

Analysis and Evaluation of Internal Control Accounting Information System for Purchase of Merchandise and Cash Disbursements at PT Bali Kulina Utama According to the COSO Framework Approach

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Abstract. This study aims to evaluate the internal control of the accounting information system for the purchase of merchandise inventory and cash disbursements at PT Bali Kulina Utama. The results of this study are expected to provide constructive suggestions in improving the implementation of controls that can minimize the potential for fraud and fraud in the company's activities at PT Bali Kulina Utama. This type of research is a case study using two types of data, namely primary data and secondary data. Data collection techniques used are observation, interviews and documentation. The analytical technique used is descriptive analysis technique, namely by explaining the accounting information system for the purchase of merchandise inventory and cash disbursements and comparative analysis techniques, namely by comparing the implementation of internal control accounting information systems at PT Bali Kulina Utama with the theory of internal control according to the COSO Framework approach. The results of this study indicate that the accounting information system for the purchase of merchandise inventory and cash disbursements has three activities originating from ordering, receiving, storing and disbursing cash. The results of the evaluation of the implementation of the accounting information system internal control at PT Bali Kulina Utama are not fully in accordance with the five components of the COSO Framework internal control. Four of the five components that are not in accordance with the COSO Framework are the internal control environment, risk assessment and risk response, control and monitoring activities. An adequate component is the information and communication component.

1. Introduction

Accounting information system is a system designed by the company to provide clear and relevant information in making a decision. The information system used by the company can be either manual or computerized. System which from manual to computer is used to make the work of company employees more effective and efficient. The transition will certainly require good internal control. Internal control is used to overcome fraud, fraud, robbery and waste. It is also used to control that the system used by the company is running well.[1]. Internal control issued by[2]namely COSO (Internal Control-Integrated Framework) which has five components, namely the internal environment, risk assessment and risk response, control and communication activities and supervision. The five components are interrelated with one another.

PT Bali Kulina Utama is a trading company engaged in the distributor of imported meat and retail products. Sales made are widely distributed in Bali and Lombok, starting from supermarkets, hotels, restaurants and general consumers. Trading companies, of course, have inventory that is a company's current assets, which must always be controlled, starting from purchases, storage, to sales. The main activities of the inventory, starting from purchases to cash disbursements, which are done manually must be computerized so that it is easy to control because the system will be more effective and efficient in controlling it.

The results of interviews and observations carried out at PT Bali Kulina Utama showed the results that there were several procedures that contradicted the theory and scientific studies on internal control carried out, especially in the components of internal control activities regarding the separation of duties from company activities. In the storekeeper section, which should receive the goods storage section, it becomes the receiving section and in the general cashier section, which doubles as the account payable section. Duplication of duties can trigger fraud that occurs such as embezzlement of goods because it is carried out by one person and it is feared that it will cause errors in making a report due to the dual responsibility received.[3]. The theory presented by Romney and Steinbart (2017) which states that to have good control it is not recommended that employees have more than one responsibility in carrying out company activities.[4]

In Arishanti's NPTR research (2018) the results show that there is no separation of duties between the reception function and the storage function, resulting in the cash receipts and disbursements accounting information system not being able to run properly. [5]. Another study conducted by D. Pratiwi (2017) found that the results of double duty in the reception and storage department were inadequate because it could lead to fraud or fraud, for example by making a manipulation report.[6].

2. Research Methods

This research is a qualitative research using primary data sources and data secondary. Primary data was conducted by interviewing the relevant departments, namely the purchasing, storekeeper/receiving, accounts payable/general cashier and head accounting. In addition to interviews, observations were also carried out so that primary data produced data in the form of detailed explanations related to internal controls implemented at PT Bali Kulina Utama which were described using tables. Secondary data is carried out by collecting documents and records that support the explanations given regarding the procedures for purchasing merchandise and cash disbursements. These documents and records are request requisition, purchase order, invoice, delivery order, receiving report, inventory card, payment voucher, check/ transfer form.

The analysis technique used is descriptive analysis technique and comparative descriptive analysis technique. Descriptive analysis technique is to explain things related to the accounting information system for purchasing merchandise inventory and cash disbursements, such as hardware or software, functions, records, documents and related procedures. Comparative analysis techniques are used to describe the internal controls applied to PT Bali Kulina Utama and then compared with internal controls based on the COSO Framework approach and scientific studies from previous studies that are used as references.

3. Results and Discussion

3.1. Accounting Information System for Purchase of Merchandise Inventory and Cash Disbursements at PT Bali Kulina Utama

The procedure for purchasing merchandise inventory and cash disbursement at PT Bali Kulina is carried out in four business activities, namely ordering, receiving, storing and disbursing cash. Purchase of merchandise inventory is made by payment on credit with payments made in accordance with the authorized AP Payment list. All activities carried out on the procedures for purchasing merchandise inventory and cash disbursements involve several functions, records, documents. The functions involved are warehouse functions, purchasing functions, receiving and storage functions and accounting functions. Documents used in purchasing merchandise inventory are purchase requisitions, purchase

orders. Documents used when receiving goods are of course receiving reports, delivery orders and invoices. When disbursing cash, the documents used are payment vouchers and checks/ transfer form. The records used for the cash purchase and disbursement procedures are the inventory card and the AP Payment List. Recording is carried out at PT Bali Kulina Utama manually and computerized, this is because to avoid recording errors or incomplete records so you can have backups. Manual recording is done in Microsoft Excel. The computerized system used for recording is the SAP system (System Application and Processing) and for financial reports, accounting and taxation records are recorded on the SAP B One system. The separation of the system is because the SAP B One system records important documents that can only be accessed by head accounting and technicians.

