
Implementation of the Principles of Good Corporate Governance Through Internal Control of Savings and Loan Activities at Ksp Kopdit Megu Lekuk Hubin

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ABSTRACT

This study aims to evaluate the implementation of the principles of Good Corporate Governance (GCG) through internal control of savings and loan activities at KSP Kopdit Megu Lekuk Hubin. The methods used include interviews, observations, and document analysis to collect data. The results of the study show that the application of GCG principles, which include transparency, accountability, independence, responsibility, and justice, plays an important role in improving cooperative financial management. Although some principles have been implemented well, there are obstacles in the aspects of transparency and responsibility that have not been maximized. The author recommends improving the information technology system and training for administrators and members to optimize internal control and support the success of savings and loan activities. This research is expected to contribute to the development of cooperatives and increase understanding of GCG among cooperative members.

Keywords: Good Corporate Governance, Internal Control, Savings and Loan Activities

1. INTRODUCTION

Cooperatives are business entities based on Pancasila and the 1945 Constitution. According to the Constitution of the Republic of Indonesia number 25 of 1992 concerning cooperatives, a cooperative is a business entity consisting of individuals or legal entities of cooperatives based on their activities based on the principle of cooperatives and a people's economic movement based on familial. According to Constitution number 25 of 1992, Article 3 of Cooperatives aims to advance the welfare of members in particular and society in general and build the national economic order to realize an advanced, fair, and prosperous society based on Pancasila and the 1945 Constitution. There are several types of cooperatives in Indonesia, one of which is the Savings and Loan Cooperative (KSP). Cooperatives have a strategic role in strengthening the people's economy and increasing

the potentials of the people's economy which are used as the basis for the strength and resilience of the national economy.

Cooperatives can not only develop well, but the problem of strategic orientation in moving cooperatives is still inconsistent in gathering and mobilizing various resources needed to take advantage of existing business opportunities. There are obstacles in cooperative management, including not having the strength of members to determine the direction of the cooperative, not having enough capital, not having competent members in the field of management, not having good governance, and the quality of cooperatives is still diverse in the development of cooperation strategies with outside parties and other parties, as well as lack of management performance. The management of cooperative management must be based on the vision, mission, objectives, and applicable rules, including the Articles of Association/Bylaws and organizational policies that refer to Law Number 25 of 1992 concerning Cooperatives. Cooperatives must also have an organizational structure that describes the roles and functions of each personnel by the duties of the management, supervisors, and members which are carried out systematically in running cooperatives based on good governance Good Corporate Governance (GCG).

Good Corporate Governance (GCG) is a structure and process used by cooperatives to achieve success and accountability in providing benefits to cooperative members in the long term while still paying attention to the interests of stakeholders. The governance process is a way carried out by cooperatives and their subordinates to carry out their functions and responsibilities which aim to realize commitments and governance structures so that cooperatives can produce outputs by the principles of Good Corporate Governance (Wibowo and Subagyo, 2017).

The principles of Good Corporate Governance (GCG) in Kaihatu (2006) include: 1.) Transparency, which is openness in carrying out the decision-making process and openness in presenting material and relevant information about the company; 2.) Accountability is the clarity of the functions, structure, system, and accountability of the company's organs so that the management of the company is carried out effectively.; 3.) Responsibility, which is the conformity (compliance) in the management of the company to the principles of a healthy corporation and applicable laws and regulations; 4.) Independency is a situation in which the company is managed professionally without any conflict of interest and influence/pressure from the management that is not by the applicable regulations and laws and the principles of a sound corporation.; 5.) Fairness is fair and equal treatment in fulfilling the rights of stakeholders arising based on agreements and applicable laws and regulations.

Internal control is a process influenced by the board of directors, management, and other personnel designed to secure assets, check the accuracy and reliability of accounting data, improve operational efficiency, and encourage adherence to established managerial policies. Internal control in cooperatives needs to be applied and designed appropriately in all activities. Problems that arise are the responsibility and under the control of management. Many problems that occur can be caused by a weak internal control system in an organization which can be an opportunity to commit fraud (COSO, 2013).

