

**ANALYSIS OF THE IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM OF CASH EXPENDITURE IN THE REGIONAL FINANCIAL AND REVENUE MANAGEMENT AGENCY OF PEMATANGSIANTAR CITY**

<sup>1\*</sup>**Marintan Saragih, Faculty of Economics, University of Simalungun**

Email: intandame@yahoo.com

<sup>2</sup>**Vitryani Tarigan, Faculty of Economics, University of Simalungun**

Email: vitry\_tarigan@yahoo.com

<sup>3</sup>**Rina Tania Nababan, Faculty of Economics, University of Simalungun**

\*Correspondence Author: intandame@yahoo.com

**ABSTRACT**

*According to Government Regulation Number 60 of 2008, the Internal Control System is a process that is integrated into every action and activity of the organization, which is carried out continuously by the leadership and all employees. The aim is to provide adequate assurance of achieving organizational goals through effective and efficient implementation of activities, reliability of financial reporting, security of state assets, and compliance with laws and regulations. This study aims to determine how the implementation of the Internal Control System for Cash Disbursements is carried out at the Regional Revenue and Financial Management Agency of Pematangsiantar City. The method used in this study is a qualitative approach. The results of the study indicate that the implementation of the system has been running well and includes a number of internal control components in accordance with the provisions applicable to cash disbursement procedures.*

*Keywords: Internal Control System, Internal Control, Cash Disbursements.*

**ABSTRAK**

Menurut Peraturan Pemerintah Nomor 60 Tahun 2008, Sistem Pengendalian Intern merupakan suatu proses yang terpadu dalam setiap tindakan dan kegiatan organisasi, yang dilaksanakan secara terus-menerus oleh pimpinan dan seluruh pegawai. Tujuannya adalah untuk memberikan keyakinan yang memadai terhadap pencapaian tujuan organisasi melalui pelaksanaan kegiatan yang efektif dan efisien, keandalan pelaporan keuangan, pengamanan aset negara, serta kepatuhan terhadap peraturan perundang-undangan. Penelitian ini bertujuan untuk mengetahui bagaimana penerapan Sistem Pengendalian Intern atas Pengeluaran Kas yang dilakukan pada Badan Pendapatan dan Pengelolaan Keuangan Daerah Kota Pematangsiantar. Metode yang digunakan dalam penelitian ini adalah pendekatan kualitatif. Hasil penelitian menunjukkan bahwa penerapan sistem telah berjalan dengan baik dan mencakup sejumlah komponen pengendalian intern sesuai dengan ketentuan yang berlaku pada prosedur pengeluaran kas.

**Kata Kunci: Sistem Pengendalian Internal, Pengendalian Internal, Pengeluaran Kas**

**I. INTRODUCTION**

Transparency, participation, and accountability are three signs of good governance. Freedom of information is the basis of transparency, participation means that the public is involved in the decision-making process either directly or indirectly through institutions that can voice their wishes. Accountability, on the other hand, means being accountable to the public for all actions taken. In order to create an environment that encourages good management and positive behavior, every government agency must work together to make it happen. This can especially help all parties be accountable and realize the importance of enforcing the internal control system.

Effective and efficient financial management is very crucial for every organization, including the Regional Revenue and Finance Management Agency (BPKPD). BPKPD as an institution that manages regional finances has a great responsibility in ensuring that every rupiah spent is used appropriately and in accordance with applicable regulations. The implementation of an appropriate internal control system for cash expenditures at BPKPD aims to maintain transparency and accountability for the use of regional cash, while ensuring that the expenditure is in accordance with existing regulations. The purpose of this study is to determine how the implementation of the internal control system for cash expenditures at the Pematangsiantar City Regional Revenue and Finance Management Agency is to find problems that arise in the implementation of the internal control system for cash expenditures at the Pematangsiantar City Regional Revenue and Finance Management Agency. Based on the background above, the author is interested in conducting a study entitled "Analysis of the Implementation of the Internal Control System for Cash Expenditures at the Pematangsiantar City Regional Revenue and Finance Management Agency".

## II. LITERATURE REVIEW

### Understanding Accounting

According to PSAK No.1 (Financial Accounting Standards Statement) Accounting can be defined as a systematic process that includes the activities of recording, grouping, summarizing, and presenting financial information related to the economic transactions of an entity. According to the American Accounting Association (AAA), accounting is a process that includes defining, measuring, recording, and reporting economic (financial) transactions of an organization or entity, which are used as information for economic decision-making by parties who need them. Meanwhile, according to the American Institute of Certified Public Accountants (AICPA), accounting is seen as the art of recording, grouping, and summarizing transactions and events of a financial nature, in a meaningful way and expressed in monetary value, and interpreting the results. The general purpose of accounting is to provide financial information, be it assets, liabilities and capital that helps in estimating profits and providing information. The general purpose of accounting is to provide financial information, be it assets, liabilities and capital that helps in estimating profits and providing information related to changes in the company's economic resources (Kurnia & Arni, 2020).

