

Received : November 29, 2021  
Accepted : December 10, 2021  
Published : February 08, 2022

Conference on Community Engagement Project  
<https://journal.uib.ac.id/index.php/concept>

## DESIGN OF INTERNAL CONTROL SYSTEM, ACCOUNTING RECORDS, AND FINANCIAL REPORTING IN JUNE'S MARKET

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### Abstract

This activity was done to apply accounting knowledge learned during the university study to daily business practice. Besides, this activity also aims to help micro-business entrepreneurs make accounting records and financial reports accurately and correctly to reflect the business economy situation. The object of this activity is June's Market, a micro-business that operates online and still uses manual records on books, also not having a good financial report. These conditions were known by visiting the business place and also by interviewing. This activity results in an accounting system designed in Microsoft Access program so that entrepreneurs can easily do the records and the system can automatically create financial reports. This system can also improve business flow to a more efficient and effective business operation.

**Keywords:** *Accounting Records, Financial Reports, Accounting System*

### Introduction

Lately, people have built big and small businesses with the thought of gaining more profits by operating them effectively. But the problem is when a small company operates by a business person without any accounting knowledge will lead them to produce financial reports that are not accurate at all. Financial statements are generally compiled based on the accounting process, which shows the company's performance (Pebriantari & Andayani W, 2021). An inaccurate financial report might bring the business to a worse future planning due to the horrible business economy condition. Every operating activity on a daily business should be recorded accurately and correctly. The transaction record is the main component in the accounting cycle that leads to producing financial reports. The accounting cycle for a trading company starts from recording on the general journal, posting to the ledger, compiling trial balance, recording adjusting journal, collecting adjusted trial balance, producing the financial reports, recording closing journal, and preparing trial balance after closing (Setyawan, 2020). Small businesses tend to record every transaction manually in a book, and it has risks like if the book gets wet or even lost, the transactions that have been recorded in it also gone without any backup. On the other hand, using a system to record every data might prevent those risks. Therefore, this activity aims to help business partners reduce the risk

and make the whole accounting cycle easier even without any accounting education. The business partner for implementing this activity is June's Market, a micro-business that sells frozen foods, instant drinks, and others. June's Market is categorized as a micro-business based on Undang-Undang No 20 Tahun 2008, which has a profit of no more than 300 million a year. They operate daily by taking orders online from social media. After taking orders, the employee will check the goods' available stock, make a detailed list of the order include prices, and wait for the payment from the customer. Then, the employee prepares and delivers the order to the customer. When the activities are done, the employee needs to record the transaction in the transaction book. For the stocks of the goods, the owner needs to check daily by comparing with the transaction book and weekly by counting the physical of the goods. This might affect a business' internal control, which is supposed to be a high level of effective and efficient to provide good asset security and financial performance (Rahmadhani, 2018). Other than that, internal control for system information is also needed to protect the company's data and information (Sarawani & Sasniar, 2021). There are three major problems in operating June's Market. First, the transaction recordings are not influential and also have the risk of losing the transaction data. Second, the financial report that the owner compiles is inaccurate. Lastly, counting goods stocks is inefficient to do it constantly every day and every week. These problems lead the author to help partners design a more accurate accounting system using Microsoft Access and creating a better internal control system.

### **Methods**

Before designing the system, information and data will be needed to complete this activity. There are a few techniques to gather the information, such as.

1) Interview

This technique gathers data or information during the activity by asking and answering questions. The information required includes daily transactions, business operational, partners' opinions, advice toward the system designed, and the results of implementing this activity.

2) Literature study

This technique is used to gather references by reading articles and books. These references can support this writing to convince the reader because it has been supported by previous research.

