

# MECHANISM OF TRANSACTION SYSTEM CHANGE FROM CASH TO NON-CASH AT THE DEPARTMENT OF AGRICULTURE AND FOOD SECURITY OF EAST JAVA PROVINCE

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## ABSTRACT

The final duty report is about the change of transaction from cash to non-cash on agricultural services and domestic food security from the province of Jawa Timur, which is the persistent competitive office for dealing with agricultural and food from cash to cashless or from cash to non-cash, the technology from the present company can see that the more advanced the modern day, the more modern industrial, and the more high quality employees. It is impacted, positive for its social progress and prosperity. But not permanently impossible. There's a problem going on with the transaction records, hon. Making annotated results was still vital to more. Corrected again.

**Keywords:** Transaction Changes, Cash, Cashless

## INTRODUCTION

In the current era of information and technology development, the implementation of non-cash transactions in regional financial management is very necessary to facilitate the process of financial accountability for regional officials and also government steps to prevent the risk of financial abuse in regional governments.

The Department of Agriculture and Food Security of East Java Province operates with shopping transactions using a cash system, and with the progress of the times, the development of payment systems has innovated with various forms of sophistication that have emerged. From year to year the impact of advances in information technology, along with advances in the digitalization of financial services and payment transaction instruments.

The payment system innovation was initially a manual/conventional system and required physical money to be carried, then it innovated into a payment system using non-cash instruments using payment instruments using cards such as ATM or Debit cards and credit cards. Until 2018, the East Java Province Department of Agriculture and Food Security used cash for its transactions. As time passes from year to year, to be precise in 2019 the Central Government recommends changing its transaction system to use a non-cash transaction system.

The development of information technology followed by an increasingly high level of bank competition has encouraged the banking and non-bank

sectors to be more innovative in providing various alternative non-cash payment services in the form of transfer systems and payment instruments using electronic cards (electronic card payments) that are safe, fast and efficient, and global in nature (Santomero and Seater, 1996)

Maintaining financial system stability is the goal of government programs, in the current era of information and technology development, the implementation of non-cash transactions in regional financial management is very necessary to facilitate the process of financial accountability for regional officials and also government steps to prevent the risk of financial abuse in regional governments, Apart from that, the non-cash transaction system is considered more practical, efficient, easier and can even support the economy by increasing the speed of money circulation.

A transaction system that started with a cash transaction system until it changed to a non-cash transaction system, a system that originally used cash and then changed to non-cash, apart from having many advantages, the implementation process also has several obstacles, namely in the administration process.

## Formulation of the problem

From the background of the problems described above, the main point that will be discussed in this final assignment is "How transactions from cash switch to non-cash". The aim of this research is to find out how transactions from cash have switched to non-cash at the

East Java Province Agriculture and Food Security Service.

### Company profile

The East Java Provincial Agriculture and Food Security Service is one of the SKPDs of the East Java Provincial Government which handles the agricultural sector. General description of the condition of the Department of Agriculture and Food Security of East Java Province in detail through various potential supports and performance for the implementation of Food Crop, Horticulture and Food Security development programs:

- The position, duties and functions of the East Java Province Regional Service are stipulated in the East Java Province Regional Regulation (Perda) Number: 11 of 2016 concerning the Formation and Structure of Regional Apparatus (Article 4) and have been described in the East Java Province Governor's Regulation (Pergub) Number: 85 2016 concerning Position, Organizational Structure, Description of Duties and Functions and Work Procedures of the East Java Province Agriculture and Food Security Service. Apart from that, it is also based on the Regulation of the Governor of East Java Number 113 of 2016 concerning Nomenclature, ( Nomenclature or Nomenclature is a term or name for an organizational unit that is commonly used by government agencies) , Organizational Structure, Job Descriptions, and Functions and Work Procedures of the Technical Implementation Unit East Java Province Agriculture and Food Security Service, the position, duties and functions of the East Java Province Agriculture and Food Security Service are as follows:
- **The position of** the Agriculture and Food Security Service is led by a head of service, who is under and responsible to the Governor starting from the Regional Secretary and is located at Jl. Jend A. Yani 152 Surabaya East Java Province - Indonesia with postal code: 60235
- **task** of assisting the Governor in carrying out government affairs and is the authority of the Provincial Government in the fields of agriculture and food as well as assistance duties.
- **Functions** In carrying out the tasks as intended, the Department of Agriculture and Food Security carries out the following functions:

- a) formulation of technical policies in the agricultural and food sector;
- b) implementation of policies in the agricultural and food sector;
- c) implementation of evaluation and reporting in the agricultural and food sector;
- d) implementation of Department administration in the agriculture and food sector;
- e) implementation of other functions assigned by the Governor related to his duties and functions.

