

Increasing the Efficiency of Receivables Control Systems at PT. WCM Lampung

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ABSTRACT: *This research was conducted at PT. WCM Lampung. The company operates in the distribution of food products and non-food products. Even though there are procedures implemented internal control of trade receivables, receivables granting policies business, and the process of collecting business receivables, there are still receivables unreliable business. The research method used descriptive qualitative method. The object of this research is internal control system on receivables. From the research results it was concluded that the internal control of PT. WCM Lampung still has several weaknesses and obstacles. This company in the beginning used an internal control system, but the system changed become SAFI (System Accounting, Financing and Inventory). One of SAFI's roles is to supervise credit sales transactions. The payment terms set for consumers of PT. WCM Lampung is 3/14. n/75. In terms of collecting receivables that have been maturity, there are several obstacles. The obstacle faced by PT WCM Lampung is that input errors often occur and there is no formation of a receivables Collection Team to the customer.*

Keywords: *Internal Control System for Receivables, Uncollectible Receivables.*

ABSTRAK: Penelitian ini dilakukan pada PT. WCM Lampung. Perusahaan ini bergerak dalam bidang distribusi produk makanan dan produk non makanan. Meskipun terdapat prosedur pengendalian internal yang diterapkan terhadap piutang usaha, kebijakan pemberian piutang usaha, dan proses penagihan piutang usaha, masih terdapat piutang usaha yang tidak dapat diandalkan. Metode penelitian menggunakan metode deskriptif kualitatif. Objek penelitian ini adalah sistem pengendalian internal pada piutang. Dari hasil penelitian disimpulkan bahwa pengendalian internal PT. WCM Lampung masih mempunyai beberapa kelemahan dan kendala. Perusahaan ini pada awalnya menggunakan sistem pengendalian internal, namun sistem tersebut berubah menjadi SAFI (Sistem Akuntansi, Pembiayaan dan Persediaan). Salah satu peran SAFI adalah mengawasi transaksi penjualan kredit. Ketentuan pembayaran yang ditetapkan untuk konsumen PT. WCM Lampung adalah 14/3. n/75. Dalam hal menagih piutang yang telah jatuh tempo, terdapat beberapa kendala. Kendala yang dihadapi PT WCM Lampung adalah sering terjadi kesalahan input dan tidak adanya pembentukan Tim Penagihan Piutang kepada pelanggan.

Kata kunci: Sistem Pengendalian Internal Piutang, Piutang Tak Tertagih.

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INTRODUCTION

Using company internal control is one way to increase effectiveness and efficiency, safeguard assets, provide accurate information, and encourage policy compliance management that has been implemented. Internal controls can prevent loss or waste of processing resources company. Internal control is a process that is influenced by board of directors, management, and other personnel, designed to establish reasonable guarantees regarding the achievement of objectives relating to operations, reporting, and compliance.

One of the company's efforts to increase profits is by increasing sales either in cash or credit. Credit sale gives rise to receivables or bills due to the company does not produce cash directly. Despite sales on credit can bring greater profits or income, but this cannot be separated from the risk of loss must be borne by the company if the customer cannot afford to pay off existing receivables. When uncollectible receivables accumulate, the company will experience losses even though it has applied fines for uncollectible receivables. Ultimately, the company will experience losses and lose customers.

Receivables are claims for money, goods, or services from customers or other parties (Demak, 2018). Receivables are capable of generating profit or loss for the company, either as current receivables and non-current receivables. Companies experiencing inflation usually have current and large receivables, receivables receipts smoothly, it will generate stable profits in each financial report. Usually, receivables will arise if the company implements a credit sales system. For companies, credit sales are recorded as receivables and for customers they are recorded as payables. Handling receivables is very important, because in generally receivables are very large assets, so the percentage for uncollectible receivables are also quite large. Implementation of the internal control system throughout the company's operational activities can run well towards achieving maximum profit.

The company that will be used as the object of research is PT. WCM Lampung which is based in Way Lunik Bandar Lampung. This company's main business is in the field of consumer distribution of goods, which are appointed directly by the factory to distribute products in Lampung province. Since its inception on the August 2017 to date, this company distributes food products such as oil, flour, snacks, and non-food products such as cosmetic products, products for beauty, toiletries, air freshener and mosquito repellent. Based on interview with the branch head who said that to potential buyers or new stores that purchase goods must follow suit requirements that have been determined by the company. The company will pull customer (shop) data, such as NPWP, KTP and other data fill mechanisms. To implement this policy, note that the customer (shop) must order goods 3 times using the cash system, and the 4 time by credit. This is done to adjust the strength of the store or the sales results of that store. The purpose are, firstly, carry out shop benchmarks. Secondly avoid fictitious shops, thirdly prevent these shops from running away or having problems.

