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Assistance in Developing a Simple Internal Audit Checklist to Support Audit Completion at Kopii Kawaii

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Abstract: *Effective internal control is essential for strengthening accountability, reducing operational risks, and supporting sustainable financial governance in Micro, Small, and Medium Enterprises (MSMEs). However, many MSMEs lack practical internal audit instruments that enable systematic monitoring of cash, sales, inventory, purchasing, and administrative documentation. This community engagement program aimed to assist Kopii Kawaii, a coffee shop in Makassar, Indonesia, in developing and implementing a simple internal audit checklist to support audit completion and strengthen internal control practices. The program employed a participatory mentoring approach comprising preliminary observation, interviews, problem identification, checklist development, simulation, implementation, evaluation, and follow-up assistance. Data were obtained through direct observation, interviews with the business owner and employees, transaction document reviews, and operational verification. The developed checklist covered five key areas: inventory, sales, cash, purchasing, and administrative documentation. Implementation demonstrated improvements in transaction verification, cash reconciliation, inventory monitoring, document organization, and employee awareness of internal control procedures. The checklist also facilitated the identification and documentation of operational weaknesses and supported the preparation of evidence required for audit completion. Furthermore, the mentoring process encouraged the business owner and employees to conduct routine self-evaluation and strengthen accountability in daily operations. The findings demonstrate that a simplified internal audit checklist can serve as a practical, low-cost governance instrument for MSMEs with limited resources. This approach provides a replicable model for improving internal control, financial transparency, audit readiness, and organizational sustainability through university–community collaboration.*

Keywords: *Internal Audit; Audit Completion; Internal Control; MSMEs; Community Engagement; Governance.*

1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) constitute an important component of Indonesia's economic structure because they contribute to local economic activity, employment creation, and household income generation. Their development is closely associated with the capacity of business owners to manage financial resources, operational activities, and administrative processes effectively. Despite their economic importance, many MSMEs continue to operate with relatively informal management systems and limited accounting and internal control practices. These conditions can constrain the reliability of financial information and make it difficult for business owners to monitor operational performance systematically. Previous research has shown that MSMEs still experience challenges in adopting appropriate accounting standards and developing structured financial management practices, particularly because of limited knowledge, resources, and administrative capacity (Seftiany & Wijayana, 2023).

The challenges become increasingly relevant in the food and beverage sector, particularly among coffee shops and small-scale cafés. This type of business generally involves frequent daily sales transactions, cash receipts, purchasing activities, rapidly rotating inventories, and numerous operational expenditures. Such characteristics create a greater need for effective monitoring and verification procedures. Although digital Point-of-Sale (POS) systems can assist businesses in recording sales transactions, the availability of technology does not automatically ensure effective internal control. Transaction records still need to be reconciled with physical cash, inventory movements, supporting documents, and actual operational conditions. The existing literature in the provided source indicates that improvements in financial governance and the use of appropriate technological and accounting mechanisms are important for strengthening the management of MSMEs (Syah et al., 2023; Jannudin et al., 2023).

Weak internal control may expose MSMEs to various operational and financial risks. These risks include discrepancies between recorded and actual cash balances, unexplained inventory losses, errors in recording sales, inappropriate purchasing practices, and incomplete documentation of expenditures. In businesses with high transaction frequency, even relatively small errors can accumulate and influence the reliability of financial records. Furthermore, inadequate documentation makes it difficult for business owners to trace transactions, evaluate employee performance, identify sources of discrepancies, and prepare reliable supporting evidence for financial evaluation. The source document identifies similar challenges at Kopii Kawaii, including periodic differences between physical inventory and inventory records, risks associated with daily cashier verification, and disorganized petty-cash expenditure documentation.

Internal control is therefore not merely an accounting requirement but an important component of operational governance. An effective control system enables business owners to establish procedures for authorization, verification, reconciliation, documentation, and monitoring. For MSMEs, however, conventional internal audit procedures may appear complicated, costly, and difficult to implement because of their limited organizational structure and human resources. The challenge is consequently not only how to introduce audit concepts but also how to translate those concepts into practical procedures that can be implemented consistently by business owners and employees. The source emphasizes that formal audit concepts need to be adapted into simplified control instruments so that appropriate monitoring practices can be implemented at the MSME level (Sasongko et al., 2023).

One practical instrument for addressing this challenge is a simple internal audit checklist. A checklist can translate complex control concepts into a sequence of clear, observable, and repeatable activities. Instead of requiring MSME owners to understand sophisticated auditing procedures, the checklist can guide them through essential verification activities, such as comparing physical inventory with records, reconciling POS sales with cash receipts, checking petty-cash expenditures, verifying supplier invoices, and organizing transaction documentation. Such an instrument can also create a consistent record of whether specific control procedures have been performed. In this context, internal audit becomes not merely an activity conducted by external parties but also a mechanism for encouraging continuous self-evaluation within the business.

Previous community-engagement activities have demonstrated the relevance of simplified audit assistance for MSMEs. Almilia et al. (2021), for example, addressed internal audit practices related to fixed-asset management in MSME services. Similarly, Febrian and Nofiata (2026) examined training and assistance related to internal audit challenges as a mechanism for supporting MSME access to funding. Nuryasin et al. (2026) emphasized the role of simple internal audit assistance in strengthening accountability and financial transparency among MSMEs. These studies provide an important basis for developing community-based interventions that do not merely transfer theoretical knowledge but directly introduce practical tools that can be used in daily business operations.

