

ANALYSIS OF THE EFFECTIVENESS OF RECEIVABLE MANAGEMENT AND CONTROL SYSTEMS AT CV AMA BERTIGA BANDUNG

Ardin Etika Nur Andarisasi^{1*}

¹*Universitas Widyatama (Indonesia)*

*) email: ardin.andarisasi@widyatama.ac.id

Abstract

This study aims to analyze the effectiveness of receivables management and internal control systems at CV AMA Bertiga, located in Bandung City. The research is motivated by the relatively high level of outstanding trade receivables that have not been optimally collected, which may hinder cash turnover and the company's financial stability. This study employs a qualitative descriptive approach, with data collected through interviews, observations, and documentation. The analysis examines receivables management practices supported by financial performance indicators, including Receivable Turnover (RTO), Average Collection Period (ACP), delinquency ratio, and collection ratio during the 2021–2025 period. The findings indicate that the effectiveness of receivables management at CV AMA Bertiga remains unstable. Fluctuations are observed in RTO and ACP, while the delinquency ratio tends to increase and the collection ratio shows a declining trend. These conditions suggest that the receivables control system has not been optimally implemented, particularly in credit policy, monitoring of receivables aging, and collection effectiveness. This study concludes that the company needs to strengthen its internal control system, tighten debtor selection, and improve collection mechanisms to minimize the risk of uncollectible receivables and maintain liquidity sustainability.

Keywords: receivables management, internal control system, effectiveness, liquidity, qualitative research.

1. INTRODUCTION

The development of the business environment in the current era of globalization and digitalization requires companies to implement financial management systems that are effective, integrated, and adaptive. These demands are closely aligned with the increasingly intense competition among business actors in creating added value for consumers, particularly through the provision of convenience in transaction processes. Such convenience is directly proportional to the growing variety of facilities offered by companies as strategies to attract and retain consumer purchasing interest.

In the context of the digital economy, companies compete not only in terms of product quality and pricing but also in accessibility and flexibility of payment systems. One facility that has been increasingly adopted is the *paylater* service, which allows consumers to make purchases first and complete payments at a predetermined time. This scheme is considered capable of increasing short-term purchasing power and

encouraging higher transaction volumes, thereby contributing to the growth of consumption-based economic activities.

However, business sustainability is not solely determined by a company's ability to increase sales but also by the effectiveness of receivables management as a key component of working capital structure. The implementation of *paylater* services, while potentially boosting sales and expanding consumer access, also poses risks to the quality of company receivables.

Trade receivables that are not optimally managed may lead to liquidity problems, reduced cash turnover, and increased credit default risk, which can ultimately hinder company performance and growth (Hery, 2022). Intensifying business competition encourages companies to offer credit sales in order to retain customers. Nevertheless, such practices are often not supported by adequate receivables control systems, either in terms of credit policy, collection procedures, or regular monitoring of receivables aging (Sari, D.P & Nugroho, 2023).

These conditions are also experienced by CV AMA Bertiga, a company located in Bandung. Based on preliminary observations, the company continues to face various issues in financial management that have not yet been fully integrated. A relatively high level of outstanding receivables that are not collected on time has resulted in unstable cash flows, thereby hindering business turnover and the company's ability to meet short-term operational obligations. This situation indicates that the effectiveness of receivables management and internal control systems has not yet been optimally implemented.

From a theoretical perspective, receivables management is an integral part of working capital management, which aims to balance sales growth and credit risk (Brigham, E.F & Houston, 2021). Meanwhile, the internal control system framework developed by COSO emphasizes the importance of the control environment, risk assessment, control activities, information and communication, and monitoring to ensure the achievement of operational and financial objectives (*Internal Control*, 2020). The effectiveness of receivables management is strongly influenced by the extent to which internal control systems are implemented consistently and in an integrated manner.

Based on a review of the literature, several previous studies have demonstrated that internal control systems have a significant effect on the effectiveness of receivables management and corporate financial performance (Rais, 2020; Putri, 2021). However, most of these studies employ quantitative approaches and focus on large companies or the banking sector. Qualitative research that examines in depth the practices of receivables management and internal control systems in medium-sized enterprises, particularly within the local context of Bandung City, remains limited.

This research gap highlights the need for empirical studies using a qualitative approach to explore how the effectiveness of receivables management and internal control systems is implemented in actual business practices. This study is therefore

important for understanding contextual factors, internal policies, and operational constraints that influence receivables management at CV AMA Bertiga, thereby providing a more comprehensive and applicable perspective.

