018) at the *Pondok Pesantren Yanabi'ul 'Ulum Warrahmah (PPYUR) Kudus* and by Afkarina (2019) at *Pondok Pesantren Al-Anwari Banyuwangi* (regarding the implementation of the PAP found that the preparation of financial statements had been carried made, but that it was not fully in accordance with the PAP. This is because the reports produced by the financial management of the three pesantren only covered cash income and expenditure. Based on the findings,

the researchers attempted to assist in the preparation of the financial statements, including statements of financial position, activity reports, cash flow statements, and notes to financial statements on the object of their research. From such studies, it can be seen that pondok pesantren have been lacking in applying applicable accounting standards.

Pondok pesantren XYZ is the object of the research as it is one of the largest and most well-known pesantren in the Central Sulawesi region. Pondok Pesantren XYZ has established around for more than a quarter of a century and today has nearly a thousand students. It is a Type D pondok pesantren, where students stay and learn in the pesantren invironment. Pondok pesantren XYZ also has nine business units which are managed by the board of directors and are active in both academic and extracurricular activities.

Previous research by Rozaidin and Adinugraha (2020), Munggaran and Hastuti (2020), and Sulistiani (2020) only discussed the problems of improving financial statements that were not in accordance with the PAP. On the other hand, this research is unique in the way that it does not only reconstruct financial statements but also all examine the problems and obstacles causing incompliance to the PAP. The researchers also attempted to achieve the aim by triangulating data collected from interviews with various stakeholders, as well as document analysis, to facilitate more comprehensive discussion.

Based on the first interview through online media using whatsApp application with the staff of pondok pesantren, on the subject of pesantren related accountability at pondok pesantren XYZ, the researchers identified several issues related to the preparation of financial statements made by the school, as follows:

1. The financial reports simply covered the income and expenditure of the pondok pesantren XYZ.
2. The school employees who managed manage finances were not experts in accounting. This may explain why the financial statements were still prepared in a simple manner.
3. Pondok pesantren XYZ has never made an annual financial report because they only report monthly to the head of the pondok pesantren.
4. The financial statements prepared are not in accordance with the established PAP standards.

Based on the above considerations, a study is needed to evaluate the recording and preparation of the financial statements of pondok pesantren XYZ based on the PAP. Pondok pesantren XYZ was considered relevant to serve as the object of the research as the institution is not only limited to provide learning to students, but is also receipt of infaq, endowments, and donations as well as zakat which should be recorded based on the applicable standards.

This research is expected to provide benefits for pondok pesantren managers in an effort to improve the preparation of pondok pesantren financial reports. Not only that, the results of this research are also expected to contribute to the development of science, especially related to PAP.

## 2. LITERATURE REVIEW

### 2.1. PESANTREN

According to IAI & BI (2018) a pesantren or as known as Islamic boarding school is an Islamic education foundation based on a pesantren or dormitory, where kyai who is used as the main figure, the mosque is used as the centre of activity that brings the school to life, and Islamic education under the guidance of the kyai is followed by santri (which is nickname for a student who studies religion in a pesantren environment and is usually also require to live in a pesantren dormitory) as the main support. A pondok pesantren can also be interpreted as a centre for life research, a place where students can learn about life sciences of life and society from different perspectives and points of view.

A pesantren is characterised as a traditional Islamic educational institution for considering, understanding, investigating, appreciating, and practicing Islamic religious lessons by underlining the importance of strict ethics as rules for daily behaviour (Alwi, 2013).

The PAP classifies pesantren into several groups, referring to the regulation of the Minister of Religion Number 3 of 1979 (IAI & BI, 2018), as shown in Table 1:

**Table 1: Types of Pondok Pesantren According to PAP**

<b>Types of Pesantren</b>	<b>Domicile Santri</b>	<b>Teaching Method</b>
Type A	Santri study and live in a pesantren environment	<ul style="list-style-type: none"> <li>- The sorongan method is a teaching and learning process where students read the book being studied.</li> <li>- The weton method is when the kyai reads the book being studied while the students pay attention, listen</li> </ul>
Type B	Santri reside in pesantren	The school conducts classical teaching, learning received from the kyai is an application that is given at predetermined times.
Type C	Santri resides in pesantren dormitories.	The learning process is carried out in madrasas or other public schools, the kyai only supervises and guides the
Type D	Santri resides in pesantren dormitories.	Implements the pesantren system and at the same time the school or madrasa system.

