

# THE IMPLEMENTATION ANALYSIS OF INTERNAL CONTROL ON CREDIT PROCEDURE OF WORKING CAPITAL (Case Study at PT Bank Pembangunan Daerah Jawa Timur Cabang Malang Tbk)

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## ABSTRAK

Pemberian atau penyaluran kredit, utamanya kredit modal kerja, merupakan salah satu bisnis bank yang memiliki risiko yang tinggi. Risiko dalam penyaluran kredit adalah terjadinya kredit bermasalah. Kemungkinan terburuk kredit bermasalah adalah terjadinya wanprestasi debitur berupa kredit macet, dimana dalam kondisi ini debitor tidak mampumengembalikan dana bank yang telah diberikan. Kredit bermasalah dapat dihitung menggunakan rasio NPL-Non Performing Loans. Semakin tinggi angka rasio NPL menunjukkan tingginya tingkat kredit bermasalah suatu bank. Angka rasio NPL yang tinggi juga menunjukkan pengelolaan yang kurang baik terhadap sistem dan prosedur dalam penyaluran atau pemberian kredit modal kerja. PT Bank Pembangunan Daerah Jawa Timur, dikenal dengan Bank Jatim, merupakan salah satu bank penyalur kredit modal kerja. Penelitian mengenai pengelolaan penyaluran kredit modal kerja pada Bank Jatim dengan melakukan wawancara dan dokumentasi terhadap sumber sekunder menunjukkan bahwa Bank Jatim menerapkan sistem dan prosedur yang tidak berbelit-belit saat penyaluran kredit. Pengendalian internal yang diterapkan juga dilakukan dengan sangat baik, dan memberikan hasil berupa angka rasio NPL yang mendekati nol persen selama tiga tahun.

**Kata kunci: Penyediaan Kredit, Non Performing Loans (NPL), Sistem dan Prosedur**

## ABSTRACT

*The provision or distribution of credit, mainly working capital credit, is the one business of a bank with high-risk. Risk in credit distribution is the occurrence of non-performing loans. The worst possibility is a lack of non-performing loans in the form of bad credit borrowers, which in this condition debtors are unable to repay the funds that the banks have been given. Non-performing loans can be calculated using the ratio of non-performing loans (NPL). The higher NPL ratios indicate a high level of non performing bank loans. High NPL ratios also indicate poor management of the systems and procedures in the distribution or provision of working capital loans. PT Bank Pembangunan Daerah Jawa Timur, known as Bank Jatim, is one of public bank that deal with working capital loans. The research on management of working capital credit in Bank Jatim done through interviews and documentation of secondary sources suggests that, Bank Jatim applied the system and procedures of credit distribution. Internal controls that applied in Bank Jatim also performed extremely well, and give the results that the number of NPL ratio is close to zero percent over the next three years.*

**Keywords: Provision Credit, Non Performing Loans (NPL), Systems and Procedures**

## 1. BACKGROUND

The main problems in the business world is capital. Capital meant here is the availability of funds as an instrument founder and the developer business. Getting bigger and developing an activity business, the bigger also needs the funds. Needs the funds could be filled use two ways, which is through their own capital and debt or credit. Meeting the needs of the funds through debt be pursued with borrowed funds to parties external company. External parties company one of which may be in the form of financial institutions or bank, who generally be facilitate to give comfort for the lender in developing business. One services credit that were distributed by banks in order to increase the production of a business that is productive credit in the form of working capital credit. Working capital credit is credit given for the benefit of the smooth working capital customers. In general working capital credit used debtors to do procurement operational activities company; as to buy basic substances or raw materials, tools, salary and wage employees, and other expenses that relating to the activities firm production.

In this research the main issues researched is how the system implementation and procedures the provision of credit working capital, how the resolution of problems the provision of credit working capital applied, and how an internal control applied in relation to the or the granting of working capital credit. The purpose of this study is to find the system implementation and procedures the provision of credit working capital, a solution that applied in resolving of loan defaults, and the application of internal control with respect to the or the granting of working capital credit.

