

The Role Of Internal Control Sales In Increasing Revenues In Madani Company

Eva Faridah

Faculty of Economics University of Galuh Ciamis (1st Writer)

vae_everal@yahoo.com

Ali Muhidin

Faculty of Economics University of Galuh Ciamis (2nd Writer)

alrajqu@gmail.com

Abstract

This study aimed at analyzing the implementation of internal control sales, income levels, and analyze the role of internal control sales in increasing revenue at Cikoneng Madani Company. The results of this study are expected to contribute to the development of theory related to accounting and management as a system of knowledge and also as a practice of internal control in a company.

The research method that researchers employed is descriptive method. Data collection techniques are by way of documentation, observation and research literature. While the data analysis technique is done by: 1). Analyze descriptively the implementation of internal control of sales; 2). Analyze descriptively on income level; 3). Analyze descriptively the role of internal control of sales in increasing revenue.

The results showed that the internal control of sales that have been implemented by Cikoneng Ciamis Madani companies play a positive role in increasing revenue.

Keywords: internal control, income level

1. Introduction

The current economic development and the increasing level of competition in the business world require the company to have competitive advantage in order to continue to compete. Both manufacturing companies and trading companies are required to increase sales as a key element of revenue in an effort to achieve optimal profit. Not a few companies are marginalized in the competition because it is unable to maintain the existence of their companies. Failure in such competition is usually due to very poor control. It demands effectiveness and efficiency in running various activities of the company's operations. The desire to obtain an optimal company profit is a basic intention for the company to move all the existing resources. For the achievement of such profits, then the company management requires a system that is able to control and maintain sales activities to run with the policy specified.

With the development of a company and followed by the development of the environment, the more complex activities and problems faced by the company. Hence, the management company will face difficulties in controlling various activities of the company's operations, coupled with the demands of efficiency, effectiveness and economics of the use of various resources available. It requires the management to conduct the company's operations effectively and efficiently. Therefore, it is required a system that can control from various activities of company operation.

Internal control is one of tool that can help achieve goals and to reduce risk. Implementation of internal control of sales is guided by the policies and procedures established. This requires the management to oversee the implementation of internal control of sales in order to run in accordance with policies that have been set and can achieve its objectives. Concerning well-planned internal sales control system, it is expected to have a big role in increasing the company's revenue. Here is the definition of internal control according to the Commitee of Sponsoring Organization (COSO, 2007):

Internal control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

(1) effectiveness and efficiency of operations; (2) reability of financial reporting; and (3) compliance with applicable laws and regulations.

By applying internal control, any operating activities undertaken by the company can be controlled with established policies and procedures. Thus, the possibility of risk that will be faced by company can be minimized and can give assurance that assure the achievement of set corporate goals.

Internal control of sales is carried out in the best way done by management and employees in order to achieve maximum sales. Therefore, it will obtain optimal revenue. According to the Indonesian Institute of Accountants (2012: 23.2) states that:

Revenue is the gross inflows of economic benefits arising from the normal activities of an entity during a period if such inflows result in an increase in equity not originating from an investment contribution.

Achieving targeted revenue is one of the goals expected by the company by increasing its sales volume. To increase the sales volume, the company must apply internal control of its sales well. Similarly, Cikoneng Madani Company, at which in conducting its operations must always be in accordance with the rules and policies that have been established. Internal control is very important for the company, because it is one of the critical elements of the company's success in increasing revenue.

From the aforementioned description, this research is considered important because it will be beneficial for the development of accounting and management, and also useful for the company, especially in the implementation of internal control. Therefore, the authors are interested to conduct research by analyzing the role of internal control of sales in improving the effectiveness of income. The research site is conducted in Cikoneng Ciamis Madani Company.

This study aims at: 1). Analyzing internal control of sales at Madani Cikoneng Ciamis Company; 2) Analyzing income level at Cikoneng Ciamis Madani Company; 3) Analyzing the role of the internal control role of sales in increasing revenue at Cikoneng Ciamis Madani Company.