The Internal Control System is one of the tools for management that is useful to protect the company's resources and assets, check the accuracy and thoroughness of accounting data, improve the effectiveness of the company's operations, and prevent deviations from the established guidelines or rules. Internal control functions to verify the accuracy and reliability of accounting data so that the risk of errors in recording or counting can be minimized (Dolorosa et al., 2022).

Savings and loan activities are some of the activities that need to be considered in each activity. Various phenomena can occur, one of which is an error in recording (human error) that causes problems between members and cooperative administrators (Sheilla and Senny, 2019)

The Kopdit Megu Lekuk Savings and Loan Cooperative (KSP) is located in Teka Iku Village, Kangae District, Sikka Regency, East Nusa Tenggara Province. Ratification of the Deed of Establishment of KSP Kopdit Megu Lekuk by the Legal Entity, namely the Head of the Cooperative Service on behalf of the Minister of Cooperatives of Small and Medium Entrepreneurs of the Republic of Indonesia with number: 06/BH/KDK-24/VI/1999 on June 6, 1999. Initially, the establishment was intended only for the people of Stasi Hubin and its surroundings but on the way, based on the articles of association it was stated that the membership of KSP Kopdit Megu Lekuk was open to the public. The formation of this cooperative is a sense of concern and social concern for the common life in the family with all the problems of life and poverty, unemployment, high cost of living, and education so that they help and serve each other and walk together towards a brighter future.

The achievements obtained by KSP Kopdit Megu Lekuk through an assessment from the cooperative and MSME office have the title of Quite Healthy. This cooperative has no branches and stands alone under the auspices of the Puskopdit. However, Kopdit Megu Lekuk always tries to establish a good cooperative relationship with government agencies and NGOs running normally and under control in an atmosphere of mutual support and rescue so that Kopdit Megu Lekuk often gets coaching opportunities both from the government and Secondary Cooperative Institutions and learns from each other between cooperative movements. At the beginning of its establishment, it was intended only for the people of Hubin station and its surroundings, but on the way, based on the articles of association it was stated that the membership of KSP Kopdit Megu Lekuk was open to the public.

Research on implementing Good Corporate Governance (GCG) through internal control in Savings and Loan Cooperatives (KSP) has high relevance and urgency, especially in the context of KSP Kopdit Megu Lekuk Hubin. This study examines how GCG principles are applied in cooperative savings and loan activities, as well as how internal control plays a role in ensuring the implementation. This study explicitly links the implementation of GCG with internal control. This means that this study will examine how internal controls are designed and implemented to support the application of GCG principles in savings and loan activities.

GCG is an important framework for improving cooperative governance. This research is relevant in providing insights into how KSP can apply GCG principles to improve transparency, accountability, and professionalism. Effective internal controls are essential to prevent deviations and ensure regulatory compliance. The implementation of GCG and good internal control will increase members' trust in cooperatives. This is important to maintain the sustainability and growth of KSP.

Many KSPs face challenges in implementing GCG principles and internal controls. This research is urgent to be carried out to identify these challenges and formulate appropriate solutions. Weak internal control can increase the risk of irregularities and financial losses. This research will provide empirical data on the implementation of GCG and internal control at KSP Kopdit Megu Lekuk Hubin. This data can be used as a basis for decision-making by KSP management and related parties.

2. LITERATURE REVIEW

Agency Theory

Agency theory is a theory that explains the relationship that occurs between the company's management as an agent and the owner of the company as the principal. The principal is the party that gives orders to other parties, namely agents, to carry out all activities on behalf of the principal. The owner of the company, namely the principal, always wants to know all the information about the company's activities, including management activities in terms of the operation of funds invested in the company. Through the accountability report made by the management as an agent, the principal gets the information needed and at the same time as a tool for assessing the performance carried out by the agent in a certain period.

