

INTERNAL CONTROL SYSTEM FOR GUIDANCE DONATION RECEIVABLES AS AN EFFORT OF PERFORMANCE IMPROVEMENT IN NON-PROFIT ORGANIZATIONS

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ABSTRACT

This study discusses the Internal Control System in an educational non-profit organization, namely the Al-Manar Islamic Education Foundation (YPIA) Muhammadiyah Kepayang Lempuing Ogan Komering Ilir South Sumatra. The thing that is highlighted is the Internal Control System for Accounts Receivable for Education Development Contributions (SPP). This study took data from YPIA and analyzed it in a descriptive qualitative manner. The results of this study indicate that the implementation of the Internal Control System at YPIA has not been fully implemented in accordance with the applicable SOP (Standard Operating Procedures), this can be seen from the presence of arrears from student tuition fees.

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1. INTRODUCTION

Indonesia is a country that prioritizes education for its people. All Indonesian children of school age are required to attend primary and secondary education. The schools in Indonesia consist of public and private schools. Competition is so difficult to get into public schools that make some parents switch to private schools. Private schools can be divided into national private schools, national private schools plus religious deepening, and international standard private schools.

However, the difference lies in the use of languages that must be used other than Indonesian, such as English, Arabic or Mandarin. The national private school plus the deepening of religion meant here, especially the Islamic religion, is a pesantren. Islamic boarding schools are one type of education that has long existed in the life of Indonesian society. The success of pesantren in carrying out educational tasks is not in doubt. There is a lot of concrete evidence of the participation of pesantren in advancing the nation. With the existence of pesantren alumni who appear during society as a driving force for the pace of development. People are increasingly convinced of the importance of pesantren.

The management of the Foundation organization that oversees Islamic boarding schools is not much different from other organizations. A good internal control system is needed in securing foundation assets, because manipulation and fraud can occur, especially for liquid assets, such as cash or receivables. There are still cases of fraud occurring in educational foundations in Indonesia because there is no internal control system or the existing internal control system is not implemented. This research will discuss the Internal Control System in an effort to improve performance at one of the educational foundations that oversees Islamic boarding schools, namely the Al-Manar Islamic Education Foundation (YPIA) Muhammadiyah Kepayang Ogan Komering Ilir South Sumatra.

The foundation earns income from students in the form of education development contribution funds (SPP) and other income from students according to school policies which are used for the development of student activities. Other income, such as catering fees, shuttle fees, development fund contributions, student activity funds, funds for purchasing registration forms, uniform funds, parents and teacher association fees, book funds and others.

Receipt of SPP funds does not immediately result in cash receipts, but generates receivables from students or are called SPP receivables, and only then on the maturity date will there be cash in flow originating from the collection of these receivables. Cheating in a work cycle occurs so that it can harm the foundation. Fraud that might occur in the accounts receivable section is not recording payments from students and stealing them, delaying recording accounts receivable by doing cash lapping, making false accounting of mutations of receivables, and so on.

Internal control is one of the methods used to secure foundation assets and anticipate fraud. The issues raised in this research are how is the payment of SPP in YPIA implemented, does YPIA have an

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internal control system over SPP, and if so, does the Foundation implement an internal control system over SPP. The authors limit the discussion of this research so that it does not expand, namely research on the application of this internal control system only from 2020 to 2021.

2. LITERATURE REVIEW

Internal Control System

Internal control is part of risk management that must be implemented by every organization to achieve organizational goals. The importance of internal control in an organization must be implemented consistently to ensure continuity and trust from various parties. Internal control must be implemented as effectively as possible in an organization to prevent and avoid errors, fraud, and fraud.

The definition of internal control according to (COSO, 2013) is a process carried out by the board of directors, management and other personnel within an entity, which is designed to provide adequate assurance regarding the achievement of objectives, namely the reliability of financial reporting, compliance with applicable laws and regulations, and effectiveness and efficiency operation.

Another definition according to (IAPI, 2011), is a process carried out by the board of commissioners, management and other personnel of the entity that is designed to provide reasonable assurance regarding the achievement of three categories of objectives, namely reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

According to (Arens et al., 2010), internal control is a process designed to provide reasonable assurance regarding the achievement of management objectives regarding reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. In addition, the definition of internal control according to the Indonesian Institute of Accountants is a process carried out by the board of commissioners, management and other personnel within an entity that is designed to provide an adequate picture of assurance regarding the achievement of report reliability, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. apply.

