

Assistance in Preparation of the Operational Budget at the Noor Arsy Foundation in Gondanglegi District

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ABSTRACT

The assets of the foundation can be in the form of money or goods, whether it comes from donations, endowments, grants, will grants and other acquisitions that do not conflict with the Foundation's Articles of Association or the prevailing laws and regulations. The foundation must periodically make an accountability report for the funds obtained from donors in detail related to the planned use of funds receipts and expenditure plans. Foundation funding assistance is usually a non-permanent aid, so institutions will be very vulnerable to financial difficulties if the expenditure is greater than the incoming funds, especially during the current pandemic. Foundation management must be able to think critically in strategic financial plans for foundation funds, so that if the funds they have are limited they will be able to allocate them appropriately and efficiently.

Keywords: Assets, Assistance, Foundation, Funding Assistance, Operational Budget.

INTRODUCTION

NGOs or foundations are increasingly important actors in local natural resource governance in developing countries. They help the community to develop their regions to improve the quality of life and strengthen sustainable development (Kartikasari, Komalasari, & Fitriasaki (2020). With the goal of promoting conservation, development, and sustainable livelihoods, these organizations work with local communities in a variety of ways, including by donating financial resources to cash-strapped local governments (Cook, Wright, & Andersson, 2019). Establishing a foundation began with the separation of founder's wealth to be incorporated as the authorized capital foundation. The separation cannot be called investment because philosophically the foundation founding IS nonprofit (Simamora, 2012).

In Indonesia, foundations are regulated by Law No. 16 of 2001 and Law No. 28 of 2004 concerning amendments to Law No. 16 of 2001 concerning Foundations. To establish a foundation, it is carried out by notarial deed and has the status of a legal entity, because the foundation is an official legal entity so it requires approval by the Minister of Justice and Human Rights or an appointed official.

There are two types of foundations, namely foundations established by the government and private or individual foundations. Foundations have their own assets which are separated from the assets of the founders or administrators, which are used as initial capital to carry out activities. The total initial wealth of the Foundation as stipulated in Article 6 of PP No.63 of 2008 concerning the Implementation of the Law on Foundations is Rp. 10,000,000.00. Value here means that it can be in the form of money or goods, both movable and immovable goods.

The definition of a foundation according to Zainul Bahri is a foundation is a legal entity that appears as a means to achieve certain goals in the social field in particular. The establishment of the foundation has a clear goal both in the social, educational and other fields. The purpose of establishing the foundation must also be stated in the AD/ART of the foundation. The purposes of the foundation according to UUY are:

1. To achieve certain goals in the social, religious and humanitarian fields.
2. Foundations must be social, religious and humanitarian.
3. The aims and objectives of the foundation must be stated in the articles of association of the Foundation (Fatimah, 2019).

The Foundation has an organ consisting of Trustees, Management, and Supervisors. The management of assets and the implementation of foundation activities are carried out entirely by the Management. The management must make an annual report submitted to the Trustees regarding the financial condition and development of the foundation's activities. The supervisor is in charge of supervising and providing advice to the Management in carrying out the activities of the foundation.

Funding from commercial activities is more predictable and potentially promotes bottom-up accountability and increases organizational autonomy but may conflict with the mission-drift of NGOs (Khieng & Dahles, 2015). Foundation funding assistance is usually a non-permanent aid, so institutions will be very vulnerable to financial difficulties if the expenditure is greater than the incoming funds, especially during the current pandemic. Foundation management must be able to think critically in strategic financial plans for foundation funds, so that if the funds they have are limited they will be able to allocate them appropriately and efficiently. Relevant and timely information needed by the

decision makers must be supported by an adequate system. The need for an integrated information system in a company is an absolute demand for can compete in the global market era and the current digital era (Bahri, 2018).

