EVALUATION OF THE STANDARD OPERATING PROCEDURES FOR ADVANCE PAYMENTS AND BUSINESS TRIP REPORTING

Efforts to Improve Internal Control Effectiveness and the Efficiency of Corporate Administrative Processes

D3 ACCOUNTING STUDY PROGRAM

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A. INTRODUCTION

e-payment system for advance requests and Business Trip Reports as part of the company's petty cash management.

In practice, several challenges have been identified, such as delays in approval, incomplete documentation, and delays in submitting expense reports.

The evaluation was conducted using the Internal Control Questionnaire (ICQ) method and interviews with the petty cash administrator and supervisor to assess the effectiveness of SOP implementation and identify procedural weaknesses.

The evaluation results indicate that procedures generally align with the SOP; however, further development of the SOP is needed in the form of a more systematic and easily understandable flowchart to enhance the effectiveness of the company's internal controls.

B. LITERATURE REVIEW

1.STANDART OPERATING PROCEDURE

Written guidelines to ensure that activities are carried out consistently, effectively, and in line with the organization's objectives. Effective SOPs must be implemented and evaluated on a regular basis

(Subandi dkk., 2024: Gishella, 2018)

2.CASH ADVANCE

Funds provided by the company to employees to cover temporary operational expenses. These funds must be authorized and accounted for with complete transaction records.

(Yolanda, 2019: Siregar 2021)

3.PETTY CASH

Company cash funds used to cover small operational expenses that are impractical to pay by check. Effective internal controls are essential for proper management and accountability

(Mulyadi, 2016)

4.FLOWCHART

A process flowchart that illustrates the sequence of steps using specific symbols, making it easy to understand and analyze.

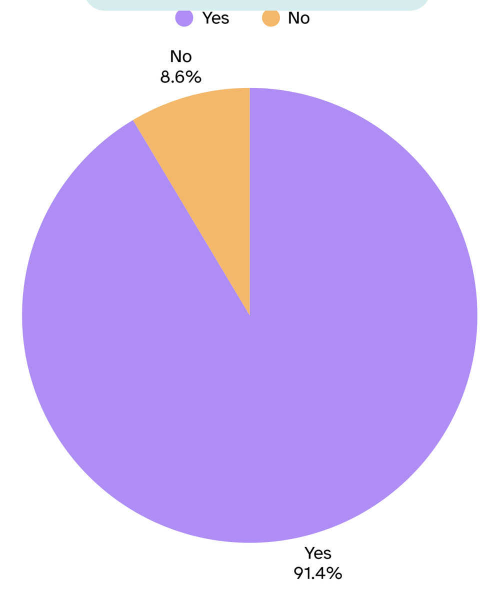
(Hanief, 2020)

5.EVALUATION & INTERNAL QUESTIONNAIRE CONTROL (ICQ)

A process used to evaluate the effectiveness of internal controls. The Internal Control Questionnaire (ICQ) consists of structured questions that assess compliance with procedures and identify potential weaknesses.

C. RESULTS OF THE SOP EVALUATION (BASED ON ICQ)

ICQ RESULTS



Number of Questions	35
Answer Yes	32
Answer No	3

The evaluation results show that the petty cash advance procedure has generally been carried out according to SOP, but there are still several weaknesses in its implementation.

IDENTIFIED WEAKNESSES

- Advance requests are still being submitted on short notice
- The completeness of the application documents is not yet optimal
- The approval process is not yet fully operational / there are still delays in approvals
- Accountability of funds is still experiencing delays
- Users' understanding of SOPs

IMPACT

- Delays in fund disbursement
- Increased risk of administrative errors
- Approval monitoring is not fully optimized.
- The effectiveness of control measures has not yet been maximized

Following the results of the ICQ evaluation, an Advance Petty Cash SOP has been developed to strengthen the internal control system. The development of the SOP includes improvements to procedures for requesting, approving, and verifying advances, monitoring outstanding advances, and ensuring the completeness of documentation and accountability for funds.

D. SOLUTION

Based on the results of the Internal Control Questionnaire (ICQ) evaluation, an SOP for petty cash advances was developed as part of efforts to improve the effectiveness of the internal control system. This development includes setting deadlines for advance requests, restricting urgent requests under certain conditions, setting approval deadlines at each authorization stage, sending reminders to approvers, enhancing verification by the Accounting Department, automatically rejecting incomplete requests, periodically monitoring outstanding advances, restricting new requests until previous accountability is settled, and reinforcing provisions regarding document completeness and cost allocation.

E. BIBLIOGRAPHY

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Scan the QR code to view:

- Standard Operating Procedures for Advance & Business Trip Reports
- Flowchart SOP