

# Evaluation of Cash Disbursement Accounting Systems and Procedures at the Government Agency of the Sidenreng Rappang District Health Office

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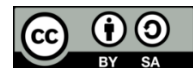
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## ABSTRACT

This study seeks to evaluate the extent to which the cash expenditure accounting system and procedures of the Sidenreng Rappang Regency Health Office comply with Minister of Home Affairs Regulation Number 77 of 2020. The variable under investigation is the complete cash expenditure procedure and methodology. This study seeks to ascertain the compliance of the cash spending system and procedures of the Sidenreng Rappang Regency Health Office with the regulations specified in the Regulation of the Minister of Home Affairs (Permendagri) Number 77 of 2020. Documentation, interviews, and observation were the methods utilized to get the data. In this study, qualitative descriptive data analysis was employed. The study's findings demonstrate that the Sidenreng Rappang Regency Health Office's accounting system and inventory spending practices are in compliance with the Minister of Home Affairs' (Permendagri) Regulation Number 77 of 2020 regarding Technical Guidelines for Regional Financial Management. Related documents such as the Letter of Provision of Funds (SPD), Payment Request Letter (SPP), Payment Order (SPM), Fund distribution Order (SP2D), and Letter of Accountability (SPJ) have assisted the implementation of cash distribution.

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## 1. INTRODUCTION

Good governance is essential in the current reform age in all nations, including Indonesia. Accountability reports must be prepared by local governments using an accounting system that is governed by federal laws and regulations that all local governments must abide by.

The rule overseeing the government's regional financial management is the Ministry of Home Affairs' rule Number 77 of 2020,

which pertains to Technical Guidelines for Regional Financial Management. Further information on this rule can be found in Circular Letter Number SE.900/316/BAKD, which includes recommendations for systems and procedures for administration, accounting, reporting, and regional financial responsibility. To guarantee that the presentation of government financial statements adheres to Government Regulation Number 71 of 2010 concerning

Government Accounting Standards (SAP), the Permendagri elucidates regional financial systems and procedures, along with illustrative forms for local governments' utilization [1].

In the context of accountability for the implementation of the APBD related to cash expenditure in the Regional Apparatus Work Unit (SKPD) and/or the Regional Financial Management Work Unit (SKPKD), accounting for cash expenditure encompasses a number of procedures that can be completed manually or electronically, such as recording, categorizing, and summarizing transactions

and/or financial events as well as financial reporting [2].

As stated in SE.900/316/BAKD, the Accounting System and Procedures for Cash Expenditure of Inventory Cash consist of:

- 1) Issuance of Letter of Provision of Funds (SPD).
- 2) Submission of a Payment Request Letter (SPP).
- 3) Issuance of Payment Order (SPM).
- 4) Issuance of a Fund Disbursement Order (SP2D).
- 5) Issuance of Letter of Accountability (SPJ).

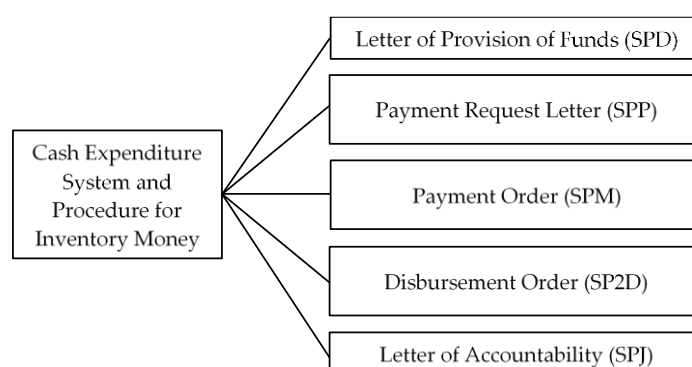


Figure 1. Cash Withdrawal System Flow and Procedure

The Cash Expenditure Accounting System and Procedure consists of 4 Sub-Systems, namely the Cash Expenditure Accounting Sub-System (UP), the Sub-System for Accounting for Cash Expenditure (GU), the Sub-System for Accounting for Additional Cash Expenditure (TUP) and the Sub-System for Accounting for Direct Cash Expenditure (LS). Cash Expenditure System and Procedure the Inventory Money Mechanism (UP) is the money provided to fill each SKPD which is carried out once a year, Reimbursement (GU) is money used to replace the inventory money that has been used. Additional Inventory Money (TUP) is if there is such an expenditure that the UP balance will not be enough to finance it, additional money will be made to the SKPD, and Direct (LS) is a direct payment to a third party with a predetermined amount, [3]. The System and Procedure for Cash Expenditure of Inventory Money regulated in the Regulation of the Minister of Home Affairs (Permendagri) Number 77 of 2020