2. Literature Review

The nature of internal control comes from COSO (2007): "Internal control is a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (1) effectiveness and efficiency of operations; (2) reability of financial reporting; and (3) compliance with applicable laws and regulations".

Internal control is defined by COSO (2007) as a process run by boards of directors, management and other personnel designed to provide reasonable assurance about achievement of the following three objectives: effectiveness and efficiency of activities, trustworthiness of financial reporting and compliance with statutory regulations of law.

The definition of sales by Kotler (2008: 120) is as follows:

Sales is business transaction involving the delivery (i,e giving) of commodity, as an item merchandise, in exchange for (the receipt of) cash, apromise to pay of money equivalent, or for combination of these item; it is recorded and reported in terms of amount of it such cash, promise to pay...

The implementation of sales has a close relationship with the company's goal to earn a profit in maintaining its survival. To ensure that sales activities are in compliance with policies and procedures, an adequate internal control system is required.

The purpose of internal control of sales by Arrens and James (2000: 406) is as follows:

1. Recorded sales are for shipment actually made to exiting customer (existence)
2. Recorded sales transaction are recorded (completeness)
3. Recorded sales are for amount of goods and are correctly billed and recorded (accuracy)
4. Sales transaction are properly classified (classification)



5. Sales are recorded on the correct data (timing)
6. Sales transaction are properly included in the account receivable master file and are correctly summarized (posting & summarization).

According to Skousen et al., (2001: 112) argued that: "Revenue represents income arising from an increase in the sale of goods or services". Meanwhile Smith and Skousen translated by the translation team of Publisher Erlangga (2000: 123) suggested that: "Revenue is inflows or other increments of assets of an entity or obligations (combinations) arising from the delivery of production of goods, service providers or other activities which constitute a major operational or continuous operation of an entity".

Meanwhile, according to the Indonesian Institute of Accountants (2012: 23.2) stated that: Revenue is the gross inflows of economic benefits arising from the normal activity of an entity during a period if such inflows result in an increase in equity not originating from an investment contribution.

The amount of revenue arising from a transaction is usually determined by agreement between the company and the buyer or the user of the asset. The amount is measured at the fair value of the benefits received or received by the company minus the amount of trade discounts and volume discounts allowed by the company.

The measurement of income or revenue according to the Indonesian Institute of Accountants PSAK 23 (2012: 23.2) is as follows: "Revenue should be measured at fair value earned or received".

3. Research Methodology

The method that researchers employed is descriptive method. The detailed description of the methods used include; The research stages, the research site, the observed or measured variables, the model used, the research design, as well as the techniques of data collection and analysis.

In this study, the writers conducted research on Civil Company which is located at Jalan Gegempalan RT01 / RW12, Gegempalan Village Cikoneng District, Ciamis Regency.

Research design employed by the writers is descriptive with the following steps: 1). Data collection; 2). Data analysis; 3). Explain more deeply about the research results; 4). Take conclusions and present suggestions.

Data collection techniques used in this study are as follows: 1). Documentation; 2). Observation; 3). Research Library. Furthermore, in data analysis techniques the writers used descriptive method of analysis. Those are covered: 1). Analyze descriptively the implementation of internal control of sales; 2). Analyze descriptively the level of income; 3). Analyze descriptively the role of internal control of sales in increasing revenue.

4. Result And Discussion

In essence, Madani Cikoneng Ciamis company has been trying to run internal control of sales in increasing revenue with the aim of securing company property, test the accuracy and correctness of accounting data, improve operating efficiency, and adherence to the policies of the company leadership.

Meanwhile, the earnings of madani companies increase each year due to the strategy set by management in an effort to increase revenue from sales went well and smoothly.

The purpose of management creates an internal control is to protect the assets used for the achievement of corporate goals that have been set, streamline operations, produce accurate business information, encourage employees to comply with policies and regulations that have been established and assist management in decision making.

The main purpose of the implementation of internal control of sales is to manage, secure and control the sales activities to be implemented in accordance with the policy set by management because the sale is the main source of opinion company.