### Government Accounting

Government accounting is accounting that specializes in recording for non-profit operational activities. And government accounting itself also provides reports that are useful for control that are included in state finances. One example is state budgeting (Fitriana, 2012). Government accounting specializes in recording and reporting transactions that occur in government agencies. Government accountants provide accounting reports on the management aspects of state financial administration. In addition, this field includes monitoring the state budget, including ensuring that the budget is in accordance with the law (Ningtyas & Widyawati, 2019).

Government Accounting is a process that includes identification, recording, measuring, classifying, and summarizing financial transactions and events, presenting reports, and interpreting the results obtained from the process carried out by the Government, both the Central Government and the Regional Government. (Pramudiana, 2017). Government accounting develops with the following characteristics due to the various characteristics of government organizations that have been shown: Investment in non-revenue-generating assets: To provide public services, the government usually requires large investments in non-revenue-generating assets, such as roads, bridges, and other public buildings.

### Internal Control System

Internal control is a series of actions that cover all processes within an organization. Internal control is part of the basic management process, which includes planning, implementing, and monitoring, as explained by COSO quoted in Sujarweni (2015). COSO defines internal control as a process carried out by the board of directors, management, and staff to provide reasonable assurance regarding:

- a. Effectiveness and efficiency of operations
- b. Reliability of financial reporting
- c. Compliance with applicable laws and regulations

Internal control is a process that can be influenced by management and employees in providing reasonable assurance regarding the achievements obtained objectively in its application of the reliable part of the financial report, the implementation of efficiency and effectiveness in the company's operational activities and the implementation of applicable regulations and laws so that they are obeyed by all parties (Abdulah et al., 2023).

The internal control system is a system created to provide security guarantees for elements within the company (Sujarwei, 2019b). The internal control system is a system that includes organizational structures, methods and measures that are coordinated to safeguard organizational assets, check the accuracy and reliability of accounting data, encourage efficiency and encourage compliance with management policies.

#### **Components of Internal Control System according to COSO**

Internal Control According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) is a private sector initiative formed in 1985. Its main purpose is to identify factors that cause financial statement fraud and make recommendations to reduce its occurrence (Makal et al., 2023). Internal control can provide reasonable assurance (but not absolute assurance) to senior management and the board of directors of an entity, and adapt to the entity's structure (Nainggolan, 2020).

A good internal control system will be reflected in several things, including the existence of an accounting system and procedures, an authorization system, separation of duties, and a system of forms, documents and records, all of which will support the financial function of the cooperative in producing reliable financial reports and the better the existing internal control system, the better it will be in producing reliable financial reports (Triono & Dewi, 2020).

#### **Government Internal Control System (SPIP)**

Based on Government Regulation No. 60 of 2008 concerning the government's Internal Control System, namely Article 1 paragraph 1, that the Internal Control System is an integral process in actions and activities carried out continuously by leaders and all employees to provide adequate assurance of achieving organizational goals through effective and efficient activities, reliability of financial reporting, security of state assets, and compliance with laws and regulations. Paragraph 2 The Government Internal Control System, or abbreviated as SPIP, is an Internal Control System that is implemented comprehensively in the central government and regional government environments. Paragraph 3 Internal Supervision is all audit activities, reviews, evaluations, monitoring and other supervisory activities regarding the implementation of organizational tasks and functions in order to provide adequate assurance that activities have been carried out in accordance with established benchmarks effectively and efficiently for the benefit of leaders in realizing good governance.

#### **Elements of the Government Internal Control System (SPIP)**

The Internal Control System in this Government Regulation is based on the idea that the Internal Control System is inherent throughout the activity, is influenced by human resources, and only provides adequate assurance, not absolute assurance. Based on this idea, elements of the Internal Control System are developed which function as guidelines for the implementation and benchmarks for testing the effectiveness of the implementation of the Internal Control System. The development of elements of the Internal Control System needs to consider aspects of cost and benefit, human resources, clarity of effectiveness measurement criteria, and developments in information technology and is carried out comprehensively.

There are 5 elements of SPIP that need to be implemented by all leaders and staff at all levels of government agencies, namely:

- a. Control environment, Government Agency Leaders and all employees must create and maintain an environment within the entire organization that creates positive behavior and supports healthy internal control and management.