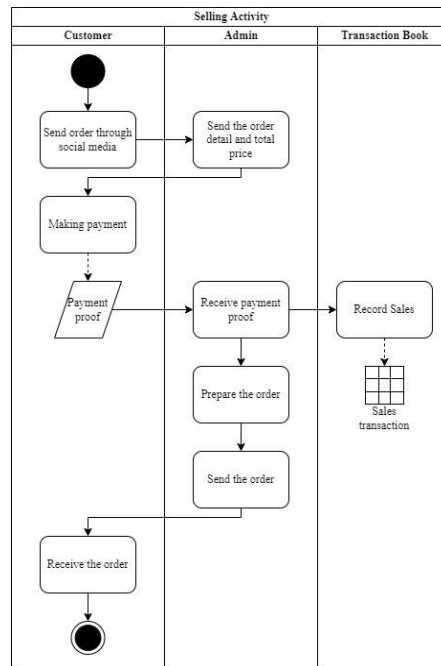
3) Survey

This technique is done by observing the partner's location and gathering information such as business activity from receiving an order to delivering an order.

These three techniques show that the source of the data or information for this activity is primary data. Primary data is the data provided directly by the data provider (Sugiyono, 2019).

**Result and Discussion**  
**Business Flowchart**

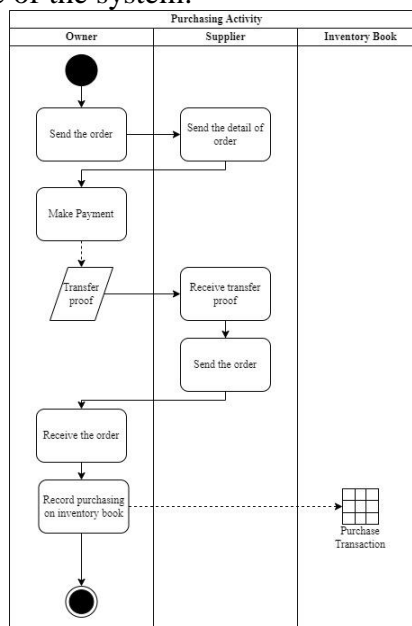
Based on the result of observation and survey, June’s Market has a simple selling activity such as.



Picture 1.

Business Flowchart (Sales Activity )Source: Author (2021)

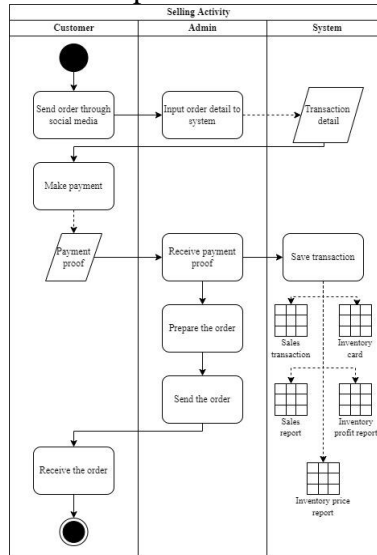
Based on picture 1, the owner only has a transaction book to record all the transactions and does not have any good financial report. Therefore, there are some changes due to the usage of the system.



Picture 2.

Business Flowchart Improvement (Sales Activity) Source: Author (2021)

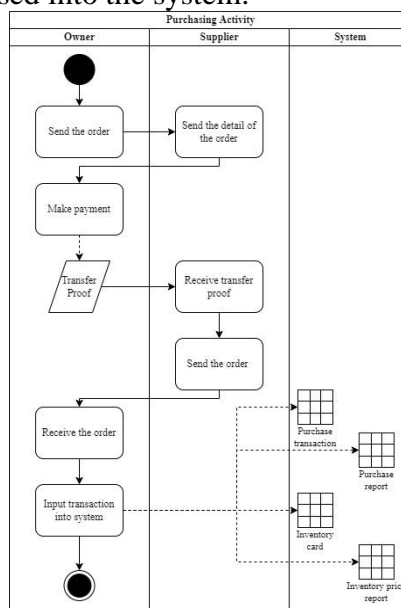
The improvement of selling activity makes it easier for the admin to input and get the detail of the order at a time. These transactions also automatically generate sales reports, inventory cards, sales transactions, inventory profit reports, and inventory price reports. Therefore, the owner can check on their available goods and their profit any time they want. Other than that, the business flowchart of purchasing activity also needs some improvement.



Picture 3.

