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by Anita Permatasari

Submission date: 07-Mar-2021 09:34PM (UTC-0800)

Submission ID: 1527116153

File name: G_ACCOUNTING_SYSTEM_ON_MICRO_BUSINESS_UD_SANTOSO_RICEMILLING.pdf (375.76K)

Word count: 3966

Character count: 21926



ANALYSIS OF RICE GRAIN PURCHASING ACCOUNTING SYSTEM ON MICRO BUSINESS UD SANTOSO RICE MILLING

Anita Permatasari¹⁾, Nia Yuniarsih¹⁾

¹⁾Faculty of Economic at University of Darma Cendika, Surabaya, Indonesia

*Corresponding author

Abstract

The development of rice milling technology had moved rapidly fast which is supported by modern technology. Common problems mostly faced by milling company is difficulties in controlling grain stock and grain purchasing process which is still using blind purchase without further information about future stock of the grain which will result in sale lost. Type of this study is case study which applies qualitative method and it uses primary data. Sample used in this study is UD Santoso, state-village owned which takes place in Ploso sub-district of Jombang region, east java. Result of study shows that function and procedure affect accounting system in grain purchasing process, chief of warehouse must play its role and function. All documents which are related to grain purchasing accounting system must be complete in order to avoid miss-order determination. There are several notes in grain purchasing accounting system such as grain stock card and warehouse card which must be synchronized between warehouse stock and purchasing staff about the recent stock of the grain..

Keywords: Accounting system; Rice milling; UD Santoso; Purchasing system.

INTRODUCTION

Agriculture sector is one of important sector in developing economical status of Indonesia. Indonesia is widely known as agrarian country which most of its people are farmer. One of best crop produced by Indonesia is paddy. Paddy will turn into rice after removing its hull. Rice is main food consumption of Indonesian people. Indonesia also export this product to some of its neighbouring country such as Vietnam, Thailand, and China.

A surplus crop is a chance for businessman to commerce a trade. One of them decides to open paddy mill in ploso sub-district of jombang region, east java. Development of paddy mill has promising prospect. In old time, farmer must bring all of their crops

to warehouse in order to store and mill the grain. But nowadays, technology had been advanced, farmer does not bring their crops to mill anymore, they just wait in front of their house for mobile paddy mill. Commencing mobile paddy milling is one of promising business in village whose people are mostly farmer.

This new technology advancement pushed old fashioned milling company to compete with new technology by fixing and increasing quality of rice cereal produced by them and they also offer good system. Common problems mostly faced by milling company is difficulties in controlling grain stock and grain purchasing process which is still using blind purchase without further information about future stock of the grain which will result in sale lost. Grain purchasing is one of most important process, grain demand and supplier determination, grain receiving, new stock grain checking and debt checking to supplier. An effective grain purchasing process must be supported by good accounting system.

Purchasing accounting program which is applied on paddy milling company could be used by company to commence procurement of paddy. Purchasing accounting system could be also used to ease purchasing process in procurement of grain stock which later will be sold. Wrong information of purchasing traffic will result in different stock information of the grain which will lead to grain minus stock condition and sale lost. Another effect of such situation is surplus stock of grain and it will cost more for its warehouse space.

Terrible purchasing accounting system must be fixed in no time and it must be supported with good internal control. Such excellent internal control of warehouse staff will minimise any fraud in grain purchasing process. One common fraud in paddy warehouse is executed by its own staff who stole some amounts of grain, it is the product of terrible internal control. Good internal control system is filled with organisation, one command action, note taking and healthy practice (Mulyadi, 2016: 312). The better grain purchasing accounting, the better information displayed. Such information can be used by company or buyer.

According to background of study above, research problems of this study are is grain purchasing accounting system of UD Penggilingan Padi located in Ploso sub-district of Jombang region, east java already applies elements of purchasing accounting system? The study aims to reveal elements of purchasing accounting system which is applied on subject of study. Limitation of study is limited to elements of purchasing accounting system only which is applied on grain mill located in Ploso sub-district of Jombang region, east java..

LITERATURE REVIEW

System

System is a network that consist of procedure, document, notes, tools, and human



resources in producing information that later will be used by company for supervising, operation, or decision making process (Narko, 2007:3). System could also be defined as series of events which is used to receive and manage input, and to create an output. System is created to achieve vision of company. Phases faced by company in order to achieve the target, company must first identify the character of target and reveal obstacles that will prevent company to reach the target.

