

## Cash Management Level In Maintaining Income Effectiveness Through The Accounting Monitoring System In One Of The Msmes In Banjarmasin

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### Abstract

Banjarmasin, located in South Kalimantan, is home to numerous MSMEs with diverse business activities. To improve these businesses, we identified issues related to accounting among one of the MSMEs studied. These activities generally involve simple recording of income and expenses. Some even fail to record rental space as an expense, making the business appear to generate substantial profits because expenses are not properly recorded. Consequently, the records do not reflect the true financial condition of the business. The problem lies in the lack of direct training on business financial management. To address these issues, training for MSMEs in financial management is necessary for the continuation of this research. Petty cash control can conduct surprise calculations of funds made periodically to determine that the funds are accounted for satisfactorily. Petty cash receipts are canceled or destroyed after being submitted for replenishment, so they cannot be used to request a second replenishment. Based on the results of the study, it is known that the MSMEs are not yet aware that the existing system has weaknesses and a lack of understanding of the system environment in cash control itself, which causes inconsistencies. In this case, it is hoped that information regarding the role of internal cash control can be used as new insights and vice versa to support the smooth administration and accounting so that existing results can function and run as expected. Thus, revenue effectiveness can also be increased.

## **INTRODUCTION**

According to Baridwan (1993), an effective cash control system has several key characteristics. This system includes an organizational structure that separates functional responsibilities, sound bookkeeping procedures for accounting oversight, sound practices in carrying out tasks, and employee competencies appropriate to their responsibilities. The primary objective is to ensure accurate cash recording and legitimate disbursements. According to Winardi (1993), the principles of cash management encompass the basic principles of managing an organization's cash flow. This encompasses planning, organizing, implementing, and monitoring cash flow to ensure sufficient and efficient funds are available. According to Abdullah Mubarok and Faqihudin (2011), managing business finances can be done in several ways, such as knowing the Financial Position; compiling financial information or financial reports can help SMEs know their current financial position, knowing Financial Performance: Financial reports can also help SMEs know their financial performance over a certain period, knowing Capital Changes: by compiling financial reports, SMEs can know changes in their capital over a certain period. Financial management is the process of making records regarding finances, incoming and outgoing money, daily, weekly and monthly turnover as well as business purchase records. Mistakes that occur in small business records are combined with total business income and other income outside the business. Expenses incurred when the business is running are combined with the burdens of daily life. Therefore, it is necessary to separate business income from income outside the business such as salaries, and it is necessary to separate business expenses from personal needs. In addition, it is also necessary to understand that personal needs are not included in business expenses but will be included in the cash flow of a small business entity as a deduction from funding activities, the same as private. (Yusri, et al.; 2022)

According to Arthur W. Holmes and David C. Burns (1988), the cash control function encompasses several important aspects, particularly within the context of internal control. Its primary focus is on two things: first, ensuring the accuracy of recording and reporting cash receipts and disbursements; and second, safeguarding the company's cash from misuse and fraud. Segregation of Duties: Establishing clear responsibilities for managing cash receipts and disbursements. Transaction Authorization: Ensuring that every cash transaction, both receipts and disbursements, is

authorized by the appropriate party. This involves determining the nominal limits of expenditures that require specific authorizations and who has the authority to grant them. **Accurate Recordkeeping:** Ensuring that all cash transactions are recorded correctly and timely. A good record-keeping system helps ensure that cash records are accurate and reliable. **Safekeeping:** Protecting cash from loss or theft. This includes the use of safes, daily bank deposits, and other security systems to maintain cash security. **Internal Control:** Implementing a comprehensive system of internal controls to prevent and detect errors or fraud. This system includes policies, procedures, and practices designed to reduce the risk of cash misuse. **Audit:** Conduct periodic internal or external audits to evaluate the effectiveness of the cash control system and identify areas that need improvement.

The problem of business cash management is often suboptimal, which can impact the effectiveness of company revenues, and the potential for misuse of cash due to its liquid nature. This is the basis for this study to further explore the level of cash management in maintaining revenue effectiveness through an accounting monitoring system at an MSME in Banjarmasin.

