

Analysis of Internal Control System of Receivables at the International School Foundation in Bali Indonesia

Ida Bagus Gede Udiyana¹, Ida Bagus Udayana Putra², Ni Komang Supadmi³, Ni Nyoman Seri Astini⁴, Ida Bagus Prima Widyanta⁵, Ida Ayu Manik Dyah Savitri⁶

Universitas Mahasraswati Denpasar, Indonesia^{1,2}

Sekolah Tinggi Ilmu Manajemen Indonesia Handayani Denpasar, Indonesia^{3,4,6}

Politeknik Mitra Global, Indonesia⁵

Email: udiyanaidabagus63@gmail.com, udayana10@gmail.com, komangsupadmi15@gmail.com, seriastini70@gmail.com, idabagusprima@gmail.com, dayumanik@stimihandayani.ac.id

Abstract

This study aims, first, to determine and analyze the internal control system of receivables at the Stella Mundi Indonesia Foundation. Second, it seeks to identify and analyze the factors that contribute to the success of controlling receivables. The type of research employed is descriptive research with a qualitative approach. The objects of the study consist of receivables variables and internal control systems, utilizing the COSO (Committee of Sponsoring Organizations) framework. The subjects in this study include the Stella Mundi Indonesia Foundation, the Head of General Administration, and all staff members of the finance unit as sources of information. Data collection techniques used were interviews, documentation, and observation. The data analysis technique applied was qualitative data analysis following the Miles and Huberman model. The results of the study showed that (1) the internal control system of receivables at the Stella Mundi Indonesia Foundation has been operating effectively. This is evidenced by the implementation of the five components of the internal control system, namely control environment, risk assessment, control activities, information and communication, and monitoring, all of which are functioning well, thereby minimizing the risk of uncollectible receivables. (2) The factors influencing success in controlling receivables are as follows: first, the receivables management control system operates effectively and efficiently; second, support from the management information system; third, competent human resources with high commitment; fourth, characteristics of the students' parents; and fifth, an accounting system and standard operating procedures that are appropriate, accurate, and effective.

Keywords: Internal Control System; Receivables; COSO; International School Foundation

INTRODUCTION

Bali, as a major destination in Indonesia, already possesses strong branding in international tourism. Supported by adequate infrastructure, a natural environment, and the culture of the Balinese people, it is a favorite vacation spot and a comfortable, peaceful place for foreigners working in Indonesia (Diyah Sri Widari & Prasiasa, 2022; Iskandar et al., 2022; Liestiandre, 2021; Utama & Giantari, 2020; Wulandani, 2022). This is further reinforced by sufficient infrastructure, security, and health services, including international hospitals, making Bali an attractive place for expatriates and their families to reside.

International schools play a strategic role in meeting the educational needs of elementary-level children of foreigners working in Indonesia. The Balinese people also have a strong tradition of instilling cultural values such as honesty, compassion, hard work, discipline, and creative and innovative thinking (Bunnell & Poole, 2023; Elerian & Solomou, 2023; Gardner-McTaggart, 2018; Gibson & Bailey, 2023; Pearce, 2023). These values contribute to increasing competitiveness and support the goal for Indonesian human resources to reach developed country status by 2045.

The main and dominant source of income for international schools comes from student tuition payments. The financial management of international elementary schools in Bali has unique characteristics, particularly in terms of high operating leverage (Iswandira et al., 2015; Kadim & Sunardi, 2020; Rani Anggraini et al., 2023; Susanti et al., 2020; Udiyana et al., 2015). This results in significant risk, as fluctuations in income directly impact the school's operating profit. An increase in student numbers leads to higher operating profits, while a decrease results in a proportionally larger decline in operating profit compared to the decrease in income. To mitigate financial risk, foundations must adopt strategic policies to ensure school operating profit is properly controlled. One crucial factor is the internal control of receivables.

