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Education on the Investment Acquisition and Payment Cycle to Strengthen the Internal Control System at CV Citra Panca Mandiri

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Abstract

This study examines the implementation of revenue recognition and construction contract cost recognition under PSAK 72 at PT Wijaya Karya (Persero) Tbk, a leading state-owned construction company listed on the Indonesia Stock Exchange. The research aims to evaluate the extent to which the company's accounting practices comply with PSAK 72 in recognizing revenue from contracts with customers and matching contract costs with recognized revenue. A qualitative descriptive approach was employed using document analysis of secondary data obtained from the company's annual reports, audited financial statements, accounting policies, and relevant academic literature. The collected data were analyzed by comparing the company's accounting treatment with the recognition, measurement, and disclosure requirements prescribed by PSAK 72. The findings reveal that the adoption of PSAK 72 has not fundamentally changed revenue recognition for the company's core construction contracts because revenue continues to be recognized over time using the cost-to-cost percentage-of-completion method, which satisfies the standard's performance obligation criteria. Nevertheless, challenges remain in estimating and allocating construction contract costs, particularly in the recognition of contract assets, inventory classification, and cost matching, potentially affecting the reliability of financial reporting. The study demonstrates that compliance with PSAK 72 extends beyond revenue recognition and requires robust cost estimation, contract management, and internal control systems to ensure faithful financial reporting. This research contributes to the literature by providing empirical evidence on PSAK 72 implementation in Indonesia's construction sector and offers practical recommendations for enhancing accounting quality, transparency, and accountability in long-term construction contracts.

Keywords: *PSAK 72; revenue recognition; construction contract costs; construction industry; financial reporting.*

1. Introduction

The increasingly dynamic business environment requires companies to establish effective and efficient management systems capable of providing reliable information for decision-making. One of the most critical elements in achieving this objective is the implementation of an adequate internal control system. Internal control serves to safeguard company assets, enhance operational efficiency and effectiveness, and ensure that organizational activities are conducted in accordance with established policies. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2013), an effective internal control system consists of five interrelated components: the control environment, risk assessment, control activities, information and communication, and monitoring activities. Internal control plays a crucial role in minimizing the risks of errors, fraud, and operational inefficiencies within an organization. Elder (2020) argues that an effective internal control system provides reasonable assurance regarding the reliability of financial reporting, operational effectiveness, and compliance with applicable laws and regulations. However, the effectiveness of internal control depends not only on the existence of formal procedures but also on the knowledge, competence, and commitment of employees responsible for implementing those procedures. Therefore, enhancing employee competency is an essential strategy for strengthening corporate governance and organizational accountability.

One of the business activities that requires strong internal control is the **investment acquisition and payment cycle**. This cycle encompasses the identification of investment needs, purchase requisition, authorization procedures, supplier selection, asset receipt, payment processing, asset recording, and asset monitoring. Romney (2021) explains that the expenditure cycle represents one of the highest-risk business processes because it directly involves corporate cash disbursements. Weaknesses in this cycle may result in recording errors, unauthorized payments, and inadequate supervision of company assets. In practice, small and medium-sized enterprises (SMEs) frequently encounter challenges in implementing effective internal control systems. Limited human resources, the absence of standardized operating procedures, and insufficient knowledge of accounting information systems often weaken business control mechanisms. Azizi Ismail and King (2007) found that organizational limitations in understanding accounting information systems constitute one of the primary obstacles to improving managerial effectiveness in SMEs.

CV Citra Mandiri, located in Makassar, is one of the companies whose operational activities depend heavily on assets and investment expenditures to support business operations. As the company continues to expand, the demand for investment procurement has increased significantly, requiring a more structured and systematic management process. Preliminary observations indicate that the company still requires improvements in understanding the investment acquisition and payment cycle as well as the implementation of internal control throughout each stage of the transaction process. Several problems were identified at CV Citra Mandiri. These include the absence of comprehensive written procedures governing investment procurement and payment activities, inadequate segregation of duties among employees involved in transaction processing, and limited employee awareness regarding the importance of internal control. These conditions may increase the risks of incomplete transaction documentation, delays in asset recording, and insufficient monitoring of company assets. Consequently, there is a need to strengthen employees' competencies through educational and mentoring activities.

