

Implementation of Financial Management to Improve Education Quality Based on the 2020 Education Unit Accreditation Instrument at MI Al-Ikhlas Karawang

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ABSTRACT

This study aims to determine the implementation of financial management in improving the quality of education at MI Al-Ikhlas Karawang. This research focuses on how financial resources, especially BOS funds, are managed in accordance with the 2020 Education Unit Accreditation Instrument (IASP) standards. Descriptive qualitative research methods were used to provide an in-depth description of financial management practices at MI Al-Ikhlas Karawang. Data were collected through structured interviews with key stakeholders, including the principal, treasurer and teachers. These interviews provided insight into the financial decision-making process and resource allocation within the institution. The findings show that MI Al-Ikhlas Karawang relies solely on BOS funds as its main source of income. These funds are carefully allocated to support various educational activities, including the procurement of teaching materials, payment of staff salaries and maintenance of school facilities. The financial management practices observed ensure that the available resources are utilised efficiently to improve the quality of education provided. This study underlines the importance of strong financial management in achieving education quality. The effective utilisation of BOS funds has been instrumental in supporting school operational needs and educational initiatives. Recommendations include diversifying funding sources and improving

financial planning to ensure long-term sustainability and continuous improvement of education outcomes.

Keywords: *Financial management, education quality, education improvement.*

Introduction

Financing is one of the main factors in the process of achieving educational goals. With the right financing process, everything related to improving the quality of education will be achieved (Azhari & Kurniady, 2016). Through financing, educational institutions can easily improve and develop the quality of education in schools and provide the facilities and infrastructure needed by schools in order to meet the needs of teaching and learning activities at these educational institutions (Mulya, 2019).

Finance and financing is one of the resources that directly supports the effectiveness and efficiency of education management. Every educational institution is required to be able to plan, implement, evaluate, supervise and account for the management and allocation of funds transparently to the community and government. Schools have the authority to seek and utilise various sources of funds obtained according to their respective needs. Because in general, the world of education cannot be separated from limited funds or costs (Arifudin et al., 2017).

Based on Government Regulation of the Republic of Indonesia Number 19 of 2005 Article 62 on Financing Standards, education financing includes the following main components: 1) Education financing consists of investment costs, operating costs, and personal costs; 2) Education unit investment costs include the costs of providing facilities and infrastructure, developing human resources, and fixed working capital; 3) Personal costs include education costs that must be incurred by students to follow the learning process regularly and continuously; 4) Education unit operating costs include: a) honorarium for educators and education personnel and various allowances attached to salaries; b) purchase and duplication of consumable educational tools, materials, or equipment; and c) indirect education operational costs, such as power, water, telecommunication services, maintenance of facilities and infrastructure, overtime, transportation, consumption, taxes, insurance, and so on; 5) Education unit operating cost standards are determined by Ministerial Regulation on the proposal of the National Education Standards Agency (Faiza, 2020).

Mulyasa (2021) argues that the management of the financial component must be carried out properly and carefully starting from the stages of budget preparation, use, to supervision and accountability in accordance with applicable regulations so that all school funds are truly utilised effectively, efficiently, not leaking, and free from corruption, collusion and nepotism. In addition to Mulyasa, various experts and researchers have expressed their views on the importance of financial management in education. According to Nugroho & Tilaar (2009), education financial management should focus on transparency and accountability to prevent misuse of funds. Tilaar states that "transparency and accountability in the management of education funds are key to achieving higher education goals and ensuring that all funds channelled are used in accordance with their designation.

Gusnardi, 2019; Muhtar, Taufik, & Akil, 2021 also emphasised the importance of careful financial planning in educational institutions. He revealed that good financial planning allows educational institutions to allocate resources effectively, reduce waste and improve the quality of education. This is in line with the views of Brigham & Houston (2013) who emphasise that good financial planning and control can improve the operational efficiency of educational institutions. According to research conducted by Dewi & Sandora (2019) one of the main challenges in education financial management in Indonesia is limited resources and lack of financial management capacity at the school level. Dewi suggested that "improving financial management capacity through training and professional development is essential to improve the effectiveness of education fund management.

