An Internal Control Analysis of Credit Sales at Imported Meat Distributors in Cirebon Regency: Operational and Educational Perspectives

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ABSTRACT

This study analyzed the effectiveness of internal control over credit sales at an imported meat distributor in Cirebon, Indonesia, using the COSO framework. Data were collected through observations, interviews, and document analysis. The results reveal that the current control system does not fully align with COSO's five components—control environment, risk assessment, control activities, information and communication, and monitoring. From an educational standpoint, this case serves as a valuable resource for students, educators, and practitioners in accounting and business management. It provides a practical example of how theoretical internal control concepts apply to small and medium-sized enterprises (SMEs), highlighting the need for structured risk assessment, segregation of duties, and integrated accounting systems. The study offers recommendations for operational improvement while also suggesting curriculum enhancements for professional training programs.

Keywords: *Internal Control; Credit Sales; COSO Framework; Risk Assessment; Accounting Education; Receivables Management; Small Business Finance; Credit Policy; SME Training; Cirebon.*

INTRODUCTION

Imported meat plays a vital role in meeting the protein needs of the Indonesian population. At present, Indonesia still heavily relies on beef imports to fulfill national consumption demands. According to the Ministry of Agriculture of the Republic of Indonesia (2022), the country experienced a beef production deficit of approximately 248.65 thousand tons in 2022. Local beef production only reached a total supply of 470.02 thousand tons. However, with estimated national consumption at 745.96 thousand tons, there was a shortfall of 275.95 thousand tons.

Indonesia continues to depend on beef imports to meet its national consumption needs. Imported meat plays a strategic role in fulfilling the population's protein requirements. The Ministry of Agriculture (2024) reported that between 2019 and 2023, beef imports showed an increasing trend annually. In 2019, imports amounted to 197,364 tons, decreasing to 167,128 tons in 2020. However, from 2021 to 2023, there was consistent growth—211,429 tons in 2021, 225,650 tons in 2022, and 238,433 tons in 2023. This trend is illustrated in Figure I.1 below:
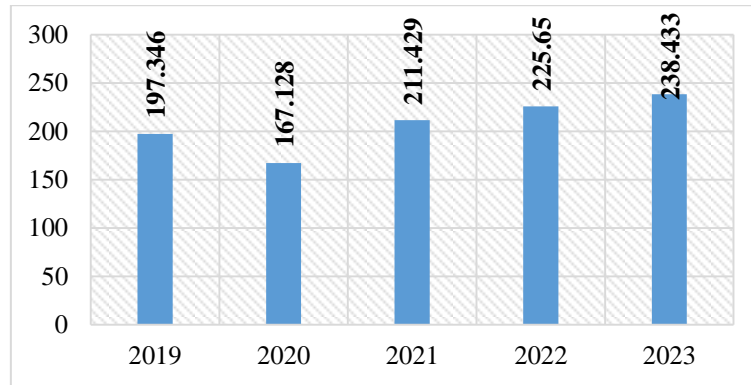
Figure I.1: Growth of Beef Imports in Indonesia, 2019–2023
Source: Ministry of Agriculture, 2024

Imported Meat Distributors in Cirebon Regency form a critical component of the food supply chain, helping to fulfill public demand for quality meat products. With the growing demand for imported meat in this region, these distributors serve as intermediaries between international suppliers and local consumers, including wholesalers, restaurants, hotels, and traditional markets. Their strategic importance continues to rise in line with the growth of the culinary industry and the demand for raw materials that meet food safety and quality standards (Roy & Ballantine, 2020). The following table 1 presents sales data for imported meat at distributors in Cirebon Regency for the years 2022–2024:

Table 1 Imported Meat Sales Data – Cirebon Regency (2022–2024)

Year	Cartons	Units (Kg)	Sales (IDR)
2022	25,991	568,965	30,519,171,204
2023	34,965	753,164	38,749,060,354
2024	25,141	547,345	28,716,569,495