The theory of agency is based on several assumptions (Esenthardt, 1989 in Rahmawati 2012:24). These assumptions are divided into three types, namely assumptions about human nature, organizational assumptions, and information assumptions. Human assumptions emphasize humans who have selfish natures, have limited rationality, and do not like risks. Organizational assumptions are conflicts between organizational members, efficiency as a productivity criterion, and the existence of information asymmetry between principals and agents. The assumption of information is that information is a commodity that can be traded. To anticipate irregularities that can be carried out by the management, the company owner must supervise the management's performance with an effective control system.

Agency theory and the principles of Good Corporate Governance are interrelated because they both focus on managing the relationship between the owner (principal) and the manager (agent) of the company. Agency theory explains possible conflicts of interest between the two, while Good Corporate Governance provides a framework and principles for reducing conflicts through effective oversight, transparency, and accountability (Michael and William, 1976). In the context of Good Corporate Governance, there are several steps taken to overcome agency problems including:

- 1) Drafting clear contracts and regulating rights and obligations between shareholders and managers
- 2) Strict monitoring and supervision, such as through the board of commissariat or an independent external institution
- 3) The principle of fair incentives, which links managers' compensation to the company's performance to encourage managers to act in the interests of shareholders.

By implementing good principles of Good Corporate Governance, companies can reduce the potential for agency conflicts, increase stakeholder trust, and maximize company value in the long run. Internal control serves as a tool to reduce the risk of agencies in cooperatives. With a good internal control system, cooperative members can have more confidence that agents (administrators) will act in the interests of their members. Some of the steps that can be taken in internal control include:

- 1) Internal and external audits.
It serves to ensure that the cooperative's financial statements are accurate and that there is no misuse of funds.
- 2) Clear policy formulation.
Cooperatives need to establish clear policies regarding the duties, obligations, and rights of members and administrators so that there is no abuse of power.
- 3) Periodic monitoring and evaluation.

Evaluate the performance of cooperative management periodically to ensure that cooperative operations are by its initial goal, namely improving the welfare of the community.

Agency theory in cooperatives reflects the importance of maintaining a good relationship between agents (managers) and principals (cooperative members). Problems arising from agency theory such as conflicts of interest, moral hazards, and information asymmetry can be overcome with the principles of good corporate governance and an effective internal control system. Thus the welfare of members is collective and sustainable.

Cooperation

According to Law Number 25 of 1992, it says that a Cooperative is a business entity consisting of a person or a cooperative legal entity based on the principle of cooperatives as well as a people's economic movement based on the principle of kinship. According to Fay (2013), a cooperative is a union to work together consisting of those who are weak and always tried with spirit of not thinking of themselves in such a way, that each can carry out their obligations as members and get rewards proportional to their use of the organization.

According to PSAK No.27 of 2007 concerning Cooperative Accounting, it shows that a cooperative is a business entity that organizes the utilization and utilization of economic resources of its members based on cooperative principles and economic business rules to improve the standard of living of its members in particular and the community of the working area in general. Meanwhile, the definition of a cooperative according to the Indonesian Accounting Association in PSAK No.27 (2015:27.3): A cooperative is a business entity consisting of a person or a cooperative legal entity based on its activities based on cooperative principles as well as a people's economic movement based on the principle of kinship.

Good Corporate Governance

Good corporate governance or can be called Good Corporate Governance (GCG) is the process of changing or reforming the organizational management system. Good corporate governance is a series of structured processes that are designed to manage, direct, or lead a business or corporate venture to improve the values of the company and the community of us-aha. Good Corporate Governance (GCG) is one of the key elements in improving economic efficiency which includes a series of relationships between cooperative managers, cooperative administrators, supervisors, capital owners, and other stakeholders. Good Corporate Governance also provides a structure that facilitates the determination of the goals of the cooperative and as a means to determine work monitoring techniques (Darmawati et al., 2004).

