

Implementation of Internal Audit Control System to Support the Accuracy of CV AFco Fresh Financial Reports

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Abstract: *This study aims to analyze the impact of changes in audit methods on the accuracy of stock opname reports at CV Afco Fresh. Stock opname is a crucial activity in inventory management that ensures the accuracy between physical stock and recorded inventory data in financial reports. Initially, the audit method involved scheduling audits in advance, which created opportunities for fraud among outlets. This method was then changed to simultaneous audits across all outlets to close data manipulation loopholes. This qualitative study uses a case study approach involving in-depth interviews, observations, and document reviews related to audit procedures and stock opname reporting. The findings indicate that the change to simultaneous audits significantly improved the integrity and accuracy of stock opname reports, thereby enhancing the reliability of the company's financial statements. This change also reduced errors and fraud risks, increasing stakeholder confidence in inventory data. The study recommends strengthening supervision, utilizing supporting technologies, and enhancing training as further steps to maintain audit quality and report accuracy.*

Keywords: Audit Method, Stock Opname, Report Accuracy, Inventory Control, CV Afco Fresh.

Introduction

The changes in audit procedures in 2025 at CV Afco Fresh were a strategic response to weaknesses in the previous internal control system, such as the embezzlement case by the Hayamwuruk outlet team and the manipulation of warehouse admin data that resulted in significant financial losses and discrepancies between physical stock and bookkeeping. The implementation of the new internal audit control system focused on strengthening inventory control through stricter stocktaking procedures with regular schedules, the implementation of barcode scanner technology and a Warehouse Management System (WMS), segregation of duties between employees, and work ethics training to prevent fraud, manipulation, and recording errors in order to improve the overall accuracy of financial reports.

This research is supported by previous studies, such as those by Feriani Budiayah et al. (2024), which showed that strict stocktaking procedures at PT CGI improved inventory audit accuracy, despite the different manufacturing context. Asep Saepullah (2024) demonstrated that the SAP ERP barcode system at PT AL streamlined inventory management, similar to CV Afco Fresh's new technology, but with an IT focus rather than auditing. Cindy Tari Pratiwi et al. (2018) and Yusep Friya Purwa Setya (2023) confirmed that management assertion validation stocktaking reduced errors, strengthening the audit impact analysis in this thesis, even without system changes. Gabinda Zahra et al. (2021) and Nayla Fadhlika Rizqi (2024)

highlighted that inventory control improved accuracy in minimarkets and public accounting firms, in line with the evaluation of CV Afco Fresh, although on a different scale.

The problem formulation includes the identification of the internal inventory control system mechanism at CV Afco Fresh (procedures for procurement, storage, and stocktaking), its impact on the efficiency and effectiveness of inventory audits (reduced audit time, minimal findings), and its contribution to the accuracy of financial reporting (prevention of irregularities, data reliability according to accounting standards). The research objectives include a detailed description of procurement procedures (purchase approval, goods receipt), storage (security, recording), and stocktaking (physical process, reconciliation); analysis of the impact on audits (low risk of error, short time); and evaluation of improving inventory data reliability through compliance with PSAK and the COSO framework.

This research provides theoretical benefits by enriching the COSO (2013)-based internal control literature with empirical evidence of system changes in distribution companies, strengthening the conceptual model of fraud prevention, and supporting International Auditing Standards in the context of SMEs. Practically, the results are optimal for CV Afco Fresh management in evaluating audit procedures, RFID/WMS technology recommendations, HR training, and resource allocation for financial reporting transparency that supports stakeholder decisions.

Method

This study used a qualitative approach with a single case study method at CV Afco Fresh to analyze the implementation of a new internal audit control system on the accuracy of inventory financial reports. The research object was inventory audit procedures, including stocktaking, while the subjects included the internal audit team:

Table 1. Research Informants

Informan 1	Tim Audit Internal
Informan 2	Manager
Informan 3	Kepala Gudang
Informan 4	Accounting
Informan 5	Outlet

Primary data was collected through in-depth interviews, direct observation of the stocktaking process, and documentation. Secondary data came from stocktaking reports, inventory journals, sales orders, and old and new audit procedure documents. The data collection techniques ensured triangulation for validity, with a focus on comparing the system before and after the changes.