Source: Processed by the author from Sales Data of Imported Meat Distributors in Cirebon Regency

In Figure I.2 above, sales data from Imported Meat Distributors in Cirebon Regency from 2022 to 2024 exhibit noticeable fluctuations. In 2022, total sales amounted to IDR 30,519,171,204, with 25,991 cartons sold, representing a total weight of 568,965 kilograms. In 2023, all indicators increased significantly: total sales reached IDR 38,749,060,354, with 34,965 cartons sold and a total weight of 753,164 kilograms—making 2023 the peak year for sales. However, in 2024, sales declined to IDR 28,716,569,495, with 25,141 cartons and a weight of 547,345 kilograms, significantly lower than in the two preceding years. This decline was attributed to shifts in market demand and fluctuations in the price of imported meat.

In the context of business, sales are typically classified into two categories: cash sales and credit sales. According to accounting principles, cash sales refer to transactions in which payment is made at the time of delivery, thus minimizing the risk of bad debts and facilitating cash flow management. In contrast, credit sales occur when goods or services are delivered first, with payment deferred according to a

mutually agreed schedule. Credit sales are often used to attract more customers and build business relationships, but they carry inherent risks due to the possibility of unpaid accounts—known as bad debts. To mitigate these risks, companies must implement procedures to minimize such losses (Horngren et al., 2018). Effective credit management ensures business continuity while keeping financial losses at a minimum.

In recent years, Imported Meat Distributors in Cirebon Regency have experienced significant growth in response to rising market demand. To meet this demand and expand their customer base, many distributors have started implementing credit sales systems (Kasmir, 2016). The table 2 below presents cash and credit sales data from Imported Meat Distributors in Cirebon Regency from 2022 to 2024:
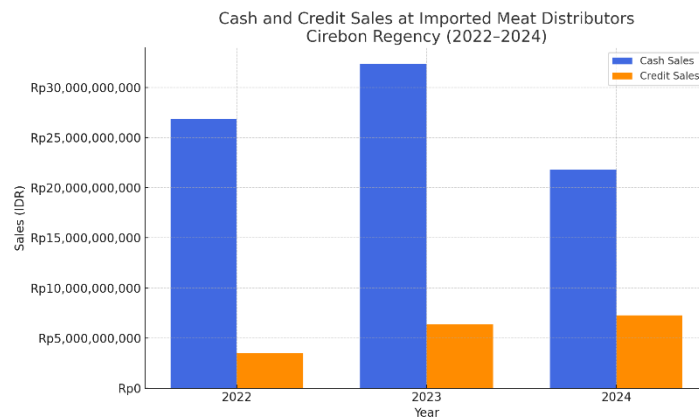

Figure I.3 Cash and Credit Sales at Imported Meat Distributors
in Cirebon Regency (2022–2024)

Source: Mendeley Sales Report, Processed by the Author

Based on Figure I.3, sales performance at Imported Meat Distributors in Cirebon Regency over the past three years shows a fluctuating trend in both cash and credit transactions. This data reveals a noteworthy phenomenon: although cash transactions remain dominant, credit sales have steadily increased over the past three years. This indicates that the flexible credit policy has encouraged customers to opt for credit payment methods, which in turn can impact cash flow management and long-term business strategy for the distributor.

Credit sales have become a common strategy to boost volume by offering flexible payment options to customers. However, they also pose risks such as uncollectible receivables, payment delays, and fraud. Therefore, an adequate internal control system is required to effectively manage these risks (Sari & Buana, 2022) and ensure healthy cash flow. The implementation of strict monitoring procedures, such as customer credit assessments before transactions and oversight of the billing process, can significantly reduce the potential for losses due to uncollectible accounts.

