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THE EFFECT OF CASH ACCOUNTING SYSTEM ON INTERNAL CONTROL OF ACCOUNTS IN PT. BANDUNG MP 2012-2014

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ABSTRACT

The risk of accumulation of accounts receivable can have a negative impact on the company's finances. For this reason, one of the management efforts in internal control of accounts receivable is the management of the cash accounting system. Problems that may be experienced in controlling accounts receivable can be constrained internally, namely the receivables are uncollectible. In this study, analyze the impact of their influence on the cash accounting system of internal control of accounts receivable, which are shown in the regression equation was $y = 22,677 + 0,674x + e$, and the result t statistical (5,717) greater than t critical (2,011) and Sig. 0,000 smaller than α (0,05). With these results, it can be indicated that the cash accounting system with internal control over the receivables has a positive and significant effect.

INTRODUCTION

To maintain the survival of the company, each company has goals to achieve, both long and short term goals. The short- term goals are to increase operating profit, increase sales volume, and maintain position, while the long-term goals are to achieve maximum profit, expand, and maintain product. In an effort to achieve its goals, the company carries out activities commonly referred to as sales activities. From this sales activity, profits are used for the survival of the company and the development of operational activities. From cash sales activities, the company can directly receive cash payments, while from credit sales, receivables will arise. Problems that can be experienced by a business company when a sale has been reached, if the transaction is closed on credit. However, this will be very risky if the debtor is constrained in payment, this results in the risk of accumulation of accounts receivable which can have a negative impact on the company's finances. For this reason, one of the

management efforts in internal control of accounts receivable is the management of the cash accounting system. Problems that may be experienced in controlling accounts receivable can be constrained internally, namely the receivables are uncollectible.

Most of the working capital is in the form of accounts receivable, so that the turnover of funds from the business can be disrupted if internal controls and receivables management are not good. If a company has a receivable, it is natural if there is a possibility that the receivables are uncollectible, the occurrence of uncollectible accounts, the occurrence of uncollectible accounts can be caused by two factors, namely internal factors and external factors. From internal parties, one of the causes of uncollectible receivables is inadequate management in collecting these receivables and inadequate in determining the policies in accounts receivable. From external parties, it is caused by debtors who are not obedient in making debt payments or are not in accordance with the time stated in the agreement, bankrupt subscriptions, payments that do not match the amount of bills on the invoice or other factors.

The frequency of the occurrence of uncollectible receivables can be reduced from the internal side of the company if the management of the company can apply good supervision, so that if the receivables are uncollectible it is likely a result of external parties that cannot be denied. Thus, the management must take action or policy in managing customer data including accounts receivable, collection of accounts receivable, recording treatment of bad debts, so that the amount of receivables that cannot be collected is in accordance with company records. In company business transactions conducted on credit, the accounts receivable balance in the financial statements increases.

PT. MP Cargo is a company engaged in freight forwarding services throughout Indonesia, which includes Packing, Trucking, Export-Import, Interinsular Sea & Air (Door to Door Service). From year to year the turnover of PT. MP Bandung has increased; this explains that PT. MP Bandung is growing rapidly. This development must be supported by good cash management in order to compete with other companies, so that the internal management of the company must first be considered, especially cash management in the company.

Through cash accounting analysis, it can be seen how the company manages the funds it owns. Cash on the balance sheet is the fastest liquid asset, because almost every transaction carried out by the authorities or those involved in the company or with outside parties will mostly affect cash. In addition, cash is easily transferable, so cash is an asset that is prone to being embezzled or manipulated. Therefore, companies must organize a cash accounting system that can prevent fraud, by establishing a cash accounting system which includes several interrelated aspects by observing internal control procedures.

The thing that needs to be considered in the accounting system by the company is the suitability between the system and the company's activities.

One of the activities that is often carried out is activities related to cash management and document administration. Because it is very influential on the financial statements and when there is an audit in the company. Good procedures in accounting are very useful for the progress and interests of the company in general, as well as to find out the overall profits of the company.