- b. Risk assessment, internal control needs to evaluate the risks faced by the organizational unit, both from external and internal factors.
- c. Control activities, this activity aims to ensure that instructions from the Government Agency leaders can be implemented properly. Control activities must be carried out efficiently and effectively in order to achieve organizational goals.
- d. Information and communication, Information must be recorded and reported to the head of the Government Agency and other designated parties. Information is presented in a certain form and means and in a timely manner so that it allows the head of the Government Agency to carry out its control and responsibilities. In implementing the SPIP elements, the head of the Government Agency is responsible for developing detailed policies, procedures and practices to adjust to the activities of the Government Agency and to ensure that these elements have been integrated and become an integral part of the activities of the Government Agency.
- e. Monitoring, monitoring is the process of ensuring that the internal controls implemented are operating properly and are continuously updated if necessary. Monitoring is carried out to ensure that all internal control policies and procedures are implemented properly and that they have the ability to address risks.

#### **Objectives of Internal Control System**

Internal control is expected to be a means to monitor the running of the existing operational system and can minimize the possibility of errors that have an impact on company losses.

The objectives of internal control according to (Sujarweni, n.d.), are as follows:

- 1) To protect the organization's assets.
- 2) To maintain the accuracy of the company's financial reports.
- 3) To maintain the smooth operation of the company.
- 4) To maintain discipline in complying with management policies.
- 5) So that all levels in the company are subject to the laws and regulations that have been set in the company

#### **Obstacles in Implementing Internal Cash Control Systems**

In the implementation of the internal cash control system, according to (Mulyadi, 2016) there are inherent limitations that are inherent in every internal control, namely:

- 1) Errors in consideration.  
Errors in decision consideration are usually made by management and other personnel.
- 2) Disturbance.  
This occurs if an employee experiences an error in understanding the instructions given which results in errors due to lack of attention or negligence in carrying out the tasks given.
- 3) Collusion.  
A criminal act carried out together which can damage the existing system.
- 4) Neglect by management.  
Ignorance of policies is carried out by management to gain personal gain.
- 5) Cost versus benefit.

This means that the benefits obtained by the company must be greater than the costs incurred.

#### **Understanding Cash Disbursement**

Cash disbursements are common transaction activities in the operations of an entity. Examples include maintenance costs, payment of employee salaries and wages, and various other expenses. Generally, cash disbursements are made through the use of checks to ensure transaction security, because every expense made will be well documented. However, for small expenses, the use of checks is not always necessary. In addition, cash disbursements follow a procedure that includes the process of recording, summarizing, and preparing related financial reports, as part of accountability for the implementation of the Regional Revenue and Expenditure Budget (APBD). (Makal et al., 2023).

Based on Government Regulation No. 77 of 2020 concerning state financial management which explains the cash disbursement procedures starting from the following stages:



1. Preparation of regional government cash budget Cash Budget is an estimate of cash inflows from receipts and an estimate of cash outflows to regulate the availability of sufficient funds to fund the implementation of the APBD in each period.
2. Fund Provision Letter (SPD) is a document stating that funds are available, which is the basis for issuing a Payment Request Letter (SPP) for the implementation of the APBD.
3. Amount of Reserve Money Determination of the amount of Reserve Money (hereinafter referred to as UP) is the policy of each Regional Government which is stipulated in the decision of the Regional Head based on the calculation of the amount of UP carried out by the BUD.
4. Payment Request Letter (SPP) Payment Requests are made by the Expenditure Treasurer/Assistant Expenditure Treasurer as the initial payment process by the Regional Government to the Related Party as well as the process of charging the Expenditure account. Payment Order Letter (SPM) is the authority held by the Budget User/Authorized Budget User to make payments for expenditures that have been budgeted in the SKPD DPA.

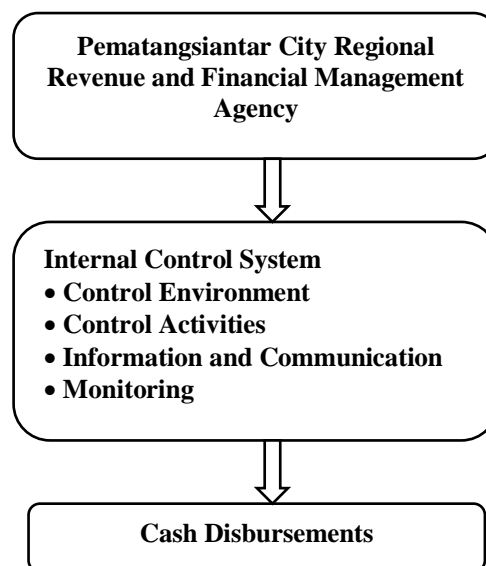
#### **The Importance of Cash Control**

Cash control is an integral part of the overall internal control system. Effective cash management involves segregation of duties, accurate record keeping, and regular cash reconciliation to ensure that all transactions are recorded correctly. The Importance of Cash Control.

- 1) Preventing financial loss; Cash control can prevent financial loss that can occur due to negligence in recording or unauthorized cash disbursements.
- 2) Increasing operational efficiency; With good cash control, the organization's cash flow can be managed more efficiently, making it easier to make the right decisions.
- 3) Financial transparency; Effective cash control creates transparency in financial reporting, which is essential for financial analysis and strategic decision making.

