

Effectiveness of Cash Expenditure Accounting Systems in Non-Profit Organizations (Case Study on Hasnur Polytechnic)

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Abstract. This study aims to examine the effectiveness of the cash disbursement accounting system at a non-profit organization, namely the Hasnur Polytechnic, which is carried out using a qualitative approach through the interview method. Non-profit organizations have an important role in serving the community and meeting social needs. Therefore, it is important to ensure that the accounting system used to manage cash disbursements is effective and efficient. The research method used is a qualitative approach to the interview method. Interviews were conducted with related parties responsible for cash disbursements. The data obtained from the interviews were analyzed using a qualitative approach to identify the strengths and weaknesses of the existing cash disbursement accounting system. The results of this study indicate that the cash disbursement accounting system runs effectively and according to existing procedures, namely there is authorization for transactions from authorized parties, there is a separation of functions, using the cash basis method, and has made computerized records, but still not using certain accounting software in recording transactions. **Keywords:** Cash Disbursements, Accounting Systems, Non-Profit Organizations.

I. Introduction

Cash has an important role in the financial activities of an entity, because cash is the most liquid form of asset that can easily be used to pay obligations, fund daily operations, or be invested. In an accounting context, effective cash management is very important to maintain liquidity and continuity of business activities. According to Manoppo, (2018). Cash has a crucial role in a company's progress as an important element in its development. Cash has a very high vulnerability to fraud because cash has a liquid nature, besides that cash can also cause losses due to ineffective use of cash and cash expenditures that should not be needed. Therefore, a good cash disbursement accounting system is needed to minimize fraud and losses that will occur.

Accounting system refers to the processes, methods and principles used in recording, classifying, processing, analyzing and reporting the financial information of an entity. The aim of the accounting system is to provide relevant, accurate and reliable information to users of financial reports, such as company owners, investors, creditors or other interested parties. Cash disbursements in the accounting system include various business activities that involve processing data related to purchases and payments for goods and services obtained (Andayani & Aprilia, 2020).

The cash disbursement accounting system acts as a system used to record, control and report cash disbursement activities in an entity. This system includes the process of recording cash disbursements, related internal controls, as well as reporting related to these disbursement transactions (Karmila & Rahmazaniati, 2022). The use of an effective cash disbursement accounting system helps companies to monitor and control cash disbursements, maintain the integrity and accuracy of financial information, and ensure compliance with applicable regulations and policies. Management of a non-profit organization requires a data information management system that can support the implementation of a good management system. A good accounting information system will be able to improve the performance of non-profit organizations, so that they can be more effective and efficient which will in turn improve the internal control of a non-profit organization (Nurjanah, 2022).

Hasnur Polytechnic is an entity operating in the education sector which is included in the type of non-profit company. Non-profit companies differ from commercial companies in that they do not have profit as their primary goal (Fatimah et al., 2020). The large number of activities or operations in realizing programs to develop companies and community service activities by Hasnur Polytechnic requires this entity to have a good accounting system because there are many transactions carried out, especially cash disbursements because they are liquidity and are able to prevent fraud from occurring.

II. Literature Review

Accounting System

An accounting system is an organization, forms, records and reports that are coordinated in such a way as to provide the financial information that management needs to facilitate company management (Andayani & Aprilia, 2020). An accounting system can be defined as a collection of subsystems that are interconnected with each other and work together in harmony to process financial data into financial information needed by decision makers in the decision making process in the financial sector. (Esteria et al., (2016), Hakim et al., (2021)

Cash Disbursement Accounting System

Cash disbursements are a continuous series of business activities and related information processing operations related to the purchase and payment of goods and services (Andayani & Aprilia, 2020). The cash disbursement accounting system is a subsection of the accounting system that specifically manages and records cash disbursement transactions within an entity. This system is designed to monitor, control and report cash disbursements effectively and efficiently.

Non-Profit Company

Non-profit or non-profit organizations are organizations that aim to support an issue to attract public attention with non-commercial purposes without seeking profit (Susilo et al., 2022). In its development, non-profit organizations create sustainable financial models for their activities to add social value. The primary goal of a non-profit corporation is to provide social benefit, serve the public interest, or advance a cause considered important in society. They play a role in providing solutions to social problems, providing needed services, or mobilizing resources and support for positive change.