Table 1.1 Uncollectible Sales at Imported Meat Distributors in Cirebon Regency

No.	Date	Customer Name	Address	Amount (IDR)
1	11/09/2017	Mr. Fery	Jati Asih	64138300
2	01/01/2018	Hanani	Kediri	37050075
3	15/03/2018	Hanani	Kediri	65003945
4	03/06/2019	Joni	Ketanggungan	8525890
5	23/03/2018	Imam	Kediri	15720000
6	04/04/2018	Sarwanto	Pekalongan	41098310
7	18/04/2018	Mrs. Sukar	Kudus	32120000
8	19/04/2018	Sarwanto	Pekalongan	48203650
9	01/05/2018	Sarwanto	Pekalongan	36908000
10	14/05/2018	Sarwanto	Pekalongan	44856000
11	22/06/2018	Uus	Rajagaluh	5902000
12	24/06/2018	Subur	Kediri	46088000
13	09/11/2018	Wijaya	Ciledug	5539120
14	02/12/2018	Uus	Rajagaluh	5453000

To prevent similar incidents in the future, it is imperative to implement stricter monitoring procedures. These procedures include conducting a thorough creditworthiness analysis of customers prior to transactions and consistently monitoring and evaluating the billing process. Moreover, maintaining accurate records and utilizing technology in receivables management will assist in early risk detection and strengthen preventive measures.

The imported meat distributor in Cirebon Regency is among the rapidly growing enterprises in the retail and distribution industry, especially given the rising demand for high-quality meat. Hence, it is crucial to understand that such significant growth is not solely determined by sales volume but also by how effectively the company manages its receivables. Based on field observations, it was found that the distributor has not yet implemented an optimal internal control system. This is evident in various operational issues, one of which is the lack of proper work hour recording, allowing employees to arrive late without any disciplinary consequences or adequate supervision. This situation reflects weak control over work discipline.

Another significant problem lies in overlapping job responsibilities across departments that should ideally have distinct functions and duties. For instance, the administration staff is responsible not only for printing invoices but also for physically checking stock daily. This disorder is exacerbated by the absence of a formal policy regulating credit limits granted to customers. As a result, the company is exposed to significant risks of uncollectible accounts, which can jeopardize its financial stability. These overlapping duties, coupled with the high volume of transactions, increase the likelihood of errors and fraud due to lack of controls or authority misuse.

Based on the aforementioned background, the researcher is interested in conducting a study entitled "An Analysis of Internal Control Over Credit Sales at Imported Meat Distributors in Cirebon Regency."

METHOD

This study employs a qualitative research method. Qualitative research emphasizes meaning and depth of understanding rather than generalization. This study is a case study using a descriptive analysis method, with the object of research being an imported meat distributor located in Cirebon Regency. Data were collected through interviews with the business owner and direct field observations to obtain accurate and contextual information regarding the company's sales practices. For this study, the

population or social context to be analyzed includes the entire system, procedures, documents, reports, and all parties involved in operational activities directly related to the recording, storage, and supervision of credit sales at the imported meat distribution company in Cirebon Regency. The sample selected in this study consists of internal control and credit sales at the imported meat distributor in Cirebon Regency from 2022 to 2024. The research was conducted from February to July 2025.

FINDINGS AND DISCUSSION
Credit Sales Process at the Imported Meat Distributor in Cirebon Regency
a. Sales Order Procedure
The credit sales process at the Imported Meat Distributor in Cirebon Regency begins when a customer places an order with the marketing department. At this stage, both the product specifications and the agreed price are confirmed. Once the order is validated, the marketing department communicates the details to an internal WhatsApp group, which serves as an informal yet immediate instruction for same-day dispatch. As stated by one marketing staff member during the interview: "Usually, I offer products to customers and inform them about the pricing. Once confirmed, I forward the order details to our internal WhatsApp group for immediate processing."