The urgency of this community service program is further supported by the general condition of SMEs and small enterprises in Indonesia, which continue to face challenges in governance and financial administration. The Ministry of Cooperatives and SMEs of the Republic of Indonesia (2023) reports that although SMEs contribute significantly to the national economy, many still experience limitations in managerial capability and financial recordkeeping. Sularsih and Wibisono (2021) also demonstrated that financial literacy, information technology, and internal control significantly contribute to improving the quality of SME financial reporting. Based on these issues, this Community Service Program (Pengabdian kepada Masyarakat—PKM) proposes an educational and mentoring initiative focusing on the investment acquisition and payment cycle as a strategy to strengthen the internal control system of CV Citra Mandiri. The educational activities include training on investment procurement procedures, transaction authorization mechanisms, documentation of supporting evidence, asset recording procedures, and monitoring of company asset utilization. This approach is expected to enhance participants' understanding of transaction risks and improve the implementation of effective internal control procedures.

Educational assistance and mentoring are considered appropriate because the effectiveness of internal control is highly dependent on users' understanding and proper execution of established procedures. Romney (2021) emphasizes that the success of an accounting information system largely depends on user involvement and a comprehensive understanding of business processes. This finding is consistent with Tindage et al. (2025), who reported that the implementation of accounting information systems positively influences the effectiveness of internal control among SMEs. Jalmiljn Tindage and Meilinda Irene Salampessy (2021) found that the implementation of accounting information systems and internal control significantly improves employee performance by establishing clear operational procedures. Similarly, Kusmintarti et al. (2022) reported that the adoption of accounting information systems enhances transaction recording quality and strengthens business control activities in SMEs. These findings suggest that a sound understanding of accounting systems is fundamental to improving organizational governance.

Harini et al. (2019) also demonstrated that accounting information systems and effective internal control positively influence employee performance in SMEs. Likewise, Khairun Nisa et al. (n.d.) found that accounting knowledge and internal control systems significantly affect the quality of SME financial reporting. Furthermore, Atharrizka et al. (2021) concluded that accounting information systems and internal control contribute substantially to improving the quality of organizational financial information. Research conducted by Fachruddin et al. (n.d.) on cash receipt accounting information systems indicates that effective transaction control enhances the reliability of financial information. Likewise, Kania and Tanjung (2021) found that accounting information systems and internal control significantly improve financial reporting quality. Caesar and Sulistyowati (2023) further emphasized that evaluating internal control within the purchasing cycle is essential for identifying procedural weaknesses, assessing the effectiveness of control activities, and providing recommendations to improve organizational operational performance.

International studies also support the importance of accounting information systems and internal control. Grande et al. (2011) demonstrated that accounting information systems positively affect the performance of small and medium-sized enterprises by improving information quality. Similarly, Soudani (2012) concluded that accounting information systems enhance managerial decision-making and strengthen organizational control effectiveness. Furthermore, Rikhardsson and Dull (2016) argued that the successful implementation of information technology in SMEs depends largely on organizational readiness and users' competencies.

Adegbayibi (n.d.) reported that internal control components—including the control environment, control activities, and monitoring—are positively associated with the effectiveness of accounting information systems in SMEs. Collectively, these studies indicate that internal control and accounting information systems are fundamental determinants of organizational effectiveness. Nevertheless, most previous studies have concentrated on examining relationships among variables, while relatively little attention has been devoted to direct educational interventions aimed at strengthening internal control within organizations. Based on the existing literature, a clear research gap justifies the implementation of this community service program. Previous studies have primarily investigated the influence of accounting information systems and internal control on organizational performance or financial reporting quality. In contrast, studies focusing on educational interventions regarding the investment acquisition and payment cycle as a strategy for strengthening internal control remain limited. Furthermore, prior research has predominantly employed quantitative approaches, whereas educational and mentoring-based interventions involving direct engagement with business partners have received relatively little scholarly attention. Therefore, this community service program contributes by implementing practical education and mentoring activities designed to improve investment management processes within the company.

