

# Analysis of Acceptance and Cash Expenditure Accounting Information Systems to Improve Internal Control in LP3I Sidoarjo

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**Keywords:** accounting information systems, cash acceptance, cash disbursements, internal controls

**Abstract:** Cash is important in every company transaction. Because cash is the most easily distorted object, given its nature is the most valuable asset, its small form, can be transferred quickly and needed by everyone. Usually, cash is easily distorted when cash transactions occur. This study aims to determine the accounting information system of cash receipts and expenditures and how accounting information systems have been effective as providers of information in internal control. The object of this research is LP3I Sidoarjo. This research was conducted by analyzing the accounting information system of cash receipts and expenditures on internal controls and reports produced. This research uses descriptive qualitative analysis method. The results showed that the accounting information system of cash receipts and expenditures was effective because there was sufficient separation of functions, namely between the functions of receiving, storing, recording and disbursing cash that was separated by providing these functions to different people. It's just that in cash receipts there is no deposit of cash to the bank by the cashier so that it can result in acts of misuse of cash.

## 1 INTRODUCTION

In every profit-oriented and non-profit-oriented company, cash is the smoothest asset. Cash is the most active asset for a company compared to other assets owned by the company. Where almost all company transactions will eventually affect cash, whether it involves receipts or cash disbursements. Cash and cash equivalents are investments that are highly liquid, are short-term and can quickly be converted into cash in a certain amount without having to face the risk of significant changes in value (Suharli, 2006: 173). According to the Statement of Financial Accounting Standards, Cash consists of cash on hand and cash equivalent accounts are investments that are highly liquid, short term and which can quickly be made into cash in a certain amount without facing the risk of significant changes in value.

A company leader requires several control policies and procedures to be able to supervise employees and lead the company. In addition, company leaders can directly oversee the transactions that occur. Thus the development of the company will increase the complexity so that it is increasingly difficult for management to conduct

supervision of the tasks and all stages of operations because the transactions that occur more and more problems and problems that arise increasingly complex. In dealing with this situation, the leader needs a special tool in the form of a good accounting system to keep the company's activities running smoothly and achieving goals effectively at a cost that is quite efficient

Sufficient cash inventory, the company will operate smoothly, especially in cash disbursement activities which include the purchase of goods and services, owning assets, paying debts, financing operations and other activities. In company assets, cash is both directly and indirectly and is the basis for measuring and recording all transaction data. In the presentation of the balance sheet, cash is usually listed in the first order of estimation which is a current asset because cash can be used without requiring a long time.

The accounting information system of cash receipts and expenditures is an important part of the accounting cycle used by a company as a means of supporting operational activities. The existence of good management of cash receipts and disbursements will provide convenience in processing transactions so that a cash receipt and

expenditure system is needed that can facilitate the flow of information on a transaction. And a monitoring system is needed for the implementation of accounting information systems in the form of supervision of the internal control system. Good internal control of cash requires adequate procedures to protect cash receipts and disbursements. The procedures used to supervise cash can vary from one company to another. This depends on various factors, such as the size of the company, number of employees, cash sources, and so on.

LP3I is an Indonesian Professional Education and Development Institute in Sidoarjo that cannot be separated from cash receipts and disbursements transactions. Monthly student payments are relatively paid in cash so the company has a very high cash flow. The movement of cash in and out of cash occurs rapidly in large volumes. For this reason, it is necessary to have a mutually supportive relationship between the cash receipt function and the cash disbursement function to produce information needed by the company. In addition, adequate internal control is also needed for each cash receipt and expenditure activity.

## 2 LITERATURE REVIEW

### 2.1 Accounting Information System

The cash accounting system consists of methods and records created to identify, collect, analyze, classify, record and report transactions related to cash during an accounting period. The cash accounting system is designed to handle cash receipts and disbursements. An accounting information system is the organization of forms, records, and reports that are coordinated in such a way as to provide financial information needed by management to facilitate the management of the company (Mulyadi, 2013: 3). Baridwan (1998: 6) states: The accounting information system consists of forms, records, procedures and tools used to process data regarding an attempt at an economic error in order to generate feedback in the form of reports that management is required to oversee its businesses and other interested parties such as shareholders, creditors, and government agencies to assess the results of operations. From this definition it can be seen that the accounting information system is a collection of activities such as recording transactions, classifying, processing, summarizing, analyzing and reporting information that is useful for carrying out activities and objectives of a company.

