ACCOUNTS RECEIVABLE CONTROL IMPLEMENTATION AGAINST THE RISK OF DOUBTFUL ACCOUNTS AT PT. RADHAR DELTA BERSAUDARA SIDOARJO BRANCH

by Fitri Komariyah

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Abstract

This study aims to determine the implementation of internal control of accounts receivable against the risk of bad debts. The author finds that this research is important to become new knowledge about internal control of accounts receivable in a company. This research uses a qualitative approach. This research was conducted at the PT. Radhar Delta Brothers, Sidoarjo branch. Accounts receivable causes delays in the company's cash receipts, this raises the risk of uncollectible receivables. So that it requires recording through proper journal entries in the account decreases in trade receivable assets and decreases related to profit and shareholder equity. Data used in this study are primary data and secondary data. The data analysis used descriptive qualitative. Based on the results of the analysis, it can be concluded that the internal control of accounts receivable for the risk of bad debts at PT. Radhar Delta Bersaudara has done very well as evidenced by a decrease in the number of uncollectible accounts from 2015-2019.

Keywords: Accounts Receivable, Internal Control

INTRODUCTION

Background to the Problem

A company can stand and survive because of the smooth running of its business. In the smooth running of this business, a company needs capital and investment. This is one of the reasons why businesses make accounts receivable. Accounts receivable is a custom for companies to provide concessions to customers when making sales. This concession is in the form of allowing customers to pay in the future for sales of goods or services made within a certain period. By investing in receivables a company will be easier to carry out its business plan.

However, there is a risk behind the existence of trade receivables, namely the large amount of indirect income becomes a fund that can cover the company's operations but becomes a material asset that needs to be controlled in the amount and the smoothness of the payment. In addition, there is the possibility that uncollectible receivables are also stalking the company. Bad debts are a loss for the company due to the inability of the debtors to pay off their debts. This can be caused by various reasons and is very likely to happen to every company.

PT. Radhar Delta Bersaudara is a Freight Forwarder company headquartered in Jakarta which was founded in 1995 which has 43 branch offices spread across Indonesia. As for the 43 branches, PT. Radhar Delta Bersaudara, Sidoarjo branch office is one of the five largest branch offices in Indonesia. The size of this company in the national arena certainly gets the attention of many big clients, so that the company's receivables are a means for this company to continue to

grow and develop. This requires management of the amount of funds invested in accounts receivable.

Based on the description above encourages to conduct research entitled "**Implementation of Internal Control Systems Receivables at PT. Radhar Delta Brothers, Sidoarjo Branch**".

Problem Formulation

Based on the background previously described, the formulation of the problem in this study is "How to Implement the Receivables Internal Control System at PT. Radhar Delta Bersaudara, Sidoarjo Branch? ".

Research Objectives

Based on the background previously described, the purpose of this study is to determine the implementation of the internal control system for accounts receivable at PT. Radhar Delta Brothers.

LITERATURE REVIEW

A. Accounts

Receivable is a credit purchase amount from customers. Receivables arise as a result of the sale of goods or services. Each receivable has a value and a maturity date, usually the receivables will be paid in less than one year. Generally, receivables are expected to be paid in full within 30-60 days from the date of the transaction, so that they are classified as current assets.

Quoted from Tahumang, et al (2017: 242) PSAK no. 1 (IAI; 2014) states that an asset is classified as a current asset, if the asset is: is

1. Itexpected to be realized or held for sale or use within the normal operating cycle of the company.
2. Held for trading or for short-term purposes and is expected to be realized within 12 (twelve) months from the balance sheet date or
3. In the form of cash or cash equivalents whose use is not restricted.

Receivables cause delays in the company's cash receipts, this raises the risk of receivables that are not collectible. According to Kieso, et al (2012) states that uncollectible accounts receivable are income losses that require recording through proper journal entries in the account, a decrease in trade receivable assets and a decrease related to profit and shareholder equity (Munandar, et al. 2018: 187).

B. Internal Control

According to Romney & Steinbart (2015: 216): Internal control is a process that is implemented to provide assurance that fulfills several objectives of internal control, including maintaining assets, maintaining records in sufficient detail for accurate and accurate reporting of company assets, provide accurate and reliable information, prepare financial reports with specified criteria, encourage and improve operational efficiency, encourage compliance in managerial matters, and meet the requirements of existing regulations and regulations (Rachman 2019: 346).