Every company effort in carrying out its activities will inevitably encounter problems, where these are obstacles that interfere with the smooth running of the company. Therefore, every problem that arises must be addressed by finding a way out or solving it. Therefore, companies need to carry out better internal control on trade receivables because these accounts greatly affect the level of company profitability. "Lack of internal control over accounts receivable may result in uncollectible accounts receivable accumulating and resulting in substantial losses". It can be seen from the accounts receivable records of PT. MP from January 2012 to August 2014, the total bill was Rp. 6,908,247,240. Total bill transfers that enter the PT. The MP until August 2014 was Rp. 6,541,132,572. The remaining bill which was not received until August 2014 was Rp. 367,114,668. From these calculations it can be seen that the receipt of payment of accounts receivable after confirmation reaches 95%.

Problem formulation

Based on the research background above, the problem will be formulated as follows:
1.   How is the cash accounting system management at PT. MP Bandung?

2.   How is the Internal Control for Accounts Receivable and analyze the turnover of accounts receivable from January 2012 to August 2014?

3.   How Influence on Cash Accounting System Control Internal Accounts Receivable at PT. MP Bandung?

4.   What are the problems that arise in the system of cash accounting and control internal receivables at PT. MP Bandung year 2012-2014?

5.   What efforts were made to resolve the problems that arose?

Study objectives

General purpose

The purpose of this research in terms of management perspective is to determine: Is the Cash Accounting System against Internal Control Receivables at PT. MP Bandung has been implemented properly so that accounts receivable have been managed effectively and efficiently?

Special purpose

The specific objectives of this study are to determine the results of the analysis:

1.   Regarding the management of the cash accounting system at PT. MP Bandung.

2.   Regarding Internal Control of Receivables and analyzing receivables turnover from January 2012 to August 2014.

3.   The Effect of the Cash Accounting System on Internal Control of Accounts Receivable at PT. MP Bandung.

4.   Regarding problems that arise in the cash accounting system and internal control of accounts receivable at PT. MP Bandung 2012-2014.

5.   Regarding solutions or efforts made to solve problems that arise.

Benefits of study

The results of this study are expected to provide theoretical and practical benefits.

Theoretical benefits

The results of this study are expected to provide benefits, namely:
1.   Contributions to the theory of financial management, particularly in cash management and control of accounts receivable.

2.   For further researchers, it is hoped that the results of this study can be used as a reference in learning financial management, cash management and accounts receivable control.

Practical benefits

The findings of this study are practically an input for the analysis of financial statements in the field of financial management, in terms of:

1.   Determine the right strategic steps in an effort to predict cash management and control of the company's receivables.

2.   It is hoped that the results of this study will add to the existing knowledge in financial management, so that it can be a reference for other researchers in seeking new knowledge in the field of corporate finance.

RESEARCH FRAMEWORK
The frame of mind is a diagram that outlines the logical flow of a study. The framework is based on a research question and represents a set of several concepts and the relationship between them. The cash accounting system is a

system that regulates, encourages and manages existing cash in a company. The cash accounting system consists of a cash receipt accounting system and a cash disbursement system.

The accounting system is an important tool for management in making decisions (Niswonger et al., 1999), one of which is regarding the payment of obligations. In addition to producing financial information for a company, the cash accounting system is also very useful for controlling cash, in other words, companies that have a good cash accounting system will easily control the cash they receive.

Control is a form of activity that must be carried out by company management which is useful so that activities are in accordance with what has been previously planned. With the existence of good internal control in the company, the company can find out the symptoms of irregularities that occur so that prevention and improvement can be carried out before it causes harm to the company.

According to Mulyadi (2006) states that "the internal control system is an organizational structure, methods and carvings that are coordinated to maintain organizational wealth, check accounting accuracy and reliability, encourage efficiency and encourage compliance with management policies.

The elements of internal control are as follows:
a.   An organizational structure that clearly separates functional responsibilities.

b.   A system of authority and record keeping procedures that provides adequate protection against wealth, debt, income and expenses.

c.   Healthy practices in performing the duties and functions of each organizational unit.

d.   Employees whose quality is in accordance with their responsibilities.