According to Islamic teachings, internal control is not explained directly. However, it is implied in the Al-Qur'an and hadith. Internal control or supervision in Islam can be seen in QS. Al-Imron: 104 as follows: "And let there be a group of people among you who call on wisdom, order (do) what is right and prevent what is wrong. And they are the lucky ones." (QS Al-Imron: 104).

Internal control according to the Islamic view can be referred to as a mandate that is beneficial to management to safeguard organizational assets, improve performance effectiveness and efficiency, trustworthiness in realizing the reliability of financial reporting and creating good *morals* that support compliance with management policies.

Based on the above definition, it can be concluded that internal control is an internal control system to safeguard company assets or assets, produce fair financial reports free from material misstatement, improve company operational efficiency, such as costs, time, expenses, and encourage compliance with law and applicable regulation.

In general, internal control is part of each system that is used as a procedure and operational guideline for a particular company or organization. In general, companies use internal control systems to direct organizational operations and prevent system abuse.

Internal Control Components

The internal control structure includes five basic components of policies and procedures designed and used by management to provide reasonable assurance that internal control objectives are being met. According to the *Committee of Sponsoring Organizations* (COSO, 2013) in the *Internal Control-Integrated Framework* (ICIF) There are five components in internal control, namely as follows.

1. Control Environment (*Control Environment*)
2. Risk Assessment (*Risk Assessment*)
3. Control Activities (*Control Activities*)
4. Information and Communication (*Information and Communication*)
5. Monitoring Activities (*Monitoring Activities*)

The components of internal control are described in the form of a cube as follows.



Figure 1: COSO 2013 Internal Control Components
Source: *Committee of Sponsoring Organizations 2013*

Accounts Receivable

(Giri, 2012) Claiming receivables is a claim made to customers and other parties to obtain certain money, goods and services (assets) for the future. Receivables can arise from selling goods/services or because the company gives loans to other companies. Generally receivables are recorded when they arise, namely after the company delivers the goods/services sold.

According to (Baridwan, 2004) Receivables have a risk of not being collected resulting in losses. There are two methods of accounting for losses on receivables, namely:

1. Direct Delete Method. In this method the company does not form reserves. If any receivable is written off, Loss on Account is debited, and the Accounts Receivable is credited. The balance in the Accounts Receivable Loss account at the end of the year is presented in the Profit and Loss Statement.
2. Backup/Allow Method. In this method, the company establishes a reserve or allowance for losses on receivables by debiting the Expense for Losses on Accounts Receivable and crediting the Reserve/Allowance for Losses on Accounts Receivable. At the end of the year, the balance of the Accounts Receivables Expenses account is presented in the Profit and Loss Report, while the Allowance account balance is presented in the Statement of Financial Position as a deduction for Receivables.

In (Aryani et al., 2013) Receivables accounting, periodically generates statements of accounts receivable that are sent to each debtor. This statement of receivables is an element of good internal control in recording receivables, by periodically sending statements of receivables to each debtor, the company's accounts receivable records are tested for accuracy by using responses received from debtors from sending these statements and can create a good image in the eyes of debtors regarding reliability corporate financial responsibility. To find out the status of accounts receivable and the possibility of collection or not, the receivables recording function periodically presents information on the aging of each debtor's receivables to the finance manager. This aging list of receivables is a report generated from the accounts receivable card.

Work management

According to the company's performance appraisal for management can be interpreted as an assessment of the achievements that can be achieved. Meanwhile, according to (Wibowo, 2012) performance comes from the notion of performance. Performance is about doing the work and the results achieved from the work. Performance is about what is done and how to do it.

3. METHOD

The object of this research is the internal control system for the Al-Manar Islamic Education Foundation (YPIA) Muhammadiyah's Education Development Contribution (SPP) receivables, the research location is Jalan Raya Kepayang Village, Kec. Lempuing Regency. Ogan Komering Ilir Prov. South Sumatra. The variables in this study consisted of the SPP receivables variable as the independent variable and the internal control system variable as the dependent variable. Meanwhile, to collect the necessary data and information, namely library research *and* field research *in the* form of interviews, observations, documentation *and* questionnaires.

The analysis of problems that arise within the company is carried out by using a qualitative descriptive analysis tool/method, namely the author carries out an activity carried out by observing and observing directly the organization used as research.

