Masterpiece Journal Society Service Insight
*e-ISSN*: 3090-2185 *Page*: 430-444
Volume 2, Issue 1 (2026)

# Field Observation-Based Inventory Audit Assistance for MSME Aura Parfum to Improve Inventory Information Accuracy and Internal Control Quality

**Wahyuni[1], Sri Andayaningsih[2] Reni Handayani.S[3], Nirwhana Yuliana Ahmad[4], Syahra Darajat Salsabila[5], Fakhirah Naila Zalianty[6]**
[1,2,3]Accounting Study Program, Faculty of Economics and Business, Universitas Muhammadiyah Makassar, Makassar, Indonesia
Email korespondensi: wahyuni@unismuh.ac.id sri.andyaningsih@unismuh.ac.id renihandayanis2906@gmail.com nirwhanaahmad@gmail.com syhradrjatslsabila@gmail.com fakhirahnaila090306@gmail.com

***Abstract:*** *Inventory management is a crucial aspect of maintaining operational smoothness and enhancing internal control quality for Micro, Small, and Medium Enterprises (MSMEs). However, many MSMEs still face challenges in inventory recording, resulting in information that is not entirely accurate. This Community Service activity aimed to provide guidance on a field-observation-based inventory audit for Aura Parfum to evaluate the accuracy of inventory information and the quality of internal controls. The methods employed included internal control interviews, physical warehouse observation using a checklist, and a physical stock count (stock opname) of fourteen perfume essence samples. Data were analyzed descriptively to identify the alignment between inventory records and actual physical conditions. The results indicated that Aura Parfum had effectively implemented physical inventory controls through the segregation of storage areas, raw material labeling, temperature control, and restricted warehouse access. Nevertheless, the inventory recording system remained manual and periodic, leading to discrepancies found in three types of perfume essences during the physical stock count. These findings suggest that the discrepancies were caused more by delays in recording than by actual inventory loss. The activity resulted in recommendations to implement a perpetual inventory recording system, conduct regular physical stock counts, separate the recording of online and offline sales transactions, and establish a mechanism for monitoring supplier payments. Implementing these recommendations is expected to improve inventory information accuracy and strengthen the MSME's internal control system.*

***Keywords****: Inventory Audit, Physical Stock Count, Internal Control, MSME, Field Observation.*

## 1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) constitute one of the primary pillars of Indonesia's economic development by contributing significantly to employment generation, poverty reduction, regional economic growth, and national gross domestic product (GDP). Despite their strategic role, many MSMEs continue to experience managerial challenges that limit their operational efficiency and long-term sustainability. Among these challenges, inventory management remains one of the most critical because inventory directly affects production continuity, sales performance, cash flow, and overall business profitability. Inadequate inventory management often leads to stock shortages, overstocking, inaccurate financial reporting, and inefficient resource allocation, ultimately reducing business competitiveness (Bajeng et al., 2023; Siregar et al., 2025).

Inventory is a highly vulnerable asset due to its susceptibility to recording errors, physical losses, theft, damage, and unauthorized usage. Consequently, reliable inventory information is essential not only for financial reporting but also for operational planning and strategic decision-making. Accurate inventory records enable MSME owners to determine optimal purchasing schedules, estimate production requirements, calculate cost of goods sold correctly, and respond effectively to fluctuations in market demand. Conversely, inaccurate inventory information increases operational risks and weakens managerial decision-making, thereby threatening business sustainability (Trisnawati & Suryaningsih, 2025). Therefore, strengthening inventory management should become one of the primary priorities in improving MSME governance.

One of the most effective mechanisms for ensuring inventory accuracy is the implementation of an adequate internal control system. According to the Committee of Sponsoring Organizations (COSO), effective internal control consists of policies and procedures designed to safeguard organizational assets, ensure reliable information, improve operational efficiency, and promote compliance with applicable regulations. Within inventory management, internal control encompasses segregation of duties, authorization procedures, proper documentation, physical safeguards, periodic inventory verification, and continuous monitoring activities. Previous studies have demonstrated that MSMEs implementing stronger internal control systems tend to exhibit higher inventory accuracy, lower operational risk, and improved financial performance (Fitriani & Hwihanus, 2023; Rusdiana & Fadillah, 2025).

Nevertheless, implementing sophisticated inventory control systems remains challenging for most MSMEs because of limited financial resources, insufficient accounting knowledge, and dependence on manual recording practices. Inventory transactions are frequently recorded periodically rather than continuously, resulting in delays in updating inventory balances. Such recording practices create discrepancies between accounting records and actual physical inventory, making it difficult for business owners to monitor inventory movements accurately. Moreover, many MSMEs rarely conduct regular physical inventory verification (stock opname), causing inventory errors to accumulate over time without timely detection (Trisnawati & Suryaningsih, 2025). These conditions indicate that practical and low-cost inventory audit approaches suitable for MSMEs are urgently needed.

