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## **IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM FOR THE FUNCTIONS OF CASH RECEIPTS AND EXPENDITURES AT PT BANK SYARIAH MANDIRI AUXILIARY BRANCH PETISAH MEDAN**

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### **Abstract**

This study aims to determine the suitability of the internal control system over cash receipts and expenditure functions applied to PT Bank Syariah Mandiri Auxiliary Branch Petisah Medan with an internal control system for cash receipts and expenditure functions according to Mulyadi (2016). The type of data used is qualitative data and quantitative data. The data sources used are primary data and secondary data. The analytical method used is descriptive comparative method. The results showed that the implementation of the internal control system over the cash receipt and expenditure function at PT Bank Syariah Mandiri Medan Petisah Support Branch was in accordance with the internal control system of cash receipts and expenditure functions according to Mulyadi (2016).

**Keywords : Internal Control System, Cash Receipts and Expenditures  
Function**



## **A. Introduction**

Cash is a component of current assets that is very important in supporting the smooth operation of the company's operations, because cash is one of the working capital with the highest level of liquidity. Because the level of liquidity is cash that is easily transferable so that cash is an asset that is very concerned because it is easily darkened and manipulated.

To overcome the problems that have been experienced by each company in this case the management of cash, it is very necessary for a system that can be effectively and efficiently to help oversee and control the company's operations. The system is called the internal control system. The Internal Control System is a way to protect the company's assets and adhere to the compliance of laws and regulations that apply to the company.

Companies that have a good internal control system are companies that are able to separate functional responsibilities explicitly, authorization systems and good recording procedures, and adequate resources. The internal control system is not a system that is intended to avoid all possible occurrences of errors or fraud that occur. A good internal control system is where a company can suppress the occurrence of errors and irregularities that may occur. A good control function based on a good management and financial system will also create activities in the company to be smooth and controlled.

One element of the internal control system is accounting control that is directly related to the storage of assets and recording of transactions that occur mainly in cash receipts and disbursements. At PT. Bank Syariah Mandiri Auxiliary Branch Petisah Medan, the parties that carry out the cash receipt function include customers, tellers and operation officers. In carrying out the company's operational activities, there must be a separation of duties and responsibilities between those who receive and issue cash by recording.

Given the need for the implementation of an internal control system as a tool to control the activities of cash receipts and expenditure functions is very important to achieve effectiveness and efficiency as well as



company goals, the authors are interested in raising this in the form of research entitled "Implementation of Internal Control System for the Functions of Cash Receipts and Expenditures at PT Bank Syariah Mandiri Auxiliary Branch Petisah Medan."

## **B. Method**

### **1. Research Approach**

The approach used in this study is a qualitative approach. The qualitative approach is an approach that emphasizes testing theories. This research was conducted at PT Bank Syariah Mandiri Auxiliary Branch Petisah Medan.

### **2. Data Collection Instrument**

#### **a. Data Type**

The data in this study uses qualitative data and quantitative data,

#### **b. Data source**

The data sources used to conduct this research are:

Primary data, namely data obtained by conducting direct interviews with leaders and company employees who have authority in relation to the data needed.

Secondary data, data collection methods that can be obtained in the form already in the form of publications that can support the completeness of the compiler by studying theories, books and other data relating to the object of research

#### **b. Analysis Method**

The analytical method used in this research is descriptive comparative method, which is to explain and compare the implementation of the internal control system over cash receipts and expenditure functions at PT Bank Syariah Mandiri Auxiliary Branch Petisah Medan with an internal control system for cash receipts and expenditure functions according to Mulyadi (2016), namely organizations, authorization systems and recording procedures, healthy practices, and qualified employees.

## **C. Research Finding**



The internal control system at PT Bank Syariah Mandiri Auxiliary Branch Petisah Medan includes two elements, namely accounting control and administrative control. Accounting controls include separation of functions, authorization systems and approval systems of PT Bank Syariah Mandiri Auxiliary Branch Petisah Medan between the tasks of storing assets, recording tasks, physical supervision of assets and the existence of free internal checks, while administrative controls include organizational plans and all methods concerning business efficiency and adherence to the policies of the head of PT Bank Syariah Mandiri Auxiliary Branch Petisah Medan.

The functions of cash receipts and expenditures have an important role in transaction activities, the functions of cash receipts and expenditures carried out by several employees include:

1. Teller is a function of receipts and expenses that are directly related to customers, a teller must have good ethics towards customers, in addition the teller is a bank employee who has responsibility for cash traffic such as withdrawal and storage of customer funds.
2. Head Teller is the boss of the teller whose function is to help tellers in the case of filling the cash box teller in the morning and authorizing withdrawals above the limit of a teller.