**Research Objectives,** this study aims to illustrate the effectiveness of cash management in maintaining revenue through an accounting monitoring system at an MSME in Banjarmasin.

## **METHODS**

This type of research is quantitative research, and Qualitative, namely Quantitative data, namely data expressed in the form of numbers in the form of accounting records in one of the MSMEs in Banjarmasin such as: documentation of financial reports and cash records and Qualitative data, namely data in the form of responses and explanations related to research such as: data collected from interview results. In the process of working on this research, some data were obtained using descriptive analysis techniques, namely an analysis technique by collecting data, classifying, evaluating and determining a clear and concrete picture in determining alternative problem solving.

## **RESULTS AND DISCUSSION**

Cash held, both within the company and in the bank, must be managed and monitored as closely as possible. This supervision is especially important for SMEs, whose cash management involves many employees. They all have an interest in cash. Of all the assets in a company, cash is the most easily embezzled and a target for misappropriation. This is because cash has a different nature than other company assets. The differences include: its small size, difficulty in identifying the owner, and ease of transfer. In accounting, forms of cash misappropriation can include: 1). Failure to record cash receipts from several sources, including cash sales, written-off receivables, refunds of overpayments, and other sources that are understated. 2). Accounts receivable transactions are not recorded, and the collection proceeds are then hidden. 3). Settlement of receivables is recorded by debiting sales returns—not cash—and crediting accounts receivable, while the cash received from the settlement of receivables is then hidden. 4) Checks for personal use are debited to the company's expense account. 5) Invoices, vouchers, receipts, payroll records, or vouchers that have been approved and paid are used to support fictitious expenses, and the signatures for checks issued for these expenses are then forged. 6) Cash balances are recorded by incorrectly adding them to the cash receipts and disbursements records. The difference is then hidden. 7) Check Kiting. Check kiting occurs when, at the end of the month, a transfer of funds occurs from one bank (the first) to another bank (the second) to cover a cash shortage. The withdrawal check for the first bank is not recorded by the first bank until the beginning of the next period because the check has not been confirmed with the first bank. Unlike the first bank, the second bank records the check (deposit) in the current period because the check has already been received by the second bank. If bank statements are received at the end of the month from both banks, it will appear that the balance in the second bank has increased, while the balance in the first bank remains unchanged. This temporarily conceals the cash shortage. 8) Lapping. Lapping occurs when invoices are received from several customers. If multiple invoices are received, the invoice from the first customer is misappropriated (not recorded) and recorded using cash receipts from subsequent customers. This process can continue with ongoing misappropriation and prolong the delay in the recording process. There are several ways that SMEs can monitor their cash. These methods include: (a) Establishing specific responsibilities for cash management. SME entrepreneurs need to select and appoint

someone who is specifically responsible for cash. If there are cash-related problems, such as cash shortages or problematic cash transactions, SME managers can consult the designated person. (b) Separation between the person who manages cash and the person who records cash. SME entrepreneurs need to separate the cash storage function and the cash recording function and assign different people to each of these functions. Cash originating from the sale of goods (services) or the settlement of receivables must be received, stored, and deposited into the bank by the cashier, while the recording of cash receipt transactions is also carried out by the accounting department. This is done to minimize misappropriation of cash receipts. If the cash receipt function and the cash recording function are carried out by the same person, it is possible that the cash received is recorded at a smaller amount than the actual amount, then the remaining unrecorded cash is embezzled by that person. (c) Establish a cash receipt procedure by bank transfer. SMEs can establish a cash receipt policy by transferring cash to their bank account. In this case, SMEs must establish an account with a partner bank, announce the account number to customers, and instruct them to make payments through the provided account number. After making the transfer, customers are required to confirm or submit proof of transfer to the SME. The cash receipt procedure by bank transfer can prevent cash from remaining in the hands of cashiers for extended periods. (d) Deposit all cash received daily into the bank. Everyone in the company has an interest in cash. Cash that remains in the bank for too long can open up opportunities for improper use. They are tempted to borrow cash, for example, by issuing cash bonds to be repaid upon payroll. By having provisions for depositing cash as soon as possible into the bank, the temptation to misappropriate cash and the risk of cash theft can be avoided. Once cash has been deposited into the bank, it is not easy to withdraw it. Cash disbursements can only be made with proper approval from the authorized party. (e) Voucher System in Cash Disbursement Control The use of a voucher system in cash disbursement activities is essential, especially those related to debt repayment. In a voucher system, each debt must be given a voucher containing the creditor's identity, such as the voucher number and date, the creditor's name and address, the type of expense, the payment amount, the amount of the deduction, the payment date, and the approval mark. One form of voucher is as follows:

Front voucher

<p><b>UKM xxxxxxxxxxxxxxxxx</b>  <b>Jalan xxxxxxxxxxxxxxxxxxxxxxxxxxxxx</b></p>		
<p>No. Voucher :</p>		
<b>Tanggal Faktur</b>	<b>Keterangan</b>	<b>Jumlah</b>
<p>Disetujui Untuk Dibayar Oleh</p>  <p>Tn. X Auditor</p>		

Back of voucher

<b>Penjelasan Akun</b>			No. Voucher: _____
Akun yang di Debit/Kredit	Nomor Akun	Jumlah	Tgl. Pembayaran : _____
_____	_____	_____	Dibayar kepada : _____
			Alamat : _____
			-
			<b>Keterangan Jumlah Pembayaran:</b>
			Jumlah Bruto _____
			Potongan _____
			Dibayar bersih _____
			<b>Catatan Pembayaran:</b>
			Dibayar : _____
			No. Cek : _____

After the voucher is created, the purchase transaction is then recorded in the voucher book. After being recorded, the voucher is then stored in an archive named

"Unpaid Vouchers". The number of vouchers in this archive must be the same as the number of vouchers in the voucher book whose "payment" column has not been filled in. After being paid, the voucher and its supporting evidence are stamped paid, then transferred and stored in the "Paid Vouchers" archive. In the Voucher Book in the "payment" column, the date and check number used for payment are then filled in.

Reconciling bank statements (bank statements) with the company's cash book. Some of the monitoring activities described above relate to banking institutions. If a company frequently conducts transactions with a bank, it should request a bank statement (bank statement) at the end of each month. This bank statement is then reconciled with the company's cash book. The party performing the reconciliation must be a third party not involved in cash management and recording, such as an auditor or the SME owner. If the balance between the bank statement and the cash book does not match, further investigation is necessary to determine the cause.

All large expenditures are made by check or bank transfer. For large expenditures, for example, over Rp. 1,000,000, and those that occur infrequently, checks or interbank transfers are necessary. This method ensures the source of the funds for the expenditure and also allows for tracking of the disbursement of these funds. By using checks or transfers, you can ensure that the funds for payment come from the company's bank accounts. The bank statement received at the end of the month also allows you to determine when the expenditure occurred.

Establishing a petty cash fund with a fixed amount (imprest) This system is used to finance small expenses such as the purchase of stamps, office supplies, oil, gasoline, etc. Expenditures such as those mentioned above are not practical to pay by check.

When a cash disbursement is made, the petty cash custodian receives a signed receipt (proof of the transaction) from each person who received the cash. This cash disbursement transaction is not recorded until the fund is replenished. When the petty cash fund is depleted, the petty cash custodian then requests funds from the company cashier for replenishment. This petty cash replenishment activity must be supported by a receipt and other evidence of expenditure. The amount of funds requested must match the amount of funds that have been disbursed. After the company cashier hands over the funds to the petty cash custodian, the company cashier then makes a journal entry.

