



Reviewing the transparency of the accounting process in the claretian congregation

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ABSTRACT

The research data was taken by means of documentation and in-depth interviews. Data analysis used epoch, phenomenological reduction, imagination variation, and synthesis of meaning and essence techniques. The research results show that transparency is implemented in the accounting process in the Claretian Congregation. This transparency is reflected in two main things, namely there is a General Accounting Plan that regulates all procedures, rules and accounting processes of the Congregation. Furthermore, there is a Profit and Loss Report and Balance Sheet which can be accessed by all related parties. Transparency is carried out because the Congregation is committed to maintaining the trust of partners, bringing prosperity to the people according to the Catholic mission and more than that, first and foremost is being responsible to God. There are 3 main values of the Congregation which are embodied in the transparency of financial management, namely Prioritizing group interests, Avoiding individualism and Referring to poverty. All financial management must be transparent because it is centered, from, by and for God. The congregation maintains the mission of the catholic church: become a channel of God's blessings through joyful service to others. Exercising Transparency means honoring God. The contribution of this research is that Catholic values reflected in congregational values are the basis for enforcing transparency in the accounting process, which in the business world is full of secular values.

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INTRODUCTION

Transparency is something that must be done in a non-profit organization. Transparency refers to the principle of creating an environment that describes the real conditions at this time, decisions and actions made can be accessed with information that is valid, visible, and understandable to all parties involed (Lepadatu and Pirnau, 2009). Purwaningrum (2021) states that transparency means disclosure of information by the agent to the principal with the consideration that the principal has the right to know all the responsibilities of the agent. Transparency in reporting is important.

Transparency aims to provide trust between interested parties in the institution. Transparency can be done by presenting fair financial reports (Nurhasanah & Suryani, 2018). In a non-profit organization there are three main questions that must be answered, namely "(1) "how to determine the value of the work done", (2) "how to measure that value", and (3) "how to ensure that income is able to maximize return on investment and spent according to the highest standards of accountability and transparency (Alleva & Michal, 2014).

Accounting for non-profit organizations requires a level of financial accountability to prove how the organization has spent the funds obtained from various donors to achieve the social goals that have been planned. Transparency in a non-profit organization is important considering that the source of funds to support the activities of a non-profit organization comes from various parties. The parties referred to as stated by Medina (2009.), namely: a) external: donors, partners and beneficiaries; b) internal: refers to workers who are paid or who work voluntarily; and c) horizontal: alliances and related official organizations. Trust is the main key that has brought in funds from donors. Loss of transparency refers to a loss of trust from donors (Friedman & Wolcott, 2018). Trust must be upheld through transparency in financial management.

However, the fact is that financial management in non-profit organizations does not always work according to standards. Friedman & Wolcott (2018), shows that not all non-profit organizations adhere to the principle of transparency. Research by Zhang et al., (2020) shows that non-profit organizations in China; The Chinese Red Cross Society (RCSC), for example, misused funds donated by donors because they were not transparent. As a result, after the abuse case was published by the media, the amount of donations decreased by 59.39% from the previous year. Non-profit organizations even experience a crisis of trust and their public image becomes worse (Gugerty & Prakash, 2010).

Considering the vision and mission of a non-profit organization that adheres to the values of goodness but still has problems with transparency, this research will take a picture of the implementation of transparency values in the Claretian congregation. The Claretian Congregation was chosen because it is part of a non-profit organization under the auspices of the Catholic religion. Catholic values combined with transparency are unique to study. As a non-profit organization, the congregation has the responsibility to operate according to the mission standards of the Catholic religion which uphold accountability and transparency. Unlike for-profit companies which depend on profitability, non-profit organizations focus on providing services. The demand for sound financial information in church organizations corresponds to the theological, accounting and accountability dimensions reflected in the book of Hebrews, 4:13. Congregational financial management as part of the implementation of the accounting process is a means of accountability for service work to owners, namely: God, others and the environment; and accounting can be used as a solution to overcome conflicts (Gallhofer et al., 2011).

