

**THE IMPLEMENTATION OF ACCOUNTING SYSTEM ON RAW MATERIALS  
PURCHASING AND CASH DISBURSEMENT TO SUPPORT THE INTERNAL CONTROL  
(Case Study at PR. Sejahtera Abadi Malang, Jawa Timur)**

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**Abstract**

The purpose of this study was to know the implementation of accounting system on raw materials purchasing and cash disbursements, as well as internal control on raw materials purchasing and cash disbursements at PR. Sejahtera Abadi Malang. This study would explain the steps from implementation of accounting system on raw materials purchasing and cash disbursement to support the internal control. The research method in this research is by using descriptive research with a case study approach at PR. Sejahtera Abadi Malang. The result of the study was accounting system that implemented in the company, its found out some weaknesses in implementation of accounting system on raw materials purchasing and cash disbursement there are warehouse section didn't separate with reception section, warehouse section didn't use purchase requisition letter, and reception section didn't make a goods receipt report. So basically the implementation of accounting system on raw materials purchasing and cash disbursement are needed improve to been effective and efficient.

**Keywords: Raw materials Purchasing, Cash disbursements, Intern Control**

**Abstrak**

*Tujuan dari penelitian ini adalah untuk mengetahui penerapan sistem akuntansi pada pembelian bahan baku dan pengeluaran kas, serta pengendalian intern pada pembelian bahan baku dan pengeluaran di PR Sejahtera Abadi Malang. Penelitian ini akan menjelaskan langkah-langkah dari penerapan sistem akuntansi pada pembelian bahan baku dan pengeluaran kas untuk mendukung pengendalian intern. Metode penelitian dalam penelitian ini adalah dengan menggunakan penelitian deskriptif dengan pendekatan studi kasus pada PR. Sejahtera Abadi Malang. Hasil dari penelitian ini adalah sistem akuntansi yang diterapkan di perusahaan, menemukan beberapa kelemahan pada penerapan sistem akuntansi pada pembelian bahan baku dan pengeluaran kas diantaranya bagian gudang tidak terpisah dengan bagian penerimaan, bagian gudang tidak menggunakan surat permintaan pembelian, dan bagian penerimaan tidak membuat laporan penerimaan barang. Jadi pada dasarnya penerapan sistem akuntansi pada pembelian bahan baku dan pengeluaran kas membutuhkan pengembangan agar menjadi efektif dan efisien.*

**Kata Kunci : Pembelian Bahan Baku, Pengeluaran Kas, Pengendalian Intern.**

**I. INTRODUCTION**

PR. Sejahtera Abadi Malang is a cigarette production company categorized in Middleclass scale companies. PR. Sejahtera Abadi Malang is a company engaged in the field of cigarettes and that produce a good quality clove cigarettes. Amount of cigarettes sales are increasing from year to year, automatically creates the need for raw material requirements will also increase with increasing the turnover. With the purchase activities the company will have an obligation to pay on the purchase transaction. In the payment transaction, the company will automatically issue cash for purchases. One of the transaction activity of PR. Sejahtera Abadi Malang one of them contained in the purchase of raw materials which closely related to systems and procedures on raw materials

purchasing and cash disbursements. the internal control of purchasing raw material and cash disbursements conducted by PR. Sejahtera Abadi Malang require that more monitoring and reform in accordance with the needs and objectives of the company.

To understand the internal controls in the company, must know how about the accounting system of raw materials purchase and cash disbursements in the PR. Sejahtera Abadi Malang and how its implementation. And whether the accounting system of raw materials purchase and cash disbursement that used in PR. Sejahtera Abadi Malang supports existing internal controls in the company or not.

The importance of accounting system on raw materials purchasing and cash disbursement in the company's, encourage the researcher will

discuss it is further, particularly on the implementation of internal control relating to the purchasing raw materials and cash disbursements with the title "The implementation of accounting system on purchasing raw material and cash disbursement to support the internal control (case study at PR. Sejahtera Abadi Malang, Jawa Timur)".