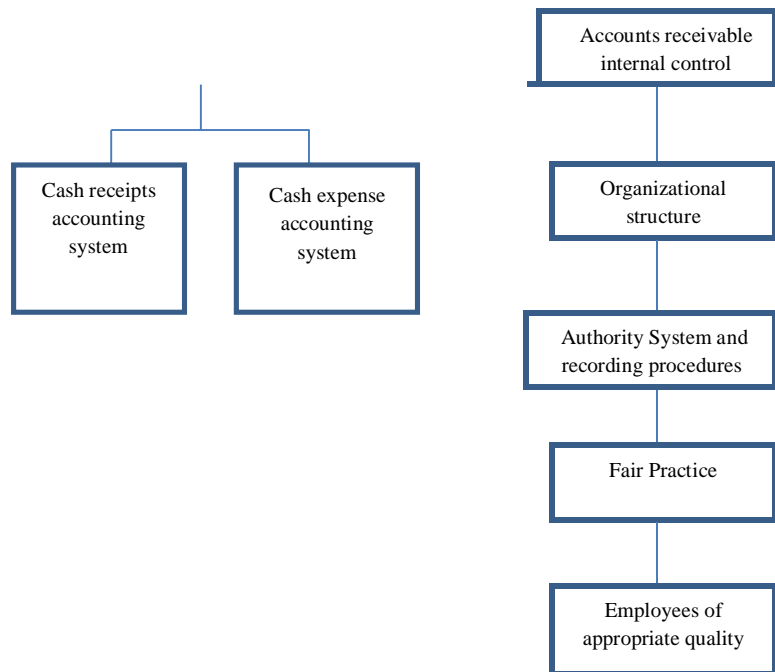Based on the above thought patterns, the framework is described as follows:

Figure 1 The flow of the framework for the influence of the Cash Accounting System on Internal Control

The research design used in this research is a descriptive research design with a qualitative approach. Bogdan and Taylor define qualitative research as research that produces descriptive data in the form of written or spoken words from people and observable behavior. While sampling saturated in this study were all employees of PT. MP Bandung, amounting to 25 people who are involved in cash management and internal control, with a questionnaire instrument. The operationalization of the variables in the research instrument, namely:

Table 1 Operationalization Variables

Variable	Concept	Indicator	Scale
Cash accounting system (X)	System accounting of cash is the forms, records, procedures and tools that are used to process the data on the business of a unity economical with the goal to produce the feedback in the form of a report that is required by management to oversee the activities of cash, either receipt of cash or cash disbursements (Baridwan, 2004).	1. Can be understood 2. Relevant 3. Reliability 4. On time	Ordinal

Control Intern (Y)	System control internal includes the structure of the organization and all manner of action in a company that is mutually coordinated with the purpose of securing the wealth of the Company, examine the accuracy and correctness of data accounting, and encourage adherence to the wisdom that has been outlined by the leader of the company (Susanto, 2008).	1. Control environment 2. Assess risk 3. Activity control 4. Information and communication 5. Supervision	Ordinal

RESULTS AND DISCUSSION

Accounts receivable internal control carried out by PT. MP is a control that is more aimed at safeguarding the company's wealth which is carried directly by the leader of the company and is assisted by financial staff to make details of the remaining invoices that have not been received from consumers / customers. Because payment confirmation is made directly by the company leader, the possibility of manipulation and misappropriation by employees is minimal. From the calculation of the receivable turnover (RTO) PT. MP can be analyzed that the turnover is quite good, but there is an uncertainty in the level of accounts receivable turnover, which in 2012 was 5 times, while in 2013 the RTO was 11 times and in 2014 the RTO was 18 times.

Average Collection Period (ACP) or the so-called receivable collection period is how long it takes to pay receivables, can be calculated by adding up the days in one period (1 year = 360 days) with the turnover rate of the accounts.