#### **Framework**

The framework of thought is the basis of thought that creates a combination of theory and facts, observations, and literature studies that are used as the basis for research activities. The framework of thought contains all the research variables that will be carried out and can be described in the form of interconnected charts or flowcharts that explain the logical flow of the research. The framework of thought is a conceptual model that is used as a theory that is related to several factors that are identified as important problems (Sugiyono, 2022).



**Figure 1. Conceptual Framework**

### III. RESEARCH METHODOLOGY

This study uses a descriptive qualitative approach, which is a research method that aims to provide an in-depth description of a phenomenon or situation that is currently taking place without intervening in the existing variables (Sugiyono, 2016). In its implementation, researchers will describe the phenomena studied systematically based on data collected through interviews, observations, and documentation studies. The qualitative descriptive research method is a method used in examining the status of a group of people, a subject, conditions, and current thoughts related to the phenomenon being studied (Moh. Nazir, 2011).

### IV. RESEARCH RESULTS AND DISCUSSION

The Regional Revenue and Finance Management Agency (BPKPD) of Pematangsiantar City is the result of a series of public administration reforms and fiscal decentralization that have occurred in Indonesia since the Reformation era. Before this era, regional financial management in Pematangsiantar, like in other regions in Indonesia, was still very centralized with very limited regional authority. However, along with the rolling of the Reformation era in 1998, there was a paradigm shift in the implementation of government in Indonesia, including in terms of regional financial management. An important momentum in the history of regional financial management in Indonesia occurred with the issuance of Law Number 22 of 1999 concerning Regional Government and Law Number 25 of 1999 concerning Fiscal Balance between the Central and Regional Governments. These two laws became the initial milestones of fiscal decentralization which gave greater authority to regions in managing their finances. Pematangsiantar City, as one of the cities in North Sumatra Province, also felt the impact of this decentralization policy. City governments are beginning to have broader authority in managing their regional budgets and finances, although at this early stage, regional financial management is still spread across various work units and has not been well coordinated.

Entering the 2010s, BPKPD Pematangsiantar City began to enter the era of digitalization and modernization of regional financial management. This is marked by the implementation of various information systems and technologies in the financial management process, such as the Regional Management Information System (SIMDA), the Regional Financial Management Information System (SIPKD), e-budgeting for the budget preparation process, and e-procurement for procurement of goods and services. The implementation of these systems not only increases the efficiency and effectiveness of financial management, but also supports better transparency and accountability.

#### **Internal Control System for Cash Disbursements**

In the cash disbursement process, the internal control system plays an important role in each Regional Work Unit (SKPD), because this system supports the implementation of tasks and responsibilities appropriately and in a targeted manner. The same thing is also applied by the BPKPD of Pematangsiantar City, where the internal control system or what is also called a form of supervision is used to ensure that the cash disbursement process runs efficiently.

This flowchart illustrates the stages that must be passed in the cash disbursement process at the Pematangsiantar City Regional Revenue and Financial Management Agency. This process starts from submitting funding needs to submitting accountability reports.

Submission of funding needs by field/sub-section: The first step of each process is when each section or sub-section in the BPKPD of Pematangsiantar City submits funding needs for operational activities or work programs of each section, starting from official travel activities, purchasing stationery, eating and drinking, photocopying and maintenance of office equipment and others. Before the submission is received, it must first be verified by the cash disbursement administration staff or re-check the requirements, whether they are complete according to the regulations or not. If the documents are declared complete, the process will continue to the stage where the complete submission documents are then verified and submitted for get approval from the Head of the Pematangsiantar City BPKPD Agency. This approval indicates that the funding needs are appropriate and can be processed further.

After the verification process is complete and approved by the Head of the Agency, the next step is the treasury's task to check the availability of cash funds based on the Budget Implementation Document (DPA). If the inspection has been carried out in accordance with the functions and responsibilities of the treasury, the expenditure treasurer will re-check the availability of cash funds. If funds are available to support activities or official travel, the treasurer will continue with the payment process. Payments are made in a non-cash manner, namely directly transferred to the account of the relevant party or the party that will carry out the activity.

When the payment or realization of spending is complete, the sector/sub-section that submitted the funds is obliged to prepare an accountability report on the use of the funds. This report contains details of each use of funds and evidence of legitimate expenditure. After the accountability report is prepared, the Agency Secretary will examine the report with the aim of ensuring that the use of funds is in accordance with the provisions and the report has been made correctly.