## II. THEORETICAL REVIEW

### A. The definition of accounting system.

Accounting system is a system which has a fundamental role development and achievement of a purpose in a company. Mulyadi (2010:3) defines it as "accounting system is a form of organization, notes and report of financial administration to give some financial information to the company management".

That accounting system consist of some element, they are forms, notes and reports which are organized to give some information for facilitating company management. And become a useful information to support internal controls and reduce the occurrence of mistakes or fraud in a company.

### B. Purchase accounting system.

Purchase accounting system is used in a company to supplying the required goods. Purchasing transactions are able to classified into two types, they are: local purchasing and import purchasing.

According to the opinion of Badriwan (2009:173) "The purchase procedure set ways of doing all the purchases of both goods and services required by the company. This process starts from the need for a good or service until the goods or services purchased accepted". The Purchases transaction can be conducted by cash or credit in accordance with company requirements.

According to Mahmudi (2005:189) "purchasing process in a company started from price quote a supplier (vendor) or any type of goods, Then company interested in the goods offered and place an order for goods by sending the form purchase order of goods ". This procedure starts from the need for a good or service until the goods or services received.

### C. Cash disbursements accounting system

Cash is the asset that known to easily changed and has a tendency to decrease. The following is a definition of cash according to Indonesian accounting principles (PAI) as cited on Samsul and Mustofa (1992:278) "cash is a payment instrument which is ready and freely used to facilitate the general activities of the company". As for another opinion regarding the cash is "cash is smoothest assets owned by the

company and payments are easily moved handed over the parties to a transaction" (Kusnadi et al, 2000:60).

The cash is smoothest assets in company and function as a medium of exchange that is easily transferable, and is used as a measure in accounting. Soemarso (2004:299) stated that:

"Cash disbursement is a transaction that causes reduced cash balances and bank-owned company that caused the cash purchases, debt payments and the transactions cause a reduction in cash".

### D. Internal Control System

"Internal control could mean the organizational structure, methods and measures which are coordinated to maintain the wealth of the organization, check the accuracy and reliability of accounting data, drive the efficiency and encourage compliance with management policy" (Mulyadi, 2010: 163).

Furthermore, Krismiaji (2002, 218) says "internal control is the plan of the organization and methods used to maintain or protect its assets, produce accurate and reliable information, improve the efficiency and encourage the compliance with management policy".

## III. RESEARCH METHODOLOGY

This research will use descriptive research methods with a case study approach. This is due to the objectives of the study that is to provide an overview of accounting system of raw material purchasing and cash disbursements applied in the company. This study focus to observe in PR. Sejahtera Abadi Malang as the object, using case study as an approach.

Data analysis that use to the research objective attempt the answers to questions that obtained from the research are Miles and Hubberman stated from Sugiyono (2008: 247) as shown in figure below :

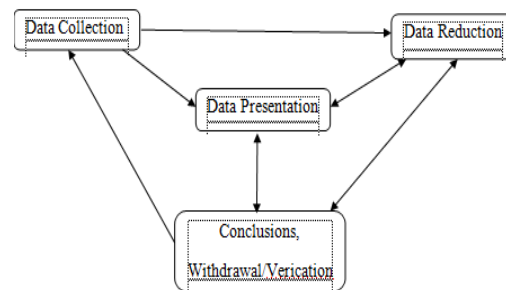


Figure 1 : Components of Data Analysis Interactive Model

Source : Miles and Hubberman in Sugiyono (2008: 247)

Remarks:

1. Data Collection: Data collection activities are activities that the researcher obtained by interview, observation, and documentation.
2. Data Reduction: Data reduction is the completion, focusing, simplification, and data abstraction that contained from the rough written records. This means that researchers conducted a review of all the data obtained from various sources and data collection methods have been described.
3. Data Presentation: present in the form of an information series, in the form of descriptive or narrative that can be understood by the reader and describes image data that have been obtained which will be in drag to a conclusion.
4. Conclusion / Verification: Pulling down a conclusions is an activity in which researchers observes data collection to the data presentation is described in detail and later give some advice, include solutions or problems solving that arise related to the application of the accounting system on raw material purchases and cash disbursements to support internal control.