This description highlights the use of informal communication tools for order processing, which, while practical and efficient, lack formal documentation and digital tracking systems. Upon receiving the order notification, the administrative department is responsible for recording the transaction in a logbook, verifying inventory availability, and printing the sales invoice.

b. Credit Approval Procedure
To accommodate customers requiring flexible payment options, the distributor has implemented a credit sales policy. This strategy aims not only to build customer loyalty but also to facilitate continuous transaction flows. Credit is generally extended upon customer request and is subsequently discussed and recommended by the marketing department to the business owner. As noted by the marketing staff: "We only give recommendations, but the final decision is always made by the owner. Sometimes, we also inform the finance and administration departments."

The business owner confirmed this process: "I usually grant the final approval myself, although marketing often provides recommendations."
Currently, the distributor lacks a formal credit evaluation system or documented criteria. However, several informal considerations are used to assess creditworthiness, including purchase history, the quality of the business relationship, and consistency in prior payments. The owner acknowledged: "I assess a customer's previous purchases, the strength of our business relationship, and how promptly they pay. But no formal written system has been implemented."

For new customers, a single unpaid invoice policy is enforced: customers must settle outstanding invoices before receiving additional deliveries. Once customers establish a good payment track record, further approvals are no longer required unless

there are violations of prior agreements. It is important to note that the distributor does not impose a credit limit per customer. As long as previous invoices are settled, larger orders are permitted—even if the order value exceeds the previous credit. While this offers transactional flexibility, it increases the risk of unmanaged credit exposure.

Regarding payment terms, no formally documented due date exists. However, a generally accepted flexible payment period ranges from two weeks to one month. The owner explained: "We have some general rules, but they're flexible. Typically, the maximum time to settle a payment is between two weeks and one month." If a customer fails to place a new order for an extended period, informal debt collection is initiated by the marketing staff, usually through direct communication or WhatsApp messages. No formal collection documents or reports are used in this process. While a digital application is employed to record sales transactions, the credit control system remains underdeveloped—especially in terms of receivables management. One administrative staff member noted: "Yes, we use the system for sales, but overall credit management is the responsibility of the finance department." This statement reflects the limited integration of credit control functions within the current information system. The collection process remains manual, and the staff in charge also holds multiple responsibilities, leading to delays and inconsistencies in debt collection.

Although the use of digital tools is a positive development, the effectiveness of internal controls over credit sales still heavily depends on interdepartmental coordination and individual performance. To strengthen the system, the implementation of automated features in the application, clearer task delegation, and the appointment of a dedicated credit monitoring officer are recommended. These improvements are critical to ensuring accountability and minimizing the risk of uncollected receivables. The overall credit approval procedure is illustrated in Figure 43, which outlines the informal yet structured flow of communication and decision-making used by the company.
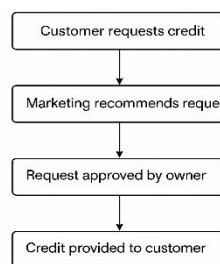

Figure 4.3. Credit Approval Procedure
Source: Imported Meat Distributor in Cirebon Regency, processed by the author.

c. Delivery Procedure

The distribution procedure at the Imported Meat Distributor in Cirebon Regency begins with the order being recorded by the administrative staff. After the order is logged, the administrator coordinates with the warehouse team to prepare the items to be delivered. The warehouse staff prepares the products under the supervision of the administrator to ensure that the items match the customer's request. In an interview,

the administrator explained the initial steps as follows: "Usually, when there's an order from marketing, I record it in the logbook first. Orders typically come through the WhatsApp group. After that, I check the stock availability. If everything is available, then I proceed to issue the sales invoice."

This statement shows that the initial process is still manual and relies heavily on interdepartmental communication, particularly to confirm stock availability before printing documentation and proceeding with delivery. The Warehouse Head is responsible for the final inspection of the quantity and types of items to be released from the warehouse, based on the approved order. Once the inspection is completed, the administrator prepares the sales invoice. The goods, along with the invoice, are then loaded into the delivery vehicle. Regarding payment, there are two types of systems in place:

Cash Payment:

Cash sales occur when customers make immediate payments, either in cash or via bank transfer. After the payment is made, customers receive the white copy of the invoice as proof of transaction. Meanwhile, the red invoice, along with the payment, is handed over by the delivery driver to the administrative department as supporting documentation indicating that the transaction has been completed.