Field observation-based inventory auditing represents an effective alternative for evaluating inventory management practices within MSMEs. Unlike conventional audits that emphasize extensive documentation and formal audit procedures, field observation-based audits combine direct warehouse observation, interviews with business owners, internal control assessment, and physical inventory verification. This approach enables auditors to compare inventory records with actual physical conditions while simultaneously evaluating the effectiveness of inventory control procedures implemented by the enterprise. Previous evidence suggests that combining warehouse observation with physical stock counts provides comprehensive information regarding inventory accuracy and internal control weaknesses, thereby supporting more practical recommendations for managerial improvement (Sasmita & Asiam, 2024).

Physical stock counting (stock opname) constitutes one of the most important components of inventory auditing because it serves as an independent verification mechanism to determine whether recorded inventory quantities correspond with actual physical stock. Besides identifying inventory discrepancies, stock opname also assists organizations in detecting recording delays, damaged inventory, obsolete products, and weaknesses in warehouse management. For MSMEs relying predominantly on manual bookkeeping, periodic stock opname becomes an indispensable tool for maintaining reliable inventory information and supporting more accountable financial reporting (Sasmita & Asiam, 2024). Consequently, integrating stock opname into community service activities provides immediate practical benefits while strengthening managerial capacity among MSME owners.

Aura Parfum, an MSME specializing in perfume formulation and retail sales, represents a typical example of enterprises facing inventory management challenges. Preliminary field observations revealed that inventory inflows and outflows were still recorded manually and updated periodically rather than in real time. Consequently, inventory balances documented in administrative records did not always reflect actual warehouse conditions. Despite these administrative limitations, Aura Parfum had already implemented several commendable physical control practices, including segregated storage areas, inventory labeling, temperature-controlled storage conditions, restricted warehouse access, and secure storage of perfume essence bottles. However, routine physical inventory verification had not yet been institutionalized, and no systematic monitoring mechanism existed for supplier payment obligations. These findings indicate that while physical safeguards were relatively adequate, administrative inventory controls remained insufficient to ensure complete inventory accuracy.

The coexistence of effective physical controls and relatively weak administrative controls creates an important managerial issue that deserves systematic evaluation. Existing community service studies have primarily focused on improving bookkeeping practices, financial reporting, accounting literacy, and digital accounting adoption among MSMEs (Ramayanti & Rachmawati, 2022; Wahyuni et al., 2026a; Wahyuni et al., 2026b). Comparatively fewer studies have emphasized inventory auditing through direct field observation integrated with internal control evaluation and physical stock verification. Furthermore, previous inventory-related community engagement activities have generally concentrated on accounting system implementation rather than simultaneously assessing inventory information accuracy and internal control quality. This research therefore addresses an important practical gap by integrating field observation, internal control assessment, warehouse inspection, and stock opname into a comprehensive inventory audit assistance model specifically designed for MSMEs.

From a practical perspective, this community service program contributes by introducing a straightforward yet systematic inventory audit methodology that can be implemented without requiring sophisticated technology or extensive financial resources. The proposed approach enables MSME owners to identify discrepancies between accounting records and physical inventory, evaluate weaknesses within existing internal control procedures, and formulate practical corrective actions that improve inventory reliability. Such an approach aligns well with the needs of small enterprises, where affordable and operationally feasible management solutions are more likely to be adopted successfully (Qorib, 2024).

Accordingly, this community service activity aims to provide **field observation-based inventory audit assistance** for Aura Parfum MSME through internal control interviews, warehouse observation using structured checklists, and physical stock counting of selected inventory items. Specifically, the activity seeks to (1) evaluate the accuracy of inventory information by comparing accounting records with physical inventory conditions, (2) assess the effectiveness of inventory-related internal control practices, and (3) formulate practical recommendations to strengthen inventory management, improve information accuracy, and enhance internal control quality. Ultimately, the findings are expected to contribute not only to improving Aura Parfum's inventory governance but also to provide a replicable inventory audit assistance framework applicable to other MSMEs seeking to enhance operational accountability and business sustainability.

## 2. Research Methods

### 2.1. Research Design

This study employed a qualitative case study approach within a Community Service (Pengabdian kepada Masyarakat/PKM) framework to evaluate inventory management practices and strengthen the internal control system of Aura Parfum MSME through field observation-based inventory audit assistance. A qualitative case study was considered appropriate because it allows an in-depth understanding of actual inventory management practices, organizational procedures, and internal control implementation in their natural business setting. Rather than testing statistical relationships, this approach focused on identifying practical problems, evaluating inventory accuracy, and developing recommendations that could be directly implemented by the partner MSME. The community service activity integrated inventory auditing procedures with participatory assistance, enabling researchers and business owners to collaboratively evaluate inventory records, warehouse conditions, and internal control practices. This approach aligns with community engagement principles, emphasizing capacity building and sustainable managerial improvement rather than solely producing research findings (Ramayanti & Rachmawati, 2022).

### 2.2. Research Site and Participants

The community service program was conducted at Aura Parfum MSME, located in Makassar, Indonesia, on 7 July 2026. Aura Parfum is a small enterprise specializing in perfume blending, perfume essence storage, and retail sales of fragrance products. The business was selected because preliminary observations indicated that inventory transactions were still recorded manually, while inventory represented one of its most valuable operational assets. Participants consisted of the MSME owner and operational personnel directly responsible for inventory purchasing, storage, recording, and sales activities. These participants were selected purposively because they possessed comprehensive knowledge regarding inventory management procedures, warehouse operations, and internal control implementation within the enterprise.

