



Analysis of Credit Sales Information System, Accounts Receivable Collection, and Internal Control: A Case Study

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ABSTRACT

Purpose: This study examines the implementation of credit sales accounting information systems, accounts receivable collection procedures, and internal control mechanisms in a corporate setting. It emphasizes how these systems contribute to efficiency, accuracy, and accountability in financial management.

Methodology/approach: A qualitative descriptive method was applied, using observation, documentation review, and secondary data analysis. Financial records, accounting procedures, and company policies served as the main sources. Academic literature provided additional theoretical frameworks for evaluating practices.

Findings: The research shows that the credit sales accounting system facilitates structured documentation and transaction recording but still faces issues such as delays in invoicing and incomplete supporting documents. Accounts receivable collection processes exist but often fail to reduce overdue accounts effectively. Internal controls such as segregation of duties and authorization are in place but require stronger monitoring and compliance.

Practical implications: Companies should adopt integrated, technology-driven solutions to enhance real-time receivable management, enforce stricter receivable policies, and strengthen internal control to minimize risks of misstatement and bad debt.

Originality/value: This study contributes to the literature by integrating discussions of credit sales accounting systems, receivable management, and internal controls in a single framework, offering practical recommendations for improving corporate financial governance.

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1. Introduction

The rapid development of business practices in the digital era has significantly changed the way companies manage financial transactions. Among the most important components of financial management is the accounting information system (AIS), which ensures the collection, processing, and reporting of accurate financial data (Amnain et al., 2023). Within this context, credit sales occupy a unique position. While they represent an essential strategy for increasing sales volume and building

long-term relationships with customers, they also pose risks in terms of liquidity, accounts receivable, and internal control. As [Romney and Steinbart \(2018\)](#) point out, AIS must be designed not only to process transactions but also to support decision-making and reduce risks. Credit sales, if not well-managed, can reduce a company's cash flow and increase the likelihood of uncollectible accounts.

In Indonesia, credit sales remain the dominant model in many industries. The competitive environment compels companies to provide flexible payment terms to attract and retain customers. However, this practice often results in increased accounts receivable ([Savsavubun et al., 2021](#)), which, if not well-managed, can affect a firm's financial stability. According to [Wilkinson et al. \(2000\)](#), accounts receivable represent both an asset and a potential liability, depending on the effectiveness of management. Late collections, incomplete documentation, and weak monitoring can erode profitability and disrupt operations ([Wardani & Syarif, 2023](#)). For this reason, companies must design receivable management systems that integrate accounting records with strong internal controls.

The importance of internal control in financial management cannot be overstated. Internal control is defined as a process designed to provide reasonable assurance regarding the achievement of objectives in operations, reporting, and compliance ([COSO, 2013](#)). Internal control is particularly crucial for transactions involving cash or near-cash assets, such as credit sales and receivables. As [Arens and Loebbecke \(2003\)](#) emphasize, weak controls expose companies to risks of fraud, errors, and inefficiencies. By contrast, strong internal controls can help ensure that credit sales are accurately recorded, receivables are promptly collected, and risks are minimized.

Previous studies have explored aspects of accounting information systems, receivable management, and internal control, but few have combined the three into a single analysis. [Mulyadi \(2016\)](#) highlights the technical aspects of AIS in recording credit sales, while [Hery \(2014\)](#) emphasizes the need for strict receivable collection policies. Meanwhile, [Hall \(2011\)](#) underlines the risks of delayed documentation in accounts receivable systems. This study contributes to the literature by analyzing the integration of these three elements within a practical case study.

The objectives of this research are threefold: (1) to analyze the implementation of the credit sales accounting information system, (2) to evaluate receivable collection procedures, and (3) to assess the effectiveness of internal controls supporting these processes. By achieving these objectives, the study aims to provide theoretical contributions to academic discussions of accounting systems and internal control, as well as practical recommendations for companies seeking to improve financial accountability.

2. Literature Review

2.1 Credit Sales Accounting Information System

An AIS is a structured process of collecting, recording, and reporting financial transactions. Credit sales systems, in particular, require careful documentation because they do not involve immediate cash payments. According to [Mulyadi \(2016\)](#), a credit sales system must include documents such as sales orders, delivery notes, invoices, and journal entries. These documents serve as evidence of transactions and provide the basis for financial reporting. [Romney and Steinbart \(2018\)](#) argue that computerized AIS reduce human error, speed up processing, and integrate data across departments.