Phases in system analysis

There are four phases in system analysis process, according to TMBooks (2014: 167), which are:

1. Survey of current system. The survey is meant to collect sufficient data in order to make a design for system, identification of company problems which need to be focused into system design. The successful design of a system depends on quality of relation between developer and company.
2. Identification of suffice information. It aims to identify such important data of company, and to study information input which is suffice for a manager in decision making process.
3. System requirements identification. This phase identifies the characteristics of input and output of a company. Input requirement system can determine data which need to be fulfilled in order for sub system to achieve the goal.
4. Arrange system analysis report. The output of a system is a report. The report could be used by management or president of company as basic information in decision making process.

Accounting definition

Accounting could be defined as note taking, management, report, and analysis process of financial data of a company (Irfani dan Dahria, 2009). Stakeholders that are going to use this documents are management, owner of company, investors and stakeholders, creditor, government, and staff.

Accounting system

Accounting system consist of documents of receipt, tool of notes, report, and procedure which is used by company in order to take notes for every transaction traffic for company such as form, great book, support book, and financial report (Jusup, 2005: 395).

Accounting system objective

According to Mulyadi (2016: 9), the objective of accounting system is, as follow:

1. To provide information for ne developing business management.
2. To manage current troubled system.

3. To increase efficiency of accounting information.
4. To provide complete documents about responsibility and company financial protection.
5. To minimise clerical cost in commencing accounting.

Purchasing accounting system

Purchasing accounting system is a group of company events which is related to procurement which is demanded by company (Sujarweni, 2015: 16). Purchasing system is divided into two, which are:

1. Cash. Payment for cash purchase is commenced with physical cash when the goods are received.
2. Credit. Payment for credit purchase is commenced based on deadline which is agreed earlier.

According to Mulyadi (2016: 244), function which is related to purchase system are:

1. Warehouse function. As warehouse function, it is responsible to store goods which is already received by input function and offer sale based on recent stock of warehouse.
2. Purchase function. This function is responsible to look for information about market price, choose reliable supplier in procurement and responsible in good output for sale stock form warehouse.
3. Input function. This part is responsible in quality control and sorting the goods based on type, quality, and quantity which is received from supplier.
4. Accounting function. Accounting function in purchasing department is responsible take note for every transaction traffic for both credit and cash purchase. Function of accounting in purchasing department is also to take note of good stock.

Purchasing procedure according to Surjaweni (2015: 101-102) are, as follow:

- o Warehouse demand procedure
- o Leader approval procedure
- o Purchasing procedure
- o Documentation cash purchase procedure.

According to Mulyadi (2016: 246), important documents that must be included in purchasing system are, as follow:

- 1) Purchasing letter of demand. It is a form filled by warehouse department in order to ask for a purchase. The form must consist of type, amount, quality of wanted goods.
- 2) Price negotiation letter of demand. It is a document of general information about wanted goods by buyer. The information consists of price, discount, and payment method.



- 3) Letter of purchasing. It is a letter used to make an order toward supplier.
- 4) Letter of receipt. It is document made by reception department which is responsible that the ordered goods are already received and meet the requirements of company.
- 5) Letter of Cash outflow. It is a document commenced by accounting department in order to make record for every transaction traffic during purchasing process.

Accounting documentation which is used, based on Surjaweni (2015:105), are as follow:

- o Cash purchase journal
- o Cash outflow journal
- o General journal
- o Good stock card
- o Warehouse card.

PREVIOUS STUDY

Sari dan Sukirno (2005) who analyze purchasing accounting system of Quality Hotel revealed that purchasing accounting system procurement is already applied in well management, moreover, technology and information had been used efficiently, the use of accounting documentation is normal.

Permata et al., (2017) who conduct research of information system at Hasjarat Abadi Sudirman Manado Ltd, the result of study revealed that the events of activity of company had been aligned with the regulation of the company. In purchasing department, there is still one problem that can prevent data input process of information system of purchasing process that ill later affect the development of company.

Supriono (2016) ho conduct a research on purchasing accounting system application of KOPMA Kanjuruhan Malang revealed that purchasing accounting system is not effective which also triggered double function in one department such as warehouse department that had function as reception and purchasing function, there must be system control management to stabilize the system run within the company.

RESEARCH METHOD

Resarch Design

The type of this research is study case that uses qualitative method, whereas the data is in the form of words and figures and not numbers. Study approach used in this study is descriptive approach, this approach applies phenomenon which is actually occurred on the field during data collection. The phenomenon will be described in crystal clear and displayed as what it is. Data research used in this paper is primary

data, the data is transcribed directly from grain mill of UD Penggilingan Padi.