*Source: IAI & BI (2018)*

The existence of pondok pesantren in an area can have a positive impact on the community around the pesantren environment, both in terms of increasing faith and religiosity or the economy of the local residents. Such

schools can increase the economic potential of the community, making it more independent and prosperous and later able to develop economic activities based on Islamic sharia (Ahyar, 2020).

## **2.2. ACCOUNTABILITY**

According to Robert (1991), accountability is an existing social, political and cultural communication system. Over time, the notion of accountability continues to grow, namely the ability of an agency or institution to report the accountability of an administration that is managed (Ahyar, 2020). The meaning of administration here is financial reporting. Financial reporting is very important for the pesantren, because there are still many pondok pesantren that apply the principles of trust and sincerity. This entails a big risk, so eventually the aspects of transparency and accountability in the management of the pesantren are neglected (Ahyar, 2020).

From the Islamic perspective, accountability comprises a broad understanding, not only accountability to stakeholders but also to Allah and society. It is also correlated with *tauhid* (Adnan & Sulaiman, 2006) which is *tauhid* as a form of testimony of a servant who will not duplicate Allah as a creature of his creation because Allah is the creator of all nature and its contents (Dewi, 2017). As explained in QS Ad-Dzariyat (51) 56: And I (Allah) did not create the jinn and humans except that they may serve (worship) Me (Qur'an 51:56). As servants of Allah, we should carry out all His commands as a form of obedience to Him, and as creatures of Allah we will be held accountable for what has been done. It is also emphasised in Surah Al-Baqarah that Allah is the only Creator, Sustainer and Giver of life and death (Qur'an, Al-Baqarah (2):21-22).

Referring to these point, BI and IAI initiated the preparation of the PAP so that pondok pesantren would be able to compile financial reports in accordance with the nature and characteristics of the institution. All of this is done to ensure the accountability of pondok pesantren, which have produced many prominent figures in various fields and who have played roles in nation building as well as in accountability to the community and the creator.

## **2.3. PRESENTATION OF FINANCIAL STATEMENTS BASED ON THE PAP**

The presentation of financial statements according to the PAP (IAI & BI, 2018) is as follows:

1. The presentation of financial reporting must be made appropriately in terms of financial position, financial performance, cash flow from the pondok pesantren, as well as the necessary exposure and adjustment to the applicable regulations.
2. The statement of financial position provides data regarding the assets, liabilities, and net assets of pondok pesantren, as well as the relationship between these components at a particular time.

- a. The presentation of assets depends on their characteristic which are grouped into current assets and noncurrent assets;
  - b. The presentation of liabilities follows the order of maturity, and are grouped into short-term and long-term liabilities.
  - c. The presentation of net assets is grouped into unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.
3. Activity reports provide data on financial performance during a certain reporting period, including the impact of different transactions and events that change the amount and nature of net assets, the relationship to different transactions and events, and how assets are used in the undertaking of various programs or services.
  4. The cash flow report provides different types of information related to the cash income and expenditure of pondok pesantren over a predetermined period of time. Cash and cash equivalents are grouped into cash flows from operation, investment and financing. Cash flows from operations are presented using the indirect method.
  5. Notes to the financial statements are presented in a systematic manner in which the order of presentation is adjusted to the important categories in the statements which are nothing but part of the financial statements that cannot be separated from financial report. The data provided in the notes relate to items in the statement of financial position, activity report, and cash flow statement which are nothing but a description, both subjective and quantitative.

### **3. RESEARCH METHOD**

Qualitative case study research was employed, using a descriptive approach to understand and evaluate the implementation of financial reporting based on the PAP at the pondok pesantren XYZ located in Central Sulawesi which will be anonymous for reasons of confidentiality. Several data collection methods were used such as interviews, and document analysis (Lewis, 2000). There are three steps that the researchers followed three steps described below:

#### **3.1. ACCESS**

The researchers contacted pondok pesantren management to gain access to the school and facilitate the research process there, considering that the data needed for the study are sensitive for the object of the research. They explained the purpose of the research, emphasizing the anonymity of the pondok pesantren and the confidentiality of the informants.

