

Analysis Of The Implementation Of The Internal Control System In Fixed Asset Management (Case Study On: University Of Muhammadiyah Sukabumi)

Resti Heriyanti¹⁾
Restiheriyanti22@gmail.com

Sulaeman²⁾
Sulaeman1342@ummi.ac.id

¹⁾²⁾Universitas Muhammadiyah Sukabumi

Abstract

Universities as higher education institutions play an important role in producing competent human resources. One of the key elements in supporting university operations is the availability of supporting facilities and infrastructure that are classified as fixed assets. Effective and efficient asset management is very important to ensure the success of the education process. However, based on observations at the Muhammadiyah University of Sukabumi (UMMI), several problems were found in the management of fixed assets, such as lack of asset identification, storage of damaged assets, and lack of maintenance. This can be caused by a weak internal control system. The purpose of this study is to analyze the Implementation of the Internal Control System in Fixed Asset Management at the Muhammadiyah University of Sukabumi based on the COSO Internal Control components, namely, control environment, control activities, risk assessment, information and communication, and monitoring. This study uses a descriptive qualitative research method with data collection techniques through observation, interviews and documentation. The results of this study indicate that the management of fixed assets at UMMI which is applied based on the theory put forward by COSO has shown several strengths, such as a clear organizational structure with separation of duties and authorities, and the use of effective information systems. However, there are still some areas that need improvement, such as the lack of specific training for employee competency development and constraints in storing damaged goods and maintaining barcodes on old fixed assets. Nevertheless, UMMI has shown commitment in conducting risk assessments and periodic monitoring, including audits by the Internal Audit Unit (SPI). Overall, the fixed asset management system and internal control at UMMI have been running quite effectively, but there is still room for improvement to increase the efficiency and effectiveness of fixed asset management in the future.

Keywords: Internal Control System, Fixed Assets, Management

INTRODUCTION

Higher education plays a crucial role in the development of a nation, especially in producing quality human resources who are able to drive change towards a modern society (Sihite & Saleh, 2019). To carry out their role optimally, universities need adequate facilities and infrastructure, most of which are classified as fixed assets. Fixed assets, as defined by (Pontoh & Rondonuwu, 2021), is a tangible asset used in operations, is not intended for sale, and has a useful life of more than one year.

Muhammadiyah-Aisyiyah Higher Education (PTMA), as part of Muhammadiyah's Charity in the field of higher education, faces challenges in effective and efficient management of fixed assets. With 172 universities spread throughout Indonesia (Afandi, 2022), PTMA has a great responsibility in managing assets of high material value such as land, buildings, vehicles, and other equipment. Universitas Muhammadiyah Sukabumi (UMMI), one of the universities that continues to grow, now has 7 Faculties with 24 Study Programs and 1 Master's Program (UMMI, 2024). Along with its development, UMMI faces an increase in the number and complexity of fixed assets that require better management. However, initial observations within UMMI revealed several problems related to the management of fixed assets, including: lack of identification or labeling on some equipment, storage of damaged fixed assets in inappropriate places, inadequate maintenance and maintenance of several fixed assets, such as buildings and toilet facilities, and the condition of the Ormawa inventory room that was not maintained.

These problems indicate that the management of fixed assets at UMMI is not optimal, which can have an impact on the effectiveness and efficiency of university operations. Therefore, an effective internal control system is needed for fixed assets.

Internal control system, as stated by (Tarumasely & Astuti, 2023), is a system implemented by entities including organizational structures, methods, and measures to maintain and direct activities in accordance with goals and programs so that efficiency and policies are met. COSO identifies five components of internal controls: control environment, risk assessment, control activities, information and communication, and monitoring (Agoes, 2019).

The implementation of a good internal control system can provide various benefits, including improving the accuracy of asset recording, protecting assets from the risk of loss or misuse, improving maintenance and maintenance, limiting capital expenditure as needed, and improving the efficiency and effectiveness of the use of fixed assets. Given the importance of effective and efficient fixed asset management in universities, especially in PTMA such as UMMI, this study aims to analyze the existing internal control system of fixed assets and propose necessary improvements. This research is expected to make a significant contribution to improving fixed asset governance in higher education, which in turn will support the improvement of the quality of higher education in Indonesia.

