

## **Internal Control System Analysis of Receivables Collection Procedures at PT. Telkom Indonesia Pasuruan City, East Java**

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**Abstract:** This study aims to determine whether the internal controls system carried out by PT Telkom Indonesia, Pasuruan City can have a significant and effective effect on accounts receivable collection. The object of this research is the Accounts Receivable Collection System and the Internal Control System in the company as well as from some related literature. The results of this study indicate that PT Telkom Indonesia, Pasuruan City, the internal controls system of the company has proven effective in collecting accounts receivable.

**Keywords:** Collecting Procedure, Accounts Receivable, Internal Control System.

### **I. Introduction**

In general, it can be explained that company revenue is the main goal that every company wants to achieve. Revenue is obtained from a comparison between the collection of receivables received by customers from the company. If the collection of receivables can be carried out effectively and precisely then the company will be able to obtain income and will have an impact on profits for the company if, the ratio between the costs incurred and the income from collecting the receivables. However, if the receivables collection system is not implemented effectively then, This will have an impact on the comparison of income being smaller than expenses which will also result in losses for the company.

The organization aims to protect accuracy and validity in managing industrial finances, a policy is implemented that links the recording and comparison of the amount of receipts and expenditures with the values recorded in receivables collection and industrial income and expenditure reports. If there is a discrepancy between the amount of income or expenditure and the actual amount, for example, it is very large or very low, then the information in the report is considered invalid or inaccurate.

Income and expense policies are important aspects of the industry to ensure proper recognition of income and expenses. Accounting analysis of income, expenses, and receivables collection links the process of recognition, policy, measurement, decision-making, and presentation of income and expenses in industrial reports. This income and expenses have an important role in structuring an accurate income statement for the industry.

To be able to master the industry in determining income and expense policies, the author chose PT. Telkom Indonesia Pasuruan City, East Java as the research subject. This company was founded on July 6 1965 and is a State-Owned Enterprise (BUMN) which operates in the field of data and communications technology services, with a focus on collecting receivables from Indihome products. In the context presented, the author wants to investigate the influence of the industry's internal control system on the effectiveness and accuracy of the Indihome product receivables collection system. So the problem that arises is whether the company's internal system affects the flow of receivables collection. Another issue is whether a good internal system will affect the company's profit and loss and whether good accounting reports followed by a good internal system will affect the company's future.

This research aims to explore how important the influence of the company's internal system is on the collection of receivables in the company. Apart from that, the research aims to understand whether a good company internal system will have a significant effect on the company's profit and loss and to obtain evidence that recording accounting reports balanced with a good company internal system will have a better effect on the company's future. This research provides a view of what important factors influence the continuity of a company and provides suggestions so that the company can develop for the better by looking at the company's internal system and profit and loss report, the company's internal system will have a big influence on the future of the company. Apart from that, this research is also expected to make a good contribution to managing the company in the future by looking at and paying attention to important factors that can influence the company's future so that it can become better.

## **II. Literature Review**

### **Internal Control System**

The internal control system is a very important element in an industry because allows the industry to easily control and coordinate its parts or divisions efficiently. According to Hidayat (2013), internal control includes organizational structures, procedures and dimensions that are aligned to protect industrial assets, verify the accuracy and reliability of accounting information, increase efficiency, and ensure compliance with management policies Oroh et al., (2021), also report that internal control is a process that connects the board of commissioners, management, and other personnel designed to provide sufficient confidence regarding the achievement of 3 main objectives, namely operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations.

The purpose of an internal control system, according to Hamel (2013), is to provide reliable information, ensure compliance with accounting policies, and protect assets and records. Hamel (2013) also emphasizes that the best internal control system is not a very strict control structure, because the system also has limitations. Thus, from the definitions that have been mentioned, it can be concluded that the internal control system is an integral part of a system that works together to achieve specific goals in the organization.

### **Receivables**

In this context, each industry usually has obligations and claim rights that must be considered. These bills can come from billing to customers or from the sale of goods or services produced by industry. According to Fuady & Rahmawati (2018), receivables are industrial claims against other parties for payment of money, delivery of goods, or provision of services as a result of past transactions. Receivables that are not supported by written conventions are called receivables. According to Hamel (2013) said that receivables include all claims in the form of money that the company has against other parties, including other people, companies or organizations. Thus, it can be concluded that receivables are rights owned by the industry in the form of claims against other parties, which aim to protect the continuity of the industry.