#### IV. RESULT AND DISCUSSION

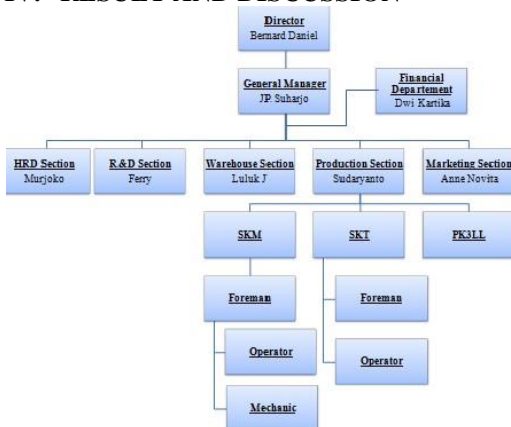


Figure 2 : Organization Structure at PR. Sejahtera Abadi Malang

Source : PR. Sejahtera Abadi Malang 2014

##### A. The Presentation of Data

1. The accounting system of raw materials purchasing
  - a. Functions related
 

The functions involved in the system of raw materials purchasing on PR. Sejahtera Abadi Malang, among others: Warehouse functions, Purchasing function, Admission function, Accounting function
  - b. The procedure of raw materials purchasing on the PR. Sejahtera Abadi Malang

Here is the raw material purchase procedure conducted by PR. Sejahtera Abadi Malang :

- 1) The purchase procedure starts from the warehouse in the company who view the inventory of raw materials in the warehouse and requires goods to meet the needs and requirements of the company's production.
- 2) The next step after the warehouse section gives information about the inventories of raw materials in the warehouse and purchase planning and then staff on purchasing section makes delivery order. The ordering letter became known by procurement of goods, letter ordering and then approved and signed by the sections procurement of goods. If the letter order is approved by the sections procurement of goods will be sending to supplier, and if the letter order is not approved by the section procurement of goods the letter ordering is not sent to the supplier.
- 3) The next stage after ordering the letter known, approved and then signed by the section procurement of goods on the raw material purchases procedure in PR. Sejahtera Abadi Malang is sending the ordering letters to suppliers predetermined or supplier that has a partnership with the company. DO or the ordering letter sent to the supplier is the first sheet from the ordering letter, and the second sheet from the ordering letter kept on file by the accounting section. Then suppliers saw the ordering letter what goods are requested and then suppliers prepare the goods requested in accordance with what is in the ordering letter.
- 4) Furthermore the supplier who has received a ordering letter of goods and already finished preparing the goods that was ordered will sending the goods and will be accompanied by some the letter or documents at the time of delivery of the goods. If the purchase is in cash, so sales memo that given at the time of the goods delivery is the amount of 2 copies (the first sheet and the second sheet). But if the goods purchase is made on credit, so sales memo that given at the time the goods delivery is the amount of 1 sheet is the second sheet from the original sales memo.
- 5) The next stage is the goods that have been shipped it is accepted and directed to the admission section (warehouse

section). Then admission section the check goods that have been up and match the orders that shipped to the supplier if the goods received are in accordance with the orders that have been shipped. If the goods that delivered do not match then the goods will be returned to the supplier to be replaced.

- 6) The last stage after the purchased goods have been received and stored, then the procedure purchase raw materials on PR. Sejahtera Abadi Malang is doing new recording. the Record keeping that referred to in this stage there are two, records maintained by section of warehouse and the accounting. Records prepared by the section of warehouse this is the record that is inserted into the card stock. The debt record write into debt cards and records prepared by section of accounting. Some of documents such as the sales memo, the delivery letter and a tax invoice that is sent at the time of the goods delivery will be stored by section of accounting as an archive.

- c. The documents or form used in purchase accounting system

The documents that are used in the system of raw material purchasing that are used in the process of raw material purchasing in PR. Sejahtera Abadi Malang is as follows : The purchase order letter, The delivery letter, The sales memo.

