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Budgeting Raw Material And Internal Control At Esptom Moex

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Abstract

Internal planning and management are essential for MSMEs. Internal management problems at Esptom Moex are in the form of the absence of budget planning for raw materials for each month. The implementation of business running activities has not been carried out properly; in this case, the Standard Operating Procedure (SOP) is not written to be known by employees, and sales records still use record keeping in the pocketbook, so it is not easy to know the sales every day or every month. This condition was known when visiting Esptom Moex by observing, interviewing store owners and supervisors, and carrying out a series of documentation as information in the design. The results of these activities are in the form of Standard Operating Procedure (SOP) in PDF and hardcopy form, raw material budget planning using Google Sheets, and sales recording forms in Microsoft Excel and hardcopy forms. Other than those, it is necessary to consistently update SOPs in quality improvement, and Esptom Moex can develop its business along with recording sales using the system in the future.

Keywords: *MSMEs, Budgeting raw material, Standard Operating Procedure, Google Sheets, Microsoft Excel*

Introduction

Esptom Moex was founded in 1987, and 2018 it was developed with branding by Yendy Suhendi, an MSME owner. Esptom Moex is engaged in manufacturing and selling old-school ice cubes with various flavors distributed by itinerant sellers. Apart from traveling sellers, sales are also made to shops in the Ruko Cahaya Garden blok G No. 8 Sei Panas, with operating hours from Monday to Sunday, 07.00 to 16.30 WIB. The number of employees six people for the sale and manufacture of ice cubes. Esptom Moex's operational activities prioritize sales made by cart sellers who market ice cubes by traveling around specific complexes and areas in Batam City. Apart from mobile cart sellers, Esptom also provides in-store sales and participates in bazaar sales and other events. Esptom Moex currently has an internal management system that needs to be appropriately implemented, and there is no written budget planning for purchasing raw materials for each month. Esptom Moex's internal management system needs to be appropriately implemented in the form of Standard Operating Procedures (SOP) and sales recording forms (Itan I. et, al , 2023). Esptom Moex still needs to have

written SOPs that regulate operational, production, and inventory activities sometimes, the procedures that employees must carry out are often overlooked (Karina, R. 2021). Sales of Esopotam Moex are recorded in a small pocket book and are only recorded for cart sales, and other sales, such as in shops, are not recorded, so it is difficult to predict sales every day or every month. Internal management and raw material budgets that have yet to be appropriately implemented will affect operations and impact sales, predictions, and planning for the development of Esopotam Moex (Tang, S., & Fiorentina, F. 2021). Information systems in the field of business in the digitalization era are needed where the data generated from business operations will become a source of analysis and influence in predicting sales and development of a business in the next period. Therefore, internal control management in business is needed in addition to large-scale companies, but Micro, Small, and Medium Enterprises (MSMEs) are also needed. The conditions that we often find are that MSME owners primarily focus more on product branding and promotional strategies Choudhury & Goswami, (2019); Nadeak et al. (2021). At the same time, internal control in MSMEs is also an important matter related to operations and effectiveness in producing quality products to increase profits for MSMEs themselves (Affandi et al., 2020). Esopotam Molex is one of the MSMEs that have similar problems, so internal management needs to be improved. Therefore the author helps Esopotam Molex to improve internal management in the form of making SOPs, sales recording forms, and designing raw material budgets.

Methods

Data Collection Techniques

According to Sekaran & Bougie (2016); Amri et al. (2021), there are two data collection techniques, namely primary and secondary. The author uses primary data as the data is obtained directly from MSME partners, as well as conducting interviews and direct observation of MSME partner locations so that the writer can find out the problems currently being faced. The description of the method used by the author in obtaining data for the implementation of practical work at Esopotam Moex UMKM is as follows:

1. Observation, in the form of a method, by directly visiting the location of practical work partners to obtain accurate data in accordance with the conditions concerned.
2. Interviews, in which the author conducts questions and answers both directly and via WhatsApp to the owner or supervisor of the UMKM Esopotam Moex related to operational activities, the current needs of UMKM so that the writer has an idea in designing the outputs that will be made.
3. Documentation, in the form of product photos and related records, used for the purposes of reference for the output design and writing of this activity report.

Outer Design Process

The stages in the process of designing a raw material budget and internal control in the development of Esopotam Moex SMEs are as follows:

1. The first stage is to review the location of MSME partners. Understanding Esopotam Moex MSME activities and studying the constraints being experienced by Esopotam Moex.