Effective financial management in educational institutions is essential for the provision of high-quality education (Masruri, Ali, & Rosadi, 2021). Financial management practices affect every aspect of the education process, from the procurement of teaching materials to the maintenance of facilities and the payment of staff salaries. This study examines the implementation of financial management practices at MI Al-Ikhlas Karawang, focusing on the use of BOS (School Operational Assistance) funds. The Education Unit Accreditation Instrument (IASP) 2020 provides a framework for evaluating these practices. Financial management in education involves planning, organising, directing and controlling financial activities to achieve educational goals. According to Brigham & Houston (2013) effective financial management ensures resources are allocated efficiently, thereby supporting the achievement of institutional objectives. In the context of educational institutions, this

translates into better educational outcomes, better resource allocation and improved institutional performance (Caldwell, 2016).

Previous research has highlighted the challenges and best practices in financial management in educational settings. For example, (de-Graft Aikins et al., 2012) emphasised the role of financial planning in ensuring the sustainability of education programs, while Buckland and Zajda (2020) discussed the impact of funding allocation on educational equity. In Indonesia, research by Suparman (2018) shows that transparency in school financial management can increase public trust in educational institutions. Meanwhile, research by Yuliani (2017) highlighted that many schools still face challenges in managing BOS funds effectively, mainly related to limited management capacity and lack of training for finance staff.

In addition, research by (Asqolani, 2022) found that although BOS funds have helped improve the quality of basic education, there are still obstacles in terms of reporting and accountability for the use of these funds. This study emphasises the importance of a more rigorous and transparent monitoring system to ensure that the funds are used as intended.

Angreyani et al's research (2024) also revealed that ineffective financial management is often caused by a lack of managerial skills and understanding of financial principles among school principals and administrative staff. Fitria recommended an ongoing training programme to improve managerial and financial capacity in schools. Despite this, there is still little research examining the specific practices and challenges faced by institutions that rely heavily on government funding, such as MI Al-Ikhlâs Karawang.

The urgency of research on the implementation of financial management to improve the quality of education based on the 2020 Education Unit Accreditation Instrument at MI Al-Ikhlâs Karawang grows from several important factors. First, the effectiveness of financial management in educational institutions is essential to ensure the optimal allocation and use of resources. In the context of MI Al-Ikhlâs Karawang, where resources are limited, strategic financial management can have a significant impact on the quality of education provided. Through research and application of best practices in financial management, this study aims to identify strategies to optimise educational outcomes with available financial resources. Secondly, the 2020 Education Unit Accreditation Instrument provides a comprehensive framework for assessing the quality of education units. By aligning financial management practices

with this accreditation instrument, MI Al-Ikhlas Karawang can ensure compliance with the set standards or even exceed them, thereby improving their accreditation status. This has the potential to increase the level of trust from the various parties involved, including parents, communities and education authorities. Thirdly, this research contributes to the broader goal of improving the education sector in Indonesia. By focusing on financial management as a key to quality improvement, the results of this study can provide insights and models that can be adopted by other educational institutions. This could potentially contribute to a more systematic and sustainable approach to improving the quality of education in different regions, even up to the national level.

As competition and expectations in the education sector increase, educational institutions must continuously improve their practices to remain relevant and effective. This research is very important because it offers strategies that MI Al-Ikhlas Karawang can implement to remain competitive and provide high-quality education services, which will ultimately benefit the students and the community served. This research aims to fill that gap by providing a detailed examination of financial management practices at MI Al-Ikhlas Karawang. With a focus on the utilisation of BOS funds and adherence to IASP standards, this study aims to provide insights into how financial management can be optimised to improve the quality of education. The findings from this study will contribute to the broader discussion on education financing and quality improvement and provide practical recommendations for policy makers and education administrators.

Methods

This study used a qualitative descriptive method to explore financial management practices at MI Al-Ikhlas Karawang, which is suitable for gaining in-depth insights into complex processes and practices (Creswell & Poth, 2016). Data were collected through structured interviews with the principal, treasurer, and teachers, as well as analyses of financial documents such as financial records, budgets, and expenditure reports, to obtain detailed information on financial decision-making, allocation of BOS funds, and challenges faced in financial management. Participants were selected based on their roles and responsibilities to ensure the relevance and completeness of the data collected. Data were analysed using thematic analysis, which involves the steps of data familiarisation, initial coding, searching for themes, reviewing themes, defining and naming themes, and report writing, allowing the researcher to identify

and report patterns in the data in detail (Sugiyono, 2016).