### 2.3. Community Service Procedures

The inventory audit assistance was conducted through four sequential stages.

*Stage 1. Preliminary Assessment*

The first stage involved an initial discussion with the MSME owner to identify major challenges related to inventory management, recording practices, warehouse organization, purchasing procedures, and internal control implementation. This preliminary assessment served as the basis for designing the inventory audit activities and determining the inventory items to be evaluated.

*Stage 2. Internal Control Interview*

Semi-structured interviews were conducted using an internal control assessment guide developed based on inventory control principles. The interview explored several aspects, including:

- inventory recording procedures;
- purchasing and receiving processes;
- sales and inventory issuance procedures;
- segregation of duties;
- authorization mechanisms;
- warehouse access restrictions;
- inventory documentation practices;
- supplier payment monitoring; and
- cash management related to inventory transactions.

The interview results provided qualitative information regarding strengths and weaknesses of the existing inventory management system.

*Stage 3. Field Observation*

Direct field observation was undertaken to evaluate warehouse conditions and inventory handling practices. Observations were performed using a structured checklist developed from generally accepted inventory control practices.

The observation focused on:

- warehouse layout and organization;
- separation between storage and sales areas;
- inventory labeling;
- storage temperature;
- security of perfume essence containers;
- handling of damaged inventory;
- warehouse cleanliness;
- inventory accessibility; and

- physical safeguarding procedures.

Field observations enabled researchers to compare actual operational practices with established internal control principles.

*Stage 4. Physical Inventory Count (Stock Opname)*

A physical inventory count (stock opname) was conducted jointly with the MSME owner. Fourteen perfume essence products representing various fragrance categories were selected as inventory samples.

For each inventory item, the following information was documented:

- inventory quantity according to accounting records;
- actual physical quantity;
- inventory discrepancy (if any); and
- physical condition of the inventory.

Inventory discrepancies were analyzed to determine whether they resulted from recording delays, operational errors, damaged inventory, or other potential causes.

### 2.4. Data Collection Techniques

Three complementary data collection techniques were employed to enhance the credibility of the findings. Interviews were conducted to obtain information regarding inventory management procedures, internal control implementation, purchasing cycles, sales activities, and accounting practices. Direct observation was used to examine warehouse conditions, inventory organization, physical safeguards, and compliance with internal control procedures. Documentation and stock opname involved examining inventory records, warehouse documentation, and comparing accounting records with actual physical inventory quantities. The use of multiple data sources enabled methodological triangulation, thereby increasing the reliability and validity of the findings.

### 2.5. Data Analysis

Data were analyzed using descriptive qualitative analysis following four analytical stages. First, all interview results, observation notes, and stock opname findings were compiled and organized systematically. Second, data reduction was conducted by classifying findings into several categories, including inventory recording practices, warehouse management, internal control implementation, and inventory discrepancies. Third, data were presented in narrative descriptions supported by observation checklists and stock opname comparison tables to facilitate interpretation. Finally, conclusions were drawn by comparing inventory records with actual physical conditions, evaluating the effectiveness of existing internal controls, identifying the root causes of inventory discrepancies, and formulating practical recommendations for improving inventory management. The analytical process emphasized practical interpretation rather than statistical inference because the primary objective of the activity was organizational improvement within the partner MSME.

### 2.6. Trustworthiness of the Findings

To ensure the credibility and trustworthiness of the results, this study employed several qualitative validation strategies. First, method triangulation was implemented by combining interviews, field observations, documentation reviews, and physical inventory verification. Second, source triangulation was achieved by comparing information obtained from the MSME owner, operational observations, and inventory records. Third, member checking was conducted by discussing preliminary findings with the MSME owner to verify the accuracy of interpretations and ensure that the identified issues accurately reflected operational conditions. These procedures enhanced the dependability and credibility of the inventory audit findings while ensuring that the recommendations were relevant and practically applicable to the partner MSME.

### 2.7. Ethical Considerations

Prior to conducting the community service activities, permission was obtained from the owner of Aura Parfum MSME. Participation was voluntary, and all information collected during interviews, observations, and inventory verification was used solely for academic and community service purposes. Business information was treated confidentially, and the findings were presented objectively to support organizational improvement without compromising the interests of the partner enterprise.

## 3. Results and Discussion

### 3.1. Initial Assessment of Inventory Management Practices at Aura Parfum

The community service program began with an initial assessment to understand the existing inventory management practices implemented by Aura Parfum MSME. Interviews with the business owner and direct observations revealed that inventory management relied primarily on manual recording practices. Inventory inflows resulting from purchases and inventory outflows arising from perfume production and sales were recorded periodically rather than immediately after each transaction. Consequently, inventory records frequently lagged behind actual warehouse conditions. Although manual recording remains common among Indonesian MSMEs due to financial and technological limitations, delayed inventory updates reduce the reliability of inventory information. Such recording practices make it difficult for business owners to determine current inventory availability, schedule procurement efficiently, and estimate production capacity accurately. This condition increases the possibility of inventory discrepancies and weakens managerial decision-making.

