

Analysis of Petty Cash Effectiveness to Improve the Quality of Cash Control System at PT. Inifd Kreasi Indonesia

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Article Info	Abstract
<i>Keywords:</i> ○ Petty Cash, ○ Imprest Fund Method, ○ Expenses ○ Cash Control System	Purpose – PT Inifd Kreasi Indonesia main business is on fashion and interior design school. They are the first franchisee in Indonesia, with office on Gunung Sahari St, Central Jakarta. This research aim to analyze the benefit of petty cash for cash management operation on PT Inifd Kreasi Indonesia. Design/methodology/approach – This research using mainly qualitative method through observation and documentation of interview. In the end, we could imply that PT Inifd Kreasi Indonesia itself using imprest fund method, by limiting the fund of petty cash each period according to company policy. Findings – It is expected that this research could comprehend the whole process of allocation and bookkeeping of petty cash for detection of fraud and unnecessary expenses. This found that the implementation of petty cash can improve the cash control system at PT Inifd Kreasi Indonesia.
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INTRODUCTION

Problems that arise such as errors in recording or errors in handing over petty cash in every company organization can occur, errors and waste of petty cash budgets can also occur in companies as a risk of company cash control management. Therefore, in this study it is expected to be able to observe and review further the practice of recording petty cash in cash control of PT. Inifd Kreasi Indonesia.

PT. Inifd Kreasi Indonesia itself is a franchise company that was just established in 2017 and has branches in several cities in the world such as Chicago, London, Bangladesh, Dubai and Nepal. Like most businesses, PT. Inifd Kreasi Indonesia certainly has an accounting system that helps record both income and expenses that occur during the implementation of the business. Considering that the business is still relatively young, namely 6 years, it is important to have effective cash expenditure records. Of the many items or accounts in the accounting journal, petty cash is one of the important aspects considering that in a company it is necessary to monitor expenditures and allocation of funds even in small amounts in order to achieve the goals and targets of management budget planning.

Petty cash or commonly known as Petty Cash is one of the substances of the Cash account itself. Petty cash can be defined as a method of recording cash expenditures in Accounting that focuses on routine and small costs. The existence of a petty cash account itself is an assistance

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to its parent account, namely the Cash account so that recording costs in small and frequent/routine amounts does not overlap and create confusion in the cash control process.

Petty cash in organizations, especially in companies, plays an important role so that routine and small-value costs or expenses can be monitored and accumulated properly as a form of cash control system so that the allocation of funds that have been budgeted by the company in a certain period can be carried out properly and does not violate the objectives that have been determined. The method of controlling petty cash flow that PT. Inifd Kreasi Indonesia feels is suitable is the method of recording fixed funds or imprest funds. Daryanti (2013) stated that in this imprest method, it is said to be a fixed fund because the petty cash balance in each period has the same value. The recording process is carried out when the petty cash balance is filled, by detailing the related cost accounts involved to be accumulated.

The formulation of the problem that the author wants to solve is: Can petty cash recording minimize cash misuse in the Company? Can petty cash recording provide efficiency because it is related to the smallest transactions? Can the cash control system be helped by the existence of petty cash recording?

LITERATURE REVIEW

Petty cash as a derivative account of the cash account in the accounting system has a concept of detailed recording of cash expenditures down to the smallest expenditures that may occur in the company so that they are still included in the petty cash records as an effort to control the company's cash. The theory of petty cash has been widely expressed by many accountants so that the implementation of petty cash recording has been carried out in almost every business organization or company in various countries. Hery (2014), in his book entitled *Accounting and Management Control*, states that it is absolutely necessary to form a petty cash fund system as a form of internal control, especially company budget control. This is because although petty cash expenditures are considered relatively small, with the high frequency of transactions, if added up, it will be quite significant in the end. Therefore, good monitoring is needed. Controlling cash expenditures with petty cash as its substance is said to be more effective if the process is carried out by utilizing digital technology such as using bank transfers or issuing a number of checks compared to having to use cash which of course can take a lot of time and storage space. It is explained in the book that the initial balance of petty cash is received by the petty cash officer to be stored by limiting the types of payments that are allowed and the maximum limit of the amount of payment that has been set. The petty cash disbursement system is carried out using a form with information that contains the date, amount of payment, identity of the recipient of payment, type and purpose of payment, and account items charged in the journal.

