

Evaluation of the Accounting Information System for Controlling Bad Debts at PT Telkom Indonesia

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Abstract: This research was conducted at the company PT Telkom Indonesia, which is engaged in telecommunications services and information technology. The purpose of conducting this research is to determine whether the accounting information system in controlling receivables is appropriate. The method of data analysis used by the authors in this research is qualitative methods where the authors collect data using interview techniques and field observations. The problem that occurs is that there are still obstacles in uncollectible accounts which result in the billing process being late. This makes the payment of bad debts non-current. Some of the risks that occur can be from the company or the customer. The results of the study indicate that the control of accounts receivable has not been carried out properly so uncollectible accounts receivable appear. This study suggests companies improve accounting information systems to facilitate controlling customer invoice due dates.

Keywords: Accounting Information System, Accounts Receivable Control, Uncollectible Accounts.

I. Introduction

The company is defined as a business entity that carries out a business in the economic sector continuously which is carried out regularly to gain profit. With good profits, it can increase the credibility of a company in business competition. In getting a good enough profit, of course, a good information system is also needed and it is hoped that it can provide an active role in monitoring and reporting accounting information. Every company that carries out operational activities is required to have a good and accurate accounting information system for operational continuity and to facilitate the process of reporting accounting information within the company.

One of the financial reports made by each company is in the form of an income statement and a report on accounts receivable. Where from the accounts receivable report is a form of the company's operational activities in selling products or services to customers with payments that are generally given due. This is given to the customer to pay for goods or services at a later date. Many companies sell goods and services with maturity because the sale is a strategy owned by the company to increase sales. The existence of a strategy from a company that provides sales due will cause the right to collect receivables. The process of collecting receivables has the risk of uncollectible receivables which makes the company bear the burden of losses on these receivables. If receivables are hampered, it will cause the company to experience difficulties in managing and carrying out its operational activities. These uncollectible receivables will hamper and can cause difficulties for the company, therefore special attention is needed so that operational activities can be managed properly.

Every company must have proper controls regarding sales and accounts receivable to keep them under control and an efficient and accurate information system is needed. An information system is a system that was formed and designed to collect information, process it and distribute existing information to make operational and management activities run smoothly. If a company wants to run well and survive in business competition, the company must have accurate and relevant information data, because by using this information the company can use it for the benefit of the company. The existence of an accurate information system will make the information data contained in the company properly processed and processed so that later it can be used by stakeholders in the company in making an important decision.

The information system is divided into several information systems in the form of manual systems and systems that have used technology. In information systems that still use manuals, such as in recording in the form of written reports and without tools, this system is less accurate and inefficient which causes information to not be processed properly. Systems that use technology such as computers with supporting applications to support the running of operational activities more accurately and efficiently within companies such as accounting information systems.

Recording sales information and recording accounts receivable at PT Telkom Indonesia has used an accounting information system. But in the occurrence of a billing process, there will be several kinds of problems with uncollectible accounts, this is because the customers themselves still cannot pay bills or customers who have not subscribed but receivables are still contained in the data. Based on the background that has been discussed and described, the authors have an interest in conducting research

on accounting information systems for controlling accounts receivable in companies to overcome problems related to accounts receivable and to create a good and accurate accounts receivable accounting information system for company operations.

II. Literature Review

Information Systems

An information system is a collection of methods that are carried out in an organized manner to collect, input, process, store, process, organize, and report information to help an organization achieve its goals (Loris & Arisman, 2018). According to Prastya et al., (2020), information technology is used to assist operations and administration combined with human activities to build information systems. According to Nilasari & Retnosari (2021), there are several objectives of an information system, namely: a) To present information as a support for decision-making, planning, controlling, and subsequent improvement; b) To present information to support daily operational activities; c) To present information relating to the management structure.

Accounting

Accounting can be defined as an information system that measures activity in business and data will be processed into a report and then communicated the results to decision-makers Nilasari & Retnosari (2021). Almost all activities within the company cannot be separated from accounting practices, this is because accounting has a very important role in the sustainability of the company's business. Financial accounting is used to store accounting information for people outside the organization or interested persons. Financial accounting itself is the process of recording transactions and reporting the results of recording to the company.

Accounting information System

According to Devi (2017), an information system is a system that processes data and transactions to provide information which is then useful for planning, managing and operating a business. Information systems can also be interpreted as computer-based systems designed to process accounting data into information. A system for organizing and processing the necessary documents, records and financial reports is the meaning of an accounting information system Nilasari & Retnosari (2021). The information is used to make an important decision from the management and leadership of the company and facilitate the management of the company's operations.