Despite administrative limitations, the preliminary assessment also identified several positive practices. The enterprise had already established basic operational procedures for inventory storage, separated raw materials from finished products, and maintained documentation for purchasing activities. These findings indicate that Aura Parfum possesses an operational foundation that can be strengthened through systematic inventory control rather than requiring a complete redesign of its management system. The initial assessment therefore confirmed that the primary weakness of the enterprise lies not in warehouse operations but in administrative inventory recording. Similar conditions have been reported by Trisnawati and Suryaningsih (2025), who found that manual inventory recording remains one of the principal causes of inventory information inaccuracy among Indonesian MSMEs.

### 3.2. Evaluation of Internal Control Practices

Internal control interviews were conducted to evaluate the effectiveness of inventory-related control activities. The assessment covered purchasing procedures, inventory recording, warehouse security, segregation of duties, sales processes, cash management, and supplier payment monitoring.

Table 1. Summary of Internal Control Evaluation

| Internal Control Component | Observation | Evaluation |
|---|---|---|
| Segregation of duties | Purchasing, inventory recording, and cash handling performed by different personnel | Good |
| Warehouse access | Restricted to authorized personnel | Good |

| | | |
|---|---|---|
| Inventory labeling | All perfume essences labeled properly | Good |
| Storage temperature | Maintained adequately | Good |
| Inventory recording | Manual and periodic | Needs improvement |
| Online-offline sales recording | Combined recording | Needs improvement |
| Supplier payment monitoring | No monitoring schedule | Needs improvement |
| Routine stock opname | Not implemented periodically | Needs improvement |

The evaluation demonstrates that Aura Parfum has implemented satisfactory physical control procedures but relatively weak administrative controls. Physical safeguards effectively minimize theft and physical damage, whereas weaknesses in inventory recording reduce information reliability. According to the COSO Internal Control Framework, effective internal control requires both physical safeguards and reliable information systems. While physical controls protect organizational assets, administrative controls ensure that accounting records accurately reflect operational activities. Therefore, improving inventory recording procedures is equally important as maintaining warehouse security. These findings support previous studies by Fitriani and Hwihanus (2023), who concluded that effective internal control requires integration between operational procedures and accounting information systems rather than relying solely on physical asset protection.

### 3.3. Field Observation of Warehouse Conditions

Field observation was conducted using a structured warehouse observation checklist. The objective was to determine whether warehouse management complied with accepted inventory control principles. Overall, the warehouse was found to be clean, organized, and systematically arranged. Perfume essences were grouped according to fragrance categories and manufacturers, allowing easier inventory retrieval and reducing operational errors during perfume production. The observation further identified several strengths:

- segregation between storage and selling areas;
- clear inventory labeling;
- temperature-controlled storage conditions;
- secure storage of glass perfume bottles;
- restricted warehouse access;
- separate storage for damaged inventory.

These practices contribute significantly to preserving inventory quality because perfume essence is highly sensitive to temperature fluctuations and contamination. Unlike many MSMEs where warehouse organization remains relatively poor, Aura Parfum has demonstrated considerable awareness regarding physical inventory protection. Consequently, inventory discrepancies identified during stock counting are unlikely to originate from warehouse management deficiencies. Previous research by Sasmita and Asiam (2024) similarly emphasizes that proper warehouse organization, inventory labeling, and restricted access significantly reduce inventory losses and improve internal control effectiveness.

### 3.4. Inventory Accuracy Based on Physical Stock Count

The stock opname involved fourteen perfume essence products selected to represent the enterprise's primary inventory categories.

Table 2. Summary of Stock Opname Results

| Indicator | Result |
|---|---|
| Inventory samples examined | 14 |
| Inventory matched records | 11 |
| Inventory discrepancies | 3 |
| Damaged inventory | None |
| Percentage of inventory accuracy | 78.57% |

Three inventory discrepancies were identified.

Table 3. Inventory Discrepancies

| Inventory Item | Book Quantity | Physical Quantity | Difference |
|---|---|---|---|
| P. Valentine | xxx g | xxx g | 500 g |
| Lambo | xxx g | xxx g | 300 g |
| Selenia | xxx g | xxx g | 200 g |

The discrepancies did not result from damaged inventory because all inspected perfume essences remained in good physical condition. Instead, interviews with the owner confirmed that inventory reductions resulting from production activities had not yet been recorded in the inventory ledger. This finding suggests that the discrepancies primarily reflect recording delays rather than actual inventory losses. Such conditions are common among MSMEs using periodic inventory systems where accounting records are updated only at the end of specific reporting periods. Consequently, inventory accuracy at Aura Parfum can be considered moderately satisfactory from an operational perspective but relatively weak from an accounting perspective.

### 3.5. Root Cause Analysis of Inventory Discrepancies

The inventory audit identified four principal factors contributing to inventory information inaccuracy. First, inventory recording employed a periodic system instead of a perpetual recording method. Second, stock opname had not been conducted routinely, allowing discrepancies to accumulate before being detected. Third, online and offline sales transactions were combined into a single recording system, complicating inventory reconciliation. Fourth, supplier payment monitoring remained undocumented, creating additional administrative weaknesses.