According to Rudianto (2009:7) in his book entitled Budgeting, the operational budget is a company work plan that includes all the company's main activities in obtaining income within a certain period. Therefore, the operating budget includes: a. Revenue Budget, Cost Budget, c. Profit Budget. According to Nafarin (2000:17), the operating budget is the budget for preparing the income statement budget. The operating budget includes: - Sales budget, - Factory cost budget consisting of raw material cost budget, direct labor budget budget, factory overhead budget budget, - Business expense budget, - Profit report budget.

The operating budget is a work plan that includes all the main activities in obtaining income within a certain period. The operating budget includes the revenue budget, the cost budget (the budget for raw materials, direct labor costs, the overhead budget, marketing costs, general and administrative costs), and the profit budget.

However, it is not uncommon for the management to experience difficulties regarding the mechanism for preparing the foundation's operational budget. Lack of knowledge about adequate operational budgeting makes the need for assistance in the preparation of financial strategic plans at the Noor Arsy Foundation, Gondanglegi District, Malang City.

Based on the background above, the identification of problems in this activity are: 1) Lack of understanding of the Noor Arsy Foundation management regarding the preparation of the Foundation's operational budget, 2) There is no good understanding of the budgeting system to produce adequate financial information for the sustainability of the Foundation.

Based on the identification of the problem above, the problem is formulated as follows: 1. How to improve the understanding of the Noor Arsy Foundation management in the preparation of the Foundation's operational budget? 2. How to improve the understanding of the Noor Arsy Foundation management regarding the documentation of data and information needed in the preparation of the operational budget?

Based on the formulation of the problem above, the objectives of the activity are formulated as follows: 1. To improve the understanding of the Noor Arsy Foundation management in the preparation of the Foundation's operational budget? 2. To improve the understanding of the Noor Arsy Foundation management regarding the documentation of data and information needed in the preparation of the operational budget?

The benefit of this service activities is to increase knowledge and ability to prepare the foundation's operational budget by providing assistance to core management members. The target of this service activity is the management of the Noor Arsy Foundation. The object of this service was chosen because the Foundation is located in the Gondanglegi sub-district, where the Gondanglegi sub-district is a tourist attraction whose economy is starting to develop because of its strategic location and supporting infrastructure facilities in the area.

LITERATURE REVIEW

NGOs in Indonesia are facing increasing challenges especially related to funding aspects that can threaten the sustainability and ability of the organization achieve their social change goals. With some exceptions, NGOs especially at the local level have also not been able to access funding from donors as well as from the private and philanthropic sectors or develop strategies to obtain new sources of funding (Davis, 2020). Managers and staff in small NGOs are facing high levels of complexity in their operating environment, exacerbated by funding arrangements that have varying lengths, reporting requirements, and multiple geographic boundaries, and ongoing funding uncertainty. This has resulted in a shift away from helping clients, and instead, time and energy is spent applying for and reporting on funding (Clancey & Westcott, 2017).

There are few reasons and considerations for donor agencies to provide funds to NGOs. First, trust. Trust is based on several conditions, including performance and reputation of NGOs, institutional capacity and popularity of individuals within an NGO. Second, friendship and recommendation, one of the factors in the birth of friendship between NGOs and donor agencies are recommendations. Whether it is a recommendation between NGOs as well as recommendations requested by donor agencies. Newbie NGO looking for work program funds will ask for recommendations from NGOs that have received funds from donor agencies. On the other hand, donor agencies will also ask NGOs that they already know to find a new NGO that is able to carry out their work programs. In addition, the track record of an NGO also determines the relationship between NGOs and institution's donor (Nanda, 2020).

In preparing the budget plan of operations, usually research and development experience difficulty in determining the operational budget plan to the realization of the budget. The difficulty of determining the operating budget plan close to being realized due to only see the realization of the previous budget. Impacts budget plans often have limited budgets (Sumar & Lubis, 2017).

