

EVALUATION OF THE INTERNAL CONTROL SYSTEM FOR INVENTORY AT U.D NINA USMAN SPBU

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Article History

Received : September

Revised : September

Accepted : October

Published : October

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No. Contact:

Cite This Article:

DOI:

<https://doi.org/10.56127/ijml.v2i3.1133>

Abstract: A trading company can be defined as an organization that carries out business activities by purchasing goods from other companies and then selling them back to the public. Inventory is merchandise that is purchased and then stored for sale in the company's normal operations so that the company can pay more attention to inventory. Inventory is highly susceptible to damage and theft. Internal control also aims to protect company assets and also ensure that information regarding company inventory can be trusted. With internal control analysis, it is hoped that companies will be able to determine inventory more effectively and adequately. With effective internal control, it is hoped that they can minimize the risk of errors and fraud in merchandise inventory and if errors and fraud occur they can be immediately identified and resolved. The aim of this research is to determine the implementation of the internal control system at UD Nina Usman, which plays a role in supporting the company's internal control of inventory, and to find out how well the company carries out internal inventory control. The data used is primary data. The method used was observation and interviews to obtain information from the U.D Nina Usman gas station. The results of this research indicate that the inventory system at the U.D Nina Usman gas station is in accordance with an adequate internal control system using the COSO (Committee of Sparing Organizations of Tradeway) method.

Keywords: Internal Control System, Inventory, Gas Station

INTRODUCTION

A trading company can be defined as an organization that carries out business activities by purchasing goods from other companies and then selling them back to the public. Every company must have a goal of generating optimal profits in order to maintain its survival, advance and develop the business to a higher level. Inventory is merchandise that is purchased and then stored for sale in the company's normal operations so that the company can pay more attention to inventory. Inventory has a very strategic meaning for companies, both trading and industrial companies.

Inventory is highly susceptible to damage and theft. Internal control also aims to protect company assets and also ensure that information regarding company inventory can be trusted. Internal inventory control can also be carried out by taking security measures to prevent damage, theft or other irregularities. With internal control analysis, it is hoped that companies will be able to determine inventory more effectively and adequately. Based on the background of the problem above, the author views the importance of analyzing internal control in inventory. Therefore, the author is interested in conducting research.

Internal control is not intended to eliminate all possibilities of errors or fraud, but with effective internal control it is hoped that it can minimize the risk of errors and fraud in the inventory of merchandise and if errors and fraud occur they can be immediately identified and resolved. At the U.D Nina Usman SPBU company, researchers will conduct research on "Evaluation of the Internal Control System for Inventory at

the U.D Nina Usman SPBU". The U.D Nina Usman SPBU company operates in the field of selling fuel oil. At the U.D Nina Usman gas station company, the role of internal control in this case is very important in increasing the security of inventory as company assets, because there are quite a lot of types of products and goods coming in and out so there is concern that there will be loss or theft of stock goods.

METHODOLOGY

Data Analysis Techniques

The technique used in this research is a method with a qualitative approach. This research will emphasize the discussion of problems in a gas station company based on reality, and in detail in the nature of explaining them in the form of sentences, and using the COSO (Committee of Sponsoring Organization of the Treadway Commission) method. The data source in this writing was obtained from the author's interview with the gas station manager.

Research Object

U.D Nina Usman, based at JL. Pramuka Raya, Matraman No.53 Paseban, Senen, Central Jakarta. U.D Nina Usman is a business operating in the fuel oil sector, namely SPBU (Public Fuel Filling Station). Which partners with PT. Pertamina (Persero). U.D Nina Usman was founded in 2004, but the inauguration of the gas station was on November 19 2004 which was attended by the Pertamina III company manager and the head of the gas station.

Data Types and Sources

In this research, the type of data used by the author is primary data, namely the author went directly to the research object and interviewed the head of the gas station manager.

Data Collection Method

The data collection method is taken by:

1. Interview method, where the author conducts questions and answers and discussions directly with the company, especially in parts related to the research object.
2. Observation Method, is a data collection method by direct or indirect observation of activities related to internal control of the U.D Nina Usman SPBU inventory.