Nevertheless, an important practical gap remains. The availability of internal audit concepts and general recommendations does not necessarily mean that MSME owners possess an operational instrument tailored to their specific business processes. A coffee shop, for example, requires controls that correspond directly to inventory consumption, daily sales, cash handling, purchasing from suppliers, and documentation of small expenditures. Therefore, the effectiveness of an internal control intervention depends partly on its ability to reflect the actual workflow of the business. A checklist that is too complicated may not be used consistently, whereas a checklist that is too general may fail to identify important operational risks. Consequently, the development of a simple, context-specific, and user-oriented checklist represents an important intervention for strengthening MSME governance.

Kopii Kawaii in Makassar represents a relevant context for this intervention. As a food and beverage business with daily transactions and relatively rapid inventory turnover, the enterprise requires systematic procedures for monitoring cash, sales, inventory, purchasing, and administrative documentation. Preliminary observation conducted by the community-engagement team identified several administrative and control-related challenges, particularly discrepancies between physical stock and inventory records, potential errors in daily cashier verification, and weaknesses in the organization of petty-cash documentation. These conditions indicate that the business requires an internal monitoring mechanism that is sufficiently simple to be applied during routine operations while still addressing fundamental control requirements.

The concept of audit completion is also relevant to the program. Audit completion represents an important stage in the overall audit process because it involves reviewing available evidence, considering relevant obligations and subsequent events, and summarizing identified weaknesses before the audit process is finalized. Herda and Lavelle (2014) specifically discuss the auditing of subsequent events, demonstrating the importance of appropriate procedures when evaluating information that arises after the reporting or examination date. Although the formal audit-completion process is generally associated with professional auditing, selected principles can be adapted to the MSME context through simplified procedures. The objective is not to transform an MSME into a formal audit entity but to establish sufficient documentation and verification practices to support accountability and audit readiness.

Accordingly, the community-engagement program at Kopii Kawaii adopted a participatory approach involving observation, interviews, problem identification, instrument development, simulation, implementation, evaluation, and follow-up assistance. The intervention was designed collaboratively so that the checklist reflected the actual operational conditions of the business rather than imposing an abstract audit framework. The resulting instrument focused on five key areas: inventory, sales, cash, purchasing, and administrative documentation. These areas were selected because they represent fundamental transaction cycles that influence the reliability of operational and financial information in a coffee-shop environment.

The implementation also emphasized direct simulation using actual business transactions. The team conducted cash counts, compared POS transaction records with available funds, reviewed petty-cash receipts, and examined inventory-related documentation. This process allowed the checklist to be evaluated not only from a theoretical perspective but also in terms of usability for employees and business managers. The participatory nature of the intervention provided opportunities to clarify checklist items, simplify procedures that were considered difficult, and ensure that the instrument could be used independently after the completion of the program.

Based on these considerations, this community-engagement program aimed to assist Kopii Kawaii in developing and implementing a simple internal audit checklist to support audit completion and strengthen internal control practices. More specifically, the program sought to improve transaction verification, cash reconciliation, inventory monitoring, purchasing verification, and administrative documentation while encouraging continuous self-evaluation among business personnel. The contribution of this program lies in translating internal audit principles into a practical governance instrument that can be implemented by an MSME with limited resources. Through university–community collaboration, the intervention is expected to provide a replicable approach for improving accountability, financial transparency, audit readiness, and sustainable business governance among similar MSMEs.

2. Literature Review

1. Internal Control in Micro, Small, and Medium Enterprises

Internal control represents a fundamental component of organizational governance because it provides mechanisms for protecting assets, improving the reliability of information, supporting operational effectiveness, and ensuring compliance with established procedures. In the context of Micro, Small, and Medium Enterprises (MSMEs), internal control becomes particularly important because business owners frequently perform multiple managerial and operational functions simultaneously. Limited human resources, informal organizational structures, and restricted financial capacity may create conditions in which segregation of duties, documentation, authorization, and monitoring are not adequately implemented. The importance of internal control for MSMEs is supported by empirical evidence. Tam and Tuan (2021) examined internal control and SME performance in an emerging economy and conceptualized internal control through five major dimensions: control environment, risk assessment, control activities, information and communication, and monitoring. Their findings demonstrate that internal control is associated with organizational and financial performance, indicating that control mechanisms should not be viewed merely as administrative requirements but as strategic instruments for improving business management.

Similarly, Vu and Nga (2022) found that the implementation of internal controls contributes positively to SME profitability. Their findings indicate that effective internal controls can reduce undesirable practices, facilitate business formalization, and support better organizational outcomes. This evidence strengthens the argument that even relatively small businesses can benefit economically from systematic control mechanisms. Within the Indonesian MSME context, internal control is also closely associated with the quality of financial management. Seftiany and Wijayana (2023) identified continuing challenges in the readiness of Indonesian MSMEs to implement appropriate financial accounting practices. These challenges indicate that financial recording and internal control should be developed simultaneously because reliable financial information requires not only appropriate accounting procedures but also mechanisms for verifying and monitoring transactions. Therefore, internal control for MSMEs should be designed according to the scale, complexity, and operational characteristics of the business. A control system designed for a large corporation cannot simply be transferred to a small coffee shop. Instead, control procedures should be simplified while maintaining their essential objectives, particularly asset protection, transaction verification, documentation, reconciliation, and monitoring.

2. Internal Audit as a Governance and Monitoring Mechanism

Internal audit is closely related to internal control but represents a broader evaluative mechanism. Internal audit activities provide systematic assessment of whether organizational procedures, risk management practices, and control mechanisms operate as intended. In MSMEs, the formal structure of an internal audit function may not always be feasible. Nevertheless, the underlying principles of internal auditing can be adapted into simple monitoring procedures that business owners and employees can perform routinely. The relevance of internal audit for MSMEs has been demonstrated in several community-based studies. Almilia et al. (2021) examined internal audit practices in the management of fixed assets among service-oriented MSMEs and highlighted the importance of structured monitoring in managing business resources. This indicates that internal audit principles can be applied even within relatively small organizational settings when the procedures are adapted to the specific needs of the business. Febrian and Nofiata (2026) similarly emphasized the importance of training and assistance related to internal audit challenges among MSMEs. Their community-engagement approach demonstrates that knowledge transfer accompanied by practical assistance can help MSME owners understand the role of internal audit in improving business governance and supporting access to external resources.

