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Analysis of the Internal Control System for Cash Receipts and Disbursements at PT ASABRI Palembang Branch Office

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Abstract

This study aims to analyze the internal control system for cash receipts and disbursements at PT ASABRI (Persero) Palembang Branch Office. The study used a qualitative approach with descriptive methods. Data were obtained through interviews, observations, and documentation related to cash procedures and the company's internal control structure. Data analysis was carried out through the stages of data collection, data reduction, data presentation, and conclusion drawing. The results of the study indicate that the internal control system for cash receipts and disbursements at PT ASABRI (Persero) Palembang Branch Office has generally been implemented quite well and refers to the elements of internal control, including segregation of duties, authorization systems, recording procedures, and supervisory practices. However, several weaknesses were still found, particularly in the aspects of separation of functions and consistency of supervision, which have the potential to increase the risk of errors or deviations. Therefore, the company is advised to strengthen its internal control function and improve compliance with established procedures to improve the effectiveness of internal cash control.

Keywords:Internal Control; Cash Receipts; Cash Disbursements; ASABRI

INTRODUCTION

Cash is the asset with the highest level of liquidity and plays a crucial role in supporting the operational continuity of an organization. All company activities, both routine and strategic, almost always involve cash receipts and disbursements. Cash's easily transferable nature and difficult-to-trace ownership make it the most vulnerable asset to recording errors and misuse (Mulyadi, 2023). Therefore, cash management requires an adequately designed and implemented internal control system to maintain

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asset security and ensure the reliability of financial information. An internal control system is a set of policies and procedures designed by management to provide reasonable assurance that organizational objectives are achieved effectively and efficiently, financial reports are presented reliably, and company activities comply with applicable regulations (Hery, 2019). The Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2023) emphasizes that internal control is a process involving all elements of an organization, from the board of directors to employees, aimed at controlling risk and ensuring the achievement of organizational objectives.

The urgency of implementing an internal control system for cash receipts and disbursements is becoming increasingly important in organizations that manage large amounts of public funds, such as state-owned social insurance companies. PT ASABRI (Persero) is a State-Owned Enterprise (BUMN) tasked with managing social insurance programs for soldiers of the Indonesian National Armed Forces (TNI), members of the Indonesian National Police (Polri), and State Civil Apparatus (ASN) within the Ministry of Defense and the National Police. Programs such as Old Age Savings (THT), Work Accident Insurance (JKK), and Death Insurance (JKM) are managed as a form of state protection for security personnel (Kompas, 2020). The large amount of funds managed demands the implementation of a strong, transparent, and accountable internal control system. In practice, PT ASABRI (Persero)'s financial management was once in the public spotlight due to irregularities in the management of investment funds that resulted in state losses of Rp22.78 trillion (Kompas, 2023). Although the case predominantly focused on the investment aspect, this phenomenon indicates weaknesses in the overall internal control system. Conceptually, weak internal controls can open up opportunities for errors and deviations, including in operational cash receipt and disbursement activities.

This phenomenon can be explained through Agency Theory. Jensen and Meckling (1976) stated that an agency relationship arises when a principal delegates authority to an agent to manage organizational resources. In this relationship, differences in interests between the principal and agent, as well as information asymmetry, can trigger opportunistic agent behavior (Eisenhardt, 1989). The internal control system functions as a monitoring mechanism to minimize agency conflicts and reduce the risk of irregularities in the management of company resources (Romney & Steinbart, 2018). Operationally, internal control over cash receipts and disbursements includes separation of functions, an authorization system, adequate recording procedures, and sound supervisory practices (Mulyadi, 2023). Separation of duties between cash receipts, cash custody, and transaction recording is a fundamental principle aimed at preventing fraud. Furthermore,

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all cash transactions must be supported by valid documents, authorized by authorized parties, and recorded accurately and timely.