### 3.6. Discussion: Implications for Inventory Information Accuracy and Internal Control Quality

The community service program demonstrates that inventory information accuracy depends not only on warehouse organization but also on the integration of administrative recording and physical verification. Aura Parfum successfully implemented physical inventory controls, thereby minimizing the risk of inventory theft, deterioration, and unauthorized access. Nevertheless, manual periodic recording reduced the reliability of inventory information because inventory balances were not updated immediately after transactions occurred. From an internal control perspective, the findings indicate that physical safeguards alone cannot ensure reliable accounting information. Inventory accuracy requires continuous synchronization between operational activities and accounting records. Therefore, adopting a perpetual inventory recording system would substantially improve inventory transparency by allowing every purchase, production activity, and sales transaction to update inventory balances automatically. Another important finding concerns the role of periodic stock opname. Rather than serving merely as an inventory verification activity, stock counting functions as an effective monitoring mechanism capable of identifying recording errors before they influence managerial decision-making. This finding supports Sasmita and Asiam (2024), who argue that stock opname strengthens inventory accountability through continuous verification of inventory records. Furthermore, separating online and offline sales records would facilitate transaction reconciliation and improve inventory traceability. Similar recommendations have been proposed by Siregar et al. (2025), who found that integrating inventory records with transaction documentation significantly improves operational efficiency among MSMEs. Overall, the field observation-based inventory audit proved to be an effective and low-cost managerial intervention suitable for MSMEs. Beyond identifying inventory discrepancies, the approach enhanced owners' understanding of internal control principles and generated practical recommendations that can be implemented without substantial financial investment. Consequently, this community service model offers a replicable framework for improving inventory governance among small enterprises seeking stronger accountability and sustainable business performance.

### 3.7. Impact of the Inventory Audit Assistance Program on MSME Managerial Capacity

One of the primary objectives of this community service activity was not merely to identify inventory discrepancies but also to improve the managerial capacity of Aura Parfum in managing inventory systematically. Throughout the assistance program, the business owner actively participated in interviews, warehouse observations, and physical inventory verification. This participatory approach enabled the owner to directly recognize weaknesses in the existing inventory recording process and understand the relationship between inventory accuracy and operational decision-making. Prior to the assistance program, inventory records were perceived as sufficiently reliable because inventory balances were updated periodically. However, the stock opname results demonstrated that delayed recording had created discrepancies between accounting records and actual warehouse conditions. This finding increased the owner's awareness that inventory information should be continuously updated rather than periodically summarized.

Another important improvement concerned the understanding of internal control. Initially, internal control was viewed primarily as physical protection of inventory from theft or damage. Following the audit assistance, the owner recognized that internal control also includes timely documentation, transaction authorization, segregation of duties, periodic reconciliation, and continuous monitoring. This broader understanding is expected to improve future inventory management practices. From a community engagement perspective, the assistance program successfully transformed inventory auditing from a compliance-oriented activity into a managerial learning process. Rather than focusing solely on identifying errors, the activity encouraged continuous organizational improvement through collaborative evaluation and practical recommendations. Similar outcomes have been reported by Qorib (2024), who emphasized that participatory community service enhances managerial competencies more effectively than one-way training approaches.

### 3.8. Proposed Inventory Management Improvement Model

Based on the field observations, interview findings, and stock opname results, a practical inventory management improvement model was developed for Aura Parfum MSME. The proposed model integrates inventory recording improvements with strengthened internal control procedures while remaining feasible for implementation in small enterprises with limited financial resources. The proposed framework emphasizes that inventory accuracy should be maintained continuously rather than corrected only after discrepancies occur. Immediate recording following each inventory transaction minimizes recording lag, while monthly stock opname serves as an independent verification mechanism. Management review becomes the final stage because inventory discrepancies should not merely be corrected administratively but should also be analyzed to identify their underlying causes. Continuous evaluation enables MSMEs to improve operational efficiency while strengthening accountability. Compared with the previous inventory management practice, the proposed framework introduces continuous monitoring, systematic reconciliation, and corrective actions that collectively improve inventory information quality.

### 3.9. Practical Implications for MSME Internal Control

The findings provide several practical implications for improving inventory governance among Indonesian MSMEs. First, inventory accuracy should not depend solely on periodic bookkeeping. Even a simple spreadsheet or mobile-based inventory application can substantially improve recording timeliness if transactions are recorded immediately after they occur. Second, physical warehouse organization remains essential because properly arranged inventory facilitates stock counting, minimizes handling errors, and reduces inventory losses. Aura Parfum demonstrates that effective warehouse organization can be achieved without substantial financial investment. Third, inventory verification through routine stock opname should become a regular managerial practice rather than an activity performed only when discrepancies are suspected. Regular inventory verification improves inventory reliability while strengthening organizational accountability.

Fourth, separating online and offline sales records would simplify reconciliation procedures and enable management to analyze inventory turnover more accurately across different sales channels. Finally, supplier payment monitoring should be integrated into inventory management because procurement activities directly influence inventory availability and cash flow planning. A simple payment schedule can reduce the risk of overdue obligations while improving supplier relationships.
Collectively, these recommendations provide a practical roadmap for MSMEs seeking to strengthen inventory governance without investing in sophisticated enterprise resource planning (ERP) systems.