The system is a group of elements which closely associated with other one, that function to achieve a certain goal (Mulyadi2008:2). Of that definition can be further detailed a general sense on the system, namely (1) every system consisting of elements, (2) Elements are an integral part system concerned, (3) Elements of the system working together to achieve the objectives system, (4) A system is part of a system of other larger. The other support of the system is the procedure. The procedures are an order of clerical activities, usually made to ensure the handling of transactions in a uniform fashion company that happened over and over again. Working capital credit small-scale loans are devoted to finance purposes capital smoothly usually deplete in one or several times production process or cycle business (Firdaus dan Ariyanti 2009:3). In providing credit, not only the system and procedure with which be noted, but also

management credits. Credit management is how to manage the provision of credit starting from the credit given up to the credit keel (Kasmir 2008:124). In the credit must be considered its elements, the trust, the agreement, a period of time, risk, it services. The principle that must be applied in the provision of credit s the principle 5C, namely character, capacity, capital, condition of economic, and collateral. Internal control means the affect or directing activity a project, organization, or system (Firdaus dan Ariyanti 2009:83). Internal control can be implemented in a quilted, namely (1) Internal control through a system, (2) internal control through a procedure, (3) internal control through a organizational structure. In order to the internal control must have the structure of the organization, a division of labor and responsibilities clear, procedures implemented in order and sustainable, and employees quality.

PT Bank Pembangunan Daerah Jawa Timur (Bank Jatim) Cabang Malang appointed as an object of research because nationally, Bank Jatim having the ratio of non-performing loans of numbers that tended to increase during the past three years, starting from 2011 until 2013, With a nominal amount of credit distributed that rises every year. This becomes attractive to study, namely about how management credit distribution working capital in Bank Jatim Malang and what move traveled Bank Jatim poor in the face of debtors troubled.

## 2. LITERATURE REVIEW

### 2.1 Definition of System

In everyday life people often equate the system in a way. The term system in Greece i.e. *Sistema* meaning or regulate placement. The system is very important in an organization. Therefore, the system also includes a valuable asset in a company or organization to achieve a particular goal.

According to (Mulyadi 2008:2) the system is a group of elements that are closely related to each other, that works together to achieve a particular goal. The system was created to handle something repeatedly or regularly occur.

The same thing was expressed by Anthony and Vijay (2005:7) stated that a system is a certain way and by repetitive for executing a spatially or group of activities. System having characteristics of a series of steps coordinated and repetitive, intended to achieve a specific purpose.

## 2.2 Definition of Internal Control System

In general, internal control system is part of each of which is used as a guideline procedures and operational company or certain organizations. Companies in general use internal control system to direct operations of the firm and prevent the occurrence of abuse the system.

According to Mulyadi (2008:165) internal control system covers organizational structure, the methods and measurements which coordinated to keep wealth organization, check carefulness and accounting, the reliability of data encourage efficiency and encourage data management policy. Based on that definition, the purpose of internal control system are (1) keep wealth organization, (2) check carefulness and accounting, the reliability of data (3) encourage efficiency, and (4) encouraging management policy.

According to Hall (2008:150) internal control system summarizes the policies, practices, and procedures used by the organization to achieve four main goals: (1) keep the company's assets, (2) ensure the accuracy and can increase the validity of records and accounting information, (3) promote the efficiency of the operations of the company, and (4) measuring compliance with policies and procedures that have been established by management.

