



## Analysis Of The Internal Control System Of Petty Cash Fund Demand At PT Bank Syariah Indonesia KCP Surabaya Ampel Mas Mansyur

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**Abstract.** Cash is an asset that has an important component in company operations. Petty cash has a high level of vulnerability to theft and misuse. Controlling petty cash management is one of the things that can help a company achieve success. An internal control system for cash that is carried out optimally can have a positive impact on the continuity of company operations. On the other hand, if the implementation of internal control over petty cash is less than optimal, it can increase the possibility of fraud and asset theft. In this research, researchers used descriptive qualitative methods. Having a good internal control system in a company can help the company to manage company finances efficiently regarding petty cash expenditures. The results of the research reveal that the internal control of petty cash at PT Bank Syariah Indonesia has been running well and in accordance with the procedures set by the board of directors

**Keywords:** Petty cash, Internal Cash Control, Request for Petty Cash.

### 1. INTRODUCTION

The company's operational cycle requires equipment with relatively small costs for company performance. This performance support equipment often requires costs that must be paid immediately. The funds used to pay for these needs are less effective if you use a check. Therefore, companies need to create petty cash for needs that must be paid at relatively small costs and must be paid immediately. Petty cash is funds that a company uses to support the company's daily operational activities, such as paying telephone bills, paying transportation costs, and paying relatively small transactions (F. R. Wulandari & Khabibah, 2020a). In managing petty cash, there are two methods that can be applied to companies: imprest fund system (fixed fund method) and fluctuating fund system method (fluctuating fund method). Companies usually use one of these methods and implement it according to established procedures.

Cash is an asset that has an important component in company operations. Transactions involving cash are not that complicated, but companies need to design cash management and control. Petty cash has a high level of vulnerability to theft and protection by cash users and petty cash managers (Kama Dita et al.). Therefore, companies need to create control policies for petty cash management to minimize the occurrence of conditions or theft. Control over petty cash management is one system that can help companies achieve success (Harahap, 2019). An internal control system for cash that is carried out optimally can have a positive

impact on the continuity of company operations. On the other hand, if the implementation of internal control over petty cash is less than optimal, it can increase the possibility of asset theft occurring.

PT Bank Syariah Indonesia (BSI) is a banking company in Indonesia whose all business activities are in accordance with Islamic sharia economic principles. BSI was formed from the merger of three main sharia banks in Indonesia, namely Bank Syariah Mandiri, BNI Syariah, and BRI Syariah. In carrying out its operations, BSI uses petty cash funds to finance small or small business operational needs. Petty cash is a special fund provided by a company to finance the company's small or daily expenses (T. Wulandari et al., 2022). Petty cash is designed based on estimates of the company's operational costs, such as transportation costs, telephone bills, office equipment costs, and other small or minor costs. Apart from being used for small nominal company operational costs, petty cash is also intended to finance unexpected expenses and as a means of direct payment which is less effective if using checks.

Accurate and detailed transaction recording is important (Fitriani, 2021). Accurate records will make it easier to make financial reports, track errors and make decisions easier. An internal control needs to be implemented in all organizations to protect company assets from theft, misuse of assets or fraud. Implementing a good internal control system for cash will have a positive impact on the company, such as effective cash turnover, making accounting records easier and making it easy to track errors or fraud.

Based on the description that has been described, researchers are interested in conducting research regarding the analysis of the internal control system for petty cash funds. The problem formulation used by the author is whether the petty cash internal control system at PT Bank Syariah Indonesia KCP Surabaya Ampel is running well?

## **2. LITERATURE REVIEW**

### **2.1 Internal Control System**

According to COSO (committee of Sponsoring Organizations of the Readway Commission), internal control is an action created by the company and carried out by personnel within the company to provide certainty that goals related to company activities, reporting and compliance will be achieved. An internal control system is a system or method for protecting the assets of a company, maintaining the accuracy and accuracy of accounting records, and increasing the effectiveness and efficiency of a company, and this system is a system or method implemented by a company. Consists of several procedures, methods, organizational plans and policies that are integrated so that all management policies can be protected from their protection (Mahfiza, 2020)

According to (Warren et al., 2019), the purpose of internal control is to ensure that assets are protected and are actually used for business purposes; obtain accurate business information; and all employees and stakeholders have complied with existing laws and regulations. Companies that implement good internal controls can prevent theft, fraud and misuse of assets by employees. One of the frequent violations related to internal control is fraud committed by employees, such as deliberately inflating business trip costs, or using company funds for personal interests. Employees who attempt to commit fraud will manipulate their accounting records to hide the fraud. Therefore, employee fraud usually affects the accuracy of company information. Accurate information is very important in running a business.