A cash flow statement is a type of financial report that must be presented by a company. This report is also often requested by banks when applying for loans. From the cash flow statement, SME entrepreneurs can find out information about cash

receipts and disbursements for a certain period, 1 month, 3 months or 1 year. Cash receipts and disbursements in a company can come from operational activities such as cash receipts for the sale of goods (services) or salary payments, can come from fixed asset sales activities such as buying and selling machinery, equipment and can come from business-related activities to find sources of company funding such as receiving loans or withdrawing cash for the entrepreneur's personal use. In general, the company's cash inflow and outflow can come from three activities, namely: (1) Operating Activities Included in operating activities are all cash receipts and disbursements for a certain period and are related to the business of generating profits. Operating activities related to cash receipts include all cash received from the company's business activities, conversely, operating activities related to cash disbursements include all cash disbursed to finance the company's business. When SMEs sell goods (services) in cash or receive payment of bills from customers, the cash received from these activities will be classified as cash receipts from operating activities. When SMEs make salary payments, land rent, purchase materials, pay off trade debts, the cash paid (out) from these activities will be classified as cash expenditures from operating activities. (2) Investment Activities Investment activities include cash receipts and disbursements for a certain period of time originating from investment activities. Investment activities include both investments in financial forms such as buying and selling shares, bonds, or other securities issued, or investments in the form of tangible assets such as buying and selling machinery, equipment and other fixed assets. Investment activities that cause cash expenditures include cash purchases of land for business, equipment, machinery, transport vehicles, houses for business and others, while investment activities that cause cash receipts include cash sales of the assets mentioned above. To be classified as an investment activity, the existence of these assets must be through a cash sale and purchase transaction and not a rental transaction. If the assets are obtained through a rental process, then the rental costs incurred are not classified as investment activities, but are classified as operating activities. (3) Financing Activities Financing activities include cash receipts and disbursements for a certain period of time originating from activities related to the business to fund the company. Company funds can be obtained from two sources: first from the business owner himself, which is called capital, second from other parties, which are called long-term loans. If an SME receives cash deposits from the entrepreneur (owner) or obtains loan funds from a bank, then a cash inflow occurs and is classified as a financing activity. Conversely, if the SME entrepreneur

takes cash for personal use or the SME pays off the principal installments of bank debt, then the cash disbursed from this activity is classified as a financing activity. Specifically for loan interest payments (interest costs), the cash disbursed from this activity is classified as cash disbursements from operating activities and not financing activities.

A cash flow projection is an estimate of a company's cash inflows and outflows for a specific period of time in the future. SMEs need to create cash flow projections related to their planned production and sales. For existing SMEs, this projection is also necessary, especially if they plan to increase production and sales. A cash flow projection is one of the reports SMEs need to prepare when applying for credit from financial institutions such as banks. For financial institutions, cash flow projections are one of the factors in making decisions about whether to approve or reject a loan application. To prepare a cash flow projection, SMEs must be able to accurately estimate future cash inflows and outflows. Then, they must estimate when those cash inflows and outflows will occur. SMEs must also study past cash flow conditions. This is done by reviewing cash flow statements from previous months and studying trends. Furthermore, SMEs need to study current conditions, such as sales, whether there has been an increase in orders, and the price of production materials, whether there has been a price increase. Based on the results of this analysis, future prospects can be estimated.

## **CONCLUSION**

The general functions of cash control include ensuring accurate cash recording, safe storage of cash, and the correct disbursement of cash by authorized personnel. The basic characteristics of cash control are as follows: (1) Specifically establishing responsibility for managing cash receipts. (2) Separation of cash receipt management and recording. (3) Depositing all cash received daily. (4) Voucher system for controlling cash payments. (5) Internal audits at unforeseen time intervals. The control function includes all activities related to determining or evaluating what has been achieved, the extent to which plans and policies have been implemented. Deviations in implementation need to be identified so that corrective action can be taken, if necessary, because planning serves as a standard or monitoring tool for work in progress. Comprehensive supervision of cash handling and recording functions, including daily cash reports that describe the position of cash receipts and disbursements for internal

purposes, requires attention. Therefore, internal audits of cash must be carried out to promote business efficiency in internal cash control and a fair assessment of the cash position in the financial statements.

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