Referring to the background above, the question in this research is whether transparency in the congregation is properly applied and reflects Catholic values which are all centered from, by and for God? This research is different from the research of Zhang et al., (2020) which focuses on transparency in non-profit organizations, namely NGOs. NGOs indeed make humanity their main value but are not based on Catholic values in their transparency. This research focuses on non-profit organizations: the congregation as part of the Catholic religion, which clearly makes Catholic values a benchmark when carrying out transparency in financial management. Furthermore, the novelty of this research that distinguishes it from Emol. Y, (2019) is that Emol focuses on the elements of the cash receipts and disbursement accounting system of the Indonesian Congregation Maria Montfortan Union, while this research focuses on the elements of financial management transparency in the Claretian congregation. The implication of this research is the application of the value of transparency in non-profit organizations where God is the center. How The values of transparency are reflected along with the values of the congregation which are centered on Catholic values in accounting practices.

RESEARCH METHOD

This study uses Husserl's interpretive paradigm and transcendental phenomenology because it focuses on aspects of the process of discovering and interpreting the meaning and essence of social reality experiences in a holistic manner. The analytical tool used by researchers is transcendental phenomenology, which was coined by Edmund Husserl (1859-1938). This analytical tool focuses on the issue of how we can know the world as it really is, with four stages namely epoch, phenomenological reduction, imagination variation, and synthesis of meaning and essence. In the epoch stage the researcher enters the research, and tries to break with the experience and knowledge that the researcher believes beforehand. In other words, at this epoch stage the researcher tries to provide a completely new perspective on the object, in order to make it easier for the researcher to create new ideas, feelings, awareness and understanding. Epoche is the first step in research to purify the object of the experiences and prejudices of the initial researcher (Manehat et al., 2019).

Furthermore, through intentionality the researcher wants to understand the mind orientation of the informants. The researcher's intentionality is influenced by the researcher's pleasure, initial assessment, and expectations of the object. Preliminary assessment of accounting and accountability that is not presented in front of informants, researchers seek to understand the transparency in the accounting process in the Claretian congregation. There are two sides that affect the intentionality of researchers in this study, namely the objective side and the subjective side. Objective phenomena (noema) mean something that can be seen, heard, felt, thought, or even something that still has to be considered, while the subjective side (noesis) is intended actions such as feeling, hearing, thinking, and evaluating ideas (Manehat et al., 2022).

Noema will bring ideas to noesis, and what connects thinking is noema intuition to noesis (Husserl, 1970). The researcher can clearly know the reality of a phenomenon through intuition, when the researcher directly feels the intersubjective process through the informant's experience (noesis because there is an aspect of taste, as something abstract or object). As a result, the phenomenon of transparency in financial management in the congregation, problems can be disclosed (noema because it relates to form, as something or tangible object).

In the third stage; phenomenological reduction, researchers begin to explain the structure of language, how objects present themselves to researchers as a whole, through understanding and experience in interacting with researchers about the meaning of transparency in the accounting process in the congregation. Phenomenological reduction is not only described by paying attention, but also by hearing a phenomenon with awareness and caution (noesis). Variations occur in the imagination where the researcher begins to identify the meaning expressed by using the imagination of the researcher's informants. Then, the researcher tries to understand what might have a relationship between the informants and the experience of transparency in the congregation. The aim is to achieve a structural description of an experience, how phenomena speak of themselves, in other words to explain the essential structure of these phenomena (Kamayanti, 2016).

The synthesis of meaning and essence is the final stage in the study of transcendental phenomenology, to integrate intuition as the fundamental basis of a structured description into a single statement, to describe the nature of the phenomenon as a whole. This stage is the essence enforcement stage. According to Husserl, essence is something general and universally applicable, a condition or quality that makes something incompletely expressed in its essence. The basic structural synthesis will represent the essence in a certain time and place, from the point of view of one's imaginative and reflective study of the phenomenon.

The method of collecting data used in this research is documentation and in-depth interviews. Furthermore, the informants interviewed were: economist, accounting and finance division of the Claretian Congregation. The Kalaretian Congregation chosen was the Indonesia-Timor Leste Claretian Congregation based in Kupang City.

RESULTS AND DISCUSSIONS

Medina (2015) explain that "transparency does have both a direct effect on trust and an indirect effect that is mediated by satisfaction." This shows that transparency refers to trust. Transparency is also a form of supervision. The implementation of transparency within the Claretian congregation is reflected in two things, namely firstly the rules for congregational transparency contained in the General Accounting Plan (2018), and secondly the obligation to make a balance sheet and profit and loss account report.

