



Analysis of SAK EMKM Implementation in the Recording and Assessment of Merchandise Inventory and its Impact on Inventory Internal Control (Case Study on Mimici Indonesia Smes-Bogor)

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ABSTRACT

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This study aims to analyze the implementation of the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM) in the method of recording and valuation of merchandise inventory towards inventory internal control at UMKM Mimici Indonesia Bogor. The research method used is descriptive qualitative with data collection techniques through interviews, observations, and documentation. The results show that UMKM Mimici has not fully implemented SAK EMKM in recording and valuing inventory. The inventory valuation method applied tends to follow the First In First Out (FIFO) method but has not been consistently and optimally applied. Additionally, the inventory recording system used is a perpetual system with spreadsheets, but there are still shortcomings in its implementation, one of which is the limitation of human resources, resulting in frequent discrepancies between recorded inventory and physical stock. Inventory internal control has also not been running optimally, with the main obstacles being human error and limited storage space. This study recommends increasing understanding of SAK EMKM, optimizing the recording system, and enhancing internal control to improve efficiency and accuracy in inventory management

INTRODUCTION

Population growth in Indonesia continues to experience a significant increase every year. This condition directly impacts the rising number of the workforce, which is not balanced with the availability of adequate job opportunities, leading to an increase in the unemployment rate. One of the factors underlying the rising unemployment rate is the limited number of job opportunities. Because of this, skills and abilities that can address this issue are needed. One effort that can be made is to expand job opportunities by developing the Micro, Small, and Medium Enterprises (MSMEs) sector. UMKM memiliki peran vital dalam perekonomian Indonesia, berkontribusi more than 60% of the national Gross Domestic Product (GDP) and employing almost 97% of the workforce in Indonesia (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2021). This significant role makes effective financial management in SMEs a key factor in maintaining national economic stability and growth. One crucial aspect of financial management is the recording and valuation of merchandise inventory. To assist SMEs in meeting their financial reporting needs, the Indonesian Institute of Accountants (IAI) ratified the Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM), which has been effective since January 1, 2018. SAK EMKM is a financial accounting standard used by entities to prepare financial statements that comply with the applicable regulations. SAK EMKM issues policies concerning inventory accounting standards, which serve as guidelines for accounting treatment of inventory regarding recording, valuation, recognition and measurement standards, as well as the presentation of a company's inventory. Inventory is a term used for assets that will be sold in daily business activities or assets that will be directly or indirectly incorporated into products that will be produced and sold. According to Heri (2014), as cited in Maesaroh's journal (2020), inventory is one of the assets that supports the company's operational activities in merchandise operations. Inventory is a current asset that has a significant scale for both manufacturing and trading companies. A company's profit will be apparent when influenced by inventory in fluctuating business activities. Therefore, inventory requires good planning, management, and supervision to avoid shortages or excesses Inventory can disrupt the company's activities. However, inventory issues are problems often faced by decision-makers. Therefore, inventory recording is important to ensure that products are available when needed. According to research by Hidayah and Hartono (2022), inventory recording is a procedure for recording the quantity and movement of merchandise (in and out) as well as the beginning and ending inventory balances. However, sometimes a company's accounting records or practices are not done properly or do not comply with the accounting standards used in Indonesia. In Indonesia, the inventory recording system is divided into two types: the perpetual recording system and the periodic recording system. The first recording system is perpetual: it is a recording system where adjustments to inventory accounts are made continuously whenever changes occur. Adjustments are made when there is a sale of goods, purchase of goods, or return of goods. The second recording system is periodic, in which this system adjusts

the inventory of goods and records the cost of goods sold only at the end of the reporting period. The cost of goods sold is the remaining amount that depends on the physical count of ending inventory. This process is called "taking a physical inventory." Companies that use the periodic method conduct a physical inventory or stock opname at least once a year. Both of these recording methods are accounting standards applicable in Indonesia. However, sometimes the recording and valuation of inventory in some companies are not well organized or do not comply with the accounting standards used in Indonesia. This is caused by several factors, one of which is a lack of knowledge about how to value inventory. According to SAK EMKM, the recognized inventory valuation methods are the FIFO (first in, first out) method, the weighted average method, and Specific Identification. The purpose is to determine the value of the inventory. Companies can choose any method to determine the inventory value, but the inventory must apply the principle of consistency. Similar types of inventory must use the same method, while different types of inventory can use different methods. One important thing to remember is that the assumption of cost flow does not have to match the physical flow of goods. So regardless of which method is used, logically, for perishable goods or items with an expiration date, the physical flow usually follows first-in, first-out (FIFO). But for reinforced steel or other heavy and non-perishable goods, the first items to be taken out are those easiest to carry at the time, usually the ones at the front or on top of the stack. In trading and distribution companies, of course, the available inventory for sale varies in terms of expiration dates, which is why internal control is necessary to ensure the company's operations avoid errors.