On the basis of the guarantee of anonymity the researchers, pondok pesantren XYZ allowed interviews to be conducted, and access to the internal documents of the Islamic boarding school related to finance.

### **3.2. DATA COLLECTION**

Research evidence was collected through a semi-structured in-depth interview process with three treasurers and one treasurer supervisor from pondok pesantren XYZ. This stage was the most important part of the research because the aim was to gain knowledge and understanding of all the information on the preparation of financial statements, the preparation process and the obstacles faced during the preparation of financial statements. Interviews were conducted with a series of basic questions and then the informants were encouraged to explain in more detail what they did during the process of recording financial transactions so that the interview process was not controlled by the interviewer (Sutopo, 2006). The process took around 30 minutes to an hour and a half.

The researcher chose the treasurer and supervisor of the pondok pesantren as resource persons for the study because they are parties who play a very important and responsible role in the process of managing its finances. To complete the information obtained from the interviews with the treasurer and supervisor of the pondok pesantren, the researcher also interviewed lecturers who teach at Universities located in Central Sulawesi, IAI Management in the Central Sulawesi area, and the Chairperson of the Sharia Accounting Compartment IAI (IAI KASy) in order to add a more comprehensive discussion to that from the treasurers and supervisor.

All the interviews were digitally recorded and then transcribed to explain the results of the study. In addition, documents on event records were (Bungin, 2011), together with documents analyzed by researchers of financial statements, important notes related to the financial statements produced along with evidence of transactions, ledgers and profiles of pondok pesantren XYZ. The documents were analyzed repeatedly to produce concrete data on the preparation of the financial statements of pondok pesantren. The researchers confirm the exposure conveyed from the informants by observing and recording directly from the documentation of the financial statements of the pondok pesantren XYZ as a way of confirming the results of the interviews conducted with the informants.

### **3.3. DATA ANALYSIS**

After collecting the data, the researchers then conducted an analysis by distinguishing, presenting, and classifying information obtained from the results of the interviews and documentation analysis (Miles and Huberman, 1992). First, the researcher selected the information that needed to be coded, sorted, separated the useless information, and then combined the information so that final conclusions could be drawn and verified. Second, the researchers presented the results that had been analyzed either narratively or in the form of diagrams, charts or the others formats so that they could make it easier for readers to analyze and understand the application of the PAP. Finally, the researchers drew conclusions based on the evaluation of the suitability of the financial statements of pondok pesantren based on the PAP and verified the informants by presenting the results obtained. With the findings obtained by



the researchers, it is hoped that the pondok pesantren can prepare quality financial reports with reference to the PAP. It is intended to generate justification and verification to ensure that the findings obtained are in accordance with the views of the research object.

#### **4. ORGANIZATION PROFILE**

The Pondok pesantren XYZ is located in Central Sulawesi and was founded about a quarter of a century ago. Pesantren consist of various levels of education called Tarbiyatul Mu'allimin Al-Islamiyah (TMI), which is an institution that plays an important role in the implementation of education and teaching in Islamic boarding schools with a length of study of 6 (six) years for those with an MI/SD certificate, 4 (four) years for those with a SMP/MTs certificate and 4 (four) years for those with a SMA/MA certificate. The teaching method at the pondok pesantren XYZ for religious studies and foreign languages (Arabic and English) uses the direct method without being translated into Indonesian or other languages.

The religious learning provided by this Islamic boarding school is not much different from other Islamic boarding schools in general which is given face-to-face in class, but at the same time the students are required to stay in the dormitories that have been provided to maintain the atmosphere and spirit of the life of the Islamic boarding school.

The pondok pesantren XYZ has a business unit managed by the board of directors, but its financial reports are reported separately from the central treasurer. Each business unit will report directly to the leadership of the school regarding the progress of income and expenses obtained. There are many business units owned by pondok pesantren XYZ which are managed by pesantren administrators. Such as Lantabur Convection, Lantabur Laundry, Lantabur Warphone which are specifically for the women's area. Lantabur means commerce or business, therefore pondok pesantren XYZ use it for each of pesantren business unit.