2. The second stage, Studying and planning an appropriate control system for Espotam Moex, starting from SOP to recording sales
3. The third stage, Designing a Standard Operating Procedure that follows the conditions of Espotam Moex
4. The fourth stage, Designing a raw material budget and sales recording form for Espotam Moex
5. The fifth stage is the design finalization stage, with several revisions and additions to the output design.
6. The sixth stage is testing the results of the output design at Espotam Moex and additional revisions of the trial results.
7. The seventh stage, implementing the final output results at Espotam Moex

Preparation Phase

1. The author conducts social media searches and field visits during practical workplace visits.
2. After finding a place of business and obtaining permission from the owner to carry out practical work, the authors visited and conducted observations and brief interviews with the owner and supervisor of the UMKM Espotam Moex. The interviews obtained information on business operational activities and current constraints in MSMEs.
3. The owner approves the author in writing practical work reports on UMKM Espotam Moex relating to SOPs, sales forms, and raw material budgets and providing the data needed in the output design process for preparing reports.

Implementation Phase

The implementation phase will be carried out from September – October 2022, which is a continuation of the preparatory phase, which is described as follows:

1. After obtaining approval from the owner of Espotam Moex and obtaining reference data, the authors began to study, analyze and design outcomes based on the conditions of UMKM Espotam Moex.
2. Discuss and revise the output design results with the MSME supervisor, whom the MSME owner Espotam Moex appoints, and the supervisor's guidance.
3. The results of the output design were tested on the UMKM Espotam Moex, and improvements were made to the deficiencies adjusted to the test results so they could be implemented properly.

Budgeting

No	Rancangan Aktivitas	Jenis Anggaran	Volume	Unit	Satuan	Jumlah
1	Observasi dan wawancara	Biaya Konsumsi	10	kali	Rp 50,000	Rp 500,000
		Biaya Transportasi	10	kali	Rp 50,000	Rp 500,000
		Biaya Koneksi Internet	10	kali	Rp 50,000	Rp 500,000

No	Rancangan Aktivitas	Jenis Anggaran	Volume	Unit	Satuan	Jumlah
2	Perancangan luaran	Biaya perancangan anggaran	2	buah	Rp 150,000	Rp 300,000
		Biaya pembuatan SOP dan formulir penjualan	6	buah	Rp 150,000	Rp 900,000
		Biaya print untuk anggaran, SOP dan Formulir penjualan	8	Buah	Rp 3,000	Rp 24,000
3	Pendampingan Implementasi Luaran	Biaya Transportasi	20	Kali	Rp 55,000	Rp 1,100,000
		Biaya Koneksi Internet	20	kali	Rp 50,000	Rp 1,000,000
4	Pembuatan laporan	Biaya Belanja Habis Pakai (ATK)	1	kali	Rp 150,000	Rp 150,000
		Biaya lain-lain	1	kali	Rp 50,000	Rp 50,000
TOTAL ANGGARAN						Rp 5,024,000

Result and Discussion Budgeting Raw Material

Picture 1.
Budget for Raw Material Requirements

Periode	Rencana Produksi	Bahan Baku			
		Gula (Kg)	Susu (Kaleng)	Garam (Kg)	Tepung Tapioka (Kg)
Oktober	1000	40	336	32	16
November	1000	40	336	32	16
Desember	1000	40	336	32	16
Jumlah	3000	120	1008	96	48

Rencana Produksi Es-poteng
 1 hari 10 buah 7 gilingan
 1 gilingan dapat 36 poteng
 35 poteng x 7 gilingan = 245 poteng/hari
 1 minggu produksinya 4 hari. 1 bulan produksinya 2 minggu.
 245 poteng x 4 hari = 980 poteng
 980 poteng x 2 minggu = 1.960 poteng/bulan

Quantity bahan yang diperlukan per giling
 1. Susu 6 kaleng per giling
 2. Adonan 1 gula, santan murni dan tepung tapioka 1 gramah dan dituangkan untuk dipakai esok harinya, masing-masing gula 3kg, tepung 1kg, santan murni 3kg => bahan ini untuk 1 adonan, setelah pembuatan 2 adonan untuk 7 giling yg menghasilkan 300 es poteng. QUANTITY 2 ADONAN => GULA 6KG, TEPUNG TAPPOKA 2KG, SANTAN MURNI 6KG
 3. Untuk perasa per giling 25ml, special dalam 100gram. Min 25gram, Ceyo 40ml.
 4. Garam 4kg untuk 7 giling.

Source : Penulis (2022)

The raw material budget created by the author uses Google Sheets to ensure that the data can be easily accessed and stored directly when adjusting the number of raw materials. The raw material requirements budget contains the following:

1. Time, the budget period is months
2. Production plan, the total quantity of ice cubes to be produced in 1 month.
3. Raw materials contain the quantity of each raw material used in the production process of ice cubes.
4. Explanatory notes, as information on the number of raw materials used in the production process of ice cubes.