### **Implementation of Cash Disbursement Procedures for the Regional Revenue and Financial Management Agency of Pematangsiantar City**

Based on the theoretical basis that has been explained regarding the internal control system for cash disbursements, the purpose of this study is to further examine the implementation and effectiveness of internal control in the implementation of the internal control system for cash disbursements at the Regional Revenue and Financial Management Agency of Pematangsiantar City.

The cash disbursement process at the Pematangsiantar City Regional Revenue and Finance Management Agency (BPKPD) begins with the submission of a request for funds by each Regional Work Unit (SKPD). Each SKPD that requires funds for operational needs or other expenses is required to submit a Payment Request Letter (SPP), accompanied by supporting documents such as contracts or details of the use of the approved budget. After the application is received, the BPKPD carries out a verification stage to ensure the completeness and compliance of the documents with applicable laws and regulations. If the documents are considered complete and appropriate, a Payment Order Letter (SPM) will be issued and submitted to the regional treasurer (BUD) for the fund disbursement process. The disbursement process is carried out through the issuance of a fund disbursement order letter (SP2P), which functions as an official instruction to allocate funds in accordance with the submitted application.

All stages in the cash disbursement process are carried out with strict control. Supervision and verification are important aspects to ensure that every step in the cash disbursement process is in accordance with applicable provisions. In addition, the implementation of the Regional Financial Information System (SIMDA) provides information technology support that facilitates the automatic recording of every transaction, thus providing transparency, accountability, and efficiency in monitoring every financial transaction carried out.

### **Implementation of Cash Disbursement Procedures for Money Changers (GU)**

Based on the results of the interview conducted with Mrs. Minar Sianturi as the Financial Treasurer of the Pematangsiantar City Regional Revenue and Financial Management Agency, information was obtained that the implementation of the cash disbursement procedure (GU) is part of the regional financial management mechanism which aims to ensure the availability of operational funds on an ongoing basis in each SKPD. GU is generally used to support the implementation of routine activities or operational expenditures that are urgent and cannot be postponed.

The GU procedure begins with the submission of a request by the SKPD expenditure treasurer to the BPKPD in the form of a Request for Reimbursement of Money (SPP-GU). This document must be accompanied by details of previous expenditure realization, valid proof of payment such as receipts, notes and invoices and accountability reports that have been approved by the head of the SKPD. All documents are verified by verification and accounting officers at the BPKPD to ensure that the submission is in accordance with the budget allocation in the Budget Implementation Document (DPA), the expenditures made are in accordance with the provisions and can be proven with valid documents and there are no violations of applicable regional financial regulations. If the verification results state that the documents are complete and valid, a payment order (SPM) will be issued

followed by a fund disbursement order (SP2P-GU) by the regional general treasurer (BUD). The funds are transferred to the general treasurer's expenditure account as a replacement for the funds that have been used.

#### **Implementation of Direct Payment Cash Disbursement Procedures (LS)**

Based on the results of the interview with Mrs. Minar Sianturi as the Treasurer of Expenditures at the Regional Revenue and Financial Management Agency (BPKPD) of Pematangsiantar City, information was obtained that the cash disbursement procedure for direct payments (LS) in the BPKPD environment begins with the planning and budgeting stage. In this stage, the PPKD together with the Head of the Agency are responsible for compiling, planning, and approving the activity budget. After the budgeting process is complete, the document is submitted to the Regional General Treasurer (BUD) to prepare funds according to plan, but previously the BUD will ensure that the budget plan is in accordance with the functions and duties of the budget section. If appropriate, the BUD will issue a Fund Provision Letter (SPD).

After the SPD is issued, the Head of the General Sub-Section will summarize employee attendance for one month as a basis for compiling the Accountability Letter (SPJ). After the SPJ is prepared, the document will go through a verification process to ensure its completeness. If there are deficiencies, the Expenditure Treasurer cannot continue issuing the Payment Request Letter (SPP). After all documents are declared complete, the data is entered into the SIPD system for the automatic issuance of the SPP and Payment Order Letter (SPM) LS.

#### **Implementation of Cash Disbursement Procedures for Additional Money Payments (TU)**

Based on the results of the interview conducted with Mrs. Minar Sianturi as the Treasurer of the Agency, the cash disbursement procedure with the Additional Money (TU) mechanism at the Regional Revenue and Finance Management Agency (BPKPD) of Pematangsiantar City is part of the regional financial management system which aims to meet urgent operational needs at the Regional Work Unit (SKPD), especially when the Stock Money (UP) is almost running out but cannot be submitted for Replacement Money (GU) because the accountability documents are incomplete. The TU submission process begins with the submission of a Request for Additional Money Payment (SPP-TU) which is equipped with details of the use of UP, the planned use of TU, and other supporting documents. After receiving the submission, BPKPD will verify the completeness and conformity of the documents in accordance with applicable regulations. If the documents are declared complete and appropriate, the Financial Administration Officer (PPK) will issue a Payment Order (SPM-TU) as the basis for disbursement of funds. Then, the Regional General Treasurer (BUD) will issue an Additional Fund Disbursement Order (SP2D-TU) to transfer funds to the SKPD expenditure treasurer's account. The funds that have been disbursed must be used immediately according to the plan and accounted for in the next GU submission. To ensure accountability, BPKPD implements strict internal control through separation of functions, TU value limits, use of an integrated financial system (SIMDA/SIPD), and audits conducted by the Inspectorate and BPK. This process aims to maintain administrative order, efficiency, and accountability in regional financial management.