Mindset

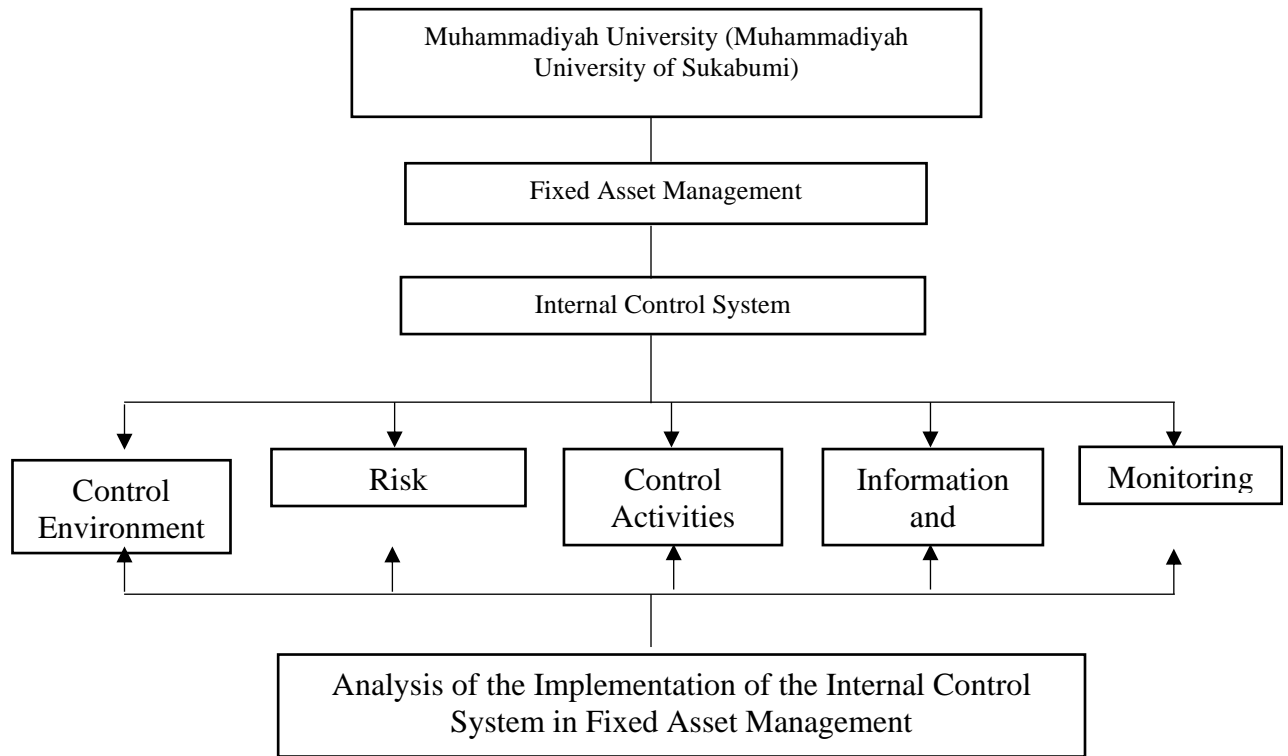


Figure 1 Thought Framework

METHOD

The method used in this study is a qualitative method with a descriptive approach. The qualitative method is a research method based on the philosophy of postpositivism, used to research on the natural condition of objects, and the results of qualitative research emphasize meaning rather than generalization. (Sugiyono, 2022).

Qualitative research departs from certain problems that exist in certain social situations that cannot be applied to other places except with the same problems and social situations. In qualitative research, Spradley calls it a "*social situation*" consisting of: place, actor, and activity that interact synergistically.

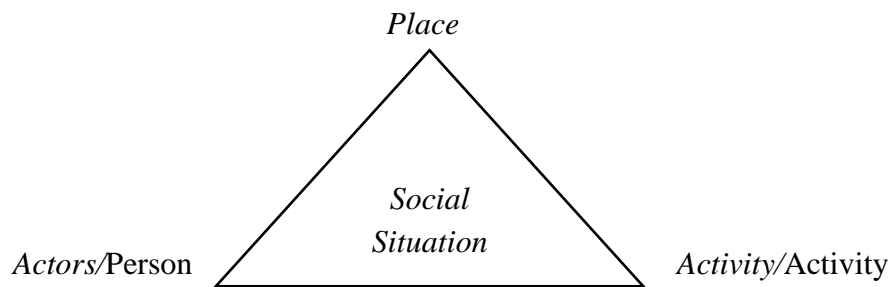


Figure 2 Social Situation

Data Collection

The data collection technique used is field research using primary data sources collected through observation, interviews and documentation.