The Committee of Sponsoring Organizations of the Treadway Committee (COSO) views internal control as a series of actions that penetrate the entire organization. There is an internal control environment according to COSO, namely the control environment, risk determination, control activities, information and communication as well as monitoring supervision (Tahumang, et al 2017: 243-244).

a) Control environment

Covers the attitude of management at all levels towards operations in general and the concept of control in particular. This includes ethics, competence, integrity and importance to the welfare of the organization, as well as organizational structure and management policies and philosophy.

b) Determination of risk

Risk determination includes determining risk in all aspects of the organization and determining organizational strength through risk evaluation.

c) Control

activities This component includes activities that were previously associated with the concept of internal control. These activities include approval, responsibility and authority, separation of duties, documentation, reconciliation, competent and honest employees, internal checks and internal audits.

d) Information and communications

Management cannot function without information. The communication of information about the operations of internal control provides substance with which management can evaluate the effectiveness of controls and to manage its operations.

e) Supervision and monitoring

Supervision or monitoring is a dynamic rational evaluation of the information provided in information communication for control management purposes. Monitoring is a process that determines the quality of internal control performance over time.

C. Standard Operating Procedure

Standard Operating Procedure (SOP) is a regulation made in writing in a business entity, which contains rules and work guidelines for each worker in the business entity, and is used as a standard in its operational activities.

The bigger the company, the tighter the SOP will be. Not only to streamline operational activities, but also to influence customer confidence in using products or services. Work SOPs help workers in it to work in accordance with their respective duties, so that they can work effectively and efficiently, and do not do tasks that are outside their responsibilities (overlapping tasks).

SOP is the law in the company. If there are workers who work not in accordance with the SOP (provided that they already know the SOP of the company and agree to follow the SOP) the

company has the right to reprimand or issue an SP (Warning Letter), even to sue legally (depending on the violation committed).

Conceptual Framework

To simplify the implementation of research and not deviate from the core of the problem, it is necessary to explain a framework as a basis for the following discussion:
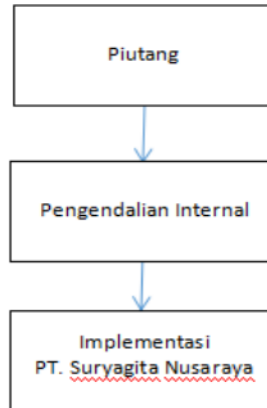

Figure 2.1 Conceptual Framework
Source: Data processed

RESEARCH METHOD

A. Type and Research Location

Research was conducted using qualitative research methods, namely research methods which explains systematically, factually and accurately regarding the implementation of a control system for accounts receivable carried out at the company. This research was conducted at PT. Radhar Delta Bersaudara, Sidoarjo branch which is located in Komplek Taman Candiloka Blok E3 No. 43 Sidoarjo for 3 months from March 1 to June 1 2020.

B. Sources and Data Collection Methods

In this study the researcher collected himself directly from the first source or the place where the object was carried out. Sources of data used in this study are primary and secondary data.

C. Methods of Data Analysis Data

analysis carried out in this study is a descriptive qualitative method. Descriptive qualitative method is a method of analysis by first collecting existing data and then clarifying it, analyzing it, then interpreting it so that it can provide a clear picture of the situation under study.

RESEARCH RESULTS AND DISCUSSION

PT. Radhar Delta Bersaudara Sidoarjo branch has procedures or rules and stages that prospective customers must pass before getting credit approval, namely:

1. There is a work contract agreement between the customer and the company that is approved and signed by the leaders of the two companies before any service transaction is carried out.
2. There is a clear agreement regarding the price and time limit for payment of receivables between the two companies.
3. There is an official offer letter for the type of service and price from PT. Radhar Delta Bersaudara to customers, and signed directly by the leadership of the customer company.
4. There is a guarantee in the form of the willingness of the leadership of the customer company to be active in responding to accounts receivable problems that will occur at a later date.
5. Have a clear and fixed office location for a long time.

Apart from SOPs for prospective customers, PT. Radhar Delta Bersaudara also enforced SOPs for all employees. For employees in the accounts receivable section, this is intended to control the risk of receivables that exceed the due time limit, thereby minimizing employee errors and providing motivation and a sense of responsibility. The following are SOPs that must be adhered to by accounts receivable employees:

1. Make invoices with discipline
2. Ensure that data and letters sent to the shipper are correct, complete and in accordance with the address
3. Ensure that all data entered is correct and updated
4. When billing the shipper via E-mail or telephone must use good language, polite, and firm.
5. Be punctual in all work targets
6. Double Check data and letters

Control carried out on accounts receivable is applied from the most basic process, which starts from the entry of delivery requests. Customers who request service must first confirm the existence of a contract, then confirm to the accounts receivable the amount of credit and credit time limit of the customer in question, after being confirmed, it can be decided whether the customer is still being served. After the delivery pass has returned, the invoicing department that will create the invoice will first confirm to the supervisor whether the payment is cash or credit, especially if the customer is a new customer.

