



SIMPOSIUM ILMIAH AKUNTANSI 5

CONTROL OF GOODS REGARDING RAW MATERIAL PROCUREMENT AUDITS AT PT FUTURE PIPE INDUSTRIES

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ABSTRACT

The purpose of this research is to determine the raw material procurement process that has been running at PT Future Pipe Industries (PT. FPI), which is a branch of a fiberglass pipe manufacturing company based in Abu Dhabi. Like companies in general. PT. FPI, which operates in the manufacturing sector, also has certain targets that it wants to achieve in an effort to grow and develop into a leading company in its field. The results of the research are that the control environment has been running with an organizational structure and clear division of tasks. Risk assessment runs well using computerized technology. Activities run well because the receipt and release of raw materials is carried out by authorizing authorized division staff and physical inspection of goods is carried out regularly. Information and communication runs well between division managers, supervisors and division staff, who regularly conduct briefings before starting operational activities and handover between division staff every shift exchange. Monitoring (supervision) of all activities related to raw material supplies is carried out in accordance with authorization from managers and supervisors with consideration of available stock and stock for upcoming projects. And suggestions for PT Future Pipe Industries to create a policy to carry out a thorough physical inspection of raw materials (stock taking). Because usually Stock Taking is only carried out for raw materials that are often used (fast moving), so it is susceptible to variance in raw materials in the slow moving category. This can be done every 3 months, so that all existing stock can be monitored properly.

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INTRODUCTION

Companies operating in the manufacturing sector have several stages in order to produce a product. One of them concerns the procurement of raw materials which is an important element in the production process. There are three important stages in the procurement process including procurement planning, procurement implementation, and the procurement stage for the goods or services received (Bayangkara, 2015). These three stages can be very vulnerable to various deviations. Therefore, these three processes must receive adequate control.

Control over procurement planning ensures that the raw materials obtained are the raw materials that are really needed in the operations of the user unit, the type, specifications and quantity. Control at this company has been running quite well by providing finished products in the form of fiberglass pipes that are in accordance with customer requests and of course with the best quality. Apart from that, this company also plays a significant role in the development of several infrastructures in terms of water, oil and gas distribution. To support operations, of course, the Company collaborates with many partners who are not only suppliers, in this case partners who support the availability of raw materials, but also several other partners who work to provide support for main operational activities, such as raw material transportation services,

as well as energy providers, security work and cleaning services. This collaboration is carried out taking into account mutually agreed standards.

For suppliers, there are 40 - 50 suppliers who collaborate with PT. FPI. Of all suppliers, around 70% of our main suppliers come from abroad. Because the raw materials needed are quite rare to find in Indonesia. Meanwhile, at the goods receipt stage, control ensures that the goods or services received comply with the order in terms of specifications, quantity and quality (Iriyanto, Suharnomo, Hidayat, & Anas, 2021).

THEORETICAL STUDY

A. Management Audit

Management audit is an evaluation of the efficiency and effectiveness of company operations. In the context of management, management includes all internal company operations which must be accountable to various parties who have higher authority (Abbas, Ismail, Taqi, & Yazid, 2021b). The scope of a management audit covers all aspects of management activities (Abbas, Ismail, Taqi, & Yazid, 2021a). The targets of this management audit are activities, programs and areas within the company that are known or identified as still requiring improvement or improvement in terms of economics, efficiency and effectiveness. (Abbas, Eksandy, Hidayat, & Larasati, 2020). Audit of the procurement function carries out an assessment of the entire procurement function, including its organization, guidelines or regulations that guide procurement, planning, process and completion of procurement (Bayangkara, 2015). The purpose of this audit of the procurement function is to carry out a comprehensive assessment of whether or not the organization's internal procurement is capable of meeting raw material needs with minimal sacrifice in accordance with applicable regulations.

1. Manufacturing Company

Manufacturing is the activity of processing raw materials to produce finished goods. Manufacturing companies work by purchasing raw materials or raw materials to be processed until finished goods are ready to be sold.

In this process, various resources, such as human power, machines and equipment, are used to process raw materials. Manufacturing activities are carried out on a large scale with the aim of gaining profits through selling products to customers.