Asy'ari, et al. (2022), in their research entitled *Analysis of Petty Cash Management at PT. Regista Bunga Wijaya Surabaya Branch*. It resulted that the formation of petty cash funds is carried out with PUM or Advance Payment Submission where when the money can be submitted or known as Advance, then payment of operational costs can be made, for example payment of photocopying costs for documents, purchase costs for ATK, water costs, electricity costs, internet costs, telephone costs and others with an advance disbursement period of one

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month with a nominal limit of IDR 2,000,000. The recording system at PT. Regista Bunga Wijaya Surabaya branch is quite different, namely by using Advances taken from petty cash funds to finance the burden in advance with the assumption that the debt must be repaid during the maximum settlement limit of five (5) working days using Advance Payment Accountability (PJUM). The Advance Balance must return to 0 and if there is a rejection in the process of replacing Advance with PJUM, it is considered a company burden in that period, also known as a loss. Follow-up of petty cash as a form of internal control of PT. Regista Bunga Wijaya Surabaya branch by minimizing deviations and fraud by verifying transaction evidence and monitoring petty cash officers periodically.

Aritonang, et al. (2020), in their research entitled Analysis of Management and Recording of Petty Cash at PT. Barelang Elektrindo Era Cemerlang in Batam. Produced a study stating that as a company engaged in the event organizer business, PT. Barelang Elektrindo Era Cemerlang manages petty cash by filling it at the beginning of each year which will then be refilled at the end of each year. It was also found that there were changes in the recording method applied by PT. Barelang Elektrindo Era Cemerlang does not follow the applicable accounting rules, because in practice it is carried out with two methods at once where the fixed fund method and the non-fixed fund method are combined into one. This can be seen when filling the initial balance of the petty cash fund, the method used is a fixed fund, while the replenishment of the petty cash fund such as in July, August and September shows that the petty cash balance often changes so that the non-fixed fund method is also used in the middle of the year or the middle of the current period. However, recording petty cash funds becomes inconsistent and can actually create difficulties and confusion when tracking or detecting the required transactions.

Wifriya, et al (2020), in their research entitled Analysis of Internal Control System for Cash Disbursements of PT. Tigaraksa Satria Tbk Medan Branch. States that cash disbursements involving small amounts will be made through petty cash funds, while if the payment is above IDR 3,000,000 then it will be made through check payments. It is also stated in the study that the Internal Control System for Cash Disbursements of PT. Tigaraksa Satria Tbk Medan Branch is intended as a means of presenting reliable cash disbursement information so that personnel or employees can carry out their respective duties as well as possible. In addition, one form of cash control itself can be carried out by separating functions between the cash recording section and the cash payment section and through an authorization system and verification of evidence of cash disbursements.

Prabowo (2018), In his research entitled Analysis of the Implementation of Petty Cash Accounting in Supporting the Effectiveness of Petty Cash Management at PT. Nusa Pusaka Kencana Kebun Bahilang - Asian Agri Tebing Tinggi. Mentioned that there are two methods of petty cash bookkeeping, namely the first is the Imprest Fund method, with petty cash holders who do not directly record but simply collect evidence of transactions during a certain period by submitting the formation of a petty cash fund when the petty cash is almost depleted with a large value according to the bookkeeping so that the petty cash fund remains at the original amount. While in the fluctuating system method, the petty cash fund does not have a certain value so that the petty cash balance varies in each period. The formation of a petty cash fund is not based on the amount that has been used but is usually set at a certain amount.

Sutarti (2014), in her research entitled *The Influence of the Petty Cash Accounting System and Bank Reconciliation on the Effectiveness of Cash Control (Case Study at the Sejahtera Bersama Cooperative)*. States that petty cash funds are substances taken from large cash funds which aim to pay expenses with a relatively small amount because it is not economical if paid by check. It is also said that in the petty cash system, it is hoped that the goal of monitoring the flow of money in and out and facilitating financial transactions that cannot be done by check can be achieved. The process of recording, summarizing, and reporting finances related to petty cash receipts is carried out as a form of petty cash receipt system procedure, while the petty cash disbursement system is carried out by verifying supporting transaction evidence with the completeness of the completed form.