Operational Officer is a cash receipt function that is responsible for all company operational activities in this case cash receipts. Equipment that supports the internal control system is available vault compartment, cash compartment, vault record, cash vault registers and counters.

Internal control system over cash receipts and expenditure functions made by tellers are as follows:

- a. The teller has a limit on the amount of money in the cash box, which is 25 million every day in accordance with the company's provisions.
- b. Teller only saves enough money, according to the needs of spending or payment for every operational activity. However, it must also be avoided, not to let the teller hold too little cash, so that there is a cash transfer between the teller and operational officer during working hours.



- c. The teller room is equipped with a door and a key that must remain locked if there is cash in it. Only people who have been authorized according to their duties are permitted to enter the teller room such as the Operational Officer, Internal Auditor and External Audit Team
- d. Teller in operational activities during cash opening hours, teller rooms may not be left empty
- e. The teller is equipped with a date and day making machine with a code that shows the name of the bank branch and teller number. The teller will provide the same protection against this bank code, which is confidential. All checks, demand deposits, billets, drafts, deposit receipts and others handled by the teller must be stamped with validating machines and stamped tellers if they do not use validating machines.
- f. Teller has a money box that is numbered and keyed. The box is a cash storage area in operational activities during cash opening hours which is supervised by Operation Officer. Other devices are ultra violet lamps, magnifying glass, Q-Arert, Alarms, Speciman, Money counting machines, computer devices, Printers, tell strokes or calculators, stamps, and usernames and passwords as a means of access to the system.
- g. The teller is also equipped with a machine that can detect customers' signatures in terms of conducting transactions, the teller is responsible for checking the customer's signature
- h. Each bundle of money that will be deposited into big cash must be calculated in detail first, then must be bound by a binding binder bearing the available independent sharia bank logo.
- i. All cash, both in repertoire and teller money boxes and those on trips are insured from fire, robbery or theft.

## **D. Discussion**

### **1. Internal Control System**

The internal control system can have several meanings, namely, etymologically, the term is the same as the definition of internal check which is a mechanical procedure to check the accuracy of data -



administrative data such as matching the basic sum (horizontal) with summarizing (vertical). In Terminology the internal control system can be seen as a social system that has special insights or meanings that are within a company's organization. The system consists of policies, techniques, procedures, physical tools, documentation, people who interact with each other who are directed to protect property, guarantee against the occurrence of improper debt, guarantee accuracy and trustworthiness of accounting data, can be obtained operations efficient and guarantees compliance with company policies.

AICPA (American Institute of Certified Public Accounts) defines an internal control system that includes organizational structure, all coordinated methods and provisions adopted in the company to protect assets, check accuracy and how far accounting data can be trusted, improve business efficiency and encourage compliance with established company policies.

According to Mulyadi (2016), internal control systems include organizational structures, methods and measures that are coordinated to safeguard organizational assets, check accuracy and reliability of accounting data, encourage efficiency and encourage compliance with management policies. The definition of the internal control system emphasizes the goals to be achieved, not the elements that make up the system. Thus, the definition of internal control mentioned above applies both in companies that process their information manually, with bookkeeping machines, as well as with computers.

## **2. Principles of Internal Control**

To be able to implement the internal control system properly, it is necessary to consider the internal control principles that need to be followed as follows:

- a. The need for capable and trustworthy employees to carry out responsibilities that are in accordance with their skills, experience and honesty.
- b. The need for separation of authority from various operational functions, storage functions, administrative functions.



- c. The need for ongoing supervision by superiors who are responsible for the work results of the employee.
- d. The need for clear individual responsibilities, this will give a positive psychologist the influence that the tasks will be paid more attention to so that employees will work more closely.
- e. There needs to be an automatic inspection mechanism based on routine procedures.
- f. There needs to be a careful and immediate record of all external and internal transactions that have economic or financial consequences.
- g. The need for equipment that is useful for physical safeguards such as repertoire rooms, cash register machines and others.
- h. There needs to be an examination by officers who are free from executive work that is routine and carried out objectively.

### **3. Purpose of the Internal Control System**

The objectives of the Internal Control System are as follows:

#### **a. Maintain organizational wealth**

The company's physical assets can be stolen, misused. An internal control system is established to prevent or find lost assets.

#### **b. Check the accuracy and reliability of accounting data**

Management must have accounting data that can be tested for its accuracy to carry out company operations of various kinds of data used to make important decisions.

