

# **THE EVALUATION OF INTERNAL CONTROL ON SALES AND CASH RECEIPT ACCOUNTING SYSTEM**

(Case Study at PT PG Candi Baru, Candi-Sidoarjo)

**UNDERGRADUATE THESIS**

Submitted as Prerequisite Achieve Bachelor Degree of Faculty of Administrative  
Science Brawijaya University

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**CONCENTRATE ON FINANCIAL MANAGEMENT**

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**2013**

## MOTTO

*A miracle is something that seems impossible but happens anyway- Men in Black III (2012)*



## DEDICATION

With love and pride...

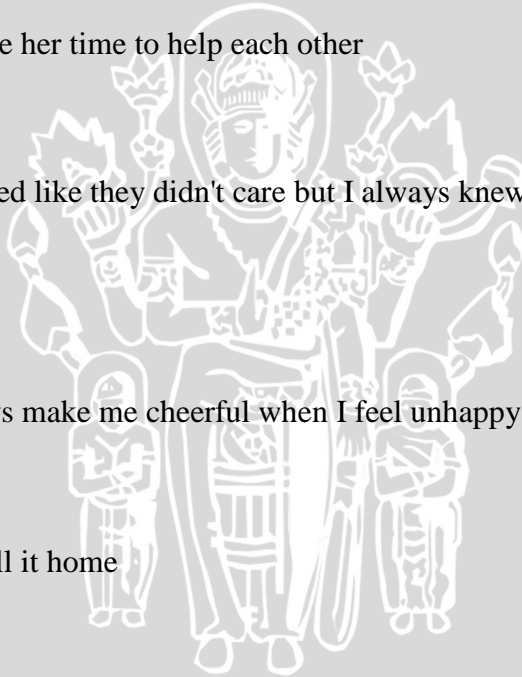
To my daddy, Mr. Heru Sutrisno S.Ag, M.Pd, the most inspiring dad

To my mommy Mrs. Istirohmaniyah, the adorable mommy in the world, she's willing to be a volunteer sacrifice her time to help each other

To my brothers, who acted like they didn't care but I always knew they looked out for me

To my kitties, that always make me cheerful when I feel unhappy

for them are the one I call it home





# UNDERGRADUATE THESIS APPROVAL

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Accounting System

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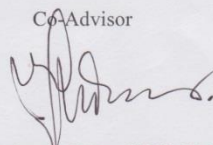
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### DECLARATION

The work in this undergraduate thesis is based on research carried out on the evaluation of internal control on sales and cash receipt accounting system. To the best of my knowledge, no part of this thesis has been submitted elsewhere for any other degree or qualification and it all my own work except where due reference has been given

Malang, 25 December 2013

NUR MUFLIKHAH



## SUMMARY

**Nur Muflikhah, 2013, The Evaluation of Internal Control on Sales and Cash Receipt Accounting System (Case Study at PT PG Candi Baru Sidoarjo), Supervisor: Dr. Kertahadi M.Com and Nila Firdausi Nuzula, S.Sos., M.Si, Ph.D, 102+ xvii**

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One of the most important information that companies need is the information regarding the sales. Sales activities are consist of selling goods and service, therefore sales will give revenue contribution for the company. By having sales activity means that companies need to have a good sales accounting system that affected company sales activity. This case is studied in PT PG Candi Baru Sidoarjo for some reasons. Firstly, this company performed sales and cash receipt accounting system. Finally, PT PG Candi Baru also performed internal control on sales and cash receipt accounting system.

This research aimed to reach formulation of the problem, earned information regarding related data on sales and cash receipt accounting system in order to support the purpose of internal control on sales and cash receipt accounting system that applied PT PG Candi Baru, therefore evaluated the internal control of sales and cash receipt accounting system that held on PT PG Candi Baru Sidoarjo.

The study used descriptive method to describe a situation, but not allowed to make accurate predictions or to establish a cause and effect relationship between variables. This study used qualitative research. The study focused on all research aspect related with internal control performance on sales and cash receipt accounting system in PT PG Candi Baru, includes department, form and journal, and flowchart. Researcher conducted this research at PT PG Candi Baru Sidoarjo, which is located at Jl. Raya Candi no.10 Sidoarjo. This research used three techniques to collect data includes, interview, documentation, and observation.

The study resulted data related to sales and cash receipt accounting system that implemented on PT PG Candi Baru, and there are still some weaknessess on organization structure, documents, accounting record, and sales and cash receipt procedure. The writer give some suggestion for the weaknessess that would used by PT PG Candi for consideration, finally the suggestion may complete company internal control.

## ACKNOWLEDGEMENT

Praise thank to Allah SWT, because His bless and guidance, I can finished my undergraduate thesis entitled “Internal Control Evaluation on Sales Accounting System and Cash Receipt”.

This undergraduate thesis is final task submitted to achieve bachelor academic tite of Faculty of Administrative Science Brawijaya University Malang.

There are several people help me to finish this research, and I wanna say thank you very much to:

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7. My Friend in K class, thanks for your love for this last three years.
8. All of people that have support and help me, therefore Ican finish my undergraduate thesis.

I also offer everyone to give some critics suggestion that read my undergraduate thesis. I wish this final thesis become useful to the reader.

Malang, December 2013

Nur Muflikhah



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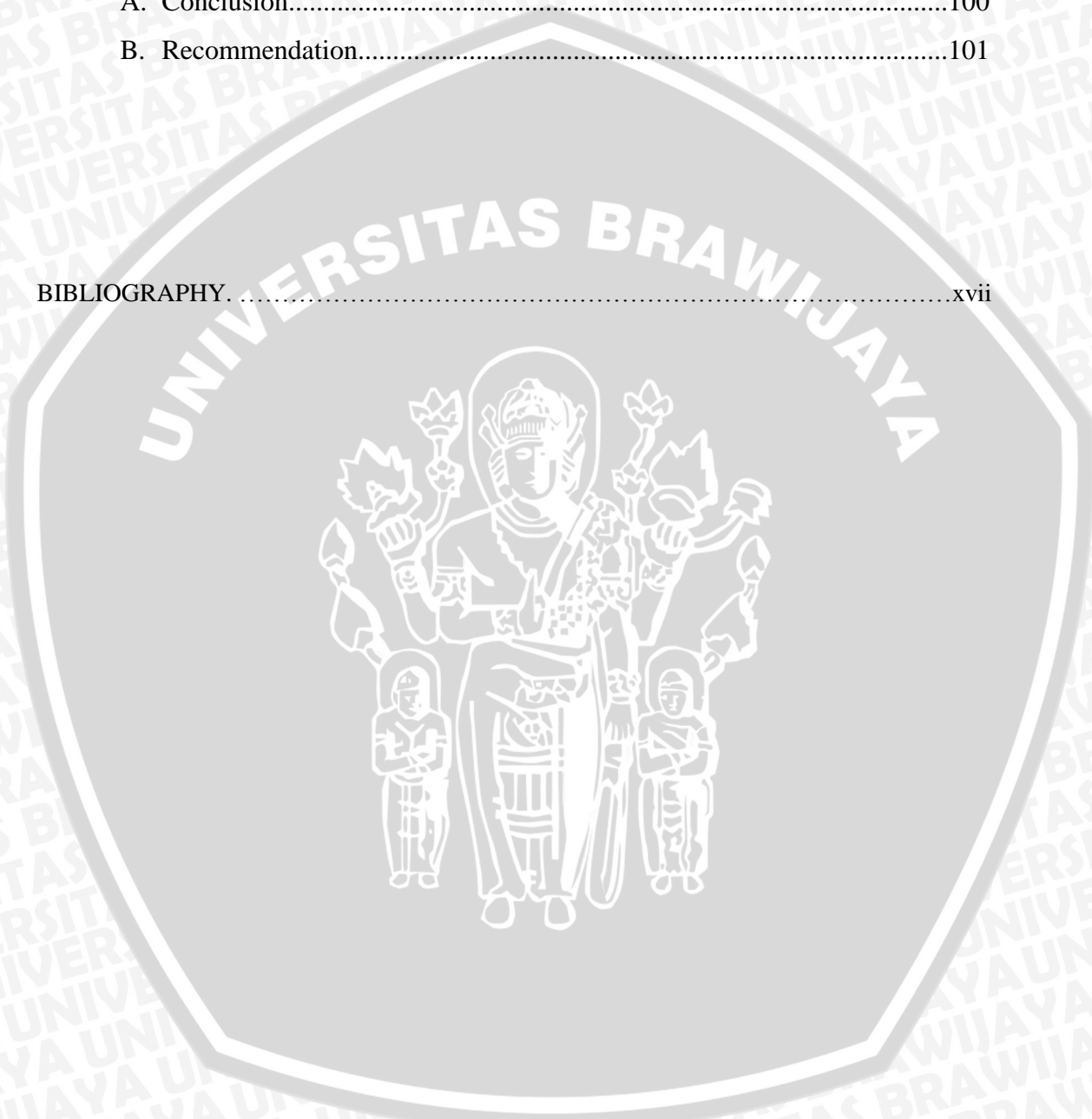


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## CHAPTER ONE

### INTRODUCTION

#### A. Background

The establishment of companies has certain purpose. The primary purpose of companies is to reach highest profit. Profits of the company is used to measure the result in a certain period.

In order to achieve the goals of the company, it is very important for the company to have sufficient information. The information may be relate with economic problems, politic, law or all information that relate to company information and that is required by management or outside parties, such as investors. Rapid and accurate information will be beneficial for the company to create and develop appropriate strategy.

One of the most important information that companies need is the information regarding the sales. Sales activity are consist of selling goods and services. Sales activity is giving revenue contribution for the company. Whether sales activity occurred, companies will receive cash receipt. Cash receipt is the most liquid activity. Since the characeristic allows the occurence of misbehaviour upon cash management,



such as corruption, the company required such a safety guard. The safety guard such as internal control.

The safety guard can be formed as internal control. The internal control must be design based on condition of the company. Therefore, the system may be differ from other company, because every company has their own characteristics. Some factors that influence the internal control of the company according to Raharjo (2007), are: company size, work authorization, asset susceptibility, geographic range, and employee rate.

Sales activity is a source of the firm's revenue and sustainability. The revenue will be used by the company for financing all of the company operational expenses. There are two important factors in order to controlling the sales and cash receipt. Firstly, company must control sales accounting system by controlling the sales revenue of the company. This control is expected to avoid internal or external corruption and avoid bad debt expense of company candidate. Secondly, company must control the operational activity. By this methods company may gain relevant financial data and accountable data.

This research will take study placed at PT PG Candi Baru for some reasons. Firstly, this company perform sales accounting system and cash receipt. Secondly, PT PG Candi Baru have perform internal control in sales accounting and cash receipt.

A good internal control on sales and cash receipt will affect the effectiveness of the company. Internal control in sales accounting system and cash receipt in important case to observe. Based on the reasons above, it is appropriate to study **“The Evaluation of Internal Control on Sales Accounting System and Cash Receipt” (Case Study at PT PG Candi Baru, Candi - Sidoarjo)”**.

### **B. Formulation of The Problem**

In this research, formulation of the problems are:

1. How sales accounting system and cash receipt perform carefully in order to support internal control purpose that perform in PT PG Candi Baru
2. How the evaluation of sales accounting system and cash receipt in order to streamline internal control system at PT PG Candi Baru Sidoarjo.

### **C. Research Objective**

The purposes of this research are:

1. Earn information regarding related data on sales and cash receipt accounting system in order to support internal control purpose, includes forms, journals or accounting record, and sales and cash receipt rocedures.
2. Earn information regarding with current internal control system that have been realized at PT PG Candi Baru.
3. Evaluate the internal control system of sales and cash receipt accounting system, includes evaluate current accounting records, forms, and sales and cash receipt procedure in order to support a good internal control system.

#### **D. Research Contribution**

A successful research is the research that able to provide contributions to multiple parties. The results of this study are expected to provide contributions for:

1. Researcher

This study allows the researcher to broaden knowledge related to sales and cash receipt accounting system in sugar factory.

2. Company

This study provide an estimation tool in sales accounting system and cash receipt that performed by company, and company may used this analysis for the future.

3. Other parties

This study provide information to interest parties related to sales accounting system and cash receipt.

#### **E. Writing Structure**

In this minor thesis uses writing structure to give an overview related to undergraduate thesis's contents, are:



## CHAPTER I : INTRODUCTION

This chapter explains the reasons of the study, formulations of the problem, research objective, research contribution, and writing structure.

## CHAPTER II : LITERATURE REVIEW

This chapter describes theories related to accounting system, sales and cash receipt accounting system, internal control, and internal control of sales accounting system and cash receipt.

## CHAPTER III: RESEARCH METHOD

This chapter explains methods applied in the study including type of research, focus, source of data, location, the instruments and tools for data analysis procedure.

## CHAPTER IV: DISCUSSION

This chapter presents data and evaluation of the company that consists of a brief history of the company, location of the company, organization structure of the company, and sales accounting system and cash receipt of the company.

## CHAPTER V : CONCLUSION AND RECOMMENDATION

This chapter presents conclusion and recommendation that made by the researcher based on research analysis and may used for company in the future.

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## CHAPTER II

### LITERATURE REVIEW

#### A. Prior Research

The prior researchs presented in this section are meant to establish the current knowledge pertinent to the research questions.

##### 1. Kiger and Rose (2004)

The study examined internal control evaluation on a restaurant. The case requires (1) obtain a restaurant as a client, (2) develop an understanding of the restaurant's processes for recording sales, (3) identify internal control strengths and weaknesses, and (4) explain the importance of each weakness and stating how it may be eliminated.

##### 2. Maharani (2013)

The research analyzed sales activity as a part of accounting system that gives a big contribution to cash receipt. Sales function, cash function, warehouse function, shipping function, and accounting functions have to stand alone and therefore, should not be overlapped. To support the sales and cash receipt procedure, it needs a well internal control structure and competent companies.



The purpose of internal control is to reduce the occurrence of error, misuse and corruption as well as encouraging the effectiveness of sales and cash receipt procedure. In this research, formulation of the problem is the implementation of sales and cash receipt accounting system, sales and cash receipt accounting system in supporting internal control, and the obstacle and solution of sales and cash receipt procedure.

All the prior research presents above in some ways strengthening this research by providing a combination of the internal control, sales accounting system and cash receipt. It is necessary to understand the benchmarking literature of those concepts in particular. The following section will describe the relevant theory as the basis of this research as well as the definition of the three concepts that are central to this research to avoid possible confusion. These concepts are internal control, sales accounting system, and cash receipt.

## **B. Accounting System**

### **1. Definition of System and Procedure**

A good system and procedure will make a company's activities run easily. According to Mulyadi (2001:5) "System is a network procedure based on forms of company activity performance. Procedure is a clerical activity series engaged by people in one or more than one department, this is made to handle one of kind transaction guarantee occur."

Then according to Gerald Cole on Baridwan (2002:3) “System is a design of procedures that connected each other and design with comprehensive scheme, to perform the company is main activity. Procedure is clerical series activity, usually performed by some people in one or more department, design to guarantee one of kind transaction occurred.”

And other expert said that:

“System is a network procedure that order in a comprehensive series, to implement some kind of activities or main function in a trade corporation. Procedure mean activity series usually engage some people in a party or more than one parties to guarantee one of kind treatment to company transaction occurred” (Marom, 2000:1)

System is a network procedure that is design to implement company main activity. While, procedures mean clerical activity that engage one person or more to guarantee the one of kind treatment to company transaction occurred. Procedure may be described as some clerical activities that design a system.

## **2. Definition of Accounting System**

There are some experts define accounting system, according to Marom (2000:1) “Accounting system means the composite of forms, records, procedures, and tools used for processing data that producing result required by management”.

Other expert define accounting system as follows:

“Accounting system are forms, records, procedures and tools that used for processing work data that purposed for produce interrelationship in reports that required by management for control the work, and for another parties such as investor, creditor, and government institution to appraise operational result” (Steller as cited on Baridwan, 2002:4).

Accounting system means organizing forms, records, procedures, and report to present financial information data that needed by management. The purpose of accounting system is to manage the company easily.

### **3. Accounting System Primary Element**

According to Mulyadi (2001:3) primary element of main accounting system are forms, records that consist of journal, general ledger, and subsidiary ledger and reports. While Baridwan (1998:6) define accounting system consist of four element, that are:

- a. Account classification, means account categorization used in accounting system.
- b. General ledger and subsidiary ledger. General ledger consists of balance sheet account and income statement used on accounting system. While subsidiary ledger consist of accounts constitute details of general ledger accounts.
- c. Journal means first time accounting record. This record made for series of the transaction occurred.
- d. Transaction evidence mean form used to record transaction when the transactions occurred, then it will be written evidence of the transaction occurred.

Accounting system prime elements are general ledger, subsidiary ledger, journal, forms, reports, and transaction evidence.



#### 4. Purpose of Composing Accounting System

There are some purpose of composing accounting system, according to Samsul and Mustofa (1992:56), stated that an effective accounting system should have a reachable purpose, as follows:

- a. Extending required information by all level of owner management or stockholder right and rapidly.
- b. Presenting required information by outside parties, taxation, bank or creditor, and other organization that have a relation with company.
- c. Perfecting control by organization, procedures, and other ways to secure company assets.
- d. Reduce administrative organization cost to lower level.

While according to Krismaji (2002:23) the purpose of composing accounting system are:

- a. Collect and processing data related with business organization activity efficiently and effectively.
- b. Gathering useful information to make decisions.
- c. Suitable controlling to guarantee business transaction data have recorded and processed accurately, and to secure company's data and assets.

The purpose of composing accounting system is to present information accurately and rapidly, to secure information and company assets, and the most important of composing accounting system is to avoiding fraudulent or internal corruption.

## **C. Sales Accounting System**

### **1. Sales Procedure**

Sales procedure has an important function for company to gain profit. Sales procedure performs by some people in the company. This activity have a purpose to avoid fraudulent ensure that the sales of a company can work effectively and efficiently.

Baridwan (2002:109), definition of sales procedure is as follows “Activity series start from order received from the buyers, goods shipping, making of invoice, and sales records. In the credit sales procedures, it’s so difficult to separate sales and receivables record, because both of them connected each other.”

