

INTERNAL CONTROL ANALYSIS OF CASH RECEIPTS AND DISBURSEMENTS IN TELECOMMUNICATION INFRASTRUCTURE CONTRACTORS: AN EMPIRICAL CASE STUDY OF PT BERKAH KREASI BERSAMA

Devika Syah Fitri¹, Eddy Iskandar², Zuliana Zulkarnaen³

^{1,2,3} Accounting Department, Universitas Dharmawangsa

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*Correspondence

Address:

devikasyahfitri09@gmail.com

Abstract:

Cash represents the most liquid, convertible, and vulnerable financial asset within any commercial enterprise, necessitating robust internal control mechanisms to safeguard liquid assets, ensure faithful accounting representation, and mitigate fraud risks. This study evaluates the design, operational implementation, and effectiveness of internal control systems governing cash receipts and disbursements at PT Berkah Kreasi Bersama—a telecommunications network infrastructure and cellular tower installation contractor in Medan, North Sumatra. Utilizing a qualitative descriptive case study methodology, primary empirical data were gathered through direct participant observation, comprehensive documentary review of cash and project accounting records (Master Contracts [SPK], Invoices, Purchase Orders [PO], Cash Advance Vouchers [CAV], bank transfer slips, and cash ledgers), and semi-structured in-depth interviews with key operational actors across executive, financial, and operational tiers (Company Director, Finance Manager, and Accounting/Administrative Staff). Evaluative benchmarks were structured around the Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2013) Internal Control-Integrated Framework and analyzed via the Miles, Huberman, and Saldaña interactive qualitative model. Empirical findings reveal that while formal administrative protocols exist—such as client contract executions, milestone billing schedules, and executive expenditure authorizations—the internal control system operates sub-optimally and displays severe structural vulnerabilities. In cash receipts, significant segregation of duties deficiencies persist: a single finance/treasury personnel concurrently executes cash collection, transaction journalizing, and bank deposits. Furthermore, cash receipt logging experiences systemic delays, routinely recorded on an unverified next-day (H+1) basis following transaction confirmation. In cash disbursements, petty cash and operational project advances issued via Cash Advance Vouchers (CAV)

frequently lack authentic supporting documents (receipts, merchant invoices, travel vouchers) and suffer prolonged submission lags from field engineers. Most critically, supervisory physical cash counts and independent surprise cash audits are virtually absent, performed only reactively upon executive request. In fiscal year 2024, these systemic control deficiencies culminated in substantial unverified cash discrepancies and register deficits, highlighting elevated operational vulnerability to human error and potential financial misappropriation. In conclusion, internal control at PT Berkah Kreasi Bersama is ineffective under COSO standards. The enterprise must immediately enforce strict functional segregation of duties, mandate real-time computerized cash accounting, institutionalize routine daily cash reconciliations and surprise physical counts, and enforce closed-loop documentary accountability for all project field disbursements.

1. INTRODUCTION

In corporate financial management and accounting theory, cash represents the undisputed lifeblood of organizational continuity and commercial viability. As the standard medium of exchange and the foundational benchmark against which all economic transactions are measured, cash possesses the highest liquidity among all asset classes (Weygandt et al., 2011; Rudianto, 2012). However, this inherent liquidity, universal purchasing power, immediate spendability, and physical fungibility render cash uniquely susceptible to clerical inaccuracy, administrative omission, asset misdirection, and fraudulent misappropriation (Mulyadi, 2016). In project-based engineering and infrastructure contracting enterprises, cash management presents profound operational complexities: firms must simultaneously coordinate massive contract-based billing milestones, multi-party bank transfers, decentralized field petty cash disbursements, emergency material procurements, and mobile technician travel advances (Tiya, 2018; Carolina et al., 2021).

To ensure that cash resources are utilized exclusively for legitimate business purposes and faithfully represented in financial statements, organizations must design, implement, and maintain a rigorous Internal Control System (ICS) (COSO, 2013; Horngren, 2009). According to Mulyadi (2016) and Hery (2017), an effective internal control system comprises the organizational structure, systematic methodologies, and coordinated control measures adopted within an enterprise to protect corporate assets, verify accounting data accuracy, promote operational productivity, and enforce adherence to prescribed managerial policies. In cash administration, internal control functions as an indispensable governance architecture enforcing classical control principles: strict segregation of duties (preventing single individuals from executing, recording, and safeguarding transactions), dual-signatory executive authorization, pre-numbered documentary evidence, and unannounced physical cash reconciliations (Soemarso, 2004; Susanto, 2004; Kamal, 2026).