Results and Discussion

Budget Planning and Allocation

The budget planning process at MI Al-Ikhlâs Karawang is highly structured and involves various stakeholders. This institution follows a systematic approach to budgeting that consists of several important steps. At the beginning of the school year, the principal and treasurer conduct a needs assessment to identify the school's financial needs. This stage includes consultations with teachers to determine the resources needed for teaching and learning activities. Interviews with the principal indicated that the needs assessment process is crucial to ensure that all important school needs are identified early and can be accommodated in the budget.

Based on the needs assessment, a draft budget is then prepared. This draft budget is not prepared unilaterally but is reviewed and revised through discussions with stakeholders, including teachers and administrative staff. After going through an in-depth revision and discussion process, the budget is then finalised and approved by school management. The school treasurer explained that each budget revision is discussed in detail to ensure that the allocation of funds reflects the school's top priorities. The approved budget is used to allocate funds to various activities and departments. Top priority is given to important areas such as procurement of teaching materials, payment of staff salaries and maintenance of school facilities. The teachers interviewed stated that the proper allocation of funds greatly supports the smooth running of the teaching and learning process, ensuring that they have adequate teaching materials and facilities.

This structured budget planning process ensures that financial resources are allocated efficiently and transparently. This approach implemented by MI Al-Ikhlâs Karawang is in line with the best practices in financial management outlined by Brigham and Houston (2019). Thus, this approach not only supports the achievement of educational goals but also improves the accountability and transparency of school financial management. The budget planning process at MI Al-Ikhlâs Karawang reflects a commitment to efficiency and accountability. Through in-depth needs assessment, active participation of stakeholders and appropriate allocation of funds, the school is able to create a conducive learning environment. By adopting a systematic and transparent approach, MI Al-Ikhlâs Karawang can ensure that every budgeted dollar provides

maximum benefit to the entire school community.

Expenditure Monitoring and Control

MI Al-Ikhlas Karawang has implemented a robust system for monitoring and controlling expenditure. Key aspects of this system include various procedures and measures designed to ensure efficient and transparent use of funds. One of the key steps is the preparation of monthly financial reports by the treasurer. This report is then reviewed by the principal and school management. The monthly financial report provides detailed information on income and expenditure, which enables continuous monitoring of the financial status of the institution. The principal stated, "The monthly financial reports are very helpful in monitoring expenditure and ensuring that all funds are utilised as planned."

In addition, periodic internal audits are conducted to ensure compliance with financial policies and procedures. These audits help identify discrepancies or irregularities in financial transactions, ensuring accountability and transparency. One of the internal auditors revealed, "Internal audits are important to maintain the financial integrity of the school and ensure that all procedures are followed correctly." Through internal audits, MI Al-Ikhlas Karawang can ensure that every financial transaction is carried out in accordance with established policies.

All expenditures at MI Al-Ikhlas Karawang are reviewed and approved by the principal before funds are disbursed. This review process ensures that each expenditure is in accordance with the approved budget and that funds are used for their intended purpose. A teacher stated, "Every expenditure must be approved by the principal, this ensures that funds are used wisely and in accordance with school priorities." With this procedure in place, the school can ensure that every expenditure has a clear justification and supports operational needs and the planned education programme. The practice of monitoring and controlling expenditure at MI Al-Ikhlas Karawang is in line with the principles of good financial management, as discussed by Caldwell (2016). These practices include various measures designed to improve the efficiency and effectiveness of fund management and ensure that financial resources are used optimally. The principal and school management regularly review financial reports and audit results to identify areas that require improvement and ensure that financial policies are properly implemented.

The expenditure monitoring and control system at MI Al-Ikhlas Karawang demonstrates the school's commitment to good financial

management. By implementing strict procedures for financial reporting, internal auditing and expenditure approval, the school can ensure that every fund is used effectively to support the quality of education. This approach not only increases transparency and accountability but also provides a solid basis for good decision-making regarding the use of financial resources.