More recently, Nuryasin et al. (2026) demonstrated the relevance of simple internal audit assistance for improving accountability and financial transparency in MSMEs. Their work provides an important foundation for the present program because it supports the proposition that simplified audit procedures can become practical governance instruments for businesses with limited organizational resources. Accordingly, internal audit in an MSME context should not necessarily be understood as a replication of the comprehensive audit procedures applied to large corporations. Rather, it can be conceptualized as a structured process of reviewing transactions, identifying weaknesses, verifying supporting evidence, and monitoring corrective actions. This perspective allows internal audit to function as a continuous self-evaluation mechanism.

3. Internal Audit Checklist as a Practical Control Instrument

One of the principal challenges in implementing internal control among MSMEs is the gap between theoretical knowledge and practical application. Business owners may understand the importance of financial control but lack a standardized instrument that tells them what should be checked, how frequently it should be checked, and what evidence should be retained. An internal audit checklist can address this gap by converting control principles into operational questions and verification procedures. A checklist provides several advantages. First, it standardizes routine monitoring activities. Second, it reduces the possibility that important control procedures will be overlooked. Third, it provides documentary evidence that monitoring activities have been performed. Fourth, it facilitates the identification and classification of weaknesses. Finally, a checklist can support continuity because monitoring procedures are no longer dependent exclusively on the memory or personal judgment of the business owner.

For MSMEs, simplicity is a critical characteristic of an effective checklist. Excessively complex audit instruments may discourage employees from using them consistently. Conversely, a checklist that is too general may fail to identify significant risks. Therefore, the development of a checklist should consider the actual transaction cycles and operational processes of the business. In the present program, the checklist was structured around five major control areas: inventory, sales, cash, purchasing, and administrative documentation. This structure reflects the major operational activities of a coffee-shop business and allows the monitoring process to focus on areas where financial and operational risks are most likely to occur. The source material indicates that the instrument was developed following preliminary observation and problem identification at Kopii Kawaii, thereby ensuring that the checklist was context-specific rather than purely theoretical.

4. Inventory Control in MSMEs

Inventory represents an important control area for food and beverage businesses because raw materials are continuously purchased, stored, processed, and consumed. Coffee shops typically manage multiple categories of materials, including coffee beans, milk, syrups, sugar, packaging materials, and other ingredients. Differences between recorded and physical inventory may arise from recording errors, excessive consumption, spoilage, waste, or unauthorized use. Effective inventory control therefore requires regular physical verification and reconciliation with inventory records. Internal control procedures can include stock counts, documentation of incoming materials, verification of supplier invoices, and monitoring of consumption patterns. The application of simple inventory controls is particularly relevant for MSMEs because inventory losses can directly influence cost of goods sold and profitability. The preliminary observations at Kopii Kawaii identified periodic differences between physical inventory and inventory records. This condition demonstrates the practical importance of including inventory verification as one of the central components of the internal audit checklist. The checklist is intended to facilitate routine comparison between physical stock and recorded quantities, enabling management to identify discrepancies at an early stage rather than waiting until the end of an accounting period.

5. Sales and Cash Control

Sales and cash represent another critical control area for MSMEs. Coffee shops generally process numerous transactions of relatively small monetary value, making systematic verification essential. Without reconciliation procedures, discrepancies between recorded sales and actual cash receipts may remain undetected. The use of Point-of-Sale (POS) systems can improve transaction recording and provide digital information concerning sales volumes, product categories, transaction times, and payment methods. Research on the adoption of cloud-based POS applications among Indonesian MSMEs shows that POS technology has become an increasingly relevant component of MSME transaction management (Ilma & Muid, 2023). However, POS technology should be regarded as a supporting mechanism rather than a substitute for internal control. Recorded transactions still need to be compared with actual cash and other payment receipts. Consequently, a simple internal audit checklist can integrate POS information with daily cash counts and transaction documentation. In the Kopii Kawaii program, the sales and cash sections of the checklist were designed to facilitate reconciliation between POS transaction records and actual cash receipts. The implementation included physical cash counting at the end of a shift and comparison with the sales information recorded in the POS system.

6. Purchasing and Administrative Documentation

Purchasing activities create risks related to unauthorized purchases, inaccurate quantities, inappropriate prices, duplicate payments, and incomplete documentation. For this reason, internal control over purchasing should involve verification between purchase orders, goods received, supplier invoices, and payment records. Administrative documentation is equally important because transaction evidence provides the foundation for financial accountability. Proper documentation allows business owners to trace transactions, verify expenditures, investigate discrepancies, and prepare financial reports. In the absence of supporting documents, even correctly recorded transactions may be difficult to validate. Jannudin et al. (2023) emphasize the importance of financial governance mechanisms in supporting better MSME financial management. Similarly, Syah et al. (2023) demonstrate the continuing importance of appropriate financial reporting practices in Indonesian MSMEs. These findings suggest that strengthening documentation and verification procedures should form an integral part of MSME governance. The checklist developed for Kopii Kawaii therefore includes purchasing verification and administrative documentation as distinct control areas. The purchasing component focuses on matching goods received with supplier invoices, whereas the documentation component emphasizes systematic chronological filing of transaction evidence.