### 2.2 Cash Receipt Accounting Information System

The company's cash receipts come from two main sources: cash receipts from cash sales and cash receipts from receivables. (Mulyadi, 2013: 462),

#### 1. Accounting Information System Cash Receipts from Cash Sales

According to Mulyadi (2013: 470), internal control elements that should be in the Cash Receipt Accounting System from cash sales are:

##### 1) Organization

1. The sales function must be separate from the cash function. The sales function which is an operating function must be separated from the cash function which is a storage function. This separation results in each cash receipt from cash sales being carried out by two functions that check each other.
2. The cash function must be separate from the accounting function. Based on the elements of a good internal control system, the accounting function must be separated from the operating functions and storage functions. This is intended to safeguard the company's wealth and ensure the accuracy and reliability of accounting data.
3. Cash sales transactions must be carried out by sales functions, cash functions, shipping functions, and accounting functions. There are no cash sales transactions that are carried out completely by only one function. With the implementation of each cash sale transaction by various functions, there will be an internal checking of each of these functions by other functions.

##### 2) Authorization System and Recording Procedure

Authorization System and Registration Procedure in Cash Receipt Accounting System from cash sales, namely:

1. Receipt of orders from buyers is authorized by the sales function using the cash sales invoice form.
2. Cash receipts are authorized by the cash function by affixing a "paid off" stamp on the cash sales invoice and attaching the cash register ribbon to the invoice.
3. Sales with a bank credit card are preceded by an authorization request from the credit card issuing bank.

4. The delivery of goods is authorized by the shipping function by affixing the stamp "already submitted" on the cash sales invoice.
5. Recording into accounting records must be based on source documents attached with complete supporting documents.
6. Recording into accounting records must be carried out by employees who are authorized to do so.

### 3) Healthy Practices

1. A cash sales invoice numbered is printed and its use is accounted for by the sales function.
2. The amount of cash received from cash sales is fully paid to the bank on the same day as the cash sales transaction or the next business day.
3. Calculation of cash balances in the hands of the cash function periodically and suddenly by the internal audit function.

### 2. Accounting System for Receiving Cash from Receivables

The accounting system for cash receipts from accounts receivable consists of:

#### 1. Related functions

The accounting system for cash receipts from receivables has five related functions, namely (Mulyadi, 2013: 487):

##### 1) Billing function

If the company collects receivables directly to the debtor through the company collector, the collection function is responsible for collecting the debtors of the company based on the list of billed receivables made by the accounting function.

##### 2) Cash function

This function is responsible for receiving checks from the billing function (if cash receipts from accounts receivable are carried out through company collectors). The cash function is responsible for depositing cash received from various functions immediately to the bank in full amount.

##### 3) Accounting function

The accounting function is responsible for recording cash receipts from accounts receivable into the cash receipts journal and decreasing receivables into the receivable card.

##### 4) Internal checker function

In the cash receipt system of accounts receivable, the internal audit function is

responsible for carrying out the cash calculation that is in the hands of the cash function periodically. In addition, the internal audit function is responsible for conducting bank reconciliation, to check the accuracy of cash records held by the accounting function.

## 2.3 Cash Expenditure Accounting Information System

### 2.3.1 Cash Expenditure System with Petty Cash

Definition of petty cash funds according to Skousen and Stice (2001: 379), namely the small amount of cash stored on hand for making various payments. The petty cash fund system is the company's petty cash management that is routinely issued to meet the company's operational needs. Cash disbursement with cash is done to meet payments with a relatively small nominal amount.

The related functions in the petty cash fund system according to Mulyadi (2013: 534) are as follows:

#### 1. Cash Function

This section is responsible for filling out checks, requesting authorization for checks and submitting checks to the petty cash fund holders when forming and refilling petty cash.

#### 2. Accounting Function

This section is responsible for recording petty cash expenditures, as well as recording the formation and replenishment of petty cash funds.

#### 3. Functions of Small Cash Fund Holders

This section is responsible for the storage of petty cash funds according to the authorization of the designated official and the request to refill the petty cash fund.

#### 4. Functions that require cash payments

This section is responsible for the use of petty cash funds by making evidence of petty cash disbursements and collecting supporting documents.

#### 5. Internal Audit Function

This section is responsible for the periodic calculation of petty cash funds (cash accounts) and matching their results with cash records. This section is also responsible for surprise audits of the balance of the petty cash funds in the hands of the petty cash fund holders.

## 2.4 Cash Internal Control

A company that has run well must always monitor its activities and results. Management must at all times carry out continuous checks and analyze reports and records of where the report was obtained. Continuous examination and analysis of reports and records are often referred to as internal control.