- **The purpose** of the 2009 - 2014 East Java Provincial Agricultural Service Strategic Plan (Renstra) is as a strategic direction for implementing the development of food crops and horticulture in East Java in accordance with the vision and mission to achieve the goals and objectives .

- **Objective**

- a. As a guideline in determining priorities and developing resources to optimize performance in accordance with the duties and functions of each work unit within the East Java Provincial Agriculture Service;
- b. Facilitate *monitoring* and evaluation (from start to finish) of program implementation, to improve the implementation of food crop and horticultural development programs in the future.

### 2. Vision and mission of the company

- a. Vision of the Department of Agriculture and Food Security of East Java Province  
The realization of a just, prosperous, superior and moral East Java society with governance that includes inclusive participation through joint work and a spirit of mutual cooperation.
- b. Mission of the East Java Province Agriculture and Food Security Service  
Realizing balanced economic development, both between groups, between sectors and regional connectivity.

### 3. Organizational structure of the company

To manage the running of a company, an organizational structure is needed. With the organizational structure in the company, it is hoped that everything can run effectively and efficiently. So that it can facilitate the division of tasks in detail regarding the work and authority of each section.

## DISCUSSION

Based on the regulation of the Governor of East Java number 64 of 2017 concerning Regional Guidelines for East Java Province in 2018. Article 1. In the attachment to the Regulation of the Governor of East Java Number 64 of 2017 concerning Guidelines for the Work and Implementation of Duties of the Regional Government of East Java Province in 2018 as amended by the Governor's regulations East Java Number 36 of 2018 Amendments to the Regulations of the Governor of East Java. Article 2. This Governor's Regulation applies retroactively from July 1 2018. So that everyone can know about it, the governor orders the promulgation of this Governor's Regulation by placing it in the Regional Gazette of East Java Province.

- 1) Implementation of the Cash Transaction System  
The implementation of the Cash Transaction System last took effect in 2018 with types of purchase transactions including stationery, equipment and payment for official travel costs, payment of honorariums, payment for procurement of goods grants, and payment for service expenditures such as photocopying, documentation, printing, decoration, *rental*, and others. Cash transactions implemented in the department at that time were considered less effective. For example, a transaction occurs at one time, but we have to withdraw cash first, while the procedure for withdrawing cash cannot be direct. Withdrawing cash you have to use a check first to the bank and then the payment process takes place, carrying out such payments is more risky. So currently the cash system only applies to limited transactions with direct purchases under five million rupiah.
- 2) Implementation of a Non-Cash Transaction System in Receipts  
In Regional Revenue, the non-cash transaction system process is carried out by means of taxpayers or levy payers depositing taxes or levies through banks or accounts to the recipient's treasurer or directly to the regional general treasurer. Sources of income in the East Java Province Agriculture and Food Security Service are Business Services Levy, Regional Wealth Use Levy, etc. The process of receiving levies is that budget users must submit a levy determination letter to the Revenue Treasurer, then the Revenue Treasurer will hand over the levy determination letter to the levy obligor, then the treasurer will collect the levy from the levy

obligor. Retribution users with large amounts will pay the levy directly to PT. Bank Jatim in the regional government or BUD account, then PT. Bank Jatim will issue a payment slip and credit note. The payment slip will later be given to the levy payer and then given to the Revenue Treasurer as valid evidence for making an accountability document.

- 3) Implementation of a Non-Cash Transaction System for Expenditures  
Management of the East Java Province Department of Agriculture and Food Security's expenditure budget uses 3 types of payments UP (supply money), GU (money change) and LS (direct). For the UP/GU payment mechanism, the Expenditure Treasurer will make a UP/GU SPP (Payment Request Letter). Then the UP/GU SPP is handed over to the PPK-SKPD (Financial Administration Officer) to make a UP/GU SPM (Payment Order) which will then be approved and signed by the budget user, then the treasurer will bring the bill files to the BUD (Treasurer Regional General) along with other supporting documents to process the SP2D document (Fund Disbursement Order). Through SP2D, the treasurer can make funds disbursement and payments (which are currently implemented non-cash).  
Furthermore, in LS payments the mechanism is almost the same as UP/GU payments, only in LS payments, the PPTK (Activity Technical Implementation Officer) prepares documents from third parties and signs the SPP-LS, except for UP/GU payments, the PPTK does not need to sign the SPP. UP/GU. PPTK only verifies the completeness of the files. Then the treasurer will bring the SPM-LS to BUD to process the SP2D, after the SP2D is issued the funds will be directly transferred from the BUD account to a third party.
- 4) Non-Cash Transaction System on Receipt  
In this case the Cash Receipts Treasurer has an important role in recording transactions and preparing reports covering all transactions, both bank account balances and cash balances, which are under the responsibility of the Receipts Treasurer whose source comes from revenue funds that have not been deposited to the Regional Treasury. . Even though the provisions stipulate that the Revenue Treasurer is obliged to deposit all receipts within 24 hours, it is possible

that there is a balance of receipts that has not been deposited in the revenue treasurer's account.