Others explanation related with sales procedure are sales activity that consists of goods or services sales transaction, whether in cash or credit. In credit sales transaction, when customer order have fulfilled by shipping the goods or deliver the service, company will have receivable. In cash sales system, goods or services delivered by company to the buyers or customers, in order for company to received cash from the customer. Cash sales activity handled by company using cash sales system. (Mulyadi, 2001: 202)

Sales procedures start from order from the customer to the company, then delivering the goods or services to the customer, and finally customer paying the goods or services using credit or cash system according the agreement between customer and company.

## 2. Related Function

According to Mulyadi (2001:204), related function on credit sales system using company credit card is:

- a. Credit function
- b. Sales function
- c. Warehouse function
- d. Shipping function
- e. Accounting function
- f. Collecting function

While, Baridwan (1998:109-110) declare related function in sales procedure are:

- a. Sales order department
- b. Credit department
- c. Warehouse department
- d. Shipping department
- e. Billing department (invoice maker and collecting department)

Krismiaji (2002:275-278) stated that related functions on credit sales system consist of:

- a. Sales department
- b. Credit department
- c. Warehouse department
- d. Shipping department
- e. Collecting department
- f. Receivable department

Related function to sales procedures are sales order department, credit department, warehouse department, shipping department, and billing department.

Purpose of having different functions in sales procedure is to make sales procedure ran effectively and efficiently. In the end the sales procedure in the company becomes optimal.



### **3. Information Needed in Sales Activity**

There is some required information by management in credit sales activity according to Mulyadi (2001:213), those information are:

- a. Total sales revenue according to type of product or product classification in the certain period.
- b. Total receivable to every debtor every credit sales transaction.
- c. Total cost of products on sale in the certain periods.
- d. Customer's name and address.
- e. Product quantity on sale.
- f. Salesperson's name
- g. Government authorization

The information needed by management can also used to support decision making. When companies have the right information regarding the accounting system, the company will be able to control sales effectively and efficiently.

### **4. Document in Sales Accounting System**

Document is an important information, especially in sales accounting system. Document is important because it is record information to support the sales accounting system. Krismiaji (2002:271) mentioned the documents that is used in credit sales system namely sales order, shipping notice, and sales notice.

According to Mulyadi (2001:205) document that used to implement credit sales system by company credit card as follows:

1. Credit card sales invoice
2. Claim letter

Document that used on credit sales system as follows:

- a. Shipping order and it's carbon copies, such:
  - 1) Shipping copy or stock request copy.
  - 2) Credit copy.
  - 3) Advice or acknowledgement copy.
  - 4) Bill of lading copy.
  - 5) Packing slip.
  - 6) Journal or register copy.
  - 7) Unfiled order copy.
- b. Invoice and it's carbon copies such:
  - 1) Copy for customer.
  - 2) Receivable copy.
  - 3) Distribution copy.
  - 4) Advice copy.(Baridwan, 1998:111-113)

Document used on credit sales system are shipping order and it's carbon copies and invoice with it's carbon copies.

## **5. Accounting Record Used**

Thus accounting record is important in order to make credit sales system work effectively. Accounting record contained some required information and record that related to credit sales system. According to Mulyadi (2001:218-219), accounting record that is used in credit sales system are:

1. Sales journal, this accounting record used to record sales transaction, whether in cash or credit. When company sell some kind of products and management need sales information according to kind of product, on sales journal column allocable columns to record sales according to thus product.
2. Receivable card, this accounting record is subsidiary book that contained company receivable mutation to every debtor.
3. Inventory card, this accounting record is subsidiary book that contained inventories mutation.

4. Warehouse card, this record implement by warehouse function to record mutation and physical inventory that stored in warehouse.
5. General ledger, this accounting record used to record cost of products that sale in certain accounting periods.

According to the description above accounting record used in credit sales system are sales journal, receivable card, inventory card, warehouse card, and general ledger.

## **6. Network Procedure that Form System**

Correlated procedures have purpose to support company destination form by accounting system. In sales accounting system, procedures may support company operational activity to work effectively, especially in company sales activity.

According to Samsul and Mustofa (1992:341), network procedures that form credit sales accounting system as follows:

- a. Received message,
- b. Confirmation message,
- c. Making invoice
- d. Making sales operational report

While, according to Krismaji (2002:275) network procedure that formed credit sales system are:

- a. Sales department. This department receives purchase order from customer, then sales department make a sales order in 6 copies.
- b. Credit department. Sales order at 3<sup>rd</sup> and 4<sup>th</sup> sheets received by sales department used to control customer credit data, giving agreement (signed agreement) to sales order and continue to warehouse department.
- c. Warehouse department. Based on sales order 3<sup>rd</sup> and 4<sup>th</sup> sheets that have authorized, warehouse department prepare orders. Then warehouse department distribute 3<sup>rd</sup> sales order attached with goods/order at one's elbow shipping department and 4<sup>th</sup> sales order archive based on series number.



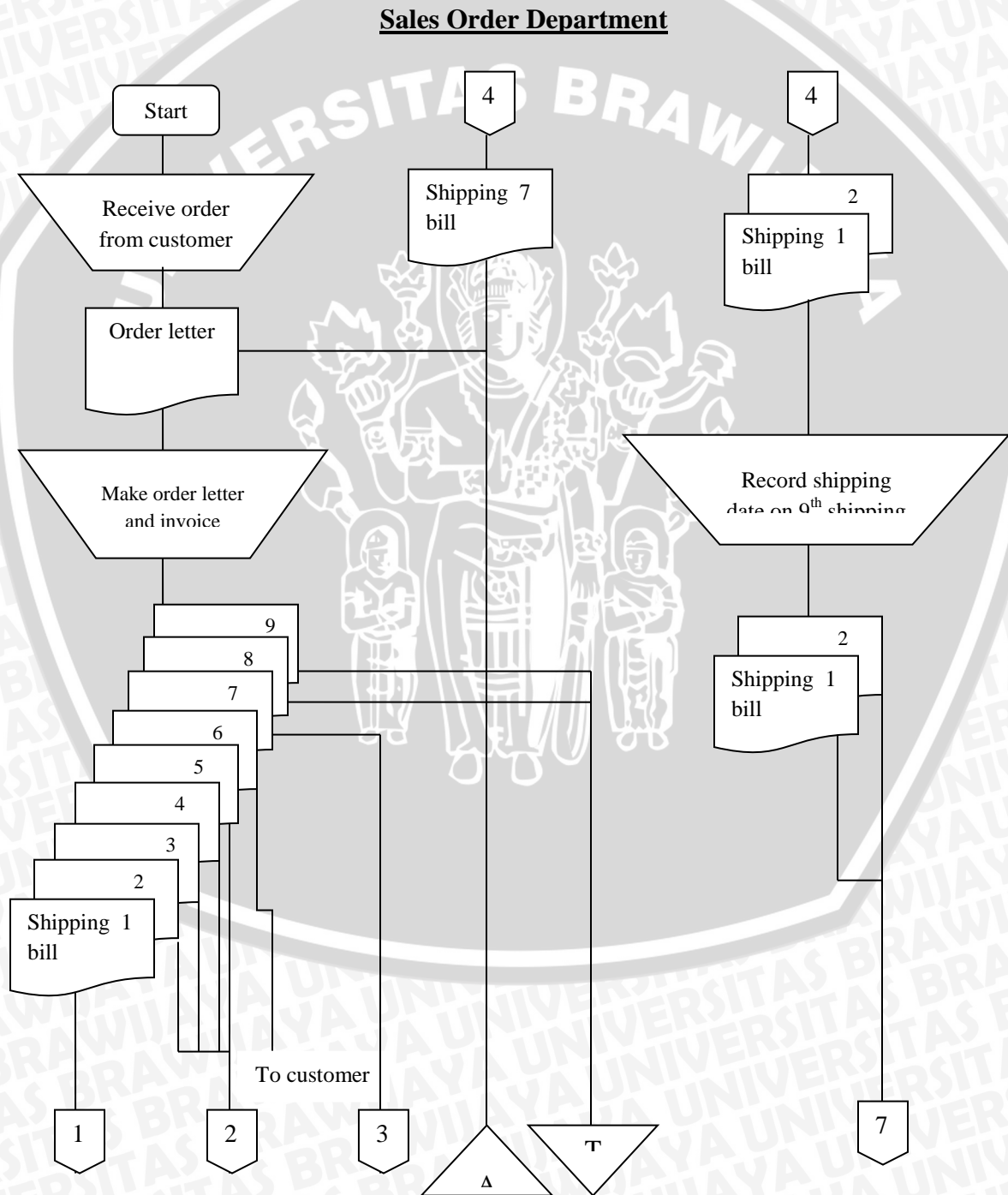
- d. Shipping department, after receiving authorized sales order and goods from warehouse department, this department issue 2<sup>nd</sup> sales order from the archive. Or based on thus two documents, this department make a shipping bill on 3 sheets, and distribute to:
  - 1) 1<sup>st</sup> sheets together with authorized sales order, at one's elbow collecting agency or collecting department.
  - 2) 2<sup>nd</sup> sheets together with 2<sup>nd</sup> sales order archived according to series date.
  - 3) 3<sup>rd</sup> sheets together with goods, shipped to customer.
- e. Collecting agency or collecting department. After receive authorized sales order and 1<sup>st</sup> sheets shipping bill from shipping department, this department issue 1<sup>st</sup> sheet sales order and customer purchase order from the archive. Based on those documents, collecting department issue sales invoice on 3 sheets, and give to each customer, receivable department, and archived according to series number.

While according to Mulyadi (2001: 219-210), network procedure that forms credit sales accounting system as follows:

- a. Sales order procedure. Sales function receives order from the customer and add important information to customer's order letter. Then, sales function issue shipping order and ship to others function and enable thus function give customer order contribution.
- b. Credit agreement procedure. In this procedure sales function ask credit sales agreement to certain customer from credit function.
- c. Shipping procedure. In this procedure, shipping function shipped goods/orders to customer based on shipping order information that received from shipping function.
- d. Collecting procedure. In this procedure, collecting function issue sales invoice and shipped to customer. In certain method, sales invoice made by sales function as carbon copy when this department issue shipping order.
- e. Receivable record procedure. In this procedure, accounting function record sales invoice carbon copy to receivable card or on certain record method, archived carbon copy document alphabetical that purposed to receivable record.
- f. Sales distribution procedure. In this procedure, accounting function distribute sales data according to required information by management.
- g. Cost of goods sold procedure. In this procedure, accounting function record total of cost of goods sold periodically on certain accounting periods.

Design of network procedure that form credit sales accounting system according to Mulyadi (2001: 227-230), can be seen in figure 2.1:

**Figure 2.1 Credit Sales Accounting System Flowchart**



Source: Mulyadi (2001: 227)

Credit Department	Warehouse Department	Shipping Department
<p>1. <b>Accounts Receivable</b></p> <p>2. <b>Accounts Payable</b></p> <p>3. <b>Inventory</b></p> <p>4. <b>Fixed Assets</b></p> <p>5. <b>Liabilities</b></p> <p>6. <b>Equity</b></p>	<p>1. <b>Inventory</b></p> <p>2. <b>Fixed Assets</b></p> <p>3. <b>Liabilities</b></p> <p>4. <b>Equity</b></p>	<p>1. <b>Inventory</b></p> <p>2. <b>Fixed Assets</b></p> <p>3. <b>Liabilities</b></p> <p>4. <b>Equity</b></p>

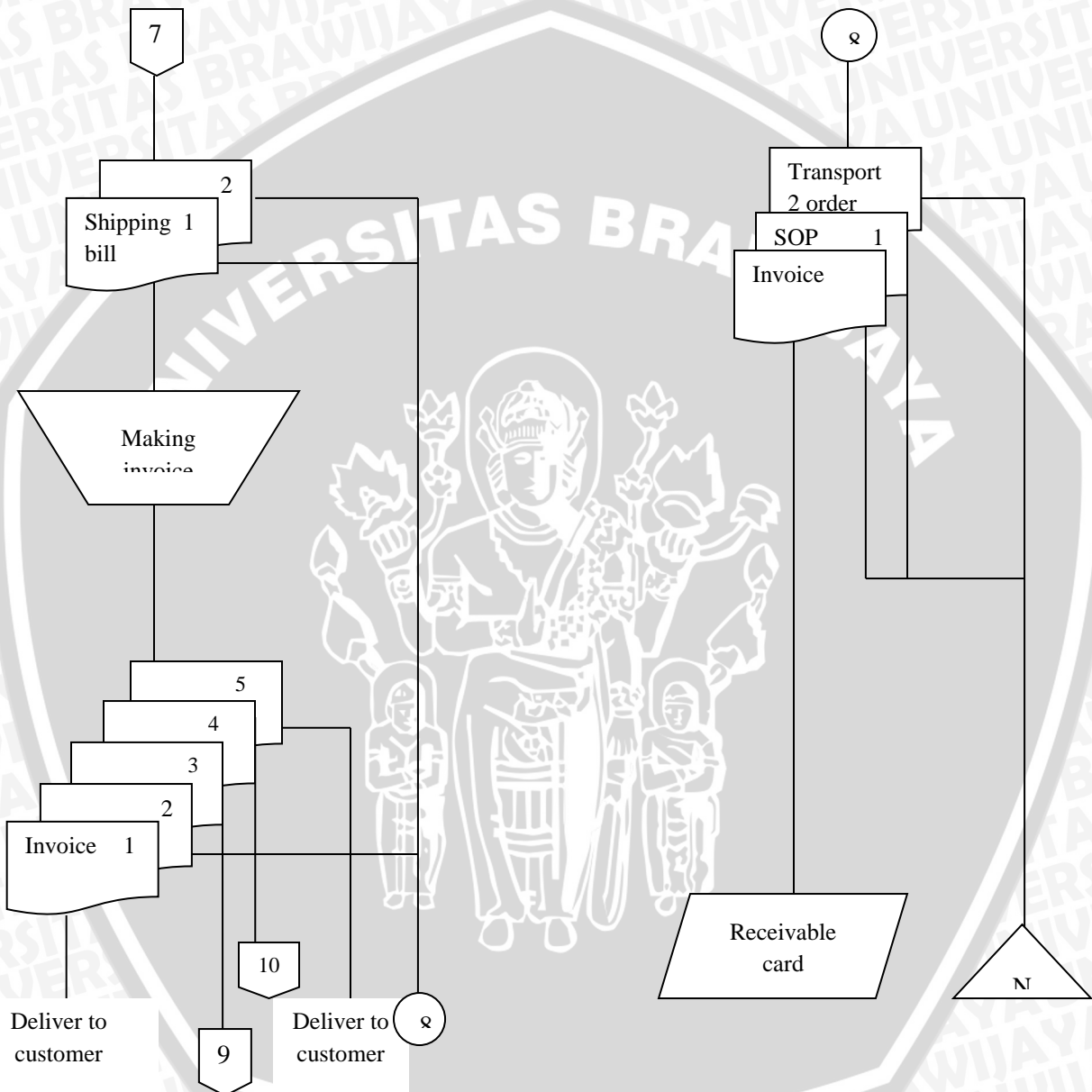




Figure 2.3 Credit Sales Accounting System Flowchart (Continued)

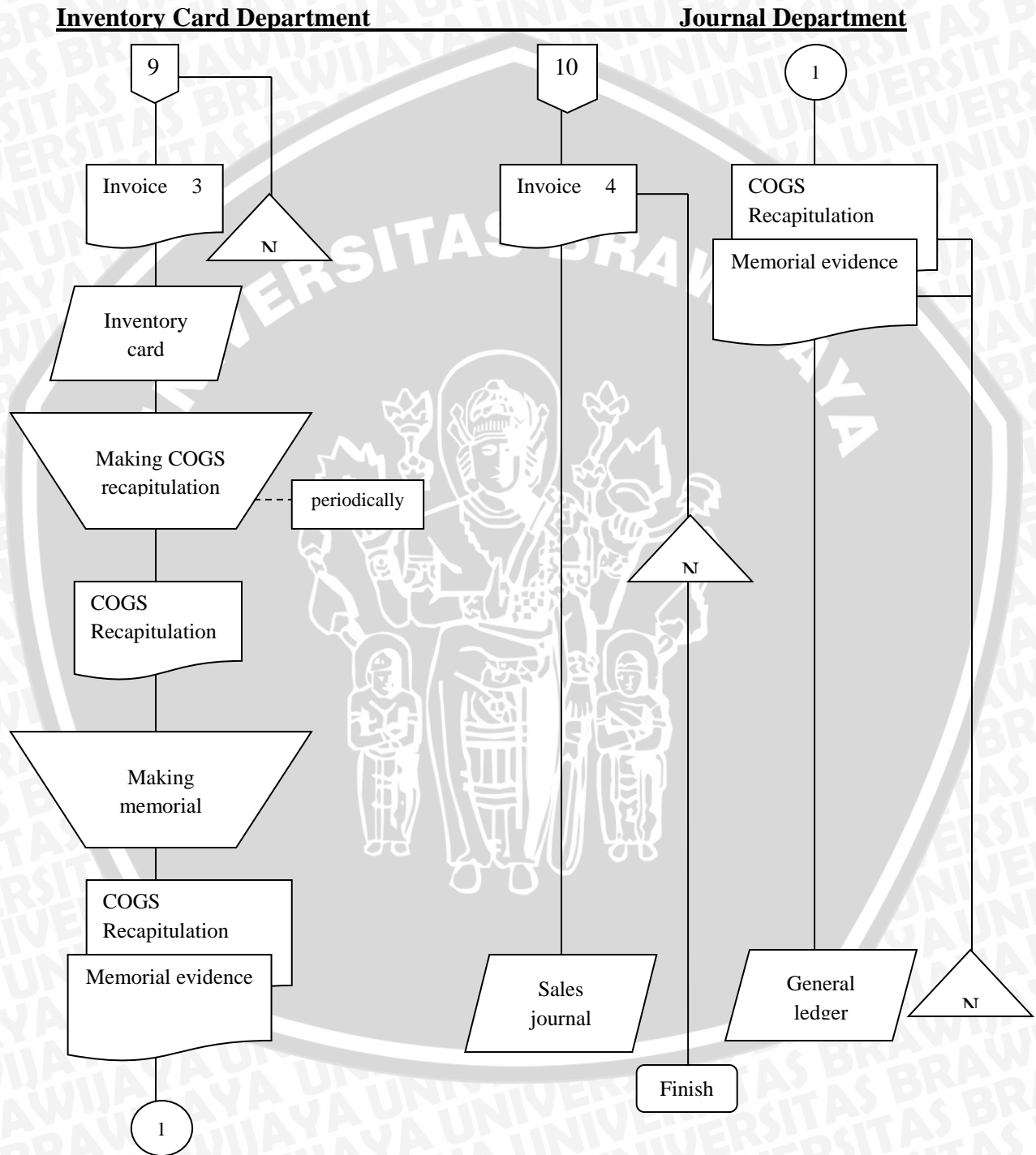
Collecting Department

Receivable Department



Source: Mulyadi (2001: 229)

**Figure 2.4 Credit Sales Accounting System Flowchart (Continued)**



Source: Mulyadi (2001: 230)

## **D. Cash Receipt Accounting System**

### **1. Cash Definition**

The effectiveness of a company can be seen from its total assets, especially assets form in cash. Cash is the most effective company fund resources, because it can be used to defrayal short term payment, and also long term payment. While, according to accounting interpretation cash, means exchange tool that can receive to pay debt and received as bank deposit with nominal value, and bank savings or in other place that take able at any time.