Internal control summarizes the policies, practices, and procedures used by organizations to achieve the four main objectives according to James A. Hall (2001: 150):

1. To maintain company assets
2. To ensure the accuracy and reliability of accounting records and information
3. To promote the efficiency of the company's operations
4. To measure compliance with the policies and procedures established by management elements of the Internal Control System

According to Mulyadi to create a good internal control system within the company, there are four main elements that must be met (Mulyadi, 2013: 164):

1. An organizational structure that separates functional responsibility explicitly  
Organizational structure is a framework (framework) division of functional responsibility to organizational units formed to carry out the main activities of the company. In manufacturing companies, for example, the main activity is to produce and sell products. To carry out the main activities, a production department, marketing department, and finance and public departments are formed. These departments are then further divided into smaller organizational units to carry out company activities. The division of functional responsibilities in this organization is based on the following principles:
  - 1) Operation and storage functions must be separated from the accounting function.
  - 2) The system of authority and recording procedures that provide sufficient protection against wealth, debt, income and costs
  - 3) Healthy practices in carrying out the duties and functions of each organizational unit
  - 4) Employees whose quality is in accordance with their responsibilities

## 3 PREVIOUS RESEARCH

The first research entitled: Accounting Information Systems Cash Receipts and Expenditures at Pawnshop Corporation-Medan Regional Office. The results of the study state that the company has implemented clear procedures and has good internal control so that it helps the company in managing its wealth assets in the form of cash. (Dedek Apriono, 2006).

The second research entitled: Analysis Of Admission Internal Control Systems And Cash Expenditure In Pt. Sinar Galesong Prima Branch Manado. The test results show that the internal control system of cash receipts has been effective, contrary to the internal control of cash expenditures. While the internal control system of cash expenditures has not been effective, because there are still elements of internal control in the company that have not been fully implemented, including the placement of cashiers who are in one room with other employees, existing cash in hand and cashier not insured, bank reconciliation is not carried out by the internal inspection section, and the check stamp is held by the check maker, which should be by the accounting for control. (Rannita Margaretha Manoppo, 2013).

## 4 METHODS

### 4.1 Types of Research

The type of research used is descriptive qualitative, namely research conducted to obtain actual information.

### 4.2 Research Procedure

The research procedures in this research are as follows:

1. Define and formulate problems.
2. Conducting Literature research that refers to theories that can be found from other people's books and other research.
3. Collect data regarding cash receipts and disbursements.
4. Processing and Presenting Information.
5. Analyze and interpret.
6. Making Conclusions.

### 4.3 Data Sources and Data Collection Methods

Data sources used in this study are primary sources and secondary sources.

1. Primary Data is the data obtained by direct means in the form of data obtained directly from the company through interviews with the branch manager, head of finance and employees who are directly related to the object under research.
2. Secondary Data is data collected through company records and documents and processed data such as company history, organizational structure, and other cash receipts and disbursements documents.

### 4.4 Method of Collecting Data

Data collection methods in this research are:

1. Interview: The researcher conducts a series of questions and answers directly to leaders, head of finance, and other employees related to the problems discussed.
2. Observation: Researchers make direct observations of activities within the company.
3. Literature study: Researchers collect data by reading and studying related theories.
4. Documentation: Researchers record secondary data to obtain supporting data in this research.

## 5 RESULTS AND DISCUSSION

### 5.1 Result

The organizational structure in LP3I Sidoarjo is Line organization. The use of this organizational structure is due to the condition of the company which requires the presence of staff positions as support for the company's operational activities. The position of this staff helps Finance, CandP (Corporate and Placement), Marketing and Education but does not have the authority to make decisions that can achieve specific business goals. While the Lini form appears in the Head of Marketing section, Head of Education, Head of Finance and Head of CandP which are located directly under the head of the Branch Manager.

In relation to accounting information systems for cash receipts and expenditures, According to the authors, the organizational structure owned by LP3I Sidoarjo is good. This can be seen from:

- 1) Organization.
  1. The existence of the firmness of functions and authority of each individual involved in company activities. This can be seen from the authority in signing the receipt of cash evidence and proof of cash out by the Head of Finance.
  2. A good separation of duties. This can be marked from the separation of duties of cash receipts and expenses by recording transactions. Separate cash receipts and expenditure functions to avoid cash fraud.
  3. There is an internal meeting between fields twice a month to discuss each procedure or activity in the company whether it has been running well or not.
- 2) Authorization System and Recording Procedure
  1. Separation of the functions of recording tasks and the reception function
  2. There is a person who is specifically responsible by signing a proof of cash receipts that are received by the cashier and authorized by the head of finance and approved by the manager
  3. The company performs cash calculations every day and the results of the calculations are recorded in a report on cash calculations
  4. All cash receipt transactions are recorded in a timely manner
  5. Head of Finance reports the cash balance to the Manager every day via SMS Center Finance
  6. Management of cash sourced from student monthly payments is separate from cash management from other income
  7. Doing a backup of cash information data on a hard drive every week. This is to store company data.
- 3) Healthy Practices
  1. The physical truth of cash can be checked by checking the company's cash book which is closed every day by the cashier. but the cashier does not deposit money to the bank every day because the payment counter is open until 9 pm.
  2. Perform cash hospitalization at the end of each month in an orderly manner and physically the company money is the same as the cash register's cash balance.