2. METHODOLOGY

This study employs a qualitative research method with a descriptive approach, aiming to gain an in-depth understanding of the effectiveness of receivables management and internal control systems at CV AMA Bertiga. The qualitative approach is selected because it allows for an exploration of processes, policies, and issues that occur contextually within the company environment.

The research was conducted at CV AMA Bertiga, located in Bandung City. The data used consist of primary and secondary data. Primary data were obtained through semi-structured interviews with parties involved in receivables management, while secondary data were collected from company documentation and literature studies. The analysis method used by the author to examine the effectiveness of the company's receivables management is as follows (Brigham, E.F & Houston, 2021) :

1. Receivables Turnover Ratio (Receivable Turn Over – RTO)

To calculate the Receivable Turnover (RTO):

$$\text{Receivable Turn Over} = \frac{\text{Credit Sales}}{\text{Average Receivables}}$$

$$\text{Average Receivables} = \frac{\text{Beginning Balance} + \text{Ending Balance}}{2}$$

2. Average Collection Period (ACP)

To calculate the Average Collection Period (ACP):

$$\text{Average Collection Period} = \frac{360}{\text{Receivable Turn Over}} \quad (\text{Placeholder1})$$

3. Delinquency Ratio

To calculate the Delinquency Ratio:

$$\text{Delinquency Ratio} = \frac{\text{Outstanding Receivables at End of Period}}{\text{Total Receivables in the Same Period}} \times 100\%$$

4. Collection Ratio

To calculate the Collection Ratio:

$$\text{Collection Ratio} = \frac{\text{Amount of Receivables Collected}}{\text{Total Receivables}} \times 100\%$$

3. FINDINGS AND DISCUSSION

3.1 Receivable Turn Over (RTO)

Table 1. Results of Receivable Turnover (RTO) Calculation for the 2021–2025 Period

Year	Credit Sales	Average Receivables	RTO (Times)
2021	10.084.673.500	1.902.768.585	5,3
2022	9.151.645.000	2.473.417.568	3,7
2023	10.134.673.500	2.303.334.886	4,4
2024	10.151.695.000	2.159.935.106	4,7
2025	10.737.885.000	2.026.016.038	5,3

Based on the results of the Receivable Turnover (RTO) calculation for the 2021–2025 period, it can be observed that the effectiveness of the company's receivables management experienced fluctuations. In 2021, an RTO value of 5.3 times indicates that the company was relatively effective in managing and collecting its receivables. However, in 2022, the RTO declined to 3.7 times, signaling a weakening in the effectiveness of receivables control. This decline was caused by an increase in average receivables that was not accompanied by proportional growth in credit sales, potentially leading to delays in collection and a higher risk of problematic receivables.

During the period from 2023 to 2025, the RTO showed an upward trend, increasing from 4.4 times in 2023 to 5.3 times in 2025. This improvement reflects enhancements in the receivables management and control system, both through more effective credit policies and improved collection procedures. The increase in RTO indicates that the company became more capable of accelerating the conversion of receivables into cash.

Overall, the fluctuation in RTO values throughout the research period suggests that the effectiveness of receivables management and the internal control system has not yet been fully stable. Therefore, the company needs to strengthen its receivables control policies, particularly in response to the increasing volume of credit transactions such as *paylater* services, in order to minimize the risk of uncollectible receivables and maintain liquidity stability.

3.2 Average Collection Period (ACP)

Tabel 2. Result Of Average Collection Period (ACP) Periode 2021-2025

Year	RTO (Times)	ACP (Day)
2021	5,3	68
2022	3,7	97
2023	4,4	82
2024	4,7	77
2025	5,3	68

Based on the Receivable Turnover (RTO) and Average Collection Period (ACP) data for the 2021–2025 period, an inverse relationship between the two indicators can be observed. In 2021, an RTO of 5.3 times was accompanied by an ACP of 68 days, indicating that the company was able to collect its receivables within a relatively short period. This condition reflects a fairly effective level of receivables management and control.

In 2022, the RTO declined to 3.7 times, while the ACP increased to 97 days. The extension of the collection period indicates a weakening of the effectiveness of the receivables control system, as the company required a longer time to convert receivables into cash. This situation potentially increases the risk of uncollectible receivables and may negatively affect the company's liquidity.