Samsul and Mustofa (1992:278) define cash “as the legal payment tool that generally received in trade world”. Cash also can be described as exchange tool and may used as accounting measurement. In the balance sheet, cash means the most liquid asset, and most changed asset (Baridwan, 2000:85)

Cash is payment tool that received by public on money or equal with money and is used to pay the obligation payment. Cash held an important role. In that sense, companies must be carefull and accurately handle the cash. As it is rapidly shifting assets and also decrease rapidly.

### **2. Cash Receipt**

#### **a. Cash Receipt from Cash Sales**

##### **1) Definition**



The primary company revenue source is cash sales. Company needs cash sales accounting system to implement cash sales successfully. Cash receipt included mail receipt, cash sales, and collecting of receivable.

Baridwan (1998: 157) the definition of cash receipt as follows:

“Cash receipt procedure include some departments on company, then cash receipt transaction not centered into one department only, this case required to fulfill internal control principal. Departments that include in cash receipt procedure is cash receipt department, cashier, receivable, and internal controller department. Receivable department can viewed by prepaid receivable procedure.”

Whereas other definition of cash sales accounting system means the obligation customer to pay before the goods being delivered to the customer (Mulyadi, 2001:461).

Cash sales start from customer order, and customer must pay the goods in cash before company delivered the customer.

## 2) Related Function

According to Mulyadi (2001:462) related function on cash sales of cash receipt system as follows:

- a) Sales function. In cash receipt transaction from cash sales, this function responsible to receive order from the customer, fulfill cash sales invoice and deliver those invoice to customer for paying cost of goods into cash function.
- b) Cash function. In cash receipt transaction from cash sales, this function responsible as cash receipt from the customer.

- c) Warehouse function. In cash receipt transaction from cash sales, this function responsible to prepare customer ordered goods, and deliver this goods to shipping function.
- d) Shipping function. In cash receipt transaction from cash sales, this function responsible to prepare customer ordered goods, and delivered the package and deliver goods that have paid by the customer.
- e) Accounting function. This function responsible record sales transaction and cash receipt and sales reporter.

Function that related to cash receipt from the cash sales are sales function, cash function, warehouse function, shipping function, and accounting function.

### 3) Required document

One of important component of cash receipt is document. An aphorism ever said “right man in the right place”, thus also occurred in cash receipt. Cash receipt will be accurate if using right documents.

According to Baridwan (1998: 160) document that used on cash receipt procedure as follows:

- a) Original document (evidence) that supported in cash receipt.
  - 1. Remittance advice from customer.
  - 2. Cash receipt evidence with printed series number made by cashier for direct cash receipt.
  - 3. Cash sales tape.
  - 4. Remittance advice, seller list, and others.
  - 5. Bank loan notification, bank collection, and others.
- b) Daily data that showed cash receipt summary.
  - 1. Bank deposit
  - 2. Daily cash receipt (made by cashier); Daily cash receipt (made by correspondence).
  - 3. Cash register summary.
  - 4. Proof tapes.
- c) Journal
  - 1. Cash receipt journal.
  - 2. Proof sheet combination with cash receipt journal.

d) Receivable subsidiary book and ledger.

Whereas, according to Mulyadi (2001: 462-463) document that used on cash receipt procedure can describe as follows:

- a) Total sales revenue according to product type in certain period.
- b) Total cash that received on cash sales.
- c) Total of COGS in certain period.
- d) Name, and customer address.
- e) Product sold quantity.
- f) Seller name.
- g) Official authorization

Document that used to successful cash receipt process are evidence, cash receipt daily data, journal, and receivable summary book. This document purposed to make cash receipt process work smoothly.

4) Accounting Record Used

Accounting record is important to design cash receipt accounting system. This accounting record use to complete cash receipt design, so the cash receipt is designed carefully. If there are no accounting record, the cash receipt accounting may not designed carefully.

According to Mulyadi (2001: 468-469), accounting record that is used on cash receipt system from the cash sales as follows:

- a) *Sales Journal*. Sales journal used by accounting function to record and summarize sales data.
- b) *Cash Receipt Journal*. Cash receipt journal used by accounting function to record cash receipt from various resource.
- c) *General Journal*. In cash receipt transaction from the cash sales, this journal used by accounting function to control mutation and inventory that stored in warehouse.



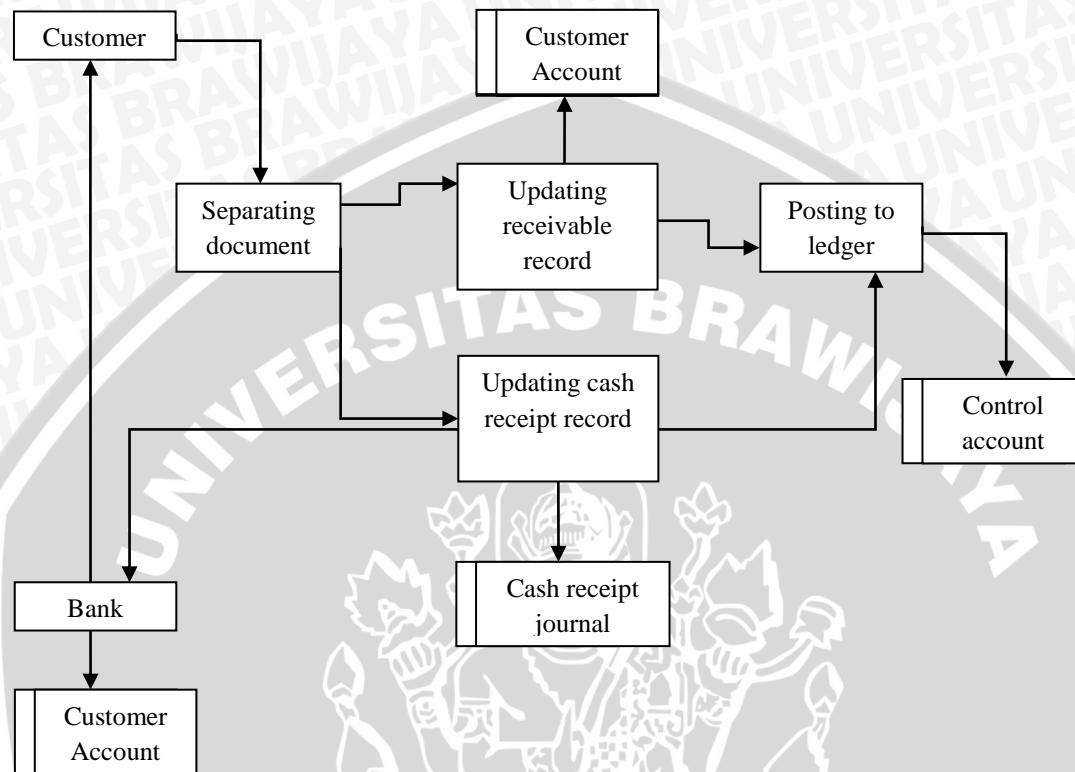
- d) *Inventory Card*. In cash receipt transaction from the cash sales, inventory card used by accounting function to record decreased of COGS.
- e) *Warehouse Card*. This record implemented by warehouse function to record mutation and inventory that stored in warehouse.

Accounting record that used on cash receipt from the cash sales are sales journal, cash receipt journal, inventory card, general journal, and warehouse card. Every accounting record have own role on cash receipt accounting system. So all of accounting record that design for cash receipt accounting system required to design carefully to avoid the mistake in term of record cash receipt from cash sales.

#### 5) Network Procedure that Form System

According to Mulyadi (2001: 469-470), network procedure that formed cash receipt system from cash sales as follows:

- a) *Sales Order Procedure*. Sales function receiving order from customer and make cash sales invoice to enable customer pay goods price and enable warehouse function and shipping function to prepare customer ordered goods.
- b) *Cash Receipt Procedure*. In this procedure, cash function receipt payment of goods price from customer and give payment evidence to customer and enable customers take ordered goods from shipping function.
- c) *Delivered Goods Function*. Shipping function delivered goods to customer.
- d) *Cash Sales Record Procedure*. Accounting function record cash sales transaction on sales journal and cash receipt journal.
- e) *Bank Deposit Procedure*. Internal control system procedure to cash required deposit all cash receipt immediately to bank.
- f) *Cash Receipt Record Procedure*. Accounting function recorded cash receipt to cash receipt journal based on bank deposit evidence that received from the bank by cash function.
- g) *COGS Procedure*. Accounting function make COGS recapitulation based on recorded data that recorded on inventory card.

**Figure 2.5 Cash Receipt System Flowchart**

Source: Hall, (2001: 197)

## b. Cash Receipt from Credit Sales

### 1) Definition

According to Mulyadi (2001:482) the definition of cash receipt from credit sales as follows:

“Cash receipt from credit sales means source of company’s cash receipt, especially revenue of manufacture company that form in receivable payment from debtor.”

The method of cash receipt from receivable payment is divide into three namely, use post, collecting agency, and lock box collection plan. Cash receipt accounting system from credit sales organize credit receive source from the debtor.

## 2) Related Function

Manufacture company usually sell goods using credit payment methods.

According to Mulyadi (2001: 211-212), related function of credit sales as follows:

- a) Sales Function. This function responsible to receive customer order, editing customer order to add information such as goods specification and shipping route, ask credit authorization, decide shipping date, and fulfill shipping bill.
- b) Credit Function. This function placed under financial function in credit sales transaction. The responsibility of his function is to control customer credit status and give credit authorization to the customer.
- c) Warehouse Function. This function responsible to store goods and prepare customer ordered goods, and deliver goods to shipping function.
- d) Shipping function. This function responsible to deliver goods based on shipping bill that received from sales function.
- e) Collecting Function. This function responsible to make and deliver sales invoice to customer, and prepare invoice carbon copy for sales transaction record that implement by accounting function.
- f) Accounting Function. This function responsible to record appear receivable transaction from credit sales and make receivable statement to debtor, and finally make a sales report.

While, according to Krismiaji (2002: 279-280) related function of cash receipt system from credit sales are:

- a) Correspondence Department.
- b) Cashier Department.
- c) Receivable Department.
- d) General Ledger Department.
- e) Audit Department.



And according to Marom (2000:34), related function to cash receipt system from credit sales are cashier department, financial department, and accounting department.

Related function to cash receipt system from credit sales are cashier department, receivable department, accounting department, general ledger department, and warehouse department.

### 3) Used Documents

Document is able to record some important information, especially for cash receipt system from credit sales. Document has function as supporting media for cash receipt system from credit sales and has an ability to record cash receipt system from credit sales. Thus, document is important for supporting cash receipt system from credit sales.

According to Mulyadi (2001: 488-489) document used on cash receipt system from credit sales are:

- a) Notification Letter. This document made by debtor, used for debt payment.
- b) Notification List. This document use to recapitalize cash receipt that made by collecting function.
- c) Bank Deposit Evidence. Used for cash deposit evidence that received by receivable to bank.
- d) Invoice. This document is cash receipt evidence that made by company to debtors that have paid their debt.

Document used in cash receipt system from credit sales are: notification letter, notification list, bank deposit evidence, and invoice.

#### 4) Accounting Record Used

According to Krismiaji (2002: 273) accounting record used on cash receipt accounting system from credit sales, as follows:

1. Journal book, includes:
  - a. Sales journal, means journal that is used to record credit sales transaction.
  - b. Credit memo journal, means journal that used to record return transaction or sales discount.
  - c. Cash receipt journal, means journal that used to record cash receipt transaction that come from cash sales and receivable payment.
2. Receivable subsidiary account, means account used to record receivable to every customer.
3. Ledger account, means account receivable and cash.

While, according to Mulyadi (2001: 468-469) accounting record used on cash receipt accounting system from credit sales, as follows:

- a) Sales Journal. Used by accounting function to record and summarize sales data.
- b) Cash Receipt Journal. Used by accounting function to record cash receipt from various sources.
- c) General Journal. Used by accounting function to record COGS.
- d) Inventory Card. Used by accounting function to record the decrease of COGS.
- e) Warehouse Card. Implemented by warehouse function to record mutation and inventory that store on warehouse.

And according to Baridwan (1998:160) accounting record used on cash receipt accounting system from credit sales are, books of original entry, subsidiary receivable, and general ledger.

According to three expert above related with credit sales accounting system, accounting record use on cash receipt accounting system from credit sales are sales journal, cash receipt journal, general journal, inventory card, and warehouse card.

## 5) Network Procedure that Form System

System contain some procedures, such accounting record used on cash receipt accounting system from credit sales. Thus procedures coordinate and connected each other will result an accounting system.

- a) *Sales Order Procedure*. Sales function receive order from customer and make cash sales invoice to enable customer doing goods payment to cash function, and to enable warehouse function and shipping function prepare customer ordered goods.
- b) *Cash Receipt Procedure*. Cash function receipt goods payment from customer and giving payment sign to customer to enable customer take purchased goods from shipping function.
- c) *Goods Deliver Procedure*. Shipping function deliver goods to customer.
- d) *Procedure of Cash Deposit to Bank*. Cash function deposit cash to bank.
- e) *Cash Receipt Record Procedure*. Accounting function record cash receipt to cash receipt journal based on bank deposit evidence that received from bank by cash function.
- f) *COGS Record Procedure*. Accounting function make COGS recapitulation based on recorded data in inventory card. (Mulyadi, 2001: 469-470)

## E. Internal Control System

### 1. Internal Control Definition

According to Suadi (1997:3) "Control means company process to reach company purpose". While according to Bedford (1992: 5), define control as: "Control process of variables to reach purpose or prescript target. Control means wide concept that occur to human, good, situation, and organization. In an organization, control includes some control and planning process"



AICPA on Baridwan (1998:13) define internal control as follow:

“Internal control include organizational structure and all methods and coordinate tools that used on company that purposed to secure company assets, investigate and accounting data validity, encourage efficiency in operation, and help to secure obedient of prescript management policy.”

Others opinion related with internal control, internal control means method to overcome asset security, gain information for director, operational smoothen, and obedient to company policy (Samsul and Mustofa, 1992: 71).

Effective internal controls assure investors that materially misstated financial statements are unlikely. To occure simply put, if internal controls are effective, the likelihood of intentional or unintentional errors being committed should be significantly reduced (DeFond as cited on Wang, 2013: 20). The purpose of internal control is to save company assets, check accounting data carefully and efficiency encourage, and to obey the encourage management policy.

## **2. Type of Internal Control**

Every type of internal control have the purpose to secure company assets.

AICPA on Baridwan (1998:18) define two type of internal control, there as follows:

- a. Accounting control, consist of organization structure and all method and procedure especially related with and directly related to asset security and responsible financial assets. Accounting control usually include controls such legalization and agreement system, task separation between record and report

department within implement or asset storage department, asset physical control, and internal auditing.

- b. Administrative control, consist of organization structure and all methods and procedures, especially related with operation efficiency and obedient to management policy and usually just have indirectly relation with financial record. Administrative control usually includes controls such statistical analysis, time and motion studies, performance report, employee training, and quality control.

Baridwan (1998:18-19) also defines two type of internal control namely administrative control and accounting control.

- a. Administrative control, include organization structure and procedures also records that related to decision making process and transaction authorization by management. Thus authorization means management function that directly related with responsibilities to reach organization purposes and first step to arrange transaction accounting control.
- b. Accounting control, also called as preventive control. The purpose of accounting control is to avoid inefficiency and gain information related with operation result, do performance deviate from the plan, or any inefficiency or not.

Types of internal control are administrative control that also called as feedback control and accounting control that also called as preventive control.

### **3. Internal Control Element**

Internal control has important role in company. Internal control element important in order to make internal control work successfully. According to Baridwan (1998:14) an internal control system includes:

- a. An organization structure that precisely separated the functional responsibility.
- b. An authority system and careful bookkeeping procedure to control the assets, liabilities, revenues, and costs.

According to Mulyadi (2001:164) the main element of internal control as follows:

- a. Organization structure that separated functional responsibilities distinctly.
- b. Authority system and record procedures that secure the asset, liabilities, revenues, and costs.
- c. Fair practical on task performance and function of each organization.
- d. As responsibility of employee.

Other expert describe internal control element include right authorization to activity and transaction, task separation, design and document used and equalize record, equalize securities to asset and record used and access, and also independent check to work (Krismiaji, 2002:227).

As three experts opinion above, Internal control element are organization structure, authority system, fair practical and employee quality are important element of internal control.

#### **4. Internal Control Restrictiveness**

Internal control performance in a system only give equalize conviction that's internal control haven't absolute quality, because:

- a. Measurement mistake.
- b. Trouble.
- c. Collusion.
- d. Management indifference.
- e. Cost benefit opponent. (Mulyadi, 2002:181).

Internal control designed won't fulfill the absolute securities because there are some restrictiveness as mentioned above, such as measurement mistake, troubles, individual collusion, and company management disobedience.