Business Flowchart (Purchase Activity) Source: Author (2021)

Based on picture 3, the purchasing activity is not efficient. The owner must manually check the available stocks and add the purchase amount to the inventory book. Therefore, the author made the system easier for the owner to input the number of stocks purchased into the system.



Picture 4.

Business Flowchart Improvement (Purchase Activity) Source: Author (2021)

The improvement made after using the system is when the owner input the number of stocks purchased, the system will automatically generate a few reports such as purchase transaction, purchase report, inventory card, and inventory price report.

### **Internal Control System**

An internal control system is an essential element in a company. If the company has an excellent internal control system, it will get easier to achieve its goals. June's Market internal control system is explained based on the element in this activity.

#### 1) Control Environment

The business environment only involves an employee that works as an admin and the owner. Since it is only two people involved in the whole business activity, the commitment for the two roles is fulfilled. The employee commits to doing the job honestly and serves the customer with a good attitude and friendly. The owner reserves to constantly communicate with the employee and monitor the employee's position to guarantee the employee's responsibility is fulfilled.

#### 2) Risk Assessment

Some risks might happen during the business operation, such as the employee's negligence for the wrong counting on the total amount of the order or writing the wrong amount of the order and loss of transaction data if the transaction books are lost or even damaged.

#### 3) Control Procedure

##### a. Transaction Record and Data

When the business receives an order, the admin will record the transaction book after receiving payment from the customer. The employee does the whole activity of selling. Therefore, the owner can only check the accuracy of the employee's record by matching it with bank transactions and the number of goods available.

##### b. Employee Competence

June's Market has an employee to manage the business process entirely. Therefore the competence of the employee is trusted. But there is one problem that the employee can't do which is producing an adequate and accurate financial report.

#### 4) Monitoring

The monitoring is done by checking the number of goods available and the employee's transactions. The owner can also check the employee's attitude when serving and replying to customer messages to ensure customer satisfaction.

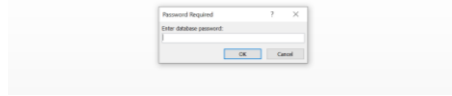
#### 5) Information and Communication

The owner's information and communication toward the employee have done well since only one employee is involved. Therefore, the relationship between the owner and the employee can be said well and have a more effective business operation.

### **Accounting System**

After designing the system, June's Market can use the system for a better business flow and a more effective way to record every transaction. The employee only needs to input the transaction, and the system will automatically generate reports that are required to know the business condition. Picture 5 shows that when

the owner or employee opens the system, a password is required to access the whole system data. This function ensures the security of the transaction data so that it won't get stolen easily by anyone.



Picture 5.

System Main Screen Source: Author (2021)

1) Main Menu

The main menu requires filling in the date to show the desired report period. After filling in the date, the user can access the other menu, such as form, master form, or report.

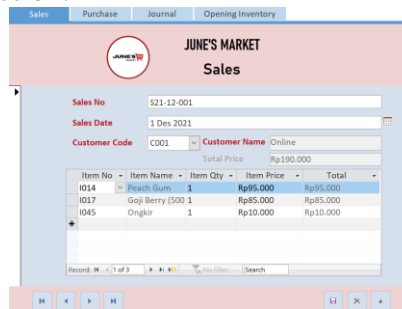


Picture 6.

System's Main Menu Source: Author (2021)

2) Form Menu

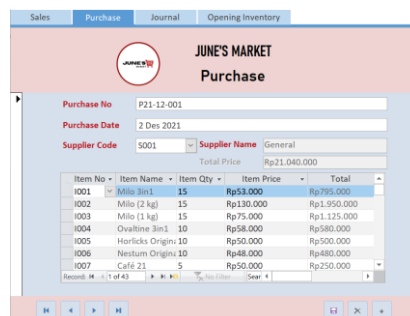
The form menu shows four forms to input the daily transactions such as sales, purchase, general journal, and opening inventory for every period. The user only needs to choose by clicking the form that will be input and fill in the information required for every transaction.



Picture 7.