PT WCM Lampung provides relief to stores for purchases goods on credit with a credit limit of 14 days after the goods sent. After the return visit, billing time, and if within 14 days the shop has not paid off the credit, there is still a policy from company. If it has been 2 months/2.5 months and it has not been paid off, then the company will withdraw the goods that have been sent. A cash system will be applied and credit will not be given again. The company give discounts to each customer who purchase of goods on credit amounting to more than Rp. 10,000,000 with payment terms 3/14. n/75. namely that if the buyer pays the debt from the first day to the 14th day, then customer (shop) will get a purchase price discount of 3% of the price purchased, and if paid after the 14th day until the 75th day, shop will not get a purchase discount. Table 1 shows data on the development of PT WCM Lampung's trade receivables over the last three years.

Table 1. Account Receivables for Three Years in 000

Year	Account Receivables	Uncollectible Receivables	%
2019	IDR 964,240	IDR 101,595	10.5%
2020	IDR 772,843	IDR 97,318	12.6%
2021	IDR 997,432	IDR 110,387	11.1%

Source: Information from PT WCM Lampung

Table 1 shows a list of receivables from 2019-2021 total receivables always fluctuate, namely in 2019 it was IDR 101,595 with an uncollectible percentage of 10.5%. In 2020 receivables decreased to IDR 97,318

by uncollectible percentage was 12.6%. In 2021 receivables experienced another increase of IDR 110,387 with uncollectible percentage was 11.1%. When making sales on credit the company implements internal control over trade receivables, policies in disbursing business receivables and processes billing. Based on the importance of the receivables account, this study was conducted to answer the research questions:

RQ1: How to increase the implementation of internal control systems for receivables to minimize the number of uncollectible in PT WCM Lampung?

RQ2: What are the obstacles faced by PT. WCM Lampung in implementing the internal control systems to minimize receivables?

Even though there has been a lot of research examining accounts receivable accounting information systems, this research is still important to carry out considering that each accounting system problem experienced by a company will be different. Each company has different business processes which impact different company systems. Apart from that, the receivables account is an important current asset that the company has to generate profits. Therefore, it is important to carry out this research at PT WCM Lampung in order to improve the company's internal control system for receivables. The results of this research contribute to the literature discussing accounting information systems, especially receivables in trading companies.

LITERATURE REVIEW

Internal Control Systems

Internal control according to the Committee of Sponsoring Organizations (COSO). Internal control is a process, and the effectiveness of directors, management, and other employees, designed to provide reasonable assurance to ensure the achievement of objectives related to operations, reporting, and compliance (Mcnally, 2013; Udeh, 2020). Internal control is a process carried out by the board of commissioners, management and other personnel within an entity are designed to provide adequate confidence regarding the achievement of company objectives, namely the reliability of financial reports, effectiveness and efficiency of operations in compliance with applicable laws and regulations (Nopiawati & Hati, 2018; Addy & Berglund, 2020). The internal control system basically includes: organizing methods and measures that are coordinated to maintain organizational assets, check the accuracy and reliability of financial data, encourage efficiency and fulfill management policies (Tjodi & Saerang, 2017; Astuty, 2023).

The Concept of Control in Islamic Views

Control in Islam is carried out to correct wrongs and also justify rights. The division of control in Islam is divided into two things, namely: Control that comes from oneself and is sourced from monotheism and faith in Allah SWT and control that comes from sources outside oneself, such as that carried out in institutional or agency systems through supervision from existing management. Based on the word of Allah in surah al-Mujjadi verse 7, it can be interpreted that the meaning of control is supervising or controlling which comes from Allah SWT. In fact, for every fraud you want to commit, Allah SWT is the seer of truth. This verse explains the importance of supervision. Control or supervision in the Islamic view is carried out to straighten out what is crooked, correct what is wrong, and return to the right path (Ghannouchi & Johnston, 2020).

Rasulullah SAW has given an example of how a Muslim exercises control in carrying out a job. The management exemplified by the Prophet Muhammad SAW places humans as its postulate or as its focus, not just as a production factor whose energy is solely squeezed to pursue production targets. Prophet Muhammad SAW in managing and maintaining cooperation with his staff for a long time. One of the Prophet's habits was to reward the creativity and achievements shown by his staff. Islamic management also does not recognize differences in treatment (discrimination). In Islam, control is the most important thing to pay attention to so that work is carried out by a Muslim, whether for personal interests or work on behalf of an institution or agency, so that the work process carried out runs effectively and efficiently in accordance with the expected goals (Ahmad, & Owoyemi, 2012; Andrayanti, 2019).

RESEARCH METHOD

This type of research includes field research. Field research is research carried out in the field or research location, a place chosen as a location to investigate objective symptoms as they occur at that location,

which is also carried out for the preparation of scientific reports. In this research, the researcher will present research data obtained in the field, namely PT. WCM Lampung. The research method is a descriptive qualitative method. Qualitative research is research that uses a scientific background which aims to interpret cases that occur (Moleong, 2017). Qualitative data is research conducted to determine the value of independent variables, either one or more variables (independent) without making comparisons or connecting them with other variables (Sugiyono, 2018).

