


Analysis of the internal control system for cash receipts and disbursements

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Article Info	ABSTRACT
Keywords: System, Internal Control, Receipts, Expenditures, Cash	This research describes implementing the internal control system for cash receipts and disbursements at the Purba Adhika Foundation. This research method uses primary data with observation, interview, and documentation data collection techniques; the analysis technique used in the research is qualitative description techniques. The Purba Adhika School Foundation is a special needs school that operates in education services. The results of this research found that the cash control system at the Purba Adhika Education Foundation still needs to be more effective and efficient. This can be seen by the absence of a financial function that regulates cash control, and financial reports are still centered on the Foundation. They have not been managed at each Purba Adhika School and still need to be fully managed. They are Using a computerized system.
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INTRODUCTION

In making economic decisions, users need to evaluate the company's ability to generate cash and cash equivalents and the certainty of their acquisition. Users of financial statements want to know how the company generates and uses Cash and cash equivalents[1][2]. Companies need Cash to conduct business, pay off obligations, and distribute dividends to investors[3], [4].

Statement of Financial Accounting Standards no. 2 [5] regarding cash flow states that information about a company's cash flow is helpful for users of financial statements as a basis for assessing the company's ability to generate cash and cash equivalents and assessing the company's need to use these cash flows. As explained in PSAK no. 2 paragraph 05, Cash consists of cash balances (Cash on hand) and checking accounts. *Cash equivalents* are very liquid, short-term investments that can quickly be turned into Cash in a certain amount without facing the risk of significant changes in value. Cash flow is the inflow and outflow of Cash or cash equivalents.

Company receives Cash mainly through sales of products/services, sales of other assets, loans, and receipts from capital investments of company owners. On the other hand, companies use Cash to pay current operating costs (for example, wages, utilities, taxes), to purchase additional buildings, land and, expand other operations to repay loans and pay owners' profits on investments that have been made[6][7].

It is no exception that activities in an institution or school require a system to organize an activity. The system must suit the needs of an institution or school. The system must also be able to manage data into information; a system for managing data requires supporting facilities to help manage data quickly, and the resulting reports that a school or institution requires require an accounting information system [8][9][10]. As we know, the role of finance is vital, so it is necessary to develop and create a system of recording and managing financial data so that undesirable things that give rise to fraud in institutions or schools do not happen. To create an accounting information system that is effective, easy, and quickly produces the required financial report information [11][12][13].

The financial flow report can be seen from the cash receipts and cash disbursements book at an institution or school, which is produced weekly, monthly, and annually; at the end of the month, in the cash flow financial report, there is operational information about cash disbursements at an institution or school. The author conducted research at Purba Adhika School in the administration and treasurer section because the administration is tasked with creating and presenting data on school operations, personnel, and students while the school treasurer makes financial reports[14][15][16].

The operational system for cash receipts and disbursement operations at Purba Adhika School in preparing reports is done manually using Microsoft Excel. Cash is an essential component in smoothly running a company's operational activities. Due to the liquid nature of Cash, Cash is easily disorganized in an activity, so internal control of Cash is needed by separating the functions of storage, implementation, and recording. Apart from that, strict supervision is also carried out over cash receipts and disbursements because, without internal control, it is easy for undesirable things to happen or for Cash to be embezzled.

To create reasonable internal control, management must determine the responsibilities assigned to it. If the formulation of responsibilities needs to be clarified and an error occurs, finding out who is responsible for adequate procedures to protect cash disbursements is difficult. In designing these procedures, three main internal control principles should be considered. Namely, there must be an appropriate separation of duties so that officers responsible for handling cash transactions and storing Cash have different duties than recording cash transactions; there must be a separation of Cash, which should be deposited in full to the bank. Daily. All cash disbursements should use checks or receipts, except for small expenditures where it is possible to use Cash through petty Cash.

To monitor cash receipts and disbursements, all cash receipts and disbursements must be made by check, except for small expenditures; it is possible to use Cash, namely through petty Cash. If the authority to sign checks is delegated to a designated employee, that employee can record cash transactions. This is to prevent fraud in cash disbursements that are not visible in the accounting records. The procedures used are also inseparable from using an accounting system in cash receipts and disbursements, where several people carry out the operations of cash receipts and disbursements; of course, professional management is needed so that educational institutions can continue to run. With the increasing development of educational institutions, between leaders (principals) and

subordinates (employees), there is usually a separation of duties and authority and cooperation between leaders and subordinates whose role is to manage cash receipts and disbursements.

Educational institutions whose role is to guide their students to achieve a good education and lead to success in each of their goals or dreams also require management in cash receipts and disbursements. This is to maintain the cash flow in educational institutions and minimize the occurrence of undesirable things in educational institutions. It requires a tool, namely the internal control system in educational institutions.