2. The accounting system of cash disbursement

- a. The functions related

The functions that related in the accounting system of cash disbursements on PR. Sejahtera Abadi Malang, among others, as follows: The accounting department, The Finance department, The section of cashier

- b. The procedure of cash disbursement in PR. Sejahtera Abadi Malang.

The accounting system of cash disbursement that implemented by PR. Sejahtera Abadi Malang for the raw materials purchasing on credit terms are as follows:

- 1) The procedures of cash disbursements in the raw materials purchasing on credit terms begins from after the maturity days for payment or days to pay and then the parties suppliers send DO (goods ordering letter from PR. Sejahtera Abadi Malang) first sheet or the original ordering letter, sales memo the first sheet, and a receipt evidence has been paid or proof of paid off marks for credit payments from the purchase that

has been done, to the financial section of PR. Sejahtera Abadi Malang.

- 2) The next stage in the cash disbursements for the payment from the raw materials purchasing are financial section conduct examination and collecting data held or stored by section accounting.
- 3) The next stage after the examination is done and the amount are correct and also accordance the bill with the purchase that has been done, then the finance section will requesting the cashier section to make payments with the spend money from the cash then transferred to the account of the supplier.
- 4) After cashier section to make payments by transferring money to the account of the supplier, the cashier section will notify and provide evidence of such transfer to the financial section as an evidence has been transferring money to suppliers.
- 5) The last stage from the cash disbursements in the raw materials purchasing on credit terms is finance section give or return all documents used in the process of payment from the raw materials purchasing to the accounts section. And then the accounting section do the recording into the general ledger that the has made payments from the purchases on credit.

- c. The documents that used

Documents used in the accounting system of cash disbursements by PR. Sejahtera Abadi Malang is as follows : The purchase order letter, The delivery letter, The sales memo, The transfer evidence, The Paid off marks evidence

3. The internal controls

- a. The internal control on accounting systems the raw materials purchasing.

- 1) Organization

Internal control that implemented in the organization structure including purchasing function separated from reception function, Purchasing function separated from accounting system, but reception function is not separated from storage function. The transaction of raw material purchasing that conducted by PR. Sejahtera Abadi Malang includes warehouse function, purchasing function, reception function and accounting function

- 2) Authority system and Recording Procedure  
 PR. Sejahtera Abadi Malang in conducting the procedure of raw material purchasing does not use the purchase request letter in the purchase procedure and also did not make a report of receipt of goods. PR. Sejahtera Abadi Malang just use some of documents or forms and recording procedure, including are:
- The letter of order purchasing which authorized by the purchasing function
  - The evidence of cash disbursement which authorized by the financial function
  - Recording of the debt based on purchasing evidence
  - Recording into a debt card and registers of cash disbursement evidence which authorized by accounting function
- 3) Sound Practices  
 Some of document and recording procedure that are implemented includes:
- The letter numbered purchasing order are accountable by purchasing function
  - The debt of subsidiary ledger reconciled with payable account control periodically in the ledger
  - Evidence of cash disbursement and another documents signed by cash disbursement function
- Some of documents and recording procedure that are not used are:
- The letter numbered request are accountable by purchasing function
  - Receive reports are accountable by reception function.
- Some of the process that implemented includes are:
- Selection of suppliers based on price quote
  - Goods received and inspected by the reception function
  - Checking price, purchase terms, and precision multiplication in the invoice from the supplier before the invoice is paid
  - Payment is made on the terms of payment
- 4) Capable Employee  
 Every employee PR. Sejahtera Abadi Malang required competent, trustworthy, and integrity in performing their duties and obligations in the raw material purchasing procedures carried out by the company. Every employee have responsibility for their respective jobs and duties.
- b. The internal controls on accounting system of cash disbursement
- 1) Organization Structure  
 Organizational structure implemented by the PR. Sejahtera Abadi Malang in the cash disbursements procedures that is cash saving function separate from function of accounting and cash disbursement transaction cannot be done alone by section cashier from beginning to end.
  - 2) Authorization System and Procedures  
 Some authorization system and recording procedure used PR. Sejahtera Abadi Malang in the cash disbursements procedures, that is :
    - Cash disbursement should be authorized officials that authorized
    - Opening and closing of bank accounts must be approval from the authorities
    - Recording to general ledger base on outflow cash evidence and supporting documents that have been authorized by authorized officials
  - 3) Sound Practical  
 Sound practice implemented PR. Sejahtera Abadi Malang in the cash disbursements procedures, that is :
    - cashier Cash balances held or stored should be protected from possible theft or improper use
    - Documents cash disbursement transactions must be signed by section cashier
    - Determination of payment ways depends on the nominal amount to be paid
    - Matching the total cash in accordance with the accounting records conducted periodically
    - The cashier is equipped with tools that support security
    - All cash disbursement transactions through any media must be responsibility for by section
  - 4) Capable Employee  
 In filtering the prospective employees PR. Sejahtera Abadi Malang gives some terms and conditions that must be met. PR. Sejahtera Abadi Malang also conducted development on old employee so that every employee can maintain their respective competence.