The COSO (2023) framework reinforces this concept through five key components of internal control: the control environment, risk assessment, control activities, information and communication, and monitoring activities. The integrated implementation of these five components is expected to create an effective and sustainable internal control system, including in corporate cash management. Empirical studies show that the effectiveness of internal control systems for cash receipts and disbursements remains an issue in various organizations. Kusnia et al. (2020) found that the internal control system for cash receipts at CV Sekartika Jati Rencana was effective because it was supported by clear documentation and procedures. Conversely, Simanjuntak and Hutabarat (2020) showed that internal control for cash receipts and disbursements at MSMEs in Medan was ineffective due to weak separation of functions and documentation. Putri (2019) and Saragih (2018) also found that overlapping duties and a weak authorization system were the main factors contributing to the ineffectiveness of internal cash controls. Research by Katiandagho et al. (2023) revealed that internal control of cash disbursements at PT Pegadaian (Persero) was not fully in accordance with the COSO framework, especially in the aspect of segregation of duties.

Although numerous studies have examined internal cash controls, research specifically examining the internal control systems for cash receipts and disbursements in state-owned social insurance companies, particularly at the branch office level, remains relatively limited. Yet, branch offices play a crucial role in daily operations and operational cash management, potentially creating risks if internal controls are not consistently applied. This situation indicates a research gap that requires further investigation.

Based on the above description, this study aims to analyze the internal control system for cash receipts and disbursements at PT ASABRI (Persero) Palembang Branch Office. This study is expected to assess the suitability of the implementation of internal cash control with the principles of Agency Theory and the COSO framework, as well as identify potential weaknesses that still exist in the company's internal control practices. The results of this study are expected to provide theoretical contributions to the development of accounting literature, particularly regarding internal control in state-owned enterprises, as well as practical contributions to management in improving the effectiveness of internal cash control.

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METHOD

This study uses a qualitative approach with a descriptive method. This approach was chosen because the study aims to understand and describe in depth the implementation of the internal control system for cash receipts and disbursements as it occurs in the company's operational practices. The descriptive method is used to obtain a systematic and factual picture of the procedures, control mechanisms, and the roles of the parties involved in cash management. The research location is PT ASABRI (Persero) Palembang Branch Office. The population in this study includes all parties involved in cash receipt and disbursement activities at the branch office. The determination of research participants was carried out purposively, taking into account the informants' direct involvement and understanding of the internal cash control system. Research participants consisted of employees responsible for cash management, transaction recording, and internal supervision.

Data collection techniques were conducted through interviews, observation, and documentation. Direct and semi-structured interviews were conducted with selected informants to obtain information regarding cash receipt and disbursement procedures, internal control mechanisms, and obstacles encountered in their implementation. Observations were conducted by directly observing the cash receipt and disbursement processes and the implementation of internal controls in daily operational activities. Documentation was used to obtain supporting data in the form of organizational structures, cash transaction documents, financial reports, and internal policies relevant to the research. Data analysis techniques were conducted qualitatively through several stages. The first stage was data collection from interviews, observations, and documentation. The next stage was data reduction, namely the process of selecting and focusing on data relevant to the research focus. The reduced data was then presented in a descriptive narrative to facilitate understanding of the research patterns and findings. The final stage was drawing conclusions, namely formulating interpretations of the analysis results to answer the research objectives. Data validity was maintained through triangulation of sources and techniques, by comparing the results of interviews, observations, and documentation to obtain consistent and reliable data.

RESULTS AND DISCUSSION

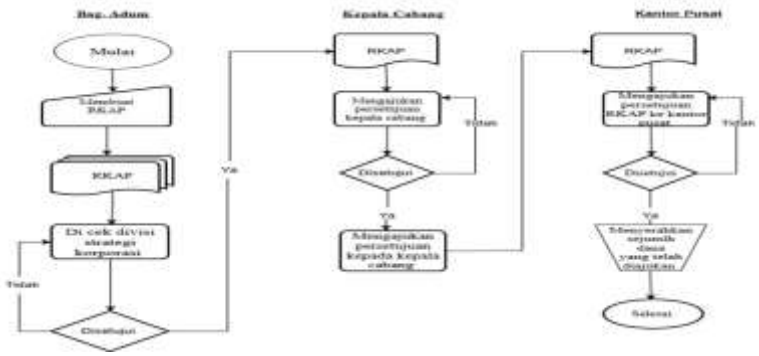
The results of this study were obtained based on data collected through interviews, observations, and documentation related to the internal control system for cash receipts and disbursements at PT ASABRI (Persero) Palembang Branch Office. The main focus

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of the study was directed at the implementation of cash procedures and internal control elements that support the company's cash management. Based on the results of observations of the organizational structure and division of tasks, it was found that PT ASABRI (Persero) Palembang Branch Office has an organizational structure that formally separates operational functions, financial functions, and accounting functions. This division of tasks aims to support internal cash control by separating responsibilities between those who receive or disburse cash and those who record it. However, the results of the interviews showed that in certain operational practices there are still limitations in human resources that cause duplication of duties, especially in the finance and accounting functions.