RESULT AND DISCUSSION

Implementation of Internal Control System Components at U.D Nina Usman SPBU

The control environment is one of all other internal control components which includes all management and employee attitudes regarding the importance of control. The elements in implementing internal control at U.D Nina Usman are:

a. Internal Control Environment for Trading Company Inventory

The control environment emphasizes all key factors that simultaneously influence control policies and procedures. In general, inventory control of merchandise at U.D Nina Usman SPBU analyzes several factors that make up the company's control environment:

1. Integrity and Ethical Values

The integrity and ethical values implemented by this gas station have worked quite well. This is supported by the existence of regulations and policies that are implemented at gas stations by upholding honesty and discipline regarding the presence of operators who must arrive on time according to the time determined by the gas station. If a violation is found, the superior will provide *itpunishment* against employees who commit these violations.

2. Commitment to Competency

U.D Nina gas station has competent employees. Because SPBU U.D Nina considers the experience that prospective workers have when recruiting employees. For example, in the finance section of the U.D Nina gas station, selecting and recruiting employees with an educational background of a bachelor's degree in economics and in the operator field they must have expertise in operating storage tank machines which are useful for filling fuel in vehicles.

3. Participation of the Board of Commissioners and Audit Committee

The author did not get much information about the problem, because the gas station does not have a board of commissioners or audit committee. The board of

commissioners and audit committee of this gas station are located at the head office, aka PT head office. Pertamina.

4. Operations Management Philosophy and Style

Management Operations Style emphasizes the importance of reports that show correct and precise information about transactions related to merchandise inventory, both in sales reports, goods receipt reports, reports *stock recording*, and other reports. With this, the following reports are produced through the procedures implemented by the company along with competent documentary evidence to create adequate internal control.

5. Organizational structure

The organizational structure at Bank DKI Gunadarma University Sub-Branch has a clear organizational structure that explains the division of duties, authority and responsibilities for all workers or employees.

6. Assignment of Authority and Responsibility

The determination of authority and responsibility at U.D Nina Usman SPBU in terms of internal control is quite good. This condition can be seen from the separation of functions and delegation of authority to each member of the company according to their abilities and skills. With this separation of functions, management at a higher level can know and assess the various departments they lead, whether each employee is carrying out their duties well.

a. Risk Assessment (*risk assesment*)

Determining the risk of merchandise inventory at U.D Nina Usman SPBU is carried out based on consideration of fuel products whose useful life is wasted due to evaporation, resulting in a reduction in the number of sales which can be detrimental to the company, as well as considering the risk of legal sanctions from the government due to purchases that exceed the stated capacity. determined by regulations. This can damage the company's prestige and cause losses for the company.

To overcome this, the company conducted an inspection to check the correct amount of fuel oil. Fuel oil is a volatile product, therefore when transferring fuel oil from a tank car to a storage tank, grounding must be installed from the tank car to the storage tank under the supervision of a supervisor. The assignment of supervisors is also carried out in order to reduce losses due to evaporation of fuel oil that will be sold to consumers.

b. Information and Communication

The Information and Communication System at the U.D Nina Usman SPBU is quite good. This can be seen from the preparation of clear procedures within the company, including procedures for monitoring merchandise inventory involving several documents, and report notes resulting from recording in financial administration must be based on source reports which are accompanied by supporting documents that have been signed by the authority.

c. Internal Control Activities

1. Separation of Duties

U.D Nina Usman SPBU has carried out separation of duties related to merchandise inventory quite well, it can be seen that there is a clear division of duties, namely: reporting the amount of merchandise inventory that will be transferred from tank cars to storage tanks by the Supervisor. Calculate the number of liters of fuel oil inventory by the supervisor, and make physical reports via computer by financial administration.

SPBU U.D Nina Usman has implemented several control functions in the fuel inventory management section as follows:

- a. Operational Function, which is responsible for all gas station operations and reports to the main director.
- b. Human Resources function, which is responsible for human resources and employee progress to carry out applicable standard operating procedures (SOP).
- c. Marketing Function, which is responsible for selling fuel, as well as serving consumers in accordance with standard operational procedures.

2. Transaction Authorization

Authorization of transactions and activities is carried out by affixing a signature by an authorized person to the document for the transaction. Like, Order Letter. The signature is

affixed by the gas station supervisor as a confirmation that the fuel oil order has been received at the gas station.