### **5. RESULT AND DISCUSSION**

#### **5.1. ANALYSIS OF THE FINANCIAL STATEMENTS OF PONDOK PESANTREN BASED ON THE PAP**

From the analysis of the suitability of the preparation of financial statements based on the PAP at the pondok pesantren XYZ, it can be concluded that their recording and presentation of do not meet the applicable standards.

##### **5.1.1. Statement of Financial Position**

The recording of cash and cash equivalents made by the pondok pesantren XYZ only uses a simple format, namely cash income and expenditure, which are reported every two weeks to the head of the school. This is in accordance with the statement presented by the treasurer of the centre pondok pesantren XYZ:

*"We report on the financial income and expenditure of the school with the leader of pondok pesantren every two weeks and after one month we combine the two into the monthly report"*

The interviews conducted with the central treasurer center and treasure supervisors pondok pesantren XYZ, the resources available to the school come from the parents/guardians of the santri, donor capital, government funds, and other sources. The recording of pondok pesantren financial transactions is entrusted to two parties. First, the treasurer who records the funds received from the parents/guardians of the santri for the obligation of their contribution; and second, the supervisors who manage the School Operational Assistance (BOS) funds, Ministry of Religion funds, and funds from the government and society in general that provide funds to be used for the operation and development of pondok pesantren. The assets received by the school are used for housing the students and for teaching and learning. This is in accordance with the results of interviews with the supervisors:

*"In this pesantren the treasurer is only responsible for managing the income and expenses of pondok pesantren based on the funds received from the parents/guardians of the santri, while for aid funds such as BOS funds, government assistance, and funds from the Ministry of Religious Affairs and other parties, there is another person in charge. itself, namely from the supervisor because they are worried that if the financial statements of the pondok pesantren obtained from the parents/guardians of the santri will be confused when it is combined with the finances generated by other funders."*

The researches conducted an analysis of the financial statements compiled by the treasurer of the pondok pesantren XYZ and found that the recording and presentation were in appropriate. Several accounts were found whose records were not in accordance with the PAP, as follows:

1. Arrears of santri contributions that were included in the receivables category had not been listed.
2. The pesantren annual activity calendar which is included in the inventory category was not listed.
3. The pesantren has never recorded the amount of assets held and their depreciation.
4. It has not allocated net assets of pondok pesantren that are not bound which are resources provided by the donors without giving restrictions on their use and permanently bound assets where the use of assets is limited to certain purposes such as dormitories and rooms for the learning process.

Based on the findings obtained by the researchers, improvements can be made in the financial position pondok pesantren XYZ for 2020 period, adjusted for the PAP, as can be seen in Table 2.

**Table 2: Statement of the Financial Position of Pondok Pesantren XYZ  
(in billion of rupiah)**

Account Name	2020
<b>ASSET</b>	
<b>Current assets</b>	
Cash in Bank	2.397.682
Petty cash	7.625.860
Accounts receivable	32.640
Stock	53.280
Prepaid expenses	5.440
<b>Total Current Assets</b>	<b>10.114.902</b>
<b>Non-Current Assets</b>	
Land	21.000.000
Building	19.500.000
Vehicle	1.230.000
Furniture	137.286
Accumulated building depreciation	(1.656.000)
Accumulated depreciation of vehicles	(245.000)
Accumulated depreciation of furniture	(42.320)
<b>TOTAL FIXED ASSETS</b>	<b>29.923.966</b>
Total Assets	40.038.868
<b>LIABILITY</b>	
<b>NET ASSESTS</b>	
Unrestricted net assets	3.055.428
Permanently bound net assets	46.983.440
<b>Total Liabilities and Net Assets</b>	<b>50.038.868</b>

Source: Authors (2022)

### 5.1.2. Statements of Cash Flows

Pondok pesantren XYZ has presented information about its cash inflows and outflows, but not financial statements prepared in accordance with the PAP. Several issues identified by based on the financial statements prepared:

- a. The pesantren has not yet presented information regarding the amount of initial cash balances and end cash balances in each report.
- b. It has yet to classify cash flows into operating, investing and financing categories.