RESEARCH METHOD

Suryana (2010) stated that the research method is a procedure or steps in obtaining scientific knowledge or science so that the research method is a systematic way to compile science. Research on the Effectiveness of Petty Cash on the Cash Control System was conducted using a descriptive qualitative approach method through data collection techniques including direct observation methods, documentation of transaction evidence samples and interviews with petty cash officers at PT. Inifd Kreasi Indonesia as representatives of the Company that are directly involved in petty cash recording activities. The location of the research was conducted at PT. Inifd Kreasi Indonesia, located at Jl. Gunung Sahari Raya No. 1 Central Jakarta. In analyzing the data in this study, it was carried out by collecting, observing and analyzing petty cash data in a comprehensive manner to then draw conclusions from the results of the discussion of this study.

Descriptive research methods can be defined as methods that include a description of current problems with the aim of describing what happened when the research was conducted. Suryana (2010) explains that descriptive research methods are "methods used to find elements, characteristics, and properties of a phenomenon starting with collecting data, analyzing data and interpreting it". The qualitative approach used can be defined as a method or way that emphasizes analysis or descriptiveness with a more prominent subject perspective and a theoretical basis as a guide as a research process based on facts found in the research. Moleong (2000) states that qualitative methods are carried out with several considerations, first, adjusting qualitative methods is easier when faced with multiple realities; second, this method presents directly the relationship between researchers and respondents; third, this method is more sensitive and more adaptable to many sharpenings of mutual influence and to the value patterns faced.

The framework of thought can be said as the foundation or basis of understanding as an effort to form a clear research flow and to strengthen the sub-focus that is the background of the research. From the explanation, the author's theoretical framework of thought is the contextual problem that the author wants to study the effectiveness of petty cash in the cash control system of PT. Inifd Kreasi Indonesia. This is also done to see the extent to which the implementation of petty cash can be beneficial for the company in order to support the business sustainably.

RESULTS

Standard Operating Procedure (SOP) implemented by PT. Inifd Kreasi Indonesia in the company's cash control system is carried out comprehensively down to the smallest transaction. Identification and tracking of transaction information when needed in the future is expected to be carried out properly because the information is used as a consideration in decision making, especially for the financial manager of PT. Inifd Kreasi Indonesia. Therefore, the Company expects that each of its employees, including the petty cash officer of PT. Inifd Kreasi Indonesia, can carry out their functions properly. Petty cash officers need to pay attention to details such as the completeness of filling in data as information on petty cash disbursements, completeness of supporting evidence of transactions in the form of proof of payment, either a receipt, invoice, tax invoice, or receipt.

In addition, the completeness of approval or authorization also needs to be considered carefully for petty cash officers. The financial manager of PT. Inifd Kreasi Indonesia has the authority to provide approval and supervision/monitoring in an up-to-date manner so that misuse or deviations such as falsification of transaction evidence or double payments can be prevented. The results of the research conducted at PT. Inifd Kreasi Indonesia related to the petty cash recording system and its relationship to the company's cash control system can be found out with several questions that have been listed below as a list of questions and answers for the PT. Inifd Kreasi Indonesia petty cash officer interview.

Tabel 1. The Result of Interview

No.	Questions	Answers
1	Since when was petty cash management implemented?	Since the company began operating, 2017
2	Is there a time when PT. Inifd Kreasi Indonesia does not implement a petty cash recording system?	There is no such moment
3	What is the purpose of recording petty cash at PT. Inifd Kreasi Indonesia?	For efficiency in terms of cash disbursements, there is no need to use checks because the amount is small and as a form of supervision of even the smallest transactions.
4	How much petty cash budget is set by PT. Inifd Kreasi Indonesia management?	Rp. 1,500,000 (one million five hundred thousand rupiah)
5	How long does it usually take for petty cash to be replenished?	5-8 working days
6	What is the petty cash recording method applied by PT. Inifd Kreasi Indonesia?	Fixed fund method / Imprest Fund
7	What benefits are obtained from the recording method applied?	Useful in terms of obtaining the clearest possible information regarding cash flow for each period and being able to control the risk of recording errors, fraud or cash expenditure