Accounts Receivable

Receivables show claims from the company to other parties due to previous events in the form of money, services, goods, and non-cash assets that must be billed according to the due date Rompas et al., (2018). Receivables are characterized as the right to obtain a profit from credit sales that have been made and will be billed at a later date according to the billing due date. These receivables are the amount that must be paid by sellers and buyers who are equal to the transaction price Puspasari & Kusnaeni (2019). Thus, receivables are defined as current assets or assets owned by a company that arise as a result of credit sales with the hope that they will be liquidated in a short time Handayani (2019). p Receivables are important for a company in maintaining business competition with other companies.

Uncollectible Accounts Receivable

A right owned by a company to collect several unpaid debts where customers have not made payments on transactions in the form of credit sales that have passed the final maturity date is called bad debt. Uncollectible accounts are a loss of income from a company that requires journal entries to record on accounts, this is due to a decrease in trade receivables assets and a decrease related to profits (Karamoy & Nangoi, 2014). Customers who are unable to pay their debts to the company will create collectable receivables. Uncollectible receivables can appear and become a loss for a company resulting in several business receivables that cannot be paid off by customers who have several kinds of obstacles that are being experienced Ariyati (2019). Bad debts are and must be recognized as expenses in the company's profit and loss statement, therefore bad debts are no longer assets and must be removed from receivables in the balance sheet.

Factors Causing Uncollectible Accounts Receivable

According to Permatasari, Ervin; Nugraha (2016) several factors cause uncollectible accounts, including:

1. Internal factors

a. Insufficient analysis

Prospective debtors voiced concerns about the company's limited ability to carry out a creditworthiness analysis and the credit calculations held by debtors were carried out fraudulently.

b. Corporate fraud

The process of granting credit provided by the company contains fraud and intentional violations.

c. Error in calculation

Inaccuracy in recording and calculating analysis from prospective debtors regarding creditworthiness that must be borne by the company

2. External Factors

a. Willingness of the customer

The debtor has no deliberate intention to pay off the debt or the obligation to pay the bills that are his responsibility.

b. Elements of Accident

There are urgent economic problems on the part of the debtor so they cannot carry out their obligations to pay bills.

III. Research Method

This study uses a qualitative research approach to explain and explore in detail and depth the accounting information system regarding its performance and implementation system. In situations that are studied in depth and thoroughly a qualitative approach is anticipated to produce a specific picture. Through the views of each participant, qualitative research seeks to know and achieve broad knowledge. This research is intended to assess and evaluate how companies can manage or control their receivables to reduce bad debts. Receivables control studied includes control environment, information and communication, and control activities. Therefore, the research was conducted using interviews and observation.

IV. Results and Discussion

Business Performance of PT Telkom Indonesia, Tbk Plaza Telkom Pasuruan

The company that provides network services such as wireless networks, interconnection services, and basic telecommunication services is Telkom Plaza Pasuruan which operates under the auspices and supervision of PT Telkom Indonesia. PT Telkom Indonesia now also operates TIMES (Telecommunication, Information, Media, Edutainment, and Service) which is engaged and focused on multimedia. Of course, by having many branch companies, the management and supervision of operations in each branch company are directly under the leadership of the manager.

Control Procedures in Collection of Accounts Receivable

Accounts receivable collection has its procedures for the company, including the following:

Customer Care

1. The customer care officer checks the list of customers who have not paid their bills.
2. Officers make outbound calls to customers to remind bills that are still unpaid and the amount of the bill to be paid. There are two categories of Outbound calls, namely:
 - a. Reminding call which is an effort in direct billing to encourage customers to pay monthly bills or bills that are past due dates to speed up the settlement of trade receivables.
 - b. A reminder letter is an attempt to bill directly using a letter to remind customers of their responsibilities and obligations to pay monthly bills or when they are due with a warning letter informing them of their consequences regarding fines and suspension of customer service.