The two things are explained as follows: First: Issuance of the General Accounting Plan. The General Accounting Plan is a standard financial document made by the Claretian Congregation to regulate the entire accounting process. In this document it is stated that in 1953 the congregation through the issuance of the Order Administracionis Generalis had regulated the economic and administrative activities of the congregation which also emphasized the value of poverty as one of the main values espoused by the Claretian Congregation. It was also explained that it was important to maintain transparency in the entry process and it was necessary to record in all community registers. It is clearly written in this document that all types of transactions, whether in the form of receipts or disbursements, must be good. The accounting and finance department needs to properly document all transaction evidence. The use of money must be adjusted to the three main Claretian values, namely: Prioritizing group interests, Avoiding individualism and Referring to poverty. Values must refer from, by and for God. Financial management must be aimed at the empowerment and welfare of the people, not for personal gain. Establishment of accounting standards in the congregation to support the realization of transparency is carried out by the Congregation because it realizes the importance of accountability to all parties who have entrusted their funds to the congregation to carry out the Catholic mission; become a channel of God's blessings through joyful service to others.

The practice of the Claretian Congregation is in line with the views of (Anheier, 2014; Magrassi et al., 2022) which state that transparency is an important element in the relationship between entities and potential donors, providing information that can be understood and reveals the overall direction and behavior of management. In an interview with the economist of the Claretian Congregation:

"Transparency in the management of the congregation's finances is a must. We receive money from various parties, we must be able to account for it. Everything is used for the common good. In the Congregation Running transparency means carrying out the noble values of Catholicism, honoring God"

From the above statement (noema), it was explained that in a transparent manner, the congregation has committed to maintaining the trust of every party who has entrusted their funds to the congregation and more than that through good financial management the congregation has carried out Catholic values to focus on the welfare of the people. No funds are used for personal gain but are processed for the good of the people. Good financial management shows reverence for God. Intentional analysis or the reason why the economist's noesis says so is because the congregation in practice believes in Catholic values, which are far from cheating. No matter how small the donation / funds must be accounted for. The congregation's greatest responsibility is not only to the donors, but first and foremost to God. When the authors conducted in-depth interviews (epoche) about how the intended accountability examples were, the economist explained that no matter how small a contribution is, it is still reported as receiving and using it in the financial statements. Donors are also given a report on the use of finances and the money donated is used for the common good. According to him, this is a form of accountability and commitment to transparency.

The form of transparency in financial management in the Claretian Congregation is expressed in the preparation of a correct and reasonable annual Balance Sheet and Profit and Loss Account. True and fair means transactions are recorded as is. Preparation of the annual balance sheet and profit and loss report is also in accordance with ISAK 35 which regulates non-profit oriented

entities. Nasution et al., (2022) also stated that the financial reports presented must be published properly and correctly in order to provide the information and data needed by the shareholders. The Congregation also expressly stipulates that accounts in the Congregation must be clearly structured so that the information provided is understandable and useful for all stakeholders in making economic decisions. The preparation of these financial reports shows that the congregation has carried out the recommended accounting process in the accounting cycle. These two reports describe the real condition of the congregation at the time of preparing the reports for both the positions of assets, debts, capital, income, expenses and gains and losses. This becomes part of the transparency. Financial statements are a representation of the organizational situation as stated by (López Díaz, 2014). This is in line with Wardani et al., (2018) which states that financial reports are an important part of the financial management of an organization. All organizations, both professional and non-profit oriented organizations, need relevant, reliable, comparable and understandable information in the presented financial reports. Moreover, non-profit organizations, where the biggest source of funding is in the form of donations from donors.

The existence of a standard financial report format in the Claretian congregation shows the congregation's consistency in reporting and publishing its financial reports to related parties. This is different from the research results of (Magrassi et al., 2022) which shows that the transparency reflected in the financial reports of non-profit organizations in Italy is hampered because currently, there is no mandatory format for presenting financial statements or mandatory accounting standards owned by non profit organization. The systematic and regular application of accounting principles and criteria should lead to annual reports showing a true and fair view of the financial situation and results of the congregation's work in all its administration (General Accounting Plan, 2018:11). The accounting process carried out by the Claret Congregation also confirms what was stated by Emol. Y (2019) which states that accounting is needed in the congregation; one of them is for the purpose of managing the congregation's assets.

The transparency practiced by the Claretian congregation is in line with the views of (Lepădatu & Pîrnău, 2009) which states that transparency helps organizations show the real situation and demonstrates the quality of the institution and its reports. The implementation of transparency in financial reporting shows that the Congregation as a non-profit organization understands that transparency is an important part of good financial management practices, especially because the finances are obtained and used for the benefit of all parties. The financial responsibility of the Claretian Congregation, according to interviews with economists, is aimed first and foremost at God.

