

CHAPTER I

INTRODUCTION

A. Background

Internal control have an important contribution to the community of business enterprise, because “internal controls are the policies and procedures that protect assets from misuse, ensure that business information is accurate, and ensure laws and regulations are being followed” (Reeve, Warren, & Duchac, 2008:205), so it is expected that the efficient and effective work process will occur. Basically, internal control is a control effort undertaken by the company on employee performance. The function of internal control is becoming more important, because the company is growing with the increasingly complex accounting system. All leaders of companies should realize and understand the importance of internal controls. Company in its operation has a high activity and the management is often unable to control directly over the course of an operation. To solve more complex problems, it is necessary to create a good accounting system in order to support the internal control.

Implementation of the cash disbursement system in a company is very important, because cash is the most volatile assets compared with other assets, so cash in unrestrained payment tool and always ready to use. Due to the nature of the cash that is liquid and vulnerable to theft, so it is required internal control on cash by separating the functions on receiving, recording and disbursing in order to avoid fraud. Cash disbursement accounting system is one of accounting systems that can support the strength of internal control because in this system the payment process that resulted from purchasing system are controlled by the procedures.

As the object of this research is PDAM Delta Tirta Situbondo which is one of government institutions that do activity in implementation of the internal control on cash disbursement.

Based on the above background, the researcher interested with the issue and do research entitled “THE SALARY AND CASH DISBURSEMENT ACCOUNTING SYSTEM IN OTHER TO SUPPORT THE INTERNAL CONTROL” (Case Study at Perusahaan Daerah Air Minum (PDAM) Tirta Dharma Situbondo).

B. Formulation of Problem

Generally, every company has the distinction of internal control applications, where this difference depends on factors such as type of company, and the organization structure of company. However, essentially the principles of internal control that should be applied by the company remain the same. Although in reality not all internal controls established by the company meet these principles, both in terms of functional separation in the organizational structure, system of authorization, the use of forms, procedures, good practices, and level of ability of the parties who run these internal control.

Based on the background issues that have been mentioned above, the formulation of problems in this research are as follows:

1. How is the internal control of salary disbursement?
2. Is the internal control of salary disbursement above probably has several weaknesses?

C. Research Objectives

Based on existing problems, the objectives to be achieved in this researched are as follows:

1. Want to know the application of internal control of salary disbursement.

2. To analyze the probably weaknesses of the internal control of salary disbursement above.

D. Researched Contributions

The contributions of research are as follows:

1. Theoretical

a. For the Researcher

1. This research provides conclusion to know actual practices for the researcher from the analysis of the internal control of salary disbursement of PDAM Tirta Dharma Situbondo.
2. It is an opportunity to be able to learn directly about the application of the internal control structure related with analysis the internal control of salary disbursement at PDAM Tirta Dharma Situbondo.
3. Get real description of the theories that have been studied in the lecture and make the author to be more realistic in looking of life.

b. For the Participants

1. As a contribution to knowledge, especially related with the internal control of salary disbursement.
2. Source of information, references and academic studies for those who interested to discuss further about the internal control of salary disbursement

2. Practical

For the company, the results of research and analysis that provided is expected can give one of the proposed electoral decisions or considerations in corporate decision-making regarding to the internal control of salary disbursement.

E. Part of Discussion

To provide an overview of this research, the author provides a brief overall description of the systematic discussion as follows:

CHAPTER I : INTRODUCTION

This chapter describes the background description of research problems, formulation of problems, research objectives, researched contributions, and systematic implementation.

CHAPTER II : REVIEW OF RELATED LITERATURE

This chapter describes the various theories that are used as the basis of researched conducted, including the accounting systems and procedures, the concepts of cash disbursement accounting system, forms in accounting system, internal control system concepts, and the concept of internal control over cash disbursement accounting system.

CHAPTER III : RESEARCH METHOD

This chapter describes the types of research, research focus, research sites, data sources, data collection techniques, research instrument and data analysis used in this discussion.

CHAPTER IV : RESULTS AND DISCUSSIONS

This chapter outlines the results of research, which is called the presentation of data that includes an overview of the company, history of the company, organizational structure, cash disbursement system and procedures, the document used, the internal control of cash disbursement procedures.

CHAPTER V : CONCLUSION AND RECOMMENDATIONS

This chapter presents the general conclusion about the results of research that have been implemented about the analysis of cash disbursement procedures at PDAM Delta Tirta Situbondo and submit recommendations as inputs for the company.