PT Berkah Kreasi Bersama is a specialized technical contracting and engineering firm established on November 26, 2016, operating in the cellular telecommunications infrastructure sector, headquartered in Medan, North Sumatra (situated at Jl. Matahari Raya No. 20, Helvetia Tengah). The company provides technical turnkey solutions, equipment installation, power system implementations (lithium-based battery upgrades and module replacements), structural maintenance, and logistical warehousing for major national telecommunications operators and prime contractors—including PT Telkomsel, PT XL Axiata, PT Indosat Ooredoo Hutchison, and PT Abhimata Citra Abadi (ACA). Project execution involves deploying specialized engineering teams across remote base transceiver station (BTS) tower sites throughout northern Sumatra, requiring continuous, dynamic cash disbursements alongside multi-tiered contract milestone billings.

Despite sustaining active commercial operations, preliminary field investigations during 2024–2025 uncovered severe vulnerabilities in PT Berkah Kreasi Bersama's cash governance architecture. Internal cash administration operates under pronounced functional overlap: treasury custody, billing generation, transaction journalizing, and banking reconciliations are largely centralized under a single finance function. Furthermore, transaction recording suffers from chronic time-lag delays (regularly posted on a next-day H+1 basis), while operational field disbursements via Cash Advance Vouchers (CAV) frequently lack authentic supporting merchant receipts. Crucially, executive management disclosed that in fiscal year 2024, the enterprise uncovered a substantial, unverified cash shortfall (*selisih kas*) within its cash balances, underscoring critical internal control breakdowns.

Prior empirical literature examining internal controls over cash yields diverse conclusions. Amin & Suryanto (2020) and Pratiwi & Putra (2019) observed that while service firms establish formal cash policies, structural segregation of duties remains weak. Hidayat & Nugroho (2021) and Wibowo & Setiawan (2021) demonstrated that inadequate supervisory monitoring under the COSO framework directly impairs cash accountability. In telecommunications infrastructure contracting, where centralized corporate finance must interface with decentralized, fluid field engineering teams, internal control failures create direct financial leakage. Consequently, this study conducts an in-depth qualitative empirical investigation evaluating the internal control systems governing cash receipts and disbursements at PT Berkah Kreasi Bersama, examining alignment with COSO standards and formulating strategic recommendations to restore financial data integrity.

2. RESEARCH METHOD

2.1 Research Design, Site, and Organizational Context

This study utilized a qualitative descriptive case study methodology (Sugiyono, 2023; Miles et al., 2014) to investigate internal control phenomena within their natural corporate setting. The research was conducted at the corporate headquarters of PT Berkah Kreasi Bersama, situated at Jl. Matahari Raya No. 20, Helvetia Tengah, Medan, North Sumatra. The research timeline extended from September 2025 through April 2026, comprising preliminary

organizational reconnaissance, participant observation, in-depth interviews, documentary audit, and triangulation verification.

Table 1. Profile of Key Research Informants and Functional Responsibilities

Informant Identifier	Corporate Position	Primary Functional Responsibilities	Subject Matter Investigated
Informant 1 (DIR)	Company Director (Direktur)	Executive governance, strategic leadership, major contract signing, and final authorization of high-value cash disbursements	Control environment, risk assessment, corporate governance tone, authorization thresholds, and detection of cash variances
Informant 2 (FM)	Finance Manager (Finance / HR-GA)	Financial planning, tax reporting, cash flow administration, expenditure verification, and general ledger oversight	Control activities, cash receipt workflows, bank reconciliation protocols, billing verification, and financial reporting accuracy
Informant 3 (ADM)	Finance / Administrative Staff (Keuangan/Adm)	Day-to-day petty cash disbursement, Cash Advance Voucher (CAV) processing, source document filing, and manual cash book entry	Frontline cash handling, petty cash custody, voucher validation, expense documentation lags, and recording procedures

2.2 Data Collection and Triangulation Strategy

Data collection integrated three complementary techniques: (1) Participant Observation of daily cash intake, voucher verification, petty cash disbursements, and bank transactions; (2) Semi-Structured In-Depth Interviews with three key organizational executives (Table 1); and (3) Documentary Audit of accounting artifacts, including Master Work Contracts (Surat Perjanjian Kerja / SPK), official customer Invoices, Request Purchase Orders (PO), Work Completion Certificates (Berita Acara Serah Terima / BAST), Cash Advance Vouchers (CAV), bank statement sheets (Rekening Koran BCA), and manual cash book registers. Data trustworthiness was established through source triangulation (comparing director, managerial, and administrative accounts), technique triangulation (cross-referencing verbal testimonies against physical accounting artifacts and observational notes), and temporal triangulation (re-evaluating accounting processes across multiple operating intervals) (Sugiyono, 2019; Denzin, 1978).