### **Profit and loss**

According to research conducted by Nababan & Susanto (2022) a profit and loss report is a document that provides an overview of a company's performance in carrying out its operational activities within a certain period. Where the profit and loss are obtained through calculating income and expenses by the company.

### **Report Finance**

Financial reports are the result of the accounting process which plays a role in financial information processing equipment. Interested parties in position Industrial finance is divided into 2, namely internal and external. Internal parties include: employees and industrial management, on the other hand, external parties include holders share, government, as well as citizens universal.

According to Nababan & Susanto (2022), financial reports are documents that describe the financial position resulting from the accounting process within a certain period, Which role as a facility for communication for the parties- party interested. Fitriyani & Herawati (2019) explain that financial reports are reports universal and are used as a communication tool for interested parties. Therefore, it can be concluded that the financial statements are document that fits your financial situation industry in each period.

### **Current Cash**

According to Kaloh et al., (2018) in putting forward the idea that The cash flow statement only presents the balance sheet and profit and loss statement. For them, the goal of cash flow is to share data about the flow of industrial funds with a focus on financial statements. The supply of cash in a company is mainly needed to fulfil the needs Which There is on company the. Among them as follows:

1. Need For can do transaction.
2. Need For expenditure Which is not expected.
3. And the needs that are incurred as a risk in taking somethingdecision

### **Income**

Income is the objective main of something a company or organization looking for profit or profit Which originates from the sale of products or services. This income is also very important for a company because

it will influence the progress of the company. Pandhi (2018), explains that income is revenue for money, goods, modules, or services over a certain period, which generally comes from the use of capital, gifts from people, or both. Meanwhile, Lumintang (2013) defines income as receipts received by all households in the economy from payments for the use of factors the creation factors they have as well as other sources. So, it can be concluded that income is profit that goes into the company's cash originating from the activity company.

### **Income Concept**

Income can be defined as the flow process of creating goods and services over a certain period. There are 2 income concepts, namely as follows:

1. Inflow of Net Assets

An income concept that focuses on inflow, where an increase in assets reduces industrial debt, as well as an income concept that focuses on the creation of goods and services

2. The outflow of Good Service

The income concept focuses on the creation of goods and services and distribution to consumers or producers (), with a focus on flow. exits from selling goods or services to meet customer needs. This concept focuses on the company's cash outflow originating from the sale of goods or services to meet customer needs.

### **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 controls studied include controls environment, information and communications, and controls activities. Therefore, the research was conducted using interviews and observations.

### **IV. Results and Discussion**

PT. Telkom Indonesia in its implementation has several controls in the company environment used, to supervise the way work from all parts of the company as well, as to reduce fraud that could happen within the company. Therefore, some things are controlled by companies, including:

1. Integrity company

In carrying out all activities within the company, PT. Telkom Indonesia is doing some very important things especially, at the moment dealing with customers and employees. It's polite and friendly when communicating because this company is focused on the relationship with the customer.

2. Do internal supervision work

PT. Telkom Indonesia Alone does supervision which is good and comprehensive to all parts of the structure. This supervision was carried out by division heads, and division managers, to internal audit in the finance department, to minimize and assess whether the company's operational activities are complete and running well.

3. Determine, supervise and be responsible for the company structure in the company structure, the authority and responsibility of PT. Telkom Indonesia to be able to supervise the course of activities within the company to ensure that all activities within the company walk well and effectively.