### 3.10. Contribution of Field Observation-Based Inventory Auditing

This community service activity contributes to both practice and community engagement literature by demonstrating the effectiveness of field observation-based inventory auditing as a practical intervention for MSMEs. Unlike conventional inventory audits conducted primarily for financial assurance, the present approach integrates four complementary activities:

1. internal control interviews;
2. warehouse observation;
3. physical inventory verification; and
4. collaborative managerial consultation.

The integration of these activities enables the identification of operational weaknesses while simultaneously developing practical improvement strategies tailored to the characteristics of small enterprises. Another contribution concerns the application of audit principles within community service activities. Previous community engagement programs frequently focused on accounting training or financial reporting assistance. In contrast, this study introduces inventory auditing as an educational and managerial capacity-building instrument that directly addresses operational risks affecting business sustainability. Furthermore, the proposed approach requires relatively limited financial resources, making it highly suitable for MSMEs operating under budget constraints. Since most recommendations involve procedural improvements rather than technological investments, the likelihood of successful implementation is considerably higher.

Therefore, the field observation-based inventory audit model developed through this program can serve as a replicable framework for future community service initiatives involving inventory management, internal control enhancement, warehouse governance, and operational accountability across various MSME sectors, including food processing, retail businesses, pharmacies, cosmetics, and manufacturing enterprises.

### 3.11. Summary of Major Findings

To summarize the overall findings, the inventory audit assistance identified four principal conclusions.

Table 4. Summary of Major Findings and Recommendations

| Audit Area | Key Findings | Recommended Improvement |
|---|---|---|
| Inventory Recording | Manual and periodic recording created recording delays | Implement perpetual inventory recording |
| Physical Inventory Control | Warehouse organization and physical safeguards were effective | Maintain existing warehouse practices |
| Stock Opname | Three discrepancies detected among fourteen inventory samples | Conduct monthly stock opname |
| Sales Documentation | Online and offline transactions were combined | Separate transaction recording |
| Supplier Management | No payment monitoring mechanism | Develop supplier payment schedule |
| Internal Control | Administrative control weaker than physical control | Strengthen documentation and reconciliation procedures |

Overall, the findings demonstrate that Aura Parfum possesses relatively strong physical inventory control but requires significant improvements in administrative inventory management. Implementing the recommended procedures is expected to increase inventory information accuracy, improve managerial decision-making, strengthen internal control quality, and support long-term business sustainability.

### 3.12. Theoretical Implications

The findings of this community service activity reinforce the theoretical perspective that effective inventory management is determined by the interaction between physical inventory control and administrative information control rather than by either component independently. The field observations demonstrated that Aura Parfum had successfully implemented several physical control mechanisms, including warehouse segregation, inventory labeling, restricted access, and temperature-controlled storage. These practices effectively minimized the risks of physical damage, unauthorized access, and inventory deterioration. However, despite satisfactory physical safeguards, inventory discrepancies were still identified during the physical stock count because administrative recording remained manual and periodic. This evidence suggests that physical security alone cannot guarantee inventory information accuracy. Instead, reliable inventory information depends on the continuous synchronization between operational activities and accounting records. These findings support the internal control framework proposed by COSO, which emphasizes that control activities, information systems, communication, and monitoring should operate as an integrated system. Weaknesses in one component may reduce the effectiveness of the overall internal control system even when other components perform satisfactorily.

Furthermore, this study extends previous inventory management literature by demonstrating that inventory information accuracy within MSMEs is influenced more by recording timeliness than by physical inventory losses. For many small enterprises, inventory discrepancies originate primarily from delayed documentation rather than fraud or inventory theft. Consequently, strengthening documentation procedures may provide greater benefits than introducing additional physical security measures.

### 3.13. Practical Implications for MSMEs

The inventory audit assistance generated several practical recommendations that can be adopted not only by Aura Parfum but also by other MSMEs operating under similar conditions. The first recommendation concerns the implementation of a perpetual inventory recording system. Although sophisticated Enterprise Resource Planning (ERP) software may not be financially feasible for small businesses, simple spreadsheet-based or cloud-based inventory applications can substantially improve recording accuracy by updating inventory balances immediately after each transaction. Second, MSMEs should establish a routine physical stock count schedule, preferably monthly or quarterly depending on inventory turnover. Regular stock verification enables businesses to identify discrepancies early and perform timely corrective actions before inventory errors accumulate. Third, inventory documentation should distinguish between online and offline sales transactions. Separate transaction records facilitate inventory reconciliation, improve sales analysis, and enhance financial reporting accuracy.

Fourth, supplier payment monitoring should become an integral component of inventory management because purchasing decisions directly influence inventory availability and operational cash flow. A simple supplier payment calendar can improve purchasing efficiency while reducing the risk of overdue obligations. Finally, MSMEs should periodically evaluate their internal control procedures rather than assuming that existing practices remain effective. Continuous evaluation allows businesses to adapt their inventory management systems to operational growth and changing business environments.