7. Audit Completion and Subsequent Events

Audit completion represents the final stage of an audit process in which accumulated evidence and findings are reviewed before the audit is concluded. Although the formal audit completion process is generally associated with professional external auditing, selected principles can be adapted for internal monitoring in MSMEs. The completion process is important because unresolved discrepancies, incomplete documentation, unrecognized obligations, and subsequent events may affect the reliability of financial information. Herda and Lavelle (2014) specifically examined auditors' consideration of subsequent events and demonstrated the importance of evaluating events occurring after the reporting or examination date. For MSMEs, audit completion can be simplified into practical procedures. These may include reviewing unresolved control weaknesses, checking significant commitments, identifying subsequent events, verifying outstanding documentation, and summarizing findings for management. Such procedures do not transform an MSME into a formally audited corporation but provide a structured mechanism for ensuring that identified issues are not overlooked. In the Kopii Kawaii program, the audit-completion stage included reviewing contingent obligations, identifying subsequent events, and summarizing control weaknesses. These procedures were incorporated into the mentoring process so that the business owner could understand how operational findings should be reviewed and documented before the monitoring cycle was finalized.

8. Community Engagement and Capacity Building for MSMEs

Community engagement conducted by universities can function as a mechanism for transferring academic knowledge into practical solutions for local businesses. For MSMEs, this approach is particularly valuable because many business owners have limited access to professional accounting and auditing services. Effective community engagement should move beyond one-way dissemination of information. A participatory model allows the academic team and business partner to jointly identify problems, design solutions, test instruments, evaluate implementation, and develop strategies for sustainability. Such an approach increases the probability that the resulting intervention will be compatible with the actual capabilities and routines of the business. The program at Kopii Kawaii adopted this participatory model through observation, interviews, instrument development, simulation, implementation, evaluation, and final handover. The intervention therefore positioned the MSME owner and employees not merely as recipients of knowledge but as active participants in developing a control instrument suitable for their operational environment.

9. Research Gap and Conceptual Position

The existing literature demonstrates that internal control contributes to organizational performance, profitability, accountability, and financial governance. International evidence indicates positive relationships between internal control and SME performance, while Indonesian and community-engagement studies emphasize the need for practical financial governance interventions. However, a practical gap remains between the conceptual importance of internal control and the availability of simple instruments that MSMEs can independently apply in their daily operations. Existing studies frequently discuss internal control, financial reporting, or audit assistance as broad concepts, while fewer interventions explicitly integrate inventory verification, sales reconciliation, cash counting, purchasing verification, documentation control, and simplified audit completion into a single operational checklist designed for a small food and beverage enterprise. This program addresses that gap by developing a context-specific internal audit checklist for Kopii Kawaii. The contribution is not the creation of a new auditing theory but the operationalization of established internal control principles into an accessible governance instrument. By integrating five critical control areas with simplified audit-completion procedures, the program provides a practical model that can potentially be replicated by other MSMEs with similar operational characteristics.

3. Research Methods

3.1 Research Design

This community engagement program employed a participatory action-based assistance approach designed to develop and implement a simple internal audit checklist at Kopii Kawaii, a micro, small, and medium-sized enterprise (MSME) operating in the food and beverage sector in Makassar, Indonesia. The methodological approach was selected because the primary objective of the program was not merely to transfer theoretical knowledge but to identify actual internal control problems, develop a context-specific audit instrument, test its usability, and assist the business partner in applying the instrument independently. The program was conducted from 1 to 11 July 2026 at Kopii Kawaii, located in Rappocini, Makassar, South Sulawesi. The intervention involved lecturers and accounting students from the Department of Accounting, Faculty of Economics and Business, Universitas Muhammadiyah Makassar. The methodological framework consisted of six sequential stages: (1) preliminary observation and interviews, (2) problem identification, (3) checklist development, (4) simulation and transaction verification, (5) audit-completion assistance, and (6) evaluation and finalization. This design enabled the intervention to connect accounting and auditing concepts with the actual operational conditions of the partner enterprise. Rather than imposing a standardized audit procedure, the checklist was developed based on the specific risks and administrative characteristics identified during the preliminary assessment.

3.2 Research Setting and Participants

The program was implemented at Kopii Kawaii, a coffee-shop MSME in Makassar. The business was selected as the community-engagement partner based on the initial identification of internal control and administrative challenges, particularly those associated with inventory, sales, cash management, purchasing, and transaction documentation. The participants consisted of the business owner and operational employees, particularly personnel involved in cashier and barista activities. The community-engagement team consisted of two lecturers and four accounting students. The lecturers were responsible for methodological direction, accounting and auditing guidance, supervision, and evaluation, while the students participated in observation, interviews, checklist development, simulation, documentation, and mentoring activities. The selection of participants was purposive because the individuals involved were directly connected to the financial and operational processes being examined. This approach allowed the assessment to capture practical information concerning transaction recording, cash handling, inventory management, purchasing procedures, and document administration.

3.3 Data Collection Techniques

Data were collected using direct observation, semi-structured interviews, document review, physical verification, and participatory evaluation. The combination of these techniques was intended to strengthen the reliability of the information obtained by comparing information from different sources. First, direct observation was conducted during the initial visits to examine the daily operational processes of Kopii Kawaii. The observation focused on the flow of inventory, sales transactions, cash handling, purchasing activities, and administrative documentation. Particular attention was given to the interaction between employees, physical resources, transaction records, and the Point-of-Sale (POS) system. Second, semi-structured interviews were conducted with the business owner and relevant employees. The interviews explored the existing financial management practices, sources of capital, use of business accounts, transaction recording procedures, inventory management, cash management, and administrative practices. The interview process also provided information regarding difficulties encountered by the business in implementing systematic internal controls. Third, document review was conducted by examining available transaction evidence, including sales records, purchase invoices, cash-disbursement receipts, and other administrative documents. The purpose was to assess the completeness, consistency, and traceability of transaction documentation. Fourth, physical verification was performed through cash counting and inventory comparison. Cash on hand was counted and compared with sales information recorded in the POS system. Selected purchasing and expenditure documents were also compared with the corresponding operational transactions. Finally, participatory evaluation was conducted during the simulation and implementation stages. Employees were asked to use the draft checklist, while the community-engagement team assessed whether each checklist item was understandable, relevant, and feasible within the normal operating environment of the business.