Data collection techniques were carried out by means of observation, interviews and documentation. The data obtained from the observation process is to know directly the internal control system for receivables at PT. WCM Lampung and observations in the customer billing process. Interviews are holding questions and answers directly to respondents or related parties in the Company. The informants consisted of the depot head or company branch head, cashier, warehouse head, and customers. Documentation is the collection of data obtained from records owned by PT. WCM Lampung which has been documented. This technique is used to obtain data about documents, records, procedures and internal control over Receivables.

After all the data was collected, the analysis method used was the descriptive method. This method is used to create a systematic, factual and accurate description/picture of the facts as well as the nature and relationship with the phenomenon being investigated. This analysis includes the activities of reviewing and analyzing data, organizing data, and sorting the data into units that can be told to other people. The data and information units analyzed for this research are all statements put forward by research subjects, namely managers and employees of PT. WCM Lampung. All observation results have confirmed their meaning to the research subjects (Lutfiyah & Zuraidah, 2018).

RESULTS AND DISCUSSION

Elements of Internal Control Based on COSO

Control Environment

Based on observations and interviews conducted at the company PT. WCM Lampung, researchers found several findings related to the problem formulation, namely, related to how the implementation of the internal control system for receivables in the sale of goods is applied to minimize the number of uncollectible receivables at PT. WCM Lampung. There have been changes to the internal control system implemented by the company according to the results of interviews conducted by researchers with the heads of company branches, as follows:

"This company initially used an internal control system, but the system changed to SAFI (System Accounting, Financing and Inventory). Because the company considers SAFI to be more effective and efficient in its supervision compared to the previous system" (Branch Head).

"As a cashier employee, I serve all transactions from sales to credit collection by following up with customers via WhatsApp messages. I handle all the buying and selling transaction processes, Mr. Rudi only signs the invoice and receives the report from me." (Cashier)

Based on this statement, it is stated that as a cashier, what he does is in accordance with the position given, namely serving all buying and selling transactions as well as the credit collection process to customers. The Warehouse Head expressed the same thing.

"As the head of the warehouse, I am responsible for the availability of stock in the warehouse and delivery of goods. However, when sending goods, the warehouse head will hand over a travel document to the driver and helper which is used as the address where the goods will be sent." (Warehouse Head)

The organizational structure describes the authorization and responsibility sections of the company. Determining authorization and responsibility is very important for an organization to have clear job descriptions. Without a clear job description, it can cause something that the company doesn't want to

happen. Related to implementing an internal control system for receivables to minimize bad debts at PT. WCM Lampung.

"The Internal Control System has a very important meaning for the company. This aims to ensure that processes in the field can run well and every movement in achieving the targets and goals of each existing department can be monitored. "Apart from that, in order to prevent and detect embezzlement or deviations from the SOPs of each agency" (Branch Head).

From the results of interviews conducted by researchers, on the implementation of the internal control system for sales of goods receivables is in accordance with Standard Operating Procedures (SOP). So, it can be said that the internal control system for receivables from the sale of goods is running effectively. According to COSO, the control environment is the foundation for all internal control components that form discipline and structure. Includes: Integrity and ethical values of the organization. Parameters for implementing the duties and responsibilities of directors in managing the organization. Organizational structure, duties, authority and responsibility. Process for attracting, develop, and maintain competent individuals. Firmness regarding performance benchmarks, incentives and rewards to encourage performance accountability (Fajar & Rusmana, 2018; Andhaniwati, 2022).

Risk Assessment

The biggest risk faced by the company is the risk of non-payment of receivables or bad credit, so it is necessary to analyze receivables and follow up with customers who do not pay their obligations. In risk assessment, companies always monitor environmental changes that occur and also adjust their objectives to changing conditions (Pradnyawati & Oni, 2021; Zebua et al., 2022).

"The risks that occur at PT. WCM Lampung, namely the existence of bad debts. Uncollectible receivables are caused by customers who are in arrears in paying their receivables, apart from fraud committed by employees, these frauds can involve making false records, stealing goods and so on. Therefore PT. WCM Lampung has an affirmation of punishment for employees who commit fraud for personal gain" (Cashier).

From the results of interviews conducted by researchers, it was stated that the risks that arise are due to bad debts, apart from fraud committed by employees, these frauds can involve making false records, theft of goods and so on. From the statement explained above, it is necessary to control risks to minimize undesirable things. Therefore, the head of the company branch took several actions and strategies.