2.3 Qualitative Data Analysis Protocol

Data were analyzed using the interactive qualitative model developed by Miles, Huberman, & Saldaña (2014), operating through: (1) Data Reduction—transcribing interviews, filtering irrelevant text, and coding observations into thematic categories aligned with COSO components and cash procedures; (2) Data Display—organizing reduced data into descriptive workflow flowcharts, diagnostic tables, and matrix comparative summaries; and (3) Conclusion Drawing and Verification—synthesizing empirical findings, testing audit trails, and verifying propositions against established theoretical frameworks.

3. DISCUSSION

3.1 The Danger of Functional Dual-Role Overlap (Perangkapan Fungsi)

The empirical discovery that a single individual within the finance function at PT Berkah Kreasi Bersama exercises custodial authority over cash funds, executes general ledger accounting entries, and performs bank reconciliations represents a direct violation of classical internal control theory (COSO, 2013; Mulyadi, 2016; Romney & Steinbart, 2018). Under segregation of duties doctrine, operational authority, asset custody, accounting recording, and supervisory reconciliation must be distributed across distinct, independent personnel. When asset custody and accounting records are concentrated in a single post, the organizational system forfeits internal cross-checks: an individual possesses both the mechanism to execute an error or fraudulent withdrawal and the accounting authority to conceal the discrepancy through falsified journal entries.

This structural defect directly explains the substantial cash discrepancies (*selisih kas*) uncovered in fiscal year 2024. As confirmed by Muanas & Prakoso (2022) and Amin & Suryanto (2020), small-to-medium enterprises that combine cash cashier and bookkeeping roles experience significantly higher rates of undetected financial shrinkage. To establish effective control, management must decouple the cashier function from the accounting recording function, ensuring that whoever handles liquid cash has zero authorization to post entries into general ledger accounts.

3.2 Documentary Deficits and the Fiction of Field Disbursements

A critical accounting finding is the breakdown of documentary control governing Cash Advance Vouchers (CAV). In project contracting, field engineers require working capital advances to execute remote site installations. However, sound accounting principles dictate that an advance does not constitute an expense until verified by authentic, third-party source documentation (invoices, validated tax receipts, cash register tapes) (Warren et al., 2017). At PT Berkah Kreasi Bersama, advances are routinely recorded as finalized expenses based solely on the approved CAV, even when engineers fail to return unused funds or provide proof of purchase.

This informal practice introduces moral hazard and compromises financial statement verifiability. Unvouched cash advances mask potential fund diversion, inflate operating project expenses, and miscalculate project profitability. This finding substantiates conclusions by Mahfiza (2018) and Carolina et al. (2021), who demonstrated that the absence of strict

voucher liquidation procedures directly undermines corporate expenditure control. Standard operating procedures must mandate that unliquidated advances remain classified as employee receivables until fully verified by authentic receipts, with subsequent advances blocked until prior balances are reconciled.

3.3 Reactive Monitoring and the Absence of Cash Audits

The total absence of routine physical cash audits represents a severe failure in the COSO monitoring component. Field interviews revealed that physical cash drawer counts and bank reconciliations are executed only upon explicit director request or when significant cash discrepancies become impossible to ignore. In financial administration, periodic and unannounced physical cash counts (cash opname) represent the frontline control verifying that recorded cash balances match actual currency on hand.

When monitoring is reactive rather than continuous, minor recording errors compound over months into massive ledger imbalances. Implementing daily tri-partite reconciliations—comparing physical cash drawers, documented expenditure vouchers, and bank transfer logs—ensures that discrepancies are detected and investigated within 24 hours, transforming internal control from an ineffective post-mortem exercise into a dynamic preventative shield (Kamal, 2026; Hidayat & Nugroho, 2021).

4 CONCLUSION

Based on the qualitative case study evaluation of internal control over cash receipts and disbursements at PT Berkah Kreasi Bersama, the study concludes:

1. Cash Receipts Control: The internal control system over cash receipts is ineffective. While client remittances are routed via banking channels, control is severely compromised by functional overlap in the finance division (combining receipt custody and bookkeeping) and systemic next-day (H+1) recording latency.

2. Cash Disbursements Control: Control over cash disbursements is sub-optimal. Despite formal multi-tiered managerial and directorial voucher authorization, post-disbursement expense settlements consistently lack authentic source documentation, allowing unvouched field advances to be posted directly as operating expenses.

3. COSO Framework Compliance: Overall internal control fails to satisfy COSO standards. Deficiencies span across all five dimensions: a compromised control environment due to functional overlap, absence of formal fraud risk assessments, incomplete control activities, delayed information velocity, and reactive, non-routine monitoring.

4. Material Accounting Impact: These systemic control failures directly resulted in substantial unverified cash discrepancies (*selisih kas*) during fiscal year 2024, proving that existing mechanisms fail to safeguard corporate liquid assets.

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