3. Adequate Documents and Records

U.D Nina Usman has created documents and notes aimed at monitoring inventory. These recording documents are carried out by computer and submitted to the authorities. This can reduce employee fraud.

4. Physical Control of Assets and Records

Physical protection for this fuel oil is adequate, because there is a storage tank used to store fuel oil which is ready to be traded and is equipped with an APAR (Light Fire Extinguisher) to overcome the danger of fire.

Apart from that, CCTV is provided at every gas station, totaling 11 CCTVs, and danger signs are provided. As well as re-creating daily report notes both manually and using a computer.

According to the author, this company in determining policies in monitoring internal control, physical protection for inventory and records is adequate and computerized.

5. Independent Check of Implementation

U.D Nina Usman SPBU does not have an internal audit or an audit board of commissioners, therefore the U.D Nina Usman SPBU has carried out supervision and separation of its own inventory functions. This policy indirectly creates an independent check between the sections that carry out sales, store goods, record, and the section that deposits daily report results.

d. Monitoring

Monitoring can help to identify ineffective implementation of other control elements. Monitoring in every part of the company, especially supervision of inventory, is quite good, monitoring carried out directly by gas station superiors will reduce the occurrence of fraud such as theft of goods and every receipt and release of goods is also accompanied by complete documents and records as a monitoring tool for superior. The loss of inventory items so far has been recorded as a loss for SPBU U.D Nina Usman.

Inventory Control, Purchases and Sales at U.D Nina Usman SPBU

Premium supplies, pertalite, Pertamina, and biodiesel are stored in underground storage tanks at a depth of 3 m below the ground surface. Each BBM has a different storage tank and with a different volume. Premium has 1 storage tank with a volume of 32 KI, Peralite has 1 storage tank with a volume of 24 KI, Pertamina has 1 storage tank with a volume of 18 KI, and biosolar has 1 storage tank with a volume of 15 KI.

The gas station purchases fuel according to the remaining fuel oil remaining in the storage tank, making gas station purchases when the remaining fuel supply in the storage tank is 5,000 ltr. One-time purchases are 30,000 liters for premium, 20,000 liters for pertalite, 30,000 liters for Pertamina, 30,000 liters for biodiesel. Fuel orders are made by telephone to the bank and then transferred to the bank. The known mechanism and flow of fuel from ordering to delivery from the Pertamina depot to the gas station can be seen in inventory cycle 4.2.1. Fuel deliveries will be received or arrived at the gas station according to the payment made by the gas station.

Sales are carried out through dispensers, where each dispenser is operated by an operator and each dispenser has 2-3 operators. Operators are divided into 3 working hours, namely: first shift 06:30-14:30, second shift 14:30-22:30, and third shift 22:30-06:30. And when working hours end, the operator provides a report to the supervisor according to the number of liters sold during working hours. The number of liters can be determined through a measuring device on the dispenser which directly records the number of liters that have been dispensed through the dispenser.

Summary of Research Results

Evaluation of Internal Control System Components at U.D Nina Usman SPBU

The implementation of the internal control system for inventory at the U.D Nina Usman gas station is basically good if assessed based on the components of an effective internal control system and in accordance with the COSO (Committee of Sparing Organizations of Tradeway) method. The components of the internal control system are as follows:

1. Control Environment
 - a. Integrity and Ethics Values

The integrity and ethical values at the U.D Nina Usman gas station are quite good because of the code of ethics they have. All employees are obliged to provide good service to prospective customers or customers at the U.D Nina Usman gas station. Like doing the 3S, namely Greeting, Smile, Greet.

