

# Billing and Payment of Accounts Receivable Procedures

Putri Cantika<sup>a\*</sup>

<sup>a</sup>*Jurusan Manajemen Bisnis, Politeknik Negeri Batam, putricantika@yahoo.com, Indonesia*

**Abstract.** This final project discusses about the billing of accounts receivable procedures to the customer every month and the payment of accounts receivable procedures until the limit time that given by the company. Billing and payment of accounts receivable procedures have their own stages. The problem is often occurs a delay in the payment of accounts receivable by customers due to certain factors. One of factor is receivable collection procedures or billing were not running smoothly so that the invoice does not get to the customers on time. The procedures that interrelated if one step is an obstacles it will have an impact on the increase of unpaid receivables in the company. The Company must pay attention to the performance of the parties associated with the billing and payment of accounts receivable procedures. The Company must also provide solutions so that customers are willing to pay accounts receivable on time to the company every month. The solution, for example by giving discounts to customers who pay off debts on time before the maturity date. Receivables are paid on time would be good for corporate finance. It will also affect the working relationship between the company and the customer.

Keywords: procedure, billing, accounts receivable, payment

## Introduction

PT Sumatera Global Mediatek as a branch company providing internet access services in the area of Batam has a duty to contribute to the advancement of technology and encourage economic activity. PT Sumatera Global Mediatek constantly improve network capacity, system reliability, and improved service to the community.

PT Sumatera Global Mediatek have 110 customers based on data in 2016. PT Sumatera Global Mediatek makes quality Internet access networks as prioritize, thus the selling price Internet access adapted to the needs and requests of customers. Companies with customers doing contract work together to agree on the payment amount each month.

Accounts receivable collection procedures performed every month and still in a period of internet usage in the month with a grace period of repayment as agreed in Letter Agreement of Cooperation between the customer and the company. The procedure begins with the collection of accounts receivable issue

invoices to customers (Gunawan & Sari, 2016). Invoice issued by the Section of Administration & Customer Relation Officer and then be sent via email or delivered directly to customers via the Delivery Customer Order. It is adjusted to the customer's request.

Delivery Customer Order is the party who submitting invoices directly to the customer so that the timeliness of the submitted invoices according to customer demand depends on the performance Delivery Customer Order. Belated invoice to customers makes the settlement of accounts receivable is also delayed. The maturity date of settlement of accounts receivable limits specified in Letter Agreement of Cooperation, but the company would sanction form of temporary suspension of service on the server or called isolir if customers do not pay no later than after thirty days from the due date.

Additional grace period for the repayment of credit extended by the company makes customers often delinquent accounts up to thirty days after the due date. Companies should provide solutions so that customers

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\*Corresponding author. E-mail: putricantika@yahoo.com

make timely settlement of accounts receivable before the maturity date. This would make the procedure settlement of accounts receivable are not obstructed so that the number of unpaid accounts in the company does not accumulate. The longer the term of accounts receivable piled up, the greater the risk of non-collection.

Based on the background that has been described, it can be seen that the problems occurred in the settlement of accounts receivable and billing procedures are often delays in the collection of accounts receivable and many customers who often postpone paying off receivables. These things cause billing and payment of accounts receivable procedures at PT Sumatera Global Mediatek does not run smoothly.

## Literature Review

### *Procedures*

According to Mulyadi (2008) the procedure is a sequence of clerical activities, usually involving several people in one or more departments, created to ensure the handling of the company's transactions are uniformly repetitive. That department is part of an organization or a company headed by a chairman of the section.

### *Accounts Receivable*

According to Kieso (2011) receivables also financial assets which is as financial instruments. Receivables (often referred to loans and receivables) are claims against customers and others for money, goods and services. With the right to claim the company can demand payment in the form of money or delivery of assets or other services to parties who owes.

### *Billing of Accounts Receivable Procedures*

According to Indriyo and Basri (2002) accounts receivable collection procedures as follows:

a. Part of receivables compiled a list of bills receivable maturing. The list will be submitted to the collector along with the original sales receipt.

b. Collector went straight to each customer's address and collect receivables are listed in the bill. Every payment by customer will be given the original sales receipt is stamped paid off.

c. Billing results obtained money will be handed over to the cash register and a list of bills.

d. The cashier counting money bill and if it is matched with a list of charges, the list of these bills will be given a stamp where the bill has been accepted by the cashier. Once stamped list of these bills will be referred back to the collector.

e. The next part of the billing will submit the bill to the list of accounts and accounting, billing receivable received on additional books and accounting records to the cashier and ledger books.

According to Kasmir (2003) there are several ways in which to collect the receivables as follows:

#### a. By Mail

When the time of payment of receivables from customers has been through a few days but has not yet made the payment, the company can send a letter with the tone of "remind" (reprimand) the customer is that the debt is due. If the debt has not been paid after a couple of days mail is delivered, it may be sent a second letter louder tone.