This research has a research focus including examining the relationship between changes in the internal control system and the accuracy of stock opname reports at CV Afco Fresh, including evaluation of old-new audit procedures, stock difference reduction, related team field processes, Accurate/WMS technology, implementation obstacles, improvement recommendations, and the impact on overall inventory control.

Data analysis uses narrative presentation, as well as inductive conclusions about the impact of procedural changes on inventory control and reporting accuracy.

Results and Discussion

1. Control Environment

The 2025 stock-taking audit procedure changes at CV Afco Fresh were a strategic response to previous internal control weaknesses, such as embezzlement at the Hayamwuruk outlet and warehouse data manipulation that led to financial losses and stock discrepancies, with the implementation of strict oversight via routine audit schedules, barcode scanners, WMS, segregation of duties, and ethics training to improve financial reporting accuracy. Interviews confirmed the now stronger management commitment, with the Internal Audit Team stating that management was serious about implementing routine audits—in contrast to the previous owner's attitude—and managers emphasizing a top-down tone via zero tolerance for stock discrepancies >1%. The Warehouse Manager acknowledged that the new procedures increased accuracy awareness despite initial resistance. Accounting staff highlighted the Board of Commissioners' encouragement for training that transformed a reactive culture into a proactive one. Outlet representatives perceived central policy communication as positive oversight. These findings are supported by Feriani Budiyah et al. (2024) on strict procedures to improve accuracy at PT CGI; Asep Saepullah (2024) on barcode-ERP stock efficiency at PT AL; Cindy Tari Pratiwi et al. (2018) & Yusep Friya Purwa Setya (2023) found that stocktaking reduces assertion errors; and Gabinda Zahra et al. (2021) & Nayla Fadhlika Rizqi (2024) found that inventory control improves accuracy in retail/KAP, despite differing contexts and scales.

2. Determination of Management Risk

The 2025 stock opname audit procedure changes at CV Afco Fresh are a strategic response to previous internal control weaknesses such as embezzlement at the Hayamwuruk outlet and warehouse data manipulation that triggered financial losses and stock discrepancies, with strengthened oversight via strict audit schedules, barcode scanners, WMS, segregation of duties, and ethics training to improve financial reporting accuracy. Interviews on management risk determination confirmed the identification of more systematic physical-system stock discrepancy risks post-change, where the Internal Audit Team highlighted mandatory monthly analysis of human error and returned goods, Managers emphasized periodic assessments in accordance with PSAK to reduce financial reporting risks, Warehouse Heads implemented daily checklists to prevent theft/damage, Accounting Staff discussed the risks of inter-outlet goods transfer transactions, and Outlet representatives reported real-time overstocking to the head office. These findings are supported by Feriani Budiyah et al. (2024) regarding strict procedures to improve accuracy at PT CGI; Asep Saepullah (2024) barcode-ERP stock efficiency at PT AL; Cindy Tari Pratiwi et al. (2018) & Yusep Friya Purwa Setya (2023) found that stocktaking reduces

assertion errors; and Gabinda Zahra et al. (2021) & Nayla Fadhlika Rizqi (2024) found that inventory control improves accuracy in retail/KAP, despite differing contexts and scales.