## 5. Internal Control Purpose

Internal control occurred in company that process information using manual method, bookkeeping machine, or by computer. Internal control important for company because it can ensure the company to work optimally. The purpose of internal control are: (1) secure organization assets, (2) the reability of checking accounting data, (3) encourage effectiveness, and (4) encourage the obedient of management policy. (Mulyadi, 2001:163)

According to Baridwan (1998:13), the purpose of internal control system:

- a. Secure organization assets.
- b. Checking accounting data carefully.
- c. Encourage operation efficiency.
- d. Help to avoid prescript management policy deviation.

Internal control has helped managers to design a controlling system that in organizations. The purposes of internal control are securing organization assets, checking the reability of accounting data, encouraging efficiency of the operations, and helping to avoid deviations from the prescribed prescript management policy.

## 6. Internal Control of Sales Accounting System

Internal Control of Sales Accounting System from Credit Sales

- 1) Organization
  - a) Sales function must separate from credit function.
  - b) Accounting function must separate from sales and credit function.
  - c) Accounting function must separate from cash function.
  - d) Credit sales transaction must performed by sales function, credit function, shipping function, collecting function, and accounting

function. No credit sales transaction performed fully by one function only.

2) Authorization System and Record Procedure

- e) Customer order authorized by sales function by using shipping order or shipping bill.
- f) Credit agreement given by credit function by giving sign in credit copy.
- g) Customer good shipping authorized by shipping function by sign “delivered” to shipping order carbon copy.
- h) Pricing prescription, sales condition, goods transport condition, and discount placed on Marketing Director by publishing decision letter.
- i) Receivable authorized by collecting function by sign on sales invoice.
- j) Receivable recording to sales journal, cash receipt journal, and general journal authorized by accounting function to document source.
- k) Receivable recording based on sales invoice that supported with shipping order and transport order.

3) Fair Practical

- l) Shipping bill printed series number and responsible by sales function.
- m) Sales invoice printed series number and responsible by collecting function.
- n) Accounting function send account receivable statement periodically to every debtors to exercise receivable record carefulness that performed by those function.
- o) Receivable card reconciled periodically by using receivable control account on general ledger (Mulyadi, 2001, page: 220-221).

Internal control of fair practical, organization, and authorization system and record procedure able to secure sales accounting system from credit sales.

## 7. Internal Control of Cash Receipt Accounting System

a. Internal Control of Cash Receipt Accounting System from Cash Sales

Internal control have important roles on sales accounting system from cash sales, such as in organization design, authorization and record procedure, and management fair practical. According to Mulyadi (2001:470-471), internal control element on sales accounting system from cash sales, as follows:

- 1) Organization
  - a) Sales function must be separated from cash function.
  - b) Cash function must be separated from accounting function.
  - c) Cash sales transaction should be performed by sales function, cash function, shipping function, and accounting function.
- 2) Authorization System and Record Procedure
  - d) Customer order is authorized by sales function using cash sales invoice.
  - e) Cash receipt is authorized by cash function by sign "paid" into cash sales invoice and tape register attachment to those invoice.
  - f) Sales using bank credit card authorized by bank which publish those credit card.
  - g) Goods deliver authorization by shipping function by sign "delivered" on cash sales invoice.
  - h) Journal recording authorized by accounting function by giving sign to cash sales invoice.
- 3) Fair Practical
  - i) Cash sales invoice printed series number and responsible by sales function.
  - j) Total of cash receipt from cash sales deposit to bank in the same day within cash sales transaction or in the next day.
  - k) Calculate cash balance periodically in the cash function and suddenly by internal control function.

Internal control of fair practical, organization, and authorization system and record procedure able to secure cash receipt accounting system from cash sales.

#### b. Internal Control of Cash Receipt Accounting System from Receivable

- 1) Organization
  - a) Accounting function must separate from collecting function and cash receipt function.
  - b) Cash receipt function must separated from accounting function
- 2) Authorization System and Record Procedure
  - c) Debtor ask for paying in named cheque or by using giro ticket.
  - d) Collecting function just collect based on receivable list that made by accounting function.
  - e) Account credited by subsidiary receivable by accounting function based on debtor notification.



3) Fair Practical

- f) Cash calculation record on cash calculation official report and deposit to bank immediately.
- g) Collector and cashier must be insurance (fidelity bond insurance).
- h) Cash in transit must be insurance (Mulyadi, 2001:490-491).

Internal control of fair practical, organization, and authorization system and record procedure able to secure cash receipt accounting system from receivable.



## CHAPTER III

### RESEARCH METHOD

#### A. Research Type

The study uses descriptive method to answer question determined in the introduction. According to Jackson (2011:80), descriptive methods allow to describe a situation, but not allow to make accurate predictions or to establish a cause and effect relationship between variables. The purpose of this research is to create a description, systematic picture, accurate fact, characteristics, and the relationship between the phenomena that is being investigate.

This study uses qualitative research. According to Jackson (2011:80), qualitative research focuses on phenomena that occur in natural settings, and the data are analyzed without the used of statistics. In this study, researchers used a case study method. Case study method is used to give a brief description about background, characters, or individual status, and all the cases above to be general cases. According to Cooper (2008:160) case study research means a research approach that is systematic and organized to produce information about a topic, as well as the product of the approach. Case study approach does not prescribe what theories should inform the study or which methods should be used for gathering and analyzing data. Based on the problem and research question being addressed, a variety of methods may be used. Including analysis of archived materials, observations, interviews, and

quantitative techniques. Case study focus on bounded and particular organizations, events or phenomena, and scrutinize the activities and experiences of those involved, as well as the context in which those activities and experiences occur (Stake as cited on Cooper, 2000: 160)

## **B. Research Focus**

The study focus on all research aspect related with internal control performance on sales accounting system and cash receipt in PT PG Candi Baru, includes:

### **1. Department**

Research focuses in company departmentssuch as sales department, financial department, warehouse department, shipping department, and others department related to sales and cash receipt process. The purpose for researcher is to know theresponsibilities of every department in the company that related with sales accounting system and cash receipt.

### **2. Form and Journal**

This research focus on company flowcharts and journals. In order toknow formthat is used incash receiptsandcash receiptsjournalthat is being recorder.

### **3. Flowchart**



This research focus on company sales accounting system flowchart. To understand the sales accounting flowchart.

Research focuses above have purpose to support research precisely and design the research to be complete and relevant.

### **C. Research Location**

Researcher conducted this research in PT PG Candi Baru, which is located in Jl. Raya Candi no10, Candi- Sidoarjo.

### **D. Type and Source of Data**

#### **1. Type of Data**

In this case, researcher focus on qualitative data. Qualitative data, are data that qualitative researchers generate, or, with slight refinement (Wollcott, 1994: 4).

#### **2. Source of Data**

Arikunto (2006: 114) describe subject of source of data. In this research, data be based on:

##### **a. Primary Data**

Primary data is gaining data directly from it's source. Primer data gain from interview with related division in cash receipt and sales performance.

b. Secondary Data

Secondary data means data of the company records.

**E. Data Collection Techniques**

In this research, data is important to get accurate research result. Researcher will get accurate data when data collection techniques work based on procedure.

This research uses three techniques to collect data:

1. Interview

Interview is perform by asking some questions to division in sales and cash receipt process. Such as sales department, financial department, warehouse department, shipping department, and others department related to sales and cash receipt process. Researcher expected to earn graded data by use data collection technique accurately.

2. Observation

According to Sugiyono (2005: 132) "Observation is a technique to collect data in which the researcher observe the object of the study". Observation means data collection techniques by direct research to condition and situation of an object.

### 3. Documentation

Documentation is data collection techniques using written object. Such as books, magazine, document, rule, meeting note, daily record, and other data (Arikunto, 2002: 149).

## F. Research Instrument

Researcher design research instrument after choose data collection technique. Research instrument is tool or facility for collecting data that used by researcher in order to make task easier, accurate, and complete (Arikunto, 2002: 151).

Based on data collection technique, researcher will used research instrument as follows:

#### 1. Interview Tool

Ask some departments in the company by using question list. The question list contained subject or general review.

#### 2. Observation Tool

Researcher uses capability and senses to earn data observation result related to research object.



### 3. Documentation Tool

In this case, researcher is using several documentations tools, for example pen and paper, or photocopy machine to copy original document.

### G. Data Analysis

Data analysis is grouping, sorting and summarize data. Researcher will earn research result by analyzed the data. The purpose of data analysis is to simplify the data.

Below is the steps of data analysis applied in this study:

1. Collecting information regarding with sales and cash receipt accounting system. Firstly the researcher needs to understand company organizational structure in order to know the authority and task segmentation viewed by internal control system. Secondly, the researcher collecting document related with sales and cash receipt includes forms, journals or accounting records, and sales and cash receipt procedure to understand internal control that has been realized on thus company. Finally, researcher try to found company weaknessess in sales and cash receipt accounting system, therefore researcher tries to fix the weaknesses by using available theories.

2. Evaluating internal control effectiveness on sales and cash receipt accounting system. In this case, researcher describe problem that occurred in the company regarding with internal control system in sales and cash receipt accounting system. Therefore, researcher provide recommendation related to sales and cash receipt accounting system includes recommendation for forms, journals, and sales and cash receipt procedure, then researcher give recommendation related with a good internal control system for the company.



## CHAPTER IV

### DISCUSSION

#### A. Data Presentation

##### 1. Company Overview

###### 1) History of the Company

PT Pabrik Gula (PG) Candi established since 1832 by The Goen Jing family, named Captain Tjoa but lately it was managed by Dutchmen. PT PG Candi declare itself as a legal entity by Surabaya Regence Court number 122 in the October, 31<sup>st</sup> 1911 by the name of NV Suiker Fabriek Tjandi. Those name taken from the location of the company. After the second World War, PT PG Candi controlled by Perusahaan Negara Perkebunan XXII (PNP XXII), for some years but the management was returned to Tjoa. In those periods roll capacity are 750 tons of sugar cane and produce sugar in the kind of SHS (*Superior Hoofst Suiker*).

In 1941, the factory was closed, and then it was reopened in 1950. The General Meeting of Shareholders (*Rapat Umum Pemegang Saham*) conducted in 1962, agreed to change the factory's name into PT. PG. Tjandi and. The Decree of Justice Minister Indonesia (*Surat Keputusan Menteri Kehakiman Republik Indonesia*) number Y.A.5/122/1 October, 14<sup>th</sup> 1962 approved the change. In 1963, several majority businessmen bought the factory's stocks. They are H. Wirantono and in the 1972 all of stocks bought by H. Wirantono Bakrie family, that consist



of H. Wirantono Bakrie, H. Ahmad Badawi Bakrie, and Dr. H. Faruk Bakrie. In term of increasing roll capacity to be 1.250 tons of sugar cane in a day, therefore a rehab in 1975. In the 1981, capacity increase to 1.500 tons of sugar cane in a day with SHS (*Superior Hooft Suikers*) sugar product.

In the 1991, PT PG Tjandi manage by PT Rajawali Nusantara Indonesia (PT. RNI) that placed on financial department. In the 1992 PT. Rajawali Nusantara Indonesia buy 55% of stocks from H. Wirantono Bakrie. In the 1993, PT PG Candi Baru able to increase roll capacity to 1.800 tons of sugar in a day with sugar in the kind of SHS 1-A.

Company budget has changed for several times, latest changed based on RUPS (General Meeting of Shareholders) declaration support with budget change number 73 at July, 28<sup>th</sup> 1993 that made by Imas Fatimah, SH., notary public in Jakarta. Based on those notary certificate company's name changed to be "PT Pabrik Gula Candi Baru". Since, 1998 PT PG Candi Baru built cooperation with PT KGA as *Badan Keja Sama Penanaman dan Penggilingan Tebu* (BKS-PPT) based on contract at June, 30<sup>th</sup> 1998 and become extinct in the 2001.

PT PG Candi Baru is a company that produce SHS (*Superior Hooft Suiker*) sugar as primary product. Secondary products of PT PG Candi Baru are waste and liquid. Thus secondary products used for Mono Sodium Glutamat (MSG) material and for sale to other company as paper material.

These are backgrounds of cane plantation and sugar factory of PT PG Candi Baru, as follows:

- a) Supporting government policy program in self-sufficient and decrease import sugar from other country.
  - b) Increasing revenue and cane farmers benefit and expand vocation for society near with cane plantation and sugar factory.
  - c) Increasing state foreign exchange from the tax sector and actively perform on development distribution.
  - d) Increasing farmers benefit and agriculture development.
- 2) Location of the Company

The company is located in Bligo, Candi- Sidoarjo, while, the factory located in front of Surabaya- Malang main street, 26 km from Surabaya and 4 km from Sidoarjo and  $\pm 4$  m in the surface. Since 1983 PT PG Candi has 5300 ha of soils. Therefore the range of factory area, as follows:

a) Factory area	: 54.000 m <sup>3</sup>
b) Office complex	: 6.000 m <sup>3</sup>
c) Housing area	: 35.000 m <sup>3</sup>
Total	95.000 m <sup>3</sup>

This location has several opportunity viewed by:

- a) This location placed in front of main street, therefore there are no transportation problems.

- b) This location placed near with citizen housing, therefore it is easier for company to recruit labors.
- c) There was a cane plantation around its factory, and it will make company easier to earn raw materials.
- d) Operational work region of PT PG Candi Baru sugar plantation include 5 residence, that's are:

- 1) Sidoarjo : 8 sub district
- 2) Pasuruan : 9 sub district
- 3) Mojokerto : 2 sub district
- 4) Gresik : 2 sub district
- 5) Tuban : 3 sub district

Whereas company location can be describe as follows:

Name	: PT PG Candi Baru
Office	: Jln. Raya Candi No. 10, Sidoarjo
Phone	: 031- 8921003/ 8921004
Fax	: 031- 8921002
Email	: <a href="mailto:pgc4nd1@indo.net.id">pgc4nd1@indo.net.id</a>

## 2. Company Purpose

Every company must have their own purpose, and the purpose has design accurately. A purpose will be company orientation to run their activity



and to achieve success. PT PG Candi Baru has several purpose that divided into two outlines, namely:

a) Long Term Purpose

Long term purpose mans purpose in the long period or more than one year. There are several long term purpose of PT PG Candi Baru describe as follow:

- 1) Increase productivity resource efficiently and effectively.
- 2) Increase the quality of product based on market demand and quality standard to compete with company competitors.
- 3) Develop service quality to customer by satisfy the customers.
- 4) Guide and develop human resource to be professional entrepreneur.
- 5) Build a good relationship with government, because government gave support to the company in area of utilization, especially investors area/ developer, TS area, and histories area.
- 6) Increase productivity by collaborating with public research to replace existing variety with superior variety.
- 7) Increase factory efficiency by using new technology based on economic condition of the company and following priority scale (investment selection).

- 8) Guide cane farmers or area owners as colleague to benefit each other.
- 9) Control resource and fund utilization.
- 10) Rationalize employees total and increase human resource quality by education and training.

b) Short Term Purpose

Short term purpose is a purpose for a short time period or less than one year. Below are short term purpose of PT PG Candi Baru:

- a) Company has a good condition.
- b) Gross income increase.
- c) Stake holder income increase.
- d) Company develop.
- e) Give contribution for national development by cane plantation sector.

### 3. Commissioner and Management Council Composition

a. Commissioner Council

PT PG Candi Baru has declared a management structure based on General Meeting of Shareholders (RUPS) proved by the document No. CS/HKM/2002/73 in May 2nd, 2002 as follows:

- a) General Commissioner : Muhammad Taufiq
- b) Commissioner : Agus Siswanto

c) Commissioner : Roosdiana

b. Management Council

Management Council of PT PG Candi Baru has declare based on induction document at January, 20th 2003 in Jakarta, as follows:

General Director : Warsito

#### 4. Organization and Human Resource Development

##### a. Labor

Labor is one of the main factors that exist in the company in carrying out its activities. Labor is responsible for the smooth operation of the production in company. In order to earn the skilled labor during recruitment preferably with skills in the areas concerned. Number of workers at PT PG Candi Baru are 543 people, comprising based on duties and authority as presented in table 4.1.

**Table 4.1**  
**Number of workers at PT PG Candi Baru**

No	Position	Total
	I. Staff Employee	
1	Commissioner	1
2	Director	4
3	Production Department	13
4	Plantation Department	11
5	Transportation/ Fell Department	1



No	Position	Total
6	Fabrication of Granulated Sugar	13
	Total	43
7	Production Department	39
8	Plantation Department	31
9	Transportation/ Fell Department	30
10	Fabrication of Granulated Sugar	119
11	Sugar Packaging	2
	Total	221
	I. PKWT Employee	
12	Production Department	54
13	Plantation Department	16
14	Transportation/ Fell Department	132
15	Fabrication of Granulated Sugar	340
16	Sugar Packaging	1
	Total	543

Source: PT PG Candi Baru 2013

b. Working Hour

In a week, the working hours start from Monday to Saturday. The details of the hours of work and rest can be seen in Table 4.2.