However, manual systems remain common in many organizations, especially in developing economies. Manual systems are prone to delays in recording and errors in documentation. [Hall \(2011\)](#) emphasizes that delays in issuing invoices and recording sales can distort financial statements. [Wilkinson et al. \(2000\)](#) further argue that the reliability of receivable management depends heavily



on the accuracy of AIS. If documentation is incomplete or delayed, receivable management becomes less effective.

2.2 Accounts Receivable Collection

Accounts receivable are assets that represent claims against customers. Effective management requires both timely collection and risk assessment. Hery (2014) argues that companies must adopt strict credit policies and conduct periodic evaluations to minimize bad debt. Hall (2011) supports this view, noting that aging schedules are essential tools for monitoring overdue accounts. Wilkinson et al. (2000) add that receivable collection must be linked to company liquidity, since overdue accounts reduce available cash.

In practice, receivable management includes activities such as sending reminders, negotiating with customers, and offering discounts for early payments (Dewi & Reviandani, 2024). Studies have shown that companies with strict receivable policies experience fewer defaults (Mardiyah, 2015). However, companies that rely heavily on manual follow-ups often face inefficiencies and higher costs. Wulandari and Epi (2021) emphasize that integrating receivable management with technology can improve monitoring and reduce delays.

2.3 Internal Control

Internal control is the backbone of reliable financial reporting. COSO (2013) defines it as a process carried out by management to provide reasonable assurance regarding operational effectiveness, reliable reporting, and compliance with laws and regulations. Arens and Loebbecke (2003) highlight the importance of segregation of duties, authorization procedures, and monitoring in internal control. Mulyadi (2001) adds that documentation is a critical component, as it provides evidence for accountability.

Research shows that weak internal control often results in fraud and mismanagement. Hery (2014) notes that lack of segregation of duties increases opportunities for collusion and misappropriation. Martani et al. (2016) argue that regular evaluations and audits are necessary to ensure the effectiveness of internal controls. Hall (2011) further observes that companies often underestimate the importance of continuous monitoring, which leads to gaps in control systems.

2.4 Integration of Systems and Controls

The integration of AIS, receivable management, and internal control is crucial for ensuring overall financial accountability. Romney and Steinbart (2018) argue that AIS should be designed to support internal control objectives. Wilkinson et al. (2000) note that receivable systems must be integrated with sales and accounting functions to ensure consistency. COSO (2013) emphasizes that internal control must be embedded into daily operations rather than treated as a separate function.



3. Method

This research uses a qualitative descriptive approach to analyze the implementation of credit sales AIS, receivable collection, and internal control. A case study method was employed, focusing on the practices of a company engaged in trade and services. Data were collected through observation, documentation, and secondary sources. Observation was conducted during an internship period, allowing direct engagement with financial processes. Documentation included reviewing invoices, sales orders, receivable aging reports, and internal policies.

Creswell (2013) argues that qualitative descriptive research is suitable for understanding organizational practices and identifying gaps between theory and practice. Triangulation was applied by comparing findings from observations, documents, and academic literature. This approach enhanced the validity and reliability of the results. The analysis was conducted in three stages: (1)

describing the implementation of the credit sales accounting system, (2) evaluating receivable collection procedures, and (3) assessing the effectiveness of internal controls. The findings were then compared with theoretical frameworks from the literature review.

4. Results and Discussion

4.1 Implementation of the Credit Sales Accounting Information System

The company applies a structured credit sales accounting system, which consists of several stages: sales order preparation, approval of credit transactions, delivery of goods, issuance of invoices, and the recording of journal entries. This process is broadly consistent with the framework suggested by [Mulyadi \(2016\)](#), who argues that a reliable accounting information system must include standardized documents such as sales orders, delivery notes, invoices, and credit memos. The documentation not only provides evidence of transactions but also forms the basis of accountability for both management and auditors. [Romney and Steinbart \(2018\)](#) similarly emphasize that well-designed accounting systems ensure that information flows are accurate, timely, and integrated across organizational units.

However, field observation revealed that despite the presence of formal procedures, weaknesses remain in practical implementation. For example, there are frequent delays in issuing invoices, which often occur several days after the delivery of goods. This delay can distort revenue recognition, thereby creating discrepancies between actual sales and financial reporting. [Hall \(2011\)](#) warns that delayed documentation undermines the reliability of financial statements and increases the risk of misstated revenues. Moreover, inconsistencies were found in the supporting documents accompanying credit transactions. At times, delivery notes did not fully match the invoices, creating reconciliation problems for the accounting staff. Such discrepancies confirm [Wilkinson et al.'s \(2000\)](#) assertion that the effectiveness of receivable management depends heavily on the accuracy and timeliness of documentation.