2. Raw Material Inventory

Raw material inventory is unprocessed basic material provided by the company for later use in the company's production process. Raw materials are important in production companies. Limited or excess supplies of raw materials can be a problem for the company.

In accounting and recording, there are two methods that can be used to record inventory, namely the Physical Method and the Perpetual Method (Sri, Abbas, Satmoko, & Mialasmaya, 2021). The Physical Method or also called the Periodic Method is an inventory management method where the flow of goods in and out is not recorded in detail so that to find out the value of inventory at a certain time you have to do a physical count of the goods (stock taking) in the warehouse. (Tasman et al., 2020). Meanwhile, the Perpetual Method is an inventory management method, where inventory inflows and outflows are recorded in detail (Tasman et al., 2020). In this method, each type of inventory has a stock card which records in detail the entry and exit of goods in the warehouse along with their prices. The Inventory Valuation Method is to determine the inventory value that will be presented in the financial statements (Tasman et al., 2020). To determine the purchase price as a basis for determining the value of inventory owned by the company in a given period, there are several periods, namely:

- a. FIFO (First In First Out) In this method, goods that are entered or purchased first will be issued or sold first. So what remains at the end of the period are the goods that came from the last purchase.

- b. LIFO (Last In First Out) In this method, goods that are entered or purchased last will be issued or sold first. So what remains at the end of the period are goods originating from purchases at the beginning of the period.
- c. Average (Average) In this method, goods issued or sold and remaining goods are valued based on the average price. So the goods remaining at the end of the period are goods that have an average value.

3. Control over raw material supplies

The aim of controlling raw materials is to find out (1) the optimal quantity for each purchase of raw materials (EOQ), (2) the point that indicates the time to place a reorder (ROP), (3) maximum inventory (Maximum Inventory), and (4) total raw material inventory costs (Total Inventory Cost) to avoid the risk of running out and also excess raw materials so as to minimize the company's raw material costs.

According to Assauri (1998), the aim of inventory control can be interpreted as an effort to:

1. Make sure the company doesn't run out of inventory which causes the production process to stop.
2. Ensure that the company's inventory is not too large so that costs related to inventory can be reduced.
3. Ensure that small purchases of raw materials are avoided

4. Use of Raw Materials

Raw materials are goods that are made into other goods (Complete Indonesian Dictionary, 1997). Meanwhile, the level of raw material use is how much raw material is used in the production process (Riyanto, 2001). A good forecast of raw material needs is a forecast of raw material needs that is close to reality, which is an estimate of future conditions based on conditions that existed in the past.

RESULTS AND DISCUSSION

The company's goal is to make a profit. This goal is influenced by several factors, one of which is the smoothness of production. Meanwhile, one of the obstacles faced by manufacturing companies is in the production sector. The smoothness of production itself is influenced by the presence or absence of raw materials that will be processed in production.

The raw materials needed should be sufficient to ensure smooth production. However, the quantity of inventory should not be too large so that the capital invested in inventory and the costs incurred by having inventory are not too large and should not be too small because this can slow down the production process.

Failure to control raw material inventory will result in failure to make a profit. For this reason, it is important for every company to carry out inventory control to obtain optimal inventory levels by maintaining a balance between the cost of too much inventory and the cost of too little inventory.

PT factory. Future Pipe Industries

Currently this is PT. Future Pipe Industries Indonesian branch has 1 factory located in Balaraja-Tangerang. Factory operations are carried out 24 hours and use a shift system from shift 1 to shift 3 for employees. Controlling the procurement of raw material supplies is a very important thing for employees to do to protect and maintain the quality of raw materials so that they remain in good condition before entering the production process. Raw material inventory control is the main basis for reflecting management's attitudes and actions regarding company control.

Organizational structure is important in carrying out factory operational activities, considering that there are quite a lot of types of raw material inventory available, good and solid teamwork is required. With the current organizational structure and employees who uphold the importance of controlling raw material inventory in the company, this is an effort to avoid damaged, lost or misappropriated raw materials from irresponsible parties.

The technology used by PT. FPI already uses computerization. Daily physical inspection of raw materials when they are received is carried out using a special tool in the form of a scanner

which is directly connected to the main computer, while each release of raw materials to production will be scanned with a scanner and will automatically be updated in the system and then you can see the amount of existing inventory.