**Table 4.2**  
**Working Hour at PT PG Candi Baru**

No	Day	Working Hour	Break Session
1	Monday-Thursday	07.00-15.30	12.00-13.00
2	Friday	07.00-11.30	-
3	Saturday	07.00-12.30	-

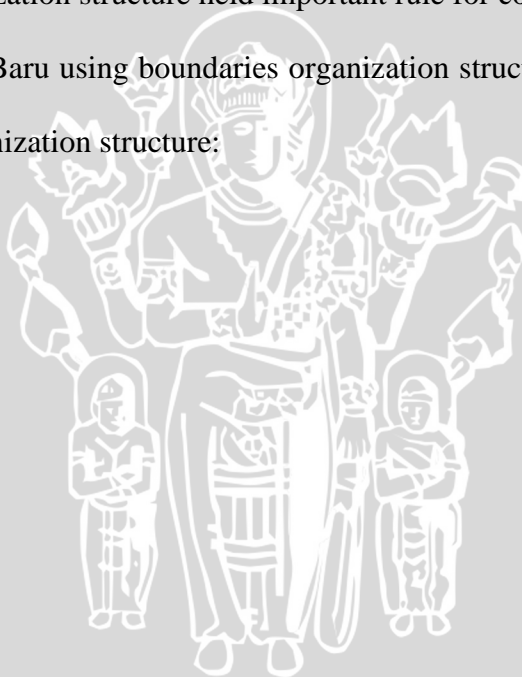
Source: PT PG Candi Baru 2013

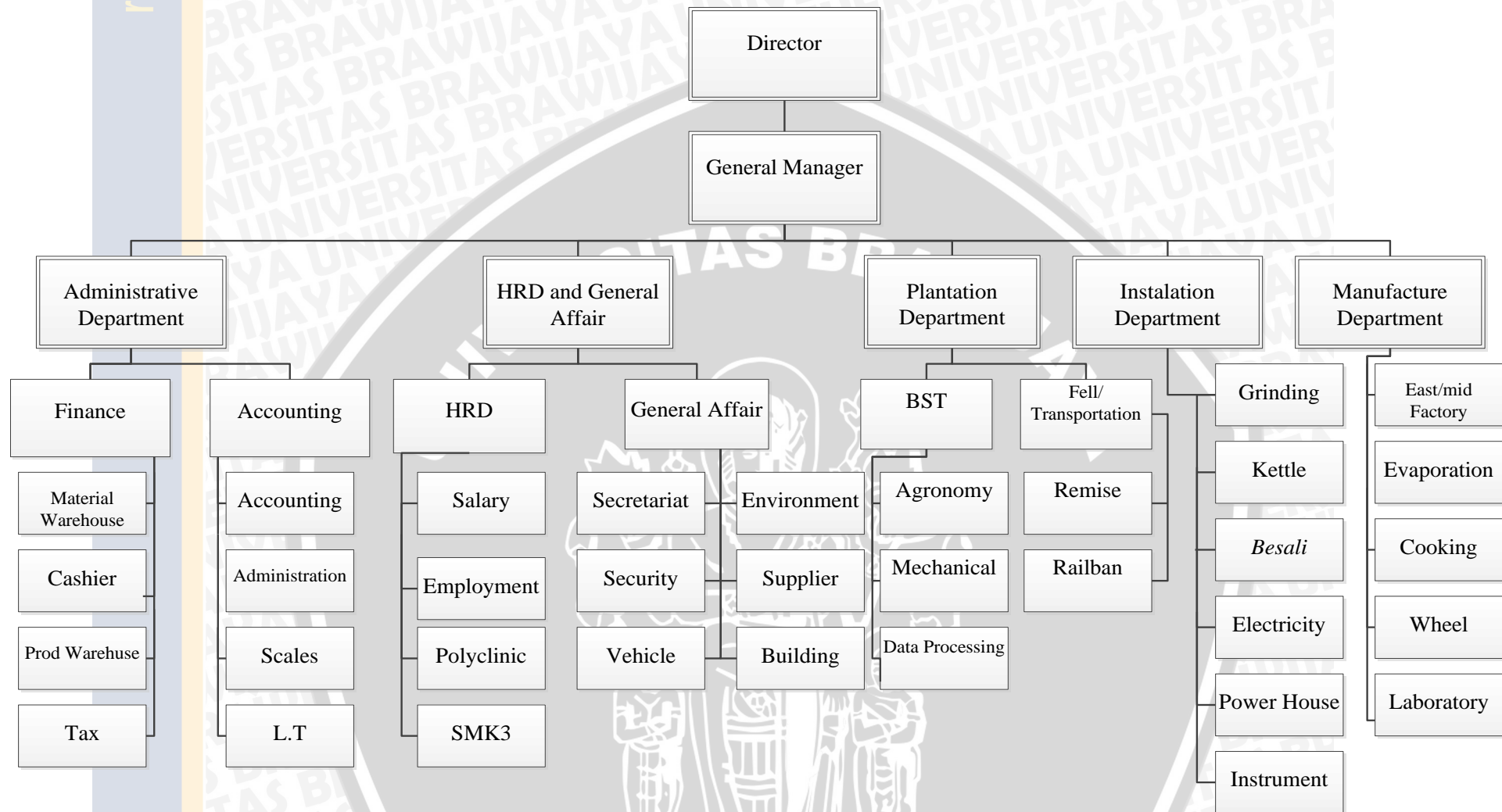
c. **Welfare and Work Security**

PT PG Candi Baru prepares supporting facilities to increase the employee's enthusiasm to work by providing: Mosque, bathroom, toilet, Health Insurance, cooperation, mask, official housing, security post, extinguisher, helmet, and many others.

d. **Company Organizational Structure**

Company organization structure held important rule for company viability and stability. PT PG Candi Baru using boundaries organization structure. Below is given PT PG Candi Baru organization structure:





Source: PT PG Candi Baru 2013

**Figure 4.1**  
**PT PG Candi Baru Organization Structure**



PT PG Candi Baru is a Stated Owned Corporation (*Badan Usaha Milik Negara*) with PT Rajawali Nusantara Indonesia as the majority shareholders. This company is led by a general manager that responsible for the efficiency and effectiveness of the company to the Management.

General manager has several tasks, as follows:

- a) Performs meetings with head of departments and declares work realization program.
- b) Controls every sector and describes internal and external problems.
- c) Gives technical and non-technical instructions and coordinates employees on each department.

General manager is helped by several managers as follows:

- a) Financial and administration manager.
- b) Plantation manager.
- c) Engineering manager.
- d) Processing manager.

Below are the responsibilities of each department:

- a. Financial and Administration Manager

Financial and administration manager is responsible to perform management policy and general management rules in general accounting budget sector and human resource, details of the task are:

- a) Receive customer order

- b) Make Sales Contract, Tax Invoice, and Delivery Order
- c) Performs the company bookkeeping.
- d) Create company financial report.
- e) Develop revenue budget plan.
- f) Perform employee administration.
- g) Perform warehouse investment administration.

b. Finance

Finance is responsible to help financial and administration manager to perform financial rules in finance and budget sector, as follows:

- a) Make financial needed list.
- b) Make company financial report.
- c) Perform bank and financial administration.
- d) Perform tax administration.
- e) Coordinate financial performance, cashier, and company administrative.

c. Accounting

Accounting is responsible to perform finance and administration. Accounting manager perform policy and rules in accounting sector and data processing, as follows:

- a) Perform company bookkeeping based on company rules.
- b) Record company sales transaction, whether in cash or credit.
- c) Make company financial report.

- d) Make budget plan and company expenditure.
- e) Control company costs.
- f) Reporting obstacle occurred in weighing and report to administrative department and other department related with this problem solving.
- g) Arrange society cane credit liquefaction.

d. General Affair

General affair has tasks to help financial and administration manager to perform human resources policy, as follows:

- a) Prepare loan and employee insurance and perform employee revenue administration.
- b) Perform protocoler task and others, include maintenance dan asset security or company's investment.
- c) Perform company vehicle maintenance and usage management.
- d) Secure company asset and environment and construct cooperation with other institution.

e. Plantation Manager

Plantation manager have task to perform management policy in sugar cane cultivation and others related with cane raw material supply, cane seed supply, and vehicle, and others activity related with cane materials, as follows:

- a) Responsible to general manager related with plants.
- b) Design plant budget plan in the future.



- c) Design plant ingredients related with location, size, plant periods and kind of sugar cane to increase production.
- d) Design budget plan in plant, fell, and transportation sector.
- e) Make incidental report related with work performance.
- f. Human Resource Development and General Affair
  - a) SKK (PAS)

SKK help plantation manager to perform grind cane cultivation, sugar cane seed, dan experimentation sugar cane, also others activity related to sugar cane raw material supply.
  - b) SKK (SDA, GRS, TBN)

SKK (SDA, GRS, TBN) help SKK (PAS) to give guide and learning and administration to cane farmers and KUD, and process seed garden on thus location.
- g. Harvesting and Transportation

Harvesting and transportation help plantation manager to perform felling and sugar cane transportation. Therefore was fell and Railban that help harvesting and transportation to perform the task. Felled department help harvesting and transpotation to perform felling and sugar cane transportation. Then Railban help head of harvesting and transportation to perform and control maintenance railban and equipment.

#### h. Research and Development

Head of research and development are helping head of plantation department to perform experimentation garden, plant security, sample analysis, seed channelization or fertilizer, and others. In this case, research and development sector helped by seed department. Seed department have task to help research and development to complete needed tools, such as seeds, fertilizer, equipment, and others.

#### i. Engineering Manager

Task of engineering manager is helping general manager to perform operation, maintenance and machine reparation, and factory instalation, lorry and locomotive, vehicles, tractor, pump, buliding, and electricity supply, as follows:

- a) Planning, coordinating, controlling performance maintenance to factory instalation.
- b) Perform replacement and sugar production equipment reparation tools and transportation.
- c) Responsible to tools usage fluency along grinding periods.

#### j. Kettle

Kettle have task out of grinding periods, help head of engineering o control kettle instalation to work fluently.

k. Electricity

This department help head of engineering to supply electricity and safety based on technical requirement therefore it's can support grinding performnce.

l. Grinding

This department have task out of grinding periods by help head of engineering to pepare grind station. In the grind periods help to control grind station to perform smoothly.

m. Middle Factory

This department have task out of grinding periods, that's help head of engineering to pepare roll station. In the roll periods help to control roll station to perform smoothly.

n. Wheel

This department have task out of grinding periods, that's help head of engineering to pepare roll station. In the roll periods help to control roll station to perform smoothly.

o. Production Manager

Below is task of production manager, as follows:

- a) Planning, coordinating, and control fabrication process.
- b) Design working plan and budget plan in fabrication sector.
- c) Perform company policy in fabrication sector.
- d) Responsible to technical rule and financial process sector.



p. Head of Front Management Subsection

This department help head of production to process sugar especially in front factory.

q. Head of Middle Management Subsection

This department help head of production to process sugar especially in the middle factory.

r. Head of Backside Management Subsection

This department help head of production to process sugar especially in backside factory.

s. Head of Laboratory Analysis Subsection

This department help processing manager to perform laboratory analysis on sugar production.

## 5. Production

### a. Sugar Production Process

Sugar Production process in PT PG Candi Baru using *Sulfitasi Ganda Alkalis*

Continue process with SHS (Superior Hooft of Suiker) kind of sugar, and factory waste can used for secondary product.

### b. Raw Material

Below are some raw materials for producing sugar, as follows:

#### a) Primary Raw Material

Factory produce sugar in crystal type by using sugar cane as primary raw material. Raw sap taken from cane extraction at roll station. Sap is a complex mixed of sugar cane. Therefore, sugar cane taken from farmer around factory and the others taken from Malang, Jombang, Pasuruan, Tuban, Mojokerto, and Sidoarjo. Below are materials that used by PT PG Candi Baru:

1) TS (*Tebu Sendiri*)

Sugar cane that owned by PT PG Candy by using land system, while working process done by society and paid by factory.

2) Smallholder's Sugarcane Intensification (*Tebu Rakyat Intensifikasi*)

This sugar cane earn capital from BRI but earn technical guidance cultivation from the factory. This methods using production sharing system (65% for farmers, 35% for factory).

3) Independent Sugar Cane (*Tebu Rakyat Mandiri*)

This sugar cane owned by farmers around factory and didn't earn capital from BRI.

b) Secondary Raw Material

Secondary raw material means additional material to increase sugar quality. Secondary material includes bacteria, fungicide, calcium, sulfur, and phosphate. There are description of sugar raw material as follows:

- 1) Bacteria and fungicide. This material used for grind sanitation to control fungus and bacteria growth within sap. The type of bacteria and fungicide are Amerstat 272, Hadag Sanitral-R Microbiocide, Busan 881, Kuartener Amonium Compounr 19%, and others. The usage dosage is 10-20 ppm within juice.
- 2) Calcium. This material used to increase pff sap to be alkalize, avoid inversion, and purify.
- 3) Sulfur. This additional material organized as gas  $\text{SO}_2$  that is earned from compact sulfur combustion within dry air as oxygen resource in a furnace.
- 4) Phosphate. This additional material organized as phosphoric acid ( $\text{H}_3\text{PO}_4$ ) , phosphoric mono calcium  $\text{CaH}_3(\text{PO}_4)_2\text{H}_2\text{O}$  or three calcium phosphate  $\text{Ca}_3(\text{PO}_4)_2$ ). This method purposed for added phosphate contents within sap to reach concentrate 300-500 ppm.

### c. Production Process

Production process divide into three stage as follows:

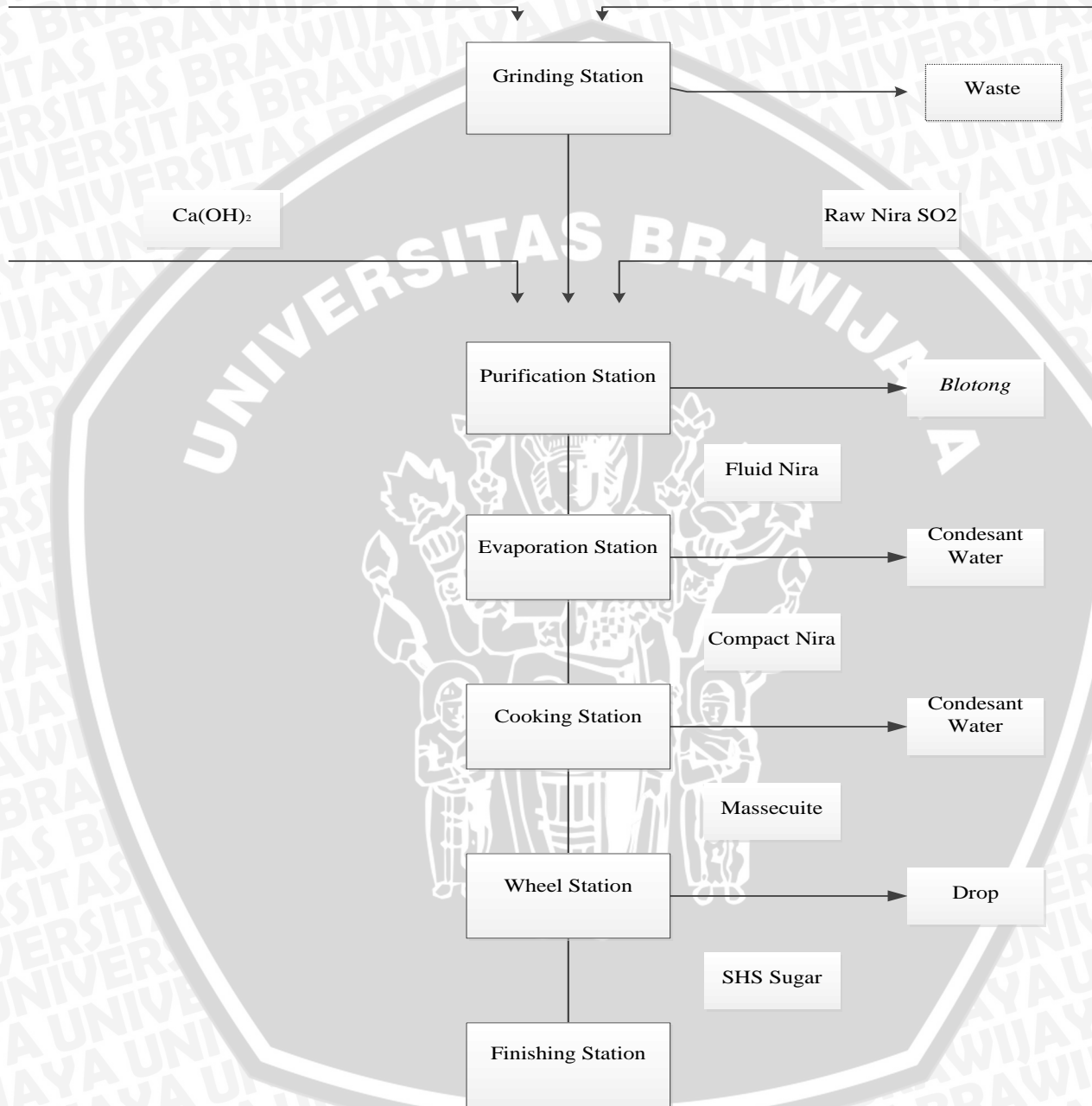
- a. *Defikasi*. In this process producing sugar in yellow color whereas the sugar reprocess to be white sugar.
- b. *Silfikasi*. This process producing white sugar or SHS (*Superior Hooft Suiker*).
- c. Carbonization. This process producing high quality sugar.



Thus three stages, PT PG Candi Baru placed on *Silfikasi* stages, that producing SHS sugar. Producing stage, includes:

- d. Sap Dairy (Shift Station). This procedure purposed to dairy sap and minimized sugar waste.
- e. Purification (Purification station). This procedure purposed to maximized waste and disappear non sugar material in the raw sap.
- f. *Evaporation (Evaporation Station). This procedure purposed for disappear water within purify sap until certain concentrate (% brix) before forming crystal by avoid sucrose damage.*
- g. *Crystallization (Cooking Station). This procedure occur crystallization process to change sucrose contained in strong sap from evaporation station to be crystals sugar to fulfill certain requirements, that's have size and variety standard.*
- h. *Crystal Separation (Wheel Station). This procedure separate sugar crystal from primary solution.*
- i. *Drainage and Packaging (Drainage and Packaging Station). This procedure dried SHS sugar in order to unhampered from the water because SHS crystal sugar from the wheel station still have high water grade.*
- j. *Storage (Storage Station). Every station headed by a supervisor. Whereas every supervisor arrange cooperation inter department therefore inter department cooperation work swiftly.*

Below is figure that describe sugar production process, as follows:



Source: PT PG Candi Baru 2013

**Figure 4.2**  
**Sugar Production Process in PT PG Candi Baru**

#### d. Product

Sugar is important for giving sweet taste and thick consistency for several foods. Primary product of PT PG Candi Baru is white crystal sugar. In other side PT PG Candi Baru also have secondary product, such as drop and waste. PT PG Candi also produce waste organized as fluid, gas, and compact. Given below is description of each PT PG Candi Baru Products, as follows:

##### a. Primary Product

PT PG Candi Baru Produce white crystal sugar in SHS IA kind as primary product. Sugar quality analysis done by P3GI (*Pusat Penelitian Perkebunan Gula Indonesia*) in every periods include polarization analysis, water degree, dust degree, SO<sub>2</sub> contents, granule weight, and others. PT PG Candi Baru just produce 708% sucrose. PT PG Candi Baru always produce high quality sugar, over P3GI standard.