The management of cooperative management is based on applicable rules including AD/ART, policies, organizational structures, roles, and rules that have their respective functions by the jobdesk of the administrators, supervisors, and managers are carried out systematically in running the cooperative based on the vision and mission as well as good corporate governance of the cooperative that is transparent, independent, accountable, accountable and fair. As well as the lack of attention to the information system in the self-development of cooperatives to facilitate information and facilitate cooperative management so that decision-making is faster. The implementation of the Good Corporate Governance (GCG) system applied to cooperatives is important so that the management of cooperatives can change the organizational system, create good performance, and internal

control reduce the weaknesses of professional and accountable cooperative governance, and have good relationships for stakeholders and shareholders and supported by information systems that can take advantage of technological developments more useful and efficient.

Internal Control

A company's operational activities that run well cannot be separated from a system used to regulate it. With a good system, companies can avoid fraud that will occur. Fraud can be caused by monetary problems, but there are also stumbling blocks in administration and limited human resources (Dilliana et al., 2022). Therefore, a good system is needed for the success of a company, namely an internal control system. The control system includes organizational structure, methods, and measures that are coordinated to maintain organizational assets, check the accuracy and reliability of accounting data, encourage efficiency, and encourage compliance with management policies (Mulyadi, 2017: 129).

According to Hery (2012:172), an internal control system is a set of policies and procedures to protect the company's assets or assets from all forms of abuse, ensure the availability of accurate company accounting information, and management policies have been complied with or implemented as an image by all employees of the company.

Based on the explanations from some of the experts above, it can be concluded that internal control is a system that is established in the organization by applying various methods and methods or other benchmarks with the aim of implementing activities according to what is outlined.

The Relationship between the Principles of Good Corporate Governance and Internal Control

According to the Committee of Sponsoring Organization, internal control is an integral part of Good Corporate Governance. Internal controls help ensure that a cooperative operates effectively and efficiently, has reliable financial reporting, and complies with laws and regulations. In achieving internal control, several control components are needed, namely:

1) Control Environment

This control environment has the goal of building the quality of human resources in cooperatives. So that the work performance in the organization, namely cooperatives, can increase and foster the discipline of members in managing their organization.

2) Risk Assessment

The risk assessment process considers risks that can later affect the development and progress of the cooperative if there are changes.

3) Control Activities

Control activities carried out in a cooperative from the way supervisors and administrators make the right decisions guided by the principles or principles of Good Corporate Governance to solve problems that can hinder the cooperative in achieving its goals.

4) Information and Communication

The application of information and communication strongly supports the implementation of Good Corporate Governance. There must be coordination with all parties, both from the management, members, and employees so that the process of exchanging information in the cooperative runs well.

5) Supervision

Supervision or monitoring is carried out to ensure that the internal control system has been implemented in the cooperative, especially in savings and loan activities. So that by carrying out supervision, savings and loan activities can run well and effectively.

3. RESEARCH METHOD

This study uses a qualitative descriptive method. The technique used to collect data in this study is done in two ways, including interviews and observations. By using both methods, the researcher will obtain data from the problems raised by the researcher. By holding subjective communication of research so that the necessary data is obtained. The interview technique was obtained from the research subject through a series of questions and answers with parties related to the subject matter.

In this study, interviews were conducted using guided free guidelines. Guided free interview is a way of asking questions that are asked freely, meaning that questions that are not amazed by the interview guidelines about the main problems in the research can then be developed according to conditions in the field. The interviews in this study were conducted by the researcher and shown to the leaders of the KSP Kopdit Megu Lekuk Hubin office. Observation techniques are researchers' efforts to observe problems that occur in partners.