III. Research Method

This research uses data obtained through interviews with two employees at Hasnur Polytechnic, namely accounting staff and finance staff, as well as through observation and documentation. This research takes research data at Hasnur Polytechnic which is located at Jl. Brigadier General H. Hasan Basri, Handil Bakti, Barito Kuala, South Kalimantan, this research began from April to May 2023. Data analysis in this research is descriptive analysis. Descriptive analysis in this research is by collecting, compiling, analyzing data to obtain a true picture of the cash disbursement accounting system with existing theories so that it can provide complete information to solve the problems faced by the company.

IV. Results and Discussion

Results

The cash disbursement accounting system at Hasnur Polytechnic has two systems, namely the cash disbursement accounting system using a budget and the disbursement accounting system using petty cash funds, based on informant Mr Eriansyah (35 years), accounting staff as follows:

"Cash at Hasnur Polytechnic itself is divided into two, namely petty cash and large cash. We use petty cash for expenses whose nominal value is less than IDR 1,000,000 (one million rupiah) and the petty cash balance at Hasnur Polytechnic is IDR 5,000,000 (five million rupiah), this petty cash can be used by each user based on their individual needs -each and we will refill it when the petty cash has run out and we will also note it when refilling it. Meanwhile, we use large cash for expenses whose nominal value is more than IDR 1,000,000 (one million rupiah). The use of large cash is not the same as petty cash. Large cash expenditures have different systematics, where not every user can use them just like that, applications for large cash expenditures must be in accordance with the draft budget or budgeting submitted before the current period. So, if the application for spending funds does not match the budget, we will reject it."

The results of the interview showed that Hasnur Polytechnic implemented a cash disbursement accounting system which was divided into two, namely a budget system managed by the relevant department, and a petty cash fund system. The budget system is used for cash expenditures of significant amounts, which are operational funds for Hasnur Polytechnic. Meanwhile, petty cash expenditures are intended for users with lower nominal expenditures. Generally, a cash disbursement system using a budget system is used to finance development, research, service and all operational needs of Hasnur Polytechnic. Submissions for funds, both large cash and petty cash, must be accompanied by supporting documents that have been signed by authorized parties, based on informant Mr. Muammar (22 years), financial staff as follows:

"When disbursing the budget or applying for funds, we must authorize supporting documents that have been approved or signed by the authorized parties. These supporting documents can be in the form of a Payment Request (PP), Advance Payment Request (PUM), Request for Procurement of Goods and Services (PPBJ), and other documents. So, we will process the disbursement of funds if the documents are complete and can be accounted for. In petty cash disbursement we also have the same rules, we cannot disburse the funds directly but must authorize the relevant documents. In petty cash the fund application documents only require proof of the request for petty cash funds which has been signed by the authorities. "The point is that all applications must be signed by the authorities before we can process them."

Based on the results of the interview, the documents used in the cash disbursement accounting system with a budget system are as follows:

1. Proof of Payment Request. This document functions as an order for cash disbursement to the finance department in the amount stated in the document with a nominal value that is certain and can be accounted for.
2. Proof of Advance Payment Application. This document has the same function as the Proof of Payment Request document, namely as an order for cash disbursement to the finance department in the amount stated. However, the nominal listed is uncertain or the nominal can change and cannot be accounted for. the realization.
3. Proof of Request for Procurement of Goods and Services. This document is a supporting document for the Down Payment Application document which contains details of the goods and services to be purchased or used.
4. Proof of Responsibility. This document contains details of goods or services that have been purchased or used at a real nominal value and can be accounted for along with attached evidence of cash disbursements such as notes, receipts and other supporting evidence.

Meanwhile, the documents used in the cash disbursement accounting system using the petty cash system are documents proving petty cash requests. This document functions as an order for cash disbursement to the finance department in the nominal amount listed, the nominal stated in this document is not allowed to exceed one million rupiah. Every cash disbursement document, whether in the budget or petty cash system, must go through an authorization process and receive approval from the Head of Finance and Bookkeeping Section, or other authorized party.

In making these documents, those responsible for making the PP and PPBJ are the Head of the Study Program, the Head of the Technical Implementation Unit and the party responsible for activities and purchasing goods and services. If applying for funds for activities, you must attach an activity proposal.