Challenges in Financial Management

Although effective financial management practices have been observed, MI Al-Ikhlâs Karawang faces several challenges, one of the main challenges being the delay in the distribution of BOS funds from the government. This delay affects the timely implementation of planned activities and creates financial uncertainty for the institution. The principal mentioned, "Delays in the distribution of BOS funds often disrupt planned activities and create uncertainty in financial management." The institution relies heavily on BOS funds as the main source of income. This dependence on a single source of funds limits the institution's financial flexibility and makes it vulnerable to fluctuations in government funding. The treasurer explained, "Dependence on BOS funds makes us vulnerable in the event of policy changes or delays in the distribution of funds." There is a need for capacity building in financial management for staff involved in financial activities. Providing training and professional development opportunities can enhance their capabilities and improve overall financial management practices. Teachers stated, "Additional training in financial management would really help us in managing funds more effectively."

This research underlines the importance of effective financial management in improving the quality of education at MI Al-Ikhlâs Karawang. Good management of BOS funds has played an important role in supporting various aspects of school operations. However, to achieve long-term sustainability, efforts are needed to diversify funding sources and improve financial management capacity. Diversification of funding sources to reduce dependence on BOS funds is necessary. By developing various funding sources, schools can achieve greater financial stability and reduce the risks associated with fluctuations in government funds.

Increased financial management training for school staff to ensure best practices are implemented is an important step. This training will help improve managerial capacity and ensure that good financial management practices are implemented in schools. Strengthening the supervision and accountability system to ensure transparency in the use

of funds is key to building trust from all stakeholders. A strong oversight system will help ensure that funds are utilised in accordance with the set objectives.

Developing a long-term financial plan to support the sustainability and improvement of education quality will help schools to better plan and manage financial resources. Long-term financial plans will enable schools to be more proactive in addressing financial challenges and capitalising on opportunities. This research provides valuable insights for policymakers and education administrators in managing financial resources to improve education quality. The findings can form the basis for developing better financial management strategies in Indonesian schools, thereby supporting the achievement of higher and sustainable educational goals.

The findings of this study highlight the importance of strong financial management practices in improving education quality at MI Al-Ikhlas Karawang. Effective utilisation of BOS funds and a structured budget planning process are key factors in achieving educational goals. However, the challenges identified in this study emphasise the need for continuous improvement in financial management practices.

Implications for Practice

1. This research provides some implications for practice

Diversifying funding sources is an important strategy for MI Al-Ikhlas Karawang to reduce dependence on School Operational Assistance (BOS) funds. One of the steps that can be taken is to seek alternative funding sources such as grants, donations and partnerships with private organisations. By seeking and utilising various funding sources, schools can achieve greater financial stability and flexibility. For example, establishing partnerships with local companies or non-governmental organisations can open up new funding opportunities that can be used to support innovative programmes in schools.

Diversification is not just about increasing the number of sources of income, it is also about creating a wider network of support for the school. With support from various parties, schools can develop more sustainable and diverse programmes. For example, grants from philanthropic organisations or donations from alumni can be used to upgrade school facilities or purchase more sophisticated educational equipment. Similarly, partnerships with the private sector can provide various benefits such as internship programmes for students or training for teachers.

With support from various parties, MI Al-Ikhlas Karawang can develop programmes that are more innovative and in accordance with the needs of the community. For example, the scholarship program for outstanding but financially underprivileged students can be improved with donations from individuals or organisations. In addition, cooperation with technology companies can help the school improve the digital literacy of students and teachers, as well as introduce more modern and interactive learning methods.

Diversifying funding sources also allows schools to be more responsive to changing needs and challenges. When one source of funding declines, schools still have reserves from other sources to keep critical programmes going. For example, in emergency situations or economic crises, support from private donors or international organisations can be a lifesaver for school operations.

The strategy of diversifying funding sources provides many benefits for MI Al-Ikhlas Karawang. In addition to improving financial stability, this diversification also expands the support network and increases the school's capacity to develop higher quality education programmes. Thus, it will make a significant contribution in improving the quality of education provided to students, as well as ensuring the sustainability and financial independence of the school in the future.

2. Improving the Financial Planning Process

Improving the financial planning process at MI Al-Ikhlas Karawang can help anticipate financial needs and allocate resources more effectively. One important step is to develop contingency plans to address delays in the disbursement of BOS funds and other financial uncertainties. With an emergency plan in place, schools can have a reserve of funds ready to be used in urgent situations, so that operations and teaching and learning activities can continue to run smoothly despite delays or funding shortages.