Primary data is data obtained directly from the source, namely from the KSP Kopdit Megu Lekuk Hubin office. The primary data is the customer's savings and loan fund records, loan application forms, and Work Plan/Budget Plan (RK/RA) books. Secondary data is data that is already available in the research object and can be directly used by researchers. Secondary data includes vision and mission, goals, interviews, organizational structure, cooperative regulations, job descriptions, and other data. Both the sources and data collection above are used to test reliability. The author matched all data starting from the results of interviews, observation results, and analysis of documents obtained from the Supervisor, Chairman of the Board, and Treasurer of the KSP Kopdit Megu Lekuk Hubin office.

Data analysis shows the stages of the data processing process plan into information or the results of research. First, the author analyzes relevant supporting documents related to operational activities and savings and loan fund activities such as vision, mission and objectives, organizational structure, cooperative regulations, Job Description, customer savings and loan fund records, loan application submission forms, and other documents related to fund management. The data was obtained through the Supervisor and Chairman of the KSP Kopdit Megu Lekuk Hubin.

All data obtained from the data collection method will be compared with the research criteria, namely the five principles of Good Corporate Governance and the five components of internal control according to the COSO framework. In addition, the author will re-examine the relationship between the data obtained and the five mini-research questions so that the research results presented are relevant. The author matched all data starting from the results of interviews, observation results, analysis of documents obtained from the Supervisor, Chairman of the Board, and Treasurer of the KSP Kopdit Megu Lekuk Hubin office, and related study literature. The data analysis model proposed by Miles and Huberman is often referred to as an interactive analysis model whose elements include data reduction, data display, and conclusions drawing/verifying.

4. RESULTS AND ANALYSIS

a. The application of the Principle of Good Corporate Governance through internal control at KSP Kopdit Megu Lekuk

In an institution, of course, there are principles or basic laws that are set to be carried out by every member of the institution. Likewise with the financial institution KSP Kopdit Megu Lekuk. The principles set certainly aim to accommodate the service objectives of the institution.

1) The principle of Good Corporate Governance through internal control that applies to KSP Kopdit Megu Lekuk.

As described by the author above, the application of Good Corporate Governance (GCG) principles in a cooperative focuses on the principles of transparency, accountability, responsibility, independence, and fairness in cooperative management. In this context, internal control is one of the key aspects to ensure that these principles are applied effectively. Internal control in the cooperative functions to oversee the course of operations, ensure that every decision taken is by the policies and procedures that have been set, and minimize the risk of irregularities or fraud. The application of Good Corporate Governance (GCG) principles in KSP Kopdit Megu Lekuk has been implemented to ensure that cooperatives operate in a transparent, professional, and accountable manner. KSP Kopdit Megu Lekuk has implemented five main principles of Good Corporate Governance in every aspect of its operations, namely:

a) Transparency

KSP Kopdit Megu Lekuk is committed to providing information that is easily accessible to members. All financial statements, operational policies, and strategic decisions are published through annual member meetings. With this transparency, members can directly find out the development of the cooperative and the financial condition of the cooperative.

"In the cooperative, we always provide open financial information and always hold a member meeting every month, we also have a supervisor to check savings and loans in the cooperative" Mr. Yohanis Paskalis (Monday, December 02, 2024)."

b) Independence and Professionalism

To maintain professionalism and avoid conflicts of interest, cooperative administrators ensure that decisions taken are objective and free from the influence of disinterested outsiders. The management is also committed to maintaining income diversity and discussing issues openly.

"We ensure the independence of administrators and supervisors by separating functions that can cause problems in cooperatives, such as administrators who manage cooperative operations are no longer involved in the supervision process," Mr. Yohanis Paskalis (Monday, December 2, 2024)."

c) Accountability

Each cooperative administrator and supervisor is responsible for the implementation and policies taken. KSP Kopdit Megu Lekuk upholds the principle of accountability by implementing an adequate reporting system, where every action of the management must be held accountable in front of members and authorities.