#### **Implementation of Internal Control System for Cash Expenditure of Regional Financial and Revenue Management Agency of Pematangsiantar City**

Based on the interview results, in implementing the Internal Control System for Cash Disbursements, the Pematangsiantar City Regional Revenue and Financial Management Agency has implemented internal control in accordance with Government Regulation Number 60 of 2008, which includes five main elements, namely as follows:

##### **1. Control Environment**

Control Environment is the Government Agency Leaders and all employees must create and maintain an environment within the entire organization that creates positive behavior and supports healthy internal control and management. Based on the interviews that have been conducted, the Pematangsiantar City Regional Revenue and Financial Management Agency has implemented an internal control system based on applicable regulations as appropriate based on the theoretical basis that in Government Regulation Number 60 of 2008 which can be seen that the organizational



structure of the Pematangsiantar City Regional Revenue and Financial Management Agency (BPKPD) is systematically arranged with a clear division of tasks from the leadership to the technical implementers, where cash expenditure management is carried out in an integrated manner by the Budget Division, Treasury Division, and Accounting and Reporting Division in all stages of regional financial management to ensure transparency and accountability. BPKPD establishes written policies and procedures that regulate cash expenditure control based on government regulations and provisions from the Ministry of Finance, which are implemented through Standard Operating Procedures (SOP) at each stage, from budget planning to disbursement of funds. The BPKPD leadership plays a strategic role in ensuring the effectiveness of the internal control system through policies, supervision, evaluation, and ongoing monitoring, as well as the implementation of a strict control system to prevent deviations.

## **2. Risk Assessment**

Risk assessment is one of the important elements in internal control that aims to identify and analyze the possibility of risk and its impact on achieving organizational goals. Risk assessment includes two main activities, namely risk identification and risk analysis. Risk identification is the process of recognizing and recording potential risks that can affect goals while risk analysis is the process of assessing the possibility of the impact of the risk including determining the level of risk and its handling. Based on the interviews that have been conducted, the Pematangsiantar City Regional Revenue and Financial Management Agency has implemented an internal control system based on applicable regulations as appropriate based on the theoretical basis that in Government Regulation Number 60 of 2008 it can be seen that the main risks in cash expenditures at the Pematangsiantar City Regional Revenue and Financial Management Agency (BPKPD) include recording errors, discrepancies between budget and realization, delays in disbursement of funds due to administrative constraints, and potential misuse of public funds.

## **3. Control Activities**

Control Activities are actions required to address risks and implement management policies and directives. These control activities include various forms of policies and procedures designed to ensure that necessary actions are taken to address identified risks, and to ensure that all activities are carried out in accordance with regulations, management directives and the achievement of organizational objectives. Based on the interviews that have been conducted, the Pematangsiantar City Regional Revenue and Financial Management Agency has implemented an internal control system based on applicable regulations as it should be based on the theoretical basis that in Government Regulation Number 60 of 2008 it can be seen that To ensure cash expenditures are in accordance with applicable provisions, the Pematangsiantar City BPKPD implements a layered procedure that includes submissions from related units, document verification, and tiered approvals by authorized officials, starting from financial staff, Head of Division, to Head of BPKPD.

## **4. Information and Communication**

Information and communication are needed to support the implementation of an effective internal control system through the delivery of relevant, accurate and timely information to related parties in government organizations. Based on interviews that have been conducted, the Pematangsiantar City Regional Revenue and Financial Management Agency has implemented an internal control system based on applicable regulations as appropriate based on the theoretical basis that in Government Regulation Number 60 of 2008 it can be seen that the Pematangsiantar City BPKPD utilizes the Regional Financial Information System (SIKD) and the Regional Financial Management Information System (SIMDA) to record, report, and monitor cash disbursement transactions in real time, thus supporting transparency, accountability, and efficiency in regional financial management. Information regarding cash disbursement policies and procedures is communicated comprehensively to employees through routine socialization, circulars, training, coordination meetings, and written guidelines, to ensure understanding and compliance with applicable provisions.

## **5. Monitoring**



The implementation of monitoring activities in the cash disbursement procedure at the BPKPD of Pematangsiantar City can be said to have been running effectively and in a structured manner. This monitoring is not only carried out in general by leaders such as the Head of the Agency, but also technically carried out by the Financial Administration Officer (PPK). Each stage in cash disbursement is monitored periodically to ensure that the process is running in accordance with the provisions, starting from the completeness of documents to the accuracy of reporting.