#### b. By Phone

After sending the warning letter turns these receivables have not paid, then the credit can call the customer and personally asked him to immediately make the payment. If the result of the talks turned out to customers have an acceptable reason, the company may be able to extend up to a period of time.

#### c. Through personal visits

Mechanical collection of accounts receivable by way of personal or private visits to the subscription is often used as to be especially effective in receivables collection efforts.

#### d. Judicial Action

When it turns out customers do not want to pay the receivables, the company may use legal measures to bring a civil action through the courts.

### *Payment of Accounts Receivable Procedures*

According to Krismiaji (2002) procedures for cash receipts from the payment of accounts receivable as follows:

#### a. Customers

1. Receiving STP (Letters of Billing) of the accounts receivable.
2. Make payments to the accounts receivable.
3. Receiving invoices in full sheets of one of the accounts receivable.
4. Payment is sent to the Accounts Section.

#### b. Cashier

1. Submitting invoices to the accounts receivable.
2. Invoice number 1 sheet delivered directly to check the expiration date.
- c. Accounts Receivable Section
  1. Receiving an invoice from cashier.
  2. Checking maturity and are recorded on a SUP (Schedule & Aging).
  3. Make STP (Letters of Billing) were delivered to customers.
  4. Accept payments in the form of money from customers.
  5. Create invoices in full duplex 2 with the following functions:
    - a) Sheet-1: sent to the customer because the customer has already paid the amount of debt on its maturity date.
    - b) Sheet-2: kept on file for the company's interests in the receivables.
  6. Make LPKP (Statement of Cash Receipts from receivables) in 2 with the following objectives:
    - a) Sheet-1: LPKP sheet 1 is sent to the finance department
    - b) Sheet-2: stored as archives for documents of the company. Receivables accept payments from customers and make the invoice in full duplex 2. Sheet 1 sent to the Customer. Sheet 2 is stored as an archive.
- d. Financial Department  
Financial Department receives LPKP (Statement of Cash Receipts from receivables).

## Results and Discussion

### Sections Related Billing and Payment of Accounts Receivable

As for the parts related to billing procedures and settlement of accounts receivable at PT Sumatera Global Mediatek as follows:

- a. Administration & CRO section is part of taking care of all documents related to credit sales and deal directly with the customer related information or complain about the service.
- b. Financial Administration section is the part that gives authorization and is responsible for all the company's books.
- c. Delivery Customer Order is the party that leads directly invoice or receipt along with the receipt form to the customer.

### Documents that Used

Documents that used in the procedure of billing and settlement of accounts receivable at PT Sumatera Global Mediatek as follows:

- a. Letter Agreement of Cooperation is a document that contains provisions that have been agreed by both parties to be bound within a certain period of cooperation and signed on the stamp.
- b. Invoice is receivable billing documents to customers every month during the contract year running.
- d. Receipt Form is the receipt of the submission of invoice with three copies of white, yellow and pink.
- c. Receipt is the receipt of payment made by the company after receiving proof of payment of the customer bill. Receipt is usually signed by the Financial Administration section/ part of the Administration and CRO.

### Billing and Payment of Accounts Receivable Procedures

Billing and payment of accounts receivable procedures at PT Sumatera Global Mediatek can be seen in Fig 1 as follows:

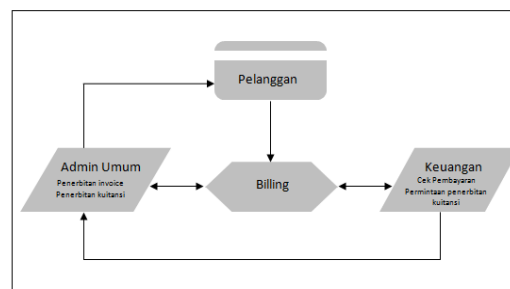


Fig. 1 Billing and Payment of Accounts Receivable Flowchart

Here is a summary procedure billing and settlement of receivables that occurred in PT Sumatera Global Mediatek based on the relevant section:

- a. Section of Administration & CRO
  1. Section of Administration & CRO create invoices as monthly bills and receipts form as a receipt with three (3) copies of which are white, yellow and pink are then submitted to the DCO (Delivery Customer Order) to be delivered directly to the customer.
  2. Duplicate receipt of all forms of yellow inserted into a document for filing by the Administration & CRO and the rest pink submitted to the Finance Administration.