In reality today in Indonesia there are many non-profit organizations such as foundation that doesn't pay much attentions to their financial management system, and still prioritize the quality of programs which it runs. Even though a good financial management system is believed to be able to increase accountability and transparency of an institution (Anand, 2018). The nonprofit environment is a challenging one for financial managers. Multiple stakeholders, confusion about what financial objective to pursue, limited staff, funding, and technology resources, and inattention to treasury management are all factors contributing to the difficulty of the nonprofit financial management (Zietlow, Hankin, & Seidner, 2007)

A common problem faced by Foundations is the lack of operational funds for their daily activities, such as funds for community skills training. Funds for skills training usually obtained from public donations and government funds have decreased significantly since the pandemic.

The second problem is the difficulty of getting students due to government regulations during the pandemic that require isolation or lockdown and social distancing. The Foundation's projects have experienced a decline due to declining public interest during the pandemic.

The solution to the problems above is by providing assistance in the preparation of the operational budget, the Foundation's management will be able to utilize the limited funds and make an appropriate and efficient budget.

RESEARCH METHOD

This community service activity focuses on the Noor Arsy Foundation Management in Gondanglegi District who still lacks knowledge about the preparation of financial strategic plans. With the assistance of this training activity, it is hoped that the Management of the Noor Arsy Foundation in Gondanglegi District can practice the preparation of an operational budget. Through the preparation of the operational budget, it is hoped that it can help the management carry out operational activities smoothly.

The purpose of this activity is to provide assistance in preparing the operational budget for the management of the Noor Arsy Foundation in Gondanglegi District. The form of this community service program is an activity of assisting the preparation of the operational budget of the Noor Arsy Foundation in Gondanglegi District by gathering the administrators at the Noor Arsy Foundation office. The management will be accompanied and given brief material in the preparation of the operational budget.

The mentoring method that will be implemented is by providing an explanation of the preparation of the operational budget. The evaluation design for this program can be seen in Table `:

Table 1. Evaluation of the program for assisting the preparation of the operational budget at the Noor Arsy Foundation, Gondanglegi District

No	Program Purpose	Indicator
1	Noor Arsy Foundation can find out the correct preparation of the operational budget.	Feedback from the Noor Arsy Foundation about mentoring
2	Preparation of the final service report on assistance in the preparation of the Noor Arsy Foundation operational budget.	The whole process of activities is summarized in the final report in the form of a dedication article.

Service activities will be carried out within a period of 7 months. The schedule of service activities is arranged starting from the preparation of proposals to the stage of reporting the results of service activities.

1. Preparation of activity proposals is carried out as the first stage of submitting community service programs.
2. Preparation for the training includes collecting and compiling a schedule of mentoring and materials to be provided.
3. The assistance that will be carried out includes discussions with the Foundation's management regarding the preparation of the operational budget.
4. Reporting on the results of activities will be carried out as a form of accountability for community service activities.

RESULTS

Assistance activities for the Noor Arsy Foundation management in preparing the operational budget are carried out through five stages of activities, namely preliminary literature study, proposal preparation, assistance preparation, mentoring implementation, and activity report preparation. The schedule of mentoring activities includes:

1. A preliminary study of the literature was conducted to match the theory needed in the practice of assisting the preparation of an operational budget that is in accordance with the needs of the foundation.
2. Proposal preparation activities are carried out as the first stage of submitting a service program.
3. The preparation for the implementation of mentoring includes collecting and compiling a list of discussion questions and materials to be provided during the mentoring.
4. The implementation of the assistance carried out includes discussions and training on understanding the preparation of the operational budget to the foundation's management.
5. The preparation of activity reports is carried out as a form of accountability for the service activities that have been carried out.

The mentoring activity was carried out on April 17, 2022 at the location of the Noor Arsy Foundation in the Gondanglegi District, Malang Regency. The team drove the car around 10:00 and arrived at the location at around 11.45 WIB. The team first mapped out the types of foundations in Malang Regency. There are 3 types of foundations, namely social foundations, humanitarian foundations and religious foundations. From 3 types of foundations, the team chose the Noor Arsy Foundation in the humanitarian field as the main respondent, because the Noor Arsy Foundation is located in the Malang district where the surrounding population has inadequate education.