Purba Adhika School is an educational institution that operates in the elementary and high school education sector. Where you have a vision and mission to achieve. As an organization, the Adhika Ancient School has Cash. Cash is essential in supporting the achievement of the vision, mission, and goals. Therefore, Purba Adhika School requires an effective internal cash control system. To protect Cash and ensure the accuracy of cash accounting records. This is necessary to prevent cash misuse at Ahdika Primitive School.

METHOD

This research was conducted at the Purba Adhika School, an inclusive school under the Purba Adhika Foundation, where this foundation serves regular education programs and education programs for children with special needs (ABK). Adhika Ancient School is located at Jl. Karang Tengah I No. 31 City of South Jakarta. Moving to the education sector, this school accepts students with special needs and must receive special and intensive treatment.

Research that analyzes the internal control system for cash receipts and disbursements of the Purba Adhika Foundation begins with a comparative analysis of the research object with a comparison concept in the appropriate process in the internal control system for cash receipts and disbursements that is implemented and then the researcher tries to adapt and combine various methods. The author used several methods to obtain data, including documentation, interviews, and observation.

Furthermore, the author uses a qualitative descriptive research method because this research aims to obtain answers related to someone's opinions, responses, or perceptions, so the discussion must be qualitative or use descriptive words. Furthermore, qualitative data analysis, according to Moloeng[17], is an effort carried out by collecting data, organizing assets, then selecting data that can be managed, synthesizing it, and searching for and finding patterns to be conveyed to others. Descriptive research with a qualitative attitude is research about the status of the research object, which relates to a specific phase typical of the whole person. Exploratory studies of a theoretical nature are also carried out based on considerations to obtain more competition on the problem in question.

FINDINGS AND DISCUSSION

Cash Receipts Internal Control System

The procedure for receiving school building fees starts with the parents of students who come to pay school fees to the administrative staff of the school treasurer unit (cashier),

then the school treasurer records it in the building payment book and makes a payment receipt. The procedure for receiving student tuition fees begins with the student's guardian, who comes to pay the school fees by handing over the school fee card to the administrative staff of the treasurer unit. Then, the administrator records it in the student's tuition book, fills in the school fee card, signs it, and gives it back to the student as proof that it has been paid. Pay. At the end of the month, the school treasurer makes a report on school payments and prepares a financial report. Since the pandemic, student parents have been advised to transfer directly to a bank account in the name of the Foundation; then, student parents send proof of the transfer to the school treasurer, and the school treasurer produces a receipt.

Furthermore, it relates to receipts from Student Activity Fees, which apply to preparatory and high school classes. What is meant by this activity is something like a study tour or activities held at school, namely activities in the culinary class, music class, and art class. The cash payment procedure for activity money starts with the student's parent coming to pay the school fees by handing over the school fee card to the administrative staff of the school treasurer unit. Then, the school treasurer records it in the student's SPP book, fills in the school fee car, signs it, and gives it back to the student as Prof. They have paid. At the end of the month, the school treasurer makes a recapitulation report on receipts from student activity money to be submitted to the foundation treasurer to make a financial report.

Internal control of cash receipts concerns functions related to cash receipt activities at the Purba Adhika Foundation. This relates to the separation of functions and physical control of foundation assets in the form of cash. Purba Adhika Foundation implements control over administrators and physical cash control as part of their financial management process. Control over administrators includes producing proof of cash receipts with receipts signed by the school treasurer and acknowledged by the school principal for each cash receipt. However, there is no separation of officers in cash receipts, which come from various sources such as student building fees, student tuition fees, and student activity fees, all of which are received directly by the school treasurer.

In addition, physical control of cash is carried out by creating proof of cash receipts based on cash documents such as receipts, which are then stored and archived in date order with initials from authorized officials. The results of the physical receipt of cash or savings are deposited by the school treasurer into a bank account in the name of the Foundation periodically every week to facilitate checking the cash book by the foundation treasurer.

Documents used in cash receipts include receipts and journals. Receipts are used as proof of transactions to record outgoing and incoming cash but do not include the authorized party in the signature column. Meanwhile, the journal functions as a link between transaction documents and the ledger, although the Purba Adhika Foundation still uses records with a single-entry system and has not implemented account codes, so it cannot be posted to the ledger with the correct account classification.