The budget for raw material requirements above becomes information for Espotam Moex partners every month for production and raw material needs so that they can accurately plan the purchase of raw materials. The quantity of raw material needed adjusts the quantity of the cut ice production plan.

Picture 2.

Budget for Purchase of Raw Materials

Bahan/Periode	Kebutuhan bahan untuk produksi a*)	Fasilitasi Bahan Baku (+)+b	Jumlah Kebutuhan Kotak c = a+b	Fasilitasi Awal Bahan Baku (-)-d	Pembelian	
					Unit / Dus / KG e-e	Harga Rp f-f
Gula (kg)						
Oktober	12	2	14	2	Rp12.800	Rp174.400
November	48	15	63	2	Rp13.440	Rp850.880
Desember	48	15	63	15	Rp14.112	Rp897.378
Sub Total	108	32	140	19	Rp40.352	Rp2.522.658
Susu (Kaleng)						
Oktober	236	144	380	288	Rp12.580	Rp4.800.800
November	236	181	417	344	Rp13.120	Rp5.470.560
Desember	236	181	417	336	Rp13.781	Rp5.733.606
Sub Total	708	306	1.014	968	Rp39.481	Rp16.004.966
Gula (kg)						
Oktober	10	5	15	5	Rp7.100	Rp106.500
November	10	10	20	5	Rp6.100	Rp122.000
Desember	10	10	20	10	Rp6.544	Rp130.880
Sub Total	30	25	55	20	Rp19.744	Rp259.380
Tepung Terigu (kg)						
Oktober	18	9	27	2	Rp10.200	Rp275.400
November	18	9	27	3	Rp10.700	Rp289.800
Desember	18	9	27	3	Rp11.240	Rp301.680
Sub Total	54	27	81	8	Rp32.140	Rp866.880
Total						Rp25.891.428

Source : Penulis (2022)

The raw material budget has been known for its quantity, so the author then makes a raw material purchase budget which is a point in planning this budget. A raw materials purchase budget is prepared

using a google sheet which is on the tab next to the raw material budget because the two of them have a connection in planning the raw material budget; the author also provides a template for Espotam Moex partners so they can plan for the following periods. The budget for purchasing raw materials contains the following:

1. Material/Period, indicating the raw materials used included the unit of conversion (per kg, per can). In addition, the time period for budgeting for the purchase of raw materials in this planning is only carried out for three periods, namely from October to December 2022.
2. Material requirements for production contain the quantity of the raw material budget that has been adjusted to the production plan for each period; this figure is obtained from the initial raw material requirement budget.

3. Ending inventory of raw materials, the limit on the amount of ending inventory on hand when completing production for that month. The targeted ending inventory remaining and required to place an order is 30%. The calculation for the ending inventory is 30% multiplied by the material requirements for production in column C on the google sheet, except for sugar raw materials because the purchase is per sack weighing 50kg making it easier to calculate.
4. Amount of gross requirements, the estimated amount of raw materials needed before deducting the initial inventory of raw materials. The calculation is done by adding the material requirements for production to the ending inventory of raw materials.
5. Initial raw material inventory, the amount of raw material inventory available in the previous month's production.
6. Purchase contains the number of units/box/kg, the unit price of raw materials, and the total cost. The number of units/boxes/kg is obtained by reducing the amount of gross demand with the initial inventory of raw materials so that the amount of raw materials that need to be purchased to meet production in that month is obtained.

Standard Operating Procedure (SOP)

The Standard Operating Procedure (SOP) for this store's operations was created to guide partners in service to consumers and is well structured. The implementation procedure starts from the opening and closing hours of the shop, the cleanliness of the shop area, the recording of ice cubes that will be distributed to mobile sellers, the etiquette of sales services in stores, the employee health protocol, and the calculation of the amount of sales cash receipts. In addition to the implementation procedure, the date of making the SOP and updating this written SOP is also stated so that you can find out when the SOP was renewed, the Espotam Moex partner logo, store address, and cellphone number that can be contacted.

Standard Operational Procedures for the production process are made to guide the process of implementing the production of ice cubes to maintain the quality of ice-cut products in production and control the quantity of ice-cut production according to market demand which is monitored through sales. This guide is information for employees working in ice cubes so they know what things need to be considered during the production process from start to finish. The implementation procedure of checking expiration date and the number of raw materials purchased so that it is necessary to record purchases by attaching a purchase receipt or note, coordinating the amount of production with the head of the shop to anticipate excess stock of raw materials; cleanliness the production area and equipment after using it. Wear a mask and gloves when making ice cubes and innovating new products with the consideration of discussing the obstacles that need to be faced.