In this case the researcher made observations of the five components of control in the organization, namely the control environment, risk assessment, information and communication, supervision and control activities. Researchers also made observations regarding the principles of performance management that exist within the organization through the basis, criteria and characteristics of performance measures. In this case the author also analyzes the implementation of the internal control system for SPP receivables and other performance reducing elements that occur in companies that are not in accordance with the company's operational standards so that a conclusion can be drawn that the appropriate internal control system for SPP receivables can be applied to teachers and employees at YPIA and can be used as a tool in improving performance, namely analyzing the suitability of the internal control system for SPP receivables which is carried out with the company's operational standards that have been set.

4. RESULT AND DISCUSSION

SPP implementation at YPIA does not always run smoothly. Payment of tuition fees at YPIA is still in arrears or is late due to several reasons, for example the economic difficulties of parents of students which results in Accounts Receivable for Education Development Contributions for YPIA. The emergence of these receivables can inevitably affect the organization's financial performance if it is not managed properly.

In the following, data on SPP receivables from YPIA is presented starting from the Raudhatul Athfal level (RA to Madrasah Aliyah for the period July 2020 – February 2021 which can be seen in table I below. Based on the data above, there are still arrears which, although they have a small percentage of the total value of SPP revenue, have a large enough value for the smooth running of the Foundation's work activities. *an aging schedule* ranging from 1 to 3 months on average. With the relatively short lifespan of the receivables, it is expected that the operational activities of the Foundation can run smoothly and can immediately become cash in flow when the receivables are due.

In the process of implementing SPP payments at YPIA, there are still quite large arrears in terms of the value of money that has not been paid, but overall it has not disrupted the organization's operational activities because the age of SPP receivables is quite short, between 1 to 3 months. Because the flow of unpaid tuition fees is still much smaller than the total tuition fees that should have been received from each level, from Raudhatul Athfal to Madrasah Aliyah. This can be seen in the SPP accounts receivable table described above.

Apart from SPP, YPIA also earns income from other sources of income such as Registration Forms, Development Fund Fees, Student Activity Funds (DKS), Uniform Funds, Book Funds and others.

Receipt of SPP funds does not immediately result in cash receipts, but also generates receivables from students or are called Education Development Contribution (SPP) receivables, and only then on the due date will cash flow (*cash in flow*) originating from the collection of these receivables. Trade receivables are generally part of YPIA's total assets. Therefore, it is very important to implement internal control over trade receivables. Fraud in a work cycle occurs so frequently that it can be detrimental to the Foundation.

Fraud that might occur in the accounts receivable section is not recording payments from students and pocketing the money, delaying recording accounts receivable by conducting cash lapping, making false accounting of mutations in receivables, and so on. Internal control is one of the methods used to anticipate fraud. The company's internal control is an organizational plan and business methods used to increase effectiveness and efficiency, reduce the risk of asset loss, provide accurate information, and encourage compliance with established management policies. The problem of controlling receivables every month requires internal control so that SPP receivables are not too large so that school operations can run. Expenditures at YPIA are divided into four, namely.

1. Human Resource costs include teacher and school employee salary costs, teacher and employee development costs.
2. School Operational Costs include electricity costs, class stationery costs (ATK), and other costs to support education.
3. Child Activity Costs, namely costs incurred for children's self-development and learning media as a support for children's education/self-development.
4. Development Investment Funds are costs used for the development of facilities and infrastructure, for example building repairs, adding library facilities and so on.

Of these payment units, the one most prone to fraud is the hostel supervisor. SPP is given to the treasurer during working hours or the next day so this will result in an error being recorded by the treasurer because it has not been deposited by the hostel supervisor.

5. CONCLUSION

The conclusion that can be drawn in this study is that the Al-Manar Islamic Education Foundation (YPIA) Muhammadiyah Kepayang Lempuing Ogan Komering Ilir South Sumatra already has an Internal Control System procedure set forth in SOP (Standard Operating Procedures), however the implementation is still very simple, things This can be seen in the process of implementing SPP payments at YPIA, there are still quite large arrears in terms of the value of money that has not been paid, although overall it has not disrupted the organization's operational activities because the age of SPP receivables is quite short, between 1 to 3 months. Because the flow of SPP revenue that has not yet been paid, the percentage is still much smaller than the total SPP revenue that should be received from each level, from RA to Madrasah Aliyah.

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