

## ANALYSIS OF INTERNAL CONTROL SYSTEM OF MERCHANDISE INVENTORY AT MULIA MART RETAIL STORES

Muhammad Saddam<sup>1</sup>, Rigamala Basyir<sup>2</sup>, Nardi Gunawan<sup>3</sup>

Accounting Study Program, STIE Hidayatullah, Depok, Indonesia.

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### Abstract

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*This study aims to find out how the systems and procedures for inventory of merchandise applied to Mulia Mart are in accordance with the objectives of internal control. To obtain the data used in compiling this research, the authors needed data collection tools in the form of interviews, observational observations and documentation. The method used is descriptive qualitative method. The results of this study can be concluded that the internal control system for merchandise inventory at the Mulia Mart retail store is in accordance with the objectives of internal control for merchandise inventory, the merchandise has been running effectively, it only remains to improve the implementation system so that it is even better in the future*

**Keywords:** *Internal control system, inventory analysis*

(\*) Corresponding Author: [rigamala07@gmail.com](mailto:rigamala07@gmail.com)

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## INTRODUCTION

In the era of globalization, Indonesia is currently one of the developing countries so that the company's industries are able to compete with other countries, especially in trading companies. A company must have the same goal, namely realizing the company's plan to get a profit, so that it can develop its company for the better. One element that becomes a factor in the development of the company is inventory.(Regina, 2021).

Inventories are current assets in the form of goods or equipment intended to support the company's operational activities and goods intended to be resold to consumers(Beautiful Sari, 2019). The more advanced a trading company is, the more problems it will face, including fraud, fraud which will lead to losses for the company. With this, we need a control effort in it.(Hariyanti & Suharsono, 2014)

According toPandiangan, (2014: 154)Merchandise Inventory is a form of company investment in the form of goods. Inventory will be used by the company to create the company's main income. According toShatu (2016:136) in(Regina, 2021) a series of control policies to determine the level of inventory that must be maintained is an inventory management system. If the amount of inventory is too large (overstock) it results in large idle funds, it also creates a greater risk of damage to goods and high storage. And if the supply of these goods is lacking, it will result in consumer needs not being met.

Based on research according to Nur Naningsih in(Kirani, 2021)states that with good and correct inventory accounting records it allows a company when



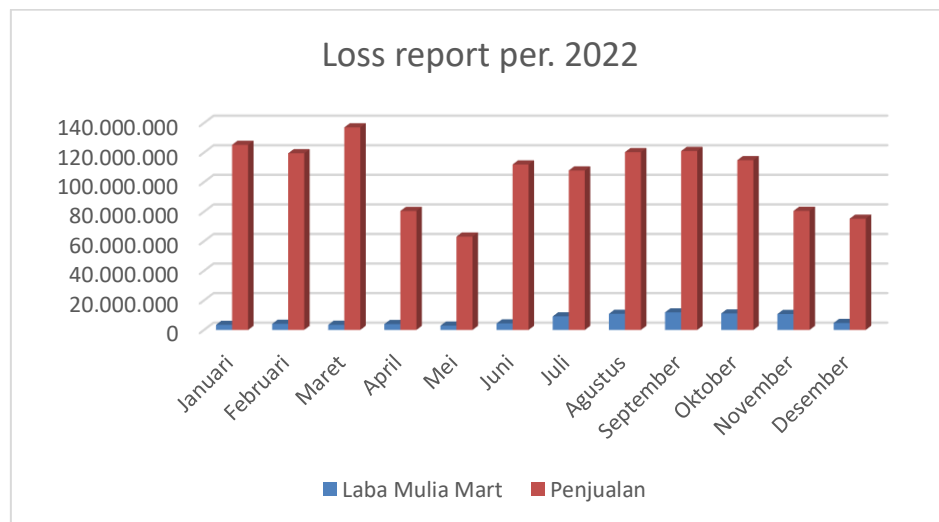
running the company's wheels to optimize the profits to be obtained, and operate effectively and efficiently as expected. By carrying out an inventory accounting analysis of profits, the company can certainly see the condition of the company's inventory optimally in one period, making it easier for the company to know exactly how big or small the company's profits are.

In another study conducted by Suharti and Rizky Fong in (Kirani, 2021) stated that in determining the cost of goods (acquisition) of inventory, the company did not include the cost of purchasing goods as a cost of inventory, but as the company's operating costs, thus determining the cost of goods sold was not in accordance with financial accounting standards.