Credit Payment:

For credit payments, the customer receives a copy of the invoice from the driver and signs it upon receiving the goods as proof of delivery. The red invoice is kept for the accounts receivable process, while the white invoice is returned to the admin by the driver to serve as evidence of delivery and a basis for recording receivables. The following illustration presents the delivery procedure used by the Imported Meat Distributor in Cirebon Regency:
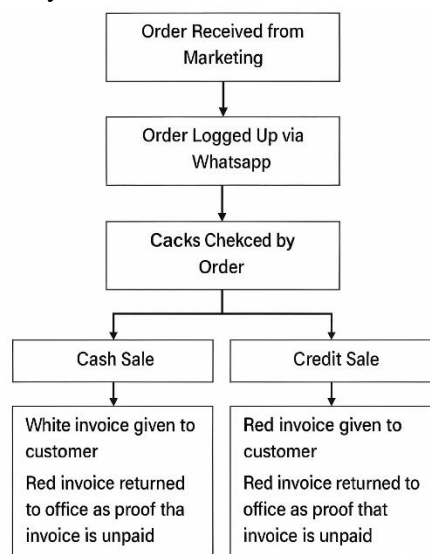

Figure 4.4. DeliveryProcedure
Source: Imported Meat Distributor in Cirebon Regency, processed by the author.

d. Billing Procedure

The Imported Meat Distributor in Cirebon Regency implements a billing procedure aligned with customer purchasing behavior and payment patterns. The primary goal is to maintain smooth cash flow and minimize the risk of problematic receivables.

Billing typically occurs under specific conditions. One common instance is when customers place a repeat order, where they are usually required to settle the outstanding invoice before their new order is processed. However, in actual business practice, there are occasions where goods are still delivered despite previous invoices remaining unpaid. In such cases, the marketing team takes the initiative to follow up with customers, often the following day, especially when two or more invoices are overdue.

In addition to marketing, the finance department is actively involved in the billing process. They are responsible for reminding and following up on receivables directly with customers. This involvement represents a strategic approach to prevent receivables from accumulating and to ensure the company's financial health. Based on interview findings, marketing staff confirmed their role in the billing process:
"This happens quite often, since customers interact more frequently with us. Therefore, we often assist in following up."Marketing personnel are also aware that the finance department shares responsibilities in delivery and billing:"Yes, I know, the finance department is also involved in the billing process."

e. Accounting Procedure

The operational system implemented by the Imported Meat Distributor in Cirebon Regency integrates an internal application that facilitates automatic recording of every approved sales invoice. Once validated by the responsible personnel, sales transactions are recorded by administrative staff into the system. This digital system classifies sales recapitulations and reconciles customer receivable balances based on logged transactional data. It is important to note that the administrative team does not conduct manual bookkeeping, as the application is designed to handle automated input, including transaction entries and receivable balances. This approach improves administrative efficiency and enhances the accuracy of financial reporting and receivable monitoring.

When customers make cash payments through the delivery driver at the point of delivery, the funds are returned to the office along with supporting documents such as receipts and invoice references. These documents are then verified by the accounting department to ensure accountability and transparency. The accounting staff match the received amount with the recorded transaction data before the transaction is officially posted using standard accounting entries—debiting the cash or bank account and crediting accounts receivable.

This process is an integral part of the company's internal control system aimed at maintaining proper cash flow records and ensuring timely and accurate customer payment documentation. In addition, periodic reconciliation performed by the

administration, finance, and accounting departments ensures the consistency between system data and actual payments received.