The effectiveness of this monitoring can be seen from the ability of the Pematangsiantar City BPKPD in maintaining consistency with financial accountability standards, as evidenced by the success in achieving an Unqualified Opinion (WTP) from the Audit Board of Indonesia (BPK). The WTP opinion is the highest form of recognition in a government financial audit which shows that the entire recording and reporting process and budget use are in accordance with generally accepted government accounting principles.

## V. CONCLUSION

Based on the results and discussion of the research on "Analysis of the Implementation of the Internal Control System for Cash Disbursements at the Regional Revenue and Financial Management Agency of Pematangsiantar City", the author can conclude several important things, namely as follows:

1. The implementation of the Internal Control System for Cash Disbursements at the BPKPD of Pematangsiantar City has generally been running well. This is supported by the existence of a supportive organizational structure, clear division of tasks and the implementation of cash disbursement procedures in accordance with applicable provisions. all components according to Government Regulation Number 60 of 2008, namely:
  - a. Risk Assessment, in the context of risk management, BPKPD periodically conducts identification and evaluation through internal and external audits carried out annually or quarterly, and utilizes a technology-based financial information system to enable early detection of potential risks in real time. To minimize risk, BPKPD implements various control measures, such as separation of functions and duties, layered verification, strict supervision, and implementation of non-cash transactions to increase transparency and accountability. In addition, there is a systematic reporting and evaluation mechanism for findings of errors or discrepancies, which is followed up with corrective actions in the form of revised procedures and improvements to records
  - b. Control Activities, BPKPD Pematangsiantar City implements a multi-layered procedure that includes submissions from related units, document verification, and tiered approval by authorized officials, starting from financial staff, Head of Division, to Head of BPKPD.
  - c. Information and Communication, BPKPD Pematangsiantar City utilizes the Regional Financial Information System (SIKD) and SIMDA Finance to record, report, and monitor cash disbursement transactions in real-time, thus supporting transparency, accountability, and efficiency in regional financial management. Information regarding cash disbursement policies and procedures is communicated comprehensively to employees through routine socialization, circulars, training, coordination meetings, and written guidelines, to ensure understanding and compliance with applicable provisions.
  - d. Monitoring, monitoring of the implementation of cash disbursement procedures at the BPKPD of Pematangsiantar City is carried out comprehensively, both by the PPK and the Head of the Agency. Every stage, from document verification to financial reporting is ensured to be in accordance with the procedure. The effectiveness of this monitoring can be seen from the achievement of the WTP Opinion by the BPK which is proof that financial management at the BPKPD of Pematangsiantar City is running well, accountable and in accordance with government standards.
2. Cash disbursement procedures at the BPKPD of Pematangsiantar City have been implemented properly and orderly. Each stage starting from budget planning, SPP approval, SPM issuance to

SP2D disbursement is carried out in accordance with the applicable flow and provisions. In addition, the final accountability through the treasurer's report is also prepared completely. This shows that the BPKPD has implemented a structured and responsible system in every cash disbursement process, thus supporting smooth operations and transparent financial management.

### Suggestion

Based on the conclusion above regarding "Analysis of the Implementation of Internal Control System for Cash Disbursements at the Regional Revenue and Financial Management Agency of Pematangsiantar City", the author suggests several things as follows:

1. There needs to be a documented evaluation and monitoring implementation periodically, in order to identify weaknesses in the system and as a basis for continuous improvement.
2. Human resources need to continue to improve their capacity, especially in mastering the regional financial system and discussing the Internal Control System (SPI) through relevant technical training.