The discrepancy in the preparation of the financial statements of pondok pesantren XYZ is because the financial management at the school only refers to the financial statements prepared by the financial treasurer in previous years, without any applicable accounting guidelines, which means the financial statements prepared still do not meet the standards. The financial report improvement cash flow prepared by authors used PAP as shown in Table 3:

**Table 3: Statement of Cash Flow of Pondok pesantren XYZ (in billion of rupiah)**

Account name	2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Reception:	
Student contribution	6.814.260
infaq	405.800
<b>Amount Execution</b>	<b>7.220.060</b>
Logistics load	1.036.362
General and office administrative expenses	15.330
Irrigation load	24.010
The burden of the teacher's grace	649.140
Construction and maintenance expenses	101.998
Transport load	61.552
Health burden	203.076
Miscellaneous expenses	1.178.044
Accumulated building depreciation	1.656.000
Accumulated depreciation of vehicles	245.000
Accumulated depreciation of furniture	42.320
<b>Total cash disbursements</b>	<b>5.212.832</b>
Total net cash flow from operating activities	2.007.228
Increase (decrease) in cash	-
<b>Beginning balance</b>	-
<b>Ending balance</b>	<b>2.007.228</b>

Source: Authors (2022)

### 5.1.3. Activity Reports

Pondok pesantren XYZ conducted an inventory of activities undertaken by the school, but it has not been able to comply with accounting standards. The presentation of reports on the activities of pondok pesantren recognized as income should include the contributions from santri, infaq from santri parents/guardians and the general public and funds from the government, while the burdens that are faced by pondok pesantren are logistical ones, general and office administrative expenses, irrigation costs, construction and maintenance of pondok pesantren, expenses for transportation and other operational expenses.

The researchers conducted an analysis of the financial statements prepared by pondok pesantren XYZ that refer to the PAP with the following findings made:

- a. Pondok pesantren XYZ has not separated the unrestricted income received by the pesantren

- b. The expenses of the pondok pesantren XYZ have not been classified according to the PAP.
- c. Pondok pesantren XYZ . There are no records related to changes in the net assets of pesantren and assets owned by pesantren obtained from funders.

Therefore, based on these findings, the researchers made improvements to the pondok pesantren XYZ activity report adjusted the PAP, based on the results of the evaluation of the financial statements, as shown in Table 4:

**Table 4: Pondok Pesantren XYZ Activity Report (in billion of rupiah)**

Account name	2020
<b>CHANGES IN UNBONDED NET ASSETS</b>	
<b>Unbound income</b>	
Student contribution	6.814.260
Infaq	405.800
Founder and administrator grant	-
Restricted net assets that have expired	-
Other income	-
<b>Total</b>	<b>7.220.060</b>
<b>Unbound Load</b>	
Logistic load	1.036.362
General and office administrative expenses	15.330
Irrigation load	24.010
The burden of the teacher's grace (salary)	649.140
Construction and maintenance expenses	101.998
Transport load	61.552
Health burden	203.076
Miscellaneous expenses	1.178.044
Accumulated building depreciation	1.656.000
Accumulated depreciation of vehicles	245.000
Accumulated depreciation of furniture	42.320
<b>Total</b>	<b>5.211.832</b>
<b>Total net cash flow from operating activities</b>	<b>2.007.228</b>
<b>CHANGES IN PERMANENT BONDED NET ASSETS</b>	
Cash waqf	-
Waqf of movable property other than money	10.000.000
The net result of waqf management and development	
Allocation of the results of waqf management and development	
<b>Total</b>	<b>10.000.000</b>
The increase (decrease)	
Beginning balance	-

Ending balance	2.0007.228
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Source: Authors (2022)

## 5.2. Constraints of Pondok Pesantren XYZ for Not Using Applicable Standards

The preparation of the financial statements of the pondok pesantren XYZ has not yet implemented the PAP. This is due to the obstacles detailed below:

### 1. Technology

#### a. Recording financial transactions using traditional systems

The pondok pesantren XYZ recording system remains manual using a book and is simple and entered manually into MS excel. Recording still uses MS Excel because the treasurer of the pondok pesantren does not yet know how to use financial reporting systems