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| 8 | What problems are usually encountered as difficulties in the petty cash recording process of PT. Inifd Kreasi Indonesia? And how to solve the problem that occurs? |
| 9 | How is the authorization and approval system for disbursing petty cash funds to interested parties? |
| 10 | How is the monitoring system implemented by PT. Inifd Kreasi Indonesia towards petty cash recording? |
| 11 | Is there a certain period where PT. Inifd Kreasi Indonesia's petty cash is used more than other periods? |
| 12 | Is the petty cash budget of PT. Inifd Kreasi Indonesia considered to be able to help allocate the company's cash budget? |
| 13 | What do you think about the relationship between petty cash and company budget control? |
- Incomplete supporting evidence for transactions, for example lost or faded receipts. By verifying and validating the evidence of the transaction by involving the direct superior who knows the duties of the petty cash applicant.
- This is done through approval in the form of a signature from the direct superior or equivalent management manager.
- With the existence of a management review equivalent to managers, especially financial managers
- When there is a special event or occasion which usually occurs at the end or middle of the year
- Of course it can help the company's cash budget allocation.
- Because petty cash is part of cash itself, it is certainly important to monitor and control it as a form of controlling the company's operational budget in particular.

Source: Interview (2023)

Based on the interview process, several points can be identified that can be explained starting from the petty cash recording system, the petty cash expenditure approval process, the petty cash recording monitoring process, and the effectiveness of petty cash usage.

DISCUSSION

Petty Cash Recording

From the interview conducted, the petty cash officer conveyed several problems that are usually encountered as difficulties in the petty cash recording process of PT. Inifd Kreasi Indonesia, such as incomplete supporting documents in the form of proof of transactions as a requirement for submitting petty cash funds to interested parties. When the lack of supporting evidence is found, the way the petty cash officer of PT. Inifd Kreasi Indonesia overcomes it is by looking for other evidence that is close to the original evidence, such as proof of transactions at the bank when proof of payment (receipt) is lost or by confirming in the form of a written document signed by the superior as the party who knows that the transaction submitted to the petty cash officer is true. Another obstacle put forward by the petty cash officer of PT. Inifd Kreasi Indonesia is the discrepancy between the physical balance of petty cash and the balance of petty cash recording in the records. When this happens, what the petty cash officer does is check and re-track until the cause of the difference in balance is found. So far, petty cash officers have revealed that the difference in balance is usually caused by rounding that has not been

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adjusted and the transfer of money that has not been recorded or the transfer of money that has been recorded but has not been handed over.

Implementation Of Petty Cash Expenditure

The authorization system as a form of approval for petty cash expenditure of PT. Inifd Kreasi Indonesia to the relevant parties is carried out through signing by a superior equivalent to a manager on a petty cash request voucher (PCO/Petty Cash Out) which has been attached with supporting evidence of the transaction. The petty cash officer checks the completeness of the manager's signature and supporting evidence of the transaction. In this case, supporting evidence of the transaction can be in the form of a receipt, invoice, tax invoice, and so on. According to the petty cash officer, the purpose of recording petty cash at PT. Inifd Kreasi Indonesia is to be recorded in the financial report as a cash account where petty cash becomes a burden or deduction from the large cash account. In addition, the management hopes that with petty cash transactions, they can track even the smallest transactions that can be linked to assignments given by superiors or management, for example, for field officers such as drivers or couriers, the implementation of assignments can be seen from evidence of petty cash expenditure requests (PCO-Petty Cash Out) such as parking receipts and e-toll receipts by matching whether the task is carried out according to instructions.

Petty Cash Supervision

The supervision system implemented by PT. Inifd Kreasi Indonesia itself for recording petty cash is done by double-checking between transaction evidence and petty cash requests (PCO-Petty Cash Out). In addition, verification is also carried out both verbally (by phone) and in writing (by email) from the manager level superiors to interested parties who make petty cash requests and restrictions are imposed on petty cash transactions so that they do not exceed IDR 500,000 per transaction where when the nominal is more than IDR 500,000, cash disbursements will be processed through the general cash, not petty cash. There is also a period where PT. Inifd Kreasi Indonesia's petty cash tends to run out faster so that requests for petty cash refills become more frequent, namely when PT. Inifd Kreasi Indonesia holds special events or activities such as holding exhibitions (workshops) at malls or holding art performances that showcase students' work and promotions to schools/universities/other institutions. There are also several examples of petty cash transactions at PT. Inifd Kreasi Utama which are usually paid routinely and in small amounts such as credit/internet fees, equipment costs, transportation costs, zoom meeting subscription fees (Zoom Meeting Subscribe), and transportation service fees.