Population and research sample

Research population used in this study is UD Penggilingan Padi located in Ploso sub-district of Jombang region, east java. Sample research used in this study is UD Penggilingan Padi located in Ploso sub-district of Jombang region, east java which is active data during producing process. Sample used in this study is UD Penggilingan Padi.

Research setting

The study takes place in Ploso sub-district of Jombang region, east java. The research was started from February - October 2020.

Data collection technique

Data collection technique used in this study is, as follow:

- 1) Interview, it is question and answer dialogu with finance department or with owner of the mill to retrieve the data.
- 2) Documentation study, it is a group of data and data that support the research which later will be studied.
- 3) Observation, it is direct analysis toward the object of study.

Data analysis technique

- 1) Rice grain purchasing process survey of UD Penggilingan Padi.
- 2) Identification of important information, such as:
 - o Identification of main responsibility from purchasing department.
 - o Problem identification which is commonly faced by purchasing department.
 - o Identification of tools used by purchasing department in order to evaluate personal output.
- 3) Identification of system requirement could be displayed in form of proposal design, that contains every information needed in order to implement design project.
- 4) Arrange system analysis report which will be in form of report. The arranged report should be focused on problems of purchasing process, that way, the problem commonly faced by purchasing department will be overcome in future. Later, the report could also be used by leader for basic information in decision making process.

DISCUSSION

General Company Profile

UD santoso is business that run a grain mill since 1970's. The business was run by same family for three generation. The location of UD santoso is located in Losari village, Ploso sub-district of Jombang region, east java.



Organizational structure of UD santoso, as follow (Figure 1):

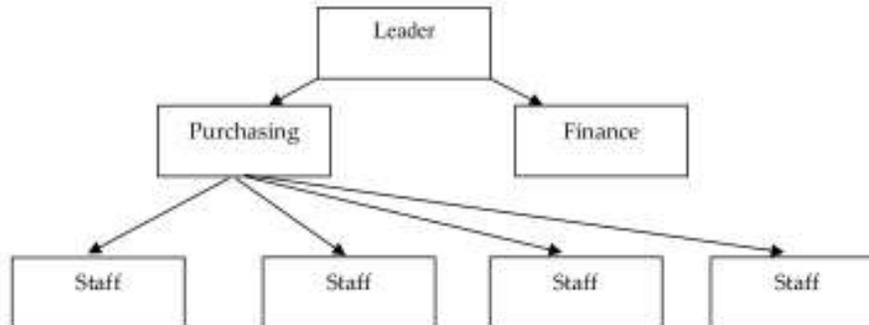


FIG 1. ORGANIZATIONAL STRUCTURE OF UD SANTOSO

Duty, authority, and responsibility of each department of UD Santoso are, as follow:

1. Leader
 - Responsible for every events occurred in UD Santoso.
 - Responsible to supervise executor occurred in UD Santoso.
 - Commit decision related to any events in UD S antoso.
2. Purchasing and sale department
 - Look for information about grain to supplier or service provider.
 - Conduct grain purchase demand letter.
 - Make a contract with supplier.
 - Receive grain from supplier.
 - Checking input and receipt received from supplier.
 - Make on due payment.
 - Provide grain demand from customer.
 - Helping customer in looking for information about grain type.
 - Quality control toward decayed grain.
 - Make report to purchasing department if the grain is out of stock.
3. Finance. Responsible for in-cash flow and out-cash flow transaction traffic occurred in UD Santoso.
4. Staff. They responsible to make dry the grain and store dry grain into silo and make safe space of the grain into warehouse.

DATA ANALYSIS

Purchasing and reception function at UD Santoso is run by single person. Purchasing and reception function is responsible to commence grain demand to supplier, receive the grain, run quality and quantity control within its type by using note receipt taken from the supplier. Quality control process must be executed within supplier existence

by supervising the grain weighing process together.

Finance function of UD Santoso, Finance function of UD Santoso is run by another single man which is responsible to receive financial inflow from grain sale, and taking documentation of cash outflow from grain purchasing, and he/she also responsible for cash outflow burden during grain purchase process occurred at UD Santoso.