During the Covid-19 pandemic, to reduce the level of the spread of the virus, the pondok pesantren XYZ implemented a lockdown by limiting physical contact with outside parties. This situation has made the pondok pesantren applies cashless method using a transfer system. However, in practice, many parents/guardians of santri make payments without attaching proof of transfer. This results in the treasurer's financial statements being ambiguous as there are financial discrepancies. Finally, the treasurer has to print a checking account to analyse the financial differences. As stated by the treasurer supervisor:

*"We are still recording income and expenses in a book and then inputting Excel manually, but for the last few days, during the COVID-19 pandemic, we have tried many steps for financial management due to the impact of the pandemic. Due to Covid-19, many financial regulations have changed. Initially, payment transactions tended to be in cash, whether it was tuition payments or student pocket money payments from guardians/parents. Now, these are cashless using a transfer system, because the discipline of the school is required to have a lockdown and guardians/parents cannot visit their children. We think the implementation will be easy because the transfer is then confirmed; apparently this has an impact on the financial statements, but why? Because the treasurer in evaluation of the financial income report was surprised because sometimes there were transfers that came in but were not confirmed because the positions we made were manual. So when the guardian of the santri transfers later sending proof of the transfer, the treasurer can recapture the problem. The problem is sometimes there are guardians of the santri who usually may have transferred the money but did not confirm it with the treasurer, meaning it was not recorded in the daily report, while the daily report before closing the night book should at least be a record of the entire transaction. When making financial reports to be reported to the leadership of pondok pesantren, it turns out that the difference between the incoming money and the existing balance is*

*different. Finally there was a problem so the step taken was to print the current account, but the display of this was only codes, and if the guardians/parents of the santri did not write a note in the transaction it would be a problem too. So, the money that came in last month hasn't been recorded for the current month, which is a problem. So, it's confusing in the financial statements, whether it's weekly or monthly"*

- c. The system is still too complicated for management to understand.

Pondok pesantren XYZ are attempting to create a valid standard financial system that can show income and expenditure balances. However, the treasurer must always print a checking account in order to be able to crosscheck every entry through the administration number and sender's name. In fact, this cannot be said to be standard practice because the recording is still in the nature of cash income and expenditure and the whole process is still manual

The pondok pesantren accepts offers from partner banks to create virtual accounts. This mechanism allows pondok pesantren XYZ to track the sender but the account has no limits on each payment made. This situation is an obstacle for the treasurer to obtain more detailed information on the amount of payments; for example tuition fees, student contributions, how much is allocated as, student tuition and how much is allocated as pocket money, among others.

The pondok pesantren also receives offers to use e-smart billing. After the training process, it emerges that its use requires many steps that must be taken out by the parent/guardian of the santri, such as making a briva code for payment of SPP / UKT. Briva is a payment method provided by the Bank in the form of a series of special codes for one transaction and will automatically be confirmed if the user has made a payment. Then parents/guardians of the santri making a confirmation and going to the bank. This will certainly be very difficult for santri parents/guardians who is completely unfamiliar with electronics. And live in remote area far from local banks. From an interview with the treasurer supervisor:

*"We are trying to create a standard financial system which can show income and expenses as well as the remaining balance, but we still have to print a checking account to crosscheck each entry through the administration number and sender's name. We also received offers from partner banks to track the sender but the problem is that the amount sent cannot be limited. Even though the treasurer's wish has been stated that the amount for each student's monthly dues and pocket money is stated the amount. We were also offered from partner bank to use the e-smart billing application, which can meet the needs of the pesantren to separate every payment made by the parents of the santri but after training it turns out that the use of the application requires many steps that must be met by the guardian of the santri such as creating a briva code, then making a confirmation and going to the bank. Of course, this stage will make it difficult for*