System's Form Menu (Sales) Source: Author (2021)

Picture 7 shows the form of the sales transaction. This form is used to record the sales transactions.



Picture 8.

System's Form Menu (Purchase) Source: Author (2021)

The form above is to record the purchase transactions.

Acc. No.	Acc. Name	Debit	Credit	Memo
101	Cash	Rp327.000	Rp0	Op. Bal. Cash
301	Owner's Equity Rp0		Rp327.000	Op. Bal. Cash

Picture 9.

System's Form Menu (Journal) Source: Author (2021)

Picture 9 shows the form of a general journal transaction. This form is used to record the transactions besides sales and purchases.

Item No.	Item Name	Qty
1001	Milo 3in1	4
1002	Milo (2 kg)	3
1003	Milo (1 kg)	5
1004	Oeatmeal 3in1	2
1005	Horlicks Original 3in1	5
1006	Nestum Original 3in1	3
1007	Cafe 21	8

Picture 10.

System's Form Menu (Inventory) Source: Author (2021)

Picture 10 shows the form of the beginning inventory. This form is used to record the beginning goods available for every period.

### 3) Master Form Menu

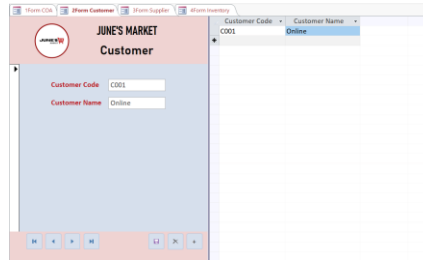
On the master form menu, the user can input data or information as the master key data such as chart of account, detail of supplier, detail of customer, and detail of inventory. Master form view is different from the form of daily transaction. Master forms show the table of the data that has been input and saved before on the right side.

Header No.	Header Name	Detail No.	Detail Name
100	Asset	101	Cash
100	Asset	102	Bank BCA
100	Asset	103	Inventory
100	Asset	104	Packaging
100	Liabilities	201	Liability
100	Equity	301	Owner's Equity
100	Equity	302	Drawing/Prive
400	Revenue	401	Sales Revenue
100	COGS	501	Cost Of Goods Sold
600	Expense	601	Salary Expense
600	Expense	602	Delivery Expense
600	Expense	603	Packaging Expense
600	Expense	604	Bank Service Charge

Picture 11.

System's Master Form Menu (Chart of Account) Source: Author (2021)

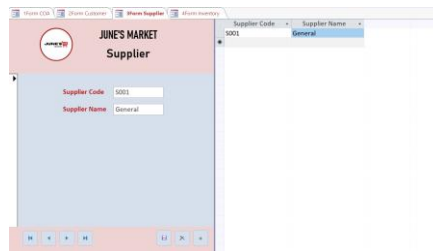
Picture 11 shows the form of a chart of accounts. This form is used to record the chart of accounts. Every accounting account, such as assets, liabilities, and equities, is registered here.



Picture 12.

System's Master Form Menu (Customer) Source: Author (2021)

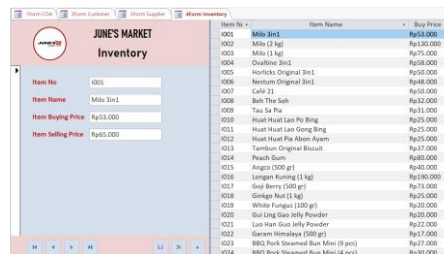
Picture 12 shows the form of the customer. This form is to record the detail of the customer.



Picture 13.

System's Master Form Menu (Supplier) Source: Author (2021)

Picture 13 shows the form of supplier. In this form, the user records the detail of the supplier.



Picture 14.

System's Master Form Menu (Inventory) Source: Author (2021)

Picture 14 shows the form of inventory. This form is used to record the detail of goods.

4) Report Menu

This menu shows all the generated reports after the user inputs transactions. The generated reports show the business economy condition to make future decisions.