The existence of receivables introduces risks to schools, such as parents being unable to pay tuition fees on time, either partially or in full, leading to potential losses from bad debts. In addition to bad debts, Binanggal (2015) notes several issues and instances of fraud in receivables management, often perpetrated by administrative staff. These include recording payments from parents and receiving money without reporting to superiors, delaying receivables recording through cash lapping, making false records, and unauthorized receivables transfers. To address these risks and fraudulent activities, robust internal control is required. According to Montororing et al. (2020), internal control encompasses all policies and procedures designed to protect organizational assets from misuse, ensure the availability of accurate accounting information, and guarantee compliance with all relevant laws and regulations. The COSO (2013) framework identifies five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Regular internal control over accounts receivable in international schools helps anticipate potential bad debts and reduce associated losses.

The foundation discussed in this study is the Stella Mundi Indonesia Foundation, which operates in international elementary education. Its students come from various countries, including children of expatriates working in Indonesia and local residents from middle to high-income families. The curriculum is of international standard, with English as the language of instruction from PAUD (Early Childhood Education, ages 3–5), elementary (ages 6–12), and junior high school. Tuition payments are often delayed, resulting in receivables. Despite late payment penalties, arrears persist. If a student withdraws from Stella Mundi Indonesia while still owing fees, collection becomes difficult, disrupting cash flow. Therefore, the Foundation implements internal control over receivables to minimize the risk of outstanding receivables becoming uncollectible.

This study focuses on the implementation of the internal control system for receivables at the Stella Mundi Indonesia Foundation. A sound internal control system is evidenced by the application of the five COSO components, which help minimize risks and issues related to receivables. The internal control system plays a vital role in managing receivables. Accordingly, this research examines the extent to which the internal control system contributes to controlling receivables at the Foundation.

Previous research has highlighted the importance of internal control systems in educational institutions. Binanggal (2015) and Montororing et al. (2020) examined the implementation of internal control systems for managing receivables in various organizational settings, including schools. However, there is limited research on how international schools, particularly in Bali, apply these systems within their unique educational and financial contexts. Moreover, most studies focus on general management control systems and do not address the specific challenges faced by international schools, such as fluctuating student enrollment and international billing procedures.

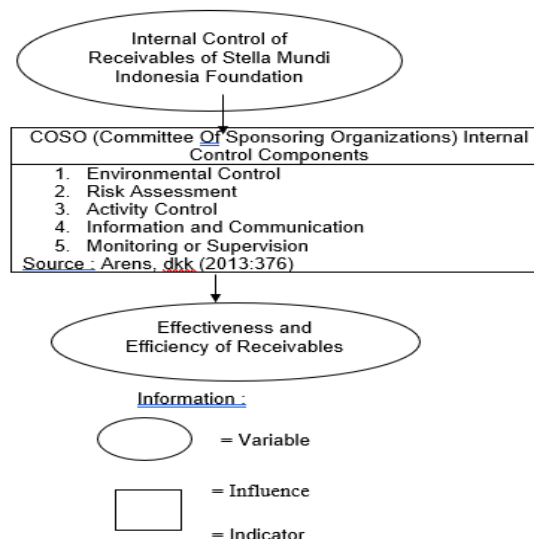
This research addresses this gap by focusing specifically on the implementation of internal control systems for receivables at the Stella Mundi Indonesia Foundation, an international school in Bali. The study provides new insights into how schools in Bali manage the unique challenges of receivables collection, utilizing the COSO framework to evaluate the effectiveness of internal controls in a local context. It examines not only the mechanisms in place but also the cultural and operational factors influencing their success.

The primary objectives of this research are threefold. First, it aims to analyze the effectiveness of the internal control system for receivables at the Stella Mundi Indonesia Foundation, specifically through the application of the COSO framework. Second, the study seeks to identify the key factors that contribute to the success of the receivables management system at the Foundation, focusing on operational practices and external influences. Lastly, the research intends to provide actionable recommendations for improving internal control measures to reduce the risk of uncollected receivables, thereby enhancing financial management.

This study offers several significant benefits. Practically, it provides educational institutions, especially international schools in Bali, with a comprehensive framework for strengthening their internal control systems, ensuring financial stability and mitigating the risks associated with bad debts. Theoretically, it enriches the literature on internal control systems in the educational sector, which is often underrepresented in financial management studies. Finally, the research offers policy recommendations to assist policymakers and school administrators in refining their receivables management strategies, ultimately promoting better financial health for schools in the region and supporting the broader educational ecosystem.