According to (Theodorus M. Tuanakota, 2019), internal control activities that companies can carry out to prevent theft, fraud or misuse of assets are by authorizing and approving transactions related to the company; segregation of duties; control over changes to be made; protect assets and records, restrict access to data. Control procedures are also one of the important things in internal control. According to (Warren et al., 2019) internal control procedures include separation of responsibilities for one operational activity; job rotation; mandatory leave; asset storage; accounting records; as well as security measures.

## **2.2 Accounting System**

A system is a network of interrelated procedures assembled to carry out repetitive activities or to achieve certain goals. According to (Mulyadi, 2023) every system is formed from several other smaller systems, which are usually called subsystems. Each system is used to carry out activities that occur repeatedly or continuously. An accounting system is a collection of records, forms, procedures, tools and personnel to produce a report that can be used by interested parties to obtain more accurate information. It can be explained that the main elements of an accounting system are forms, invoices, notes which are journals, ledgers, subsidiary books, and reports.

An accounting system is an important thing to implement in a company, because it can be used to accommodate all company operational activities. The accounting system must be developed regularly. According to (Mulyadi, 2023), the aim of developing an accounting system is to provide information; improve information from previous systems; improving accounting controls; as well as reducing manual or clerical recording costs.

## **2.3 Petty cash**

Petty cash is a special fund established by a company to finance small expenses or the company's daily expenses (F. R. Wulandari & Khabibah, 2020b). Petty cash is made based on estimates of the company's operational costs, such as transportation costs, telephone bills,

office equipment costs, and other small or minor costs. Apart from being used for small nominal company expenses, petty cash is also intended to finance unexpected expenses and as a means of direct payment which is less effective if using checks. According to Mulyadi (2023), the implementation of petty cash is carried out using three procedures, namely, the procedure for establishing petty cash, the procedure for requesting petty cash and accountability for the expenditure of petty cash funds, as well as the procedure for requesting the replenishment of petty cash funds. According to (Mulyadi, 2023), there are two petty cash disbursement systems, namely: Fluctuating-fund-balance and imprest system. In Fluctuating-fund-balance, the balance in the petty cash account in the general ledger is uncertain or always changes according to the size of the expenditure or use of petty cash funds. In this system, cash replenishment is determined by the amount of previous expenditure. Meanwhile, in the Imprest system, the nominal balance in the petty cash fund account in the general ledger is fixed and corresponds to the petty cash fund disbursement transaction. In this system the cash replenishment is always the same and the remainder of the previous petty cash is returned before the petty cash is replenished again

### **3. RESEARCH METHODS**

#### **3.1 Research Design**

This type of research is descriptive qualitative research. Qualitative descriptive research is a type of qualitative research. According to (Sugiyono, 2021), the qualitative research method is a research method based on philosophy, where the role of the main instrument is the writer, with data collection techniques that emphasize meaning. One of the characteristics of descriptive research is that the data collected is in the form of words and images, not numbers. This type of qualitative descriptive research shows original data without any manipulation or other treatment.

#### **3.2 Data Source**

1. Primary data obtained from the company through observation, where the author collected data from direct observation of the petty cash section as well as interviews with related parties and documentation through written records and collecting documents from the company, including information related to the internal control system for petty cash receipts and disbursements.
2. Secondary data, obtained from written information outside the Company

### 3.3 Data collection methods

#### 1. Interview

Interviews are conducted directly with the parties concerned.