"In our cooperative, each administrator and supervisor carries out their respective duties and authorities with full responsibility," Mr. Yohanis Paskalis (Monday, December 02, 2024)."

d) Responsibility

Cooperative administrators must ensure that every operational activity is carried out in accordance with the cooperative's goals to improve the welfare of the cooperative. This responsibility not only leads to operational efficiency, but also to compliance with applicable regulations in the cooperative sector.

"We evaluate the performance of the management and members through work reports made every month which are submitted in member meetings. Mr. Yohanis Paskalis (Monday, December 02, 2024)."

e) Fairness

KSP Kopdit Megu Lekuk strives to ensure that every member gets fair treatment. Every policy made by the management will always consider the balance of interests between all members of the cooperative, so that there is no discrimination in decision-making.

"In cooperatives, we always involve members in making decisions and are always discussed openly in meetings with the management, as well as a fair distribution of SHU," Mr. Albertus V.Q.S (Monday, December 02, 2024).

2) The sustainability of the principle of Good Corporate Governance at KSP Kopdit Megu Lekuk has been realized optimally and less optimally.

The principles of Good Corporate Governance at KSP Kopdit Megu Lekuk are transparency, accountability, responsibility, independence, and fairness. Of the five principles, the principles that have been carried out optimally are independence, accountability, and fairness. Meanwhile, several principles have been implemented but have not been implemented optimally, such as transparency and responsiveness. This certainly creates a lame in the main goal of the principles of Good Corporate Governance (GCG). It will be more perfect and on target if internal control is carried out on these five principles to the maximum. Thus, the main goal of holding these principles can be realized perfectly and of course, will get quality quality.

3) The impact of the implementation of the Good Corporate Governance Principle on KSP Kopdit Megu Lekuk has been realized.

The principle of Good Corporate Governance is the main goal of a financial institution or the same target that must be achieved by the KSP Kopdit Lekuk financial institution. In carrying out the five principles, of course, some are carried out optimally and some are carried out less than optimally. This is due to various factors such as activeness and skills from the field of internal control. Principles that are carried out optimally are seen as a positive thing or achievement. Meanwhile, principles that have not been implemented to the maximum are seen as negative. Several principles are carried out optimally that have a positive impact on Kopdit Megu Lekuk such as the principle of independence, the principle of accountability, and the principle of fairness. The positive impact experienced from the principle of independence is the development of cooperative management skills, competencies, and knowledge obtained by cooperative members and cooperative employees through cooperative training. The training was held by KSP Kopdit Megu Lekuk to improve the ability of employees and cooperative members so that the sustainability of the KSP Kopdit Megu Lekuk operation process is increasing and effective.

In addition, there is a principle of accountability that has experienced a positive impact. This is evident from a clear and orderly organizational structure, which can help the management in arranging effective and efficient cooperative work procedures. The

existence of an organizational structure can increase the sense of responsibility and awareness in each cooperative employee so that they know and are aware of their respective responsibilities. Thus, the continuity of the work process of KSP Kopdit Megu Lekuk is more organized and regular.

Meanwhile, the positive impact of the principle of fairness or justice is to provide equality of rights and obligations to stakeholders by applying fair deposit rates between old and new members. Aggota is also given the freedom to provide advice or input to the cooperative for the sake of an effective and efficient operating process. The freedom to express suggestions or inputs will be conveyed in the annual member meeting (RAT) from the cooperative members to the cooperative management. In the RAT, the management and members will discuss together to find bright spots or solutions to overcome things that are considered inefficient in the work process of KSP Kopdit Megu Lekuk.

Meanwhile, two principles of Good Corporate Governance have been implemented by KSP Kopdit Megu Lewuk but have not been implemented optimally, such as the principle of transparency and the principle of responsiveness. If these two principles are carried out optimally, the quality of cooperatives will be higher and the system and work structure will be more effective and efficient. The positive impact that can be obtained from the principle of responsibility is that cooperative employees can always hold monthly evaluations to discuss the vision, mission, and service objectives of KSP Kopdit Megu Lewuk, its organizational structure, and operational standards. The purpose of this monthly evaluation is to refresh the vision and mission, operational standards, and goals of cooperative services to cooperative employees so that they work according to the operational standards of KSP Kopdit Megu Lewuk.