RESEARCH METHODS

The following is a framework for explaining the research flow as follows:



This research is case study research with the object of research consisting of receivables variables, internal control system of receivables with the COSO (Committee of Sponsoring Organizations) approach. The subjects of the research at the Stella Mundi Indonesia Foundation and all staff of the general administration and finance departments as sources. The type of research used in this study is descriptive research with a qualitative approach. This study aims to analyze how the implementation of the internal control system for receivables at the Stella Mundi Indonesia Foundation by referring to the components of the internal control system based on COSO (Committee of Sponsoring Organizations).

An object is an attribute or value of a person, object or activity that has certain variations determined by the researcher to be studied and then conclusions drawn (Sugiyono, 2022). The object studied in this study is the Internal Control System at the Stella Mundi Indonesia Foundation. The subjects in this study are the Stella Mundi Indonesia Foundation and all staff of the finance department as sources.

The types of data are quantitative data and qualitative data. Quantitative data in the form of company financial report documents consisting of the Stella Mundi Indonesia Foundation's receivables report from 2019 to 2023. Qualitative data in the form of organizational structure and explanation of the duties and responsibilities of each section. In addition, the author also uses data sources, namely primary data and secondary data. In this study, primary data sources were obtained through direct observation and interviews conducted by the author at the Stella Mundi Indonesia Foundation. Secondary data in this study are literature studies on understanding the internal control system and understanding of receivables, notes on school fees receivables, documents related to the receivables accounting system, organizational structure and division of tasks, general description and company activities.

Data collection techniques used in this study, namely observation, documentation and interviews by asking the head and administrative and financial staff of the Stella Mundi Indonesia Foundation. In this study, the research method is not in the form of hypothesis testing, but reveals a phenomenon by analyzing aspects that are relevant to the phenomenon, then assessed and conclusions are drawn as answers to the problems that occur. The data analysis used in this study is the qualitative data analysis model of Miles and Huberman where there are three stages of analysis, namely: Data Reduction, Data Presentation and Drawing Conclusions and Verification (Bungin, 2017).

RESULT AND DISCUSSION

Analysis of Internal Control System of Receivables at Stella Mundi Indonesia Foundation

Internal control aims to check the accuracy and reliability of accounting data, maintain the security of an organization's assets, encourage work efficiency or company operations, and encourage compliance with management policies that have been implemented (Fauzi, 2017).

Analysis of the internal control system of receivables at the Stella Mundi Indonesia Foundation with reference to the five components of the internal control system based on COSO (Committee of Sponsoring Organizations), namely:

1. Environmental control

The environmental control component has been implemented very well by the Stella Mundi Indonesia Foundation, this is proven by the clarity in the delegation of authority and duties according to the organizational structure. In its implementation, the Stella Mundi Indonesia Foundation upholds the values and code of ethics it has, every part of the Stella Mundi Indonesia Foundation must apply the 4 pillars (support, caring, respect, and collaboration) in every implementation of its duties and responsibilities. These values and codes of ethics are set out in a regulation formed by management and socialized to all parts of the Stella Mundi Indonesia Foundation. If any part of the Stella Mundi Indonesia Foundation does not apply the values and code of ethics, sanctions will be imposed. Sanctions given can be in the form of verbal warnings or a warning letter. In addition, the commitment to competence has also been implemented well as evidenced by the attention to the education and expertise of prospective staff so that the placement of prospective staff can be in accordance with their fields. The management philosophy in applying values and codes of ethics to every implementation of tasks is the basis of knowledge and processes used to develop and design views on something. This management philosophy aims to inform and communicate the goals, planning, and activities of the Foundation in question in achieving the Foundation's goal of creating a comfortable and pleasant working environment for all parts of the Stella Mundi Indonesia Foundation so that a good relationship is formed between all parts of the Foundation and parents.