## 2.3 The Purpose of Internal Control System

The Purpose of Internal Control System divided by two, according Mulyadi (2008:164-172) as follow:

### a. Internal Accounting Control

Internal Accounting Control is part of system an internal control covering the structure of the organization, methods and measurements coordinated especially for protect wealth organizations and check precision and reliability of accounting data

### b. Internal Administrative Control

Internal Administrative Control is covering the structure of the organization, methods and measurements which coordinated especially to still efficiency push and management policy

Can be concluded that internal control was aimed at preventing deviation as carelessness, extravagance and cheating in a company by the achievement of the aims and holds the policy together

## 2.4 Definition of Bank

According to law no.10 1998 on the amendment on act no.7 year 1992 concerning banking, banks are business entities that are collecting fund from public in the form of saving and spend that to the people in the form of credit and or other forms of in order to improve the living standards of the people at large. From the act by way of can be concluded that includes three local-state banking activities which were raised funds, disbursing funds and grant the services of other banks.

## 2.5 Definition of Credit

According to Rivai (2007:438) term credit derived from latin, *credo*, which means i believe, i trust. The words *credo* derived from the combination *credo* the words which means of trust and words of the latin *do*, which means i put. Of the word, inconclusive some sense credit, namely: (1) the transfer of goods, services, or money from one party (creditors or lenders) on the basis of trust to another party (a debtor or borrower) with promise pay of receiver credit to the grantor credit on the approved by both sides, (2) credit provision of money or bill that may be likened to that, based on approval or agreement between bank loans and other party that required the borrower to pay off its debts after a specified period by or in return for result, (3) The surrender of economic value now over a belief in the hope of getting back an economic value that same day, at a later (4) where an act on the basis of agreement in the treaty there are services and returns (achievement) that both elements, are separated by time and (5) an rights, with such a right which a person can used for a specific purpose, within the limits of a particular time, and upon certain consideration as well.

## 2.6 Definition of Credit Control

Control credit absolute was implemented to prevent non-performing loans and settlement procedures non-performing loans .Control credit is efforts to keep credit are fluently, productive, and not bad (Hasibuan 2008:105)

## 2.7 The Purpose of Credit Control

According to Hasibuan (2008:105) the purpose of internal control as follows:

- 1) keep the amount of loans safely
- 2) Know whether the amount of loans that fluently or not
- 3) perform the act of prevention and resolving of non-performed credit over non-performing loans

- 4) Evaluate whether procedures credit distribution has been good or still need to be refined
- 5) Repairing the mistakes of employees analysis credit and to ensure that the error happening again
- 6) Know position the percentage collectability credit that were distributed bank  
Improve the morals and responsibilities employees credit analysis

## 2.8 Definition of Working Capital Credit

Working capital credits is one type of credit procedured bank to its customers to finance operational company related to the procurement of goods or of a production process until the goods are sold out.

According to Dendawijaya (2005:27) understanding working capital credit is: "Bank credit given to customers (debtor) to fulfill debtor working capital"

This principle working capital is the use of capital be discharged in a business cycle is beginning of the cash from bank credit then used to buy raw materials and merchandise or goods so then be sold in cash or next credit obtain cash back. In operational, activities companies need sufficient funds to ensure continuity operations.

## 2.9 The Credit Procedure of Working Capital

Credit procedure working capital is traversed steps to provide credit. Credit procedure by banks in general same between one banks with other bank have a procedure that is not much different. This may be the difference lies in how the purpose of the bank and the stipulated terms with consideration each. The main goal of this procedure to ease bank credit worthiness of judging a request so as to prevent the occurrence of non-performing loans. In outline procedure granting credit problem concerns

- a. Standard credit documentation
- b. Protection through credit insurance program
- c. Supervision of credit
- d. Guidelines special handling certain credit

According to Kasmir (2008;124) in general, the procedure granting credit by a bank are:

- a. The filing of a beam  
The customer submits a credit application files in a credit application proposal which is equipped:
  - 1) Background
  - 2) Purpose

- 3) The amount of credits and the time period
- 4) Control System of Credit
- 5) Credit guarantee
- b. Investigation of the loan file
- c. Interview I
- d. Survey
- e. Interview II
- f. Decision credit

Decision credit received will be prepared.