1. Observation

Observation is a data collection technique by systematically observing and recording the symptoms that appear in the research object (Jaya, 2021:88). In this study, the researcher directly went to the research location.

2. Interview

Interview is a data collection technique used to obtain information directly from the source by asking a list of questions (Jaya, 2021:135). In this study, the researcher used a structured interview, namely, by preparing research instruments in the form of questions before the interview took place. The interview method was conducted to obtain data on the analysis of the implementation of the internal control system in asset management at the University of Muhammadiyah Sukabumi.

3. Documentation

Documentation is a data collection technique by looking at records of a phenomenon that has occurred. Documentation can be in the form of writing, drawings, or works. Documentation is a complement to data from observations and interviews, so that with the documentation of research results will be more credible or accurate (Jaya, 2021:158).

Data Analysis Techniques

The data analysis technique in this study goes through several stages, namely analysis before in the field, analysis is carried out on the data from previous research studies which are used to determine the focus of the research. Then, the analysis during and after in the field, which has 3 components of data analysis proposed by Miles and Huberman (1984), namely: *Data Reduction*, *Data Display* and *conclusion drawing/verification* (Sugiyono, 2022:246).

RESULTS AND DISCUSSION

Fixed Asset Management at the University of Muhammadiyah Sukabumi

The management of fixed assets at the University of Muhammadiyah Sukabumi is based on the guidelines of the Muhammadiyah Central Government No. 0048/KTN/I.3/D/2020. For the implementation of the process, starting from planning to elimination, assisted by information system media. The management process is as follows:

a. Needs Planning and Budgeting

Needs planning is carried out with *a one gate policy system* or a one-door system, meaning that all needs are carried out by the general department. If each unit needs goods, then the work unit must submit an application letter to the Vice Chancellor II, then the need verification is carried out by the Vice Chancellor II if it has been approved and then submitted to the finance department regarding the availability of funds if the funds are available later, the general public will hold the procurement of goods.

b. Procurement

The next stage of procurement, procurement is carried out by the procurement department. Purchases can be made *online* and in person by visiting the store. For the purchase of goods

in the form of machines, usually the procurement department will invite one of the units that apply for procurement.

c. Receiving, Storage and distribution

After the goods are received, then checks and matching (*Bill of quantity*) with the goods to ensure that the goods are suitable or not by looking at the minutes of the check, if they are not suitable, they will be returned to the procurement department. If the goods are compliant, then an inventory is carried out on the system and then given a *threshcode* or name tag. In the *barcode*, there is information ranging from the item code to information related to the location of the item to facilitate follow-up. However, there is a problem at this stage, where not all goods have a *barcode* even though all goods that will be distributed go through the stage of providing *barcodes* first, after being confirmed, it turns out that goods that do not have a *barcode* are old goods, which can be caused by the loss of *barcodes* or fading over time. For the lost *barcode*, relabeling has been tried, however, it is constrained by goods that are sometimes not in their initial condition due to being moved but there is no confirmation, making it difficult to recheck.

d. Use

After the goods are distributed to the unit that submits or the so-called user power of attorney using evidence in the form of a minutes of handover of goods (BAST). In the BAST, it is conveyed that when the goods are received, all forms of responsibility regarding the goods are handed over to the user's attorney. This responsibility is in the form of *updating* or active status of the condition of the goods, then reporting if there are changes, damage or loss. The user's power of attorney is required to always *update* the item regularly. The report is assisted by the information system media, although not completely, there are still some who report directly using a letter of proposal to check the actual condition. For use, judging from the useful life, if the item can still be used even though it has exceeded its economic life within 5 (five) years, the item will still be used.

e. Administration

Based on the initial cycle, administration is carried out through the system, indirectly, the goods have been recorded in the system. Administration is carried out in 3 stages, namely bookkeeping, inventory and reporting involving several parts, namely user power, technicians and administration. Bookkeeping is carried out by the general section by recording assets that are in the user's authority based on the *trascodes* or item code. Furthermore, the inventory is carried out by conducting periodic checks that are already in the system. Then a report is made that follows the cycle of the financial department, namely every period in August. Picture

f. Utilization

In its utilization, fixed assets at the University of Muhammadiyah Sukabumi have been well utilized. It can be seen by the addition of a road for wheelchair users to make it easier to carry out activities for wheelchair users. Land use with the construction of buildings to support learning activities and other well-maintained activities.

g. Security and Maintenance

Based on the information that has been submitted at the time of handing over the goods, all forms of responsibility are handed over to the user's attorney for the goods in each of their respective work units. For goods managed by the general section, security is carried out, one of which is by storing goods in a locked place that can be accessed by the relevant section. In addition, security is also carried out by security guards by conducting patrols to check each room or place to see the condition of the goods whether there are missing items or not, which is carried out every day and will be reported to the general section for follow-up.