2. Risk assessment

Risk assessment at Yayasan Stella Mundi Indonesia has been running very well. This is proven by the existence of rules set by Yayasan Stella Mundi Indonesia regarding monthly school fee billing carried out one month in advance before the current month, precisely on the 23rd of each month. Parents are given a deadline of one week (7 days) from the date the bill is sent to make payment of the bill. If within the deadline of one week (7 days), parents have not made payment, then according to the rules of Yayasan Stella Mundi Indonesia, a fine of IDR 100,000 / month will be imposed for each late payment of school fee bill. If parents have not made payment of school fee past the deadline of 7 (seven) days, several stages of billing will be carried out to parents starting from sending reminder messages via e-mail, contacting by telephone, delivering messages verbally and finally making an appointment. To minimize the risk of increasing receivables, Yayasan Stella Mundi Indonesia provides a new policy in certain cases to help parents in making bill payments. One of them is by providing instalments of school fee payments by signing an agreement regarding the payment time and amount of instalments to ease the burden on parents. Risk assessment of receivables is carried out to avoid the risk of missed receivables in recording and to avoid uncollectible receivables. In the risk assessment, Yayasan Stella Mundi Indonesia has also monitored environmental changes that occur, and also adjusted its rules to changing conditions.

3. Activity control

At Yayasan Stella Mundi Indonesia, activity control has been running well. This is proven by the existence of a clear separation of duties based on the organizational structure, appropriate authority over existing transactions and activities, documents and records of all financial transactions are made very clearly and in detail, physical control of receivables and records is carried out by each section and has a filing cabinet to store important documents and records and the existence of independent performance checks by holding a performance appraisal every 18 months and aims to appreciate employee performance.

4. Information and communication

At the Stella Mundi Indonesia Foundation, information and communication can be said to be running well and not so well. This is because there is some information and communication that causes misunderstandings either due to forgetfulness, recording errors or misunderstandings. However, the misunderstandings that occur can still be controlled and solutions can be sought so that the misunderstandings do not continue, especially in collecting school fees from parents of students.

Good delivery of information and communication between the finance department and the Head of the Foundation and parents results in all information being conveyed properly so that if there are problems related to collecting school fees, they can be immediately resolved together so that it can ease the burden on parents and avoid the risk of bad debts for the Stella Mundi Indonesia Foundation.

5. Monitoring

At the Stella Mundi Indonesia Foundation, monitoring or supervision has been carried out very well. This is proven by the existence of several stages before financing is carried out. All transactions, both in cash and transfers, must go through the inspection and approval stages. Supervision carried out by the Chairperson of the Stella Mundi Indonesia Foundation is not only limited to cash transactions or transfers, but supervision is also carried out on financial reports submitted by finance every month. This supervision is carried out so that the number of uncollectible receivables can be controlled so that it does not increase, avoiding errors in recording or fraud in financial reports so that all financial activities can be controlled properly.

Factors Causing Success in Controlling the Number of Receivables at the Stella Mundi Indonesia Foundation

The factors that influence the success of the Stella Mundi Indonesia Foundation in controlling the number of receivables are due to the following factors, namely:

1. Management Control System Runs Effectively and Efficiently

Strategic planning is determined by the foundation in this international school management control system is simple and non-bureaucratic, especially related to organizational structure, delegation of authority, responsibility, career development, supervision and assessment of teacher and employee performance.

The organizational structure is divided into 2 main components, namely: the first school department, which focuses on teaching education, led by the principal with direct subordinates of teachers. The authority and responsibility of the principal focus on instilling ethical values, especially related to honesty, discipline and responsibility by instilling basic values of life ethics with the aim of being able to compete in the national and international world of work. The second main component is general administration and finance, led directly by the head of administration and finance.

These two departments are at the middle manager level and are directly responsible to the foundation so that the foundation can easily carry out supervision and control, especially to avoid excessive bureaucracy that is ineffective and inefficient. The school division will focus on education and teaching of students and provide excellent quality education services to students. Meanwhile, the administration and finance department focus on handling, controlling and managing human resources for teachers and employees, finance includes recording, reporting, supervision, cash flow, receivables and financial performance, marketing especially related to administrative services to parents of students. Based on the existing organization, the debt unit is in the administration and finance department structure, fully responsible to the head of the administration and finance department and

under the direct supervision of the foundation so that the foundation can give direct orders regarding the condition of the school's financial performance.

