

ANALYSIS OF INTERNAL CONTROL SYSTEMS ON MERCHANDISE INVENTORY PROCEDURES AT PERUM BULOG REGIONAL OFFICE OF NORTH SULAWESI

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ABSTRACT

Inventory is very important in supporting the company's operational activities. Large quantities of inventory are vulnerable to the risk of damage, theft and misappropriation. Therefore, the internal control system must be implemented properly and effectively so that the inventory of goods is maintained. The purpose of this study is to determine the internal control carried out by Perum Bulog Kanwil North Sulawesi in order to get a clear picture of whether the internal control of inventory applied is effective. The method used in this study is a qualitative descriptive method, namely by conducting direct interviews with company employees. The results of research at Perum Bulog Kanwil North Sulawesi on internal control of inventory have been quite effective. Where there is a separation between functions related to receiving and dispensing inventory and all transaction activities and procedures already using system applications. However, Perum Bulog needs to pay attention to manual recording in anticipation of system damage that may occur.

KEYWORDS Internal Control System, Inventory, Bulog Divre Sulut



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INTRODUCTION

Basic food is an important indicator of community welfare and food security. Fluctuations in basic food prices can trigger social and economic unrest. The key to maintaining stability and minimizing social unrest related to food scarcity is the stable availability and accessibility of basic commodities.

In order to fulfill the availability and stability of basic food prices, the State has appointed a special agency, namely Perum Bulog as a state-owned public company engaged in logistics. Perum BULOG has a very important role in maintaining the availability and price stability of trade goods in Indonesia,

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especially for basic goods that are the main needs of the community. To meet the main needs of the community, namely staples, Perum BULOG presents goods / products in the form of Beraskita Premium, Maniskita Sugar, Terigukita, Minyakita and SPHP Rice (Stabilization of Food Supply and Prices) to support the realization of food sovereignty.

Inventories are current assets that support local government operations and can be sold to provide services to the community. (Hinrich & Lintong, 2022) In addition to inventory, Paceda II Warehouse is one of the assets owned by Perum BULOG which is used as a place to store inventory. Paceda II warehouse is located on Jl. Raya Madidir Unet in Bitung city with a building area of 1,440 M² and a land area of 3,701 M². The location is very strategic on the edge of the highway, easy and wide access in and out of the warehouse, sturdy warehouse buildings with a clean and comfortable environment.

Inventory of goods is vulnerable to the risk of damage, theft, and irregularities. The large amount of inventory makes the stock of goods in Perum BULOG often occur discrepancies or losses whether it is due to fraud from consumers or negligence from employees or it could also be an error in making entries into the computer so that stock minuses often occur. Therefore, it is necessary to implement effective internal control to protect business continuity. These internal controls must be based on solid elements and applied consistently to minimize potential losses. (Yanti, 2022)

LITERATURE REVIEW

Supplies

Inventory is an important asset for a company to achieve a goal/target. The generally large value of inventory shows its role in supporting the company's effectiveness. As the current asset with the largest proportion, inventory is the key to smooth operations. Therefore, companies need to make the right decisions regarding inventory to maintain their business continuity. (Greety et al., 2022).

According to Statement of Financial Accounting Standards (PSAK) NUMBER 14 Inventories are assets that are available for sale in the ordinary course of business, in the production process of such sales or in the form of materials or in the form of equipment for use in the production process or purchase of services.

Internal Control System

The internal control system is a series of actions and policies implemented by the company to ensure the achievement of objectives, compliance with policies, and efficiency of operations. This system consists of organizational structures, methods, and measures designed to control and direct the course of the company. (Anggraini et al., 2020)

Components of Internal Control

Internal control according to *Committee Of Sponsoring Organization* (COSO) includes 5 (five) components, namely the *control* environment, *risk* assessment, *control activities*, *information and communication*, and *monitoring*. (Arta et al., 2022)

RESEARCH METHOD

The type of research used is qualitative research which is descriptive research. For data collection, namely by conducting in-depth analysis at Perum BULOG regional office of North Sulawesi and Gorontalo where researchers conduct research by going directly to the field to conduct observations, interviews and analyze company data. (Tuerah et al., 2023)

RESULT AND DISCUSSION

Research Results

From the results of interviews conducted with Mrs. Resyna Lalujan, data in the form of information regarding incoming goods procedures, inventory procurement procedures from warehouses to consumers, procedures for issuing goods, stock-taking and systems that control inventory in warehouses can be explained as follows:

Procedure for Goods Entering the Warehouse

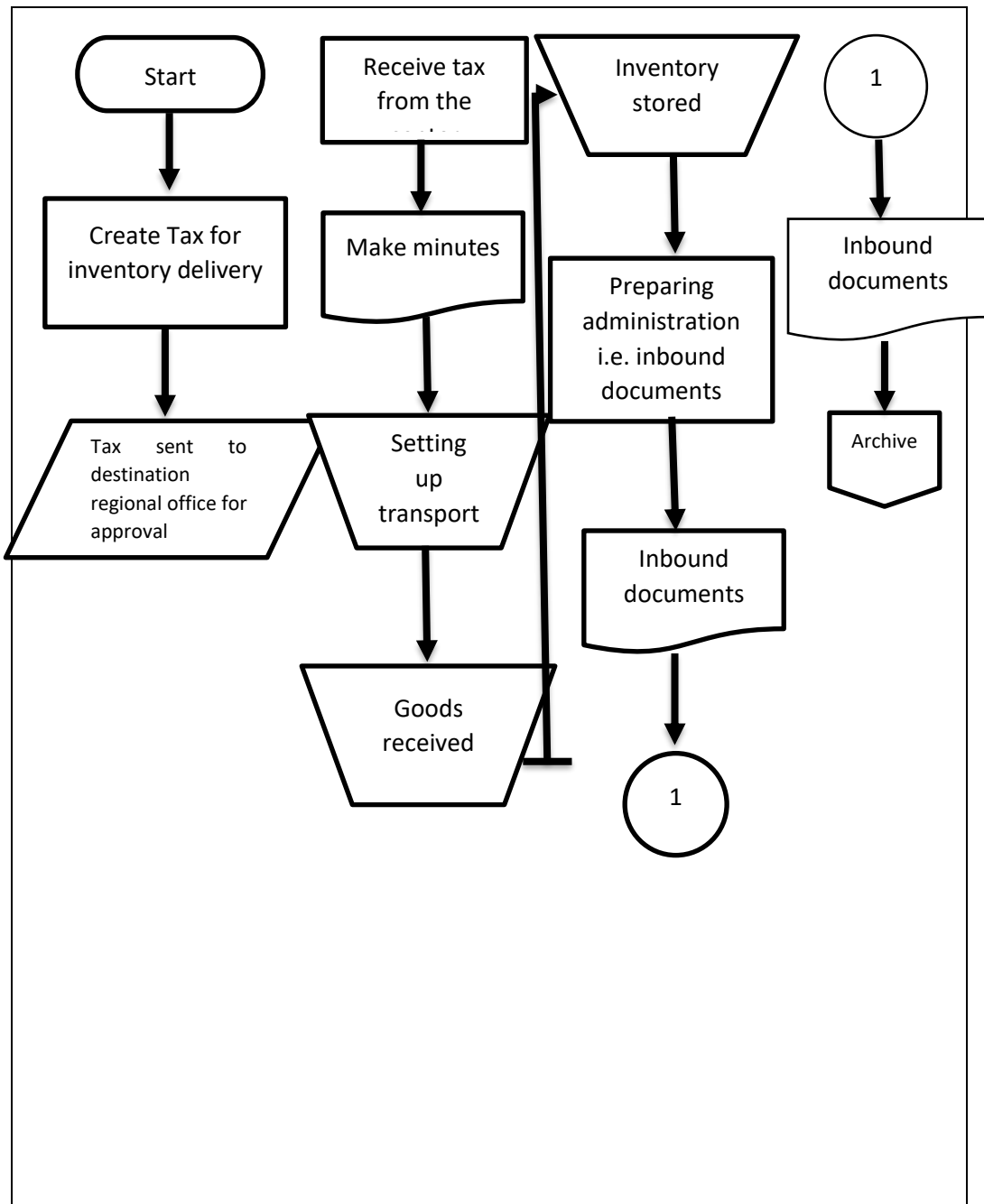
At Perum Bulog there are several processes for entering goods into the warehouse, namely as follows:

1) Move Freight / transfer of supplies to other regional offices

For example, there is a shipment of flour stock from the Jatim Regional Office to the North Sulawesi Regional Office, for the entry of goods into the North Sulawesi Regional Office warehouse begins with obtaining a tax from the center. Usually Tax from the center aims to move commodities from Bulog other regional offices to the destination regional office warehouse. After being approved to move freight, the procurement department will arrange transportation when the goods arrive at the port to be taken to the warehouse. The warehouse section takes care of the administration in the form of inbound documents and is submitted to the business sector for the merchandise sales process.