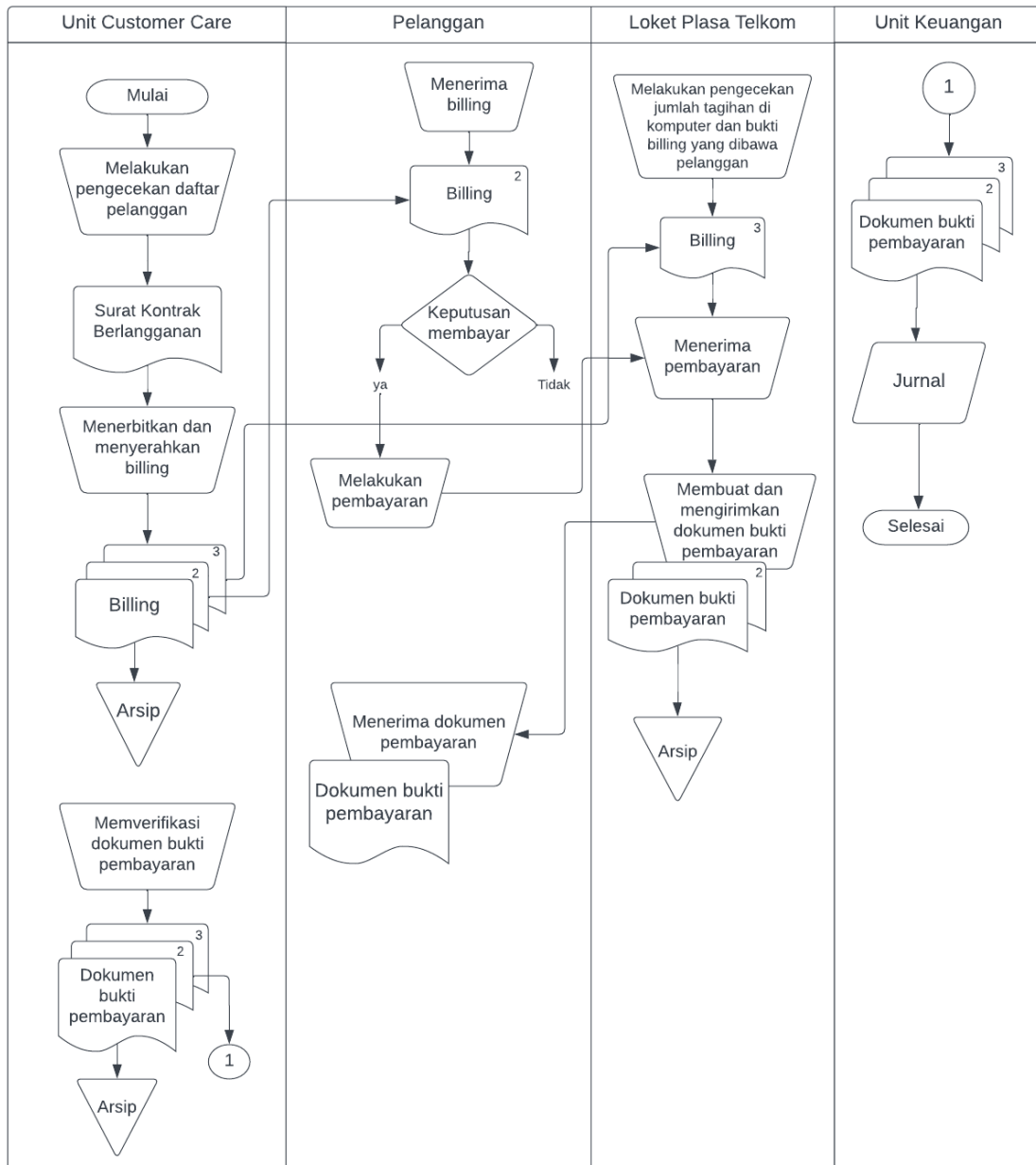
Telkom Pasuruan Plaza Counter

1. The officer checks the amount of the bill on the official website of PT Telkom Indonesia.
2. The clerk receives payment money from bills that have been paid by customers.
3. The clerk makes proof of payment data and gives it to the customer care section.

4. The officer hands over the bill payment money paid by the customer to the finance department.

Financial Department

The Telkom plaza counter clerk provides proof of payment information to the finance department which is then journalized.



Accounting Information System for Uncollectible Accounts at PT Telkom Indonesia

Risk Assessment of Management and Control of Trade Receivables

The company has separated accounting activities from the collection of accounts receivable, where the accounting function records using a system that provides business recording information. journals General journals, cash receipts journals, and postings to general ledgers are recorded and computerized. To prevent and stop all kinds of fraud committed by employees, trade receivables are recorded and documented based on reports on receipts for payment of trade receivables. All billing and recording documents are carried out via the web or application that has been provided by the company. This makes document checking easier, work more efficient and saves document storage space.

Activities involving the provision of telecommunication services run the risk of having uncollectible trade receivables from customers. Management continues to strive to minimize the risk of bad debts. The company's management has a policy regarding the collection of accounts receivable to

customers through customer care officers to inform them of the amount to be paid. The customer care officer will inform the bill amount and if there is a customer who exceeds the payment deadline on the 20th of each month, the officer will notify the customer that a fine of 5-15% will be imposed and will be isolated and if the customer does not make a payment past the due date of three months then Telkom will revoke the customer's internet service.