2. Management Information System Support

The characteristics of basic education in Indonesia are complicated education bureaucracy, inconsistent regulations and no focus on providing excellent quality education to students and excellent service quality to parents. Support for management information systems or digitalization of basic education will have a positive impact on (1) It will be able to provide important information quickly, accurately and accurately, making it easier for foundations to make decisions immediately and prevent distortion in providing excellent service to students and parents. (2) It will be able to reduce the number of education personnel / employees. (3) Minimizing education bureaucracy, improving the quality of education to students and the quality of service to parents. (4) Controlling fixed costs will be related to high operating leverage in international school operations.

3. Competent Human Resources and High Commitment

The career development of teachers and employees at the international school foundation runs consistently, continuously, transparently, fairly, measurably and not bureaucratically. Starting from recruitment running transparently based on competence, character, avoiding collusion and nepotism. So that employees and teachers are accepted are guided by character and competence. They are accepted truly based on transparency, fairness and honesty. It is expected that employees and teachers play a strategic role in developing trusted international schools and superior graduate quality.

4. Characteristics of Parents of Students

During the selection of new student admissions, the characteristics of the parents of students are the main assessment for their children to be accepted as students. The main basic guidelines for the characteristics of parents of students are education, income and vision and mission of developing students in the international school category. This factor can help reduce the risk of bad debts, ensure the ability to pay from parents of students and an understanding between the school and parents of students, with the aim of producing superior students who compete internationally.

5. Accounting System and Standard Operating Procedures That Are Proper, Accurate and Effective

Accurate and computerized accounting system, strict receivables control, receivables SOP including receivables accounting system, collection procedures, receivables communication and monitoring can help provide precise, accurate information, identify receivables that are due early, collect and ensure timely payment.

CONCLUSION

The internal control system for receivables at the Stella Mundi Indonesia Foundation has been effectively implemented, particularly in the areas of environmental control, risk assessment, activity control, and monitoring, which together have minimized the risk of uncollectible receivables. Despite these strengths, challenges remain in the domain of information and communication, where occasional misunderstandings arise due to recording errors or miscommunication. The foundation's success in managing receivables is supported by an efficient control system, robust management information systems, competent and committed human resources, the characteristics of student parents, and the use of accurate accounting systems with clear standard operating procedures. For future research, it is recommended to explore targeted strategies for improving internal communication and staff training, as well as to assess the impact of technological advancements on the effectiveness and efficiency of receivables management in educational institutions.

