

ABSTRACT

This Thesis title is "Stabilization of Role and Practice Consistency of Internal Control Structure and Assessment Criteria on Financial Performance of the Lembaga Perkreditan Desa (LPD) in Volatility Environment" all of Kuta sub district (South Kuta, Middle Kuta and North Kuta) of Badung Regency, what aim to: 1) revealing and settling the role and practice consistency of the internal control structure, and 2) revealing the factors that determine the assessment criteria on financial performance of the LPD, in line with and its purpose and its function as rural monetary institute and as medium institute of finance for weak economic faction in rural.

In this research method using the qualitative approach with the study case as a methodologies developed by Robert K. Yin that is: multi of case study representing strategy of empiric research, investigating a phenomenon in real life by exploiting various evidence source, to reply the question "how and why". Procedure of data collecting conducted by using interview, observation participan and documentation as according to research background as its subject that is, 23 LPDs all of Kuta sub district.

The analysis result of the LPDs internal control structure conclude that, practice consistence of internal control structure has not yet function well or still weak, this is seen from the human resources that is still low in its field and that there are trap of duty and function, although the LPD observed own the manual of internal control structure.

In the effort settling role and practice consistency of the LPDs internal control structure, as a rural financial institution (microfinance) which is self-supporting and being reliable in managing of mobility of countryside society fund (Krama Desa), hence require to be paid attention to by furthermore issue that is: 1) improvement of human resource role by executing continually profesional education, which through formal education and non formal (in house training) what more effective, 2) increasing the role of the LPD organization, because organization chart reflecting the duty division, coherent and clearer authority and responsibility, 3) increasing the role of construction and supervisor of LPD, 4) increasing the role of LPD financial reporting system and 5) forming of The auditing committee.

The analysis results on the LPDs assessment criteria on financial performance conclude that:

1. Impact of CAMEL criteria on the LPDs viability and performance assessment, will give less be realistic effect on aspect of performance, self sufficiency and sustainability of LPD because: 1) bringing the implication of work culture changing, organization structure, legality, accounting system changing, and increasing burden which are hard to adapt by most of the LPD, 2) it does not push the LPD effectively, according to its purpose and its function as a rural financial institution, which serve the weak economic faction society in rural, so that the assessment result of the viability level by using CAMEL criteria is estimated will giveless viability level to most of the LPD, because it does not fulfill the criteria of productive assets quality and management quality, 3) it does not pay attention and does not access on the amount of depositor, lender, creditor and the potency either by the law of banking or the authority of Indonesian banking, while LPD represent the business that belong to the countryside society (Krama Desa) which is arranged by the Bali Province Policy and relevant with countryside rules (awig-awig).