Decision credit includes:

- 1) Amount of money received,
- 2) Credit time frame,
- 3) Cost to be paid.
- g. The signing of the credit agreement or other arrangements.
- h. Credit realization and the disbursement of a loan

The granting of credit to customers is carried out based on the analysis of the feasibility of granting credit. Analysis of the feasibility of granting credit to customers is basically estimate the ability of customers to manage its business so that it will be able to pay its obligations. This can be done by:

- (1) Applying the General principles of granting of credit,
- (2) Analyze document files or customer records,
- (3) Seek input from other sources such as: blacklist credit, similar business group, business partners customers.

## 2.10 The Settlement of Non-performing loan

In practice banking, planning process to overcome non-performing often termed by gaming plan or a plan strategy chosen to solve problems bank with a debtor.

- 1) Rescheduling, namely by way :
  - a) Extend credit time frame  
In this case debtor given lightness in term problems credit time, for example the extension of the period credit from six months to one year so debtor have the time more time to restore it.
  - b) Extend time period of credit installment  
Extend installments almost the same as credit time frame. In this case a period of time installments credits extended payment, e.g. from 36 times to 48 times and this of course the number of installments will be narrowed along

with increasing the number of installments.

- 2) Reconditioning, by way of changing various requirements such as the one:
  - a) Capitalization interest, namely in an interest manner of basic be used as debt.
  - b) Suspension of interest to a particular time. And only interest that can be delayed payment, while basic loans should be paid as usual.
  - c) With the decrease in interest. With the decline in interest intended to be more alleviate the burden of customers. It depends of consideration the relevant bank. With the decline in interest will affecting the amount of installments the narrowed, so it expected to alleviate customers.
  - d) Exemption interest. In the release of interest rates given to borrowers with the customers are not be able to longer afford credit. But, customers still had an obligation to pay loans to a basic capital.
- 3) Restructuring, namely by way :
  - a) To increase the number of credit.  
Increases equity, namely by deposits cash or additional of the owner.
- 4) A combination, is a combination of these three types of the method above. For example the combination of restructuring with reconditioning or rescheduling with restructuring.
- 5) Confiscated the collateral  
Confiscated the collateral is a last resort when customers have no good faith or no longer able to pay all the loans (Kasmir, 2010:109)

### 3. RESEARCH METHOD

This research belonging to the research descriptive quantitative, which in the process of research and data processing not using calculation, only illustrate and explanation of the problems in question (Litosseliti 2010:52). Data collection method used is a technique interview resource persons and documentation to some notes company while maintaining the secret company.

To the method used analysis is to reduction or summarizes of data and information obtained, then do data presentation used to in writing, charts, and furrow (flowchart), the thing last is make withdrawals conclusion of the results of presentation of data.

## 4. RESULT AND DISCUSSION

### 4.1 Analysis System and Procedure of Working Capital

Systems analysis and procedures analysis the provision of credit working capital according to Firdaus & Ariyanti (2009:3) to PT. Bank Pembangunan Daerah JawaTimur is as follows:

- a. Due to the submission form of the working capital credit

At the time the submission of working capital credit, data filling in forms the submission of a loan carried out by customer service. Should be prospective debtor fill in the filing of its own form of loans, to prevent irregularities data that can inflict a loss the bank. If a candidate debtor get difficulty in filling forms can be asked directly to the customer service.

- b. Value collateral pledged

Judgment collateral and an examination into place of business prospective debtor carried out by an account officer with minutely. At the time of the visit against prospective debtor, should be an account ownership officer asked collateral pledged to the bank. If collateral is owned by a candidate debtor own then supposed to be a candidate debtor have to show the ownership proof collateral will be handed over to the bank. The magnitude of collateral that is until how big the collateral cover working capital credits that will be given later. In an examination into place of business debtor, candidates an account officer must make possession of a place which has been used for the business belonging to own or contract. If the place was contract, then account officer should ask how long a place in business owners contracted, if need to be given evidence to support. This is done so that loans that would be given may be returned in accordance with the agreement.