Procedure that commence grain purchasing accounting system of UD Santoso:

1. Owner agreement procedure. Owner uses agreement authority to purchase grain.
2. Grain purchase order procedure. Grain order purchase at UD Santoso procedure is implemented whereas the supplier comes to the mill itself. The first step that need to be implemented after the order came is, purchasing department must commence quality control function of, type, quantity and quality of the grain. The specification of the grain later must be synchronized with the requirement of UD Santoso. Later, the agreement will be commenced and transaction of the grain is acquired. If the quality control does not meet the requirement of the mill, the grain will be returned.
3. Grain reception procedure. Grain reception process is supervised by single person from purchasing department. Whereas the specification of the grain had met the requirement of UD Santoso. Quantity control must be committed together within the supplier. The documents used for grain receipt is purchase order note from UD Santoso. The receipt will be authorized by finance department from UD Santoso.

Documents used in grain purchasing accounting system at UD Santoso:

1. Grain stock list.
2. Grain stock document.
3. Purchase invoice.

Accounting note used at UD Santoso:

1. Cash purchase journal
 - a. Outflow cash journal
 - b. General journal

Flowchart procedure of grain purchasing accounting system at UD Santoso (Figure 2).

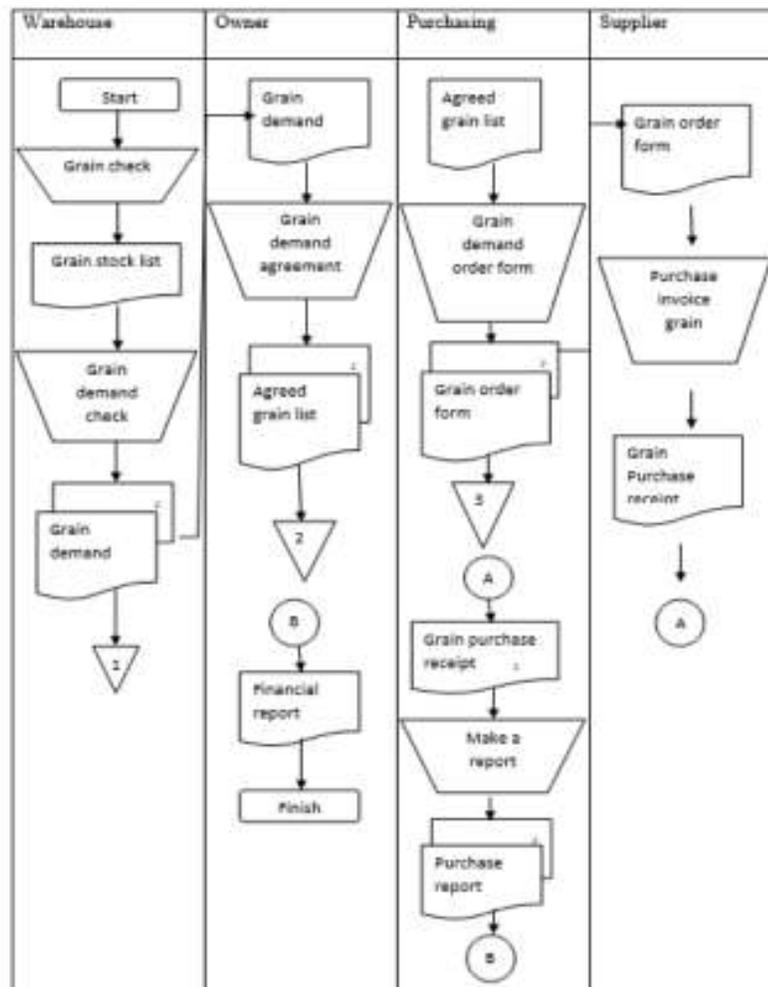


FIG 2. GRAIN PURCHASE ORDER PROCEDURE WITH CASH METHOD AT UD SANTOSO

Figure 2 notes:

1. Warehouse department.
 - a. Regular check for grain stock.
 - b. Conduct grain stock list notes.
 - c. There are two copies of the documents. First copy must be stored and second copy is handed toward owner.
2. Owner department.
 - a. Receive second copy of grain stock documents from warehouse department.
 - b. Approving grain stock demand to be bought by purchasing department.

- c. Make two copies of approved grain stock documents. First copy is kept and second copy is given to purchasing department.
 - d. Owner receives report of grain purchase from purchasing department.
3. Purchasing department
- a. Receive two copies of grain stock documents from owner.
 - b. Conduct two copies of order form, first copy is kept and second one is given to supplier.
 - c. Conduct grain order purchase letter from supplier and conduct two copies of orser report. First copy is given to owner.
4. Supplier department
- a. Receive second copy of grain order form from purchasing department.
 - b. Make two copies of purchase receipt. First copy is given to purchasing department.