#### 2. Observation

The author made direct observations of the object or target of this research

#### 3. Documentation

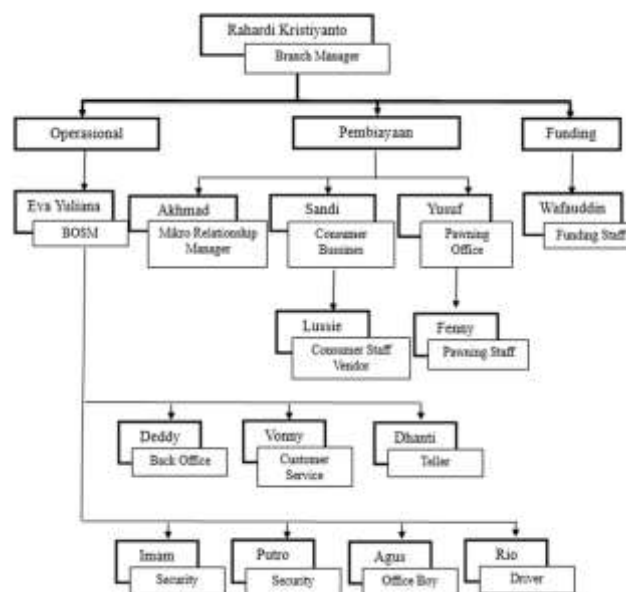
The author collected data from various sources with topics related to this research

## 4. RESULT

### 4.1 A General Description Of The Company

Bank Syariah Indonesia (BSI) was inaugurated on February 1 2021 by President Joko Widodo through Financial Services Authority (OJK) Decree No. 04/KDK.03/2021. BSI is a combination of the three main state-owned sharia banks, namely, PT BRI Syariah, PT Bank Syariah Mandiri and PT BNI Syariah. This merger was initiated by Erick Thohir as Minister of BUMN in 2021. The aim of merging these three sharia banks is to combine the advantages of the three so that they can provide product innovation, services that are more attractive to the public, wider reach and better quality and quantity of business capital. strong. Bank Indonesia has carried out several branch relocations to increase customer satisfaction(Rahmadiani et al., 2017). One of the results of the branch relocation was BSI KCP Surabaya Ampel Mas Mansyur. BSI KCP Surabaya Ampel Mas Mansyur has targets in financing and opening accounts. The financing target for Micro is 750 million per month, consumer financing 3 billion per month. Meanwhile, the target for opening accounts is 7 customers per day

#### PT Bank Syariah Indonesia KCP Ampel Mas Mansyur



## **4.2 Procedure for Requesting Petty Cash Funds at PT Bank Syariah Indonesia KCP Surabaya Ampel Mas Mansyur**

Petty cash at PT Bank Syariah Indonesia is used for the company's daily operational needs with a small nominal value. At PT Bank Syariah Indonesia KCP Surabaya Ampel Mas Mansyur the authorization of petty cash funds is held by the Back Office. The Back Office is responsible for managing and distributing petty cash funds for the company's daily needs. Before receiving petty cash funds, the Back Office must submit a request for petty cash funds first. In managing petty cash, PT Bank Syariah uses the imprest fund system. Petty cash at PT Bank Syariah Indonesia is given in the amount of IDR 6,000,000 for every request for petty cash funds. PT Bank Syariah Indonesia does not limit the number of requests for petty cash funds each month. Approval of petty cash requests at PT Bank Syariah Indonesia KCP Surabaya Ampel Mas Mansyur only reaches the Branch Manager. However, to report to PT Bank Syariah Indonesia head office you need to input data into the BSI Pasti system. BSI Pasti is a system used by PT Bank Syariah Indonesia to support its operational activities, one of its uses is to make petty cash requests. The explanation of the process for requesting petty cash funds is as follows:

1. Back Office as petty cash holder, records manually cash disbursement data and archives evidence of cash outgoings such as notes or receipts regularly every day to reduce errors in recording.
2. After the cash disbursement has almost reached IDR 6,000,000, the Back Office inputs the cash disbursement data on the Petty Cash Transaction Recap Form and collects proof of cash to be signed by the Branch Manager
3. Next, the Back Office requests petty cash funds on the BSI Pasti system and the petty cash accountability page will appear and complete the required data.
4. The Back Office inputs cash disbursements per subtotal according to the PL code then uploads the Petty Cash Transaction Recap Form which has been signed by the Branch Manager and the scanned file of proof of transactions/cash out. After completing the data input and ensuring everything is uploaded correctly, the Back Office requests a Checker on the system and confirms with the Branch Operation and Service Manager (BOSM) that the documents have been uploaded and are ready for verification.
5. Branch Operation and Service Manager (BOSM) as checker verifies data on the system and files that have been uploaded by the Back Office, namely the Petty Cash Transaction Recap Form and proof of transaction/cash out. If it is appropriate, BOSM will approve that the documents are complete. and correct in the user checker section