The procedure is carried out starting from ordering goods by sending a purchase order to the supplier, then the supplier sends the goods by attaching a delivery order and invoice. The receiving department will check the completeness of the goods sent in accordance with the delivery order received. If there are damaged goods, it will be reported to the supplier and a report is made for damaged goods. Goods that are well received will be made receiving report for further payment vouchers that have been authorized at the head of accounting and general manager.

3.2. Internal Control at PT Bali Kulina Utama

Internal control is used as the basis for the work of management and the company. To find out whether the controls implemented are effective and efficient, it is necessary to compare them with the controls that have been authorized, one of which is the COSO Framework approach. Internal control that is used as a reference are the five components described in the COSO framework and Narisuwari research (2020)[7] and Valleria (2018) [8]. The five components of the COSO Framework's internal control framework include the control environment, risk assessment and risk response, control activities, information and communication and supervisors. The control environment component includes several elements, namely commitment to integrity, ethical values and competence, oversight of internal control by the board of commissioners, organizational structure, determination of authority and responsibility, and human resource standards. Components of risk assessment and risk response with the elements used are identifying significant changes, events and their impacts, fraud risks and their handling. Components of control activities with elements used transaction authorization, segregation of duties, document and record design, asset protection, records and data, independent checks. Components of information and communication with elements used to identify and record transactions, effective external and internal communications. The supervisory component consists of evaluating internal control elements, accounting information systems responsibility, supervising system activities.

The results of the analysis that have been described can be conveyed that four of the five components are still not in accordance with the theory. The control environment component has not been implemented properly by PT Bali Kulina Utama. Good elements starting from the application of ethical values, commitment to upholding integrity, accountability for the authorities and responsibilities of each section, oversight accountability from the board of commissioners as the controller of internal control as a whole, elements of organizational structure, human resources that are continuously developed . However, the drawback is that PT Bali Kulina Utama is still unable to implement the periodic rotation of tasks. This is because the company feels that if you rotate tasks, there are several things that will need to be learned from the beginning which results in wasted time to adapt. This component of the control environment is the foundation of discipline and structure of the company's internal control, which means that this section must be strengthened and maintained.[9]

The components of risk assessment and risk response have not been properly implemented by PT Bali Kulina Utama, the shortcomings that occur are caused because the company has not made insurance for its assets. This insurance is made so that later if there is a natural disaster or fire or other event that can damage the asset, the damage or loss of the asset can be minimized for the resulting expenses. However, other elements such as assessing and dealing with fraud, identifying and analyzing changes that affect the accounting information system can be described well and are in accordance with existing theory.

The control activity component has not been implemented in accordance with the existing theory. The facts in the field show that for the authorization section, the company has implemented it by always giving authorization from superiors, for example to the manager of each section. The company has also designed printed and serial numbered documents because with the document sequence it will be seen which documents are not present and their whereabouts are tracked to make it easier to overcome recording errors. Perform routine independent checks (performed by other parties) to ensure that work has been carried out properly and according to company policy. Safeguarding records, documents and supplies by restricting people from accessing these sections if they do not have an interest. The part that has not been implemented properly is the separation of duties. This segregation of duties cannot be carried out in the storage and receiving section as well as the accounts payable and general cashier sections. This is contrary to the theory of Romney and Steinbart (2017) who have stated that there must be a separation of the storage function and the reception function.[4]. The results of Sitti Amanah's research (2017) which says that the receipt of goods must be separated from the storage of goods. Likewise the cash receipts section with cash storage, this is done so that management can be carried out so as to minimize fraud and errors[10]

The next component is information and communication that has been done adequately by the company. This can be seen because the elements in the components such as classifying transactions, communication with internal and external parties have been carried out effectively and efficiently by the company. Communication with internal and external parties can be one way to improve communication management to become a core element that is a driving factor in management strategies to improve organizational performance in achieving goals.[11]

The last component in internal control is supervision. The supervision carried out at PT Bali Kulina Utama is still not appropriate. This is because the evaluation element of internal control which is carried out regularly is not carried out by the management, because management only provides policies and SOPs as a reference for employee control. Internal control should be routinely carried out to ensure that the monitoring function has been carried out and is clearly defined and structured properly[12]. But behind that, the supervision carried out on the responsibility accounting information system has been carried out well where the company always compares the actual and planned reports. Likewise, what has been well implemented is the computer security system by employing computer security officers to monitor the system and record system activity in a log to identify who is accessing the system.

4. Conclusion

Implementation of internal control over the accounting information system on the procedures for purchasing merchandise and cash disbursements at PT Bali Kulina Utama, it can be concluded that PT Bali Kulina Utama has an accounting information system for the purchase of merchandise and cash disbursements that involve four functions, namely the cash function, the purchasing function, reception and storage function, accounting function. Each activity of purchasing merchandise and disbursing cash is supported by four procedures with different but interrelated functions. Purchase of merchandise is done by way of credit where payment is made in stages. There are 9 documents and 2 records that are used in the company manually but still computerized using the SAP (System Application and Processing) system.

The internal control implemented by PT Bali Kulina has not fully complied with the five components of internal control described in the COSO Framework approach. However, there is an adequate internal control component, namely the information and communication component. Components that are not in accordance with the COSO Framework approach, namely the control environment component where the discrepancy is due to not carrying out periodic task rotations, the risk assessment component and risk response are inadequate because the company does not have insurance on its assets so that if a natural disaster or unwanted event occurs then assets owned by the company will be destroyed which results in the company experiencing substantial losses,

5. Reference

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