- b. **Commitment to Competency**
The commitment to existing competencies at the U.D Nina Usman gas station has gone quite well. Because the employees on duty have complied with the criteria and requirements of SPBU U.D Nina Usman. Employees who are experienced enough can be placed in a section that suits the employee's abilities.
 - c. **Management Philosophy and Style**
The documents at the U.D Nina gas station are quite good, because every gas station fuel inventory report will be used as a gas station archive, with the following reports produced through the procedures implemented by the company along with competent documentary evidence included so as to create control sufficient internals.
 - d. **Organizational structure**
The organizational structure of the U.D Nina Usman gas station is quite good. Because SPBU U.D Nina has an organizational structure where each employee has carried out their respective duties properly and correctly according to their respective abilities.
 - e. **Assignment of Authority and Responsibility**
The granting of authority and responsibility to the U.D. Nina Usman SPBU is quite good, because if you look at the existing organizational structure, the U.D. Nina Usman SPBU already has employees with their respective divisions of duties.
2. **Risk Assessment**
The risk assessment at the U.D Nina Usman gas station is adequate, because the U.D Nina Usman gas station has established regulations. This gas station also has a way to prevent supplies from being wasted, considering that this gas station's stock is volatile fuel oil. The next step is to store the fuel oil in the storage tank that this gas station has prepared.
 3. **Information and Communication**
Information and communication at this gas station has been going well because there are documents and good communication between the Management and employees to see how developments have been going on in the last month. If there is a reduction in inventory but income does not increase, the management will check via a computer connected to the storage tank.
 4. **Control Activities**
Control activities at the U.D Nina Usman gas station have been implemented quite well. Due to the authority of each document, recording of each transaction and a clear organizational structure with a division of tasks in each section. And gas stations have also carried out physical controls on inventory items and the gas stations themselves, ensuring that supplies do not run out due to evaporation when transferring from tank cars to storage tanks.
 5. **Monitoring**
Monitoring in each section of the gas station has been running well. In particular, supervision over inventory is quite good, monitoring carried out directly by gas station superiors will reduce the occurrence of fraud such as theft of goods and every receipt and release of goods is also accompanied by complete documents and records as a monitoring tool for superiors. The loss of inventory items so far has been recorded as a loss for SPBU U.D Nina Usman. And superiors will carry out direct checks when they have free time.

Evaluation of Inventory, Purchasing and Sales Control at U.D Nina Usman SPBU

The inventory at the Nina Usman gas station is quite good. Starting from the fact that there are many types of fuel oil supplies that are bought and sold, and by having adequate inventory storage places to store fuel oil properly in gas station storage tanks so that the fuel oil does not evaporate when it is bought and sold.

The purchase of supplies at the U.D Nina Usman gas station has been going well. Because gas stations will buy supplies again according to needs, and the remaining fuel supplies are in storage tanks. The gas station will buy supplies again when the remaining fuel oil supply in the storage tank is at least 8,000 liters.

Sales at this gas station have been good. Because 30,000 liters of supplies can run out in approximately two weeks. In a day, gas stations can sell more than 10,000 liters. For example, daily sales of premium can reach 14,000 liters, pertalite 10,000 liters, Pertamina 13,000 liters, and biodiesel 20,000 liters. These sales are calculated for all working hours in a day. And when working hours end, the operator provides a report to the supervisor according to the number of liters sold during working hours.

Looking at the explanation above, it can be concluded that SPBU U.D Nina Usman has tried to carry out all existing procedures properly in accordance with the components of internal control using the COSO (Committee of Sparing Organizations of Tradeway) method. The Internal Control System for Inventories at the U.D Nina Usman SPBU can be said to be good because when purchasing fuel oil supplies according to

needs they can be sold out within an undetermined period of time. However, the results of a joint interview with SPBU U.D Nina said that fuel oil supplies could run out in approximately two weeks.

CONCLUSION

Based on the discussion and analysis above regarding the internal control of the Nina Usman gas station, the author can conclude that the internal control at the U.D Nina Usman gas station has been running well. Because UD Nina Usman has achieved its goals, including achieving company targets, including the security of resources such as company assets which have been carried out with an internal control system over inventory. As well as having implemented internal control elements based on COSO, this gas station has not yet implemented an audit committee. So this gas station does not yet have COSO components which have not yet been implemented by the U.D Nina Usman gas station.

Based on the conclusions above, the author tries to provide advice to UD Nina Usman SPBU which may be useful in overcoming the weaknesses contained in the internal control system for merchandise inventory. The suggestions given by the author are that the overall internal control system for inventories at gas stations is adequate. However, there are several components that have not been implemented at gas stations. Namely the components of the Audit Committee. In my opinion, the U.D Nina gas station should be able to complete or add an audit committee as one of the components of internal control according to COSO, so that internal control of the gas station inventory can run according to the company's operational standards. And, gas stations can find out any company inventory shortages by looking at the internal control of the inventory.

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