### BIBLIOGRAPHY

- Abdulah, V., Tinangon, J., & Maradesa, D. (2023). Analysis of the Implementation of the Internal Control System for Cash Disbursements at the Regional Revenue and Financial Management Agency (BPKPD) of Tomohon City. *EMBA Journal: Journal of Economic, Management, Business and Accounting Research*, 11(4), 132–143. <https://doi.org/10.35794/emba.v11i4.50875>
- Ananda, F., Winda, M., & Wijaya, R. S. (2022). Analysis of Internal Control over Cash Disbursement Transactions at the West Sumatra Provincial Health Office. *Pundi Journal*, 6(2), 245. <https://doi.org/10.31575/jp.v6i2.423>
- Cover, H., Accounting, P. S., Science, F., Dan, S., & Batam, U. P. (2020). Internal Cash Receipts and Expenditures.
- Elisabeth, D. M., Butar, E. A. B., & br Saragih, R. (2023). Pengaruh Kompetensi Aparatur, Budaya Organisasi, Good Governance, Dan Sistem Pengendalian Internal Terhadap Upaya Pencegahan Fraud Pada Pemerintahan Kabupaten Samosir. *Jurnal Ilmiah Accusi*, 5(2), 118–127
- Financial Accounting Standards Board of the Indonesian Institute of Accountants. (2023). Statement of Financial Accounting Standards (PSAK) No. 1: Presentation of financial statements. Indonesian Institute of Accountants.
- Fitriana, F. (2012). Optimization of Fund Withdrawal Plan and Budget Realization Level at Blitar State Treasury Service Office. *Molucca Medica*, 11(April), 13–45. <http://ojs3.unpatti.ac.id/index.php/moluccamed>
- Government of the Republic of Indonesia. (2008). Government Regulation No. 60 of 2008 concerning the government internal control system. *State Gazette of the Republic of Indonesia*.
- Kaligis, G. M., Ilat, V., Pontoh, W., Faculty, A., & Ratulangi, U. S. (2018). Analysis of the Implementation of the Internal Cash Control System at the Bitung City Regional Revenue Service. *Scientific Periodical Journal of Efficiency*, 15(5), 278–287.
- Kurnia, D., & Arni, F. (2020). Introduction to accounting: Theory and application. Jakarta: Salemba Empat.
- Makal, T. N., Karamoy, H., & Pangerapan, S. (2023). Analysis of the Internal Control System for Cash Receipts and Expenditures at PT Probesco Disatama Manado. *EMBA Journal: Journal of Economic, Management, Business and Accounting Research*, 11(3), 1042–1052. <https://doi.org/10.35794/emba.v11i3.50431>
- Muliyadi. (2016). *Accounting System (4th Edition)*. Salemba Empat.
- Nainggolan, R. (2020). *Internal control in organizations: Concepts and their application*. Medan: Pustaka Utama.
- Nazir, M. (2011). *Research method: A proposal approach*. Bogor: Ghalia Indonesia.

- Ningtyas, P. E., & Widyawati, D. (2019). The Influence of the Effectiveness of the Implementation of Government Accounting Standards on the Quality of Regional Government Financial Reports (Study on the Regional Government of Asahan Regency). *Journal of Accounting Science & Research*, 4(1), 1–14.
- Pramudiana, D. (2017). *Government accounting: Theory and practice*. Bandung: Pustaka Setia.
- Ps, D. (2020). . *Cash and its Definition*. (Eds. Perta). Erlangga.
- Purba, D. S., Sinaga, M. H., & Tarigan, W. J. (2024). Proyeksi Arus Kas Dan Proyeksi Laporan Laba Rugi Dan Laporan Posisi Keuangan Dalam Memulai Sebuah Usaha Penggemukan Lembu. *Jurnal Ilmiah Accusi*, 6(1), 133-143
- Purba, S. (2023). Pengaruh Teknologi Digital, Proses Penganggaran, Dan Sistem Pengendalian Internal Terhadap Performa Koperasi (Studi Kasus Koperasi KSU Parnados Dan CU Hati Nurani Di Kabupaten Rokan Hulu Riau). *Jurnal Ilmiah Accusi*, 5(2), 182-197
- Saragih, M., Tarigan, V., & Pratama, F. A. (2024). Penerapan Pengendalian Internal Pada Sistem Penjualan Di Rumah Makan Iga-Iga Bakso. *Jurnal Ilmiah Accusi*, 6(1), 100-111
- Sugiyono. (2022). *Quantitative, Qualitative, and R & D Research Methods* (ALFABETA (ed.)).
- Sujarweni, V. W. (2019b). *Audit: Theory and Application*. Yogyakarta: Pustaka Baru Press.
- Sujarweni, W. 2015. (n.d.). *Public Sector Accounting*. Publisher Pustaka Baru Press. Yuliani.
- Suryati, E. (2018). 642-1294-1-Sm. Cash Disbursement System at the Secretariat Office of the Bengkalis Regency DPRD, XII(80), 42.
- Tandri, M., Sondakh, J. J., Sabijono, H., Akuntansi, J., Sam, U., & Manado, R. (2015). Effectiveness of Implementing Internal Control Systems Against. 3(3), 208–218.
- Tarigan, V., Saragih, M., & Sagala, A. (2024). Penerapan Pengendalian Internal Terhadap UMKM Toko Jasa Fotokopi Dan ATK Ushima Pematang Siantar. *Jurnal Ilmiah Accusi*, 6(1), 54-65
- Tarigan, W. J. (2020). Penerapan Sistem Akuntansi Piutang Dalam Meningkatkan Penerimaan Kas Pada CU. *Bina Kasih Pematangsiantar. Jurnal Ilmiah AccUsi*, 2(1), 16-27
- Triono, A., & Dewi, S. R. (2020). *Internal control systems in cooperative organizations*. Jakarta: Mitra Wacana Media.