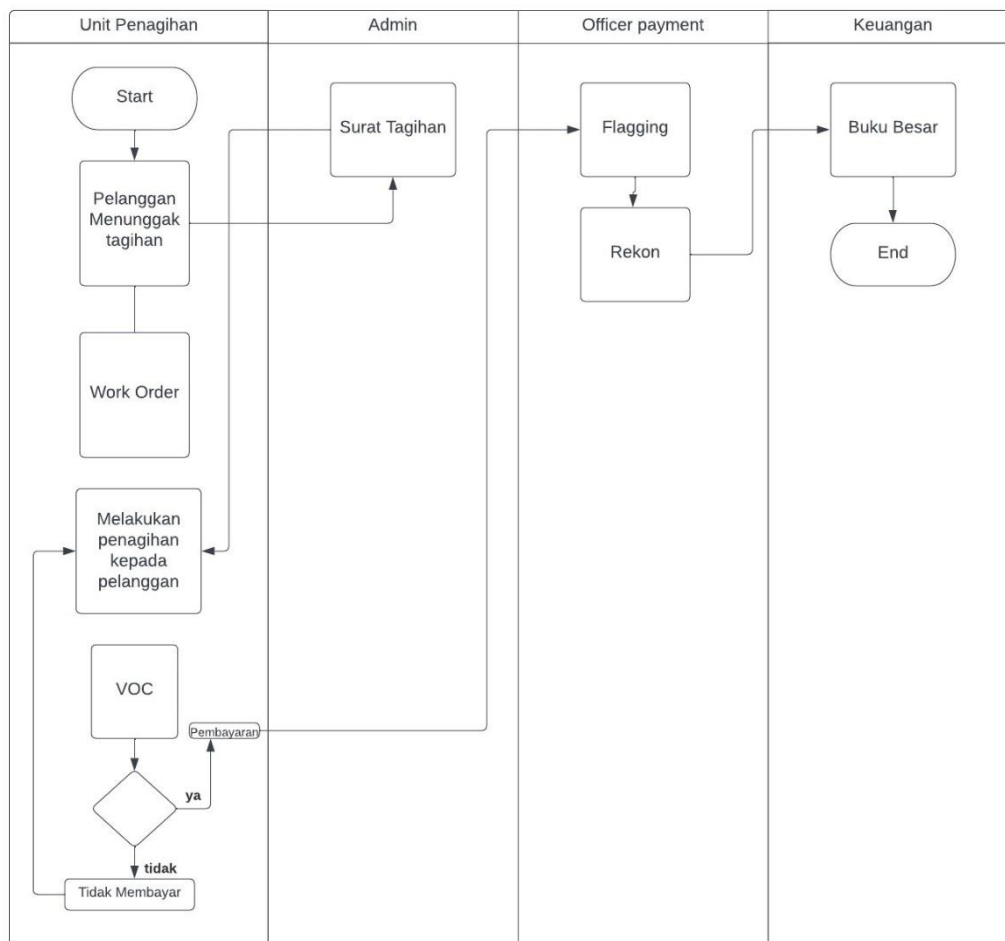
4. Commitment to the vision and mission company

PT. Telkom Indonesia has a company vision and mission. The vision is, to realise transparent and accountable public information services to fulfil the applicant's rights to public information by the provisions of the law - invitation. Meanwhile, its mission is to provide public information accurate and accountable, providing information services public fast, on time and simply, utilizing information and communication technology to support public information management. In carrying out the vision and mission related to the company, the division head always develops the potential of workers by always

directing them to work in a way professional and effective as well as giving additional training for workers to be able to carry out all their responsibilities in a way effective and timely.

5. Responsible answer with information customer

Wrong One part most importantly in PT. Telkom Indonesia is customers-care where, in that section is important information about customers collected for interest administration for purchase of Indihome products. PT. Telkom Indonesia Alone has structure and channel data collection for the collection of receivables from customers. This structure can be summarized into *flow chart* companies like the following:



Explanation of the flowchart, it is the flow that runs when happens collection of receivables from customers., the party from the billing unit does it checking billing data for customers who have not paid bills, and then unit billing makes a work order to be delivered to the party admin Next, a bill is drawn up which is handed back to the billing unit for done billing receivables to customer.

After that, Unit billing double-checks whether, from this data, the customer has not paid the bill for the month as well as bills for the month next. After the customer approves to make the payment, the billing data must be attached to the office which includes officer payments Next, the data is confirmed and then entered into the ledger by the finance department. Every step or flow of collecting receivables from customers the supervised by the head division from every unit Which is related inside.

**V. Conclusion**

The conclusion that can be obtained from this research is that there is an efficient internal control system and strict supervision of each related unit at PT. Telkom Indonesia Pasuruan City, East Java, has a significant impact on the industrial receivables collection process. This is also crucial for the future of the industry because a good internal control system and efficient internal supervision can provide good profits for the

industry and have the potential to have a major influence on the future of the industry if the industry achieves profits. The advice that can be given is that Internal Control should be carried out well, however, there are several things such as the application or supervision of each unit that can still be improved again to create a better future for the company. The billing application, which can be further developed, includes features from Excel that can be better utilized to make work more effective.

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