## B. Data Analysis

1. The analysis of accounting system on raw materials purchasing and cash disbursement in PR. Sejahtera Abadi Malang.

a. The analysis of accounting system on raw materials purchasing

1) The related function

The functions that related on the accounting system of raw materials purchasing in PR. Sejahtera Abadi Malang is good enough, that there is a separation between the warehouse functions, the purchasing function, and the accounting functions in handling the purchase procedure. But between the warehouse functions with the admission function still unite and there is no separation, and those parts, warehouse function and admission function, should be separated into two different parts.

2) The used document

The documents used in PR. Sejahtera Abadi Malang same as the documents that are generally used by a company, that is:

a) In warehouse functions to request purchasing function to make a purchase just with using a verbally not with use the purchasing request letter, but advisable use the purchasing request letter in the purchase procedure.

b) A ordering letter that made by the purchasing department was only much as 2 sheets, and advisable the ordering letter be made as many as 4 sheets that is first sheet to the supplier, the second for the purchasing section archives, the third sheet to the warehouse, and the fourth sheet to the accounting section.

c) In company there is no receipt – making on the report of goods from raw materials purchasing, and the receipt – making made of the raw materials purchasing ordered admission section to make a report of goods receipt for given accounting section as the supporting documents.

d) Making of stock card that made by the warehouse section to know and calculate the number of physical raw materials inventories that in the warehouse. In accounting section also made the raw materials inventories report existing.

3) The procedure of raw materials purchasing in PR. Sejahtera Abadi Malang

The procedure of raw materials purchasing, as the follows:

a) The purchase procedure starts from the warehouse in the company who view the inventory of raw materials in the warehouse and requires goods to meet the needs and requirements of the company's production. Then the warehouse section negotiate or coordinate with accounting section for approval in create of raw materials purchasing plan. After do the purchase planning the warehouse section filling bon request or purchase requisition.

b) The next step after the warehouse section gives information in the form of the purchasing request letter about the inventories of raw materials in the warehouse and purchase planning and then staff on purchasing department makes delivery order (letter ordering). After the ordering letter is finished make then the staff on purchasing section gave a letter ordering it to parts procurement of goods to be approved and known. If the letter order is not approved by the section procurement of goods, then the letter ordering is not sent to the supplier.

c) The next stage after ordering the letter known, approved and then signed by the section procurement of goods on the raw material purchases procedure in PR. Sejahtera Abadi Malang is sending the ordering letters to suppliers predetermined or supplier that has a partnership with the company. Then suppliers prepare the goods requested in accordance with what is in the ordering letter.

d) Furthermore the supplier who has received a ordering letter of goods and already finished preparing the goods that was ordered will sending the goods and will be accompanied by some the letter or documents at the time of delivery of the goods. If the purchase is in cash, so sales memo that given at the time of the goods delivery is the amount of 2 copies. But if the goods purchase is made on credit, so sales memo that given at the time the goods delivery