"Our primary responsibility is to God. That is first and foremost, then the donors, our internal and external parties. We believe openness is the key to trust. The accounting process must be open, according to Catholic values. Must give birth to abundance for all"

Noema the economist above shows that the accounting process in the congregation runs according to the direction of Catholic values. The accounting process must lead to God and create abundance for humans, all parties involved. Intentional analysis why the economist says so is because all activities in the congregation including the accounting process adhere to Catholic values. Transparency shows the experience of Catholic values, the responsibility is centered on God. An honest accounting process is a manifestation of praising God. Then to external parties consisting of donors and partners, internal parties consisting of the Supreme Council of the Congregation, Formators and Formandi. Responsibility as part of the transparency carried out by the Congregation is in line with the views of Liket & Maas (2015) which state that accountability needs to be done upward to donors, horizontally to other NPOs, and downward accountability to beneficiaries. All interested parties, including the congregation in the church, have the right to know, supervise and correct all series of uses of church funds. Therefore, it is necessary to have a church financial manager who is honest, orderly, wise and responsive (Sabijono et al., 2021).

Furthermore, the Claretian Congregation as part of a non-profit organization determines their rules according to the needs contained in the General Accounting Plan. In an interview with

the accounting and finance department of the Claretian Congregation, it was stated that the entire accounting process in the Claret Congregation complies with the rules in the General Accounting Plan. the principles that need to be carried out by the accounting and finance departments must refer to the accounting principles of the Claretian Congregation namely: (1) Principles of functioning and sustainable institutions; These principles are intended to direct accounting in the congregation to achieve its goals, and to carry the congress forward into the future, (2) The accrual principle: recording is made when transactions occur even though cash has not been received, (3) The precautionary principle: particular care is taken in taking the necessary judgment when making estimates and judgments under conditions of uncertainty, such that assets or income are not overvalued and that liabilities and expenses are not understated while continuing to hold adhere to the values of truth and justice, (4) Principle of no compensation: This principle stipulates that the carrying amount in assets of each fixed asset account minus accumulated depreciation. This principle is also called Separate Assessment. Representative amounts of income and expenses must be calculated separately and never for the net effect of either, (5) Principle of relative importance: Accounting is recognized when relative importance in quantitative or qualitative terms is fairly presented.

Making financial reports based on the five principles above according to the accounting and finance section of the Claretian Congregation as an effort to prepare good information for decision making that leads to sustainable congregational finances. Good decisions based on this standardized financial report are expected to be able to make the Congregation achieve its goals for the welfare of the people, as well as improve the quality of the people's faith through various programs that have been announced. This implementation is consistent with the views of (Caba, n.d.; Delimatris, 2014; Jedrzejka, 2017; Tadele et al., 2018) which mention the importance of preparing information in transparency as important for decision making and the information needs of the main interest groups. The Congregation as part of the church needs to carry out the spiritual duties of the church. Spiritually the church is part of the Kingdom of God in the world, while the worldly aspect of the church is a formal organization consisting of Christians. In its service activities as an organization, the accountability of the church is very much needed. The church must have openness to the congregation, donors and other related parties who support the church's ministry. one of the church's accountability is through financial report information (Radianto, 2010).

CONCLUSION

The Claretian Congregation recognizes the importance of transparency. Transparency shows openness in carrying out all organizational activities to information disclosure. The application of transparency in the congregation corresponds to the 3 three main Claretian values namely Prioritizing group interests, Avoiding individualism and Referring to poverty. Furthermore, these 3 values are supported by Catholic values which refer to the welfare of the people and are centered on God.

It is believed in the accounting procedures regulated in the Congregation's General Accounting Plan that transparency is the gateway to justice and truth that is not only felt by individuals but shared as a group. All related parties, be it donors, partners or internal parties, can find out the update of the congregation's financial information through the balance sheet and profit and loss reports. With these guidelines and the two reports, stakeholders can find out how far the congregation's performance is and assess the suitability of the congregation's work with its procedures and objectives. Transparency has implications for the congregation's ability to realize Catholic values as a channel of blessing for others. Transparency realized in the accounting process in the congregation gave birth to the participation of all parties in achieving the Catholic mission in the congregation. The contribution of this research is that Catholic values reflected in congregational values are the basis for enforcing transparency in the accounting process, which in the business world is full of secular values.

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