3. After receiving confirmation from the Financial Administration over customers who have paid off the debts, then the General Administration & CRO will prepare a document to be proof of payment receipt by the signature and seal and then submitted to the Delivery Customer Order to be recorded as a list receipt must be submitted with the invoice next month.
- b. Section of Financial Administration
1. The Financial Administration received a pink receipt form as proof of invoices already submitted Delivery Customer Order to the customer. Receipt of the form as proof for the recording of the receivables book to bill that has emerged as a receivable to be paid customers.
  2. Section of Financial Administration check the date of receivables that could've been charged. Customers who have not paid after the invoice was submitted and passed the due date will be contacted by telephone by the Financial Administration section.
  3. Customers who have paid off accounts via transfer will send proof of payment via email.
  4. Section of Financial Administration directly record the settlement of accounts receivable and confirm to the General Administration & CRO to be made a receipt.
- c. Delivery Customer Order
1. The beginning of every month Delivery Customer Order receive an invoice and a receipt form three (3) copies of which are white, yellow, and pink from the General Administration & CRO.
  2. Delivery Customer Order delivers invoice and receipt form three (3) copies of these directly to the customer.
  3. Invoice and receipt form 1 (one) copy being delivered to customers are white, 1 (one) double yellow submitted to the Administration & CRO, and 1 (one) copy of pink submitted to the Finance Administration.
- settlement of accounts receivable collection procedures, which:
- a. At Financial Administration, the billing process to a customer over the phone is still less active. Billing by the phone as a warning to customers who have not paid after the due date of repayment. Financial Administration section underactive collect receivables to customers over the phone due to the number of customers is too much and only monitored by 1 (one) vote at the Finance Administration. Companies should conduct a re-evaluation of the details of the tasks assigned to each section and also adjusted the number of employees.
  - b. Delivery Customer Order often late submit an invoice to the customer. In the collection of accounts receivable procedures at PT Sumatera Global Mediatek, invoice is the main key to the monthly accounts began to be recognized by customers that invoices should be submitted on time by the Delivery Customer Order. The fact the opposite happened, invoices are often not timely submitted. This is due to the performance of Delivery Customer Order are not effective because only done by one person. Moreover, Delivery Customer Order were also given a target within a day's scheduled to deliver invoices to multiple customers. Delivery Customer Order should be given a target related to the number of invoices to be submitted to the customer in a day in order to do the timely collection of accounts receivable collection so that the procedure runs smoothly. Number of Delivery Customer Order should also be added, as if at any time the Delivery Customer Order was unable to attend the invoice will be piling up again. This will make the performance of Delivery Customer Order increasingly ineffective. On the other hand, the performance of the less effective it will become an obstacle to the subsequent procedures related to accounts receivable collection procedures namely procedures for the settlement of receivables.
  - c. For customers, in addition to delays in invoice to customers, payment of receivables are also often not done earlier or on time due to the absence of the profits to pay off debts early or on time. Customers often prefer to postpone paying off debts until additional grace period given. This makes the company had to wait to get his rights as a service provider in the form of internet access. Companies tackle these should be able to provide a solution that the customer no longer delay the

### *Problems in the Implementation*

Billing and payment of accounts receivable procedures at PT Sumatera Global Mediatek is too old is not updated and adjusted to the actual procedures happen. In addition, the problems found in the PT Sumatera Global Mediatek in the execution and

settlement of accounts receivable for too long, for example by giving discounts to customers who pay off debts on time before the maturity date. Various types and system of discounts can be applied in accordance with the agreement of both parties between the customer and the company. Customers who are interested in paying off early receivables will impact the company's financial.

## Conclusion

The conclusion that the authors obtained from the problems in PT Sumatera Global Mediatek as follows:

a. At Financial Administration, the performance of employees in the process of collection of accounts receivable to customers via the telephone is still less active. Billing by the phone as a warning to customers who have not paid after the due date of payment. Financial Administration Section should be monitored more about active involvement in giving warning to customers who have not paid after the due date settlement.

b. Delivery Customer Order is often not timely submit the invoice. The invoice delays caused by the performance of Delivery Customer Order are not effective because only done by one person. Moreover, Delivery Customer Order were also given a target within a day's scheduled to deliver invoices to multiple customers. The author suggested that should the number of Delivery Customer Order plus, because if at any time the Delivery Customer Order was unable to attend the invoice will be piling up again. This will make the performance of Delivery Customer Order more inefficient.

c. For customers, in addition to delays in invoice to customers, payment of receivables are also often not done earlier or on time due to the absence of gains from the customer side to immediately pay the receivables. Customers often prefer to postpone paying off debts until additional grace period given. This makes the company had to wait to get his rights as a service provider in the form of internet access. The company should provide a solution so customers do not delay settlement of accounts receivable for too long. The solution, for example by giving discounts to customers who pay off debts on time before the maturity date. Various types and system of discounts can be applied in accordance with the agreement of both parties between the customer and the company.

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