3.4 Development of the Internal Audit Checklist

The internal audit checklist was developed through a needs-based instrument development process. Information obtained from the initial observation, interviews, and document review was first classified according to the major operational risks identified at Kopii Kawaii. The findings were subsequently translated into practical control questions and verification procedures.
The checklist consisted of five principal control areas:

1. Inventory Audit – verification of physical inventory, comparison between physical stock and recorded quantities, and identification of potential inventory discrepancies.
2. Sales Audit – verification of sales transactions by comparing POS records with actual transaction evidence and related receipts.
3. Cash Audit – daily physical cash counting, reconciliation with recorded sales, and verification of petty-cash expenditures.
4. Purchasing Audit – verification of purchases by comparing goods received, supplier invoices, and available transaction documentation.
5. Administrative Documentation Audit – examination of the completeness, organization, and chronological filing of supporting documents.

Each checklist item was designed to be operationally simple and could be completed using a check, verification note, discrepancy identification, and corrective-action field. This structure was intended to make the instrument usable by MSME employees without requiring advanced auditing expertise.

3.5 Implementation and Simulation Procedure

After the initial checklist was developed, the instrument was subjected to a simulation process using actual operational transactions. The simulation was conducted to assess the usability and practical relevance of the instrument before its finalization. The first simulation involved physical cash counting at the end of an operational shift. The amount of cash available was compared with the sales information recorded in the POS system. Any discrepancy was documented and discussed with the relevant employee. The second simulation focused on inventory. Selected physical inventory items were examined and compared with available inventory records. The process was intended to demonstrate how discrepancies between recorded and actual inventory could be identified. The third simulation involved purchasing and petty-cash documentation. Selected invoices and expenditure receipts were examined to determine whether transactions had adequate supporting evidence and whether the documents could be traced to the relevant business activity. The simulation also served as an opportunity to revise the checklist. Items considered unclear, redundant, or impractical were discussed with the employees and subsequently simplified. Thus, the final instrument represented an iterative product developed through interaction between the academic team and the business partner.

3.6 Audit Completion Assistance

Following the operational verification stage, the program incorporated simplified audit-completion procedures. These procedures were adapted to the scale and characteristics of the MSME rather than replicating the comprehensive procedures used in formal external audits. Three principal activities were undertaken. First, the team assisted the business owner in reviewing potential contingent obligations, including relevant contractual commitments. Second, the team reviewed subsequent events, namely significant events occurring after the examination period that could potentially affect the business's financial or operational condition. Third, all identified control weaknesses and discrepancies were summarized and classified into an evaluation record. This stage was designed to ensure that findings identified during the verification process were not merely documented but were transformed into practical recommendations for management. The process also strengthened the business owner's ability to maintain supporting evidence for future financial evaluation and audit-related activities.

3.7 Data Analysis

The collected information was analyzed using a descriptive qualitative approach. Observation notes, interview results, document-review findings, and simulation results were organized according to the five checklist areas. The analysis focused on identifying existing practices, control weaknesses, improvements observed during implementation, and the usability of the developed instrument. The analysis followed four steps: data reduction, categorization, comparison, and interpretation. First, information that was directly relevant to internal control and audit completion was identified. Second, the findings were categorized into inventory, sales, cash, purchasing, and administrative documentation. Third, the conditions identified during the preliminary assessment were compared with the conditions observed after checklist implementation. Fourth, the findings were interpreted to determine the practical contribution of the checklist to transaction verification, documentation, reconciliation, and employee awareness. The evaluation did not employ inferential statistical testing because the program was designed as a community-engagement intervention rather than a hypothesis-testing study. Consequently, improvements were assessed primarily through observed changes in procedures, completeness of documentation, reconciliation practices, and participant responses during implementation.

3.8 Evaluation of Program Effectiveness

Program effectiveness was evaluated using four indicators: (1) usability of the checklist, (2) improvement in transaction verification, (3) improvement in documentation and reconciliation, and (4) increased awareness of internal control practices. Checklist usability was assessed based on the employees' ability to understand and complete the instrument during the simulation. Transaction verification was evaluated through the comparison of POS records, physical cash, inventory, and supporting documents. Documentation improvement was assessed by examining the organization and availability of transaction evidence. Finally, internal-control awareness was evaluated through participant responses and observations during the mentoring process. The final stage involved the handover of the completed checklist to the owner of Kopii Kawaii. The business owner was also provided with guidance on how to conduct periodic self-assessment using the instrument. This component was important to ensure that the intervention extended beyond the duration of the community-engagement program and could become part of the enterprise's routine internal monitoring practices.

3.9 Ethical and Practical Considerations

The program was conducted with the consent and participation of the business partner. Information obtained during interviews, observations, and document reviews was used exclusively for the purposes of the community-engagement program. The intervention was also designed to avoid disrupting normal business operations. Audit-related procedures were therefore implemented through sampling and practical verification rather than through comprehensive examination of every transaction. Overall, this methodological design positioned the internal audit checklist as a practical governance instrument rather than a substitute for a professional external audit. The approach was intended to provide Kopii Kawaii with a simple, repeatable, and sustainable mechanism for identifying operational weaknesses, verifying transactions, maintaining documentation, and supporting the finalization of internal monitoring activities.