Acc. No.	Acc. Name	Debit	Credit	Balance
101	Cash	Rp327.000	Rp30.000	Rp297.000
102	Bank BCA	Rp130.740.327	Rp46.740.000	Rp84.000.327
103	Inventory	Rp11.910.000	Rp14.040.000	Rp2.130.000
104	Packaging	Rp11.167	Rp27.000	Rp15.833
201	Liability	Rp0	Rp0	Rp0
301	Owner's Equity	Rp0	Rp68.838.494	Rp68.838.494
302	Drawing/Prive	Rp0	Rp0	Rp0
401	Sales Revenue	Rp0	Rp43.400.000	Rp43.400.000
501	Cost Of Goods Sold	Rp34.061.000	Rp0	Rp34.061.000
601	Salary Expense	Rp4.200.000	Rp0	Rp4.200.000
602	Delivery Expense	Rp2.620.000	Rp0	Rp2.620.000
603	Packaging Expense	Rp1.000	Rp0	Rp1.000
604	Bank Service Charge	Rp25.000	Rp0	Rp25.000

Picture 15.

System's Report Menu (Trial Balance) Source: Author (2021)



Picture 15 shows the report of the trial balance. This report illustrates the balance on debit and credit of each account.

JUNE'S MARKET Ledger				31 Dec 2021 - 31 Dec 2021	
		Debit	Credit	Balance	
<b>Asset</b>					
<b>101 Cash</b>					
1 Dec 2021	J21-12-001	Op. Bal. Cash	Rp327.000	Rp0	Rp327.000
30 Dec 2021	J21-12-005	Buy packaging	Rp0	Rp30.000	(Rp30.000)
				<b>Rp297.000</b>	
<b>102 Bank BCA</b>					
1 Dec 2021	J21-12-002	Op. Bal. Bank BCA	Rp87.250.327	Rp0	Rp87.250.327
1 Dec 2021	S21-12-001	C001	Rp190.000	Rp0	Rp190.000
1 Dec 2021	S21-12-002	C001	Rp40.000	Rp0	Rp40.000
1 Dec 2021	S21-12-003	C001	Rp233.000	Rp0	Rp233.000
1 Dec 2021	S21-12-004	C001	Rp186.000	Rp0	Rp186.000
1 Dec 2021	S21-12-005	C001	Rp170.000	Rp0	Rp170.000
1 Dec 2021	S21-12-006	C001	Rp104.000	Rp0	Rp104.000
1 Dec 2021	S21-12-007	C001	Rp182.000	Rp0	Rp182.000
1 Dec 2021	S21-12-008	C001	Rp182.000	Rp0	Rp182.000

Picture 16.

System's Report Menu (Ledger) Source: Author (2021)

Picture 16 shows the report of the ledger. This report illustrates all transactions in detail of each account.

Item No	Item Name	Beg Balance	IN	OUT	End Balance
0001	Milo 3in1	4	35	29	10
0002	Milo (2 kg)	3	25	20	8
0003	Milo (1 kg)	5	35	27	13
0004	Chalibre 3in1	2	20	16	6
0005	Horlicks Original 3in1	5	15	13	7
0006	Nestum Original 3in1	3	20	15	8
0007	CaWi 21	8	10	11	7
0008	Both The Soh	8	15	13	8
0009	Tau Sa Pa	2	20	17	5
0010	Huat Huat Lao Po Bing	4	20	15	9
0011	Huat Huat Lao Gong Bing	5	20	16	9
0012	Huat Huat Pua Abon Ayam	4	20	14	10

Picture 17.

System's Report Menu (Inventory Card) Source: Author (2021)

Picture 17 shows the report of the inventory card. This report illustrates the number of the goods at the beginning of the period, sold, bought, and at the end of the period.