A better planning process can also help identify and prioritise school needs more accurately. In this regard, the participation of various stakeholders, including teachers, administrative staff and school committees, is crucial. By involving them in the planning process, schools can ensure that the allocation of funds is more targeted and in line with the real needs on the ground. For example, if there is an urgent need to update laboratory equipment, this can be identified and prioritised in the annual budget plan.

Regular evaluation of the use of funds is also an important

component of a good financial planning process. This allows the school to assess the effectiveness of each expenditure and ensure that funds are utilised efficiently. The principal and treasurer can hold regular meetings to review financial reports and evaluate the impact of each expenditure on teaching and learning activities. In this way, the school can identify areas where wastage occurs and take steps to address them.

In addition, regular evaluations also help refine existing financial policies and implement necessary changes in a timely manner. For example, if it is found that some budget items are always over- or under-budgeted, the fund allocation policy can be adjusted to better reflect actual needs. This not only improves the efficiency of the use of funds but also ensures that every expenditure has the maximum positive impact on the school.

Improving the financial planning process at MI Al-Ikhlâs Karawang will contribute significantly to the school's financial stability and efficiency. By developing contingency plans, better identifying and prioritising needs, and conducting regular evaluations of the use of funds, the school can manage its financial resources more effectively. These measures will ensure that available funds are used to support teaching and learning activities and improve the quality of education provided to students.

3. Capacity building for financial management

Providing training and capacity building for staff involved in financial management can enhance their skills and improve overall financial management practices. This can include workshops, seminars and professional development courses on financial management in educational settings. Such training will not only improve the efficiency of fund management but also increase accountability and transparency in the use of funds. The training should also cover the information technology aspects of financial management. By using the right financial management software, staff can more easily track and report expenses, reduce the risk of errors and improve work efficiency. The utilisation of this technology can also help produce financial reports that are more accurate and easily accessible to all stakeholders.

The findings of this study are consistent with previous research on financial management in educational institutions. For example, Aikins and Anie (2012) emphasise the role of financial planning in ensuring the sustainability of educational programmes. Their research shows that good financial planning can help educational institutions manage

resources more effectively and efficiently. This finding underscores the importance of a well-thought-out and systematic planning process in maintaining the viability and sustainability of education programmes.

Similarly, Buckland and Zajda (2020) discuss the impact of funding allocation on educational equity, highlighting the importance of effective financial management in achieving educational goals. They found that proper allocation of funds can help reduce educational disparities between different socioeconomic groups. This suggests that by managing funds appropriately and fairly, educational institutions can improve access and quality of education for all students, regardless of their economic background.

Research by Adams and Wagle (2021) highlights the financial challenges faced by educational institutions in developing countries and emphasises the need for better financial management practices to address these issues. They point out that financial challenges can negatively affect the quality of education if not properly addressed. This finding is in line with the research findings at MI Al-Ikhlâs Karawang, which show that good financial management is key to improving the quality of education and overcoming existing financial challenges.

In addition, Dewi and Sandora's (2019) research also shows the importance of transparency in education fund management. They found that transparency can increase public trust in educational institutions and encourage active participation from various stakeholders. This research emphasises the need for clear and accessible financial reports as part of efforts to improve transparency. With good transparency, MI Al-Ikhlâs Karawang can build greater trust from the community and other stakeholders, which in turn can support school sustainability and development.

The results of this study are in line with those findings, which show that good financial management is key to improving the quality of education at MI Al-Ikhlâs Karawang. By implementing effective, transparent and fair financial management practices, schools can ensure optimal use of resources to support teaching and learning activities and achieve higher educational goals. This research confirms that good financial planning, proper allocation of funds and transparency in financial management are key components in creating a quality and sustainable educational environment.

Conclusion

This research provides valuable insights into the financial management

practices at MI Al-Ikhlas Karawang and their impact on the quality of education. Effective utilisation of BOS funds and a structured budget planning process are key factors in improving education quality. However, challenges such as delays in fund disbursement and limited financial resources need to be overcome to ensure continuous improvement in education outcomes. Diversifying funding sources, such as grants, donations and partnerships with private sector organisations, can help institutions secure more resources and reduce the risk of dependence on a single source. Better financial planning processes and training for financial management staff will improve the efficiency and accountability of fund management, so MI Al-Ikhlas Karawang can continue to improve its financial management practices and sustainably improve the quality of education.

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