### 3.14. Community Service Contribution

Unlike many community service programs that primarily focus on accounting training or financial statement preparation, the present activity introduced a field observation-based inventory audit model that combines managerial consultation with practical inventory verification. The novelty of this community service activity lies in the integration of four complementary approaches:

1. Internal control assessment through structured interviews;
2. Direct warehouse observation using standardized checklists;
3. Physical inventory verification (stock opname);
4. Collaborative formulation of managerial recommendations.

This integrated approach enables MSME owners to identify operational weaknesses based on actual business conditions rather than theoretical assumptions. The recommendations produced are therefore practical, feasible, and immediately applicable. Another important contribution is the transformation of auditing into an educational process. Rather than functioning solely as an evaluation mechanism, inventory auditing became a learning instrument through which business owners acquired practical knowledge regarding inventory recording, reconciliation procedures, and internal control principles. The community service model developed in this study may therefore serve as a replicable framework for universities implementing similar MSME assistance programs in accounting, auditing, warehouse management, and business governance.

### 3.15. Sustainability of the Assistance Program

Long-term sustainability represents an essential objective of community engagement activities. Accordingly, several follow-up actions were recommended after completion of the inventory audit. First, Aura Parfum was encouraged to gradually transition from manual inventory records toward a simple digital inventory management system capable of recording inventory movements in real time. Second, routine stock opname should be institutionalized through a predetermined monthly schedule accompanied by documented reconciliation reports. Third, internal control evaluations should be conducted periodically to ensure that inventory procedures remain effective as business operations continue to expand. Fourth, future community service collaborations between the university and Aura Parfum should include training in digital accounting systems, inventory information systems, financial statement preparation, and business performance evaluation. These follow-up initiatives are expected to strengthen organizational learning while ensuring that the benefits generated through this community service activity continue beyond the completion of the project.

## 5. Conclusion

### 5.1 Conclusion

This community service program successfully implemented a field observation-based inventory audit assistance for Aura Parfum MSME to evaluate inventory information accuracy and the quality of internal control. The audit integrated internal control interviews, warehouse observations, and physical inventory verification (stock opname), providing a comprehensive assessment of the enterprise's inventory management practices. The findings revealed that Aura Parfum had established effective physical inventory controls through organized warehouse arrangements, inventory labeling, temperature-controlled storage, restricted warehouse access, and segregation of operational activities. These practices contributed positively to safeguarding inventory assets and minimizing the risk of physical loss or deterioration. However, the assessment also identified several weaknesses in administrative inventory management. Inventory transactions were still recorded manually using a periodic recording system, resulting in delays in updating inventory balances. Physical stock counting identified discrepancies in three out of fourteen sampled perfume essences, indicating that inventory information did not always accurately reflect actual warehouse conditions. The discrepancies were primarily attributed to recording delays rather than inventory loss, theft, or damaged products. Therefore, the study concludes that improving inventory documentation procedures is essential for enhancing inventory information reliability.

### 5.2 Theoretical Contributions

The findings demonstrate that strengthening inventory management in MSMEs does not necessarily require sophisticated information systems or substantial financial investment. Significant improvements can be achieved through relatively simple managerial interventions, including implementing perpetual inventory recording, conducting routine stock opname, separating online and offline sales documentation, and establishing systematic supplier payment monitoring. From a managerial perspective, the inventory audit assistance increased the awareness of the MSME owner regarding the importance of integrating physical inventory control with accurate administrative documentation. Reliable inventory information enables better purchasing decisions, improves production planning, facilitates financial reporting, and supports overall operational efficiency. Consequently, the recommendations generated through this community service activity provide a practical roadmap for other MSMEs seeking to improve inventory governance while operating under limited technological and financial resources.

### 5.3 Practical Implications

This community service activity contributes to the growing body of community engagement literature by introducing a practical field observation-based inventory audit model specifically designed for MSMEs. Unlike conventional community service programs that predominantly emphasize bookkeeping or financial reporting assistance, this program integrates internal control assessment, warehouse observation, physical inventory verification, and collaborative managerial consultation into a single comprehensive intervention. The proposed model demonstrates that inventory auditing can function not only as an assurance activity but also as an educational and organizational learning process. Through direct participation in inventory verification and internal control evaluation, MSME owners gain a better understanding of inventory management principles and become more capable of implementing continuous improvements. Accordingly, the audit assistance model developed in this study may serve as a practical reference for universities, accounting professionals, and community service practitioners conducting similar MSME empowerment programs.

### 5.4 Research Limitations

Several limitations should be considered when interpreting the findings of this study. First, the community service activity was conducted within a single MSME, limiting the generalizability of the findings to other industries or business environments. Second, the inventory audit examined fourteen representative inventory samples rather than the entire inventory population, meaning that additional discrepancies may exist outside the selected samples. Third, the study primarily evaluated inventory management and internal control practices without quantitatively measuring improvements in operational performance or financial outcomes following implementation of the recommendations. Finally, the evaluation was conducted over a relatively short period, preventing assessment of the long-term effectiveness of the proposed inventory management improvements.