- is the amount of 1 sheet is the second sheet.
- e) The next stage is the goods that have been shipped it is accepted and directed to the admission section (warehouse section). Then admission section the check goods that have been up and match the orders that shipped to the supplier if the goods received are in accordance with the orders that have been shipped. If the goods that delivered do not match then the goods will be returned to the supplier to be replaced. And then the admission section made a goods receipt report.
  - f) The last stage after the purchased goods have been received and stored, then the procedure purchase raw materials on PR. Sejahtera Abadi Malang is doing new recording. the Record keeping that referred to in this stage there are two, records maintained by section of warehouse and the accounting. Records prepared by the warehouse section this is the record that is inserted into the card stock. The debt record write into debt card by section of accounting.
- b. The analysis of accounting system on cash disbursement
- 1) The function that related  
The functions or sections that related in the accounting system of cash disbursement PR. Sejahtera Abadi Malang has been very good, there is a separation of the functions that obviously in handling the payment and recording procedures, the functions that related namely the accounting section, the financial section, and the cashier section.
  - 2) The documents that used  
PR. Sejahtera Abadi Malang using some simple document in the process of payment until on the recording into the general ledger, this is done to facilitate the employees in performing their duties, checking data and as company archives that are useful in keeping the company's assets.
  - 3) The procedure of cash disbursement in PR. Sejahtera Abadi Malang  
The procedure of cash disbursement, as the follows:
    - a) The procedures of cash disbursements in the raw materials purchasing on credit terms begins from the accounting section see the debt card and then notifying or reminding the maturity of the credit payment raw materials purchasing to finance section of PR. Sejahtera Abadi Malang. The financial section and then examine of debt the existing in debt card.
    - b) After the maturity days for payment or days to pay and then the parties suppliers send letter of bills and DO, to the financial section.
    - c) The next stage in the cash disbursements for the payment from the raw materials purchasing are financial section conduct examination and collecting data held or stored by section accounting. Then the data obtained from the accounting section will be matched with the amount of the bill, the first sheet of a sales memo, and the first sheet of DO that has been delivered by suppliers.
    - d) The next stage after the examination is done and the amount are correct and also accordance the bill, then the finance section will requesting the cashier section to make payments with transferred to the account of the supplier.
    - e) the cashier section will notify and provide evidence of such transfer to the financial section as an evidence has been transferring money to suppliers.
    - f) After the supplier fill already receiving payments, the supplier will be sent proof of paid off and the first sheet of sales memo or sales memo that original to the financial section of PR. Sejahtera Abadi Malang.
    - g) The last stage from the cash disbursements in the raw materials purchasing on credit terms is finance section give or return all documents used in the process of payment from the raw materials purchasing to the accounts section. And then the accounting section do the recording into the general ledger that the has made payments from the purchases on credit.
2. The internal controls analysis on the accounting system of raw material purchasing and cash disbursements in PR. Sejahtera Abadi Malang.

a. The internal control on accounting system of purchasing

1) The organizational structure

The separation of functions that implementation is good enough which the existence of a clear separation between the functions of purchase with receipt function, the purchasing function be separate with the accounting function, and the only the admission function and the warehouse function that do not separately or still the one.

2) The system of authorization and recording procedures

Every financial transactions happened on the basis of authorization from the official who has the authority to approve occurrence of the transaction, none of the transactions taking place that is not authorized by that has the authority. Based on the analysis that conducted to documents and recording procedures used in the accounting system of raw materials purchasing, that is :

- A purchase order letter is made by the purchasing section
- The card debts is made by the accounting section
- The recording every transaction into the accounting records or general ledgers conducted after doing the payment process. Accounting section receives documents from the finance section and the cashier after doing the payment.

3) The Sound Practice

Based on the results of research on the raw materials purchasing accounting system in the implementation of tasks and functions are good enough, be seen that:

- a) Use of purchasing order letters be responsible by the purchase sections
- b) The goods checked by the receipt section when the goods arrived
- c) There are checks on the price, terms of purchase and precision multiplication in invoices from supplier before the invoice be paid

4) Capable Employee

This internal controls can be seen from all the employees conduct the work in accordance with the targets set by the PR. Sejahtera Abadi Malang.