in the user agreement column. Next, the Branch Manager will confirm approval in the user approval section in the user approval column. Next, verification will be carried out by CFA or Confirmatory Factor Analysis from the head office of PT Bank Syariah Indonesia. After receiving approval from the head office, the Back Office files/documents evidence of petty cash disbursement. The petty cash balance will go to the internal account of KCP Surabaya Ampel Mas Mansyur

#### **4.3 Internal Control in the Management of Petty Cash Funds at PT Bank Syariah Indonesia KCP Surabaya Ampel Mas Mansyur**

1. Requests for petty cash funds are made by the Back Office by inputting petty cash accountability which has been verified by the person in charge.
2. Petty cash expenditures must be proven by proof of cash outflow in the form of notes, receipts or temporary receipts.
3. Documents that have been input into the BSI system must be archived by the Back Office.
4. Verification of approval for the validity of documents is carried out by four sections, namely the Branch Operation and Service Manager (BOSM), Branch Manager, Verifier, and the Approval section from the head office of PT Bank Syariah Indonesia.
5. There is a code in each cash disbursement subtotal on the Petty Cash Transaction Recap Form for checking/tracking that petty cash funds have been used for company interests.
6. A separate account is created for the petty cash fund which is only used for returning petty cash balances and receiving petty cash disbursements, making it easier to record.

Internal control over requests for petty cash funds is created by the company so that financial management of petty cash funds can be well controlled and data manipulation or other fraud can be minimized. The Branch Manager, as the person responsible for branch office operational activities, has an important role in protecting company assets from theft, misuse and waste.

### **4.3 Parties Who Play a Role in Implementing the Internal Control System for Petty Cash Fund Requests at PT Bank Syariah Indonesia KCP Surabaya Ampel Mas Mansyur**

1. Back Office

In this case, the Back Office is the Maker or manager and distributor of petty cash funds, including making requests for petty cash funds

2. BOSM

BOSM as Checker will check the data on the Petty Cash Transaction Recap Form and on the Maker input results in the BSI Pasti system

3. Branch Manager

Branch Manager is the person responsible for petty cash funds at the branch office, whose job is to approve the system for verifying head office data

4. Verifier

The verifier is tasked with checking the completeness and validity of the documents in the system

5. Approval

Approval is responsible for checking and approving postings to Core Banking Approval is tasked with checking and approving postings to Core Banking in which petty cash management has been carried out in accordance with the provisions

Obstacles Faced by PT Bank Syariah Indonesia KCP Surabaya Ampel Mas Mansyur in Managing Petty Cash Funds. The obstacles faced by PT BSI KCP Surabaya Ampel Mas Mansyur are:

1. Definite disruption to the BSI system

The BSI system is definitely used by PT Bank Syariah Indonesia to input petty cash disbursement data. This disruption results in delays in requests for petty cash funds, which results in delays in the disbursement of petty cash funds and will hamper petty cash turnover. Delays in disbursement of petty cash will also hamper the company's operational activities. In this case, if there is a sudden need, cash users will use personal money first so that operational activities are not hampered.