"In minimizing bad receivables, PT. WCM Lampung carried out several actions and strategies. The action taken is to select prospective credit recipients using the NPWP, KTP and Data Fill mechanism. Note that the shop must order goods 3 times using the cash system, and the 4th time using credit and collecting receivables from customers. Meanwhile, the strategy carried out is to provide relief to shops to purchase goods on credit with a credit limit of 14 days after the goods are sent, and the sales person visits again at the time of collection, and if within 14 days the shop has not paid off the credit, there is still a policy from the company, if it has reached 2 month/2.5 months has not been paid in full, then the company will withdraw the goods that have been sent, and then the cash system will be implemented and no credit will be given again. Apart from that, there is a program carried out by PT WCM Lampung, namely giving discounts to customers who pay their receivables on time. We give discounts to customers for every purchase of goods on credit amounting to more than IDR 10,000,000 with payment terms 3/14. n/75. that is, if the buyer pays his debt from the first day to the 14th day, he will receive a purchase price discount of 3% of the sales price of the goods purchased, and if he is paid after the 14th day to the 75th day, he will not receive a purchase discount. "The discounts given by the company to buyers are a form of appreciation to customers" (Branch Manager).

In minimizing the risks that occur, company branch heads have strategies including selecting potential credit recipients, collecting receivables from customers, providing time leeway from the due date and

implementing a price reduction program for customers who pay their receivables on time. This is supported by the Cashier and one of the customers.

"It is hoped that the leeway and cashback program will attract customers to PT. WCM Lampung. The price cutting program provided was effective and succeeded in making customers pay their receivables on time compared to previous years, before the price cutting program was implemented" (Cashier).

"I subscribe to PT. WCM Lampung because the merchandise being bought and sold is very complete and the prices are relatively affordable. Apart from that, the company has strategies to attract customers, such as providing discounts. I can feel this along with other customers who feel like they are competing to pay their receivables on time in order to get cashback from the company, namely getting a discount" (Customer)

Apart from the strategies that need to be carried out by companies to minimize bad debts, there needs to be strict penalties for employees who commit fraud for individual interests, as stated by the branch head.

"There is a need to implement strict punishments for employees who commit fraud because if there are no strict punishments then employees will easily commit fraud, PT. WCM Lampung will provide punishment for employees who are proven to have stolen money or goods by cutting employees' salaries or even firing employees. In the world of work there are definitely positive and negative sides. This means that being honest and dishonest is definitely related to money. The company's marketing delinquency has set a receivables limit of 14 days, after the marketing or sales visit the store, they leave the invoice. For example, the invoice is IDR 12,000,000 but the shop has not been able to give IDR 12,000,000, the shop only deposits IDR 6,000,000, it turns out the sales only deposited IDR 4,000,000 to the company, but it's all time to answer, meaning After a few days the audit team checked with the shop to confirm the receivables. After that, the audit came to the office and checked again that the shop had given IDR 6,000,000 to sales. In this case, I act decisively by cutting salaries or if I do something similar too often, I will fire the employee because I don't want to hire dishonest employees" (Branch Manager).

PT. WCM Lampung emphasizes punishment for employees who commit fraud for personal gain. The company carries out several actions and strategies to minimize uncollectible receivables, such as selecting potential credit recipients, collecting receivables from customers, providing time leeway in paying receivables and a price reduction program for customers who pay their receivables on time. This attracts customers to remain loyal to PT. WCM Lampung. According to COSO, risk assessment is the identification and analysis of risks that are relevant to achieving objectives which involves determining how risks are assessed and then managed (Nuzulita & Mudjiumami, 2023; Pradnyawati & Oni, 2021).

Control Activities

Control activities are actions established through policies and procedures that help ensure that management directives to reduce risks in achieving organizational goals are implemented (Nuzulita & Mudjiumami, 2023).

"The company provides several policies in carrying out control activities to minimize losses caused by bad credit. By providing receivables payment transaction documents that are stamped in full and signed by Mr. Rudi so that there is a written record that the receivables have been paid in full because it is feared that there may be fraud committed by the customer. By having proof that the stamp has been paid in full, it can prevent customer fraud" (Cashier)

In addition to providing receivables payment transaction documents that are stamped in full and signed by Mr. Rudi as head of the WCM Lampung branch, there needs to be written rules regarding handling when receivables are not paid.

"The rules that were made were not recorded in writing, but I clearly explained them to customers. So far, no customers have committed fraud by providing proof of fake payment

stamps. Usually for customers who have not been able to pay off their receivables, sales will make a return visit at the time of collection, and if within 14 days the shop has not paid off the credit, there is still company policy, if it has been 2 months/2.5 months and it has not been paid off, then the company will withdraw the goods. It has been sent, and then the cash system will be implemented and credit will not be given again" (Branch Manager).

This statement is supported by the opinion of one customer.

"I think the regulations given by the company are quite strict, starting from following up with customers via WhatsApp, providing proof of payment of payment. To pay off receivables, I usually contact PT. WCM Lampung and at the same time ordering new orders from sales" (Customer).