ResultsResearch on the internal control system for cash receipts shows that cash receipts at PT ASABRI (Persero) Palembang Branch Office come from participant contributions and other receipts related to the company's operational activities. Each cash receipt is accompanied by valid supporting documents and processed in accordance with established company procedures. The cash receipt process begins with receiving funds, checking the completeness of documents, and recording them in the company's accounting system. The cash receipt procedures implemented can be seen in Table 1. The table shows that each stage of cash receipts involves different parties, from the finance department, administration department, to accounting department. The authorization from the branch manager before the transaction is recorded indicates that the company has implemented a control mechanism in the form of a tiered approval system. Cash receipt transactions are recorded systematically and reported periodically as part of internal financial reporting.



Source: PT ASABRI KC Palembang (2025)

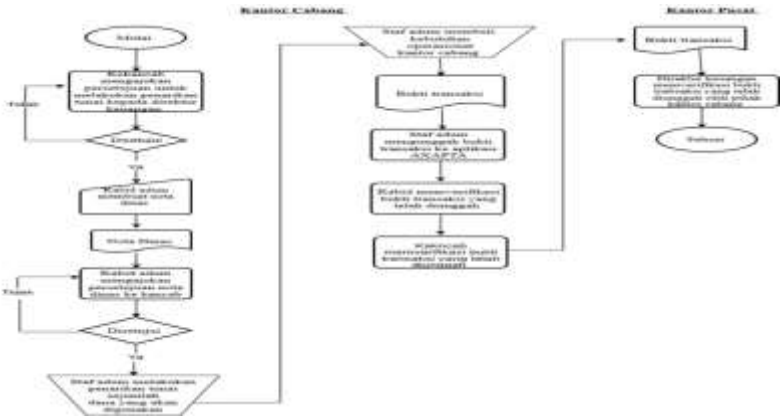
Figure 1. Cash receipt procedures at PT ASABRI (Persero) Palembang Branch Office

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Further research results indicate that the internal control system for cash disbursements also has clear and documented procedures. Cash disbursements are made to meet the company's operational needs and begin with a cash disbursement request submitted by the relevant unit. Each cash disbursement request must be accompanied by complete supporting documentation and undergo a verification process before obtaining approval from the authorized party. The cash disbursement procedures implemented at PT ASABRI (Persero) Palembang Branch Office are presented in Table 2. Based on the table, it can be seen that the cash disbursement process involves verification and authorization stages before payment is made. This indicates that the company has implemented control activities in the form of an authorization system and document verification. After the cash disbursement is made, the transaction is recorded by the accounting department and documented as part of the company's financial statements.

In addition to cash receipt and disbursement procedures, the research also shows that elements of internal cash control have been implemented in the company's operational activities. The control environment is reflected in the existence of internal policies, organizational structure, and the division of duties and authorities. Control activities are implemented through the separation of functions, an authorization system, and the use of supporting documents for each cash transaction. Information and communication related to cash transactions are conveyed through financial reports and periodic internal reports.



Source: PT ASABRI KC Palembang (2025)

Figure 1. Cash disbursement procedures at PT ASABRI (Persero) Palembang Branch Office

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However, observations indicate that monitoring activities are not yet conducted routinely and on a schedule. Supervision of cash procedures remains incidental and dependent on branch management policies. This situation indicates that although internal cash control procedures have been established, their implementation still requires strengthening, particularly in terms of ongoing monitoring and evaluation.

ResultsThe study shows that the internal control system for cash receipts and disbursements at PT ASABRI (Persero) Palembang Branch Office has been implemented with reference to the company's internal procedures and policies. This finding indicates that structurally the company has attempted to establish a cash control mechanism through the division of tasks, an authorization system, and documented transaction recording. This condition reflects that internal cash control has become part of the company's operational system, although its effectiveness still faces a number of limitations in practice. From the perspective of internal control theory, the findings of this study are in line with the COSO framework which emphasizes the importance of control activities in the form of separation of functions, transaction authorization, and adequate documentation in cash management. The established cash receipt and disbursement procedures indicate that the company has implemented control activities as an effort to mitigate the risk of errors and irregularities. However, the results of the study also show that the separation of functions is not fully optimal due to limited human resources. This condition indicates that the implementation of internal control depends not only on the existence of formal procedures, but also on the organization's capacity to support their consistent implementation.

