

REVIEW OF PT SHARK SURYA DISTRIBUTION'S PETTY CASH ACCOUNTING SYSTEM AND SPENDING

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ABSTRACT

Petty Cash is very important to the company's operating activities. Usually used in small nominal transactions that occur every day from the start of the company's operating hours to the end of operating hours. The purpose of this study was to identify the Petty Cash Fund Recording System and the Use of Petty Cash Funds by PT. Shark Surya Distribution. Data collection methods include documentation, interviews, and observation sheets. Descriptive analysis is a data analysis technique. This research found that PT. Shark Surya Distribution uses the Imprest fund system, which records when the initial balance is topped up and when it must be replenished by a small cash fund recording system, as a small shoot fund recording system. Using small cash at PT. Shark Surya Distribution is generally correct; it is simply that certain monies are spent without discrimination and are not recorded in the petty cash financial records information system. The authors suggest that all areas of financial recording and reporting are governed by Required Standard Operating Procedures (SOPs). This SOP should include specific recommendations for tracking petty cash finances as well as strategies for dealing with any discrepancies that may develop.

Keywords: Recording System; Petty Cash; Utilization of Funds

INTRODUCTION

Petty cash is a vital element in the company's operations. This cash section is performed by the cashier, who is supervised by a supervisor. This transaction is not complicated, but must be managed carefully according to the company's SOP (standard operating procedure). Poor petty cash fund management will disrupt business operations (Karlina, Ariandi, Humaeroh & Martiwi, 2019).

Petty cash is a fund allocated specifically for small or daily company operational expenses, such as utility bills, telephone, security, transportation and other costs. Apart from paying small nominal fees, petty cash is an anticipation of covering unexpected expenses and serves as an impromptu fund for cash payments (Karlina, Ariandi, Humaeroh & Martiwi, 2019). Therefore, journalizing is needed to make accurate and good cash management to achieve company goals. The important thing for an accountant in fulfilling his goals is to provide more value to the company in good reports and provide an overview of the company's condition so that reports are of higher quality (Wijoyo, 2019). Cash bookkeeping

can be likened to the foundation of a company where every transaction that occurs and must be journalized in an accurate and correct recording. Accurate and correct financial reports are assessed with appropriate bookkeeping procedures.

One of the most significant things is the use of petty cash because every company must apply an accounting information system that suits the needs of each organization. The petty cash system is a company's financial system related to the company's ability to manage its assets, so this system requires special attention. In a petty cash system, good procedures must be followed as per agreed management principles. A petty cash system that is used outside of predetermined procedures will result in fraud, theft and embezzlement of cash. As a result, the better the company's petty cash operations, the more reliable the amount of cash listed in the company's financial statements. Thus, fraud and embezzlement will soon be traced (Savsavubun, Saerang & Gamaliel, 2021).

The phenomenon that occurred at PT. Shark Surya Distribution is, the system of journalizing and utilizing the petty cash fund that is used is still not optimal and is still in the process of continuous improvement.

There are several studies that are similar, such as Wulandari & Khabibah (2020) on BNI KCU Magelang "which concluded that BNI KCU Magelang uses advance payments as petty cash capital, using the imprest method; so that the journaling treatment is slightly different from the general journaling of the petty cash fund. Research by Wongkar et al., (2017) resulted in research that PT. Putra Karangetang uses the fluctuation fund method, where the petty cash account balance fluctuates, so the amount of the refund does not match the use of petty cash. As well as research by Karlina, Ariandi, Humaeroh & Martiwi (2019) resulted in research that the imprest method was applied by PT MNI Entertainment Central Jakarta, where the petty cash limit is always constant every period. Journalizing procedures must be implemented for establishing and refunding a petty cash fund.

LITERATURE REVIEW

Recording System

The system is a group of elements that are closely related to each other, which function simultaneously in achieving certain goals. In addition, the system consists of a collection of parts that are interconnected and function as a driving force (Wijoyo, 2020).

The system is a group of individuals who work together based on systematic procedures and rules to form a unit that carries out specific functions to achieve goals. Regulatory frameworks that are interrelated and governed by an overall scheme for carrying out the company's main operations (Wijoyo, 2020).

Record keeping is required for each activity to be carried out to document in writing the complete plan of the transactions carried out and the results. Accounting journalism is the process of turning inputs (financial data) into outputs (financial information) that are useful to people related to company finances.

It can be concluded that all types of bookkeeping records related to activities and activity plans in written form involving several individuals are completed systematically and chronologically, especially for company activities and transactions. Since different titles in terms of recordings will have different connotations, recordings have many meanings. The recording system discussed this time is the system or method of documenting or establishing a petty cash fund within the organization. The petty cash fund has two journaling methods, namely the imprest fund system and the fluctuating fund system.

Petty Cash

Company cash consists of coins, banknotes and checks which are deposited in the bank and can be cashed at any time. Cash or in savings at a financial institution including the element of cash. Because cash is the most liquid asset and has the potential to be easily misused, proper cash management is needed to avoid items that can harm the organization. Company cash is one of the financial resources that must be managed properly so that the company can survive. Cash is the most liquid asset, and almost all transactions will involve cash at some point (Indaryono et al., 2021).

Petty cash is company cash that is used for recurring expenses and has a low value. In addition to the parent company, petty cash is also invested in company initiatives or branches. Petty cash is a specific budget intended to meet the company's daily operational expenses, which are often small and repetitive (Asy'ari & Subandoro, 2022). Petty cash is cash funds provided by management to make small payments that cannot be made using a check or demand deposit (Mindhari et al., 2020).

According to Wulandari (2021), the characteristics of petty cash are:

1. The nominal quantity is regulated, and cannot be less or more than the limit determined by the financial manager.
2. For small daily micro transaction payments.
3. Kept in a small money box
4. Handling or refilling by cashier
5. Petty cash plays an important function in the company's operational activities.