Every invoice issued is always given a note whether it is a cash sale, credit, or payment at the destination, making it easier for the accounts receivable department to check every invoice that comes and can focus more on handling credit invoices. Accounts receivable will make a recapitulation of invoices to be billed to customers every day, and will be sent directly to the client's office by the courier that same afternoon, or according to the bill receipt schedule that applies at the client's office. Then the receipt for the bill will serve as evidence for sending the bill and at the same time state that the bill is not fictitious and can be justified.

The accounts receivable section is required to control the company's receivables on a daily, weekly, period (two week) or monthly basis. Bills that have passed the due date must be billed immediately so that they can be paid immediately. Billing can be made via personal contact,

email, or telephone. If the customer feels it is difficult to contact, or there is no response to the bill, usually the supervision will intervene to help collect the input from the accounts receivable section. If deemed necessary, supervision and the accounts receivable department will make a visit to the client's office to ask for clarity of payment of the receivables.

Every obstacle faced by the receivable party, be it data problems, physical data, or regarding invoices must always be communicated with supervision so that a solution can be found immediately. Supervision is the party controlling and controlling the accounts receivable, especially on the performance of the accounts receivable in handling its work.

Accounts receivable control at the division head and branch head levels is carried out by holding regular meetings regarding outstanding receivables. The Accounts Receivable section will explain the obstacles faced in collecting these unpaid accounts and what solutions have been taken. Then the division heads and branch heads will think of a good solution, or if necessary, step in directly to contact the authorities at the customer's company.

At the level of company commissioners who are the highest leaders of PT. Radhar Delta Bersaudara on a national scale, control of accounts receivable at branches is carried out every day through daily inter-branch reports that are sent to the central internal audit and the commissioners. In addition, weekly and monthly reports are also applied to monitor the movement of accounts receivable for each branch.

Table 4.1
Data on Accounts Receivable at End of Period and Data on Comparative Uncollectible Accounts (2015-2019)

Keterangan	2015	2016	2017	2018	2019
Sisa piutang per periode	2.215.375.193	2.129.212.591	1.697.874.673	1.450.950.208	736.832.783
Piutang tak tertagih	15.066.109	65.749.467	-	-	-
Persentase	0,68%	3,09%	0%	0%	0%

Source: Outstanding Report of PT. Radhar Delta Bersaudara Sidoarjo Branch

As evidence that internal control of accounts receivable has been carried out on an ongoing basis, it can be seen from the downward trend in the achievement of bad debts from 2015 to 2019, namely:

1. At the end of 2015 the final balance of accounts receivable was recorded at Rp 2,215,375,193 and the amount of bad debts collectible amounting to Rp 15,066,109, namely 0.68% of the total receivables at the end of the year. This is due to claims from customers that are immediately deducted to bills without official notification and customers whose whereabouts are unknown.

2. In 2016, the remaining accounts receivable at the end of the period amounted to Rp 2,129,212,591 while the bad debts were Rp 65,749,467. Increased from the previous year with a percentage of 3.09% of the total receivables at the end of the period. This is due to claims from customers who do not have strong supporting documents, but invoices are not paid by customers to replace these claims.

3. 2017-2019 was a year that was very well controlled due to the absence of uncollectible accounts.

CONCLUSION

Internal control of accounts receivable at PT Radhar Delta Bersaudara Sidoarjo Branch has been carried out well, as evidenced by the continuous control over trade receivables, it can be seen from the decrease in the percentage of bad debts from 2015 to 2019 has decreased. This can prove that the internal control over accounts receivable is running effectively, so that PT Radhar Delta Bersaudara Sidoarjo Branch can minimize losses and risks for bad debts. PT Radhar Delta Bersaudara pays attention to the credit policy provided to its customers, namely credit policy, discounted prices, credit standards, and collection policies. Factors that affect the amount of receivable investment in PT Radhar Delta Bersaudara include the percentage of credit sales, terms of sale, types of customers, and collection efforts.

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