REFERENCES

- Bungin, B. (2017). *Metode Penelitian Kualitatif*. PT Raja Grafindo Persada.
- Bunnell, T., & Poole, A. (2023). International Schools in China and teacher turnover: the need for a more nuanced approach towards precarity reflecting agency. *Asia Pacific Journal of Education*, 43(2). <https://doi.org/10.1080/02188791.2021.1940840>
- Binanggal, Chansie Virji. 2015. Analisis Internal Control System atas Piutang Pada PT Tunas Dwipa Matra Cabang Manado. *Jurnal Emba*. Vol 4 No 3.
- Diyah Sri Widari, D. A., & Prasiasa, D. P. O. (2022). Nilai Estetika Lokal dan Nilai Ekonomi Lokal Dalam Pengelolaan Destinasi Pariwisata di Bali Utara. *Mudra Jurnal Seni Budaya*, 37(1). <https://doi.org/10.31091/mudra.v37i1.1883>
- Elerian, M., & Solomou, E. A. (2023). International schools, international mindedness, and the development of global citizenship: Reflections from a case study of international schools in Cyprus. *Prospects*, 53(3–4). <https://doi.org/10.1007/s11125-021-09585-3>
- Fauzi, R. A. (2017). *Sistem informasi akuntansi (berbasis akuntansi)*. Deepublish.
- Gardner-McTaggart, A. (2018). International schools: leadership reviewed. *Journal of Research in International Education*, 17(2). <https://doi.org/10.1177/1475240918793955>
- Gibson, M. T., & Bailey, L. (2023). Constructing international schools as postcolonial sites. *Globalisation, Societies and Education*, 21(3). <https://doi.org/10.1080/14767724.2022.2045909>
- Iskandar, M. R., Cordova, M. R., & Park, Y. G. (2022). Pathways and destinations of floating marine plastic debris from 10 major rivers in Java and Bali, Indonesia: A Lagrangian particle tracking perspective. *Marine Pollution Bulletin*, 185. <https://doi.org/10.1016/j.marpolbul.2022.114331>
- Iswandira, A., Nurhayati, I., & Suharti, T. (2015). Analisis Economic Value Added (EVA) dan Market Value Added (MVA) Sebagai Alat Untuk Mengukur Kinerja Keuangan Perusahaan PT. Indofood Sukses Makmur Tbk. *Jurnal Ilmiah Inovator, Edisi Maret*.
- Kadim, A., & Sunardi, N. (2020). Penilaian Kinerja Keuangan dengan metode Economic Value Added (EVA), Financial Value Added (FVA) dan Market Value Added (MVA) (Studi Pada Industri Telekomunikasi di Indonesia yang Terdaftar di BEI Tahun 2014-2018). *Jurnal SEKURITAS (Saham, Ekonomi, Keuangan Dan Investasi)*, 3(2). <https://doi.org/10.32493/skt.v3i2.4441>
- Liestiane, H. K. (2021). Persepsi Wisatawan Terhadap Kualitas Destinasi Pariwisata Bali. *Jurnal Kepariwisata*, 20(1). <https://doi.org/10.52352/jpar.v20i1.449>
- Montororing, P. M., Harijanto Sabijono, Heince R. N. Wokas. 2020. Analisis Penerapan Pengendalian Internal Piutang Usaha Pada Piutang Tak Tertagih Di PT Hasjrat Multifinance Manado. *Jurnal Emba*. Vol. 9 No. 3, Hal. 1520 - 1529.
- Pearce, S. (2023). Internationally-national schools: A critical review of this developing sector and the frameworks that define international schools. *Research in Comparative and International Education*, 18(3). <https://doi.org/10.1177/17454999231167948>
- Rani Anggraini, Harahap, L. R., Rahmi Aryanti, & Thoyib, E. (2023). Analisis Economic Value Added Dalam Menilai Kinerja Keuangan PT Asuransi Jiwa Manulife Indonesia. *Surplus: Jurnal Riset Mahasiswa Ekonomi, Manajemen, Dan Akuntansi*, 3(1). <https://doi.org/10.35449/surplus.v3i1.659>
- Sugiyono. (2022). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta CV.
- Susanti, I., Dimiyati, M., & Sari, N. K. (2020). Analisis Economic Value Added (EVA) Dan Market Value Added (MVA) Sebagai Alat Ukur Kinerja Keuangan Bank Umum Swasta Nasional (BUSN) Devisa Go Public Tahun 2014-2018. *Jurnal Ilmiah Mahasiswa Akuntansi Universitas Pendidikan Ganesha*, 11(3).

- Udiyana, I. B. G., Rini, I., & Ngaghi, B. (2015). Pendekatan Economic Value Added (EVA) Untuk Mengukur Kinerja Keuangan Pada PT. BPR. Maha Bhoga Marga Periode 2010–2014. *Prosiding Seminar Nasional Hasil Penelitian Tahun*, 173–190.
- Utama, I. P. H. B., & Giantari, I. G. A. K. (2020). Peran Citra Destinasi Memediasi Pengaruh E-Wom Terhadap Niat Berkunjung Kembali Wisatawan (Studi Pada Obyek Wisata Taman Edelweis Bali). *E-Jurnal Manajemen Universitas Udayana*, 9(4). <https://doi.org/10.24843/ejmunud.2020.v09.i04.p01>
- Wulandani, N. L. K. L. (2022). Pengaruh Citra Destinasi dan Persepsi Nilai Wisatawan Terhadap Kepuasan dan Loyalitas Wisatawan Milenial Mancanegara di Bali. *Journal of Tourism and Creativity*, 6(1). <https://doi.org/10.19184/jtc.v6i1.28911>