Mulia Mart is one of the YPPH Depok Business Units engaged in buying and selling. Both food, beverage and non-food products or daily needs. Mulia Mart is classified as very well developed. This can be seen from the number of buyers who are always busy every day. Mulia Mart, frequent loss of merchandise inventory.

The loss of merchandise inventory was due to the negligence of minimarket employees in managing inventory. Employees often do not record the use of inventory when the minimarket is busy with buyers so that the inventory inventory records do not match the inventory stock data on the computer. This resulted in reduced minimarket assets in the form of inventory which became the main asset of the minimarket due to poor internal control.

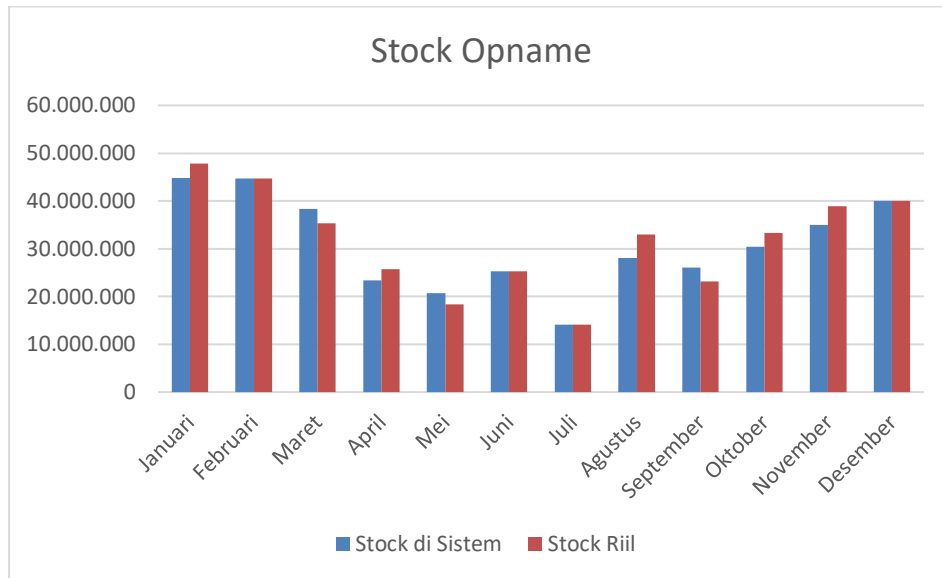
Figure 1.1. Mulia Mart Per Financial Statements. 2022



Source: Processed data, 2023

Figure 1.1 above shows that Mulia Mart's profit growth and sales growth from month to month during 2022 are still fluctuating, the difference between sales and profit is quite large. This can be minimized if good control is carried out.

Figure 1.2 Stock taking of Mulia Mart



Source: Mulia Mart, 2023

Meanwhile, as can be seen from Figure 1.2 illustrates the consistency of the difference between real inventory and system inventory. The difference can reduce profits. The loss of merchandise inventory is due to the absence of a good inventory system. This resulted in reduced minimarket assets in the form of inventory which became the main asset of the minimarket due to poor internal control.

Based on the background of the problems above, the authors are interested in conducting research with the title "Analysis Of Internal Control System Of Merchandise Inventory In Mulia Mart Retail Stores"

## RESEARCH METHOD

This study uses a descriptive analysis method with primary and secondary data sources. Primary data was obtained from owner interviews while secondary data was obtained from existing SOP documents. The data that has been processed is then analyzed using a qualitative descriptive analysis. Qualitative descriptive analysis is an analysis that is realized by describing the reality or circumstances of an object in the form of a description of a sentence based on statements from parties directly related to this research. The results of the analysis are then interpreted to provide a clear picture of the problems posed.

## RESEARCH RESULTS AND DISCUSSION

Mulia mart is a business that was formed as a business unit of the Hidayatullah Islamic Boarding School Foundation, Depok, West Java. Mulia Mart itself is engaged in the business of selling merchandise such as household appliances, snacks, goods entrusted to MSMEs and various other needs. The noble goal of this mart is to satisfy customers with service and low prices and sell complete goods, a comfortable place, visited by many buyers and known by the local community.

Elements of Internal Control over inventory at Mulia Mart in the merchandise inventory accounting system include inventory ordering procedures, inventory receiving procedures, stock taking procedures, and inventory recording

procedures. These internal controls are coordinated to maintain inventory, check the accuracy and reliability of inventory accounting data, encourage efficiency and encourage compliance with management policies.