Internal receivables control activities at the Company are implemented by providing receivables payment transaction documents which are stamped in full and signed by Branch Manager. This was done to avoid customer fraud. However, these rules are applied at PT. WCM Lampung does not have written rules. Based on COSO, control activities should be implemented by penetrating all levels and all functions in the company. These activities include: approval activities, authority, verification, reconciliation, inspection of operational performance, security of resources (assets), separation of duties and responsibilities (Dirani, et al., 2024).

Information and Communication

Information and communication are the identification of the capture and exchange of information in a form of time that allows people to carry out their responsibilities. Companies are expected to be able to maintain coordination between all parties, both superiors and subordinates, so that undesirable things do not happen.

"Exchange of information carried out at PT. WCM Lampung, like the invoice admin, provides information to the cashier regarding the date of collection of receivables and the cashier usually also exchanges information regarding receivables that have not been paid by customers with the head of the depot. The depot head will notify sales to come to customers who have not paid off their debts. Meanwhile, the warehouse section is required to provide information regarding stock of goods or damaged goods that need to be returned" (Branch Manager).

Information exchange is carried out at PT. WCM Lampung includes information regarding billing dates, receivables that are experiencing congestion, stock of goods in the warehouse and damaged goods that need to be returned.

"Relations between employees at PT. WCM can indeed be said to be quite good. I always provide reports every day to the branch head starting from expenditure and income transactions. This is similar to warehouse employees and asks about stock availability, so that the stock in the warehouse does not run out. Apart from good communication relations, employees of PT. WCM Lampung are very open in accepting ideas, criticism and suggestions from employees" (Cashier)

Apart from exchanging information that needs to be carried out, there needs to be communication relations that are well maintained to maintain coordination between all parties, both from superiors and subordinates.

"Communication relations between employees run well by accepting criticism, ideas and suggestions from employees as well as communicating directly with employees and receiving reports made by employees. It is hoped that there will be no miscommunication and information. By establishing good communication between employees, it can make it easier to handle problems" (Branch Manager).

Information and communication relations between employees at PT. WCM Lampung is running well as evidenced by employees exchanging information and employees being open to receiving criticism, ideas and suggestions. Based on COSO, the information needed by management is relevant and good quality information originating from internal and external sources and the information is used to support the function of other components of internal control. Information is obtained or produced through a communication process between internal and external parties which is carried out continuously, repeatedly and shared.

Most organizations build an information system to meet the need for reliable, relevant and timely information (Fajar & Rusmana, 2018; Dirani, et al., 2024).

Supervision and Monitoring

Relating to ongoing assessments or periodic assessments of the quality of internal control activities by management to carry out independent evaluations of the internal control system. In monitoring activities, leaders carry out independent checks or evaluations of employee performance.

"It is very important to monitor and evaluate employee performance because it avoids activities that should not be carried out by employees. Employee performance is monitored every day and if an employee makes a mistake, I will reprimand and provide a solution. In the cashier section, checks are carried out on financial report books and transaction documents to avoid errors. Meanwhile, in the warehouse before leaving the office, goods are checked" (Branch Manager).

Monitoring and evaluating employee performance needs to be carried out to avoid activities that should not be carried out. Supervision of employees is carried out every day and if a mistake is made by an employee, the branch head will reprimand and provide a solution, as stated by the cashier and warehouse manager. Monitoring carried out in carrying out duties, to avoid negligence that occurs.

"The monitoring carried out in carrying out my duties starts with me as a cashier employee always providing reports and warehouse employees always providing reports regarding the availability of goods to the branch head and the branch head also always evaluating the performance of his employees" (Cashier).

"Monitoring activities in the delivery of goods are always supervised before the goods are sent, usually their completeness is checked first by the branch head or cashier. Likewise, if goods come from a goods supplier, the goods will be transported and will be monitored by the branch head, so we can say that this monitoring activity is going well" (Warehouse Manager).

Monitoring is carried out by the branch head by checking the completeness of the goods before they are sent to customers and monitoring ordered goods that arrive from suppliers. Monitoring employee performance is going well. This is done to avoid activities that employees should not carry out. Based on COSO, supervision is a condition where the entire organizational control system must be monitored to assess the quality of the control system. Weaknesses in the control system must be reported to upper-level management. In addition, an independent evaluation of the internal control system must be carried out. The frequency and scope of evaluations depend on the employee's risk assessment and effectiveness of procedures (Fajar & Rusmana, 2018; Amalia & Siahaan, 2024).

Account Receivables

Receivables are the result of the sale of goods on credit by the company (Pradnyawati & Oni, 2021; Zebua et al., 2022). Usually, the company is expected to be able to collect it in less than one year, therefore receivables are included in the current assets category. Table 1 shows the development of the total amount of receivables and the amount of PT's receivables. WCM Lampung during the last three years. Receivables incurred at PT. WCM Lampung represents trade receivables which arise due to credit sales of goods, trade receivables will be paid off in less than one month, as mentioned by branch manager and the cashier.