Procedures and policies in managing trade receivables have many limitations that cause an increase in bad debts. Even though the company implements this policy as a whole, there are still significant obstacles, namely from customers who often neglect their obligations in paying bills for telecommunications services. Here are some of the obstacles to uncollectible accounts:

1. The customer does not need telecommunications services from Telkom and decides to move to another provider.
2. The customer feels that he has terminated the telecommunications service.
3. Customers are not willing to pay and settle bills.
4. Customers feel that their bills are increasing every month without any notification from Telkom.
5. Customers are disappointed with unstable internet services and frequent network interruptions.

There are assets, liabilities, income and costs of the organization recorded using a good and proper recording system that will produce accurate and reliable information. Every transaction that occurs within a corporation can only be carried out with the approval of a company representative who has the power to approve a transaction. There is a need for a system that can control and regulate the division of powers for the permit to carry out every transaction that is made.

Procedures for Control of Accounts Receivable

The company uses several techniques and procedures to manage its receivables to estimate the possibility of bad debts, these procedures include the control of trade receivables at the company to anticipate the risk of bad debts divided into several procedures including the company does not have Standard Operating Procedure (SOP) that stipulated so that the author conducts interviews with company employees and to determine policies in contract approval activities that have been agreed upon by both parties (telecommunication service providers and customers) with the signature of the contract agreement. Information regarding the process of granting trade receivables, the process of collecting trade receivables, and the provision of fines to customers was collected from the results of interviews that have been conducted.

Separation of tasks such as the accounting function and the billing function have been separated by the company which is carried out by each company according to their contribution. The recording has been computerized and stored by the accounting function in the general journal, and cash receipts journal, and posted to the general ledger. Receipt of payment of trade receivables is the basis for recording trade receivables. There is only one department that handles the billing function, resulting in monitoring and billing and there are no other functions that have more than one authority. To stop various types of employee fraud, the company documents and authorizes processes related to cash receipts.

Evaluation of the Accounting Information System for Uncollectible Accounts Control at PT Telkom Indonesia

Recording of accounts receivable at the company has been done computerized where a web application is available for all documents related to billing and recording. According to their respective duties or sections, the separation of the accounting function and the trade receivables collection function has been adopted by the company and documents and authorizes documents related to cash receipts up to recording.

Procedures and policies have been carried out correctly regarding the collection of trade receivables from customers. In addition, if the customer does not make a payment within a certain period, the company will issue a fine to the person concerned. However, there are challenges, such as the fact that customers often forget their responsibility to pay their bills. As a result, the company must establish a policy whereby customers are provided with guarantee assignments. However, the absence of written SOPs in Plasa Telkom Pasuruan made it difficult for employees because they did not know the limits of their authority and the company also did not make procedures and policies for determining guarantees related to the collection of accounts receivable.

Based on the results of the discussion that has been carried out by researchers, the information system has been carried out properly because there is already a credit function section that is considered

very important for analyzing customer receivables. The analysis is in the form of an analysis of the amount of receivables and the history of customer receivables which allows the company to control and process bad debts. By using the right method, you can find out whether later customers can be given receivables or not by grouping customer receivables based on the age of the receivables themselves.

V. Conclusion

Based on several findings taken from the research that has been conducted at PT Telkom Indonesia, several conclusions can be drawn, including the following:

1. The resulting accounts receivable control accounting information system provides some supporting information such as accounts receivable information, company debt information, reports on cash flow plans and income statements so that the imbalance between cash inflows and cash outflows within the company can be corrected.
2. Even though control of accounts receivable at PT Telkom has been running quite effectively, the absence of written SOPs owned by the company makes it difficult for employees not to know their authority and responsibilities in carrying out their duties, besides that company policies have not yet been established in providing guarantees to customers in collecting receivables business.

Suggestion

After conducting a study and evaluation the authors provide some suggestions or recommendations that are expected to help the company in solving problems and for future researchers who want to carry out and make the system develop even better as follows:

1. To reduce the possibility of bad debts occurring, companies are expected to establish a policy to ensure compliance and customer obligations in paying bills, with this the risk of bad debts can be minimized properly.
2. Companies are expected to make written Standard Operating Procedures (SOPs).
3. Companies are expected to make written standard operating procedures (SOP) so that employee members understand the responsibilities and authorities of each individual. These SOPs will become guidelines and guidelines to prevent conflicts within the company and minimize procedural errors.

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