By looking at the ratio of the collection period for accounts receivable or the Average Collection Period (ACP), we can see how many days the receivables will turn into cash. The faster the time for returning accounts receivable the better for the company. The purpose of monitoring accounts receivable is to avoid misuse of receivables. In this case, there are three things that are important to implement, namely the policy of providing counter-receivables, collection of accounts receivable and determining appropriate and enforceable controls.

The previous data treatment was changed with the Methods of Successive Interval, in order to internalize the previously ordinal data. The following is the output of the normality test data processing results:

Table 2 Normality Test Data Cash Accounting System and Accounts Receivable Internal Control One-Sample Kolmogorov-Smirnov Test

		Cash Accounting System	Accounts Receivable Internal Control
N		50	50
Normal parameters[a,,b]	Mean	28.1800	41.6600
	Std. Deviation	6.35253	6.72373
Most extreme differences	absolute	.093	.067
	Positive	.073	.067
	Negative	-.093	-.062
Kolmogorov-Smirnov Z		.656	.477
Asymp. Sig.(2-tailed)		.783	.977

e.   Test distribution is normal.
f.   Calculated from data

Based on Table 2 on top of can indicated that the column system of accounting of cash significantly (Asymp. Sig. (2-tailed)) is 0.783 or greater probability of 0.05, then H_0 is received, which means that the sample distribution is normal. Seen also that the column control internal receivables significantly (Asymp. Sig. (2-tailed)) is a probability of 0.977 or greater than 0.05, then H_0 accepted, which means the sample normal distribution.

Table 3 Model Summary

Model	R	R. Square	Adjusted R Square	Std. Error of the Estimate
1	.636[a]	.405	.393	5.23983

Based on Table 3, it can be explained that the relationship between the cash accounting system variable (variable X) and the internal control variable for accounts receivable (variable Y) has a positive relationship, namely 0.636 and sig. (2-tailed) 0,000. If the correlation coefficient is 0.636 and sig. (2-tailed) $0.000 < 0.05$ then the value is in the strong and significant category. R Square shows that 0.405 or 40.5% of the cash accounting system can affect the internal control of accounts receivable. The remaining 59.5% is influenced by other factors, perhaps environmental factors and human resources.

Table 4 ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	897.341	1	897.341	32.683	.000[a]
Residual	1317.879	48	27.456		
Total	2215.220	49			

a.   Predictors: (Constant), Cash Accounting System
b.   Dependent variable: Accounts Receivable Internal Control

ANOVA test results using the F test shows the calculated F value of 32.683 with sig. 0,000. By looking at F critical, with $v_1 = 1$ and $v_2 = 48$, the F critical value is 4.0426. With a condition where the calculated F value is greater than the F critical and the Sig. smaller than alpha (0.05), then rejecting H_0, which means the correlation coefficient is statistically significant.

Table 5 Regression

Model		Unstandardized Coefficients		Standardized Coefficient	t	Sig.
		B	Std. Error	Beta		
1	(Constant)[a]	22.677	3.402		6.665	.000
	Cash Accounting System	.674	.118	.636	5.717	.000

a.   Dependent variable: Accounts Receivable Internal Control

Based on Table 5, the results of the calculation of the regression coefficient show constant[a] coefficient value of 22.677 with t statistical of 6.665 and a sig value. Amounting to 0,000. The accounting system coefficient is 0.674 with a t statistical of 5.717 and a sig value. Amounting to 0,000. The t critical value for this test is 2.011 which is obtained with an alpha of 5% and a df of 48 (n-1). For the accounting system coefficient, it can be seen that the calculated t value is greater than the t table and the Sig. smaller than □, the conclusion that can be drawn is to reject H_0, which means that the coefficient of the cash accounting system is significant. Based on the table above, the regression equation using the least square method is obtained y = 22,677 + 0,674x + e which means that each time the cash accounting system is added, the internal control for accounts receivable will increase by 0.674. And the calculation result of t statistical (5.717) is greater than t critical (2.011) and Sig. 0.000 is smaller than alpha (0.05). With these results, it can be shown that the cash accounting system with internal control for accounts receivable has a positive and significant effect.