Based on the foregoing discussion, this Community Service Program aims to provide education on the investment acquisition and payment cycle to support the strengthening of the internal control system at CV Citra Mandiri in Makassar. From an academic perspective, this program contributes to the practical implementation of accounting, auditing, and internal control concepts within the business environment. Practically, the program is expected to enhance employees' understanding, improve transaction procedures, strengthen asset monitoring, and reduce operational risks. Accordingly, this community service initiative is entitled "Education on the Investment Acquisition and Payment Cycle to Support the Strengthening of the Internal Control System at CV Citra Mandiri, Makassar."

2. Research Methods

2.1 Program Design

This Community Service Program (Pengabdian kepada Masyarakat—PKM) adopted a participatory educational approach combined with mentoring activities to strengthen the internal control system of CV Citra Mandiri through education on the investment acquisition and payment cycle. The program was designed using the Plan–Do–Check–Act (PDCA) framework to ensure a systematic implementation process consisting of planning, execution, evaluation, and continuous improvement. The educational approach was selected because strengthening internal control depends not only on formal organizational policies but also on employees' understanding and ability to implement appropriate business procedures consistently. Accordingly, the program emphasized knowledge transfer, practical discussions, and direct mentoring to facilitate the implementation of internal control practices within the company's operational environment.

2.2 Location and Participants

The community service program was conducted at CV Citra Mandiri, Makassar, Indonesia, a company engaged in business activities requiring effective management of investment procurement and payment transactions. The participants consisted of company owners, managers, accounting personnel, finance staff, procurement officers, and administrative employees directly involved in the investment acquisition and payment process. Participants were selected purposively because they were responsible for executing transaction procedures and implementing internal control activities within the organization.

2.3 Program Implementation

The program was implemented through four sequential stages.

Stage 1: Preliminary Assessment

The first stage involved conducting an initial assessment to identify the company's existing business processes and internal control practices. Direct observations, informal interviews with management, and reviews of transaction documents were undertaken to identify weaknesses in investment acquisition procedures, payment authorization, asset recording, and segregation of duties.

Stage 2: Educational Sessions

Based on the results of the preliminary assessment, educational sessions were conducted to improve participants' understanding of:

- Internal control concepts based on the COSO Internal Control Framework;
- The investment acquisition and payment cycle;
- Authorization procedures;
- Segregation of duties;
- Transaction documentation;
- Asset recording procedures; and
- Risk management within procurement and payment activities.

The educational materials combined theoretical explanations with practical examples reflecting the company's operational activities.

Stage 3: Mentoring and Practical Assistance

Following the educational sessions, mentoring activities were carried out to assist participants in applying the proposed procedures to their daily operations. During this stage, facilitators guided participants in reviewing procurement documentation, evaluating authorization procedures, improving transaction documentation, and strengthening asset monitoring practices.

Interactive discussions and problem-solving sessions enabled participants to identify operational weaknesses and formulate practical solutions appropriate to their organizational conditions.

Stage 4: Evaluation

The final stage evaluated participants' understanding and the effectiveness of the educational activities. Evaluation was conducted through structured discussions, observation of participants' ability to explain internal control procedures, and comparison of organizational practices before and after the mentoring activities.

2.4 Data Collection

The program employed multiple qualitative data collection techniques to obtain comprehensive information regarding the implementation of educational activities.

Observation

Direct observations were conducted before, during, and after the educational program to assess existing procurement procedures, payment processes, transaction documentation, and internal control practices.

Interviews

Semi-structured interviews were conducted with company management and employees responsible for procurement, accounting, finance, and administration. The interviews explored participants' understanding of internal control, operational challenges, and perceived improvements following the educational intervention.