Item No	Item Name	End Balance	Unit Price	Total Price
0001	Milo 3in1	10	Rp3.000	Rp30.000
0002	Milo (2 kg)	8	Rp130.000	Rp1.040.000
0003	Milo (1 kg)	13	Rp75.000	Rp975.000
0004	Chalibre 3in1	6	Rp16.000	Rp96.000
0005	Horlicks Original 3in1	7	Rp15.000	Rp105.000
0006	Nestum Original 3in1	8	Rp48.000	Rp384.000
0007	CaWi 21	7	Rp150.000	Rp1.050.000
0008	Both The Soh	8	Rp32.000	Rp256.000
0009	Tau Sa Pa	5	Rp11.000	Rp55.000
0010	Huat Huat Lao Po Bing	9	Rp25.000	Rp225.000
0011	Huat Huat Lao Gong Bing	9	Rp25.000	Rp225.000
0012	Huat Huat Pua Abon Ayam	10	Rp25.000	Rp250.000
0013	Tambora Original Biscuit	8	Rp27.000	Rp216.000

Picture 18.

System's Report Menu (Unit Price) Source: Author (2021)

Picture 18 shows the report of the unit price. This report illustrates the unit price of each good available.

Item No	Item Name	Qty Sold	Total Sales	Total Profit	Percentage Profit
0027	Corn Steamed Bun (1 pcs)	17	Rp648.000	Rp215.000	33,17%
0029	Mixed Mini Bun (Rp10)	12	Rp420.000	Rp180.000	42,85%
0030	Seamless Red Bean Mini Bun (	9	Rp142.000	Rp115.000	81,69%
0041	Multiplex Chicken Frankfurt	10	Rp330.000	Rp130.000	39,39%
0020	Gui Ling Gao Jelly Powder	14	Rp448.000	Rp168.000	37,50%
0021	Luo Han Gao Jelly Powder	18	Rp430.000	Rp234.000	54,42%
0023	BBQ Pork Steamed Bun Mini	25	Rp1.050.000	Rp175.000	16,67%
0021	Mixed Pop & Buns (Rp10)	11	Rp308.000	Rp110.000	35,71%
0044	Smiley Potato (450 gr)	12	Rp420.000	Rp144.000	34,29%
0028	Ginkgo Nut (1 kg)	15	Rp570.000	Rp195.000	34,21%
0019	White Fungus (100 gr)	12	Rp360.000	Rp120.000	33,33%
0024	BBQ Pork Steamed Bun Mini	16	Rp720.000	Rp240.000	33,33%
0032	Pork Dumpling (30 pcs)	20	Rp1.100.000	Rp350.000	31,82%

Picture 19.

System's Report Menu (Item Profit) Source: Author (2021)

Picture 19 shows the report of the item profit. This report illustrates the total gain and percentage of the profit of every item.

Sales Date	Sales No.	Customer Code	Item No.	Qty	Item Price	Total
1 Dec 2021	521-12-001	C001	4054	1	Rp85.000	Rp85.000
1 Dec 2021	521-12-001	C001	4157	1	Rp85.000	Rp85.000
1 Dec 2021	521-12-001	C001	4042	1	Rp10.000	Rp10.000
1 Dec 2021	521-12-002	C001	4056	2	Rp210.000	Rp420.000
1 Dec 2021	521-12-002	C001	4045	1	Rp10.000	Rp10.000
1 Dec 2021	521-12-003	C001	4000	1	Rp155.000	Rp155.000
1 Dec 2021	521-12-003	C001	4033	1	Rp88.000	Rp88.000
1 Dec 2021	521-12-003	C001	4043	1	Rp10.000	Rp10.000
1 Dec 2021	521-12-004	C001	4035	2	Rp48.000	Rp96.000
1 Dec 2021	521-12-004	C001	4035	1	Rp80.000	Rp80.000

Picture 20.

System's Report Menu (Sales Report) Source: Author (2021)

Picture 20 shows the sales report. This report illustrates every sales transaction that happened during the period.