Flowchart of Move Freight procedure

Bulog Headquarters	Procurement field	Warehouse	Business Field
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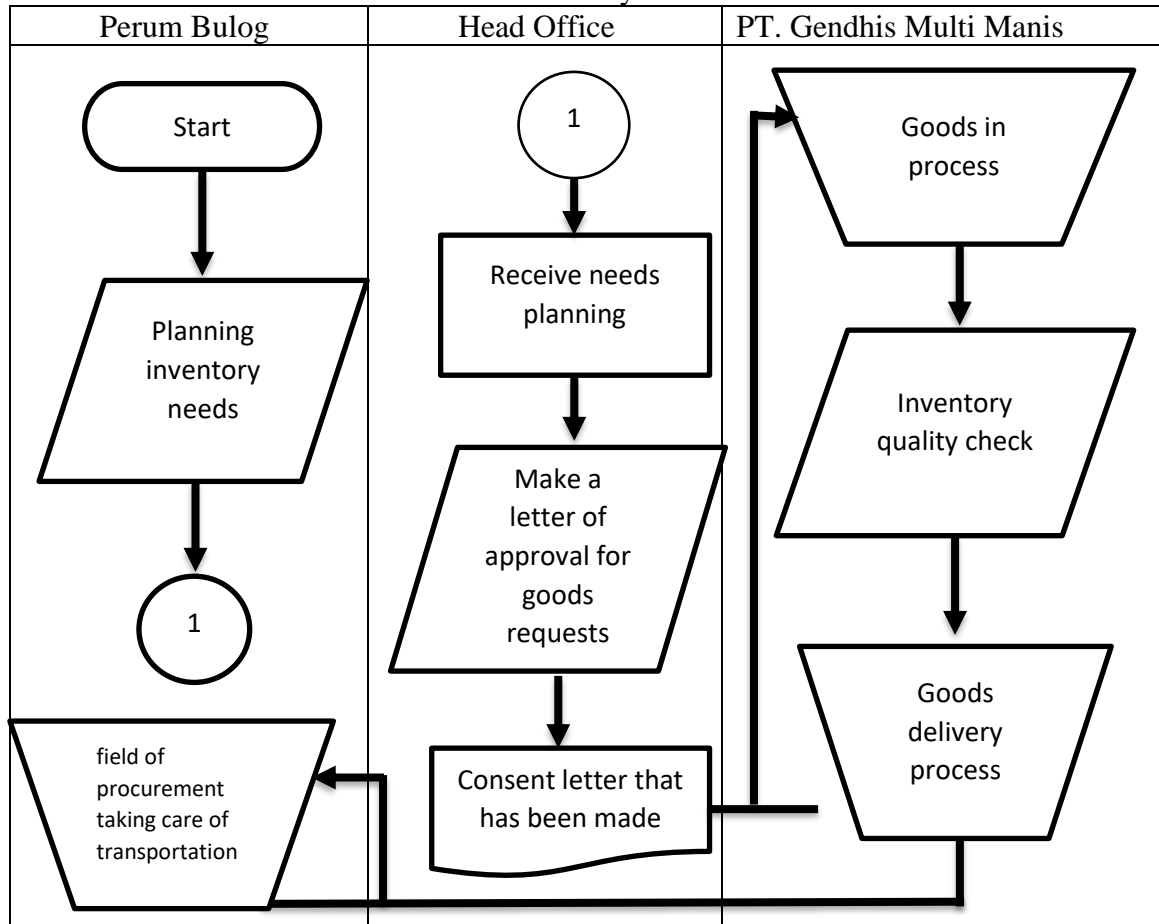


2) Entry of goods from subsidiaries

PT Gendhis Multi Manis (GMM)-Bulog is a subsidiary of Perum Bulog engaged in the sugar industry. PT Gendhis Multi Manis is located in Tinapan, Todanan sub-district, Blora district, Central Java. Before the goods in the warehouse run out, Perum Bulog plans inventory needs, Perum Bulog plans the needs for the current year or for next year according to how much inventory needs are needed. From the planning of these needs, a letter of request for goods is made and

submitted to the head office. After the approval from the center is issued, the goods will be processed by PT Gendhis Multi Manis and sent to the Bulog warehouse.