Standard Operational Procedures for product inventory were created to guide Espotam Moex's partners in storing the production of ice cubes and controlling and maintaining quality in the storage process. Partners use this guide to understand job descriptions for employees who want to work at Espotam Moex. Implementation procedures are carried out by storing ice cubes based on the variant type, recording

the production date and storage date for each flavor variant, and carrying out cleaning activities in the freezer to maintain the quality of the ice cubes.

Sales Recording Form

The sales recording form was made by the author using Microsoft Excel. This template will later be submitted to Espotam Moex partners in softcopy and hardcopy. Sales records on this form are in the form of sales at shops and sales made by mobile cart sellers. Recording sales on this form is helpful as a review of sales, so partners know how much the average sale of ice cubes is every day or every month. This record is also a reference in planning the production and innovation of new ice products or repairs to deficiencies in sales or products. The sales recording form contains the following:

Picture 3.
Sales Recording Form

Formulir Pencatatan Penjualan Es Potong (Penjual Keliling & Toko)
Ruko Pasar Cahaya Garden Blok G No.8, Sadai, Kec. Bengkong, Kota Batam 29444
Hp : 081266292120 / 085668100510

Tanggal	Nama Penjual	Jenis es potong	Jumlah yang diambil	Jumlah yang dikembalikan	Penjualan			Keterangan	
					Terjual (pcs)	Harga satuan (Rp)	Charge (Rp)		Total terjual (Rp)

Source : Penulis (2022)

1. Date, date of the month the transaction made the sale.
2. The name of the seller, at Espotam Moex, there are sales made by cart vendors, so it is necessary to record how many pieces of ice are taken for sale each day.
3. Types of cut ice flavors sold, such as strawberry, milo, corn, and others.
4. The amount taken, the number of pieces of ice taken by the traveling seller
5. The amount returned, in the afternoon, the peddler will return the remaining ice cubes to Espotam Moex, so it is necessary to know the amount returned, which will be calculated later.
6. Sales, there are columns sold (amount of ice cubes), the unit price of ice cubes, charge (additional costs such as ice cubes), and total cost sold. In this section, store sales can be used to record sales.

7. Description, used for recording particular matters such as charges and writing notes of what additional fees are paid. According to the partner, this information is recorded at the time of sale; it is needed evidence or a reminder.

Conditions After Implementation,

Following are the conditions experienced after the implementation process of the output design carried out at Espotam Moex:

1. The plan to purchase raw materials becomes more regular; it is enough to order raw materials at once in 1 order because you know firsthand how much quantity is needed in 1 period or month's production.
2. The existence of Espotam Moex partner SOPs in-store operations, production processes, and inventory are more efficient. The implementation process ran more smoothly than before; old and new employees only needed to read the existing SOP guidelines, so partners did not need to explain directly. It was ineffective because these employees quickly forgot about it.
3. Recording of sales is arranged more neatly and clearly how many sales are made every day and can be calculated every month quantity of ice cube sales so that it is easy for partners to predict increases or decreases sales compared to the previous recording using a booklet and not recording store sales.

Conclusions

Espotam Moex is an MSME engaged in manufacturing and selling old-school ice cubes with various flavors distributed by mobile sellers. The practical work implementation methods used are observation, interviews, and documentation of owners and information related to these SMEs. From the results of observations, Esportam Moex still needs a budget for purchasing raw materials, so there is often an excess or shortage of purchases of raw material stocks. In addition, there needs to be a clear written SOP for what needs to be done and paid attention to by employees, and sales records are still using a booklet, so there is no particular form for recording sales. The above affects Esportam Moex in operations and predicts the development of MSMEs in the future.

The outputs achieved in this practical work are the raw material budget and raw material expenditure budget in the form of a google sheet, shop operational SOPs, production processes, product inventory in hardcopy and softcopy form, Esportam Moex sales recording forms in hardcopy and softcopy form. The implementation process went quite well, and the implementation results show that budget planning is constructive in purchasing raw materials; SOPs provide sufficient information for employees to carry out work as well as effective sales recording for Esportam Moex in knowing the number of sales every day or every month and assisting in predicting the development of SMEs and new product innovations.

Some suggestions from the author to Esportam Moex partners which are expected to be able to maintain and continue to use the outputs that have been carried out so that in terms of internal operations can run effectively, the owner or supervisor of Esportam Moex can budget for the purchase of raw materials for each period/month and make adjustments on the quantity of production if there is a

change in demand for the number of ice cubes based on sales. Esptam Moex is expected to be able to update the SOP in the future to improve the quality of production and product storage so that employees can get the latest information from the updated SOP. I want to thank the support of my parents and family, as well as the Batam International University, for allowing me to do this project. Hesniati, S.E., M.M., for guiding me in working on this project to completion.

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