Raw Material Control Activities

Factory operational activities of PT. FPI lasts 24 hours, and is divided into 3 (three) shifts, namely: 1. First Shift (07:00-15.00 WIB) 2. Second Shift (15:00-23.00 WIB). 3. Third Shift starts at (23.00-07.00 WIB). In each shift there are at least two employees on duty, namely a forklift driver and a warehouse helper.

Existing raw material supplies are received from local and overseas suppliers. Control over raw material inventory starts from the time the inventory arrives at the factory and the raw material will be checked by employees on their shift. Every truck or container that arrives will first be inspected and must comply with the goods receipt data. Raw materials that arrive must be physically inspected before entering the warehouse to prevent shortages or excess quantities of incoming goods according to the travel document or packing list. If raw materials are damaged during delivery or there is a discrepancy between the physical quantity of goods and the delivery note, the warehouse staff will immediately contact the purchasing party so that they can then coordinate with the supplier.

Goods that have undergone a physical inspection will then be subjected to a quality inspection by the QC department on a sampling basis. If the results are okay, it will be immediately placed in the warehouse. However, if not, the warehouse staff will contact the purchasing team and place the raw materials in a temporary quarantine area while waiting for confirmation from the purchasing team.

The arrangement of raw materials in the warehouse is carried out on a FEFO (First Expired First Out) basis, that is, the goods closest to expiry must be arranged in the front row. Physical inspection or stock taking must be carried out every day by the employee on duty.

Warehouse staff prepares all valid transactions and then the results of the preparation are checked by the supervisor regularly once a week. Making arrangements for transactions will help smooth control of raw material inventories.

All supervision and monitoring activities are carried out directly by the warehouse employees (helpers, staff and supervisors) on duty.

Results of Raw Material Inventory Control Analysis

Control environment at the PT factory, FPI, especially the warehouse division, has been running in a structured and disciplined manner. The division of delegation of authority tasks has gone well and each employee has carried out his part of the work well and appropriately. However, in this case it often happens that employees arrive late and leave earlier than their normal working hours, causing other employees to have to work beyond their working hours. To overcome this solution, employees who are late are subject to sanctions in the form of warning letters and warnings from the warehouse supervisor on duty.

In raw material inventory there are two types of materials, namely Chemical and Non-chemical. When preparing raw materials when receiving them, the FEFO system is used, making it easier for warehouse employees to release materials if there is a request from the production department and also to avoid expired materials. Apart from that, locations for chemical and non-chemical materials have been separated and given an identity as well as a Material Safety Data Sheet (MSDS) for safety handling purposes.

Receiving raw materials from suppliers to the warehouse is carried out using a good system. Every item that comes to the shop will be checked first both in terms of quantity and quality. Then the goods are entered and moved into the warehouse and arranged using the type of goods and the FEFO system.

The existing information system is always collected by the warehouse supervisor and reported to the SCM Manager, so that every activity is carried out in accordance with the correct procedural system. Existing transaction information is always reported by the SCM Manager to central management. In financial information there are all existing transactions, and all receipts

of goods invoices from suppliers to the warehouse, and all related reports are always printed every day and archived for future information purposes.

There are certain times when warehouses experience massive Stock Opname (SO), this is a form of activity or procedure carried out so that every item or inventory that exists can be identified clearly and reduce fraud that occurs in the warehouse. This SO will be carried out with internal auditors from the head office in Abu Dhabi as supervisors of this activity.

CONCLUSION

The conclusion from this research is that the control environment has been running with an organizational structure and clear division of tasks. Risk assessment runs well using computerized technology. Activities run well because the receipt and release of goods is carried out by authorizing authorized division staff and physical inspection of raw materials is carried out regularly. Information and communication runs well between employees, staff, supervisors and managers, who routinely carry out briefings before starting factory operations and handovers at each shift exchange. Monitoring (supervision) of all activities related to raw material supplies is carried out in accordance with authorization from managers and supervisors with consideration of available stock and stock for upcoming projects.

And suggestions for PT Future Pipe Industries to create a policy to carry out a thorough physical inspection of raw materials (stock taking). Because usually Stock Taking is only carried out for raw materials that are often used (fast moving), so it is susceptible to variance in raw materials in the slow moving category. This can be done every 3 months, so that all existing stock can be monitored properly.

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