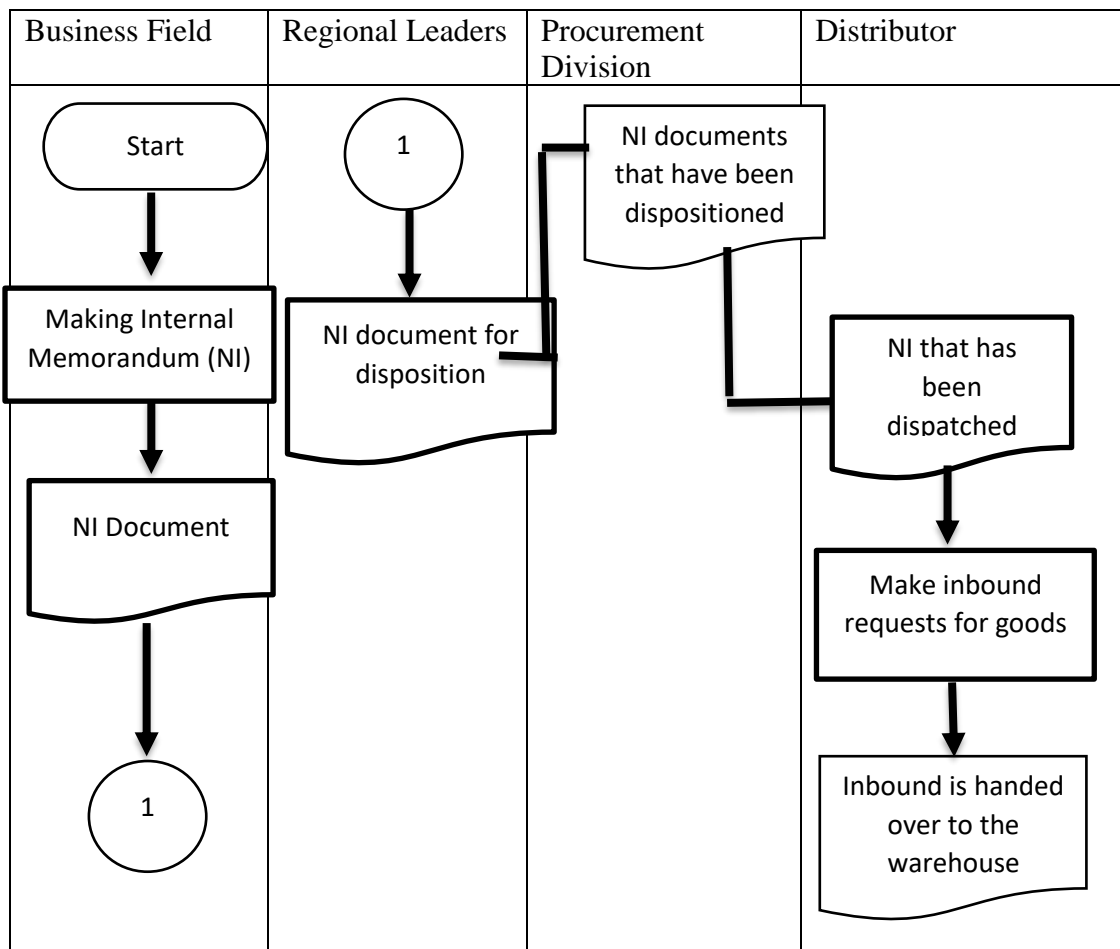
Flowchart of Goods Entry from Subsidiaries



Inventory Procurement Procedure from Warehouse to Consumer

- 1) The Business Division makes an Internal Memorandum (NI) to be submitted to the Regional Leader (PINWIL) for disposition to the procurement sector.
- 2) Furthermore, the procurement division is tasked with sending the NI that has been dispositioned to the distributor section for requests for goods in the form of sugar, oil and flour while for rice the procurement section sends NI to the rice mill.
- 3) After the NI from procurement is received by the distributor, the distributor/rice mill inbound requests for goods ordered by consumers to the warehouse.
- 4) The warehouse department receives inbound and checks the documents to process the goods for sale.