The next step, the team came to the location of the foundation and conducted interviews with the foundation's management regarding the preparation of the foundation's operational budget and general identity such as the name of the foundation, the length of time the foundation was founded, the name of the owner of the foundation, and other things that needed to be asked as initial information for mentoring.

The team then continued with the interview. Questions asked include:

1. Where did the foundation's funding source come from;
2. How the foundation allocates the funds;
3. How the foundation uses the allocation of funds for the foundation's operational activities;
4. How much is the amount of funds removed from the operational budget allocation;
5. Is the amount sufficient;
6. If not, how does the foundation get additional funding for its operating budget;
7. Are there any obstacles that occur when preparing the operational budget.

Questions were asked to the Noor Arsy Foundation Management and the team recorded the responses that had been given by the Management. After that, the team tried to map the problems faced by the management of the Noor Arsy foundation and conducted direct education on the preparation of the operational budget. The event ends at 18.00 WIB.

Mentoring activities went smoothly and the foundation management seemed enthusiastic in the mentoring process and all activities ran smoothly. The Noor Arsy Foundation focuses on the humanitarian field. For the obstacles felt during the pandemic the sources of funds obtained have decreased, so that programs for the community are also reduced.

DISCUSSION

Basically, the company carries out activities aimed at getting optimal benefits from the business being run. Company is said to be successful when it has management that is able to run and see opportunities in the future, both long term and long term short so that the company's goals can be achieved. Financial management plays a role in planning and capital allocation. The success or failure of the company's goals depends on the capital management. In planning and allocating capital, management finance is required to be able to perform efficiency. All of this can be realized by drawing a decision in the policy of determining the capital needed (Bulan, 2015).

In order to achieve good financial management, it cannot be separated from good financial planning to realize the financial health of the business in the short and long term (Handini & Sodik, 2020). One of the short-term strategies that can be done is determining an efficient and optimal operating budget. Mentoring is focused on understanding the Foundation's management on the importance of preparing an operational budget by providing material to the Foundation's management. However, Foundation management should not only focus on short-term strategies, which usually rely on government aid funds for their work programs. In order for the Foundation to survive stronger and longer, the Foundation's management must be able to formulate a sustainable long-term strategy so that the Foundation's work programs can run and be sustainable.

Foundation administrators are also given examples of operational budget data such as sales budgets, cost budgets, labor budgets, so that the management can better understand the types of costs and classify costs correctly so that the Foundation's management can make operational budgets properly.

This mentoring activity can be followed properly by all the administrators of the Noor Arsy Foundation who are the subject of this service. The administrators of the Noor Arsy Foundation were enthusiastic in explaining the activities of the foundation and felt happy in the interview process. Basically, the administrators of the Noor Arsy Foundation complained that the biggest obstacle was during the Covid-19 pandemic. At the end of this mentoring activity, the administrators of the Noor Arsy Foundation hoped that the Covid-19 pandemic would end soon, so that the administrators of the Noor Arsy Foundation could carry out their work program as before.

In addition to the supporting factors for the successful implementation of this mentoring mentoring activity, there are several inhibiting factors for the successful implementation of this mentoring mentoring activity. The first thing that became an obstacle was that during the interview visit, it was rather difficult to get an interview opportunity because it was difficult to match the schedule and interview activities were carried out during the fasting month so that the time for interviews was limited.

CONCLUSION

The foundation administrators interviewed were quite enthusiastic about this mentoring activity. This is evidenced by the openness of the administrators of the Noor Arsy Foundation to be interviewed and willing to share information regarding the foundation that is being run. The foundation's administrators hope that this guidance will provide a better understanding regarding the preparation of the operational budget plan. With this mentoring activity, the administrators of the Noor Arsy Foundation can better understand the preparation of their operational budget plans and can manage them so as to ensure the smooth operation of the Foundation.

Based on the results of the identification of input from the Foundation's management, things that can be used as a reference for the implementation of future service activities. The management feels the need for follow-up activities from this mentoring activity, such as collaboration with agencies outside the Foundation, to launch the Foundation's operational activities.

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