Based on the analysis conducted by researcher on the accounting system of internal control in the raw materials

purchasing, the researchers gave some suggestions to further improve the internal control, among others:

a) Organizational structure is a function of acceptance must be separated with a storage function.

b) Authorization system and recording procedures, which is :

- The goods demand letter is made and authorized by the warehousing section
- The receipt report that made by the receipt section

c) Sound practice is a made and used of purchasing request letter that made and responsible by warehousing section, and also the use of the report receipt made by the reception section.

b. The internal controls on accounting system of cash disbursement

1) The organizational structure

There is a separation of duties and functions in the organizational structure. Separation of functions that conducted already good, there is a separation between the functions of accounting, financial functions, and cashier functions.

2) The system of authorized and recording procedure

The authorization systems and recording procedures that conducted already good, that is :

- a) In every transaction payment or cash disbursements authorized by the finance function.
- b) The recording every transaction into the accounting records conducted after the payment process. The accounting section receives and stores all the files or documents from the financial section after making a payment.

3) The sound practice

The sound practice in cash disbursement transactions that conducted already good, can be seen from :

- a) The payment for all purchase transactions that conducted by the cashier and responsible for the part.
- b) All of the activities or transactions that conducted are recorded into general ledger by the accounting section.

4) Capable Employee

This internal controls can be seen from the separation of functions and tasks



clearly between the finance and accounting department.

## V. CONCLUSION AND SUGGETION

### A. Conclusion

According to the research conducted at PR. Sejahtera Abadi Malang, related with the implementation of accounting systems on raw materials purchasing and the cash disbursements to support the internal control, it is concluded that:

1. The accounting system that implemented is already good, it can be seen from :
  - a. The organizational structure that good enough where the sections have been standing its own, that the purchasing section, the warehouse section, the accounting section, the finance section, and the cashier.
  - b. The documents used has been good enough, with there are serial number that is printed, and the name of the form. And the document is made and authorized by the competent authority.
  - c. The procedure of raw materials purchasing and cash disbursements that implemented has been good enough. Every activities or the purchase transaction and the cash disbursements, related functions in this procedure is not only done by only one section alone but is composed of several sections.

Some of weaknesses in the implementation of accounting system on raw materials purchasing and cash disbursement, among others :

- Warehouse section still be one with the reception section
  - Warehouse section does not use purchase requisition letter in purchasing procedures
  - The reception section did not make a goods receipt report when receiving goods from suppliers
2. The internal control in the accounting systems of raw materials purchasing and cash disbursements that implemented is already good seen from :
    - a) In organizational structure there are separation of duties and functions that obviously.
    - b) In the system of authorization and recording procedures there are authorization from the officials that has the authority to approve the transactions.
    - c) In the sound practice there are responsibility from every function for duties that conducted.

- d) In the capable employee there are competent and hones every employee to work.

Weaknesses in internal control only happen on raw materials purchasing and not a single weakness found in the cash disbursement. The weakness are :

- In organizational structure is the storage function does not separate from the reception function
- In authorization system and recording procedures are does not using the letter of purchase request authorized by the warehouse section
- In sound practice is the making and use of the letter of request purchases that responsibility for by the warehouse section, and also the use of the report receipt made by the reception section

### B. SUGGETION

1. In the accounting systems of raw materials purchasing such as :
  - a. In the functions that related between functions of admission with the function of warehouse advisable be separate
  - b. In the procedures of raw material purchase, the purchase requisitions that conducted section of warehouse, advisable use the letter of the purchasing request in writing or printed.
  - c. In the procedures of raw material purchase, receipt of goods that conducted by receipt section, advisable receipt section make a receipt report in writing or printed.
2. In the accounting system of cash disbursement is as follows :
  - a. In the procedures of cash disbursements advisable the supplier sends bills letter prior to the financial section, after the cashier section to make payments then the suppliers gives or send proof of paid off to the financial section in order to trust that build kept awake between suppliers with the company and avoid from unwanted things.
  - b. In records that used in the procedures of cash disbursements advisable the financial section also use a receipt report in writing from receipt section as a supporting document.

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