### 5.5 Directions for Future Research

Future community service initiatives should expand the application of field observation-based inventory auditing to MSMEs operating in different industrial sectors to evaluate the adaptability and effectiveness of the proposed approach across diverse business environments. Subsequent programs may also integrate digital inventory management systems, barcode technology, cloud-based accounting applications, or mobile inventory platforms to enhance real-time inventory recording and operational efficiency. Longitudinal follow-up evaluations are recommended to examine the sustainability of managerial improvements after implementing the proposed recommendations. In addition, future studies should investigate the relationship between improved inventory information accuracy, internal control quality, operational efficiency, and financial performance. Continuous collaboration between universities and MSMEs through mentoring, training, and periodic inventory audits is expected to strengthen organizational learning, improve managerial capabilities, and support the long-term sustainability of small business enterprises in Indonesia.

## References

Agustian Wardana, A., Purwo Saputro, E., Wahyuddin, M., & Idris Abas, N. (2022). The effect of convenience, perceived ease of use, and perceived usefulness on intention to use e-wallet (Empirical study on Generation Z in Surakarta). Advances in Economics, Business and Management Research, 218, 386–395.

Bajeng, K., Ramli, A., Aswar, N. F., Pratiwi, K. S., Hamka, A., ... [Lengkapi seluruh nama penulis]. (2023). Pemanfaatan sistem informasi akuntansi berbasis digital mobile pada kelompok usaha batu bata di Kelurahan Bajeng, Kabupaten Gowa. Jurnal, 1(1), 100–104.

Fitriani, D., & Hwihanus, H. (2023). Analisis audit atas siklus pendapatan dalam menilai efektivitas sistem pengendalian internal pada Exmo Tea. Jurnal Ilmiah Ekonomi, Akuntansi, dan Pajak, 2(4).

Herli, M., Wijaya, N. Q., & Ilahiyah, M. E. (2023). Pemberdayaan pengrajin keris (Empu) melalui penguatan modal intelektual dan pemasaran digital di Desa Aeng Tong Tong Kabupaten Sumenep. Jurnal Abdi Insani, 10(3), 1587–1597.

Marsuni, F. M. N. S. (2019). Implementasi program corporate social responsibility (CSR) dan dampaknya terhadap kinerja keuangan PT. Buana Sanjaya di Papua Barat. Jurnal Profitability Fakultas Ekonomi dan Bisnis, 3(1).

Marsuni, N. S., & Rismawati, R. (2018). Analysis of income and costs of business activity development at the Business Development Center (P2B) of Makassar State Islamic University. Jurnal Ekonomi Balance, 14(1), 129–136.

Qorib, F. (2024). Tantangan dan peluang kolaborasi antara perguruan tinggi dan masyarakat dalam program pengabdian di Indonesia. Jurnal, 2(2), 46–57.

Ramayanti, R., & Rachmawati, N. A. (2022). Pendampingan pembuatan laporan keuangan UMKM di Cileungsi Kidul Kabupaten Bogor. Jurnal Pengabdian Masyarakat Progresif Humanis Brainstorming, 5(4), 769–775.

Rusdiana, D., & Fadillah, N. (2025). Implementasi audit pengendalian internal untuk meningkatkan kinerja keuangan dan keberlangsungan usaha UMKM Pabrik Citra. Jurnal Pengabdian Cendekia, 1(2), 193–199.

Sasmita, R., & Asiam, F. (2024). Pengaruh stock opname terhadap efektivitas pengendalian persediaan UMKM. Jurnal Manajemen dan Kewirausahaan, 21(1), 66–78.

Siregar, ... [Lengkapi seluruh nama penulis]. (2025). Peningkatan produktivitas usaha UMKM melalui pendampingan pencatatan persediaan dan penyusunan laporan keuangan menggunakan aplikasi Accurate. Jurnal Pengabdian Masyarakat Ekonomi dan Bisnis Digital.

Trisnawati, N. L. D. E., & Suryaningsih, K. (2025). Sistem pengelolaan persediaan barang dagang pada UMKM. Jurnal Akuntansi, Ekonomi dan Manajemen Bisnis, 5(3), 365–374.

Wahyuni, Darwin, K., Ramadhani, A., Khairunnisa, Ashari, M. R., & Sandra. (2026). Reformulasi sistem pencatatan dan penyusunan laporan keuangan UMKM buket sebagai upaya peningkatan akuntabilitas usaha kreatif. Journal of Golden Generation Abdimas, 2(1), 151–166.

Wahyuni, Fuada, N., Fadil, Shalsabila, K., Nur, F., & Marwah, H. (2026). Pengaruh implementasi akuntansi kinerja keuangan terhadap usaha titip gadai Shafana Phone Pallangga. Journal of Golden Generation Abdimas, 2(1), 200–211.

Wahyuni, Septiani, A. R., Sari, P. P., Ramadhani, F., Syamjun, M. A., & Alfai, M. (2026). Pendampingan UMKM Wahyu Aluminium dalam penyusunan laporan keuangan dan pengelolaan transaksi usaha. Journal of Golden Generation Abdimas, 2(1), 228–241.

Wahyuni, Susanto, I. R., Awaliyah, S., Ramadhani, S., Melani, S. A., & Ruslan, M. (2026). Peningkatan kapasitas pelaku UMKM donat dalam membuat laporan keuangan yang efektif dan terstruktur. Journal of Golden Generation Abdimas, 2(1), 212–227.