Flowchart of procurement procedure from warehouse

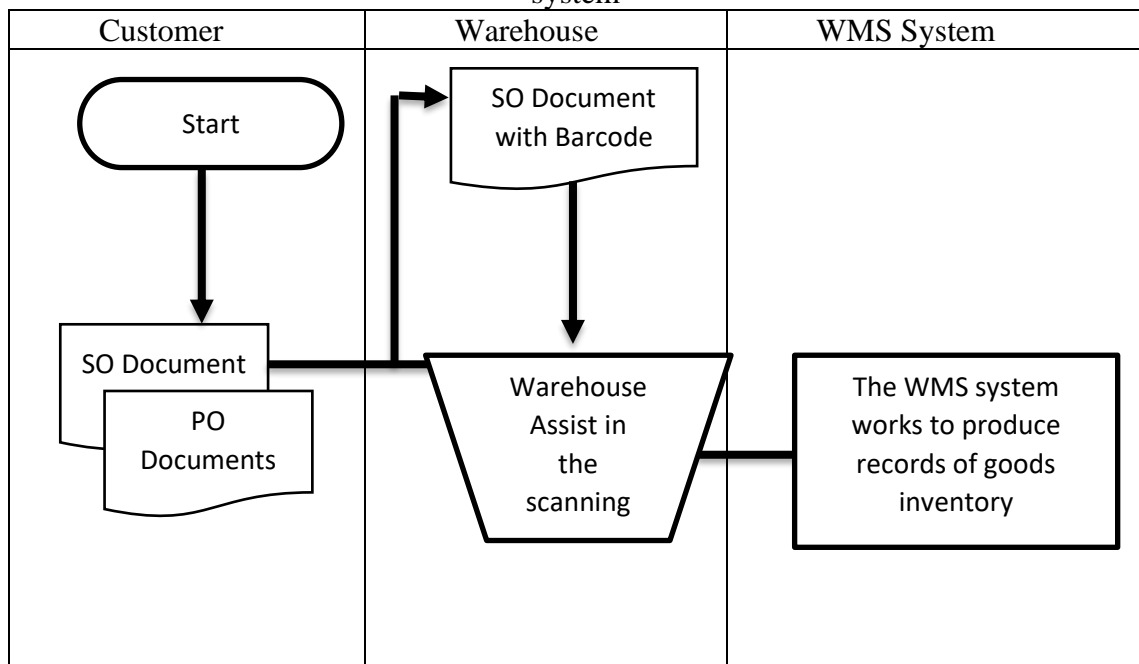


Goods release procedure

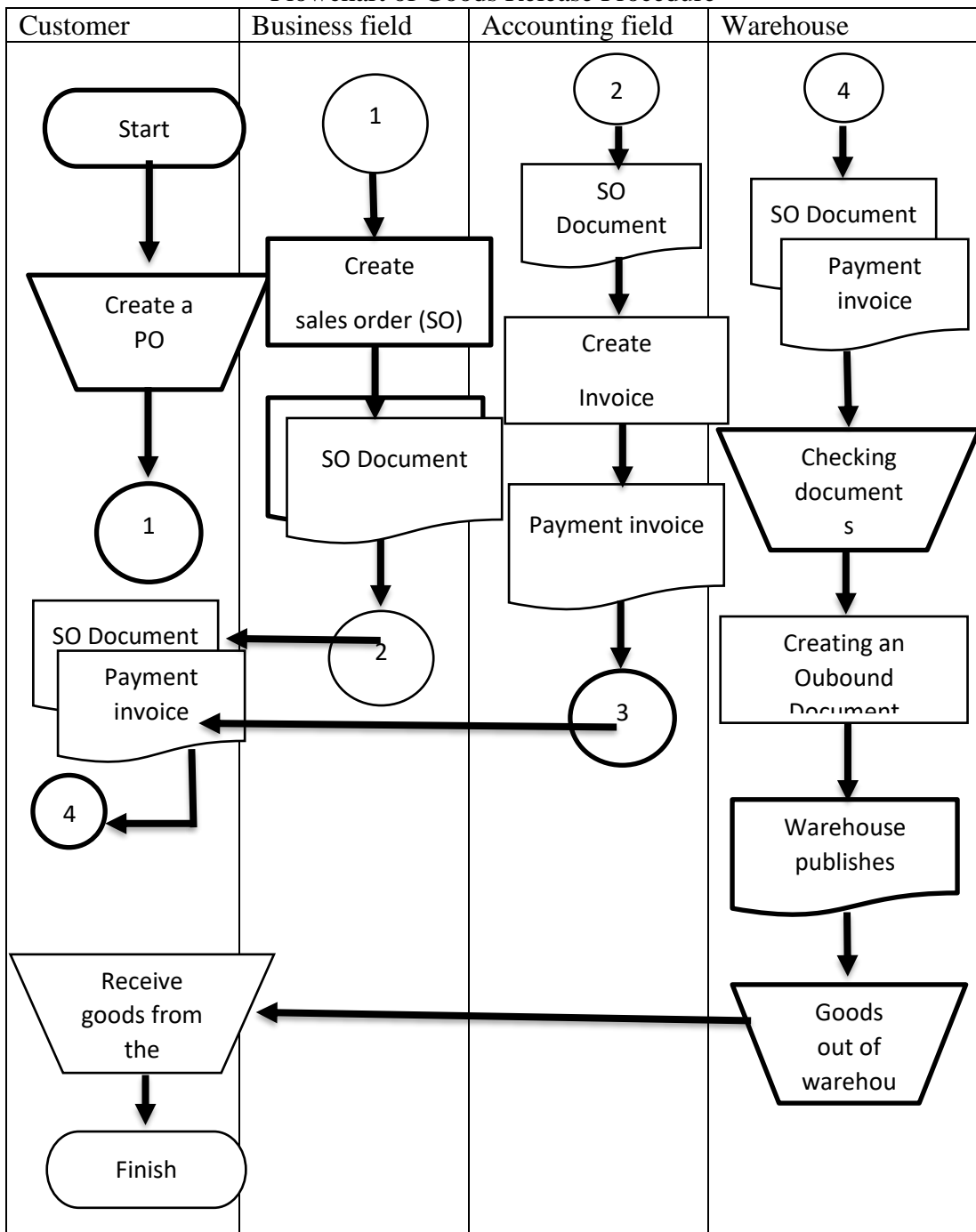
- 1) The customer enters a *Purchase Order (PO)* to the business field then from the basis of the *purchase order* the business field makes a *Sales Order (SO)*.
- 2) *Sales Order (SO)* creation is made by the business field using Bulog's special application, namely ERP (*Enterprise Resource Planning*) or can be called Bulog ERP Application System (BERAS).
- 3) Then from the basis of the *SO* it is submitted to the finance department
- 4) Finance department receives *SO* from business area to process invoice
- 5) After the invoice is generated, customers can make payments by transfer for the purchase of goods such as premium Beraskita, sugar, flour while for the type of SPHP rice (*Stabilization of Food Supply and Prices*) make cash payments to the OPP field.
- 6) The two documents, namely the *sales order (SO)* and invoice, are submitted to the warehouse to be checked and the warehouse issues outbound documents.
- 7) After the outbound document is issued, the goods can leave the warehouse and be delivered to consumers.

In addition to the procedures for releasing goods described above, the North Sulawesi Regional Office of Perum BULOG is system-based where the warehouse is equipped with a *Warehouse Management System*. This system helps customers get the goods they ordered because the *Sales Order (SO)* document is equipped with a Barcode. Customers submit this SO to the warehouse to be checked then the warehouse will assist customers in the barcode scanning process. Then, the number of goods reduced in the warehouse will be automatically recorded in this system.

Flowchart of goods release with the WMS (*Warehouse Management System*) system



Flowchart of Goods Release Procedure



Physical inventory count/Stock Opname

- 1) *Stock-taking* is done at the end of every month
- 2) Before doing *Stock Opname*, the first thing to do is to pull data from the ERP application. All data on goods entry transactions (IN) and goods release transactions (Out) are inputted into the ERP application, then the final stock will appear in ERP.

- 3) Then from the final *stock* data in ERP, it is pulled to perform a physical calculation of the inventory of goods in the warehouse.
- 4) Based on this data, the warehouse department checks whether the inventory is in accordance with the final *stock* data in ERP or not. If it is physically different from the final *stock* data in ERP, then there are items that have been issued but not inputted in ERP or there are missing items.