consists of a Letter of Provision of Funds (SPD), Letter of Request for Payment of Inventory Money (SPP-UP), Order to Pay Inventory Money (SPM-UP), Order for Disbursement of Funds of Inventory Money (SP2D-UP) and Letter of Responsibility (SPJ).

## 2. LITERATURE REVIEW

### 2.1 Local Government Financial Accounting System

The Government Accounting System is a systematic series of procedures, organizers, equipment and other elements to realize accounting functions from transaction analysis to financial reporting within government organizations. According to Prastyaningtyas [4], the Accounting System is a system of power distribution in a company's organization through the processing of financial data, starting from accounting records to the presentation of information in financial statements.

The Regional Government Accounting System (SAPD) consists of: the Regional Apparatus Work Unit Accounting System (SKPD) and the Regional Financial Management Officer Accounting System (PPKD). PPKD is in charge of the Regional Financial Management Work Unit (SKPKD), which is responsible for managing the APBD and serving as the general treasurer for the region. As a budget or product consumer, SKPD is a regional institution under the local government. The local government accounting system encompasses several activities, including data collection, recording, summarization, and financial reporting, in relation to accountability for the execution of the APBD. The procedures may be executed manually or through computer applications, in accordance with Regulation of the Minister of Home Affairs (Permendagri) Number 77 of 2020. The accounting system must be maintained by each reporting entity and accounting entity. The local government's accounting system must be organized by SKPD and PPKD. For the smooth implementation of tasks in the SKPD to budget users at the beginning of the year, the budget is given inventory money managed by the treasurer of the expenditure. Inventory money is a sum of cash provided in carrying out daily operational activities.

### **2.2 Regional Financial Management**

According to Latif et al. [5], regional financial management include planning, budgeting, execution, administration, reporting, accountability, and regional financial oversight. The APBD serves as the framework for regional financial management execution. The Regional Government's execution of Regional Revenue and Expenditure is predicated on the Regional Expenditure Budget (APBD). The APBD is executed in an orderly, efficient, economical, effective, transparent, and accountable manner, prioritizing justice, compliance, community benefits, and adherence to legal obligations.

To carry out Regional Financial Management, it must be supported by a financial accounting system in accordance

with Government Accounting Standards (SAP). In accounting, a financial transaction is represented by transaction evidence, which is subsequently subjected to identification, measurement tools, records, and reporting in order to generate financial statements as the final product. Therefore, Regional Financial Management is carried out with an output-oriented performance approach, as well as good governance principles.

### **2.3 Management Control System**

According to Rosini [6], the Management Control System can be understood as a coordination system between managers and subordinates that aims to see actual performance by comparing results and taking corrective action when there are cases of irregularities. This means a management control system as a system that contains various demands on how to run and control a good company or organization based on various existing assumptions.

## **3. METHODS**

The data analysis technique used in this activity is a qualitative descriptive method. Qualitative descriptive aims to describe an object or phenomenon based on data or samples that have been collected, without conducting in-depth analysis or drawing generalizations [7]. Qualitative findings are directed to produce improvements in the quality of work and are basically useful for academic interests, [8]. The primary goal of this study is to determine whether the Sidenreng Rappang Regency Health Office's accounting system and inventory spending practices comply with the relevant regulations outlined in the Regulation of the Minister of Home Affairs (Permendagri) Number 77 of 2020.

Depending on the type of data and the data source used, data analysis techniques such as data collection, data reduction, data presentation, verification, and conclusion drawing can be used to obtain data for this study.