Purchase Date	Purchase No.	Supplier Code	Item No.	Qty	Item Price	Total
1 Dec 2021	1001	1001	1001	10	Rp10.000	Rp100.000
1 Dec 2021	1002	1002	1002	10	Rp10.000	Rp100.000
1 Dec 2021	1003	1003	1003	10	Rp10.000	Rp100.000
1 Dec 2021	1004	1004	1004	10	Rp10.000	Rp100.000
1 Dec 2021	1005	1005	1005	10	Rp10.000	Rp100.000
1 Dec 2021	1006	1006	1006	10	Rp10.000	Rp100.000
1 Dec 2021	1007	1007	1007	10	Rp10.000	Rp100.000
1 Dec 2021	1008	1008	1008	10	Rp10.000	Rp100.000
1 Dec 2021	1009	1009	1009	10	Rp10.000	Rp100.000
1 Dec 2021	1010	1010	1010	10	Rp10.000	Rp100.000
1 Dec 2021	1011	1011	1011	10	Rp10.000	Rp100.000
1 Dec 2021	1012	1012	1012	10	Rp10.000	Rp100.000

Picture 21.

System's Report Menu (Purchase Report) Source: Author (2021)

Picture 21 shows the purchase report. This report illustrates every purchase transaction that happened during the period.

Revenue	Total
Sales Revenue	Rp814.000.000
<b>COGS</b>	<b>Rp184.000.000</b>
Cost Of Goods Sold	Rp184.000.000
<b>Expenses</b>	<b>Rp4.500.000</b>
Salary Expense	Rp4.500.000
Delivery Expense	Rp1.420.000
Packaging Expense	Rp27.000
Bank Service Charge	Rp1.053.000
<b>Net Profit/Loss</b>	<b>Rp625.500.000</b>

Picture 22.

System's Report Menu (Statement of Income) Source: Author (2021)

Picture 22 shows the report of the statement of income. This report illustrates the sales revenue, cost of goods sold, and expenses to generate the net profit or loss.

Asset	Liabilities and Equity
Cash	Rp297.000
Bank BCI	Rp4.000.027
Inventory	Rp17.000.000
Packaging	Rp44.007
<b>Total Assets</b>	<b>Rp188.296.494</b>
<b>Liabilities</b>	<b>Nil</b>
<b>Equity</b>	<b>Rp188.296.494</b>
Owner's Equity	Rp188.296.494
Drawing/Price	Nil
<b>Total Liabilities and Equity</b>	<b>Rp188.296.494</b>

Picture 23.

System's Report Menu (Statement of Financial Position) Source: Author (2021)

Picture 23 shows the report of the statement of financial position. This report illustrates the amount of every account in assets, liabilities, and equities.

Beginning Balance, Owner's Equity	Profit	Ending Balance, Owner's Equity
Rp188.000.000	Rp296.494	Rp188.296.494
<b>Beginning Balance, Owner's Equity</b>	<b>Rp188.000.000</b>	<b>Ending Balance, Owner's Equity</b>
Profit	Rp296.494	Rp188.296.494
Drawings	Nil	Rp188.296.494
<b>Changes in Equity</b>	<b>Rp296.494</b>	<b>Rp188.296.494</b>

Picture 24.

System's Report Menu (Statement of Changes in Equity) Source: Author (2021)

Picture 24 shows the report of the changes in equity. This report illustrates the number of equity at the beginning of the period, the accounts that affect the equity, and equity in the ending period.

### Results after Implementing

After teaching and learning how to use the system, June's Market achieved a few improvements, such as more accessible transaction records, easier available goods counting, and accurate financial reports. By using the system, the employee can input the detail of the order anytime when receiving an order from a customer. Therefore, this will help reduce the risk due to human error since the system will generate the total price of transactions. The owner also does not need to keep counting the number of goods daily to check if it is enough for selling. After input purchase and sales transactions, the system will automatically update the inventory stock number. Other than that, the system also produces reports that were the weakness of the employee competence, which is without accounting knowledge, it can generate it by itself.

### Conclusions

Before implementing this activity to June's Market, the owner often finds it difficult to count the available goods daily to ensure enough for the next day's sales. The number of items sold is varied in type. Therefore, depending on each product might not be accurate due to human error. The author designed the system to help the owner keep track of the available goods and more leisurely accounting cycles such as recording and reporting. After using the system, the owner won't need to count the goods daily but monthly to make sure there is no good loss and match it with the inventory card in the system. The owner also finds it more accessible to go to a specific transaction by using the system. These results show that the designated system can make the business cycle more efficient and effective as expected.

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