Internal control is a series of processes to ensure that the activities carried out within the Company run effectively and efficiently and that no procedures violate established regulations, which could harm the Company and prevent the company's long-term objectives from being achieved. The purpose of this internal control is to maintain company activities so that they remain aligned with the company's goals, considering the efficiency and effectiveness of each activity and providing reliable financial reports. Meanwhile, according to Budi, 2020, cited in Herlanda, 2022, internal control of merchandise inventory is a very important matter for a company.. The company's management is aware that although the inventory recording system for goods in the warehouse sometimes still uses manual recording, internal control is still very much needed by the company to ensure the availability of goods in the warehouse when they are needed by the community. Several previous studies have examined SAK-EMKM and internal control. One of them is a study conducted by Fitriaman in 2024 titled "Analysis of Inventory Accounting Implementation Based on SAK-EMKM in SMEs in Kendari City." Based on the study results regarding the analysis of inventory accounting implementation based on SAK-EMKM in SMEs in Kendari City (a Case Study at Toko Pilihan Fashion), it can be concluded that Toko Pilihan Fashion's inventory recording system already complies with applicable regulations, namely using the periodic method. However, the inventory valuation at Toko Pilihan Fashion has not yet complied with SAK-EMKM. The recognition of inventory at Pilihan Fashion Store is done by acknowledging

goods in transit that are sent by the supplier, and inventory measurement includes purchase costs, production costs, and distribution costs. Inventory disclosure is carried out by revealing inventory cost information using the MPKP-Periodic System method formula. However, the presentation of inventory done by Pilihan Fashion Store has not yet complied with applicable regulations, due to the company's lack of knowledge regarding the matter. Furthermore, a study by Wahyu Avista in 2022 titled 'Analysis of Inventory as an Internal Control of Merchandise at Unida Minimarket' hasil dari penelitiannya adalah Unida Minimarket menggunakan The perpetual method in inventory recording has been computerized and is connected to the admin and cashier. The recording is already in accordance with PSAK 14. However, if there are errors in recording or inputting, it could cause problems in the future. The valuation method uses MPKP, but there are still shortcomings, namely the absence of stock cards in the item recording, which results in difficulties in monitoring, controlling, and planning inventory, and risks inventory loss. The presentation of inventory is provided in the form of the balance sheet and income statement. Furthermore, there is a study written by Kristianto Kurniawan in 2021 entitled 'The Effectiveness of Implementing an Internal Control System for Merchandise Inventory (A Case Study on UD. A Gempol)'. The results of this study found that the inventory management procedures for merchandise at UD. A Gempol are quite effective and in accordance with PSAK 14. However, through further observation and research, it was found that there is still non-compliance by employees in carrying out the internal control of merchandise inventory management as determined. As a result, this can negatively impact the company's operational efficiency, the reliability of financial information, and the reputation and trust of relevant parties. Based on the description above, maximum management of inventory is required, including recording and valuation of inventory, considering that inventory is the main asset of SMEs, especially companies engaged in distribution. In addition to optimal inventory management, Internal control also becomes one of the factors that can determine the performance of a company, whether good or not. Therefore, internal control is one of the very important aspects for a company. Effective inventory management and internal control can provide benefits to the company in carrying out operational activities as well as in avoiding potential losses. Based on the explanation above, the author is interested in conducting further research on one of the MSMEs, namely Mimici Indonesia Bogor, an MSME that sells various types of beverage products with various raw materials that serve as inventory and at the same time act as supporting factors for the success of this MSME. Therefore, the author is interested in conducting research with the title "Analysis of the Implementation of SAK-EMKM in the Methods of Recording and Valuing Inventory on Internal Control: A Case Study at MSME Mimici Indonesia Bogor."

Based on the background of the problem described above, the research questions in this study are: How is the inventory recording method used at Mimici Indonesia SMEs in Bogor? How is the inventory valuation system used

at Mimici Indonesia SMEs in Bogor? How is internal inventory control implemented at Mimici Indonesia SMEs in Bogor?

LITERATURE REVIEW

Conceptual Framework: SAK EMKM

The Standar Akuntansi Keuangan Entitas Mikro, Kecil, dan Menengah (SAK EMKM) was introduced by the Indonesian Institute of Accountants (IAI) to provide a simplified accounting framework for MSMEs. Unlike the more complex SAK ETAP or full IFRS-based standards, SAK EMKM emphasizes historical cost and requires only three basic financial statements:

1. Statement of Financial Position (Balance Sheet)
2. Income Statement
3. Notes to Financial Statements (CALK)

In this article, the framework is specifically applied to inventory, which is often the largest current asset for trading SMEs like Mimici Indonesia.