"Receivables from PT. WCM Lampung is included in the classification of trade receivables because these receivables arise as a result of the sale of goods and the receivables will be paid off in less than one month" (Branch Manager)

"Receivables arising from PT. WCM Lampung represents trade receivables, there are no non-business receivables because the receivables here arise as a result of the sale of goods being bought and sold, so these trade receivables are included in the current assets group" (Cashier)

The procedure for recording receivables is completely carried out by the cashier and invoice admin employees. It's just that when there is an overload of orders or orders that pile up, many procedures that

should be the responsibility of the cashier are carried out by the sales department. The procedure for creating receivables starts from the sales order procedure, credit approval, delivery, recording and billing.

Aging Schedule Analysis of Receivables

Analysis of aging of receivables at PT. WCM Lampung by following up with customers via WhatsApp messages and customers can pay their receivables offline or online, as stated by branch manager and supported by the cashier.

“Receivables are calculated from the time the goods are received by the customer and the due date is 14 days after the goods are received by the customer. Then the cashier will follow up with the customer to pay off their receivables via WhatsApp message” (Branch Manager).

“Apart from that, aging of receivables analysis can be used to find out receivables that are past due and need to be written off because they can no longer be collected and PT. WCM Lampung uses the direct write-off method” (Cashier).

Aging analysis of receivables needs to be carried out in order to find out receivables that need to be collected and to find out receivables that are past due and need to be written off because they are no longer collectible. Company wrote off receivables using the direct write-off method, as stated by the warehouse head.

“Age of receivables at PT. WCM Lampung starts from the time the goods are sent and received by the customer and the due date is 14 days after the goods are received. Usually, customers will pay their receivables directly by visiting the company and ordering new orders. However, there are also some customers who pay their receivables online or wait for sales to come to collect their receivables” (Warehouse Head)

Aging analysis of receivables needs to be carried out to find out which receivables are close and need to be collected. PT. WCM Lampung follows up with customers via WhatsApp messages and customers can pay their receivables offline or online. Receivables are calculated from the time the goods are received by the customer and the due date is 14 days after the goods are received by the customer. Apart from that, aging of receivables analysis can be used to find out receivables that are past due and need to be written off because they cannot be collected again and PT. WCM Lampung uses the direct write-off method. So, all the company’s trade receivables can be paid according to their due dates, serious effort is required from management, finance, sales and all related departments. This effort will be very useful in maintaining the company’s liabilities and liquidity and in determining the number of reserves for losses due to uncollectible receivables.

Table 2. Aging Schedule Analysis of Receivables

Date	Invoice	Customer	Total	Age	30 days	31-60 days	61-90 days	>90 days
30-Aug-17	00032	CV Tiga Saudara	25.392.645	92			25.392.645	
03-Nov-17	00013	CV Rezeki	13.507.860	58		13.507.860		
10-Nov-17	00051	Toko Sumber	594.000	51		594.000		
07-Nov-17	00054	Ina Snack	2.520.000	54		2.520.000		
19-Nov-17	00052	Toko Subur	292.945	42		292.945		
28-Nov-17	00053	Toko Dahsyat	2.697.500	33		2.697.500		
02-Dec-17	00055	CV Utama Group	11.463.000	29	11.463.000			
04-Dec-17	00025	Toko Yokohama	3.702.600	27	3.702.600			
05-Dec-17	00012	Toko Semangat	2.765.000	26	2.765.000			
06-Dec-17	0009	Toko Amanah	180.000	25	180.000			
Jumlah			63.115.550		18.110.000	19.612.305	25.392.645	0

Source: Company’s Documents

From the calculation in Table 2 and Table 3, the amount of loss on receivables is IDR 243,000. The total loss on receivables charged in 2017 was IDR 1,842,000 plus the debit balance or minus the credit balance of the receivable’s loss reserve account. If on December 31 2017 the receivable reserve account shows a

credit balance of IDR 580,000 then the loss on receivables is IDR 1,842,984 – IDR. 15,000 = Rp. 1,827,984. The journal to record the loss on receivables on December 31 2017 is as follows:

Uncollectible receivables expense	IDR 1,827,984	
Allowance for uncollectible receivables		IDR 1,827,984

Table 3. Estimated Loss on Receivables

Aging Group	Total	Loss (%)	Estimated Loss
01-30 days	18.110.600	1,0	181.106
31-60 days	19.612.305	2,0	392.246
61-90 days	25.392.645	5,0	1.269.632
> 90 days	0	00,0	0
Total	63.115.550	10,0	1.842.984

Source: Company's' Documents

The longer the receivables are not paid off, the smaller they become the possibility that the receivable will be collected. Therefore, the aging analysis of receivables is needed (Pradnyawati & Oni, 2021).