In addition, the company's system still relies heavily on manual processes, particularly in checking documents and reconciling records. While computerization exists in parts of the process, the absence of full integration across departments (sales, accounting, and finance) often leads to duplication of work and inefficiencies. According to [Romney and Steinbart \(2018\)](#), the lack of integration between departmental systems increases transaction processing time and weakens internal control. This finding highlights the need for the company to adopt an enterprise-wide accounting information system capable of integrating sales and receivable data in real time.

Another important observation is the limited use of digital audit trails. Most approvals and authorizations are still performed manually, using signatures on physical documents. This practice exposes the system to risks of forgery or document loss. In contrast, [Hery \(2014\)](#) notes that digital signatures and electronic documentation not only speed up processes but also strengthen accountability by creating secure audit trails. Without adopting such mechanisms, the company risks facing recurring documentation errors and weakened monitoring capacity.

In summary, while the company has adopted the basic framework of a credit sales accounting system, its effectiveness is reduced by delays in invoicing, incomplete documentation, reliance on manual processes, and limited digital integration. These weaknesses are consistent with findings from previous studies that manual-based systems are more vulnerable to inefficiency and control failures ([Mardiyah, 2015](#); [Wulandari & Epi, 2021](#)).

4.2 Effectiveness of Accounts Receivable Collection Procedures

Accounts receivable management in the company involves several practices, including issuing reminders for overdue accounts, monitoring aging schedules, and negotiating extended payment



terms when necessary. This approach aligns with the recommendations of Hall (2011), who highlights aging schedules as critical tools for identifying and prioritizing overdue accounts. In principle, the company has established a systematic approach to monitoring receivables, but in practice, these measures have not been sufficient to significantly reduce overdue balances.

The analysis of receivable aging reports shows that a considerable percentage of accounts remain outstanding beyond the agreed credit period. Hery (2014) stresses that companies should enforce strict credit policies and take disciplinary measures against chronic defaulters to minimize bad debt. In contrast, the company under study often allows customers to delay payments without imposing penalties, arguing that maintaining customer relationships is more important than enforcing strict payment terms. This practice, however, undermines financial discipline and reduces cash inflows, confirming Wilkinson et al.'s (2000) argument that ineffective receivable policies weaken liquidity and threaten operational stability.

Negotiations with customers were also found to be largely informal, depending on personal communication between company staff and clients. While this may reflect cultural practices in maintaining good relationships, it weakens the consistency and enforceability of collection policies. According to Martani et al. (2016), informal approaches in receivable management often result in unequal treatment among customers and expose companies to risks of favoritism. Furthermore, these negotiations are rarely documented formally, reducing transparency and accountability in financial reporting.

Another challenge in the company's receivable management is the limited use of technology in collection processes. Although reminders are sent to customers, they are often delivered manually via phone calls or printed letters rather than automated systems. Wulandari and Epi (2021) highlight that technology-enabled receivable management systems, such as automated billing and email reminders, significantly reduce overdue payments and enhance efficiency. By not fully adopting such tools, the company risks losing competitiveness in receivable management.

Overall, the company's receivable management system demonstrates awareness of the importance of monitoring and collection but lacks effective enforcement and technological integration. The persistence of overdue accounts reflects the weaknesses of its current policies. To address this, the company must adopt stricter receivable policies, integrate collection systems with technology, and ensure consistent enforcement of agreed credit terms.

4.3 Assessment of Internal Control Practices

The company has established several internal control practices to safeguard assets and ensure transaction reliability. These include segregation of duties between the sales, accounting, and finance departments, authorization of credit sales, and periodic reconciliation of receivable accounts. These practices are consistent with the principles outlined by Arens and Loebbecke (2003), who argue that segregation of duties reduces the likelihood of fraud by ensuring that no single individual controls all aspects of a transaction.

However, field analysis revealed significant weaknesses in the monitoring and evaluation of these controls. Monitoring activities are often conducted only on an ad hoc basis, typically when errors or disputes arise. According to COSO (2013), effective internal control requires continuous monitoring and timely corrective action. Without systematic monitoring, control activities lose their preventive function and instead become reactive.