4.Results and Discussion

4.1 Initial Assessment of Internal Control Practices

The initial assessment conducted through direct observation and interviews identified several weaknesses in the internal control practices of Kopii Kawaii. Although the business had adopted a digital Point-of-Sale (POS) system to record sales transactions, the existence of a digital system did not automatically ensure that all transactions, cash balances, inventory records, and supporting documents were consistently reconciled. The assessment identified three major operational issues. First, discrepancies could occur between physical inventory and recorded inventory, particularly for frequently consumed raw materials such as coffee beans, milk, and syrup. Second, daily cash verification was not yet supported by a consistently implemented reconciliation procedure between physical cash and POS-generated sales records. Third, several petty-cash expenditure documents and transaction receipts were not systematically organized, which could make subsequent verification more difficult. These findings indicate that the primary problem was not the absence of technology but the absence of a structured monitoring mechanism that connected operational activities with verification and documentation. This condition is consistent with the broader challenges faced by MSMEs in developing systematic financial management and accounting practices (Seftiany & Wijayana, 2023; Syah et al., 2023). The initial assessment therefore provided the basis for developing a simple internal audit checklist specifically adapted to the operational characteristics of Kopii Kawaii.

4.2 Development of the Simple Internal Audit Checklist

Based on the initial assessment, the community-engagement team developed a simple internal audit checklist consisting of five major control areas: inventory, sales, cash, purchasing, and administrative documentation. The inventory section was designed to facilitate comparisons between physical stock and recorded quantities. The sales section focused on verifying the consistency between POS transaction records and actual sales evidence. The cash section included daily cash counting and petty-cash verification. The purchasing section focused on matching purchased goods with supplier invoices and related transaction evidence. Meanwhile, the administrative documentation section emphasized the completeness and chronological organization of supporting documents. The development process was participatory. Rather than designing the instrument solely from theoretical auditing procedures, the team incorporated information obtained from the owner and employees during the observation and interview stages. This approach allowed the checklist to reflect actual operational activities and the capacity of the business. The resulting instrument was intentionally simplified. Each control procedure was formulated as an actionable verification point so that employees could complete the checklist during routine operations without requiring advanced auditing knowledge.

4.3 Simulation and Testing of the Checklist

The draft checklist was subsequently tested through simulations involving actual operational activities. The simulation focused primarily on cash, sales, inventory, purchasing, and documentation. The cash-control simulation involved physical counting of cash at the end of a work shift and comparison with sales information recorded in the POS system. This process demonstrated the importance of reconciling recorded sales with actual cash available. It also provided employees with a practical understanding of how discrepancies could be identified and investigated. The inventory simulation involved physical verification of selected raw materials and comparison with available inventory records. This procedure enabled the team and employees to identify potential differences between recorded quantities and physical conditions. The purchasing simulation involved reviewing supplier invoices and comparing them with goods received. The procedure was intended to ensure that purchases were supported by appropriate documentation and that the goods received corresponded with the recorded transaction. The simulation also revealed that some checklist items required simplification to ensure that employees could understand and complete them efficiently. Consequently, the instrument was refined before final implementation.

4.4 Implementation of Audit Completion Procedures

The next stage involved the implementation of simplified audit-completion procedures. The process focused on reviewing unresolved control issues and ensuring that relevant information had been documented before the intervention was finalized. Three activities were emphasized: reviewing potential contingent obligations, identifying subsequent events, and summarizing control weaknesses. The review of contingent obligations encouraged the business owner to consider contractual commitments that could potentially affect future financial conditions. The subsequent-event review encouraged management to consider significant events occurring after the examination period. The final activity involved summarizing identified weaknesses into a written evaluation. This step transformed individual observations into structured management information that could be used for future monitoring and corrective action. The implementation demonstrated that audit-completion concepts, although traditionally associated with formal auditing, can be simplified and adapted to the operational environment of an MSME.

4.5 Improvement in Documentation and Transaction Verification

One of the most visible outcomes of the intervention was the strengthening of transaction verification and documentation practices. The checklist encouraged employees to systematically connect transaction records with physical evidence. The verification process strengthened the relationship between POS records, physical cash, inventory, purchasing documentation, and expenditure receipts. In addition, the chronological organization of supporting documents improved the traceability of transactions. This finding is particularly important because documentation represents the foundation for financial accountability. Without adequate supporting evidence, business owners may experience difficulties in verifying transactions, preparing reliable financial information, and investigating discrepancies. The program therefore demonstrated that a relatively simple control instrument can create a more systematic documentation culture without requiring substantial technological or financial investment.

4.6 Increased Awareness of Internal Control

The implementation also produced an observable improvement in employee and owner awareness concerning internal control. Prior to the intervention, monitoring activities tended to depend heavily on routine observation and individual judgment. Following the implementation of the checklist, employees were introduced to a more systematic sequence of verification. The business owner also reported greater confidence in identifying operational weaknesses and monitoring daily activities. The checklist provided a tangible reference for determining which aspects of the business should be examined and what supporting evidence should be maintained. Consequently, the intervention contributed not only to the development of a physical audit instrument but also to the development of a self-monitoring culture within the enterprise.

4.7 Finalization and Handover of the Instrument

The final stage involved revising the checklist based on the simulation results and handing the completed instrument to the owner of Kopii Kawaii. The team also provided guidance on how to conduct periodic self-assessment. The final checklist was positioned as a continuing internal monitoring tool rather than a one-time document. The owner was encouraged to use the instrument periodically to review inventory, sales, cash, purchasing, and administrative documentation. This approach provides an opportunity for the business to institutionalize internal control practices after the completion of the university-led intervention.