Documentation

Supporting documents, including procurement forms, payment records, authorization documents, accounting records, and internal administrative procedures, were reviewed to evaluate existing business processes and identify opportunities for improvement.

2.5 Program Evaluation

Program effectiveness was evaluated using qualitative indicators, including:

- Improvement in participants' understanding of the investment acquisition and payment cycle;
- Increased awareness regarding the importance of internal control;
- Improved understanding of authorization procedures and segregation of duties;
- Better documentation of procurement and payment transactions;
- Enhanced awareness of transaction risks and asset monitoring.

Evaluation results were compared with the initial assessment to identify changes in participants' knowledge and organizational practices following the educational activities.

2.6 Data Analysis

The collected data were analyzed using qualitative descriptive analysis following the interactive model proposed by Miles, Huberman, and Saldaña (2014). The analysis consisted of four stages:

1. Data Collection, involving observations, interviews, documentation reviews, and field notes obtained throughout the community service program.
2. Data Condensation, whereby relevant information related to internal control practices, procurement procedures, payment processes, and participants' understanding was selected, categorized, and simplified.
3. Data Display, presenting the findings in thematic descriptions and comparison matrices illustrating organizational conditions before and after the educational intervention.

4. Conclusion Drawing and Verification, involving interpretation of the findings to evaluate the effectiveness of the educational program in strengthening internal control practices and improving participants' understanding of the investment acquisition and payment cycle.

2.7 Trustworthiness of the Findings

To ensure the credibility and trustworthiness of the findings, this program applied several validation strategies. First, data triangulation was employed by comparing information obtained from observations, interviews, and company documentation. Second, source triangulation was conducted by collecting information from multiple participants, including company management, accounting personnel, finance staff, procurement officers, and administrative employees. Third, methodological triangulation enhanced the consistency of findings by integrating observation, interviews, documentation review, and mentoring evaluation. Finally, continuous discussions with company representatives throughout the mentoring process ensured that the findings accurately reflected organizational conditions and the practical impact of the educational activities.

3. Results and Discussion

3.1 Initial Assessment of Internal Control Practices

The community service program commenced with an initial assessment to identify the existing internal control practices implemented at CV Citra Mandiri. This assessment was conducted through direct observation, semi-structured interviews with company management and employees, and a review of procurement and payment documentation. The objective was to understand the company's current investment acquisition and payment procedures and identify operational weaknesses requiring improvement. The assessment revealed that the company had established basic operational procedures for procuring investment assets. However, these procedures were largely informal and relied on verbal communication rather than standardized written guidelines. Procurement requests, supplier selection, authorization processes, and payment approvals were frequently managed based on managerial discretion without comprehensive documentation. Such practices increase operational risks because inconsistencies in transaction processing may occur when procedures are not formally standardized.

Another significant finding concerned the segregation of duties. Several employees performed multiple responsibilities simultaneously, including procurement, payment processing, and transaction recording. Although this practice is common among small and medium-sized enterprises due to limited human resources, inadequate segregation of duties increases the possibility of human error, unauthorized transactions, and fraudulent activities. According to the COSO Internal Control Framework (COSO, 2013), effective segregation of duties represents one of the most important control activities for reducing operational risk and protecting organizational assets. The assessment also indicated that supporting transaction documents were generally available but were not consistently organized according to a standardized filing system. Purchase requests, supplier quotations, payment evidence, and asset records were maintained separately without comprehensive cross-referencing. As a result, tracing individual investment transactions required additional effort and could potentially delay financial reporting or internal verification processes.

Furthermore, interviews with employees revealed varying levels of understanding regarding internal control concepts. Most participants perceived internal control merely as a financial monitoring mechanism rather than an integrated management process designed to safeguard assets, ensure compliance, and improve operational efficiency. This finding suggests that the effectiveness of internal control at CV Citra Mandiri was constrained not only by procedural limitations but also by insufficient employee awareness regarding the objectives and benefits of internal control. Overall, the preliminary assessment demonstrated that while the company had implemented several basic control practices, the internal control system had not yet fully reflected the integrated principles recommended by the COSO framework. These findings justified the implementation of educational and mentoring activities aimed at strengthening employees' understanding and improving investment acquisition procedures.