The mechanism for submitting funds for activities and the need for goods and services at Hasnur Polytechnic is: The activity of applying for funds for activities begins with receiving PP and PPBJ and recording them in the control book. This is carried out by the BAUK unit by producing evidence in the form of a control book for submitting and disbursing funds. Next, BAUK corrects and signs the PP and PPBJ received from users who apply for funds. Then the user who applies for funds signs the PP and PPBJ which have been approved by BAUK. The next process is signing the PP and PPBJ by the Daily Finance Manager, Daily Chair, and Finance Director. After all parties have signed the PP and PPBJ, the next process is disbursement of funds by BAUK with proof of receipt. So, the funding application activity is complete. The mechanism for applying for funds for activities and the need for goods and services can be seen in the following flowchart image:

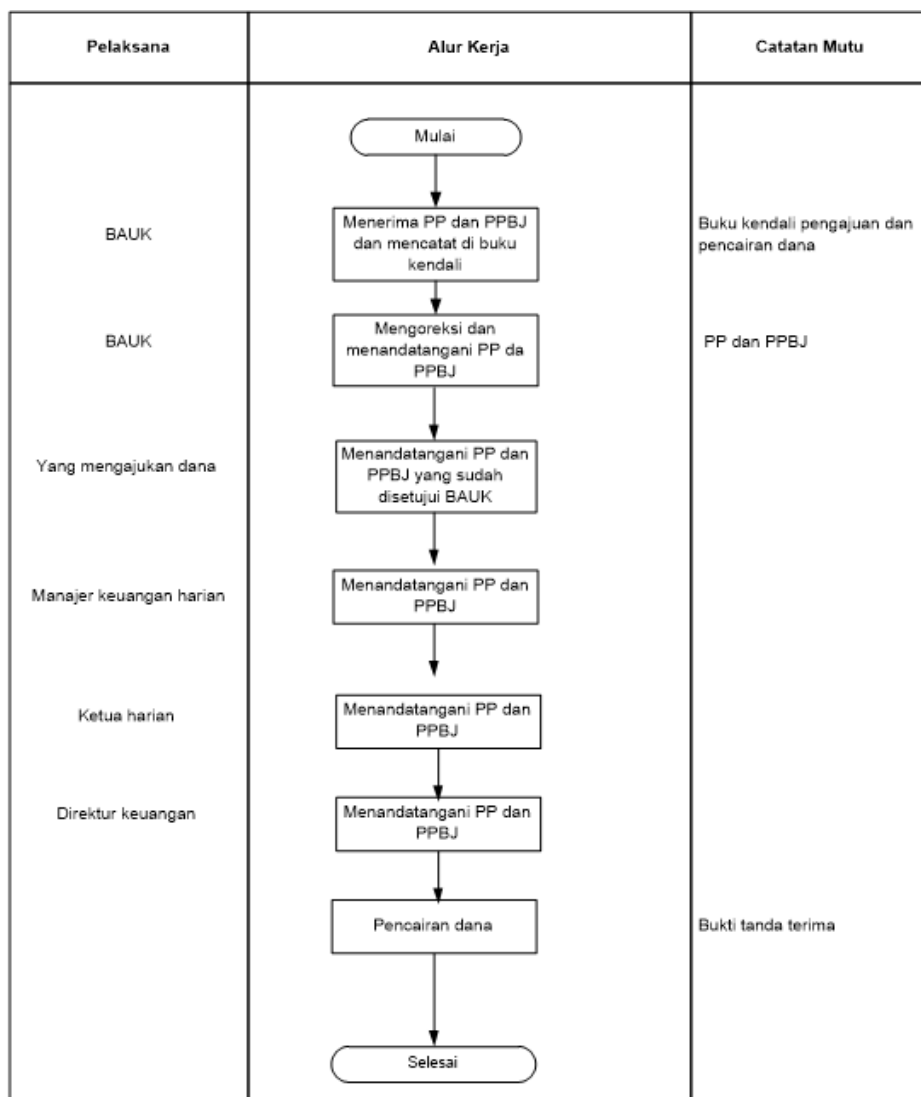


Figure 01. Fund Application Flowchart
 Source: Hasnur Polytechnic Accountant Staff

Hasnur Polytechnic cash disbursements are recorded using the cash basis method and for petty cash records using the Imprest Fund System method, as explained by informant Mr Eriansyah (35 years), accountant staff as follows:

"In carrying out financial records, we still use Microsoft Excel for both large and small cash records, but currently we are making adjustments and getting training to record using the Zahir application. This aims to make recording, data and information more effective and efficient. We record large cash using the cash basis method where we will recognize or record cash expenditures if the cash has actually been realized and can be accounted for, this is because this method is easier to apply for our entity which focuses on program realization, for small cash We ourselves record cash when replenishing petty cash. Petty cash is replenished when the petty cash balance has run out and the amount filled in will remain the same each period, namely IDR 5,000,000 (five million rupiah), this is so that petty cash has a fixed balance so that we can assess the stability of petty cash from its use. ."