*the guardians/parents of students who are unfamiliar with electronics and live in remote areas, because they only know that they come to the bank and submit the money transfer process to the bank officer”*

c. System costs are too expensive

Pondok pesantren XYZ has tried to cooperate with several institutions/agencies to facilitate and assist the financial management of pondok pesantren XYZ such as Islamic bank, and technology companies. Pondok pesantren XYZ are really encourage to use a system that can help the finance department in recapitulating income and expenses, as well as preparing financial reports. Because of this wish, the school is trying to find an IT company that can provide a pesantren financial system which can be directly connected, such as Tokopedia, and Shopee. With such a system, all that is needed is to send the briva because the confirmation is automatic. The development of the system is very costly, within the range of hundreds of millions so that the pondok pesantren administrator prioritizes the interests of the operational costs of the pondok pesantren. The treasurer supervisor stated that:

*“We are trying to find IT companies to make it easier and help in compiling financial reports to which the system is already connected, such as Tokopedia, Shopee and other e-commerce. With this system, the sender will only send briva because the confirmation is automatic, but because the system costs more than one hundred million we chose not to buy and to prioritize spending on pondok pesantren operating expenses “*

2. Financial statements are not held by people who are competent in accounting matters.

Among the most basic needs in managing an organisation is the presence of people who are responsible for performing management of both operational activities, and financial management. There are three employees at the pondok pesantren XYZ who are responsible for handling the finances of the school but who have no accounting background because the educational curriculum that is run focuses on the learning of religious knowledge, developing foreign languages (Arabic and English) and extracurricular activities.

Those who handle the accounting tasks at pondok pesantren XYZ are alumni of the pesantren. Meanwhile, the pesantren does not have any curriculum related to accounting; the only subject related to numbers is mathematics. Therefore, when students graduate from the school and devote themselves to being Ustadz or Ustadzah who help manage school operation, they do not have enough competence to handle the accounting matters.

Ustadz or Ustadzah are educators or lecturers at pondok pesantren, who devote themselves to being Ustadz or Ustadzah who help run the management of pondok pesantren XYZ. They are devoted to helping educate students so that they can become individuals who have the ability in the general field but are also experts in the field of religion and create regeneration to help people to be better so that the goal of their learning



process is education. It can be seen in Table 5 that all the staff in the financial sector majored in religious education:

**Table 5: Finance Department Staffing at Pondok Pesantren XYZ**

No		Departmen
1	Chief Treasurer	Islamic Religious Education (PAI)
2	Staff 1 Treasurer	Islamic Religious Education (PAI)
3	Staff 2 Treasurer	Islamic Religious Education (PAI)

Source : Pondok pesantren XYZ

They still have many weaknesses because the manager of the pondok pesantren is based on natural things that are felt when become the student. in everyday life in pondok pesantren and some have not been supported by the provision of relevant knowledge, training on their duties. As stated by the Director of Tarbiyatul Muallimin Islamiyah (TMI), the administrator in charge of learning in pondok pesantren XYZ:

*"Based on the main goal of every pesantren to create cadres of community leaders, the focus of pondok pesantren learning here is to provide provisions for students, namely religious knowledge, general knowledge and education, and improvement of foreign languages (Arabic and English). Therefore, of course, what is considered is the quality of the teaching process provided by the teacher council to students, and how the pondok pesantren must improve the learning process. So all the board of teachers who devote themselves to helping manage pondok pesantren take majors related to education."*

From this explanation, it is emphasised that the financial managers of pondok pesantren do not have basic learning or training in managing the financial management of the schools. The treasury section only refers to the financial statements made by the previous management who was responsible for that section.

3. There is no coaching from expert

Pondok pesantren XYZ was representative pondok pesantren of the Central Sulawesi region and attended the socialization of PAP on 18-19 July 2019 in Hotel Mercure Sabang Jakarta. During the socialization, the pesantren sent the treasurer supervisor to attend a meeting initiated by the Islamic Accounting Compartment IAI (KAsy) and BI collaborated with Gamatechno as an application maker specifically for pondok pesantren, namely (SANTRI) to assist all pondok pesantren in recording and presenting pondok pesantren financial reports. However, during the launch, several aspects needed to be improved in the SANTRI system related to *waqf* accounting. Based on an interview with the treasurer supervisor:

*"Indeed there was several years ago a santri application (accounting for pondok pesantren) launched for pondok pesantren whose pioneers were IAI and BI in the context of empowering the economy of pondok pesantren in collaboration with the originator of the program Gamatechno. However, at that time, because the first launch was attended by several provinces as representatives, at the time of the gathering, there were still many evaluations for the application and until now, the real application that will be circulated at the pondok pesantren is still not available. Well, the problem is that each pondok pesantren has its own characteristic financial statements."*

The pondok pesantren XYZ was very happy with an application that could help prepare its financial statements. However, after the socialisation conducted by BI and IAI, there has been no continuation and no assistance from IAI from the Sul-Teng region in its implementation. This is in accordance with what was conveyed by Mardiasmo (2021):

*"In order to implement the PAP for all pesantren in Indonesia, IAI has guided (talent project) the implementation of PAP in pesantren in Indonesia, namely in Lampung, West Java, Central Java, East Java and West Nusa Tenggara among others. There are seven provinces that fully support the implementation of this assistance. This recruitment provides various inputs for improvement and at the same time adjust the arrangements in the PAP so that they are more in line with the real conditions in pondok pesantren. The management of pondok pesantren will be better."*

From this explanation, it is illustrated that IAI is still focused on the successful implementation of this PAP by providing assistance to selected pondok pesantren to be used as testimonies. The testimonies were taken from small, medium-scale and highly developed pondok pesantren, and later used as examples by other pesantren in preparing financial reports. With the testimonials in each of these categories, it is hoped that they will be able to fulfil and answer the various characteristics of the activities of each pondok pesantren in Indonesia. This is supported by interviews with IAI administrators in the Central Sulawesi region for research, development and community service:

*"As far as I know, IAI has never received any notification or letter for outreach activities related to the implementation of the PAP for the Sul-Teng area, because the letter must of course be entered in our management section first before being discussed with all IAI management parties, but until now there is still no news. related to the implementation of socialization related to PAP"*

#### 4. Commitment is not yet strong

It was found that staff commitment from leadership, managers and other related parties is one of the main issues in the application accounting standards. If the pondok pesantren leadership and financial management are committed practising good, transparent and accountable bookkeeping,

they will certainly be dedicated to conducting the task without any interference from other work. As stated by Head of IAI KASy:

*"A very important obstacle is also the commitment of the caregivers and managers because if the person sent does not have the dedication to the task, of course the talent project will not be completed because of the absence of formalities that are fulfilled. They just choose people to help but cannot ensure that they will be dedicated to the project without any interference from other work"*

This illustrates that if pondok pesantren do not have a strong commitment to change the financial report preparation system to make it better, and more transparent and accountable even though there is a companion party to help make improvements to the preparation of financial statements, the process will take a long time or stop half-way through.

## **6. CONCLUSION AND DISCUSSION**

Based on the research conducted at the pondok pesantren XYZ in Sul-Teng, it can be concluded that it has not implemented PAP in the process of recording and presenting its financial statements in the form of statements of financial position, cash flow statements, activity reports and notes to financial statements. The financial reports presented by school are only in the form of cash income and expenditure reports reported every two weeks.

The preparation of financial reports using applicable standards has not been realised because there are several obstacles that exist in the school, for example the recording of financial transactions made is still manual using a simple format, the system is difficult to understand, the cost of purchasing the system is too high, staff do not have the relevant capability or an accounting education background, there is no assistance from experts; and there remains a lack of commitment to make improvements in the preparation of financial statements.

Based on the results of the analysis the following recommendations are made

- a. Pondok pesantren XYZ should to be able to immediately prepare financial reports in accordance with the PAP.
- b. Pondok pesantren XYZ could employ experts who have adequate competence in the field of accounting and the preparation of financial statements in order to avoid errors in recording and reporting transactions.
- c. Pondok pesantren XYZ should to be able to participate in socialisations related to PAP held by IAI, BI or other institutions, so that understanding of PAP in preparing financial reports is more in-depth in order to avoid recording errors.
- d. Pondok pesantren XYZ is should try to work together with local IAIs to request assistance and training in the process of preparing financial reports based on the PAP.

- e. Further research could replicate this study within other research objects in order to provide financial report recommendations based on the PAP and which could be used as a reference for other pondok pesantren and as material to help new findings from future researchers.

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