This finding can be explained through Agency Theory, which states that internal control functions as a monitoring mechanism to reduce potential conflicts of interest and information asymmetry between principals and agents. When the separation of functions is not optimally implemented, the potential for operational and control risks increases. In this context, the internal cash control system at PT ASABRI (Persero) Palembang Branch Office has functioned as a control tool, but has not been fully able to minimize the risks arising from the limitations of the organizational structure. ResultsThis research aligns with the research of Katiandagho et al. (2023), who found that internal control of cash disbursements at PT Pegadaian (Persero) was not fully effective due to weak segregation of duties. These similar findings indicate that the problem of segregation of functions remains a common issue in organizations with limited human resources, including state-owned enterprises. This research also supports the findings of

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Simanjuntak and Hutabarat (2020), who stated that concurrent duties and weak supervision resulted in suboptimal internal cash control.

InOn the other hand, the findings of this study indicate consistency with the research of Kusnia et al. (2020), which states that the existence of written procedures and adequate documentation can support the implementation of internal cash control. PT ASABRI (Persero) Palembang Branch Office has clear and documented cash receipt and disbursement procedures, thus administratively, internal cash control is in place. The main difference with the research by Kusnia et al. (2020) lies in the aspect of monitoring consistency, where this study found that monitoring activities were not carried out routinely and on schedule. This difference in findings contributes to the development of accounting literature, particularly regarding internal cash control in state-owned social insurance companies. Previous research has been conducted primarily on private companies or MSMEs, while this study shows that in state-owned enterprises (SOEs) with the characteristics of public fund management, internal control challenges lie not only in system design but also in implementation and ongoing monitoring. This suggests that the effectiveness of internal cash control is influenced by organizational factors, including structure, human resources, and control culture.

Furthermore, the findings regarding suboptimal monitoring activities indicate that internal cash control is still primarily administrative and preventative in nature and has not yet fully developed into evaluative and sustainable control. This situation reinforces the view that effective internal control requires a periodic monitoring process to ensure that established procedures are consistently implemented. Therefore, this study broadens the understanding of the importance of monitoring in the internal cash control system. Overall, this discussion indicates that the internal control system for cash receipts and disbursements at PT ASABRI (Persero) Palembang Branch Office has met the basic principles of internal control, but still requires strengthening in the aspect of separation of functions and monitoring activities. This finding implies that the success of internal control is determined not only by the existence of formal procedures, but also by the organization's ability to implement them consistently and sustainably.

CONCLUSION

Based on the results of the data analysis and discussion, it can be concluded that the company's internal cash control system has been implemented in accordance with applicable internal procedures and policies. The research findings indicate that cash receipts and disbursements have been implemented through a structured mechanism,

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supported by a division of tasks, an authorization system, and the recording and documentation of cash transactions. Therefore, the hypothesis proposed in this study, namely that the internal control system for cash receipts and disbursements has been implemented at PT ASABRI (Persero) Palembang Branch Office, is acceptable. However, the research results also indicate that the implementation of the internal cash control system is not yet fully effective. Limited human resources have resulted in the duplication of duties in certain functions, so that the separation of functions has not been optimally implemented. In addition, monitoring activities for the implementation of internal cash control have not been carried out routinely and in a structured manner. This condition indicates that internal cash control still needs to be strengthened so that it can function optimally in minimizing the risk of errors and deviations. Practically, the results of this study provide implications for the management of PT ASABRI (Persero) Palembang Branch Office to improve the effectiveness of the internal cash control system by strengthening the supervisory function and optimizing the division of tasks according to organizational capacity. This study has limitations because it was conducted at only one branch office and used a descriptive qualitative approach, so the results cannot be broadly generalized. Therefore, further research is recommended to expand the research object to other branch offices or similar companies and use a different methodological approach to obtain a more comprehensive understanding of the effectiveness of the internal cash control system.

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