The results of the interview show that large cash expenditures at Hasnur Polytechnic will be recognized and recorded if the transaction has been realized and can be accounted for, this is implemented to make it easier to record operational activities at Hasnur Polytechnic. However, using the cash basis method produces information in the report that is not in accordance with actual conditions, especially information regarding cash at Hasnur Polytechnic. Hasnur Polytechnic uses a computer system to input cash disbursements, namely using Microsoft Excel software. This is of course less efficient and can result in data errors and recording errors.

The process or mechanism for recording cash disbursements according to informant Mr. Muammar (22 years), finance staff at Hasnur Polytechnic, is as follows:

"The guidelines we use for all financial reporting at Hasnur Polytechnic are still transitioning from PSAK 45 to ISAK 35, so we still use the cash basis method for recording because we use the cash basis method for recording cash, so there are several processes that we have to carry out. We will start recording when the funding application has been completed which we record based on proof of receipt. In recording, we use 2 reports, namely a report on changes in large cash and a cash report, where if the transaction has been realized or can be accounted for, it will be immediately recorded in the report on changes in large cash. "However, on the other hand, if the transaction has not been realized and cannot be accounted for, we record it in the cash register report first, then after the transaction is realized, we will immediately transfer it to the report on changes in large cash."

Discussion

Based on observations, observations and interviews that have been carried out. The results of the analysis regarding the cash disbursement system at Hasnur Polytechnic are as follows:

Table 01. Research Analysis Results
 Source: Researchers, data processed

No	Information	Results
1.	Recording cash disbursements with cash reports	Kasbon reports are more appropriate when used for programs or activities with a relatively long period of time because pThere is a process for recording every large cash disbursement transaction that has not been realized or cannot be accounted for, where the cash disbursement transaction does not have supporting documents such as purchase notes, receipts and other documents.
2.	Recording cash disbursements from the cash register report in the large cash changes report	Recording of cash disbursements is carried out when a transaction previously recorded in the cash report is actually realized and can be accounted for.
3.	Recording cash disbursements with large cash change reports	The large cash report is more suitable when used for programs or activities with a relatively short period of time because every transaction has already been madetruly realized and can be accounted for by attaching other supporting documents, such as notes, receipts and other documents.

Hasnur Polytechnic has carried out separation duties between the sections responsible for recording cash receipts and recording cash disbursements. Recording of cash receipts is held by the finance department and recording of cash disbursements is carried out by the accounting department as well as journalizing and preparing financial reports. This is of course in line with research conducted by Pramesti & Setiawan, (2021) which explains that there must be a separation of duties between recording cash receipts and recording cash disbursements. Effective record keeping according to Wulandari et al., (2022) is recording which has a separation of duties between the cash function and the recording function so that there are no duplicate tasks carried out by the finance department. The implementation of the cash disbursement accounting system at Hasnur Polytechnic is quite effective when viewed from the separation of duties carried out by each party involved in it.

V. Conclusion

The results of research and discussions carried out by researchers concluded that the cash disbursement accounting system implemented at Hasnur Polytechnic has the following characteristics. First, the implementation of the cash disbursement accounting system at Hasnur Polytechnic is carried out systematically, where every cash disbursement process must go through an authorization process from the authorized party. This shows that there is good control in managing the company's cash expenditure. Second, the separation of functions between finance and accounting in cash disbursements at Hasnur Polytechnic has been implemented well, in accordance with theory, to ensure security is guaranteed. This prevents potential misuse and manipulation of financial data. Third, the recording method carried out by Hasnur Polytechnic still uses the cash basis method, so the information obtained does not show the actual situation during that period. Using the cash basis method can hinder companies from making decisions based on accurate and real-time information. Lastly, the company still does not use accounting software that supports its recording. So far, recording has been done using Microsoft Excel to record all transactions.

So, existing information and data must be processed first so that it can become effective and efficient information for the company. Using the right accounting software can increase the efficiency and accuracy of recording and make it easier to produce relevant financial reports. Therefore, it is recommended that Hasnur Polytechnic consider adopting accounting software that suits the company's needs in order to increase the effectiveness and efficiency of their cash disbursement accounting system.

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