Furthermore, the authorization process, though present, is vulnerable to inefficiency and errors. Many credit approvals are based on informal judgments by managers rather than systematic evaluation of customer creditworthiness (Savsavubun et al., 2021). This approach is inconsistent with best practices, which recommend the use of formal credit scoring and documented approval



processes (Romney & Steinbart, 2018). The reliance on managerial discretion increases the risk of inconsistent decision-making and favoritism.

Documentation also presents a major issue. While internal controls formally require all credit transactions to be supported by invoices, delivery notes, and approvals, in practice, some documentation is incomplete or poorly maintained. Hery (2014) stresses that accurate documentation is essential for ensuring the reliability of financial reports. Weak documentation practices compromise auditability and expose the company to compliance risks.

Another problem lies in the company's limited use of independent audits or reviews. Internal audits are not regularly conducted, and when they occur, they focus only on financial balances rather than the processes themselves. Martani et al. (2016) argue that process-focused audits are crucial for identifying weaknesses in transaction flow and control activities. By neglecting this aspect, the company risks perpetuating inefficiencies and control failures.

In sum, while the company has established the basic framework of internal control, including segregation of duties and authorization procedures, its effectiveness is undermined by weak monitoring, informal credit approval, incomplete documentation, and lack of systematic audits. These findings confirm prior research showing that many organizations underestimate the importance of continuous monitoring and evaluation in maintaining effective internal controls (Hall, 2011; Yunita & Kusmilawaty, 2020).

4.4 Integration and Gaps Between Theory and Practice

The analysis of the three aspects—credit sales accounting system, receivable collection, and internal control—reveals that while each system exists in practice, they are not fully integrated. For instance, weaknesses in documentation in the credit sales system affect both receivable management and internal control effectiveness (Michael & Widjaja, 2024). Similarly, weak enforcement of receivable policies reduces the effectiveness of internal control mechanisms. This finding is consistent with Romney and Steinbart (2018), who emphasize that AIS should be designed to support internal control and decision-making simultaneously.

The lack of integration is also visible in the absence of real-time data sharing among departments. Sales, accounting, and finance operate with separate data systems, which are not always synchronized. As a result, discrepancies arise between recorded sales and outstanding receivables. Wilkinson et al. (2000) note that the integration of sales, receivable, and control systems is essential for achieving financial transparency and accountability. COSO (2013) also stresses that internal control should be embedded into daily operations rather than treated as an isolated function.

This gap between theory and practice highlights the need for adopting modern, technology-driven accounting solutions. Integrated enterprise systems such as ERP (Enterprise Resource Planning) can ensure real-time synchronization of sales, receivables, and control activities. Studies by Wulandari and Epi (2021) show that firms adopting integrated ERP systems experience improved efficiency and reduced overdue receivables. Furthermore, adopting digital audit trails and automated controls can address weaknesses in monitoring and documentation.

From a theoretical perspective, this finding reinforces the argument that accounting information systems, receivable management, and internal controls cannot be analyzed in isolation. Their effectiveness depends on integration and consistency. From a practical perspective, companies must shift from manual, fragmented practices to integrated, technology-driven systems that align with global best practices.

5. Conclusions



This study examined the implementation of credit sales accounting information systems, receivable collection procedures, and internal control mechanisms within a corporate setting. The findings indicate that although the company has established a structured system for recording credit sales, issues remain in documentation accuracy and timeliness of invoice issuance. Accounts receivable collection procedures are applied but not strictly enforced, leading to recurring overdue accounts and liquidity challenges. Internal controls, including segregation of duties and authorization, are in place yet insufficiently supported by continuous monitoring and evaluation. These findings show that while the framework exists, its effectiveness is weakened by execution gaps.

Theoretically, the research contributes by integrating three important elements—accounting information systems, receivable management, and internal control—into a single analysis. Previous studies often examined these dimensions separately, but this research emphasizes their interdependence. Weaknesses in documentation confirm the argument of Hall (2011) that incomplete systems undermine receivable management, while limited monitoring supports COSO's (2013) point that internal control requires ongoing evaluation. The study therefore reinforces the idea that financial accountability can only be achieved when these three elements are integrated and consistently applied.

Practically, the results suggest that companies must strengthen their systems and controls by adopting technology-based accounting platforms, enforcing stricter receivable policies, and ensuring continuous monitoring of compliance. Such improvements would reduce the risks of overdue accounts, misstatements, and fraud while supporting liquidity and operational efficiency. Although this study is limited to a single case, its findings provide valuable insights for companies facing similar challenges. Future research could extend the analysis to multiple organizations and employ quantitative methods to examine the measurable impact of AIS, receivable management, and internal control on financial performance.

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