Based on the procedure for ordering goods, the head of the store / supervisor receives a letter of request for goods from the cashier / administration, then checks and confirms the letter of request for goods from the cashier / administration, then the head of the store / supervisor first looks at the inventory in the warehouse. If the inventory is estimated to be low, Mulia Mart will reorder inventory

Based on the procedure for ordering supplies, Mini Market Mulia Mart has carried out the ordering procedure properly, such as the supervisor/head of the shop receiving a letter of request for goods from the sales clerk function and the administration/cashier function. Based on the analysis of the researcher, the supervisor, the head of the store receives a letter of receipt of supplies from the sales assistant function and the administrative/cashier function, and checks the receipt of the supplies received. So that the occurrence of a fraud or incompatibility of the ordered inventory can be minimized or even prevented.

The procedures for receiving and storing goods from Mulia Mart are: Cashier / administration Ensure that invoices received are in accordance with the address, checking the type, quantity, quality and quality of goods, making receiving reports, reporting goods received to the supervisor/head of the store and ensuring that no goods are expired. Then the administration enters and records the goods entered into the computer and enters them into the warehouse.

Based on the procedures for receiving and storing goods above. Mulia Mart has carried out the procedure for receiving inventory items, such as when goods arrive the administration/cashier receives an invoice for incoming goods originating from a purchase order from a supplier, then ensures the number of goods and types of goods that arrive are in accordance with the order on the invoice, the cashier/administration also ensures and checks that every item that arrives is not expired. In addition, when the goods arrive, the administration / cashier also ensures that there are no expired items. . However during the receiving and storage process there is an expired inventory of goods, that is, if the goods are congested, they must be returned to the owner and if the goods from the supplier can be returned. If the item is bought off then before the expiration date. So, a minimum of 5 months must be sold.

Based on the description above, there are storage and receiving procedures that are not quite right, in this case the receiving procedure should be carried out by the warehouse function, in this case the warehouse function checks the type, quality and quality of goods, makes a receiving report, reports the goods received to the supervisor/head of the store is not carried out by the administrative function/cashier or the sales clerk function itself. The inventory storage procedure should not be carried out by the administration/cashier or the sales clerk itself, but the warehouse function must be involved in the inventory storage procedure. Separation of each function and task, in this case the administrative/cashier function checks the receipt of goods, recalculates the inventory received, signs the inventory received and then records it in the incoming goods book.

The procedure for recording the inventory of goods from Mulia Mart is when the goods arrive, the administration / cashier ensures filling in the incoming

goods form and recording the goods entered into the goods stock card. In recording the expenditure of goods, the administration also checks the number of goods that come out and records the goods that come out in the stock card.

Based on inventory recording procedures, Mulia Mart has carried out inventory recording procedures properly, such as recording inventory on the goods receipt form when goods come in and on the stock card for incoming and outgoing goods. As for the method of recording inventory, Mulia Mart uses the FIFO (First In First Out) method, where the goods that arrive first will be placed or issued at the end, and the goods that have been coming for a long time will be issued first.

The stock taking procedure for Mulia Mart is as follows: Make sure you have received item data from admin, then administration/cashier start counting goods and adjusting to the data, filling in the item data according to the existing goods starting from the preferred shelf, then tidied up the items on the shelves and move on to the next item and signed the Stock Taking Form.

Based on the stock taking procedure above. Mulia Mart has carried out stock taking procedures, such as the head of the shop / supervisor making a stock taking schedule, then the administration / cashier and sales clerk doing stock taking calculations and filling in and recording existing items according to the data provided by the administration / cashier

The author analyzes the data obtained from the Mulia Mart minimarket and compares it with theories that are considered appropriate to the existing problems, so that a solution will be obtained and the implementation of the internal control system at the Mulia Mart minimarket can be identified and from the results of this comparison it can also be identified deviations that can harm the company.

**Table 1. Presentation of Research Data**

No	Examined elements	Research data	Accounting Information Standards
1	Internal Control of Merchandise Inventory	Checking of merchandise inventory is carried out by other department functions.	Checking of merchandise inventory is carried out by the warehouse function.
2	Internal Control of Inventory Ordering, Receiving, and Inventory Dispensing	The storage and receipt of inventory is carried out by the administration or cashier.	The storage and receipt of inventory is carried out by the warehouse department.

## CONCLUSION

In conclusion, the internal control system for merchandise inventory at the Mulia Mart retail store is relatively effective. A good inventory recording system, verification of receipt of goods, segregation of duties, physical control of inventory, periodic reconciliation, and internal audits are some of the steps taken to ensure inventory integrity and prevent errors or fraud. Although no system is perfect, Mulia Mart has mechanisms that can identify and mitigate risks associated with inventory management.

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