However, in the KSP Kopdit Megu Lewuk cooperative, the principle of responsiveness is not applied optimally so the positive things expected from this principle are not obtained optimally and do not create effective and efficient work performance. The impact is that cooperative employees carry out their responsibilities not by the vision, mission, service objectives, and operational standards of KSP Kopdit Megu Lewuk. The negative impact due to the implementation of the principle of transparency that is not optimal from KSP Kopdit Megu Lewuk is such as excessive demands from members for the satisfaction of open information from the cooperative so that it has the potential to interfere with the privacy of other members and cooperative administrators.

The principle of responsibility is one of the principles that is not implemented optimally at KSP Kopdit Megu Lekuk. One of the principles that is less than optimal in its application is supervision. Supervision is carried out at the end of every month so that financial statements can be controlled effectively and efficiently, but what only happens is supervision at the end of the year. This caused several negative things to the operational process of KSP Kopdit Megu Lekuk. These negative impacts include the lack of effective supervision of the work performance of the management related to financial statements and the lack of security of inventory and documents due to the lack of archiving and protection of documents in a safe place.

b. Evaluation of the implementation of Good Corporate Governance (GCG) principles through internal control at KSP Kopdit Megu Lekuk.

Internal control is one of the important components in the implementation of Good Corporate Governance (GCG) to stabilize organizational operations so that they run per the basic principles of Good Corporate Governance (GCG). The following is a table of data to influence the implementation of Good Corporate Governance (GCG) principles through internal control in supporting the success of savings and loan activities at KSP Kopdit Megu Lekuk:

Table 1 Implementation of Good Corporate Governance (GCG) principles through control internal

No.	Principles of Good Corporate Governance	Implementation of Internal Control	Impact on Savings and Loan Activities
1.	Transparency	1. Provision of accurate, complete, and accessible financial reports for members. 2. Information related to savings and loan policies and procedures is announced clearly.	1. Increase members' confidence in the management of cooperative funds. 2. Minimize the risk of misunderstandings between administrators and members.
2.	Independence and Professionalism	Manage cooperative finances independently without dependence on outsiders.	Ensuring the smooth running of savings and loan activities even though the economic condition of the cooperative is declining.
3.	Accountability	Determination of clear responsibilities for each management and employee of the cooperative.	1. Ensuring the management of funds that are right on target and by procedures. 2. Prevent potential misuse of funds
4.	Responsibility	1. Compliance with applicable laws and regulations 2. The application of operational standards (SOP) in the management of savings and loans.	Reduce the risk of bad loans and ensure cooperative operations by the rules.
5.	Fairness	Providing fair and equal services to all members of the cooperative	Increase member satisfaction and loyalty to the cooperative

5. CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that the Implementation of Good Corporate Governance (GCG) Principles through internal control has a very important role in supporting the success of savings and loan activities at KSP Kopdit Megu Lekuk. The implementation of GCG principles, which include transparency, accountability, responsibility, independence, and fairness, has been proven to improve financial management and ensure the sustainability of cooperative operations. Some of the

concluding points related to internal control in savings and loan activities at KSP Kopdit Megu Lekuk include:

- a) Transparency in financial statements and the management of savings and loan funds that are carried out openly to cooperative members increases member trust.
- b) Accountability in the division of duties and responsibilities of the management as well as clear loan management ensure professional and measurable management.
- c) Responsibility in complying with applicable regulations, monitoring of loan risks, and compliance with existing procedures reduce the potential for bad loans.
- d) Independence in cooperative financial management without dependence on external parties ensures liquidity stability and smooth savings and loan activities.
- e) Fairness in the treatment of members, both in terms of loan access and problem-solving, increases the loyalty and satisfaction of cooperative members.

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