- 5) Non-Cash Transaction System for Expenditures. The non-cash transaction system for expenditures is payment made by transferring or transferring funds from the treasurer's account to the account of a third party (goods or service provider) who will receive the funds.
  - a) Technical steps in implementing spending at the East Java Province Agriculture and Food Security Service:
    - (1) Submission of UP/GU/LS SPP by the Expenditure Treasurer.
    - (2) The Treasurer submits the UP/GU/LS SPP (Payment Request Letter) along with other documents to the PPK-SKPD (Financial Administration Officer) to examine the completeness of the documents and their suitability.
    - (3) If the UP/GU/LS SPP has been declared complete, a draft SPM (Payment Order) will be made by the PPK-SKPD. The SPM draft is then given to the PA (Budget User) for authorization.
    - (4) The Budget User submits the SPM to the authority of the BPKAD (Regional Financial and Asset Management Agency) to examine the completeness of the submitted SPM file. If the SPM is declared complete, BPKAD's authority will issue SP2D (Fund Disbursement Order)
    - (5) BPKAD will submit SP2D to Banks and Budget Users.
    - (6) Budget Users submit SP2D to the Expenditure Treasurer.
    - (7) Based on the SP2D received, the bank disburses funds or transfers funds to the treasurer's account.
    - (8) To use funds from the account, the treasurer will make an SPTD (Funds Transfer Order) which will be approved by the Budget User, then the SPTD will be given to the bank.
    - (9) Based on the SPTD received, the bank transfers funds (according to the SPTD) to a third party.
    - (10) The bank will then create a debit note and submit it to the spending treasurer.

6) Payment Request Letter (SPP)

- 1) SPP-UP is a document submitted by the Expenditure Treasurer or Assistant Expenditure Treasurer for requests for revolving work advances that cannot be made by direct payment.
  - a) The SPP-UP document consists of:
    - (1) Introduction to SPP-UP (BP-10);
    - (2) SPP-UP (BP-11)
    - (3) Statement letter for submitting SPP-UP (BP-9);
    - (4) Photocopy of the Governor's Decree regarding Supply Money.
    - (5) List of detailed plans for using funds for one month's needs
- 2) SPP-GU is a document submitted by the Expenditure Treasurer or Assistant Expenditure Treasurer to request a replacement money for supplies that cannot be made by direct payment.
  - a) The SPP-GU document consists of:
    - 1) Introduction to SPP-GU (BP-10)
    - 2) SPP-GU (BP-11)
    - 3) SPP-GU application statement letter (BP-12)
    - 4) Details of the Use of GU Funds that have been SPJed (PPK-9A)
- 3) SPP-LS is a document submitted by the Expenditure Treasurer or Assistant Expenditure Treasurer to request direct payment on the basis of a work contract agreement or other work order with a certain amount, recipient, designation and payment time whose documents are prepared by PPTK.
  - a) The SPP-LS document consists of:
    - 1) Introduction to SPP-LS (BP-17);
    - 2) SPP-LS (BP-18)
    - 3) SPP-LS details (BS-19);
    - 4) SPP-LS Submission Statement Letter (BP-20);
    - 5) Contract Summary (BP-18);
    - 6) Minutes of Examination Results
    - 7) Minutes of Administrative Examination Results
    - 8) Original Stamped Receipt
- 7) Payment Order (SPM)
  - 1) SPM is a document issued by PA/KPA for the issuance of SP2D at the expense of DPA SKPD expenditure and sent to the BPKAD Treasury Division.