Safety for driving is also carried out by security guards who are on guard at the security office by recording who is using, the purpose of use and the time of use. For maintenance, the general part checks periodically by going around to check the condition of assets, especially such as office buildings, fields, lecture buildings and other facilities whether they are in a well-maintained condition or not. However, there is still a lack of control over the storage of goods that are in a damaged condition. This is due to the lack of storage so that there are still items that have been damaged but are stored in the wrong place. In addition, there are also obstacles when checking goods because there are several items that do not have a barcode because they are lost or faded, especially goods that have been around for a long time.

h. Removal

The elimination process involves several parts, including technicians and administration. Before the deletion is carried out, there is a check first to ensure that the condition of the asset remains damaged or not by making a list of the right assets that will be deleted. Then the general section submits a letter of proposal for deletion, then a deletion committee will be formed. Then the deletion committee will conduct an examination analysis to decide on the deletion, after it is decided that it will be abolished then the committee waits for the deletion decree from the rector which will then be destroyed. For assets that still have value, the committee will propose to be donated or auctioned.

i. Transfer

The transfer is a follow-up to the deletion. A transfer can be in the form of a sale of assets, written off, exchanged or granted. The transfer process, whether in the form of asset sales, abolition or grant, will be made minutes as a form of responsibility.

j. Coaching, Supervision and Operation

Universitas Muhammadiyah Sukabumi conducts monitoring first which is carried out by the general section, for assets that are responsible to the user's power of attorney, supervision is carried out through data reported on the SICEKAP information system or the general section holds reports in the form of periodic checks, especially by the maintenance section. In addition, supervision is also carried out by the Internal Supervisory Unit (SPI) which is carried out simultaneously with an audit of the financial sector which is carried out every 1 (one) month, but in the near future the audit in the general section will also be carried out separately from the financial section.

k. Financing

Financing is carried out for maintenance, inventory and provision of inventory books, namely a recap of reports carried out every year.

1. Compensation guidance,

Fixed asset management starts from planning needs to the end of elimination. As for if there is an incident that requires compensation, it is actually different from the flow, but part of the flow. The claim for compensation was carried out by the TGR consideration committee. However, currently there has never been an incident that requires compensation.

Implementation of Internal Control System in Fixed Asset Management at the University of Muhammadiyah Sukabumi

An internal control system is used by an organization to protect assets, ensure reliability in financial statements, improve operational effectiveness and efficiency and ensure compliance with applicable policies or regulations. With a good internal control system, operational activities can run well.

The management of fixed assets at the University of Muhammadiyah Sukabumi is held by the general section in particular, in its management based on the guidelines of the Muhammadiyah Central Higher Education Council No. 0048/KTN/I.3/D/2020 starting from planning to elimination. In its implementation, it has used an asset information system called the Asset and Equipment Check Information System (SICEKAP) which is an information system provided by the General and Personnel Section of UMMI, for information purposes and updates on the condition and situation of goods.

The existence of this information system is also a form of internal control that can be carried out, because in it there is all information that can be known related to fixed assets, both managed by the general public directly and those that have been distributed to each unit which is referred to as the user's power of attorney which means that the responsibility is charged to the user's power. So that each user power of attorney has responsibility for the control and reporting of fixed assets/goods under his authority.

Based on the results of the interview related to Implementation of Internal Control System in Fixed Asset Management at the University of Muhammadiyah Sukabumi based on the theory of *Committee of Sponsoring Organization of The Treadway Commission* (COSO) is as follows:

a. Control Environment

Control is a collection of process structures and standards that are a reference in the implementation of internal control in an entity which includes all structures and regulations made by the board of directors and management that are used as the basis for carrying out internal control. Some of the components that affect the control environment are integrity and ethical values where the two things are interrelated and must always be instilled. One of the integrity and ethical values instilled in the University of Muhammadiyah Sukabumi is to carry out fixed asset management procedures in accordance with the guidelines of the Muhammadiyah Central Executive. Commitment to competence, Universitas Muhammadiyah Sukabumi has a guidebook in the employee recruitment process that refers to the guidelines of the Central Government of Muhammadiyah, effective recruitment is very important to ensure that the staff who manage assets still have competencies in accordance with the fields and skills needed. However, there is no special training to

develop or upgrade employee competencies such as training and training to support employee performance. Universitas Muhammadiyah Sukabumi also has an organizational structure in asset management that runs well and effectively that separates its duties and authorities so that asset management is clear and structured based on the flow of the process.