3. Control Activities

Changes in the 2025 stock opname audit procedure at CV Afco Fresh strengthen control activities through double verification and segregation of duties to reduce errors, where the Internal Audit Team implements daily physical-system reconciliation plus multi-level document approval, Managers ensure authorization of sales orders and delivery notes, Warehouse Heads separate recorders and verifiers to prevent manipulation, Accounting Staff integrate auto-matching of invoices and stocks in Accurate, and Outlet representatives require end-of-day stock verification to avoid operational risks. These findings are in line with previous studies such as Feriani Budiyah et al. (2024) on strict procedures to improve accuracy at PT CGI; Asep Saepullah (2024) on barcode-ERP stock efficiency at PT AL; Cindy Tari Pratiwi et al. (2018) & Yusep Friya Purwa Setya (2023) on stock opname reducing assertion errors; and Gabinda Zahra et al. (2021) & Nayla Fadhlika Rizqi (2024) inventory control improves accuracy in retail/KAP, despite different contexts and scales.

4. Information and Communication

The use of the Accurate/WMS system at CV Afco Fresh improves the flow of accurate and timely information between parties, where the Internal Audit Team highlights the real-time WMS dashboard streamlines team communication, Managers ensure weekly meetings plus email blasts convey policies to outlets, Warehouse Heads say digital documents reduce manual errors with updated stock, Accounting Staff emphasize accurate reports support financial decisions, and Outlet representatives appreciate mobile applications that speed up reporting despite signal constraints. These findings are in line with previous studies such as Asep Saepullah (2024) who proved that barcode-SAP ERP at PT AL streamlines stock management via real-time data; Feriani Budiyah et al. (2024) strict procedures improve information accuracy at PT CGI; Cindy Tari Pratiwi et al. (2018) & Yusep Friya Purwa Setya (2023) stock opname supports accurate data validation; and Gabinda Zahra et al. (2021) & Nayla Fadhlika Rizqi (2024) inventory control improves information flow in retail/KAP, despite different contexts and scales.

5. Monitoring

Continuous monitoring at CV Afco Fresh through periodic audits and performance reviews ensures effective control, where the Internal Audit Team implements monthly audits evaluating stock differences >0.5% with immediate improvements, Managers conduct quarterly board reviews identifying weaknesses in adapting to staff changes, Warehouse Heads supervise daily plus provide training to address operational complexity, Accounting Staff periodically monitor physical stock with procedure modifications, and Outlet representatives experience central feedback loops for local improvements. These findings align with previous studies such as Feriani Budiyah et al.

(2024) periodic audits increase effectiveness at PT CGI; Asep Saepullah (2024) real-time ERP system monitoring at PT AL; Cindy Tari Pratiwi et al. (2018) & Yusep Friya Purwa Setya (2023) stock opname reviews improve control; and Gabinda Zahra et al. (2021) & Nayla Fadhlita Rizqi (2024) routine monitoring improves accuracy in retail/KAP, although different contexts and scales.

Conclusion

This study proves that the implementation of a new COSO (2013)-based internal audit control system at CV Afco Fresh significantly improves the accuracy of stocktaking reports and the reliability of inventory financial reports. The change from scheduled audits to simultaneous audits addresses weaknesses in the old system such as embezzlement at the Hayamwuruk outlet and warehouse data manipulation, with a reduction in physical-system differences to below 0.5% through double verification, segregation of duties, and integration of Accurate/WMS technology.

The five COSO components demonstrate comprehensive improvements: a stronger control environment with a zero-tolerance tone at the top (Informant 2), systematic risk assessment of human error and returned goods (Informant 1), control activities such as daily reconciliation (Informant 3), real-time information flow via the WMS dashboard (Informant 4), and continuous monitoring through monthly audits (Informant 1). These findings align with Feriani Budiyah et al. (2024) who demonstrated that strict stocktaking procedures improve audit accuracy, and Asep Saepullah (2024) on barcode-ERP efficiency, with unique contributions to the SME distribution context.

Theoretically, this study enriches the COSO literature with empirical evidence of fraud prevention system changes in small companies, supporting International Auditing Standards (ISA 315). Practically, CV Afco Fresh management is advised to strengthen work ethics training, implement RFID for real-time tracking, and review procedures quarterly to adapt to operational changes. Further research could compare the effectiveness of COSO in multi-outlets using a quantitative approach of pre-post implementation stock difference regression.

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