#### **c. Encouraging business efficiency**

Control within a company is also intended to avoid unnecessary multiple jobs, prevent wastage of all aspects of the business including prevention of the use of efficient sources of funds

#### **d. Encourage compliance with management policies**

Management develops procedures and regulations to achieve company goals. The internal control system guarantees the compliance of the procedures and regulations by the company.

Based on these objectives internal control is divided into two types, namely internal control accounting and administrative internal control. Internal accounting controls include organizational plans, all ways and procedures, especially those that relate to and relate directly to the



security of property and the trustworthiness of the existing financial administration. Strictly speaking, accounting controls include a system of authorization and a system of corporate approval between the duties of storing assets and the tasks of recording, physical supervision of the assets concerned. Whereas internal administrative controls include organizational plans, all ways and procedures that are primarily concerned with business efficiency and adherence to the policies of the company's leadership and generally not directly related to financial records which include supervision for example work procedures for statistical analysis, employee training, leave plans, employee mutations and so on.

#### **4. Definition of Cash**

According to Mulyadi (2016), in terms of accounting, what is meant by cash is anything (whether in the form of money or not) that can be available immediately and accepted as a means of paying off obligations at its nominal value. Cash consists of cash balances (cash on hand), demand deposits, cash equivalents (cash equivalents) are inventories that are highly liquid, short-term and which are quickly converted into cash in a certain amount without facing the risk of significant changes in value. Therefore maintaining cash and establishing an internal control system. cash is the most important concern for the company.

#### **5. Internal Control System over the Cash Receipt Function**

The internal control system of the cash receipt function must be as follows:

- a. Separating storage and accounting for cash
- b. Record all cash transactions
- c. Maintain only the minimum cash balance needed
- d. Carry out periodic calculations of cash balances
- e. Reconcile the general ledger cash account balance and bank cash balance
- f. Obtain a reasonable return on unemplyed cash balances
- g. Perform physical control over cash

#### **6. Internal Control System for Cash Expenditure Functions**

According to S. Munawir argues that the use or expenditure of cash is caused by the existence of transactions as follows:





- a. Purchase of shares or bonds as short-term and long-term investments and the purchase of fixed assets.
- b. Withdrawal of shares in circulation and the return of cash by the owner of the company.
- c. Repayment or payment of installments for short-term debt and long-term debt.
- d. Purchases of merchandise in cash, payment of operating costs which include wages and salaries, purchase of office supplies, payment of rent, interest on premiums, insurance, adverts, and the existence of costs and purchases.
- e. Cash expenses for dividend payments (other forms of profit sharing in cash), payment of taxes, fines and so on).

## **E. Conclusion**

Based on the results of research and discussion of the internal control system over the functions of cash receipts and disbursements at PT Bank Syariah Mandiri Auxiliary Branch Petisah Medan, it has been stated that it has run in accordance with the internal control system of cash receipts and expenditures according to Mulyadi (2016). PT Bank Syariah Mandiri Auxiliary Branch Petisah Medan has developed a system of internal control over cash receipt and expenditure functions PT Bank Syariah Mandiri Auxiliary Branch Petisah Medan only stores money in the repertoire in accordance with the provisions set by Bank Indonesia for commercial banks in general. Every day the money is used for bank transaction activities, namely withdrawals and deposits or deposits made by customers. If there is a shortage of cash due to a withdrawal with an insufficient amount in the cash box at the counter, the teller asks for authorization to add money to the money box to the supervisor, but if the required amount exceeds the repayment limit, the teller will bring the money withdrawal letter signed operational officer then the teller will take money in the main branch office of an independent Islamic bank accompanied by the security forces, namely the police.



The operational officer records cash in transit, this is done because the cash in transit cash is insured as well as cash in safe. Taking money can only be done before the closing of cash at the main branch office. If there has been a cash closure, the next day money can be taken, and vice versa if there is an excess of money due to a deposit or storage transaction that occurs with an amount above the limit of cash receipts, the teller asks for an override from the supervisor.

The system of giving authority and recording procedures is the separation of functions against operational functions, storage functions and administrative functions. This is done so that the company's operational activities are more conducive. The division of authority is distinguished from the level of position and part of work activities in PT Bank Syariah Mandiri Capem Petisah Medan there is a separation of duties in carrying out the functions of cash receipts and disbursements between tellers, Operational Officers and Accounting. With the separation of tasks, it is intended that automatic internal checks be achieved through existing work procedures. In the company's operational activities, all employees in carrying out their respective functions must create healthy work practices in carrying out their functions of communication and a good working atmosphere.

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