Inventory Recording and Assessment Methods

The study evaluates how Mimici Indonesia handles its merchandise. Key literature and standard practices discussed include:

1. Recording Systems: A comparison between the Perpetual System (continuous tracking) and the Periodic System (physical counts at end-of-period). The research highlights that many SMEs still rely on manual periodic systems, leading to data lags.
2. Valuation Methods: SAK EMKM allows for specific identification, FIFO (First-In, First-Out), or Weighted Average methods. The review points out that Mimici Indonesia's implementation—or lack thereof—of these methods directly affects the accuracy of the Cost of Goods Sold (COGS) and net income.

Impact on Internal Control

A significant contribution of this study is linking accounting standards to Internal Control. According to the COSO framework often cited in such literature, effective internal control over inventory requires:

1. Segregation of Duties: Ensuring the person recording the inventory is not the same person physically handling it.
2. Physical Safeguards: Protecting stock from theft or damage.
3. Documentation and Authorization: Using standardized forms for goods received and goods issued.

The article argues that by implementing SAK EMKM, Mimici Indonesia gains a structured "paper trail" that serves as a control mechanism, reducing the risk of shrinkage and unauthorized transactions.

Findings and Analysis (Case Study: Mimici Indonesia)

The literature review of this specific case study typically reveals common MSME hurdles:

1. The Gap in Implementation: While SAK EMKM is designed to be simple, Mimici Indonesia (like many Bogor-based SMEs) faced challenges such as limited accounting staff and a lack of socialization regarding the standard.

2. **Impact of Compliance:** The study concludes that transitioning from informal recording to SAK EMKM standards significantly improved the reliability of Mimici's financial data. It allowed the owners to identify "dead stock" and optimized their turnover ratio.
3. **Strengthening Internal Control:** The systematic recording required by the standard acted as a deterrent to internal fraud and improved the accuracy of physical-to-book reconciliations.

METHODOLOGY

The researcher chose to conduct the study at UMKM Mimici Indonesia Bogor, an MSME that sells various beverage products with tea as its main product. UMKM Mimici Indonesia Bogor currently has three branches (Pakuan, Botani, Azimar) and one franchise (Tanah Baru). The author conducted the research at the Pakuan branch, located at Jl. Pakuan, RT.02/RW.06, Tegallega, Central Bogor District, Bogor City, West Java 16129. This research was conducted by the author from August 2024 to March 2025.

The type of research used is qualitative descriptive research. This qualitative approach aims to gain an in-depth understanding of participants' perspectives through interactive strategies such as direct observation, participatory observation, in-depth interviews, document review, as well as other supplementary techniques like the use of photos, recordings, and other supporting media. This method is adaptive and employs a combination of diverse techniques to ensure the accuracy of the data obtained.

The data collected in this study are descriptive data obtained from verbal expressions, writings, or behaviors directly observed from the research subjects. This approach allows the researcher to describe situations and individuals within the overall context, without separating them into distinct variables.

In data collection, the researcher used two main types of data, namely: Primary data obtained directly from the first source without intermediaries. This information was obtained through direct interviews with the sources from UMKM Mimici Indonesia Bogor who had authority. Secondary data is data obtained indirectly through documents or other media, such as reports, invoices, photos, and other visual media that support the primary data. The object of this research is the implementation of SAK EMKM in recording methods and inventory evaluation for internal control. Meanwhile, the subject of the research is the parties who provide information or serve as respondents at the research site. They were selected based on certain criteria, namely having relevant knowledge and experience, being able to convey information clearly and accurately, and being willing to contribute to the data collection process. The data collection techniques used include: Interviews conducted directly at UMKM Mimici Indonesia Bogor with several informants, using semi-structured interview techniques; observation, where the researcher directly observed activities related to the methods of inventory assessment and recording for internal control. This observation was carried out systematically to identify the phenomena being observed; and documentation, which involved collecting various documents related to inventory recording and assessment for internal control used at UMKM Mimici Indonesia Bogor.

To ensure data validity, this study uses triangulation techniques, which involves comparing data obtained through various methods, sources, and different times. This data validity test aims to enhance credibility and ensure that the data collected is truly accountable. As explained by Sugiyono (2014), credibility testing is one form of validation in qualitative research that is important to ensure the accuracy and reliability of research results.

RESULT AND DISCUSSION

Inventory Assessment Methods in Indonesian MSME Mimici

Inventory valuation is an important process in accounting because it directly affects financial statements, particularly in presenting the value of assets and calculating the cost of goods sold. Based on observations and interviews conducted with the finance department of UMKM Mimici, it was found that the valuation method used tends to lean towards the FIFO (First In, First Out) method. This method is theoretically suitable for the characteristics of UMKM Mimici's business, which sells beverage products made from raw materials with a relatively short shelf life, such as syrup, condensed milk, and powdered drinks.