4.2 Evaluation of the Investment Acquisition Process

Following the preliminary assessment, the investment acquisition process was evaluated to determine the adequacy of existing procurement procedures and identify opportunities for improvement. The evaluation covered the complete investment cycle, including procurement planning, authorization, supplier selection, asset receipt, payment processing, recording, and post-acquisition monitoring. The evaluation found that investment procurement generally followed the company's operational requirements and business priorities. However, procurement decisions were primarily based on immediate operational needs rather than systematic investment planning. Consequently, documentation supporting procurement decisions was often incomplete, making it difficult to evaluate procurement efficiency or justify purchasing decisions retrospectively. Supplier selection represented another area requiring improvement. The company generally selected suppliers based on previous business relationships and practical considerations rather than applying formal evaluation criteria. Although this approach simplified procurement activities, it reduced transparency and limited opportunities to compare supplier quality, pricing, and service performance objectively. Establishing standardized supplier evaluation procedures would therefore contribute to more accountable procurement practices.

The authorization process also exhibited several weaknesses. Management approval was commonly provided verbally before procurement activities were executed, while written authorization documents were prepared only after transactions had been completed. Such practices weaken preventive control mechanisms because evidence of management approval may not always be available for future verification or audit purposes. The evaluation further revealed that asset recording procedures could be strengthened by improving coordination between procurement personnel and accounting staff. In several instances, delays occurred between asset receipt and accounting recognition, creating temporary discrepancies between physical assets and accounting records. Although these discrepancies did not materially affect company operations, they indicate the need for better communication and standardized recording procedures. From a risk management perspective, the evaluation demonstrated that most identified weaknesses were procedural rather than structural. The company already possessed committed management support and employees willing to improve organizational practices. Therefore, the primary challenge was not organizational resistance but rather the absence of standardized procedures and limited understanding of internal control principles.

Overall, the evaluation suggests that the investment acquisition process at CV Citra Mandiri can be substantially improved through relatively simple procedural enhancements, including written procurement guidelines, standardized authorization forms, systematic document management, clearer segregation of duties, and stronger coordination between procurement and accounting functions. These improvements provide the foundation for strengthening internal control and enhancing organizational accountability.

3.3 Improvement in Employee Understanding

The educational sessions and mentoring activities produced a noticeable improvement in participants' understanding of the investment acquisition and payment cycle as well as the importance of internal control within organizational operations. During the initial assessment, many employees viewed internal control primarily as a mechanism for detecting financial errors after transactions had occurred. Following the educational intervention, participants demonstrated a broader understanding that internal control functions as a preventive system designed to safeguard organizational assets, reduce operational risks, and support effective decision-making. One of the most significant improvements concerned participants' understanding of authorization procedures. Employees recognized that every procurement transaction should be supported by documented approval before execution rather than relying solely on verbal instructions. This change reflects a shift from informal operational practices toward a more accountable administrative process that enhances transparency and traceability.

Participants also developed a better understanding of the importance of segregation of duties. Through case discussions and practical examples, employees realized that separating procurement, payment, and accounting responsibilities helps reduce the risks of human error, fraud, and conflicts of interest. Although resource limitations remain a challenge for small enterprises, participants identified several practical alternatives for strengthening supervision without significantly increasing operational costs. Another positive outcome involved improvements in transaction documentation awareness. Employees became more familiar with maintaining complete procurement records, including purchase requests, supplier quotations, authorization documents, invoices, payment evidence, and asset registration records. Proper documentation was recognized not only as an accounting requirement but also as an essential component of organizational accountability and future audit readiness.