RESEARCH METHOD

This qualitative research investigates PT. Shark Distribution which is located in Surabaya in February 2023 until and ends in May 2023. Observation techniques, interviews and document studies were applied in this study. In the interview, the key informants who will become resource persons are:

1. May Nugroho as Branch Manager
2. Nurul Khoiriyah as financial Supervisor
3. Yunita Wulandari as financial administration staff

Testing the validity of the data is done by triangulation technique.

RESULTS AND DISCUSSION

The research results obtained are as follows:

1. In the document study, discrepancies were found in the journaling of petty cash, where the amount of cash in the financial system did not match the physical cash. Although the financial reports of petty cash did not show any irregularities, it was revealed that some employees used cash in the form of cash receipts (short/temporary loans), which were quickly returned so that the balance was correct. Furthermore, there are no written rules such as Standard Operating Procedures (SOP) governing financial journalism and reporting, both ledgers and petty cash.

Table 1. Document study findings

| Indicator | Available |
|---|------------------|
| Company name | ✓ |
| Record title | ✓ |
| Each disbursement record attaches the date of the transaction | ✓ |
| Each expense record attaches the month of the transaction | ✓ |
| Each expense record attaches the year of the transaction | ✓ |
| The initial and ending balances are always the same | ✓ |
| Documented proof of transaction | ✓ |
| There are employees who are responsible for petty cash transactions | ✓ |

2. From observation it is known that the petty cash method used at PT. Shark Surya Distribution is an imprest fund system of IDR 20,000,000 by PT. Shark Surya Distribution, meaning that the funds at the beginning of the period must always be the same, so that at the end of the period, the company must return the petty cash funds used according to the notes recorded. In refilling the petty cash account, the finance manager will debit the company's account, then give it to the petty cash supervisor to be handed over to the cashier in charge of the petty cash fund.

Routine expenses such as purchasing office stationery, stamps, gallons of mineral water, participation in regional activities, out-of-town transportation, parking and fuel for company vehicles and other non-operational items (air freshener, cleaning equipment), as well as telephone, electricity, PDAM water costs, are various needs that are accommodated by this petty cash fund.

3. In interviews, the Branch Manager revealed that the petty cash supervisor and cashier are responsible for administering the petty cash fund. The petty cash disbursement report is prepared by the cashier and reported to the supervisor. The Branch Manager stated that he did not supervise personally, but he had confidence in the discretion of the financial division. When the discovery of discrepancies in the journaling of petty cash was brought up in interviews, both the supervisor and cashier acknowledged the existence of the problem. The supervisor explained that this discrepancy occurred because there were cash receipt transactions that were not recorded in the financial system. But he ensures that the expenses incurred are returned before the period ends, because they are short cash notes. Both individuals intend to maintain the existing process with greater care and diligence to ensure a more accurate and complete journalization of transactions in the future.

From the Petty Cash journal, it appears that PT. Shark Surya Distribution uses the imprest fund system method for journalizing petty cash funds. The use of petty cash funds so far is generally appropriate, but there are issues that result in discrepancies between the physical cash balance and the recording system. This research shows that there are potential problems in managing petty cash funds and the importance of implementing clear SOPs to overcome these problems.

In this study, discrepancies were found in the journaling of petty cash finance after interviews with informants in the financial department. This indicates a potential problem that needs to be addressed immediately. Although the Branch Manager claims there is no problem, the Financial Supervisor and Administrative Staff dispute this statement. This shows that the Branch Manager may not fully understand the problems in the financial department.

The Branch Manager's decision not to step in to fix this problem and rely on the policies of the financial division can cause the problem to continue. The inactivity of the Branch Manager in monitoring internal problems in the financial department has the potential to cause serious consequences for the company's financial stability. With discrepancies in the financial journalizing of petty cash, the risk of errors and misuse of funds is greater.

It is important for PT. Shark Surya Distribution to overcome this problem by having an active and independent internal control team to identify and deal with problems that arise. The existence of written rules such as Standard Operating Procedures (SOP) is needed to regulate financial journalism and reporting, as well as to ensure more accurate management of petty cash funds.

This research is also in line with the results of other studies which identified problems in the management of petty cash funds. In this case, Darwis' research (2020) also identified the need for an information system that includes data on petty cash disbursements and proof of claims to support it. This underscores the importance of proper management to prevent future financial problems and risks.

CONCLUSIONS

From research analysis, researchers draw conclusions from the study of system analysis of recording and use of petty cash funds at PT. Shark Surya Distribution, is as follows:

1. PT. Shark Surya Distribution uses the Imprest fund system which journalizes when forming initial balances and when refunding petty cash funds, as a journaling system for petty cash funds.
2. use of petty cash funds at PT. Shark Surya Distribution is generally appropriate, it's just that it's indiscipline in spending certain funds that are not recorded in the petty cash financial journaling information system.

ADVICE

From drawing conclusions, here are some suggestions from the author that can be used as a consideration for companies to record PT. Shark Surya Distribution, including the following:

1. Standard Operating Procedures (SOP) are required which regulate in detail all aspects of financial recording and reporting. This SOP should outline clear guidelines for recording petty cash finances, as well as policies for dealing with irregularities that may arise. It is important for all employees in the finance department to know and comply with these guidelines to ensure accurate and reliable financial reporting.
2. Record all transactions evidence and financial reports related to petty cash funds properly. Make sure these documents are available if needed for inspection or other reporting purposes.
3. Ensure that there is an adequate audit and monitoring system in place to ensure the accuracy and legitimacy of the petty cash fund records. This may involve regular checks by internal auditors or oversight by responsible management.

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