Figure 4.5 Internal Accounting System Used At The Imported Meat Distributor In Cirebon Regency

Credit Sales Process at the Imported Meat Distributor in Cirebon Regency

The sales order procedure at the Imported Meat Distributor in Cirebon Regency begins with customers placing orders directly with the marketing department, where product specifications and pricing are mutually agreed upon. Upon confirmation, order details are shared via the company's internal WhatsApp group as instructions for the administrative department to record and verify stock availability, followed by the issuance of a sales invoice. The credit approval procedure is conducted informally, initiated by the customer's request to the marketing team and forwarded to the business owner, who holds final decision-making authority. This process lacks a written credit evaluation system, with decisions instead based on the customer's purchase history, business relationship quality, and prior payment performance. Although a policy is in place requiring full settlement of one invoice before processing the next, credit limits and repayment terms remain flexible.

The delivery process follows order recording and coordination with the warehouse to prepare goods in accordance with the request. Goods are delivered alongside the invoice and recorded based on the payment method—cash or credit. Collections are handled by both the marketing and finance departments, typically on an informal basis, either during repeat orders or when multiple invoices remain unpaid.

4.3 Discussion

The focus of this study is to address the main research question regarding the effectiveness of internal control over credit sales implemented by the Imported Meat Distributor in Cirebon Regency. It also aims to identify the challenges encountered in its implementation and to propose feasible alternative solutions. The analysis is conducted through an in-depth examination of data obtained from field observations, interviews, and document analysis, assessed using the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework. This framework consists of five key elements: control environment, risk assessment, control activities, information and communication, and monitoring.

Through this approach, the discussion is directed toward evaluating the extent to which the existing internal control system aligns with good governance principles, while also revealing structural and functional weaknesses identified during implementation. Furthermore, this section offers practical and implementable recommendations to enhance the company's internal control system—particularly in safeguarding the quality and security of accounts receivable against the risk of loss due to customers' non-compliance with payment obligations.

Analysis of the Suitability of Internal Control Based on COSO Components – Educational Perspective

Control Environment

The distributor's overlapping roles and lack of documented policies weaken the control environment. From an educational view, this case shows students the importance of clear role segregation in effective internal control (Arens et al., 2020).

Risk Assessment

No formal credit scoring, limits, or written approval procedures exist, making decisions subjective and risky. Educationally, this highlights the need to teach structured credit evaluation methods in business programs (Haq & Handayani, 2024).

Control Activities

Deliveries sometimes proceed despite unpaid invoices, and payment checks are inconsistent. Training programs can use this gap to simulate designing stronger control activities (Waninghiyun & Andhaniwati, 2024).

Information and Communication

Reliance on WhatsApp and underused internal apps limits effective reporting. This underlines the importance of integrated accounting systems in curricula (Romney & Steinbart, 2017).

Monitoring

No internal audit or receivables aging reports exist; monitoring is informal and reactive. Educationally, this stresses teaching continuous monitoring tools like audits and aging schedules (COSO, 2013).

Based on the analysis of the five COSO components, it can be concluded that the implementation of internal control over credit sales at the Imported Meat Distributor in Cirebon Regency has not fully aligned with ideal internal control principles. This is due to weak documentation, a lack of formal control structures, and the absence of comprehensive risk evaluation and monitoring systems. Therefore, the company must undertake gradual and holistic improvements in policies, organizational structure, information systems, and human resource capabilities to establish an effective and sustainable internal control system.

The findings of this study reveal that internal control over credit sales at the distributor has not met the five core components of the COSO framework—control environment, risk assessment, control activities, information and communication, and monitoring. Regarding the control environment, the lack of a well-defined organizational structure and unclear segregation of duties between authorization,

recording, and supervision functions demonstrate a weak control foundation. The risk assessment component is also ineffective, as there are no formal procedures to evaluate customers' creditworthiness or limit their receivables. Control activities remain informal and undocumented, increasing the risk of irregularities in sales and collection processes. The communication system is not fully integrated, resulting in delays in decision-making. Meanwhile, the absence of an internal audit function and receivables aging reports shows that monitoring activities are not conducted systematically.