Furthermore, during the 2023–2025 period, the RTO increased again, while the ACP showed a downward trend, reaching 68 days in 2025. This improvement suggests that the company implemented enhancements in its receivables management and control system, both through more selective credit policies and more effective collection procedures. Overall, the data indicate that the effectiveness of the company's receivables management tends to improve, although consistent control is still required to maintain cash flow stability.

3.3 Delinquency Ratio

Table 3. Results of Delinquency Ratio Calculation for the 2021–2025 Period

Year	Total Receivables	Delinquent Receivables	Delinquency Ratio (%)
2021	2.238.551.276	1.902.768.585	0,85
2022	2.779.120.862	2.473.417.568	0,89
2023	2.503.624.876	2.303.334.886	0,92
2024	2.426.893.378	2.159.935.106	0,89
2025	2.132.648.461	2.026.016.038	0,95

Receivables data for the 2021–2025 period indicate dynamics that suggest a decline in the quality of credit management. Total receivables increased in the early years of the period and then tended to decrease from 2023 to 2025. However, this decline was not accompanied by a proportional reduction in delinquent receivables. This condition implies that the decrease in total receivables was more likely driven by restrictions on credit extension rather than the success of collection strategies.

The delinquency ratio shows a worsening trend, with values increasingly approaching one, particularly in 2025. A high delinquency ratio indicates that a large proportion of receivables are in a delinquent condition, reflecting weak effectiveness of credit policies and internal controls. According to working capital management

theory, such conditions have the potential to disrupt operational cash flows and increase the risk of uncollectible receivables.

Overall, these empirical findings underscore the need for comprehensive improvements in receivables management systems. Tightening debtor selection, implementing more systematic credit risk evaluations, and strengthening monitoring and collection mechanisms are strategic measures required to reduce the delinquency ratio and maintain long-term financial stability.

3.4 Collection Ratio

Table 4. Results of Collection Ratio Calculation for the 2021–2025 Period

Year	Collected Receivables	Total Receivables	Collection Ratio (%)
2021	335.782.691	2.238.551.276	0,15
2022	305.703.295	2.779.120.862	0,11
2023	200.289.990	2.503.624.876	0,08
2024	266.958.272	2.426.893.378	0,11
2025	106.632.423	2.132.648.461	0,05

Data for the 2021–2025 period indicate notable changes in receivables management and collection effectiveness. Total receivables tended to increase in 2022 and reached their peak before gradually declining through 2025. In parallel, the amount of collected receivables consistently decreased, from approximately 336 million in 2021 to 106 million in 2025. This decline suggests a reduction in the volume of receivables successfully collected, which may be influenced by decreased credit activity or changes in credit sales policies.

The collection ratio exhibits a significant downward trend, declining from 0.15 in 2021 to only 0.05 in 2025. This decrease reflects a weakening in collection effectiveness relative to the total outstanding receivables. Although total receivables decreased, the company's ability to convert receivables into cash deteriorated, indicating structural issues in receivables management, such as inadequate monitoring of receivables aging or delays in debtor payments.

Empirically, these conditions confirm that improvements in collection performance have not yet been optimally achieved. According to working capital management theory, a low collection ratio has the potential to exert pressure on liquidity and increase financial risk. Therefore, more systematic strategies are required, including stricter credit terms, enhanced receivables monitoring, and optimization of collection procedures to maintain cash flow stability and minimize the risk of problematic receivables.

4. CONCLUSION

Based on data from the 2021–2025 period, it can be concluded that the performance of receivables management shows a weakening trend, particularly in terms of collection effectiveness. Total receivables increased until 2022 but subsequently declined through 2025. However, this decrease in total receivables was not accompanied by an improvement in collection capacity, as evidenced by the continuous annual decline in collected receivables.

The decreasing collection ratio further confirms that the company's ability to convert receivables into cash has weakened. This condition indicates underlying issues in credit policies and collection systems, such as inadequate control over receivables aging or low debtor compliance with payment obligations. From a working capital management perspective, this situation has the potential to exert pressure on liquidity and increase financial risk.

Overall, the data indicate that the reduction in receivables exposure has not been followed by improvements in the quality of receivables management. Therefore, more structured strategic measures are required to strengthen collection systems, tighten debtor selection, and enhance receivables monitoring in order to maintain sustainable cash flow stability and financial performance.

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