The mentoring sessions further encouraged active participation from employees in identifying weaknesses within their daily operational activities. Rather than passively receiving educational materials, participants engaged in discussions regarding actual procurement cases experienced within the company. This participatory learning process facilitated greater understanding because the educational content was directly related to organizational practices. These findings support the argument of Romney (2021), who emphasized that the effectiveness of accounting information systems depends heavily on users' understanding of business processes. Similarly, Grande et al. (2011) suggested that organizational performance improves when employees possess sufficient competencies to implement accounting procedures consistently. Therefore, educational interventions contribute not only to individual knowledge enhancement but also to improving organizational governance.

3.4 Strengthening Internal Control Based on the COSO Framework

The overall findings demonstrate that the educational and mentoring activities contributed positively to strengthening the internal control system at CV Citra Mandiri when evaluated using the five components of the COSO Internal Control Framework. First, improvements were observed in the control environment. Management showed stronger commitment to establishing clearer administrative procedures and encouraging employee accountability. Employees also demonstrated greater awareness of ethical responsibilities and compliance with organizational procedures. Second, regarding risk assessment, participants developed a better understanding of operational risks associated with procurement and payment transactions. They became more capable of identifying potential risks arising from inadequate documentation, delayed asset recording, and insufficient authorization procedures. This increased awareness supports proactive risk management rather than reactive problem-solving.

Third, significant improvements were identified in control activities. The mentoring process introduced standardized procurement documentation, written authorization procedures, improved segregation of duties, and more systematic transaction recording. Although some recommendations require gradual implementation, these initiatives establish a stronger control structure capable of reducing operational risks. Fourth, the educational activities enhanced information and communication among employees. Improved coordination between procurement personnel, accounting staff, and management facilitated more effective information sharing throughout the investment acquisition process. Better communication also reduced misunderstandings regarding responsibilities and transaction procedures.

Finally, improvements were evident in the monitoring component. Participants recognized the importance of periodically reviewing procurement activities, verifying supporting documentation, and evaluating compliance with internal procedures. Continuous monitoring enables management to identify procedural weaknesses promptly and implement corrective actions before significant operational problems occur. Collectively, these improvements indicate that strengthening internal control does not necessarily require sophisticated technology or substantial financial investment. Instead, organizational effectiveness can be significantly enhanced through systematic education, practical mentoring, standardized procedures, and management commitment. These findings align with COSO (2013), which emphasizes that effective internal control results from the integration of organizational culture, employee competence, and well-designed control activities rather than reliance on documentation alone.

Furthermore, the findings extend previous studies by demonstrating that direct educational interventions constitute an effective mechanism for improving internal control practices within SMEs. While much of the existing literature has focused on statistical relationships between accounting information systems and organizational performance, this study provides practical evidence that capacity-building initiatives can facilitate sustainable improvements in governance and internal control implementation. Such an approach offers a valuable model for similar community engagement programs aimed at strengthening financial management and organizational accountability among small and medium-sized enterprises.

3.5 Practical Implications for SMEs

The findings of this community service program have several practical implications for small and medium-sized enterprises (SMEs), particularly those managing investment procurement and payment activities with limited organizational resources. One of the most important findings is that strengthening internal control does not necessarily require sophisticated technology or substantial financial investment. Instead, significant improvements can be achieved through the establishment of standardized procedures, employee education, and management commitment. For CV Citra Mandiri, the educational intervention contributed to greater awareness regarding the importance of documenting procurement activities systematically. Standardized documentation enhances transaction traceability, facilitates internal supervision, and supports the preparation of reliable financial reports. In addition, proper documentation provides sufficient audit evidence that may assist management during internal evaluations or external examinations.

Another practical implication concerns the improvement of authorization procedures. Prior to the program, procurement approvals were largely communicated verbally, increasing the possibility of inconsistent decision-making. Following the mentoring sessions, management recognized the importance of written authorization as a preventive control mechanism capable of reducing operational risk while strengthening managerial accountability. The program also highlighted the importance of improving coordination among departments involved in procurement activities. Effective communication between procurement personnel, accounting staff, finance officers, and company management facilitates timely recording of investment transactions and minimizes discrepancies between physical assets and accounting records. Such coordination contributes to more accurate financial information and supports better managerial decision-making.