TABLE 1. RESULT OF DEPARTMENTS FUNCTION COMPARISON TOWARD GRAIN PURCHASING ACCOUNTING SYSTEM AT UD SANTOSO

Function related to grain purchasing accounting system (Mulyadi, 2016)	Actual condition at UD Santoso	Notes
Warehouse function	There is no a single person at warehouse department who is responsible in order to control and check grain stock of the warehouse.	Discordance
Purchasing function	Purchasing department of UD Santoso is responsible gain information about price, type, quality, and quantity of grain which will be bought from supplier.	Accordance
Reception function	Reception function at UD Santoso is run by same person with purchasing department.	Accordance
Accounting function	Accounting function at UD Santoso is called financial department who is responsible for documenting every transaction traffics which is related to cash flow at UD Santoso.	Accordance

Discordance of warehouse function occurred at UD Santoso must be fixed immediately. Warehouse function must be managed in accordance with recent SOP. The warehouse was just used to store grain bought from the supplier, dried rice kernel, and the grain will be milled, and it is also functioned to store rice kernel. Discordance of warehouse function department will prevent crosscheck action if there is any miscalculation in future. This result is supported by previous study conducted by Supriono (2016), in which dual function is occurred between warehouse and purchasing function, and reception function.



TABLE 2. COMPARISON RESULT OF PROCEDURES RELATED TO GRAIN PURCHASE SYSTEM AT UD SANTOSO

Procedure related to grain purchasing accounting system (Sujarweni, 2015)	Actual condition of UD Santoso	Note
Purchase demand procedure of warehouse	There is no warehouse function of UD Santoso who is responsible for grain stock check.	Discordance
Approval procedure of owner	UD Santoso owner always give authority of approval toard problems related to grain purchase.	Accordance
Purchasing procedure	Purchasing department conduct grain purchase invoice.	Accordance
Cash purchase documentation procedure	Finance department conduct documentation for every transaction traffic related to grain purchase.	Accordance

The discordance of purchase demand procedure may lead into fatal mistake, it is the shrinking amount of total grain which will result in sale lost and shrink of transaction traffic. Hall (2009: 192-194) stated that transaction authorization aim to manage transactions processed by information system into valid and solid data and in accordance with objective of management vision.

TABLE 3. COMPARISON RESULT OF DOCUMENTS RELATED TO GRAIN PURCHASE SYSTEM AT UD SANTOSO

Documents related to grain purchase system (Mulyadi, 2016)	Actual condition of UD Santoso
Purchase demand letter	Not conducted
Purchase order letter	Not conducted
Receipt report	Conducted
Order change letter	Not conducted
Outflow cash report	conducted

TABLE 4. COMPARISON RESULT OF ACCOUNTING DOCUMENTS RELATED TO GRAIN PURCHASE SYSTEM AT UD SANTOSO

Accounting documents related to grain purchase system (Surjaweni, 2015)	Actual condition of UD Santoso
Cash purchase journal	Conducted
Outflow cash journal	Conducted
General journal	Conducted
Grain stock card	Not conducted
Warehouse card	Not conducted

Two last tables, from documents and accounting notes perspective related to grain purchase system at UD Santoso is not in accordance with elements of purchasing system. Such result is supported by previous studies conducted by Permata et al. (2017).

CONCLUSION

- Function perspective related to grain purchasing accounting system, it is concluded that warehouse department has no supervising function, it makes warehouse department could not meet elements of purchasing system.
- Procedure perspective related to grain purchasing accounting system, it is concluded that warehouse department does not meet elements of purchasing system.
- Documents perspective related to grain purchasing accounting system, it is not in accordance with elements of purchasing system.
- Perspective of accounting notes related to grain purchasing accounting system, there are several notes such as grain stock card and warehouse card which is not in accordance with elements of purchasing system.

SUGGESTIONS

- Function and procedure perspective related to grain purchasing accounting system, warehouse function must follow and run its function.
- Documents perspective related to grain purchasing accounting system, the documents must be complete in order to avoid disorder and mistake in determining grain order purchase.
- Accounting notes perspective related to grain purchasing accounting system, there are several notes such as grain stock card and warehouse card that must be conducted in order for warehouse and purchasing department make sure current grain stock inside the warehouse related to grain sale.
- Documenting files support must be implemented by every departments in order to make ease of crosscheck action if there is any error in future.

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