##### b. Secondary Product

PT PG Candi Baru also produce secondary product, such as waste and drop. Waste generated about 540 tons / day. Waste is used as boiler fuel. Whereas, drops produced around 54-90 tons / day. The drops then sold to third parties who needs, includes PT Ajinomoto Mojokerto, PT Seilsamsung Pasuruan, PT Sasa Inti Probolinggo, and PT Palur Raya Solo using DO (Delivery Order) system, whereas price range from Rp. 400- Rp. 450 / kilogram.



**e. Machine**

Below is machine list that used in production process, that are:

**Table 4.3**  
**Machine Prognosis at PT PG Candi Baru**

No	Machine's Name	Prognosis
1	Grinding Machine	Rp. 1,150,000,000
2	Kettle	Rp. 820,000,000
3	Purification Machine	Rp. 1,200,000,000
4	Evaporation Machine	Rp. 700,000,000
5	Cooking Machine	Rp. 2,700,000,000
6	Deepwell/ Agriculture tools	Rp. 680,000,000
7	Wheeling Machine	Rp. 2,914,000,000

Source: PT PG Candi Baru 2013

**f. Waste Product**

Waste is a waste product from the production process. Waste generated from direct materials in production processes waste. PT PG Candi also produce waste organized as fluid, gas, and compact. Compact waste organized as *blotong*, dust, and bagasse. Whereas, fluid waste organized as pollutant and pollutant. And finally gas waste organized as carbon dioxide.

## 6. Marketing

PT PG Candi Baru is marketing their primary product (sugar) into BULOG (*Badan Urusan Logistik*). Firstly, BULOG is providing DO (Delivery Order) to the customer. Secondly, the buyers take sugar from the warehouse.

since the middle of 1998, sugar product did not sold to BULOG, then PT RNI handle marketing process by subsidiaries company in trade sector that's PT Rajawali Nusindo. Farmers earn 62% of sugars, and PT Nusindo earn 38%. Whereas sugar belongs to farmer (such as production sharing) sold by the auction committee comprised of members of the training farmer groups. PT PG Candi Baru prepare auction place/ facility.

## 7. Cash Receipt and Sales Accounting System at PT PG Candi Baru

### a. Department related to sales accounting system

#### 1) Administration Function

This function responsible to receive customer order whether in cash or credit, then record customer order into Sales Contract (SC) and make Delivery Order (DO). Companies only allow purchases with for subsidiaries company. This function also responsible to sell goods to the customer, receive money, giro, or check and create sales invoice in four copies, sales details, and stock card form. However, this function should be controlled by other functions.

## 2) Warehouse Function

This function is responsible to prepare customer order as written in the Delivery Order (DO), and to record goods to be removed from the warehouse on goods transportation invoice, sales details, and stock card. Warehouse function also checks residue and record into goods transportation invoice, sales details, and stock card.

## 3) Cashier Function

This function is responsible to receive 1<sup>st</sup> and 2<sup>nd</sup> Delivery Order (DO) and give “paid” stamp in Sales Invoice.

## 4) Accounting Function

This function is responsible to record transaction that occurred, whether in cash or credit, and record into cash receipt journal, sales journal, and receivable books.

### b. Forms Used

#### 1) Sales Contract (SC)

The function of sales contract is to record information related to customer order, include customer detail, type order, and order quantity. This document is also used by warehouse function to prepare finished goods that would be taken by customers.



## 2) Delivery Order (DO)

This document acts as the order letter from the sales function to prepare customer order.

## 3) Stock Report

This document is declared by the warehouse department as goods disbursement evidence or goods returned into warehouse. Goods transportation invoice also used as stock card filling evidence. Goods transportation invoice fill out based on order data that recorded on visit list and based on goods returned into warehouse.

## 4) Cash Receipt Evidence

This document has function to record cash receipt whether in cash or credit. This form is filled out by sales department and signed by the customer as goods receive evidence and have paid by the customer.

## 5) Journal

Administration department creates journals as record evidence in cash receipt journal, sales journal, and receivable book.

## 6) Tax Invoice

Administrative function create this document to record tax that occurred in sales

The document used by PT PG Candi Baru can be seen in figure 4.3 to 4.7.

666312/4

**KONTRAK PENJUALAN GULA RETAIL**

No : R/ATR/2013/031

Atas dasar harga lelang gula petani pada tanggal 29 Oktober 2013 dan harga pasar, maka bersama ini kami :

**N a m a** : Kopkar Sarimanis PT.PG.Candi Baru

**A l a m a t** : Sidoarjo

Sepakat untuk membeli gula retail sebagai berikut :

**Jenis gula** : Gula Kristal Putih Produksi 2013

**Kemasan** : 1 Kiloan Merk CB Premium

**Sebanyak** : **504** Kilogram

**Harga per kg** : Rp. **10.200** (Incl.PPN 10 %)

**Jumlah dibayar** : Rp. **5.140.800,-**


( DO diterbitkan setelah ada pembayaran tunai / transfer dan sudah ada stempel lunas dari kasir )

**Pengambilan Barang** : Gudang gula PG Candi Baru, setelah diterbitkan DO.

Demikian harap maklum,

Sidoarjo, 31 Oktober 2013

PEMBELI

  
**Yusman Setiawan**  
Ketua

PT.PG. CANDI BARU  
Mengetahui / Menyetujui,

  
**Warsito**  
Direktur

Source: PT PG Candi Baru 2013

**Figure 4.3**  
**Sales Contract Used at PT PG Candi Baru**

**PT. PABRIK GULA CANDI BARU**

Jl. Raya Candi 10 - SIDOARJO 61271  
Telp. (031) 8921003 - 4  
Fax. (031) 8921002  
Kotak Pos 194  
E-mail : pgcandibaru@gmail.com

No. 043/DIR.CB/KPG/IX/2013

Sidoarjo, 5 September 2013

Kepada Yth.

PT. Rajawali Nusindo Jakarta  
Jl. Denpasar Raya Kav.D.III Kuningan  
Jakarta

No. Fax : 021-52914259 / 52914279

Dengan Hormat,

Hasil penawaran pembelian gula SHS I, bahwa saudara sepakat untuk membeli gula Produksi PT.PG.Candi Baru dengan ketentuan Sbb :

Nama Barang	: Gula Kemasan 1 kg Merk Raja Gula Dengan ED
Produksi	: PT.PG.Candi Baru, Tahun 2013
Kwantum Gula	: 15 ton ( lima belas ton )
Harga Gula	: Rp. 10.700.000 / ton ( inclu. Ppn )
Penyerahan	: Gudang PG.Candi Baru Sidoarjo

Syarat Penjualan :

- Pembayaran tunai /transfer
- Pembayaran paling lambat tanggal 3 Oktober 2013
- Resiko dan sewa gudang 15 hari setelah DO diterbitkan menjadi tanggung jawab pembeli.

Demikian harap menjadi maklum.

Menyetujui,  
PT. Rajawali Nusindo Jakarta

Chairani Harahan  
Direktur Operasional

Hormat Kami,  
PT.PG.Candi Baru

Warsito  
Direktur


Source: PT PG Candi Baru 2013



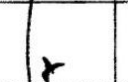



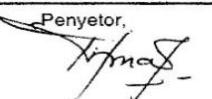
**Figure 4.4**  
**Delivery Order Used at PT PG Candi Baru**



J 0710007 110900

<b>P.T. P.G. CANDI BARU SIDOARJO</b>		<b>BUKTI MASUK KAS / BANK</b>		137.100.8
		Tanggal : ..... / ..... / .....		No. Perk. <b>013082</b>

N.U.	No. Perk. Lawan	K.J.B.	URAIAN	Jumlah Uang
1.	146.000.8 ✓	1400 ✓	SP/Kontr: 042/DIR.CB/KPG/VIII/2013 PT.Rajawali Nusindo Jakarta  <u>PIUTANG GULA KE NUSINDO</u> Penj gula 1 kiloan Merk.Raja Gula 7,5ton	72,954.545.00
2.	574.201.8 ✓	7015 ✓	<u>PPN KELUARAN</u> PPN penj.gula merk Raja Gula 7,5 ton	7,295.455.00
				
Jumlah Uang <b>JKS/07/10/2013</b> ( dengan huruf )				80,250.000.00
<b>delapan puluh juta dua ratus lima puluh ribu rupiah</b>				

Pembuat	Diperiksa	Diketahui	Disetujui	Diterima	Dibukukan	Penyetor,
						

Source: PT PG Candi Baru 2013

**Figure 4.5**  
**Cash Receipt Evidence Used at PT PG Candi Baru**

Lembar ke-2 : Untuk PKP yang menerbitkan Faktur Pajak  
Standar sebagai bukti Pajak Keluaran

**FAKTUR PAJAK**

Kode dan Nomor Seri Faktur Pajak : 010.900-13.66630399			
Pengusaha kena pajak			
N a m a	: PT. PABRIK GULA CANDI BARU		
A l a m a t	: Jl. Raya Candi No. 10 - Sidoarjo		
N P W P	: 01.122.098.5-051.000		
Pembeli Barang Kena Pajak/Penerima Jasa Kena Pajak			
N a m a	: PT. RAJAWALI NUSINDO		
A l a m a t	: Jl. Denpasar Raya Kav D III Kuningan - Jakarta 12950		
N P W P	: 01.061.248.9-051.000		
No. Urut	Nama Barang Kena Pajak/ Jasa Kena Pajak	Harga Jual/Penggantian/Uang Muka/Termijn	
		Valas *)	Rp.
1.	Gula SHS TP 2013 15 Ton Gula Kemasan 1 kg Merk Raja Gula Dengan ED a/n PT Rajawali Nusindo Jakarta		145.909.090,91
Harga Jual/Penggantian/Uang Muka/Termijn **)			145.909.090,91
Dikurangi Potongan Harga			-
Dikurangi Uang Muka yang Telah diterima			-
Dasar Pengenaan Pajak			145.909.090,91
PPN = 10% x Dasar Pengenaan Pajak			14.590.909,09
Pajak Penjualan Atas Barang Mewah			
TARIF	DPP	Ppn BM	
..... %	Rp. ....	Rp. ....	
..... %	Rp. ....	Rp. ....	
..... %	Rp. ....	Rp. ....	
Jumlah	Rp. ....	Rp. ....	
Catatan : Kurs : Rp ..... / .....			

Sidoarjo, 05 September 2013  
Warsiyo  
Direktur

\*) Diisi apabila penyerahan menggunakan mata uang asing  
\*\*) Coret yang tidak perlu

Source: PT PG Candi Baru 2013

**Figure 4.6**  
**Tax Invoice Used at PT PG Candi Baru**

**PG. CANDI BARU**  
**LAPORAN STOCK FISIK GULA TH.2013 PER TGL. 31 OKTOBER 2013**

**I Produksi Gula**

1. Produksi Th. 2013			
- Gula Bagian PG	:	67.493,00 Ku	
- Gula Bagian Petani	:	155.113,00 Ku	
<b>Jumlah Produksi Gula Th.2013</b>			<b>222.606,00 Ku</b>
- Gula Ex. Afwerk Th. 2012	:	99,00 Ku	
<b>Jumlah Produksi Gula Ex.Afwerk Th.2012</b>			<b>99,00 Ku</b>
			<b>222.705,00 Ku</b>

**II Penjualan / Pengeluaran**

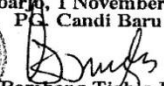
1. Produksi Th. 2013			
- Gula Bagian PG	:	15.913,67 Ku	
- Gula Bagian Petani	:	85.567,02 Ku	
- Gula Ex. Afwerk Th. 2012	:	99,00 Ku	
<b>Jumlah</b>			<b>101.579,69 Ku</b>

**III Stock Akhir**

1. Stock Akhir Produksi Th. 2013			
- Gula Bagian PG	:	51.579,33 Ku	
- Gula Bagian Petani	:	69.545,98 Ku	
			<b>121.125,31 Ku</b>
- Gula Ex. Afwerk Th. 2012	:	0,00 Ku	
<b>Jumlah Persediaan Gula Ex.Afwerk Th.2012</b>			<b>0,00 Ku</b>

**Stock Gula Produksi Th. 2012** **9.129,50 Ku**

**Total Stock Fisik Gula SHS** **130.254,81 Ku**

Sidoarjo, 1 November 2013  
 PG Candi Baru  
  
**Bambang Tjahjlo K.**  
 Kabag Akuntansi & Keuangan

Source: PT PG Candi Baru 2013

**Figure 4.7**  
**Stock Report at PT PG Candi Baru**



c. Accounting Record Used

1) Sales Journal

Accounting function uses sales journal to record and summarize sales data.

2) Cash Receipt Journal

Accounting function uses cash receipt journal to record cash receipt from multiple source.

3) Receivable Book

Accounting function uses this journal to record credit sales.

4) Stock Card

Warehouse function uses this document to record mutation and stock in the warehouse.

The accounting record used by PT PG Candi Baru can be seen in figure 4.8 to 4.11.

Date	Description	Receivable (D)	Cash Sales (D)	Others (D)		Sales Result (C)
				Acc No.	Total	

Source: PT PG Candi Baru 2013

**Figure 4.8**  
**Sales Journal Used at PT PG Candi Baru**

Date	Description	Cash (D)	Receivable (C)	Cash sales (C)	Others (D)	
					Acc No.	Total

Source: PT PG Candi Baru 2013

**Figure 4.9**  
**Cash Receipt Journal Used at PT PG Candi Baru**

Agents:.....

Date	Description	Debit	Credit	Balance

source: PT PG Candi Baru 2013

**Figure 4.10**  
**Receivable Card at PT PG Candi Baru**

### Stock Card

Number : .....

Goods Type : .....

Date	Description	In	Out	Residue	Sign

Source: PT PG Candi Baru 2013

**Figure 4.11**  
**Stock Card at PT PG Candi Baru**

d. Sales Accounting System and Cash Receipt Procedure

1) Administrative function receives order via customer phone or fax, then record it into Sales Contract (SC) in four copies. 1<sup>st</sup> copy of SC will be given to customer as sales agreement, 2<sup>nd</sup> and 3<sup>rd</sup> copies will be given to administrative and accounting department to be archived, and 4<sup>th</sup> copy used as disbursement evidence and also to prepare a tax invoice. This document also present sales details, such as type of product, quantity and price, and delivery function, therefore administrative function did not need to prepare Sales Details Invoice.

2) Cashier function receives cash, check, or giro and check into company's account related to cash receipt. If customer have paid the order, cashier function will give "paid" stamp and record it into Cash Receipt Evidence.

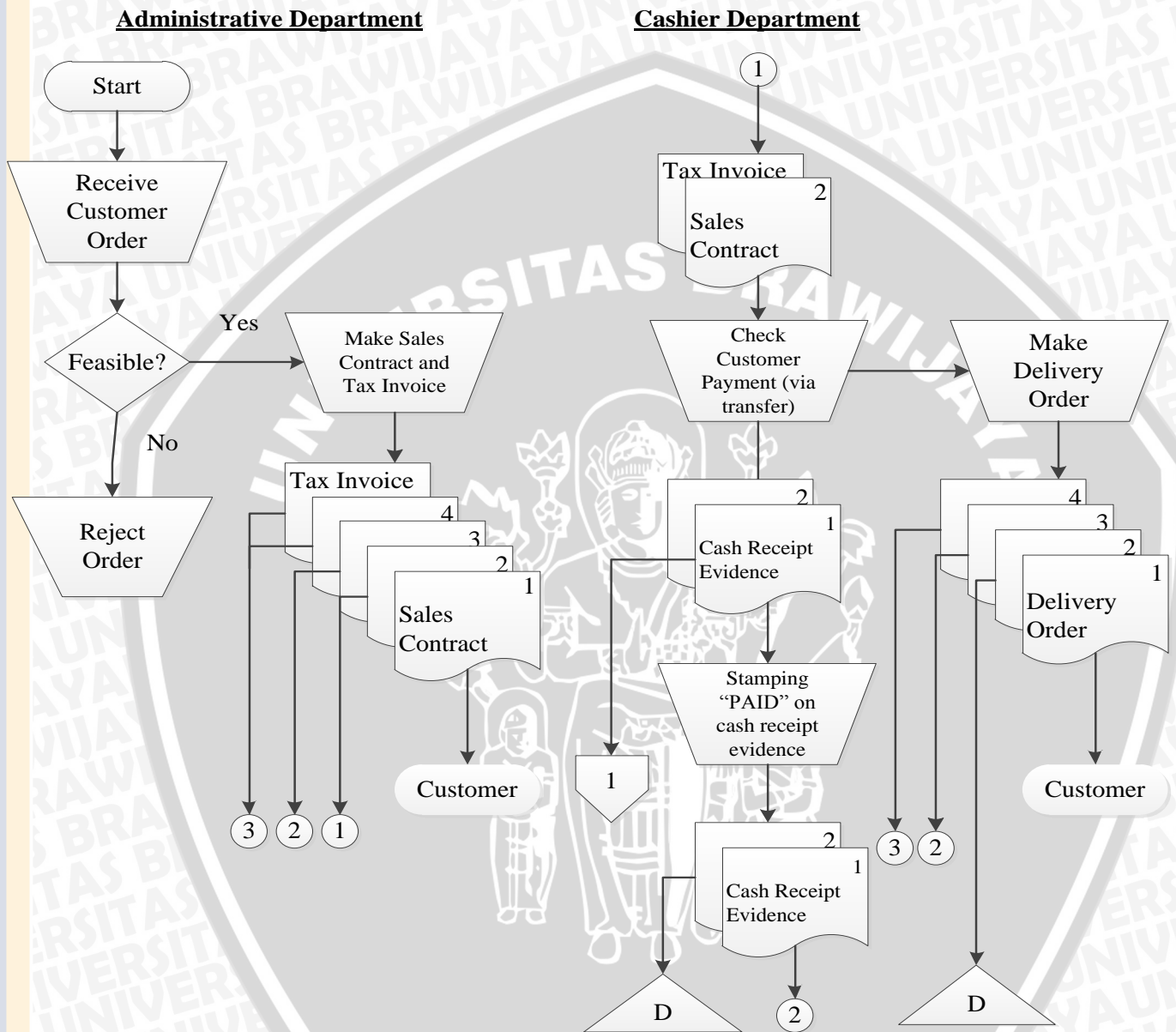


Then cashier function create a Delivery Order (DO) when customer have paid the order.