- c. Decisions credit to loans proposals debtor candidates after analysis was conducted by account officer to bring the decision the credit was accepted or rejected

Decisions creditor request a loan to a potential debtor done after he did analysis by an account officer. The analysis are account officer of the visit direct (on the spots), so that it can be seen the condition indeed candidates debtor and business run. After this visit direct (on the spots), an account officer make visitation reports client (LKN), file SKPP disposition, reports the suggestions and

recommendations, report assessment collateral and report assessment the results of investigation in the field then used as the basis analysis and evaluation further. The results of the analysis and evaluation then poured in the memorandum analysis credit (MAK). Head of unit seen recommendations of account officer in ruling credit and also nominal decisions credit ratings later, but sometimes when account officer visited directly (on the spot) nevertheless the account officer was in question, so were visited reexamined by account officer and head of debtor against a candidate.

d. Visited debtor after the disbursement of credit

The implementation of a visit to place debtor only done once on 1 month after the credit and in incidental lasting in an irregular manner. In addition, visits will also be repeated to customer who have trouble or occurring delay or in arrears by debtor. Should this visit done at least every once a month, that the banks get information new and clear every month about the development of business debtor funded by the bank, so the bank can know for early if problems occur that might arise and help find a way out. In addition also needs to be done a sudden inspection or inspection non agency as an effort to internal control to debtor in reducing the credit arrear

#### 4.2 The Analysis Settlement Credit Non Performing Loan

According to Kasmir (2008:109) the analysis of settlement credit performing loan in PT Bank Pembangunan Jawa Timur are:

1) The completion of loan defaults through the non litigation

The completion of loan defaults through the non litigation is efforts to handle non-performing loans temporary because when this effort failed to so efforts the end of traveled is a settlement effort through the litigation. The completion of loan defaults through the non litigation done by bank with hope debtor get back to the payment of credits as it should be good in a manner rescheduling, reconditioning or restructuring who in terms of banking better known as 3R. According to the analysis of the diversion facilities later be partly into installment facilities, this is done to help debtor from to do the either partially or a whole, furthermore

with diversion this facility reduce bank interest that will paid by debtor, than when the facility still in the form of loans account of newspaper. In accordance with the decision letter board of directors Bank Indonesia no.31/50/kepuulauan/dir 12 November 1998, before restructure credit, banks must and are obliged to perform analysis or review good against legal aspects debtor and as security, collateral for credits and projects to be funded by credit to be restructuring thoroughly like review legal aspects debtor candidates who will be credit facility. The end of which alternative is now being pursued and or run by the government of Indonesia in this run by the agency of the national banking meanwhile as the last action in order to implement a restructuring of non-performed credit is by using good instrument government has finally agreed upon arrears staple, interest and arrears delinquent fines so debtor only be obliged to pay basic obligations for a debt debtor to banks.

2) The completion of loan defaults through the litigation

The completion of loan defaults through the litigation is an effort last of bank the last action to make efforts the loan debtor well efforts execution collateral for credits, billing credit to the insurer, coup for guarantee credit by bank, sales collateral voluntarily, or with the effort to the submission of a lawsuit in civil over the obligation debt debtor. In terms of the completion of loan defaults through the non litigation have could no longer used, the banks can do the completion of credit through the litigation. This taken if the banks have decided themselves to no longer relationships a venture by debtor, so that the chain business relationship between banks and debtor has been cut off.