Effectiveness Of Petty Cash Use

PT. Inifd Kreasi Indonesia's petty cash budget is considered quite capable of helping the company's cash budget allocation priority scale because the smallest cash flow can be tracked and its allocation and interests can be detected. According to the petty cash officer of PT. Inifd Kreasi Indonesia also considers that petty cash is closely related to cash budget control in the company with a clear and directed system along with complete documentation so that tracking and checking of petty cash usage can be carried out so that it can reduce expenses that are

deemed unnecessary due to restrictions on petty cash expenditures.

Petty Cash Recording

As a concrete example to support the explanation that has been explained above, the following are transactions and journaling of petty cash using the imprest fund system that occurred at PT. Inifd Kreasi Indonesia for the period of July 2023.

Tabel 2. The Transaction Recordings of Petty Cash at PT. Inifd Kreasi Indonesia

No.	Date	Transactions	Recordings
1	July 3, 2023	Establishment of a petty cash fund of Rp. 1,500,000	Petty Cash (D) Rp 1,500,000 Cash (C) Rp 1,500,000
2	July 3, 2023	Payment of zoom meeting subscription in July 2023 Rp. 250,000	
3	July 3, 2023	Payment of shipping services (go-send) for fabric and sewing tools Rp. 96,000	
4	July 7, 2023	Purchase of a mannequin due to damage of falling from the stairs Rp. 425,000	When a petty cash expenditure occurs, there is no recording before refilling
5	July 10, 2023	Repair of a broken storage room lamp Rp. 220,000	
6	July 17, 2023	Payment of AC cleaning services Rp. 100,000	
7	July 20, 2023	Purchase of stationery Rp. 90,000	
8	July 25, 2023	Payment of transportation and parking for guest teachers Rp. 70,000	
9	July 28, 2023	Printing brochures Rp. 105,000	
10	July 31, 2023	Replenishing petty cash funds	Zoom Subscription (D) Rp 250,000,000 Freight Service (D) Rp 96,000 Equipment Cost (D) Rp 425,000 Maintenance Costs (D) Rp 220,000 Maintenance Costs (D) Rp 100,000 Supplies (D) Rp 90,000 Transportation (D) Rp 70,000 Sales and Marketing (D) Rp 105,000 Cash (C) Rp 1,356,000

Source: Observation (2023)

Thus, due to the use of a fixed fund recording system, every transaction that occurs is not journaled at that time, but will be journaled when the petty cash fund is replenished. The effectiveness of the petty cash recording system using the fixed fund method or imprest fund

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at PT. Inifd Kreasi Indonesia can be seen from the adjustment of the petty cash budget, the value of which will always remain the same so that when there is a drastic or significant increase in the frequency of requests for petty cash balance replenishment, the cause can be identified. As the purpose of petty cash is to avoid hassle and waste of small transactions because it does not need to go through a check, so is the fixed fund method that is applied, it is said that the fixed fund method supports the creation of efficiency and effectiveness in cash expenditures for operations with the smallest nominal because its nature is not journaled for every transaction so that it does not require a lot of time and energy because it is only journaled at the end of the filling period.

CONCLUSION

According the overall explanation that has been explained above, it can be concluded that the method of recording petty cash has a very important meaning in the company because even the smallest transactions are still journaled or recorded as a form of monitoring, supervision and further monitoring in the context of implementing the company's cash control system where tracking and identification of cash flow can be known clearly and precisely. Other benefits such as the form of the company's efforts to reduce operational costs that are less urgent and avoid wasteful costs are expected to be implemented. In PT. Inifd Kreasi Indonesia, it can also be concluded that it is true that the effectiveness of good petty cash recording has an impact on the company's cash control system itself because matters related to costs and cash flow can be controlled and monitored significantly.

IMPLICATION AND LIMITATION

Based on the research that has been done, the implication of this study is that the implementation of petty cash in companies can improve the quality of cash control. The limitation of this study is that this study was conducted in one company. It is necessary to strengthen the results of this study with quantitative data that can be generalized. For the author's advice to PT. Inifd Kreasi Indonesia, especially to the petty cash officer or the company's financial manager, if there are obstacles such as a discrepancy between the physical balance and the recorded balance due to rounding, a written confirmation should be made through an internal memo or through the petty cash financial report, the aim is that the rounding that occurs can be clearly identified for the purpose of the transaction.

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