- a. SPM-UP is a document issued by PA/KPA for the issuance of SP2D which is used as supply money and to fund activities which is accompanied by:
    - 1) Introduction to SPM-UP (PPK-7)
    - 2) SPM-UP (PPK-8)
    - 3) SPP-UP Submission Statement Letter (BP-9)
    - 4) Photocopy of the Governor's Decree regarding Supply Money;
    - 5) Research Report on Completeness of SPM-UP Publishing Documents
  - b. SPM-GU is a document issued by PA/KPA for the issuance of SP2D at the expense of DPA-SKPD expenditures whose funds are used to replace money for supplies that have been spent and attached with:
    - 1) Introduction to SPM-GU (PPK-7)
    - 2) SPM-GU (PPK-8)
    - 3) SPP-GU Submission Statement Letter (BP-12)
    - 4) Research Report on Completeness of SPM-GU Publishing Documents (PPK-21)
    - 5) Details of the Use of GU Funds that have been SPJ (PPK-9A) and/or (PPK-9)
  - c. SPM-LS is a document issued by PA/KPA for the issuance of SP2D at the expense of DPA-SKPD expenditures. The SPM-LS and its attachments are sent to the Treasury Division of the Regional Financial and Asset Management Agency to be issued SP2D-LS. SPM-LS Document:
    - 1) Introduction to SPM-LS (PPK-7)
    - 2) SPM-LS (PPK-8)
    - 3) Statement of PA/KPA Responsibilities (BP-20)
    - 4) Research Report on Completeness of SPM-LS Publishing Documents (PPK-21)
    - 5) Contract Summary (PPK-18)
    - 6) Minutes of Administrative Examination Results
- 8) Fund Disbursement Order (SP2D)
- 1) SP2D is a document used as a basis for disbursement of funds issued by the Treasury Division of the Regional Financial and Asset Management Agency based on SPM.
    - a) SP2D types are as follows:
      - 1) SP2D-UP
      - 2) SP2D-GU
      - 3) SP2D-LS
    - b) The SP2D documents sent to Bank Jatim are as follows:
      - 1) Introduction to SP2D (0-18)
      - 2) SP2D (0-19)
- 9) Benefits faced in the Non-Cash Transaction process:
- a) From the interview results, several advantages in the non-cash transaction process:
    - 1) The advantage of implementing government spending is that local governments can transfer (from account to account between recipient and sender) finances anywhere and at any time.
    - 2) The treasurer does not have to hold cash with various risks of crime, loss and miscalculation.
    - 3) Avoid financial abuse in regional apparatus.
    - 4) Transactions can be easily traced.
    - 5) Balance and mutation information from all registered accounts.
    - 6) Cash is supported by valid evidence.
    - 7) So that all transactions can be safer.
- 10) Obstacles faced in the Non-Cash Transaction process:
- a) The supporting documents for making the SPTD are not complete, this causes the process of disbursing funds or transferring funds to be late.
  - b) The bank administration is late in processing the disbursement of funds due to *server problems* at the bank or slow service.
- 11) Solutions for facing obstacles in the Non-Cash Transaction process:
- a) Carry out internal control over financial management by supervising and checking the completeness of documents in the administration process of disbursement of funds the day before the date of disbursement of funds or transfer of funds. By carrying out internal control, you can improve financial performance in the

financial management of the East Java Province Department of Agriculture and Food Security.

- b) The government can propose to the bank (which has been appointed as a regional general cash bank) to increase human resources at the bank, and the bank also needs to improve service performance with high quality.

## CONCLUSION

Based on research and discussions conducted at the East Java Province Agriculture and Food Security Service, conclusions can be drawn:

1. The cash system is not very good for company finances, because it does not guarantee financial security and fraud often occurs, such as financial leaks, fraud, corruption, and many others. So, East Java Governor Regulation Number 64 of 2018 concerning the Second Amendment to East Java Governor Regulation Number 64 of 2017 concerning Work Guidelines and Implementation of Duties of the Regional Government of East Java Province in 2018 (non-cash) has been stipulated.
2. The non-cash problem faced by the East Java Province Department of Agriculture and Food Security was an internal problem in making the SPTD which experienced delays, due to the supporting documents for making the SPTD being incomplete during the SPTD making process. Delays in making SPTD will cause the process of disbursing funds to be late. And external problems, namely from the bank administration which was late in processing the disbursement of funds due to *server problems* at the bank.
3. The advantage of non-cash transactions at the East Java Province Department of Agriculture and Food Security is that the use of cash flows for all transactions can be traced so that they are more accountable (can be accounted for in accordance with applicable regulations and legislation, and do not conflict with these two things, where this accountability regarding the source or input, the process carried out and also the results or output obtained), because all transactions are supported by valid evidence, so that the treasurer does not have to hold cash with various risks of crime, loss and miscalculation, avoiding financial abuse in regional apparatus ,

budget users are more efficient and cash inflow and outflow is more controlled, and improves internal control of cash management.

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