This finding supports previous research by Assyifa Nurul Haq and Anita Handayani (2024), who examined internal control over receivables at PT XYZ and found that the lack of segregation of duties and proper documentation could increase the risk of bad debts. Their study highlighted the importance of adopting strong internal control principles to enhance accountability and transparency in credit sales— a concern also reflected in this study.

Moreover, the current research aligns with the findings of Vidya Hangialevi Waninghiyun and Erry Andhaniwati (2024), who studied the role of receivables accounting information systems at PT Tunas Surya Sentausa. They concluded that companies using integrated accounting information systems could improve internal control effectiveness. Their emphasis on formal credit assessment and receivables monitoring procedures echoes the issues identified in this study, particularly the lack of a structured risk evaluation system at the distributor.

Similarly, Iswandir (2024), in his research on the effectiveness of internal control over credit sales at PT XYZ, concluded that clearly defined task segregation reduces errors and fraud in transaction recording. This study reinforces that finding, as the distributor's overlapping roles between divisions continue to hinder the effectiveness of its internal control system. Hence, there is a clear need to restructure the organization and assign responsibilities more distinctly to strengthen internal controls and reduce the risk of losses due to delinquent payments.

Constraints and Solutions in the Implementation of Internal Control on Credit Sales at the Imported Meat Distributor in Cirebon Regency

Based on observations and interviews, the implementation of internal control over credit sales at the Imported Meat Distributor in Cirebon Regency faces several significant challenges. These constraints are not only structural but also involve technical, administrative, and organizational culture aspects within the company.

One of the main challenges is the lack of clear segregation of duties among marketing, administration, finance, and supervisory functions. In some cases, marketing staff also act as drivers, handle order processing, and are responsible for collecting receivables from customers. At the same time, the finance department not only manages cash flows but also takes on supervisory responsibilities for daily operations. This role overlap creates excessive workloads and undermines the internal control system, as the principle of cross-checking becomes ineffective. Moreover, the informal organizational structure and the absence of written job descriptions blur functional boundaries, increasing the risk of undetected errors or irregularities.

Another key constraint is the absence of a standardized credit risk assessment system. Credit approval is granted solely based on the business owner's personal judgment, without written evaluations or structured risk classifications. As a result, credit decisions are made subjectively, leading to a higher risk of uncollectible receivables. In addition, the inconsistent enforcement of payment deadlines and the absence of credit limits per customer weaken the company's ability to control outstanding receivables.

A further obstacle lies in the informal communication and documentation systems used within the company. Most interdepartmental communication is conducted via WhatsApp groups, with no formal recording or reporting procedures that can be used for performance evaluation. Although the company has developed an internal application to record sales, it has not been fully utilized to support receivables monitoring or collection reporting. Debt collection procedures are still carried out manually, based on the initiative of marketing or finance staff, without referencing a systematic aging schedule. As a result, the collection process is inconsistent and often triggered only by repeat orders or overdue invoices.

To overcome these challenges, several structured solutions are proposed. First, the company should restructure its organization by defining and formally documenting job responsibilities, including detailed job descriptions for each position. This will ensure adequate segregation of duties among authorization, execution, and recording of transactions. Second, a written credit policy should be developed, covering credit application procedures, customer eligibility criteria, credit limits, and standardized payment terms. With such a policy in place, credit decisions can be made objectively and consistently documented.

Next, the company should upgrade its internal application system to include features such as receivables monitoring based on aging schedules, automated reminders for due receivables, and customer payment history tracking. The integration of information technology across departments will enhance the speed and accuracy of information while strengthening the company's oversight functions. Finally, the company should implement a scheduled collection system and assign specific personnel responsible for receivables management to ensure consistent and well-planned debt collection processes.

The proposed solutions are expected to strengthen internal control over credit sales and minimize the risk of losses due to uncollectible receivables. This is aligned with the findings of Vidya Hangialevi Waninghiyun and Erry Andhaniwati (2024), who found that a lack of automation in the credit approval process at PT Tunas Surya Sentausa contributed to delays and human error. By integrating information systems across departments, companies not only improve data accuracy and processing speed but also reinforce internal oversight functions, as recommended by Assyifa Nurul Haq and Anita Handayani (2024) in their study on accounts receivable control at PT XYZ.