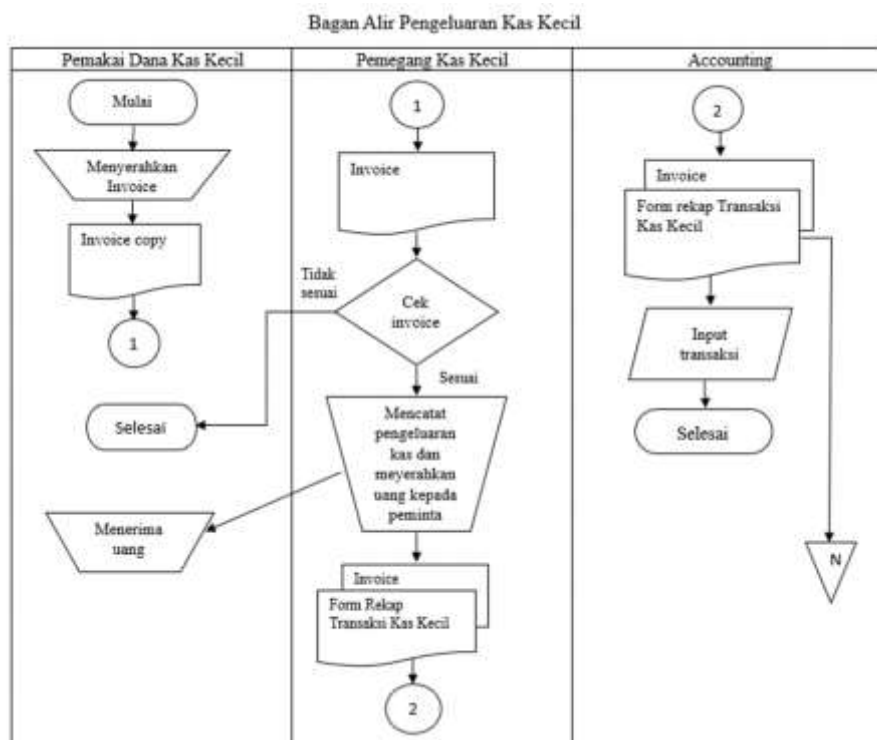
2. Proof of cash disbursement is late to be given to the Back Office

Proof of cash receipts is often not immediately submitted within 1x24 hours to the Back Office as the petty cash fund manager. Request and remind petty cash fund applicants to return proof of submission on the same day. The Back Office also keeps personal records in Excel to minimize recording errors



## 5. DISCUSSION

The organizational structure responsible for managing petty cash funds at PT Bank Syariah Indonesia KCP Surabaya Ampel Mas Mansyur is still less effective, because there is no separation of functions between cash receipts, cash disbursements and recording. All petty cash procedures are carried out by one employee, namely the Back Office. This is different from Mulyadi's theory, which requires a separate cash function from the accounting function. However, the documents and records used are adequate, all documents have been neatly archived before submitting a request for petty cash. Petty cash holders also get facilities in the form of a safe to store petty cash and documents. There is a petty cash procedure flow that the author can recommend:



1. The user of petty cash funds submits proof of transaction or invoice to the petty cash holder
2. The petty cash holder checks the transaction evidence, provides petty cash funds according to the transaction evidence to the user of the petty cash funds,
3. The recording section inputs transactions into the system

The author recommends this flow chart for PT BSI KCP Surabaya Ampel Mas Mansyur to minimize employee fraud regarding petty cash funds. Cash is the asset most vulnerable to misuse. Therefore, an adequate internal control system is very necessary. The internal control system must be well designed and fully implemented by all personnel in the company to have a positive impact.

## 6. CONCLUSSION

The conclusion that the author can draw from the results and discussion regarding the internal control system for petty cash funds at PT Bank Syariah Indonesia KCP Surabaya Ampel Mas Mansyur is that the organizational structure that has authority over petty cash funds is still less effective. Internal control is very important to monitor all company operational activities. A good internal control system is one of the factors for the development of a business. Having a good internal control system can help companies manage company finances efficiently regarding petty cash expenditures. Apart from that, the internal control system can also make it easier for companies to control that the management of petty cash funds has been carried out by users and holders of petty cash in accordance with the provisions. That way, data manipulation, embezzlement of money, and employee fraud can be minimized.

From the results of the author's observations, there is a suggestion regarding the procedure for requesting petty cash funds at PT Bank Syariah KCP Surabaya Ampel Mas Mansyur, namely the need for additional documents. The documents used by PT Bank Syariah KCP Surabaya Ampel Mas Mansyur in processing petty cash funds are only invoices and petty cash transaction recap forms. Should be supplemented with 1) Proof of Cash Out. 2) Petty Cash Disbursement Request, Daily cash report. Further improve the BSI Pasti server system which often experiences server problems to avoid errors in input to the system which result in recording errors. This can also make financial management in the company run more effectively and efficiently. The Petty Cash Fund Request Procedure System at PT Bank Syariah KCP Surabaya Ampel Mas Mansyur has been implemented well by petty cash users and petty cash holders. Petty cash users provide proof of spending to the Back Office first and after that the Back Office provides cash.

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