Moreover, the educational activities encouraged participants to adopt a more proactive approach toward risk management. Rather than responding to problems after they occur, employees became more capable of identifying potential risks during procurement planning, supplier selection, payment authorization, and asset monitoring. This preventive orientation reflects one of the fundamental objectives of internal control systems and contributes to sustainable organizational governance. The findings therefore suggest that educational and mentoring programs can serve as cost-effective strategies for improving governance practices among SMEs. Organizations with limited financial capacity may achieve meaningful improvements in operational effectiveness by investing in employee competency development and strengthening administrative procedures rather than relying solely on technological solutions.

3.6 Theoretical Implications

The findings of this study provide several contributions to the literature on internal control, accounting information systems, and organizational governance. First, the study supports the COSO Internal Control Framework, demonstrating that improvements in employee competency positively influence the effectiveness of all five internal control components. Rather than functioning independently, the control environment, risk assessment, control activities, information and communication, and monitoring activities interact to establish an integrated internal control system. Second, the findings reinforce the perspective of Human Capital Theory, which emphasizes that investments in employee knowledge and skills contribute directly to organizational performance. The educational intervention improved participants' understanding of procurement procedures, transaction documentation, and risk management, thereby strengthening the company's internal control practices. This finding suggests that employee competency should be considered a strategic organizational resource rather than merely an operational requirement.

Third, the study supports previous research highlighting the importance of accounting information systems in organizational governance. However, the present findings indicate that the effectiveness of accounting systems depends not only on technological infrastructure but also on users' ability to understand and apply established procedures consistently. Consequently, accounting information systems and internal control should be viewed as complementary organizational mechanisms whose effectiveness depends on employee competence and managerial commitment. Unlike many previous studies that employed quantitative approaches to examine statistical relationships among accounting information systems, internal control, and organizational performance, this community service program provides practical evidence regarding the process through which educational interventions strengthen internal control implementation. The findings therefore extend existing literature by demonstrating that organizational learning and capacity-building activities represent important mechanisms for improving governance in SMEs.

3.7 Overall Discussion

The implementation of the educational and mentoring program demonstrates that strengthening internal control is a continuous organizational process rather than a single administrative activity. The preliminary assessment revealed that most identified weaknesses were associated with limited employee understanding and the absence of standardized procedures rather than deliberate non-compliance. Consequently, educational interventions proved effective because they addressed the underlying causes of operational weaknesses. The improvements observed following the mentoring activities indicate that organizational learning plays a central role in developing effective governance practices. Employees not only acquired technical knowledge regarding procurement procedures but also developed greater awareness of the strategic importance of internal control for safeguarding organizational resources. This transformation reflects a shift from procedural compliance toward a culture of accountability and continuous improvement.

Furthermore, the findings indicate that management commitment represents a critical determinant of successful internal control implementation. Although employees demonstrated improved understanding of procurement procedures and transaction documentation, sustainable implementation requires continuous support from management through policy development, supervision, and periodic evaluation. Without such commitment, procedural improvements may gradually diminish over time. The study also demonstrates that SMEs can substantially improve governance practices despite operating under resource constraints. While limited human resources and financial capacity remain common challenges, these limitations do not necessarily prevent organizations from implementing effective internal control systems. Instead, clear procedures, appropriate segregation of duties, continuous communication, and regular monitoring can significantly enhance operational effectiveness without requiring extensive organizational restructuring.

Overall, the findings indicate that educational and mentoring activities represent practical and sustainable approaches for strengthening internal control in SMEs. By combining theoretical knowledge with practical guidance, the program enabled participants to translate accounting and internal control concepts into daily organizational practices. This integrated approach contributes not only to improving transaction management but also to strengthening organizational transparency, accountability, and long-term sustainability.