Internal control of sales at Madani Cikoneng Ciamis Company has been well implemented because the elements of general internal control have been well fulfilled starting from the control environment, risk assessment, control activities, information and communication, and supervision.

Internal sales control which can generally be said to be adequate with the fulfillment of general elements of internal controls provide a role to the revenue revenue achieved it is evident that the income of Madani Cikoneng Ciamis company from year to year increased. Average annual increase of Rp. 193,287,500, - or annually increased by 6.43%.

From the results of research and discussion, it can be concluded that the internal control of sales conducted by Madani Cikoneng Ciamis company has been adequate and has helped in making the right decisions so as to provide a role in the increase in revenue achieved by Madani Cikoneng Ciamis company. Therefore, it can be said that the internal control of sales play a role in increasing revenue.

5. Conclusion And Suggestion

Based on the results of research and discussion conducted on Madani Cikoneng Ciamis Company, then the writers can conclude: 1). The implementation of internal controls by Madani Cikoneng Ciamis Company is adequate because of the elements of general internal control that have been fulfilled such as: control environment (commitment to integrity and ethical values, management philosophy and operation style, organizational structure, determination of authority and responsibility, practices and policies concerning human resources) risk assessment, control activities, (adequate separation of liabilities, appropriate authority over transactions and sales activities, adequate documents and records of fiscal control over assets and recording of independent internal checks) information and communications , monitoring; 2). Madani Cikoneng Ciamis Company run the strategy set by the management to increase revenue. The income of Madani Cikoneng Ciamis from 2005 to 2009 continues to increase. The average annual increase of Rp 129,981,250 or annually increases by 7.95%; 3). Internal control of sales that have been implemented by Madani Cikoneng Ciamis companies play a positive role in increasing revenue.

Based on the conclusions that have been done by the writers and based on the description in terms of theoretical then the writers tried to give some suggestions as follows: 1). We recommend internal control of sales that have been applied in the Madani Cikoneng Ciamis Company is maintained and continuously improved, in order to achieve the objectives of the Madani Cikoneng Ciamis Company in accordance with the desired company; 2). It is better to increase revenue even better the company improves its sales strategy and implements new strategies in selling its products to increase sales volume; 3). The company to always provide training for employees, especially for marketing employees who directly communicate with customers so that employees are competent in the field of marketing. Hence, the income generated will continue to increase.

6. Acknowledgments

Thanks to Allah SWT who always given an infinite grace. Acknowledgments to the academic community of Faculty of Economy of Galuh University especially to the head of university Dr. H. Yat Rospia Brata, M.Si., the Dean of Faculty of Economy Dr. Ati Rosliyati, S.E.,M.M.,Ak.,C.A., who has given me the oppotunity to join the activities of "The 8th International Conference on Sustainable Collaboration Business, Technology, Information and Innovation 2017"

REFERENCES

- Arrens, A. Randal, J& Mark, S.2004. *Auditing dan Pelayanan Verifikasi Pendekatan Terpadu*: dialih bahasakan oleh Tim Dejacarta. PT. Indeks: Jakarta.
- Arrens, A & James, K. 2000. *Auditing Suatu Pendekatan Terpadu*: Diterjemahkan oleh Amir Abadi Jusuf. Salemba Empat: Jakarta.



Committee of Sponsoring Organizations of the Treadway Commission (COSO). 2007. Internal Control-Integrated Framework.

Ikatan Akuntan Indonesia. 2012. Standar Akuntansi Keuangan. IAI: Jakarta.

Indriantoro&Supomo. 2002.*Metodologi Penelitian Bisnis untuk Akuntansi dan Manajemen*. Edisi Pertama. BPFE: Yogyakarta.

Kotler, P & Keller, KL. 2008. *Manajemen Pemasaran*: Edisi ke Dua Belas. PT. Indeks: Jakarta.

Sugiama, G. 2008. *Metode Riset Bisnis Dan Manajemen*. Gunadarma Intimarta: Bandung.

Sugiyono. 2007. *Metode Penelitian Bisnis*. Cetakan Kesepuluh. Alfabeta: Bandung.