Control Over Account Receivables Process Sales Order and Credit Approval Procedures

In the sales order procedure, there is only one sales function in my company, namely sales. Sales receives requests for goods from customers then creates a letter of request for goods and sends it to the invoice admin section. The invoice admin section will provide an invoice as proof of the customer's request for goods and give it to the cashier to check and submit to the branch head, who then goes to the warehouse head and the warehouse head informs sales of the available book stock in the letter requesting the goods. Next, the warehouse head will hand over a travel document to the driver and helper which is used as the address where the goods will be sent. The sales function requests credit approval from the cashier for customers who have ordered goods. Then the cashier gives the request for goods to the invoice admin to make an invoice as a sign of knowing the customer's order (Kusnadi, & Kirana, 2023).

Based on Figure 1, PT. WCM Lampung provides proof in the form of an invoice for every purchase made non-cash or in cash. Purchases made in cash will get a paid stamp from the cashier then shown to security and purchases made on credit will bring the invoice back to the company and make payment in full then the cashier will give a paid stamp. Based on the sales SOP at the company PT. Wirlika Citra Mandiri Metro Branch states that every customer who purchases goods on credit that has matured and cannot pay off the debt, the customer will have the goods withdrawn, and then the cash system will be applied and no credit will be given again. Purchase goods by ordering in advance via telephone or through sales and can order by transferring funds or when the goods have been delivered according to the number of goods to be purchased by the consumer.



Figure 1. Credit Sales Procedures

Sales procedures at PT. WCM Lampung started with an order from a customer. However, in determining this customer, it is a definite and permanent customer who will buy goods at PT. WCM Lampung. So, if there is a new customer, the customer will be given a letter of cooperation and a request for data such as NPWP number, KTP, and store data contents that will buy goods at PT. WCM Lampung. After the customer registers as a permanent customer and has made transactions 3 (three) times, the customer can make a purchase order on credit via telephone, WhatsApp or email, while customers who have not made transactions 3 (three) times will be subject to cash system first.

Internal control can help PT WCM Lampung in achieving its performance and profitability targets, and preventing the loss of sources of fraud that occur. In essence, internal control can help prevent weaknesses and obstacles as long as the process is carried out in accordance with applicable SOPs. Company internal control in creating a system mechanism for purchasing goods on credit at PT. WCM Lampung was created to carry out procedures so that the company's goal of sales to gain profits can run smoothly.

Shipping or Delivery Procedures

After the goods request letter is received by the warehouse, the goods will be prepared by the warehouse head according to the type and quantity stated on the waybill and the goods request letter that has been approved by the cashier. Then the book is handed over to sales to be sent to customers.

Recording Procedures

After the delivery process is complete, the sales person will hand over a signed and stamped travel document which is then given by the customer as proof of having received the book correctly along with a letter requesting the goods to the cashier. Then the invoice admin section creates a sales invoice (invoice). After the invoice has been checked by the cashier and branch head, a copy of the invoice is sent to the customer. Then the cashier makes a list of customer receivables (account statement) based on a copy of the sales invoice and travel letter, then sends the account statement via email to customers who have an email address or sends it directly to customers who don't have an email address so that they know the balance of their receivables (Suryaningrum, 2019).

Billing Procedures

The billing function in the company is cashier and sales. The sales invoice (invoice) has been created by the invoice admin section, then a copy of the first copy (original) is handed over to the cashier when the customer in question is due. Then the cashier coordinates and submits the sales invoice to sales to collect by visiting them directly or billing via telephone and WhatsApp. Customers usually pay overdue receivables by transferring them directly to the company's account, but there are also those who pay with cash which is handed over to sales and then the sales person hands the money over to the cashier.

With an internal control system, the company should not worry about sales which can affect the cash coming into the company. In credit sales there are still many people who are not responsible for their credit purchases. A trading company can be said to be successful if its credit sales have no problems. PT. WCM Lampung takes real follow-up action against buyers who do not pay their debts when they are due.

"This company will order sales to collect customers who are in arrears in paying their debts. If the customer is reluctant to pay the debt, the company will follow up, namely taking the goods that have been delivered according to the amount of the arrears" (Branch Manager)



Figure 2. Billing Procedures

Based on Figure 2, for credit sales that have matured, the company carries out the first warning, namely by contacting the parties concerned regarding credit purchases.

"Sales will come to customers who have not paid off their debt, then the customer pays the debt to sales, then sales will record the amount of payment made, then sales will hand over proof of payment documents to the customer, then sales will return to the company to hand over payment documents to the cashier" (Branch Manager).

This method is carried out by the company to ensure that there are good intentions from the company and the actions taken by the company in collecting. The statement from the interview results is that PT. WCM Lampung takes further action against buyers who do not pay their debts which are due and who have been given prior warning, namely by contacting the parties concerned again. If a procedure that has been established by the company is not followed and carried out properly, the company will take several actions.

"If the customer is unable to pay the debt, the company will provide another 30 (thirty) day period. If it is not paid, we will have a friendly discussion with the party involved in the debt and if there is no good faith from the buyer then we will take action in accordance with the regulations in force at the company, namely we will withdraw all goods that have been delivered in accordance with the amount owed" (Branch Manager).