According to the author, the cash expenditure accounting information system applied by the company has gone well. Because the company has established clear procedures and has good internal control so that the company can manage its wealth assets in the form of cash. this can be seen from:

1. Cash Function.  
Cash disbursement procedures also use a number of evidence or forms that have been designed in such a way as to facilitate their use where each cash expenditure has evidence of cash outflows 3. Sheet 1 for recipients of money, sheet 2 for Accounting and sheet 3 for financial records. The evidence used is also made in a simple form so that it is easy to understand how to use it.
2. Accounting Function.  
Separation of cash expenditure functions and recording functions. Cash expenses handled by the Cashier and the recording function is carried out by Accounting and Head of Finance which are authorized to authorize any evidence of existing cash outlays.
3. Functions of Small Cash Fund Holders  
Cash disbursements with petty cash conducted by LP3I Sidoarjo have used a petty cash fund system that is carried out using a fluctuating balance system. Petty cash expenditures are carried out by sending cash by filling out a request form for funds by the user of the funds. Each cash outlay will be recorded as expenses and petty cash. Replenishing petty cash funds is carried out in accordance with the requirements and recorded by debiting petty cash funds.
4. Functions that require cash payments  
Fund users who submit petty cash return the remaining money and make evidence of spending petty cash by collecting supporting documents. Only the head of each division can apply for petty cash.
5. Internal Audit Function  
The section responsible for calculating petty cash funds periodically and matching the results of their use with the recording of cash books, namely head of finance. The head of finance also conducts a sudden audit (surprised audit) of the balance of petty cash funds at the cashier.

The internal control of cash disbursements made by LP3I Sidoarjo covers two aspects, namely:

1. Control of officers holding cash:
  - 1) Separation of cash disbursement functions and recording functions. Cash expenditure is handled by the cashier and the recording function is carried out by Accounting

- 2) The Company establishes Head of Finance authorized to authorize any evidence of cash disbursements
2. Control of the physical cash of the company
  - 1) Every cash disbursement transaction is recorded using cash out evidence
  - 2) Every cash outlay must be accompanied by supporting evidence authorized by the Head of Finance.

## 5.2 Discussion

Based on the results and by comparing theories, according to the author, the accounting information system for cash receipts and distribution applied by the company has been running well. Because the company has established clear procedures and has good internal control so the company can manage its assets in cash. Internal control of cash receipts at LP3I Sidoarjo has not been effective. It is known that company management has given good attention to cash receipts by separating accounting functions, billing functions, and cash receipt functions, authorization systems, and recording in accordance with internal control of cash receipts but no daily cash deposits to banks. this results in acts of misuse of company funds. while the cash expenditure internal control in LP3I Sidoarjo has been effective. Organizational structure, authorization and recording system, competent employees are in accordance with the internal control of cash disbursement.

## 6 CONCLUSION

Judging from the results of research that has been obtained from LP3I Sidoarjo, the authors can draw the following conclusions:

1. In the accounting information system of cash receipts and disbursements, there is an adequate separation of functions, namely between the functions of receipt, storage, recording and cash disbursement separated by giving these functions to different people
2. Any cash receipts and disbursements prior to the occurrence must obtain prior approval from the authorized parties
3. In the implementation of the procedure, every cash receipt or expenditure uses documents or forms designed in accordance with the company's business activities. These documents or forms are declared valid in their use can be

used as needed when signed or authorized by the competent authority

4. There is a physical calculation of the cash balance made at the end of working hours
5. The internal control system is quite well marked by the presence of internal meetings between divisions twice a month to discuss each procedure or event that is in the company whether it has been going well or not.

## 7 SUGGESTION

Based on the results of the research and the conclusions above, the author would like to give the following suggestions:

1. The company must make a deposit to the bank every day for cash receipts obtained by the company. This is in addition to minimizing the potential for corruption and cash storage.
2. To maximize the company's operations, Sidoarjo LP3I must regularly hold job rotations. This is intended in addition to improving employee skills and being the main for internal control of the company.

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