- 3) Warehouse function prepare customer order as written in Delivery Order (DO), and check customer DO when customer take goods in the warehouse. Then warehouse function record goods disbursement into stock card.

- 4) Accounting function check cash receipt into company's account. If customer have paid the order, accounting function will approve the delivery order and then record sales into sales journal and cash receipt into cash receipt journal. Then accounting function send Delivery Order (DO) into customer as Sales Evidence. Finally accounting function will prepare a stock report.

The company's sales accounting system and cash receipt procedures can be seen in figures 4.12 and 4.13.



Source: PT PG Candi Baru 2013

**Figure 4.12**  
**Sales and Cash Receipt Procedure at PT PG Candi Baru**



**Figure 4.13**  
**Sales and Cash Receipt Procedure at PT PG Candi Baru**



## **B. Data Analysis and Interpretation**

### **1. Data Evaluation**

PT PG Candi Baru has three weaknesses in the sales accounting system and cash receipt procedure. Firstly, PT PG Candi Baru does not have sales function to handle the sales transaction. The sales transaction is handled by the finance unit and administrative unit. A good internal control must separate functional responsibility distinctly. Secondly, the company uses Sales Contract (SC) to record customer order, however the function does not provide a specific form to describe customer. Form is important in a company because all of company activity should use forms as activity evidence. Form also decide authorities and responsible on sales transaction.

Procedure is a clerical activity that engage several functions to handle several transaction in a company. PT PG Candi Baru still have several weaknesses in company organization structure, forms, and accounting record. Therefore the accounting system procedure and cash receipt needs to be complete. Such as in the credit agreement procedure and also some related forms need several alteration, in order to run effectively and efficiently.

### **2. Problems and The Solution**

a. Problems Occured in PT PG Candi Baru, include:

- 1) The company does not have sales unit, therefore the sales transaction usually handled by administrative department. However company has three product to sell, that's are 65% of resulting sugar, waste, and drop.

As the consequences there is no task separation, because the sales handled

by administrative units, in other side administrative unit also has multiple task.

2) PT PG Candi Baru does not have Sales Details form to describe the customer order. The company has more three kind of products, and if customer order two or three kinds of products, administrative units record in different forms, as the consequences the form is inefficient.

3) There are some weaknessess in the warehouse card. Firstly, there is no description about minimum and maximum warehouse capacity written in the card. As the consequence, warehouse unit manager cannot determine the amount of stocks . Secondly, there is no signature from the warehouse units in the card. As the result, there is no clear notification whether the warehouse manager has approved the stock disbursment or not.

#### b. Procedures of Problem Solving

##### 1) Repair Organizational Structure

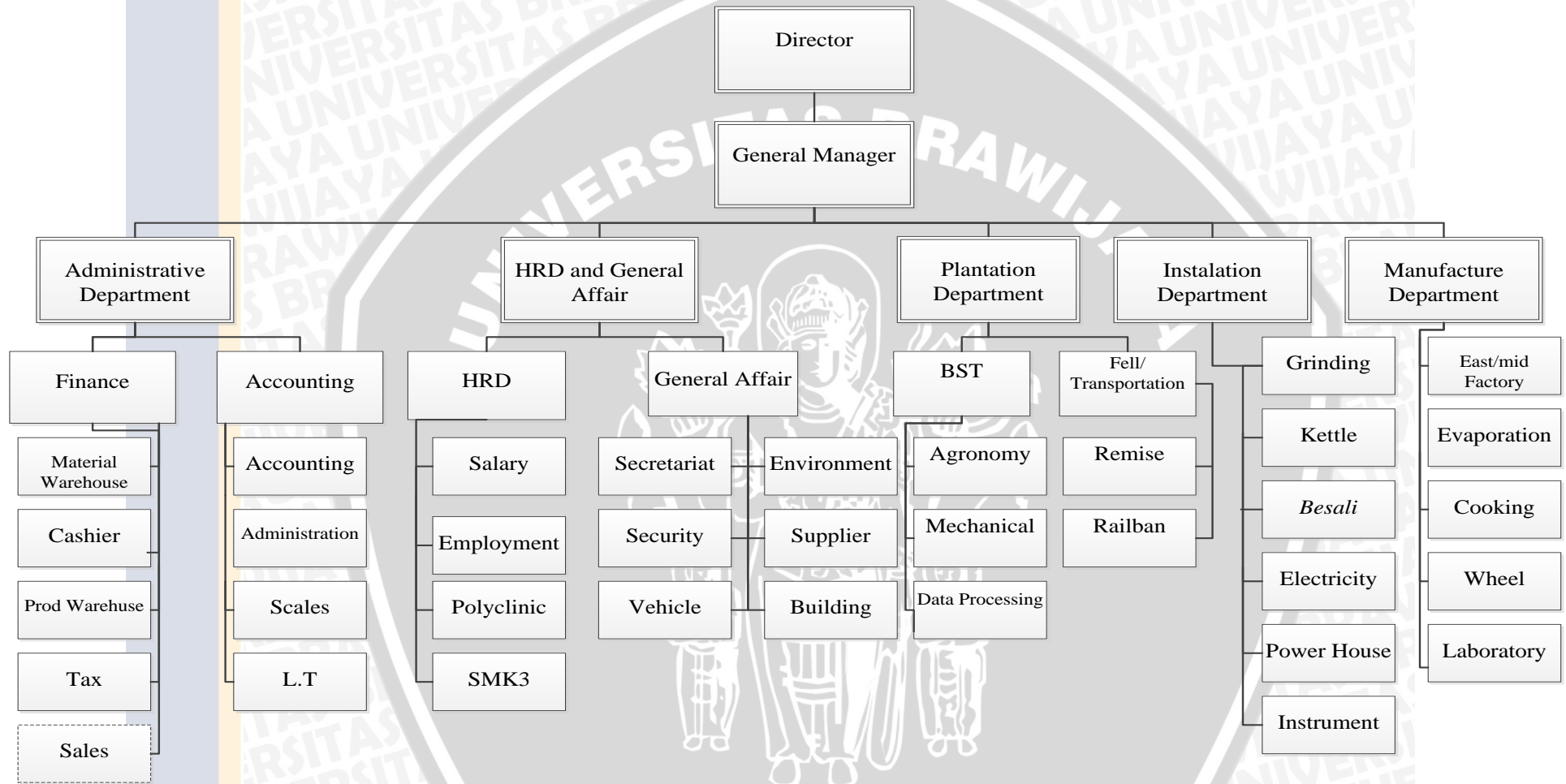
To overcome the problems, company needs to fix the structure, especially in the administrative department. In this case company needs to add the sales units. This is possible because company has three employees in cashier unit.

Organization structure is a structure that organized as work design that consist of some organization unit that have each functional responsible to perform company main activity. Organization units must perform each task efficiently and effectively. However, organization structure should be flexible, in order to make an adjustment without recruit new employees for completing company organizational structure.

The company have many employees in the cashier function, but there are no sales function. Therefore, finance and administrative function handles sales transactions. Company needs to create sales function by move employee in the cashier function into sales function, but this movement must have done carefully. Sales function placed under administrative department, therefore sales function does needs to create a new department. Figure 4.14 shows the suggested organizational structure.







**Figure 4.14**  
**Recommendation for PT PG Candi Baru Company Organizational Structure**

\*the study suggest to add sales unit in administrative department

## 2) Fix Form Used

To overcome the second problem company needs o fix forms to attain a good internal control system. Form correction should consider form principal. Below is forms that needs reparation as follows:

- a) Company needs to create sales details as sales evidence and attach it into delivery order. This sales details contained kind of product, product quantity, and price.
- b) Sales contract should include payment methods and letterhead, therefore in sales contract there should be information related to payment method whether in cash or credit.
- c) In delivery order needs to attach sales details. And give title in the main page of document, written as “Delivery Order”.
- d) In the stock report needs agreement by warehouse function signature. Because stock store in the warehouse should compare with stock report that have signed by accounting and finance department.
- e) In the cash receipt evidence, needs quantity column. Therefore quantity will describe explicitly.

PT PG CANDI BARU

No: 091909

Jl. Raya Candi 10- SIDOARJO 61271

Phone 031-8921003

Fax 031-8921002

PO BOX 194

E-mail: [pgcandibaru@gmail.com](mailto:pgcandibaru@gmail.com)**Sales Details**

Customer :

Date :

Address :

No	Product Type	Quantity	Price	Total
1	Sugar			
2	Waste			
3	Fluid			
Total				
Tax				

Made by:	Receive	Agreeable	Customer
Sales	Warehouse	Cashier	(.....)

**Figure 4.15**  
**Recommended Sales Detail Form**



**PT PG CANDI BARU**

No: 091909

Jl. Raya Candi 10- SIDOARJO 61271

Phone 031-8921003

Fax 031-8921002

PO BOX 194

E-mail: [pgcandibaru@gmail.com](mailto:pgcandibaru@gmail.com)**Sales Contract**

No. xx/ATR/2013/031

Based on sugar auction at October, 29<sup>th</sup> 2013, then we are:

Name : Kopkar Sari Manis PT PG Candi Baru

Address : Sidoarjo

Agree to buy retail sugar as follows:

Product type : White crystal sugar

Package : ,

Quantity :

Price :

Total :

**Payment methods :**

Goods withdrawal : PT PG Candi Baru warehouse

Thank you for your attention

Customer

Sidoarjo, Oct 31<sup>st</sup> 2013

PT PG Candi Baru



(Name)

Director

Source: writer processing

**Figure 4.16****Recommendation for PT PG Candi Baru Sales Contract**

\*the study suggest to add payment method in Sales Contract form to enable customer and director to determine payment methods

**PT. PG. CANDI BARU**  
Jl. Raya Candi No 10 Sidoarjo  
Tel. 031 - 8921003 - 4 Fax. 031 - 8921002

Sidoarjo, Sep 19<sup>th</sup>, 2013

**Delivery Order**  
No. 043/DIR.CB/KPG/IX/2013

To:  
PT Rajawali Nusindo Jakarta  
Jl. Denpasar Raya Kav. DIII, Kuningan-Jakarta  
Fax: 021-52914259/ 52914279

Honorably,  
Based on sugar SHS I purchasing offer, you agree to purchase PG Candi sugar product as follows:  
Type of product : Sugar 1kg package, brand Raja Gula  
Production : PT PG Candi Baru, 2013  
Quantity : 15 tons (fifteen tons)  
Price : Rp. 10,700,000,- (include tax)  
Delivery : PT PG Candi Baru warehouse

Sales term: a. cash payment/ transfer  
b. latest payment at Oct, 3<sup>rd</sup> 2013  
c. risk and warehouse rent 15 days after DO published

approve  
PT Rajawali Nusindo Jakarta

Honorably,  
PT PG Candi Baru

Operational Director

Director

Figure 4.17

**Recommendation for PT PG Candi Baru Delivery Order**

\*the study suggest to add letterhead to provide formal impression in the delivery order document

<b>PT PG Candi Baru Sidoarjo</b>	<b>Cash Receipt Evidence</b> <b>Date:...../...../20.....</b>	<b>Account Number:</b> .....
----------------------------------	---	---------------------------------

<b>No.</b>	<b>Account No.</b>	<b>Description</b>	<b><u>Quantity</u></b>	<b>Total</b>
<b>Total</b>				

<b>maker</b>	<b>Control</b>	<b>ascertain</b>	<b>agree</b>	<b>receive</b>	<b>book</b>	<b>depositor</b>

Source: writer processing

**Figure 4.18**  
**Recommendation for PT PG Candi Baru Cash Receipt Evidence**

The study suggest to add quantity column to determine the unit sold



**PT PG CANDI BARU**

**STOCK REPORT (in kuintal)**

Date:...../...../.....

**I. Sugar Production**

**1. Production (2013)**

Factory's sugar	:	xxx	
Farmer's sugar	:	xxx	
Total of production in 2013			xxx

**II. Sales/disbursement**

**1. Production (2013)**

Factory's sugar	:	xxx	
Farmer's sugar	:	xxx	
Ex. Afwerk sugar (2012)	:	xxx	
Total of production in 2013			xxx

**III. Finished Stock**

**1. Finished stock 2013**

Factory's sugar	:	xxx	
Farmer's sugar	:	xxx	
Ex. Afwerk sugar (2012)	:	xxx	
Total of production in 2013			xxx

<b>Stock of sugar in 2012</b>	<b>xxx</b>
-------------------------------	------------

<b>Total Physical Stock</b>	<b>xxx</b>
-----------------------------	------------

**Warehouse Units**

**Sidoarjo, Nov 1<sup>st</sup> , 2013**  
**PT PG Candi Baru**

(.....)

**Accounting and Finance Dept.**

Source: writer processing

**Figure 4.19**  
**Recommendation for PT PG Candi Baru Stock Report**

The study suggest to add warehouse units signature column fo sure that the warehouse units has approved

### 3) Fix Current Accounting Record

PT PG Candi Baru already has a good internal control on sales operational system. Accounting function record and authorize receivable card, sales journal, and cash receipt journal. Receivable recorded based on sales invoice. However there is weakness in warehouse card. The warehouse card do not provide description related to maximum and minimum warehouse capacity.

#### Stock Card

Number	.....	Minimum:.....			
Goods Type	.....	Maximum:.....			
Date	Description	In	Out	Residue	Sign

**Figure 4.20**  
**Recommendation for PT PG Candi Baru Stock Card**

\*the study suggest add minimum and maximum column to provide information related to amount of stock in the warehouse.

### 4) Fix Sales Accounting System and Cash Receipt Procedure

PT PG Candi already have a good internal control system on sales accounting system and cash receipt procedure. A good interna control in PT PG Candi Baru can be found on several clerical activities, such as writing orders, calculating stocks, copying forms, registering cash, bookkeeping, and comparing

physical stocks and the records. However, there is still a weakness in the procedure of cash receipt and sales, in terms of no sales detail and no sales unit in the administrative department. Given below are recommendations from the study related to sales accounting system and cash receipt procedure.

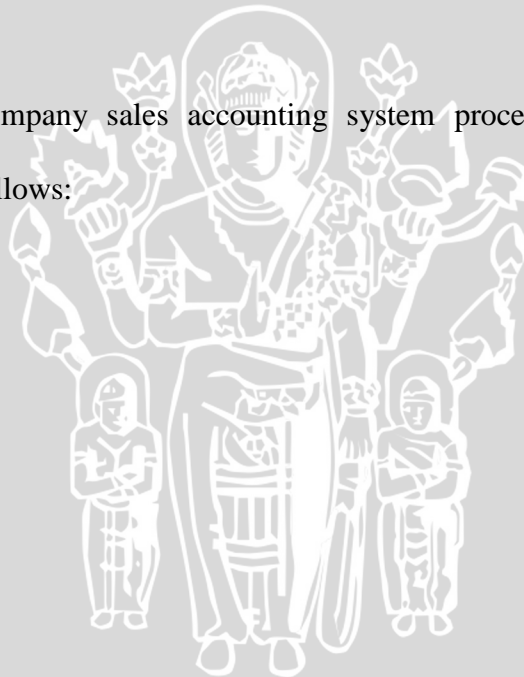
- 5) Sales function receives order via customer phone or fax, then records into Sales Contract (SC) in four copies. 1<sup>st</sup> copy of SC give to customer as sales agreement, 2<sup>nd</sup> and 3<sup>rd</sup> copies give to administrative and accounting department to archived, and 4<sup>th</sup> copy used as disbursement evidence and also to prepare a tax invoice.
- 6) Administrative function check customer order by check off sales contract. Administrative function then summarize customer order on sales details, that give information related to the type of product, quantity and also price.
- 7) After that administrative function inform customer order into cashier function, then cashier function will check off customer payment into company account.
- 8) Cashier function receive cash, check, or giro and check into company's account related to cash receipt. If customer have paid the order cashier function give "paid" stamp and record it into Cash Receipt Evidence. Then cashier function create a Delivery Order (DO) when customer have paid the order.
- 9) Warehouse function prepare customer order as written in Delivery Order (DO). And check customer DO when customer take goods in the

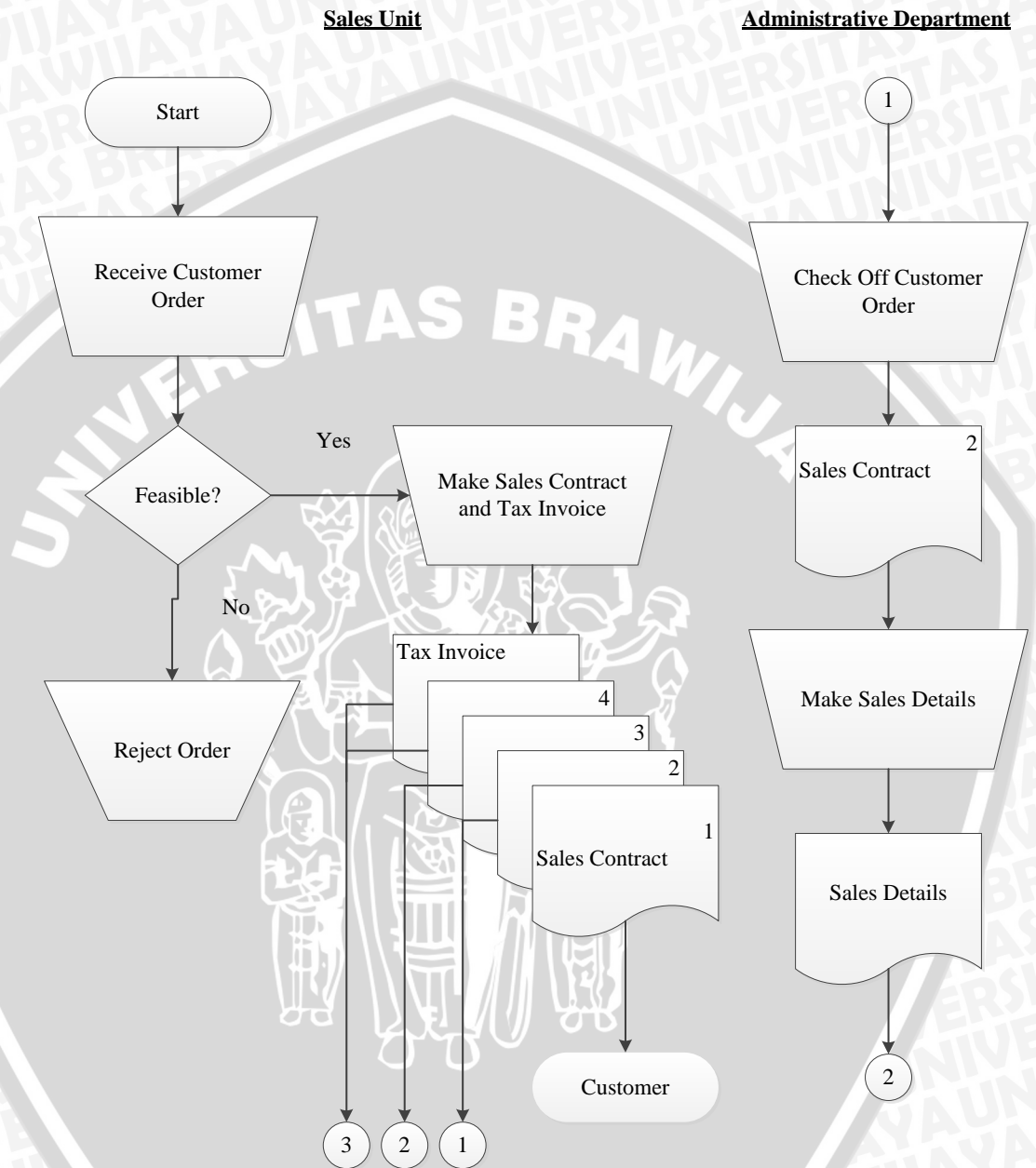


warehouse. Then warehouse function record goods disbursement into stock card.