3) Why the NPL defaults with the non litigation more profitable than with the litigation

In a settlement legal action, we can go through the two namely by the way of litigation and non litigation. Settled through the litigation or often we know of conducting a mechanism judicial, we can ask two things that is the act of civil and criminal. The submission of civil case through judicial have terms positive and negative, in terms of positive, if we win then there are forces law that bound a must begin immediately, but in terms of out the negatives results will be

reached in turn might not in accordance with what we want. Then there is the motto of if we litigant civil namely win so charcoal and who lost be dust, this means that win or lose in terms of civil bring due to the same less than good. For that PT. Bank Pembangunan Daerah Jawa Timur in completed a civil case always use the non litigation first before do settled through the litigation. PT. Bank Pembangunan Daerah Jawa Timur Tbk. In doing the completion of loan defaults prefer settled through the non litigation, it was because the completion of loan defaults through the non litigation more favorable to debtor and creditors. The completion of loan defaults through the non litigation is a mutually beneficial (win-win solution). Measures to reach a settlement of loan defaults in a mutual manner this could be achieved in a manner, consultation, negotiation, mediation, conciliation, or judgment the people of. This step is applicable if the parties relying on good faith. Consideration why PT. Bank Pembangunan Daerah Jawa Timur Tbk prefer the non litigation of on track in litigation, consideration is based on the above analysis of them pertaining to the matter:

1. Cost
2. Time
3. Achieve Result
4. Good faith debtor
5. Ability to pay

#### **4.3 The Implementation Analysis of Internal Control on Credit Procedure of Working Capital**

According to Mulyadi (2008:164-172) the analysis of internal control on credit procedure of working capital in PT Bank Pembangunan Daerah Jawa Timur are:

##### **a. Analysis of the Organization Structure and functions Barrier Duty**

Every companies should having the structure organization to explain the functions of barrier an assignment with clear. PT Bank Pembangunan Jawa Timur have adequate the structure of the organization. Of course in run their operations, companies should is separation duty antecedent sufficient. Separation duty implemented to rise the purpose of internal control is to keep wealth company. PT Bank Pembangunan Jawa Timur have was attempting to organize separation a duty in implementation the provision of credit.

Separation duty has appropriated in for provision credit. Can be seen that employees that analyzes credit different to a clerk disbursement credit, and administration credit. Analysis credit has already done by an account officer and disbursement of credit done by teller, next bookkeeping the transaction was done by supervisor credit administration next bookkeeping by the passage accounting. Although the structures of organization PT Bank Pembangunan Jawa Timur is good but there should be some improvements. Separation the task of analysis credit by AO which will then be to officers analyst credit own, is more effective if it an additional personnel analyst credit. Analyst credits will have the authority and responsibility of as the following:

- 1) Double-checked completeness documents
- 2) Analysis business feasibility customers, through report company customers
- 3) Analysis wealth customers
- 4) Analysis the wealth of credit based on the 5C
- 5) Determine the number of credit given
- 6) Concluded worthy of or failure given credit
- 7) Made an credit certificate

##### **b. Authority System and Recording Procedures**

Authority System and recording procedures accounting the provision of credit is element an internal control important consideration. System authority covering all procedures that is where in project implementation by the people who have different. Procedure recording and the provision of credit working capital be performed by all related parties to authority each. PT Bank Pembangunan Daerah Jawa Timur having authority system and recording procedures a fairly complicated, but to support internal control. As explained before, that account officer having many authority in the provision of credit. Hence, board of directors more need a lot of personnel analyst credit to do analysis credit.

##### **c. Health Practice**

Understanding of the practices that health is the each employee in the company carried out in accordance with procedures developed. Employees must be responsible of their duties, but still cooperate in dual function in work with the other employees. There are some things that must be considered that done practice healthy in operational activities a business firm that