#### 4. RESULTS AND DISCUSSION

The research findings regarding the cash expenditure accounting system at the Sidenreng Rappang Regency Health Office indicate that the implementation of cash expenditure systems and procedures adheres to Minister of Home Affairs Regulation number 77 of 2020. The funding originates from the APBD, and the Sidenreng Rappang Regency Health Office allocates duties and responsibilities across various functions, including Budget Users, Expenditure Treasurers, SIPD Operators, and Finance Bureaus.

The system used in Regional Financial and Asset Management at the Sidenreng Rappang Regency Health Office uses the SIPD (Regional Government Information System) application which is regulated in Regulation of the Minister of Home Affairs Number 77 of 2020 on Technical Guidelines for Regional Financial Management. Budgets serve as both a planning instrument and a control mechanism. The Regional Revenue and Expenditure Budget (APBD) serves as a financial resource utilized by the government to facilitate its operations.

The Cash Expenditure Procedure carried out by the Sidenreng Rappang Regency Health Office consists of:

**a. Issuance of Letter of Provision of Funds (SPD)**

SPD is a Letter of Provision of Funds, made by BUD in the context of regional cash management. SPD is used to provide funds for each SKPD within a certain period of time.

**b. Submission of Payment Request Letter (SPP)**

SPP-UP is used to replenish the inventory money for each SKPD. SPP-UP submission is only done once a year at the beginning of the fiscal year. The procedure for submitting SPP-UP is as follows:

- The Budget User submits the SPD to the Treasurer and PPK-SKPD.
- Based on the SPD, the Treasurer makes the SPP-UP along with

other documents, consisting of the UP Letter, SPP-UP Summary, SPP-UP Details, Copy of SPD, Draft Statement Letter to be signed by the Budget User/Budget User Proxy stating that the requested money is not used for purposes other than supply money, other attachments (a detailed list of plans to use funds to the type of expenditure).

- The Treasurer handed over the SPP-UP and other documents to the PPK-SKPD.
- PPK-SKPD examines the completeness of SPP-UP documents and their suitability with SPD and DPA-SKPD.
- SPP-UP that is declared complete will be made an SPM Draft by PPK-SKPD. The issuance of SPM no later than 2 working days after the SPP-UP is received.
- This SPM draft is then given PPK-SKPD to Budget Users for authorization.
- If the SPP-UP is declared incomplete, the PPK-SKPD will issue an SPM Rejection Letter. SPM rejection no later than 1 working day since SPP-UP is received.
- A letter of Rejection of SPM Issuance is given to the Treasurer so that the Treasurer makes improvements to the SPP-UP. Then it was submitted to PPK-SKPD for re-examination.

**c. Issuance of Payment Order (SPM)**

An advanced step in the SPP submission procedure, the issuing of SPM is a crucial step in the administration of costs. Testing the supplied SPM is the first stage in this procedure to make that the documents are complete and were completed accurately. An SPM may be granted if the requested spending is supported by comprehensive paperwork that complies with all applicable

laws and regulations and does not go above the authorized budget maximum.

**d. Issuance of Fund Disbursement Order (SP2D)**

A Fund Disbursement Order (SP2D) is a document issued by the attorney of the Regional General Treasurer (BUD) following the examination of the completeness of the SPM documents submitted by the budget user or their attorney. The SP2D serves as a letter utilized to disburse funds through the designated bank after the SPM is received by BUD. The procedure for issuing SP2D-UP is as follows:

- The Budget User submits the SPM to the BUD Power of Attorney.
- The power of attorney of BUD examines the completeness of the SPM submitted.
- When the SPM is declared complete, the BUD authority to issue SP2D no later than 2 working days from the receipt of the SPM application.
- SP2D is submitted to Banks and Budget Users.
- The BUD Power of Attorney itself must record SP2D and Debit Notes (from the Bank) on the administration documents, which consist of the Cash Receipt Book, Expenditure Cash Book.
- The Estimate User submits the SP2D to the Expenditure Treasurer.
- The Treasurer records SP2D on the Administration Document, which consists of the BKU of expenses, Bank Deposit Auxiliary Book, Tax Auxiliary Book, Panjar Auxiliary Book, Object Detail Expenditure recapitulation book.
- If the SPM is declared incomplete, the BUD Power of Attorney will issue a letter of rejection of the publication of SP2D no later than 1 working day from the receipt of the SPM.
- The Letter of Rejection of the issuance of SP2D is submitted to

the Budget User so that the SPM can be improved. Then it was handed back to the BUD Power of Attorney for scrutiny.