b. Risk Assessment

Universitas Muhammadiyah Sukabumi conducts a risk assessment by ensuring that the asset management procedure policy is carried out based on the flow. However, it was found that at one time there was one unit in the University of Muhammadiyah Sukabumi that purchased goods without going through the general section, so that the goods were not identified and recorded in the system. The solution to this problem that has been carried out by the general department is by providing notice to all units in the University of Muhammadiyah Sukabumi based on the policy that there is a *one gate policy* system or one door system, meaning that all needs are carried out by the general department if they are going to purchase good goods that use the budget of each unit, they still have to go through the general section so that assets can be recorded and Unidentified.

c. Control activities

The control activities over the management of fixed assets carried out at the University of Muhammadiyah Sukabumi have been carried out quite well, as evidenced by the existence of an organizational structure that separates duties and authorities. With the separation of duties such as the use, maintenance and storage of fixed assets among several different employees, it will be more difficult for one person to commit fraud without being detected. With a clearly defined separation of job duties, each employee can focus on their specific role and improve overall efficiency. In addition, there is physical control in the form of maintenance and security that is specifically handed over to the user's power of attorney for goods in each of their respective work units. For goods managed by the general section, security is carried out, one of which is by storing goods in a locked place that can be accessed by the relevant section. In addition, security is also carried out by security guards by conducting patrols to check each room or place to see the condition of the goods whether there are missing items or not, which is carried out every day and will be reported to the general section for follow-up.

Safety for vehicles is also carried out by security guards or security guards who are on guard at the security office when the vehicle exits, it will be recorded who is using, the purpose of use and the time of use. For maintenance, the general section checks periodically by checking the condition of the assets carried out after the completion of lectures whether they are in a well-maintained condition or not. However, there is still a lack of control over the storage of goods that are in a damaged condition. This is due to the lack of storage so that there are still items that have been damaged but are stored in the wrong place. In addition, there are also obstacles when checking goods because there are several items that do not have a barcode because they are lost or faded, especially goods that have been around for a long time.

d. Information and Communication

Universitas Muhammadiyah Sukabumi already has an information system that has been running effectively, this can be seen in the existence of a relevant information system

related to fixed assets for internal and external needs that are presented reliably, timely and relevant. This information can be accessed through the SICEKAP website. In addition, there is a restriction of access between the user's power of attorney and the general public so that there is security for confidential information.

e. Monitoring

Universitas Muhammadiyah Sukabumi conducts monitoring first which is carried out by the general section. For assets that are responsible to the user's authority, supervision is carried out through data reported on the SICEKAP information system or the general section holds reports in the form of periodic checks, especially by the maintenance department. In addition, supervision is also carried out by the Internal Supervisory Unit (SPI) which is carried out simultaneously with an audit of the financial sector which is carried out every 1 (one) month, but in the near future the audit in the general section will also be carried out separately from the financial section.

CONCLUSION

The results of the study show that the University of Muhammadiyah Sukabumi (UMMI) has implemented a comprehensive and structured fixed asset management system, referring to the guidelines of the Muhammadiyah Central Government No. 0048/KTN/I.3/D/2020. In its implementation, UMMI utilizes the Asset and Equipment Check Information System (SICEKAP) to facilitate the process of asset management and supervision. The asset management process at UMMI includes various stages, ranging from needs planning and budgeting, procurement, receipt and distribution, security and maintenance to asset removal and transfer.

The results of the study show that the implementation of the internal control system in asset management at UMMI which is applied based on the theory put forward by COSO has shown several strengths, such as a clear organizational structure with the separation of duties and authorities, as well as the effective use of information systems. However, there are still some areas that need improvement, such as the lack of specialized training for employee competency development and obstacles in storing damaged goods and maintaining barcodes on old fixed assets. Nevertheless, UMMI has shown its commitment to conducting risk assessments and periodic monitoring, including audits by the Internal Supervisory Unit (SPI). Overall, the asset management system and internal control at UMMI have been quite effective, but there is still room for improvement to increase the efficiency and effectiveness of asset management in the future.

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