5. Discussion

5.1 Internal Control as a Foundation of MSME Governance

The findings demonstrate that internal control remains an essential component of MSME governance even when the organization operates on a relatively small scale. The initial assessment at Kopii Kawaii showed that the existence of a POS system did not eliminate the need for manual verification, reconciliation, and documentation.This finding supports the argument that internal control should not be understood solely as a technological function. Technology can facilitate transaction recording, but effective control requires complementary activities such as verification, authorization, reconciliation, monitoring, and documentation. In other words, the reliability of a transaction-recording system depends partly on the control procedures surrounding that system. The findings are consistent with the literature indicating that internal control can contribute to SME performance and profitability. Tam and Tuan (2021) emphasize that internal control encompasses multiple dimensions, including control activities, information and communication, risk assessment, and monitoring. Vu and Nga (2022) likewise demonstrate the relevance of internal control to SME profitability. The Kopii Kawaii intervention extends this perspective by showing how these relatively broad internal-control concepts can be translated into simple operational procedures suitable for an MSME environment.

5.2 The Checklist as a Bridge Between Accounting Knowledge and Practice

A central contribution of the program is the transformation of abstract internal-control principles into a practical checklist. Many MSMEs may understand that financial control is important but may not have a structured mechanism for implementing that knowledge. The checklist addresses this implementation gap by converting control principles into routine questions and verification activities. Employees do not need to understand the complete theoretical framework of auditing to perform basic control activities such as counting cash, checking inventory, matching invoices, and organizing documents. This finding is consistent with previous community-engagement studies emphasizing the usefulness of simple audit assistance for MSMEs (Almilia et al., 2021; Nuryasin et al., 2026; Maharani et al., 2026). However, the present program provides a more integrated approach because the checklist simultaneously addresses five operational areas. The practical implication is that internal control interventions for MSMEs should prioritize usability, simplicity, and operational relevance rather than merely reproducing complex audit procedures used by large organizations.

5.3 Inventory Control and Reduction of Operational Risk

Inventory emerged as one of the important control areas because coffee-shop businesses operate with rapidly moving raw materials. Differences between physical inventory and recorded quantities can arise from consumption, spoilage, recording errors, or other operational factors. The introduction of routine physical verification provides management with an early-warning mechanism. Instead of waiting until financial statements are prepared to identify inventory problems, discrepancies can be detected during routine operations. This finding reinforces the importance of internal audit practices in MSMEs. Almilia et al. (2021), for example, demonstrate the relevance of internal audit in managing business assets. In the context of Kopii Kawaii, the same principle was adapted from fixed-asset monitoring toward rapidly consumed inventory. Thus, the contribution of the program lies in adapting internal-audit principles to the specific risk characteristics of a food-and-beverage enterprise.

5.4 POS Technology Does Not Replace Internal Control

Another important finding concerns the relationship between technology and internal control. Kopii Kawaii already used a POS system for recording sales. However, the intervention demonstrated that digital transaction recording alone does not guarantee the accuracy of cash or sales information. POS records must still be reconciled with actual receipts and physical cash. This finding supports the argument that digitalization should be accompanied by appropriate control mechanisms. Research on POS adoption among MSMEs indicates that digital transaction systems can support financial management and transaction recording (Azhar et al., 2026). However, the present intervention highlights an additional dimension: technology produces reliable information only when supported by verification and monitoring procedures. Accordingly, the checklist does not compete with the POS system. Instead, it functions as a complementary control layer that helps management verify whether information generated by the system corresponds with actual business activities.

5.5 Documentation as a Mechanism of Accountability

The improvement in document organization represents another significant finding. Supporting documents such as sales records, supplier invoices, petty-cash receipts, and other transaction evidence provide an audit trail that enables transactions to be traced and verified. In MSMEs, documentation is sometimes perceived as an administrative burden. However, the intervention demonstrated that organized documentation can simplify rather than complicate management because the business owner can locate transaction evidence more easily when conducting reviews. This finding is relevant to the financial reporting challenges identified in Indonesian MSMEs (Seftiany & Wijayana, 2023; Syah et al., 2023). Reliable financial reporting cannot be separated from reliable transaction evidence. Consequently, strengthening documentation should be considered an integral component of internal control rather than a separate administrative activity.

5.6 Simplified Audit Completion for MSMEs

The incorporation of audit-completion procedures represents a distinctive feature of this intervention. Formal audit completion involves comprehensive professional procedures, but selected principles can be adapted for smaller organizations. At Kopii Kawaii, audit completion was operationalized through three relatively simple activities: reviewing potential obligations, considering subsequent events, and summarizing control weaknesses. The approach enabled the business owner to understand that internal review should not end when an individual transaction has been checked. Herda and Lavelle (2014) emphasize the importance of auditors' consideration of subsequent events in the audit process. In the present program, this principle was translated into an accessible managerial review procedure. The implication is that audit completion can be conceptualized at two levels: professional audit completion, which requires formal auditing standards and professional judgment, and simplified internal monitoring, which can be used by MSMEs as a governance mechanism. The checklist developed in this program belongs to the second category and should not be interpreted as a replacement for an independent professional audit.

5.7 Community Engagement as a Mechanism for Sustainable Capacity Building

The findings also demonstrate the value of participatory university–community collaboration. The intervention did not merely provide lectures or theoretical explanations. Instead, the academic team worked directly with the business owner and employees to identify problems, design the instrument, conduct simulations, revise the instrument, and implement the final version. This participatory approach increased the contextual relevance of the checklist because the instrument was developed according to the actual operational conditions of the business. It also facilitated knowledge transfer by allowing employees to learn internal-control procedures through direct practice. The final handover of the checklist further strengthened the sustainability of the intervention. The business owner was not left dependent on the university team but was equipped with an instrument that could be used for periodic self-assessment. This approach is consistent with the growing emphasis on practical assistance and capacity building in MSME development (Febrian & Nofiata, 2026; Nuryasin et al., 2026).