Moreover, implementing a regular collection schedule and appointing a dedicated receivables officer will help ensure consistent and systematic debt collection. This aligns with Iswandir's (2024) recommendation, which emphasizes the importance

of clear task segregation to reduce risks of errors and irregularities in transaction recording. By adopting these solutions, the company can enhance the effectiveness of internal control over credit sales, minimize financial losses, and improve operational efficiency overall.

According to COSO (2013), a robust internal control framework comprises five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring. These components serve as a comprehensive foundation for companies to evaluate and improve their internal control systems. However, practical implementation in SMEs often faces challenges due to limited human resources, informal management structures, and a lack of technological adoption (Tuanakotta, 2010).

Haq and Handayani (2024) investigated the internal control of accounts receivable in PT XYZ and revealed that insufficient task separation and lack of formal documentation increased the risk of bad debts. Their study underscores the importance of documenting procedures and clearly defining roles to enhance accountability. Similarly, Iswandir (2024) demonstrated that an effective internal control system, supported by well-defined roles and responsibilities, can significantly reduce transaction errors and fraud in credit sales processes.

Waninghiyun and Andhaniwati (2024) explored the role of accounting information systems in improving receivables control at PT Tunas Surya Sentausa. They found that automation and system integration were crucial in ensuring timely payment tracking and effective follow-up procedures. Their research aligns with global trends advocating for digitalization in SME operations to increase transparency and reduce operational inefficiencies.

This case study provides significant educational value across different learning and professional contexts. For students, it serves as a real-life application of the COSO framework, illustrating the gaps between theoretical principles and practical implementation in SMEs (COSO, 2013; Tuanakotta, 2010). For educators, the findings can be transformed into teaching materials, such as simulations and role-play exercises in accounting, auditing, and business management courses, helping learners develop analytical and decision-making skills (Arens et al., 2020). For vocational and professional training programs, the study underscores the importance of incorporating modules on credit risk assessment, formal policy documentation, and accounting system integration to enhance participants' operational competence (Haq & Handayani, 2024; Waninghiyun & Andhaniwati, 2024). Finally, for professionals, the case emphasizes the need for continuous learning in receivables management and internal control systems to adapt to evolving business risks and technological tools (Iswandir, 2024; Wilkinson, 2013).

CONCLUSION

Based on the results of the study, it can be concluded that the internal control system over credit sales at the Imported Meat Distributor in Cirebon Regency is not yet functioning optimally and does not fully align with the five components of the COSO

internal control framework. The control environment component does not adequately reflect a clear segregation of duties, as overlapping roles between departments still exist, written policies are absent, and the organizational structure remains weak. In terms of risk assessment, the company has not implemented a systematic credit evaluation mechanism. Credit decisions are made based solely on the business owner's personal judgment, without written guidelines or a maximum credit limit. Control activities such as credit authorization, payment verification, and receivables monitoring are inconsistently applied. Information and communication systems between departments remain informal, primarily relying on non-integrated tools like WhatsApp, and have not been supported by a formal management information system for reporting and decision-making. Monitoring of internal control effectiveness is also lacking, as there is no internal audit function or receivables aging reports to track overdue payments.

The internal control system at the imported meat distributor does not fully align with COSO principles due to inadequate segregation of duties, absence of formal credit policies, and limited monitoring systems. Improvements should include restructuring roles, implementing formal credit risk assessment procedures, upgrading accounting software for receivables tracking, and establishing routine monitoring through receivables aging reports.

From an educational perspective, the case demonstrates the necessity of integrating internal control topics into both academic curricula and professional development programs. This will help prepare future managers and accountants to design, implement, and sustain effective internal control systems in SMEs.

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