- 10) Accounting function check cash receipt into company's account. If customer have paid the order, accounting function approve delivery order and then record sales into sales journal and cash receipt into cash receipt journal. Then accounting function send Delivery Order (DO) into customer as Sales Evidence. Finally accounting function prepare a stock report.

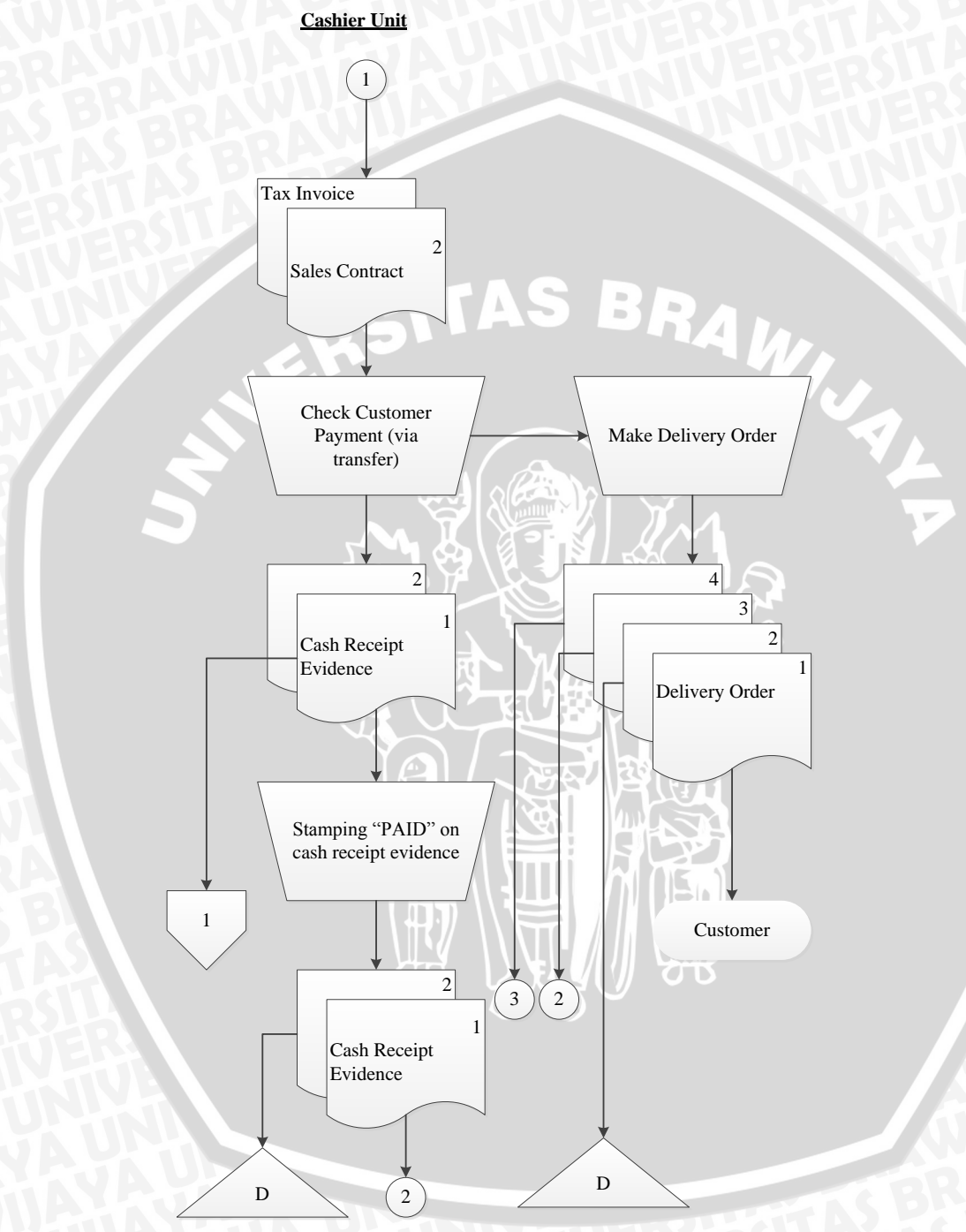
Below is company sales accounting system procedures presented on figures, as follows:





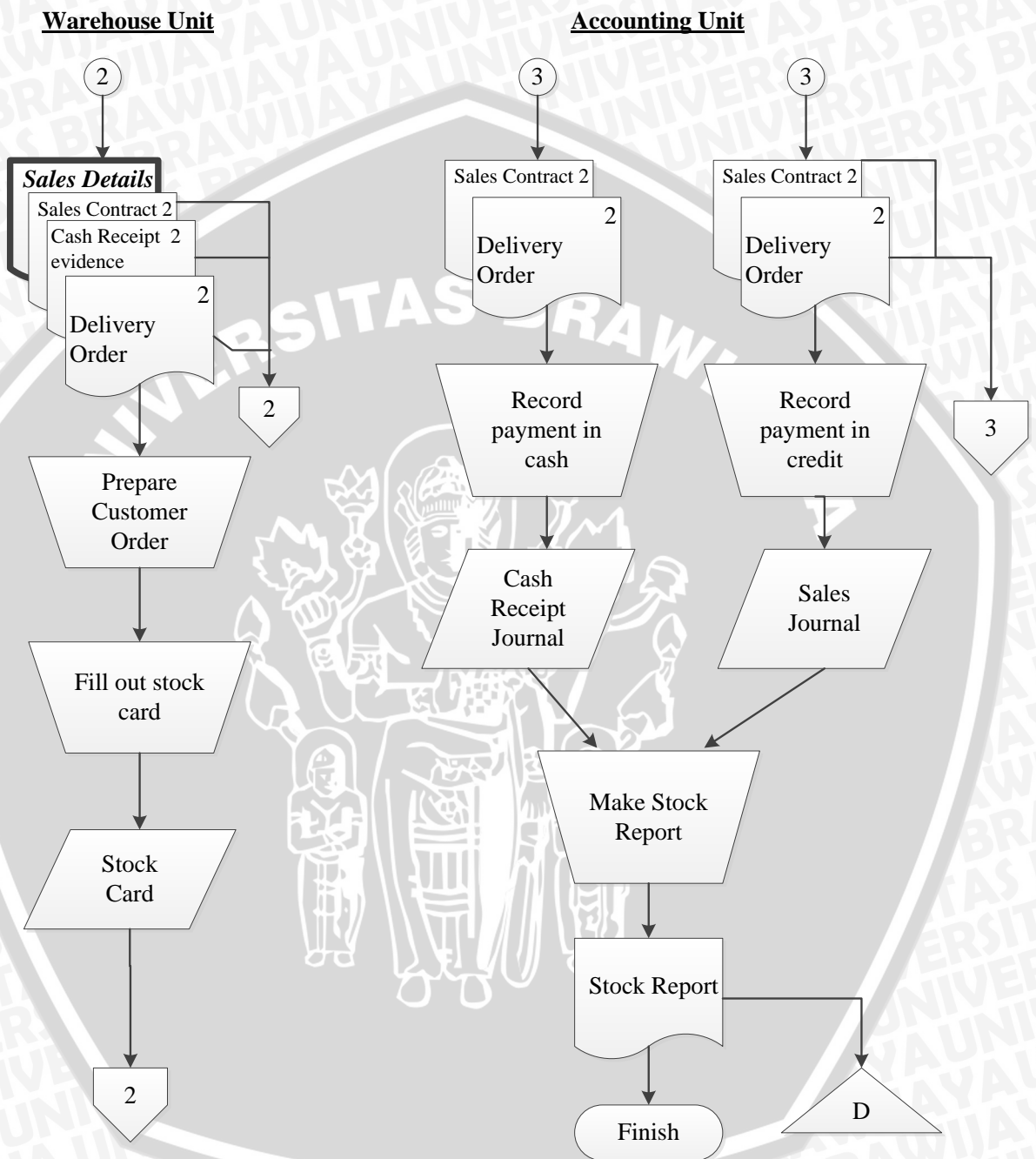
**Figure 4.21**  
**Recommendation for Sales and Cash Receipt Procedure at PT PG Candi Baru**

\*the study suggest to add sales unit



**Figure 4.22**  
**Recommendation for Sales and Cash Receipt Procedure at PT PG Candi Baru**  
**(continued)**





**Figure 4.23**  
**Recommendation for Sales and Cash Receipt Procedure at PT PG Candi Baru**  
**(continued)**

\*the study suggest to add document of Sales Detail

### **3. Recommendation For Internal Control System and Cash Receipt Procedure at PT PG Candi Baru**

#### **a. Internal Control of Cash Receipt Accounting System**

##### **4) Organization**

- l) Sales function should be separated from cashier function.
- m) Cashier function should be separate from accounting function.
- n) Cash sales transaction should be performed by sales function, cash function, shipping function, and accounting function.

##### **5) Authorization System and Record Procedure**

- o) Sales Contract and Delivery Order should be authorized by accounting function.
- p) Cash receipt authorized by cashier function by giving “paid” sign into cash sales invoice and tape register attachment to those invoice.
- q) Sales using bank credit card authorized by bank which publish those credit card.
- r) Journal recording authorized by accounting function by giving sign to cash sales invoice.

##### **6) Fair Practical**

- s) Cash sales invoice printed series number and responsible by sales function.
- t) Total of cash receipt from cash sales deposit to bank in the same day within cash sales transaction or in the next day.

- u) Calculate cash balance periodically in the cash function and suddenly by internal control function.

b. Internal Control of Sales Accounting System

4) Organization

- p) Accounting function should be separated from sales function.
- q) Accounting function should be separated from cashier function.
- r) Credit sales transaction must performed by sales function, credit function, and accounting function. No credit sales transaction performed fully by one function only.

5) Authorization System and Record Procedure

- s) Customer order authorized by sales function by using Delivery Order, Sales Contract, and Sals Details.
- t) Receivable recording based on Sales Contract.

6) Fair Practical

- u) Cash Receipt Evidence printed series number and responsible by sales function.
- v) Accounting function send account receivable statement periodically to every debtors to exercise receivable record carefulness that performed by those function.
- w) Receivable card reconciled periodically by using receivable control account on general ledger



## CHAPTER V

### CONCLUSION AND RECOMMENDATION

#### A. Conclusion

Internal control on sales and cash receipt accounting system that perform in PT PG Candi Baru has perform carefully such as forms, journals and sales and cash receipt procedure, but there are still any weaknessess for the implementation, therefore the author give some evaluation and problem solving regarding with the weaknessess, that it can be measurement for the company in the future. PT PG Candi Baru still has several weaknesses inappropriate with internal control principal, as follows:

1. In organizational structure still occurred double authority. It may cause an internal corruption in the company. In PT PG Candi Baru also has no of functional responsibility separation. Such as in sales, but there are no sales department, therefore sales decide by administrative function. Sales order also responsible by administration department and finance function.
2. There are several weaknesses in the required document, such as company didn't create a Sales Details form, therefore customer order details just write on Delivery Order and Sales Contract.

3. The accounting records of company is good enough. However, there are some weaknesses in stock card, such as there are no information related to minimum and maximum capacity goods in warehouse.
4. In form and accounting record still have several weaknesses that used in sales system and cash receipt, that needs a reparation.
5. Company just sell their product into subsidiaries company, outside parties can not buy company product.

#### **B. Recommendation**

Sales accounting system and cash receipt must appropriate with internal control principal, thus, there are some separation that should be met, include:

1. PT PG Candi Baru organization structure needs sales department. This increment didn't required to recruit new employee, but by using adjustment. Cashier department has many employees, therefore several employees in cashier department can be moved to sales department.
2. Required document needs several improvement, such as company needs to create Sales Details as customer order evidence.
3. In stock card needs information related to maximum and minimum capacity of goods in warehouse and which warehouse that is used to store those goods.

4. Sales system and cash receipt procedure needs several reparation include the organization structure, required document, and accounting records alteration.

The logo of Universitas Brawijaya is a large, light gray shield-shaped emblem. It features a central white illustration of a seated Hindu deity, likely Lord Ganesha, with four arms holding various symbolic objects. Two smaller figures stand on either side of the deity. The text "UNIVERSITAS BRAWIJAYA" is written in a white, sans-serif font, arching over the central illustration.

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E-mail : [fia@ub.ac.id](mailto:fia@ub.ac.id) <http://www.fia.ub.ac.id>

Program Studi : • Sarjana : - Ilmu Administrasi Publik - Administrasi Pemerintahan - Perencanaan Pembangunan - Ilmu Perpustakaan, - Ilmu Administrasi Bisnis  
- Perpejakan - Bisnis Internasional - Hospitality dan Pariwisata  
• Magister : - Ilmu Administrasi Publik - Ilmu Administrasi Bisnis • Doktor Ilmu Administrasi

Nomor : 12925 /UN.10.3/PA/2013

Lampiran : -

Hal : Riset/Survey

Kepada : Yth. General Manager PT PG Candi Baru  
Jl. Raya Candi no. 10, Candi  
Sidoarjo

Dekan Fakultas Ilmu Administrasi Universitas Brawijaya Malang mohon dengan hormat bantuan Bapak/Ibu/Saudara untuk memberikan kesempatan melakukan riset/survey bagi mahasiswa :

Nama : Nur Muflikhah  
Alamat : Jl. MT Haryono no. 81, Malang  
NIM : 105030201121006  
Jurusan : Administrasi Bisnis  
Konsentrasi : Manajemen Keuangan  
Tema : Internal Control Evaluation on Sales Accounting System and Cash Receipt  
Lamanya : 1 (satu) minggu.  
Peserta : 1 (satu) orang.

Demikian atas bantuan dan kesediaan Bapak/Ibu/Saudara, kami ucapkan terima kasih.

Malang, 7 November 2013

a.n. Dekan

Ketua Jurusan Administrasi Bisnis

u.b. Sekretaris



Mohammad Iqbal, S.Sos, MIB, DBA

NIP. 19780210 200501 1 002

**PT. PABRIK GULA CANDI BARU**

Jl. Raya Candi 10 - SIDOARJO 61271  
Telp. (031) 8921003 - 4  
Fax. (031) 8921002  
Kotak Pos 194  
E-mail : pgcandibaru@gmail.com

No. 130/Rupa2/SDM/2013

Sidoarjo, 12 Nopember 2013

Kepada Yth.  
Ketua Jurusan Administrasi Bisnis  
Fakultas Ilmu Administrasi  
Universitas Brawijaya  
Malang.

Perihal : Riset.

Dengan hormat,

Sehubungan surat Universitas Brawijaya Malang No.12925/UN.10.3/PG/2013 tanggal 7 Nopember 2013 perihal tersebut di atas, diberitahukan bahwa PT. PG. Candi Baru dapat mengijinkan riset mulai tanggal 16 Nopember 2013 mahasiswa tersebut di bawah ini :

Nama : Nur Muflikhah  
NIM : 105030201121006  
Jurusan : Administrasi Bisnis  
Konsentrasi : Manajemen Keuangan  
Tema : Internal Control Evaluation on Sales Accounting System  
And Cash Receipt.

Demikian atas perhatiannya terima kasih.



Hormat kami,

*[Signature]*  
Ir. Istiyo Wicaksono, MM  
General Manager



3045564

**ETS® TOEIC®**

**CERTIFICATE OF ACHIEVEMENT**

*This is to certify that*

**Nur Muflikhah**

*achieved the following scores on the*

**Test of English for International Communication**

<i>Listening</i>	230
<i>Reading</i>	265
<i>Total</i>	495

*as administered under the auspices of:* BRAWIJAYA UNIVERSITY

*at:* Malang, Indonesia

*date:* 27-November-2013

419406  
GREEN

*David L. Hunt*  
David L. Hunt  
Vice President and Chief Operating Officer  
Global Division, ETS

TOEIC SCALE  
Listening: 5-495  
Reading: 5-495  
Total: 10-990



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Covering

Computer Hardware • Computer Software  
Operating Systems • Troubleshooting • Basic Maintenance

This constitutes completion of one of the set of three modules  
necessary to achieve the Internet & Computing Core Certification (IC<sup>3</sup>)

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Common Program Functions • Word Processing  
Spreadsheet • Presentation • File Management

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necessary to achieve the Internet & Computing Core Certification (IC<sup>3</sup>)

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