4. Conclusion

4.1 Conclusion

This community service program aimed to strengthen the internal control system of CV Citra Mandiri through education and mentoring on the investment acquisition and payment cycle. The findings indicate that the program successfully enhanced participants' understanding of procurement procedures, transaction authorization, segregation of duties, documentation practices, and asset monitoring. The educational intervention enabled employees to recognize that internal control extends beyond financial supervision and functions as an integrated management system that supports organizational effectiveness, accountability, and risk mitigation. The preliminary assessment revealed that the company had implemented several basic control activities; however, these practices were largely informal and lacked standardized procedures. Following the educational sessions and mentoring activities, participants demonstrated greater awareness of the importance of written authorization, systematic documentation, coordinated communication, and continuous monitoring throughout the investment acquisition process. These improvements contributed to strengthening the company's internal control practices in accordance with the principles of the COSO Internal Control Framework. Overall, the program demonstrates that educational and mentoring approaches represent effective strategies for improving internal control within small and medium-sized enterprises (SMEs). Strengthening employee competencies, supported by management commitment and standardized operational procedures, can significantly enhance organizational governance without requiring substantial financial investment or sophisticated technological infrastructure.

4.2 Practical Implications

This community service program contributes to the literature on internal control and accounting information systems by providing practical evidence regarding the role of educational interventions in strengthening organizational governance. Unlike many previous studies that primarily examine statistical relationships among accounting information systems, internal control, and organizational performance, this program demonstrates how direct education and mentoring facilitate improvements in employees' competencies and internal control implementation. The findings also reinforce the relevance of the COSO Internal Control Framework, particularly the interdependence among the five components of internal control. Improvements in the control environment, risk assessment, control activities, information and communication, and monitoring were achieved simultaneously through organizational learning and capacity-building activities. Furthermore, the study supports the perspective that employee competency constitutes an essential organizational resource for ensuring the effective implementation of accounting procedures and internal control systems.

4.3 Theoretical Contributions

The findings provide several practical implications for SMEs seeking to strengthen their internal control systems. First, organizations should establish standardized written procedures governing investment acquisition and payment activities to ensure consistency and accountability in transaction processing. Second, management should strengthen segregation of duties and authorization mechanisms to minimize operational risks associated with procurement and payment activities. Although limited human resources remain a challenge for many SMEs, appropriate supervision and documented approval procedures can substantially improve organizational control. Third, continuous employee education should become an integral component of organizational development. Periodic training on accounting procedures, transaction documentation, risk management, and internal control will improve employee competency and contribute to sustainable organizational governance. Integrating accounting personnel, procurement staff, and management through effective communication will further enhance the quality of financial reporting and operational efficiency.

4.4 Limitations

Despite its positive outcomes, this community service program has several limitations. First, the program was implemented in a single company, limiting the generalizability of the findings to other SMEs with different organizational characteristics and operational complexities. Second, the evaluation primarily relied on qualitative observations, interviews, and participant discussions, without employing quantitative instruments to measure changes in knowledge or organizational performance. Third, the evaluation focused on short-term improvements observed immediately after the educational intervention and did not assess the long-term sustainability of the implemented internal control practices.

4.5 Future Community Service Directions

Future community service programs should expand educational activities to involve a broader range of SMEs operating in different industrial sectors to evaluate the adaptability of similar interventions across diverse organizational contexts. Longitudinal mentoring programs are also recommended to monitor the sustainability of procedural improvements and organizational learning over an extended period. Future research may complement qualitative findings by employing quantitative or mixed-method approaches to measure the effectiveness of educational interventions on internal control quality, financial reporting reliability, employee performance, and organizational governance. Comparative studies involving multiple SMEs may also provide broader evidence regarding best practices for strengthening internal control through educational and mentoring initiatives. Furthermore, future programs should consider integrating digital accounting systems and procurement information systems into educational activities. Such integration would enable SMEs to combine technological innovation with effective internal control practices, thereby improving operational efficiency, transparency, and organizational competitiveness in an increasingly digital business environment.

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