5.8 Theoretical and Practical Implications

Theoretically, this program demonstrates that internal-control principles can be operationalized in small-business environments without reproducing the complexity of corporate auditing systems. The checklist provides a practical mechanism through which control activities, monitoring, information, and documentation can be integrated into routine MSME operations. Practically, the intervention offers a replicable model for coffee shops and other small food-and-beverage businesses. The five-area framework—inventory, sales, cash, purchasing, and administrative documentation—can be adapted according to the operational risks of individual businesses. The model also has implications for universities. Community-engagement programs in accounting and auditing can move beyond conventional training toward the development of tangible governance instruments that remain with partner organizations after the program ends.

5.9 Limitations and Future Development

Despite the positive outcomes, several limitations should be acknowledged. First, the program was implemented in only one MSME, Kopii Kawaii, which limits the generalizability of the findings. Second, the intervention was conducted within a relatively short period of 11 days, meaning that its long-term sustainability could not be evaluated comprehensively. Third, the evaluation relied primarily on qualitative observations, interviews, document reviews, and practical simulations rather than longitudinal quantitative measurements. Future community-engagement programs should therefore test the checklist across multiple MSMEs and different business sectors. A longer follow-up period could also determine whether the instrument is consistently used after the intervention. Future research could additionally develop quantitative indicators such as the frequency of cash discrepancies, inventory variance, documentation completeness, and reconciliation accuracy before and after implementation. Such developments would enable subsequent studies to move from demonstrating instrument feasibility toward measuring its long-term effectiveness and impact on MSME performance.

6. Conclusion

6.1 Main Findings

This community engagement program demonstrates that a simple internal audit checklist can serve as a practical governance instrument for strengthening internal control practices in MSMEs. The intervention at Kopii Kawaii identified several operational challenges involving inventory monitoring, sales verification, cash reconciliation, purchasing documentation, and administrative filing. Through a participatory process involving observation, interviews, document review, simulation, implementation, and evaluation, these challenges were translated into a structured but accessible internal audit instrument. The final checklist consisted of five principal areas: inventory, sales, cash, purchasing, and administrative documentation. Its implementation facilitated more systematic transaction verification and encouraged the business owner and employees to conduct routine monitoring rather than relying exclusively on informal observation.

6.2 Contribution to Internal Control Practices

The program demonstrates that internal control does not necessarily require sophisticated systems or costly professional services. For MSMEs with limited human and financial resources, control procedures can be simplified into practical activities such as physical cash counting, inventory verification, POS reconciliation, invoice checking, and systematic document filing. The checklist therefore functions as a bridge between accounting and auditing concepts and everyday business practices. Its application strengthens the traceability of transactions and provides management with a structured mechanism for identifying operational weaknesses. This finding reinforces previous evidence concerning the importance of internal control and financial governance for MSME sustainability (Almilia et al., 2021; Tam & Tuan, 2021; Vu & Nga, 2022).

6.3 Contribution to Audit Completion and Governance

A further contribution of the program is the adaptation of selected audit-completion principles to an MSME environment. The review of contingent obligations, subsequent events, and unresolved control weaknesses enabled the business owner to view internal monitoring as a continuous process rather than a one-time examination. The findings indicate that simplified audit-completion procedures can improve management awareness regarding issues that may remain unresolved after routine transactions have been recorded. However, the checklist should be understood as an internal monitoring and governance tool rather than a substitute for an independent professional audit. By integrating operational verification with documentation and final review, the program provides a practical foundation for improving accountability, transparency, and audit readiness within small businesses.

6.4 Practical Implications and Sustainability

The principal practical implication is that universities can contribute to MSME development by providing context-specific governance instruments rather than relying solely on conventional classroom-based training. The participatory development process allowed the checklist to be adjusted to the actual operational characteristics and capabilities of Kopii Kawaii. The handover of the final instrument and training on periodic self-assessment also creates an opportunity for continued use after the completion of the community-engagement program. For sustainable implementation, the business is encouraged to conduct the checklist periodically, retain evidence of verification, document identified discrepancies, and record corrective actions. The five-area framework can also potentially be adapted to other coffee shops and food-and-beverage MSMEs with similar operational characteristics.

6.5 Limitations and Future Directions

Despite its practical contribution, this program has several limitations. First, the intervention was conducted at one MSME, meaning that the findings cannot be generalized directly to all MSMEs. Second, the implementation period was relatively short, covering 1–11 July 2026, so the long-term consistency of checklist use could not be assessed. Third, the evaluation was primarily qualitative and based on observation, interviews, document examination, and simulation rather than longitudinal quantitative measurements. Future programs should therefore implement the checklist across a larger number of MSMEs and over longer observation periods. Subsequent studies could also introduce quantitative indicators, such as cash variance, inventory discrepancies, documentation completeness, reconciliation frequency, and corrective-action completion rates, to evaluate changes before and after implementation. Comparative studies across different MSME sectors would further determine whether the five-area checklist can function as a generalizable governance model or requires sector-specific adaptations. Overall, the program confirms that simplifying internal audit procedures into an accessible, operationally relevant checklist can strengthen MSME internal control, documentation, accountability, and audit readiness. The Kopii Kawaii model provides a practical foundation for further university–community collaboration aimed at developing sustainable and scalable financial governance mechanisms for MSMEs.

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