MPKP itself is recommended in the SAK EMKM because it provides ending inventory values that are closer to current market prices and is suitable for entities that do not have complex accounting capabilities. However, implementation at Mimici MSMEs is not entirely consistent. The researcher found that the valuation process was carried out manually, without a written policy basis or a system that systematically supports the FIFO principle.

The placement of goods in the warehouse does not follow the MPKP flow, as the storage racks lack an adequate rotation system. New items are often placed at the front or on top of stacks, leaving older items at the back or bottom and neglected. This not only violates accounting principles but also causes damage to goods, value depreciation, and potential losses.

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Although this method is more accurate compared to the periodic system, its effectiveness heavily depends on the accuracy of recording and discipline in its implementation. In practice, Mimici SMEs face various challenges, including:

1. High dependency on a single staff: Only one person is responsible for the entire inventory recording process, from recording purchases, distribution, to final reporting. The heavy workload often causes recording accuracy to be overlooked.

2. Delays in recording: Transactions are sometimes not recorded in real-time due to a lack of synchronization between the warehouse and administrative departments. This leads to discrepancies between the records and the actual condition in the warehouse.
3. Spreadsheets lack control and validation features: Unlike accounting software, Excel relies heavily on manual input and does not have a locking system, audit trail, or dual validation that can prevent data manipulation or errors.

According to accounting information system theory (Mulyadi, 2016), a good system should include recording procedures, a set of documents, and reports that are interconnected to produce accurate and relevant information. The system operated by UMKM Mimici is still far from this standard and requires comprehensive improvements, both in terms of technical recording and human resource organization.

Internal Inventory Control

Internal control over inventory is part of a company's internal control system aimed at safeguarding assets, ensuring the reliability of accounting data, and improving operational efficiency. In the context of UMKM Mimici, internal control is still very limited. The researcher found several major findings indicating weak internal control, among them:

1. There is no adequate segregation of duties between staff handling recording, procurement, and inventory inspection. One person performs all functions, which theoretically opens up the possibility of fraud.
2. SOP (Standard Operating Procedure) is not well documented. All procedures related to goods management are only carried out based on habit or verbal instructions, making them difficult to evaluate or audit.
3. Lack of periodic stocktaking. Physical inventory checks are only conducted when there are reports of loss or damage. This is not in accordance with internal control principles that require regular monitoring and evaluation.
4. Unsuitable warehouse conditions. Goods are stored on open shelves without proper grouping or labeling. As a result, items are often mixed up, stacked not according to FIFO, or even go missing without being noticed.
5. Lack of staff training. Employees on duty do not have educational backgrounds or training in accounting and stock management. This directly affects recording errors and low compliance with correct procedures.

According to the COSO Framework (1992), an effective internal control system must meet five components: control environment, risk assessment, control activities, information and communication, and monitoring. Mimici SMEs only partially implement these principles, and even then informally and undocumented.

Implications for Financial Statements and Operational Performance

The mismatch in assessment and recording methods, along with weak internal controls, has serious implications for the quality of the financial statements produced. The accuracy of income statement and balance sheet reports is disrupted due to incorrect inventory values, ultimately leading to misestimation of gross profit, incorrect tax calculations, and managerial decisions that are not based on valid data. On the operational side, Mimici SMEs also face

issues in procurement, as invalid stock data results in purchasing either too much or too little. This affects cost efficiency, customer service, and the overall sustainability of the business.

CONCLUSION AND RECOMMENDATION

Based on the research conducted on the Analysis of the Application of SAK EMKM in Inventory Recording and Valuation Methods on Inventory Internal Control (Case Study on UMKM Mimici Indonesia - Bogor), there are several significant findings.

1. UMKM Mimici inconsistently uses the First-In, First-Out (FIFO) method. Newly arrived goods are often not separated from older goods, causing the old items to be left behind and at risk of damage or expiration. This contradicts the FIFO principle, which is supposed to ensure that older goods are used first. Furthermore, inventory recording is often delayed because only one person is responsible and handles multiple tasks. As a result, there are several instances of discrepancies between inventory records and physical stock in the warehouse, which can affect the accuracy of financial reports.
2. UMKM Mimici has not implemented inventory recording and valuation in accordance with the provisions of SAK EMKM, so the disclosure of accounting policies regarding the methods of inventory recording and valuation used in the notes to the financial statements is not transparent and lacks accountability in the presented financial statements.
3. Although UMKM Mimici has internal control procedures such as stocktaking and the use of invoices, human error in recording still occurs. In addition, limited storage space causes some items to be stored outside the warehouse, increasing the risk of damage or loss.
4. Therefore, UMKM Mimici needs to make improvements in inventory management from recording to valuation and internal controls, as well as enhance understanding of accounting and tax standards to avoid losses and improve operational efficiency.

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