Islam's view of people who don't keeping promises is a form of bullying other people. As Islamic teachings teach, a promise is a debt, and if you owe it, it must be paid. Based on the word of Allah SWT in surah Ali-Imran verse 76, people who keep their promises are among those who are devoted to Allah SWT and this is one of the praiseworthy qualities. According to the Islamic view, fulfilling a promise regarding a debt made is an obligation that must be paid. Not only that, the internal control of the company PT. WCM Lampung also has sales operational standards (SOP) that must be implemented in order for the company's goals to run effectively. The internal control system must have continuous supervision from management. A system can become weak due to changes in operating conditions or due to deterioration due to employee negligence in billing (Andrayanti, 2019; Ghannouchi & Johnston, 2020).

The control environment influences the company's awareness of control over its people, is the basis for all internal control components, establishes discipline and structure. The control environment consists of the actions, policies, and procedures that every company must comply with. Internal Control relates to the processes and practices by which the management of an organization seeks to ensure that approved and adequate decisions and activities are actually taken and implemented.

Barriers in Managing Account Receivables

An internal control system will eliminate the possibility of errors. The obstacles faced by the company PT. WCM Lampung is largely influenced by several factors, namely internal and external factors.

Internal Factors

The internal control system consists of people and procedures. Companies are expected to act and follow procedures normally and responsibly. However, it is possible to make mistakes. They may sometimes not act according to what is desired, causing the system to become damaged. Based on the research carried out, the errors that occurred were errors made by humans. However, with monitoring from the company's internal audit, the responsibility that must be carried out as a result of these errors cannot be separated in order to avoid negligence.

"If we are immediately caught inputting into the system, we will immediately fix it at that time. Of course, improve what is in the system. Because when the input results are complete, the amount of money entered with the sales invoice must match, if it doesn't match then an error will definitely occur. And if an error occurs, we immediately check the invoice with the system and immediately fix it" (Cashier).

The company's cashier department must be careful in what they do supervision related to sales that can affect the company's cash. So far, supervision and all activities carried out based on existing Standard

Operating Procedures (SOP), have been able to prevent errors or fraudulent credit sales. Therefore, in implementing good internal control, the company must follow the regulations and procedures that have been established so that errors or fraud can be minimized through the monitoring process. Supervision (monitoring) relates to ongoing assessments or periodic assessments of the quality of internal control activities by management to determine that controls are carried out in accordance with SOPs and company objectives.

External Factors

The other obstacles faced by the company come from external factors. This obstacle arises from buyers who are not responsible for credit purchases that have matured. As a result of this obstacle, the costs incurred by the company are increasing, such as transportation costs and telephone costs when collecting debts and so on. As a result of the buyer's lack of a sense of responsibility, it can hamper cash entering the company. Therefore, internal control is very necessary in this case. One of them is by forming a Special Collection Team or debt collector to collect buyers' debts that are due. This aims to ensure that the company will always carry out continuous supervision so that the existing internal control system can run as well as possible.

CONCLUSION

Based on the research results and research analysis described in the previous chapters, the following conclusions can be drawn, first, implementation of the internal control system for receivables in the sale of goods implemented by PT. WCM Lampung has changed the internal control system that was created previously to SAFI (System Accounting, Financing, and Inventory). One of SAFI's roles is to supervise credit sales transactions. The implementation of the internal control system for receivables from credit sales is in accordance with the applicable SOP (Standard Operational Procedure), seen from several stages carried out by PT. WCM Lampung. Second, the obstacles faced by the company are two factors, namely internal factors and external factors. The obstacle to the company's internal factors is that there are still multiple positions or there is no separation of duties between the accounting and internal control departments, so that input errors are still often faced by companies. And another obstacle is the lack of formation of a debt collection team by consumers. The obstacles from external factors arise from buyers who are not responsible for purchasing credit that has matured. Additional costs incurred by the company in terms of debt collection, such as telephone or transportation costs.

To reduce the occurrence of bad debts, the internal control system for receivables needs to be improved by, first, creating a special section between internal control and the accounting and finance department and not having duplicate positions carried out by the Accounting and Finance department regarding the company's internal control to manage SAFI to avoid the risk of accumulation of tasks and to minimize as little as possible errors and omissions in inputting sales of goods. Second, PT. WCM Lampung should form a collection team to collect from buyers who make credit purchases that are past due so that consumers feel responsible for the debt they have because this can also be detrimental to the company.

Abbreviations

Committee of Sponsoring Organizations (COSO), System Accounting, Financing and Inventory (SAFI), Standard Operating Procedures (SOP).

Author Contribution

MTC drafted the article, conducted observations and interviews, and accumulated and analyzed data and information. *ALT* as supervisor.

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The authors declare that there is no conflict of interest in writing this article.

Data Availability

Data can be obtained by providing information on the reasons for needing data to the corresponding author via email.

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