Discussion

Data analysis related to the inventory internal control system is carried out based on the internal control system indicators put forward by the *Committee Of Sponsoring Organization* (COSO), including:

1. Control environment
2. Risk assessment
3. Information and communication
4. Control activities
5. Surveillance

Control environment

Perum Bulog North Sulawesi Regional Office strongly upholds the commitment to integrity and corporate ethical values. Therefore, every time starting work activities, each field gathers to do Donita. Donita is a small meeting held by each field before starting work which begins with praying and saying the company's core value, namely AKHLAK (Amanah, Competent, Harmonious, Loyal, Adaptive, Collaborative) besides that, once a month worship is always held for all existing employees according to their respective beliefs. This indirectly trains every employee to be able to uphold all the rules that apply in the company and be honest. Documents related to the procedures for receiving, issuing and selling merchandise are archived directly and are well computerized. Perum Bulog North Sulawesi Regional Office has a functional organizational structure, with a clear division of duties and responsibilities. This supports effective and efficient company operations and facilitates internal control.

Although the Board of Commissioners and Audit Committee of Perum Bulog Regional Office of North Sulawesi are based in Jakarta, the head office still monitors the implementation of internal inventory control in the regions through an audit team. This team conducts audits by requesting regular reports from management and evaluating them. This mechanism is quite effective for Perum Bulog North Sulawesi Regional Office. Bulog implements good personnel policies and procedures that support the implementation of the company's internal controls. This is because employees are an important component in the internal control system. The recruitment, training and reward policies implemented based on employees' responsibilities and achievements have helped foster the quality of employees who are honest, skilled and have high loyalty to the company.

Risk Assessment

The assessment of inventory risk carried out by Perum Bulog is by making an inventory report and analyzing the physical inventory in the warehouse by

matching the physical amount of inventory with data from Bulog's special application. In order for the availability of inventory at Perum Bulog regional office of North Sulawesi to be sufficient, the company conducts stock-taking which is carried out to verify the accuracy and even distribution of the quantity and quality of rice stored in the warehouse. This physical check can reduce the possibility of shortages, accumulation, or fraud that may occur. To maintain good inventory quality, Perum Bulog routinely conducts warehousing pest control activities with 3 control methods, namely fumigation, spraying and fogging carried out by the Survey and Pest Control Services Business Unit (UB JASTASMA) as a way to anticipate the risk of complaints about the quality of goods and returned goods from consumers related to the inventory purchased.

Information and Communication

Information is processed data that is used as decision making for the implementation of organizational tasks and functions. The information system at Perum Bulog is good because all inventory records and accounting transactions at Perum Bulog already use a computerized system so that the data processing process is faster and the accuracy level is high.

Control activities

Perum Bulog North Sulawesi Regional Office implements adequate internal control through a clear separation of duties in the procedures for receiving, storing and issuing merchandise. Each transaction and activity is appropriately authorized and evidenced by the signature and stamp of the authorized party.

Perum Bulog North Sulawesi Regional Office is quite effective in carrying out physical control of inventory by equipping CCTV cameras in every corner of the company and in the warehouse. With the CCTV cameras, it can help the company to minimize the theft of inventory in the warehouse. Physical protection of important documents and records is stored and archived in a binder.

Monitoring

The supervision carried out by Bulog starts from the warehouse, which is the center of the exit and entry of goods. Bulog monitors the inventory of goods by conducting stock-taking once a month. For the supervision of documents related to the release of goods, routine checks are carried out by the audit department within the company. The supervisory activities carried out are effective enough to support the creation of adequate internal control in the company.

CONCLUSION

The inventory control environment at Perum Bulog North Sulawesi Regional Office implements a well-structured functional organizational structure because the division of tasks and responsibilities is clearly defined and distributed to each section, thus minimizing duplication of tasks and ensuring that each employee contributes according to his expertise. The risk assessment conducted by Perum Bulog is good. This can be seen from the anticipation carried out by the company in dealing with risks that may occur. information systems are effective because they

are system-based/computerized so that data processing is faster and more accurate. However, the weakness of the computerized system is the occurrence of system damage due to overuse of computers. For this reason, manual records must be made in anticipation of a failure in the computerized system. Control activities are adequate, because each document is properly authorized by authorized employees and existing documents are systematically archived. Supervisory activities are quite effective, because all archive documents are checked by the audit department within the company before being submitted to the auditing department for verification. Physical protection of inventory is also effective because the warehouse has CCTV cameras to increase supervision to minimize loss of goods.

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