**e. Issuance of Letter of Responsibility (SPJ)**

The utilization of monies under the Expenditure Treasurer's management is detailed in a Letter of Accountability. Another financial statement produced by the Expenditure Treasurer is SPJ. The procedure for issuing SPJ is as follows:

- The Expenditure Treasurer records the evidence of UP fund expenditure.
- From this recording process, documents are produced, namely the General Cash Book (BKU) of Expenses, the Expenditure Auxiliary Book per object details, the Cash Auxiliary Book, the Savings/Bank Auxiliary Book, the Panjar Auxiliary Book, the Tax Auxiliary Book.
- Based on the 6 documents, plus the Assistant Withdrawal SPJ document made by the Assistant Withdrawal Treasurer, the Withdrawal Treasurer makes the Withdrawal SPJ. SPJ documents are General Cash Book, Summary of expenses per object details accompanied by valid evidence, Proof of VAT/Income Tax deposits, Cash closure register.
- The Expenditure Treasurer submits the Expenditure SPJ to the PPK-SKPD. The Expenditure Treasurer must also submit the Expenditure SPJ to BUD no later than the 10th of the following month.
- PPK-SKPD verifies SPJ Expenditure.
- If approved, the PPK-SKPD will submit the SPJ Expenditure to the Head of SKPD no later than the 10th of the following month.
- The Head of SKPD confirms the SPJ Production.

- The Head of SKPD submits the SPJ Confirmation Letter to the Expenditure Treasurer.

From the procedure for cash expenditure activities at the Sidenreng Rappang Regency Health Office in accordance with Permendagri Number 77 of 2020, the first step taken is the issuance of a Letter of Provision of Funds (SPD) and other documents that are equivalent to SPD. Through the PPK-SKPD financial administration official, the expenditure treasurer or technical implementing officer of the activity transmits SPP to the budget user or the budget user's attorney based on the SPD obtained.

One issue with SPP documents is that incomplete Payment Order (SPP) document files hinder the disbursement of cash by preventing Payment Orders (SPM) from being issued. The SKPD PPK does the SPM preparation, and the Budget User or Budget User Proxy signs the document. For the purpose of issuing SP2D, the user or the user's proxy submits their SPM to the BUD or Regional Financial Management Officer. BUD or BUD's power of attorney must do the following in order to complete the payment before issuing SP2D:

- Verify that the payment order that the user or their proxies issued is complete.
- Testing the correctness of the calculation of bills for the APBD expenses listed in the payment order.
- Testing the availability of the funds in question.
- By issuing SP2D on SPM received from budget users or budget user proxies, you can order the payment of funds as the foundation for regional expenditures no later than two (two) working days after receiving SPM.

BUD has the right to refuse the disbursement of funds, if the payment order, in this case the SPM issued by the budget user or the budget user's proximate does not meet the set requirements. Based on SP2D, the treasurer or a third party can disburse funds to the bank listed in the SP2D.

Based on the five documents, plus the SPJ of the withdrawal of the assistant made by the Assistant Withdrawal Treasurer, the Treasurer of production makes the SPJ of withdrawal. The SPJ Expenditure is made in four parts, one for archives, one for BUD and two for verification by the PPK-Regional Apparatus.

## 5. CONCLUSION

It can be inferred from an analysis of the Sidenreng Rappang Regency Health Office's cash expenditure systems and procedures that they are implemented in compliance with Minister of Home Affairs Regulation Number 77 of 2020 regarding Regional Financial Management Guidelines. The Payment Order (SPP) has a difficulty, though, in that missing document files result in the Payment Order (SPM) being refused. This will hamper the task of the agency concerned because it has not received the funds submitted.

Authorized financial disbursements have been executed in compliance with legal procedures, ensuring a distinct separation of responsibilities and accountability for each cash expenditure as per relevant rules. The execution of cash disbursement is substantiated by pertinent documents, specifically Copies of Fund Provision Letters (SPD), Payment Request Letters (SPP), Payment Orders (SPM), and Fund Disbursement Orders (SP2D), along with transaction documents that fulfill the cash disbursement protocol.

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