Based on a comparison between the implementation of internal control in the cash receipts and disbursements system of the Purba Adhika Foundation with the internal control criteria according to expert Mulyadi, several findings can be concluded:

1. Although the Purba Adhika Foundation makes deposits to the bank on behalf of the Foundation periodically once a week, this practice is not by internal control principles, which recommend that cash deposits be made to the bank by the next day after cash receipt. This could increase the risk of misappropriation or inappropriate use of cash outside of school transactions.
2. Although the Purba Adhika Foundation records cash receipts and disbursements in a cash book and records them in Microsoft Excel, this is recommended practice, indicating that computerized and manual recording is working well.
3. Regarding separating duties and responsibilities between cash receipts and recording, the Purba Adhika Foundation has implemented this practice well. The foundation treasurer, as cashier, is responsible for recording cash receipts and disbursements, while the accounting function is responsible for periodic cash calculations to check the accuracy of cash records.
4. Purba Adhika Foundation uses forms with printed serial numbers, demonstrating consistency in internal control practices with recommended principles.

Based on the results of the analysis, it can be concluded that although several aspects of internal control in the cash receipts of the Purba Adhika Foundation are running well, there are weaknesses in terms of cash deposits to banks, which are made periodically and the lack of serial numbers printed on cash receipt documents. This shows the need for improvement in implementing internal control practices to minimize the risk of misappropriation and inappropriate use of cash.

Cash Disbursement Internal Control System

The cash disbursement procedure at the Purba Adhika Foundation is divided into two parts, namely purchasing/renting and payroll. For purchases/rentals, every activity at the school that requires funds from the Foundation's treasury requires a request for funds submitted by the school treasurer, especially if the funds required are significant. This funding request must be accompanied by a proposal or detailed budget approved by the chairman of the Foundation. Once approved, the foundation treasurer provides the money according to the amount requested and records it in the cash disbursement receipt. Disbursement of funds for purchasing stationery or small nominal needs uses money from the school treasurer first, then applications for reimbursement funds are made to the Foundation. After completing the activity, the party who took the cash must make an accountability report as a document.

Meanwhile, employee payroll procedures include recording attendance time every morning with manual attendance, basic salary adjusted to the employee's length of service, position, and education level, as well as meal allowances given along with the basic salary. After the attendance recap and salary calculations are done manually, the results are transferred to Microsoft Excel for making payroll reports. After approval by the principal, the treasurer carries out the process of transferring salaries to each employee's account.

Internal control of cash disbursements is carried out by appointing officials authorized to initial each proof of cash disbursement, namely the chairman of the Foundation and the treasurer. Cash can only be released after obtaining approval from the chairman and the treasurer's signature. Every cash disbursement must be recorded on time, accompanied by proof of cash disbursement that has been initialed by an authorized official, and accompanied by an accountability sheet.

Documents used in cash disbursements include receipts and journals. Receipts are used as proof of transactions to record outgoing and incoming cash, while journals link transaction documents and the general ledger. However, journals still use records with a single entry that needs to add account codes, so they cannot be posted to the ledger with the correct account classification.

Based on a comparison between the implementation of internal control in the cash disbursement system of the Purba Adhika Foundation and the internal control criteria according to expert Mulyadi, the following findings can be concluded:

1. Purba Adhika Foundation manually records cash receipts and disbursements using Microsoft Excel and the practices recommended by expert Mulyadi, indicating that computerized and manual recording has worked well.
2. Every cash expenditure at the Purba Adhika Foundation must first obtain approval from the authorities, reflected in the fund application process carried out by the school treasurer. Proposals made by the school treasurer are submitted to the school principal for approval before being submitted to the foundation treasurer for the funding application process. This is done by the internal control principle, which emphasizes approval before making cash disbursements.
3. Even though the Purba Adhika Foundation does not use forms with printed serial numbers for cash disbursement documents, the existing procedures have been implemented well. However, this deficiency can increase the risk of fraud and fraud because it is easier to manipulate transaction documents without a printed serial number.

Based on the results of the analysis, it can be concluded that although the internal control activities for cash disbursements at the Purba Adhika Foundation have been running well and the procedures have been carried out correctly, deficiencies in the absence of serial numbers printed on cash disbursement documents can increase the risk of misappropriation and fraud. Therefore, it is recommended that the Purba Adhika Foundation consider using forms with printed serial numbers to increase control and security in their cash disbursement system.

CONCLUSION

The internal control of cash receipts is running quite well, and the duties and responsibilities of each can be carried out appropriately; it is just that there is a weakness in cash control, namely that the school treasurer periodically deposits cash once a week into an account in the name of the Foundation. This could result in misappropriation or inappropriate use of cash outside of school transactions. Regarding cash receipt documents

that do not contain a printed serial number, only the date when the transaction occurred, this can easily lead to a risk of fraud internal Control System for Cash Disbursements. Based on the results of the discussion, the internal control activities for cash disbursements at the Purba Adhika Foundation have been running well; the existing procedures have been carried out sequentially and correctly; it is just that there is no printed serial number, which could result in fraud against staff outside of school transactions.

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