made board of directors has been good enough and can create the practice of healthy in working. As a support the implementation of the practice of a healthy should be required surprise audit should be conducted without advance notice to the that will be examined. With the checking, employees will be more aware to implement the practice of healthy in working. PT Bank Pembangunan Daerah JawaTimur having supervisory internal at any time can do surprise audit, supervisory, board of directors and internal often monitor the companies condition at regular intervals. In accordance duties and the work of each any transaction not to be performed by of one from the beginning to the end, for provision working capital credit is supposed to have analyst credit and inspector credit own in judging creditworthiness debtor candidates. An account officer only as a medium link between the prospective debtors and bank or keep do all his job that is except for analysis creditworthinessNext for all employees has the right took the day off, leave of absence from work because of its own interest that urges or unavoidable. PT Bank Pembangunan Daerah Jawa Timur has a policy that the party that designating any one employees as a substitute for is the board of directors. Employees a substitute for while take over tasks and works employee who leave of absence. Duties and responsibilities handed out in a clear manner, so that if there is any abuse, so that was the responsibility of the substitute for and not took the day off.The main purpose of internal control is to protect wealth organizations and to check the reliability of the accounting records. The provision of working capital credits having the risk of not paid off back loans given. That risk could have happened because some of as follows:

- 1) Debtors are not having responsibility to their obligations
  - 2) Business debtor has loss or bankruptcy
  - 3) Negligence account officer to analyze credit worthiness
  - 4) The absence of physical control over owned debtors
- d. Employee who the quality in accordance with responsibility

Company management has to be provided by those competent, in the sense companies to placing employees in the work in accordance with their capability. Companies should selective in placing employees in the structure

of the organization, namely by put human resources quality. Human resources quality is human resource with the background education and skill good. The board of commissioners in this company is people who have been dabbling in the world of business long enough. Competence of the board of commissioners are so good in lead the company. The board of commissioners quite effective in choosing its who has a background good education, and has experience in the field of banking, no doubt the quality of their working. Other employees under board of directors having competent good enough, although there is still some employees who only finish senior high school. Although there are some employees who did not take education bachelorship, but operational activities company run well with a policy management. Program board of directors in developing the quality of employees is to cover the employees in the banking education. Every year employees been included training in accordance with each of their fields. The training in improve the quality of employees with prescience which keeps growing

## 5. CONCLUSION AND SUGGESTION

### 5.1 Conclusion

PT Bank Pembangunan Daerah JawaTimur have perform the procedure and handling of credit and internal control system is well, in the requirements for that need attention from the debtors and that to be done by officials credit in a largess credit. PT. Bank Pembangunan Daerah JawaTimur as provider funds is only security quilted before credit really realized. It is meant to minimize the risk of loan defaults like non performing loan. The weaknesses of the process of giving working capital credit, a) From the analysis of the organization structure and working capital system it can be concluded that PT Bank Pembangunan Daerah JawaTimur is the overlapping duty on the credit PT Bank Pembangunan Daerah JawaTimur credit only done by account officer, b) From the overlapping work as described in point a) it can be weaken internal control in system the provision of credit working capital. So should be given to mention one unit function besides account officer the namely administration credit. With the administration credit they have separation duties on management of credit this. Credit administration served as administrative



functions of credit that includes acceptance, identification credit file and the provision of documents or document needed in implementation of working capital

## 5.2 Suggestion

Researchers want to give advice for the implementation of working capital procedures system to improve internal control:

1. Need to safety drill and provisions for employees routinely. Because not all employees have background research in accordance with the project. For example in the credit, in this section, the science which related very broad, not only economic there are also the elements of laws, management, and so on. So according to author there must be informed in in-depth focus work.
2. In the implementation of the system the provision of credit working capital besides done by means of manual, it should also happened to system computerized, which will be easier in search of data needed quickly.
3. Do separation duty between parts marketers (marketing) and analysis risk. This is meant to avoiding error (human error) in the process of marketing and analysis of credit risk, because of a big responsibility on the account officer.
4. Due to the candidates debtor in the submission form with the loans should be conducted by the prospective debtor itself, to prevent deviation the data could result in losses to the bank.
5. The implementation of a visit or inspection on the spot should be done with the frequency of more often, for example once a month for the bank can closely follow the

developments of an undertaking which debtor if things go wrong and gives rise to the arrears on credit repayments.

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