Problems that arise in the implementation of internal control are:
a.   Companies monitor the implementation of control intern when operating cash, the company had minus. And it needs funds for field operational activities such as payment of transportation fees to cars, driver fees, employee salaries and other costs.

b.   The coordination that was carried out made it difficult for other departments to collect receivables, because it was usually only done by the MBP Cargo leader to the customer's finance manager, although occasionally assisted by the finance department.

c.   The delay in the process of melting, because not every week to do the payment as well as payment of a bill which does not correspond to the amount

that is contained in each invoice bill and a payment which is not in accordance with the agreement that has been agreed upon, which is supposed to be processed in 3 weeks after the *invoice* is received sometimes delayed up to 3 months.

Solutions taken to overcome the problems that arise are:

a.   To overcome delays in disbursement, the company represented by the director must be more active in monitoring the bill payment process according to the agreement contained in the SPK

b.   Check the company's checking account to find out the invoice that has been paid and cross-check the payment based on the amount of the bill according to the number and date of the invoice.

c.   Then reconcile the remaining unpaid bills to find out what bills are due.

CONCLUSION

From the description that has been explained, the authors conclude that:

- Cash accounting system at PT. MP consists of an accounting system for cash receipts and cash disbursements. Cash receipts are obtained from selling services to consumers. Meanwhile, cash disbursements are operational costs, payment of transportation costs to drivers and salaries of employees as well as personal attractions for directors.

- Accounts receivable internal control is carried out to protect the company's assets from manipulation and misuse by employees. Internal control at PT. MP is carried out directly by the leader of the company assisted by the finance department. Cash accounting systems and internal control for accounts receivable are needed by every company for the progress of the company. Management of accounts receivable that has accumulated must be addressed immediately so that the company does not experience losses. This can be achieved by collaborating between the company and its customers. The faster the time for returning accounts receivable, the better for the company.

- The Effect of Cash Accounting Systems on Internal Control of Receivables at PT. MP Bandung which is carried out from the four data collection techniques such as interviews, observation, documentation and literature studies that if the cash accounting system (system of cash receipts and payments) at PT. MP is very simple, where the supervision is only carried out by the leader of the company, so it is ensured that the manipulation or deviation of the internal control of receivables is also very small. However, it makes it difficult for the financial department because their access is very limited in controlling consumer receivables.

Problems that arise in the implementation of internal control are:

a.   The company monitors the implementation of internal control when the company's operating cash is minus.

b.   The coordination made it difficult for other departments to collect receivables.

c.   There was a delay in the disbursement process.

Efforts made to overcome the problems that arise are:
a.   To overcome delays in disbursement, the company represented by the director must be more active in monitoring the bill payment process according to the agreement contained in the SPK

b.   Check the company's checking account to find out the invoice that has been paid and cross-check the payment based on the amount of the bill according to the number and date of the invoice. Then, reconcile the remaining unpaid bills to find out what bills are due.

c.   It is necessary to impose administrative sanctions on customers who always delay payment.

RECOMMENDATIONS

Management or the finance department must always monitor the amount of receivables from customers, if there are receivables that have not been paid off according to schedule, you should immediately confirm it to the customer. As well as maintaining cooperation and commitment to customers and it is necessary to impose administrative sanctions on customers who always delay payment.

The full responsibility of the leadership of MBP Cargo in confirming and accepting payments as well as being the director of the company should not be carried out, but it is the responsibility of the finance department that issues invoices so that they can monitor the amount of payments according to the number of bills that have been entered. In this case, the leader acts as an observer and performs the function as director.

We recommend that you conduct a survey of prospective debtors by taking into account the condition of the prospective debtor, whether it meets the requirements or not so that it is feasible to be financed by taking into account the Five "C" aspects, namely: Character, Capacity, Collateral, Capital and Conditions. It is expected that with qualified debtors, the number of uncollectible accounts will be smaller.

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