

**FORTALECIMIENTO DE CONTROLES INTERNOS PARA
LA EFICIENCIA EN LA FACTURACIÓN Y COBRANZA
EN UNA EMPRESA PRIVADA DE SERVICIO DE INTERNET**

**STRENGTHENING INTERNAL CONTROLS FOR
EFFICIENT BILLING AND COLLECTION IN A PRIVATE
INTERNET SERVICE COMPANY**

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Fecha de recepción: 12-04-2024 / Fecha de aceptación: 25-04-2024 / Fecha de publicación: 01-05-2025

RESUMEN

La eficiente gestión de los procesos de facturación y cobranza representa un elemento clave para asegurar la salud financiera de las organizaciones. Sin embargo, la estas organizaciones enfrentan diversos desafíos en la administración de estos procedimientos, lo que plantea riesgos considerables para su rentabilidad y sostenibilidad operativa. EL problema de investigación se centra en evaluar la efectividad de los controles internos implementados en los procesos de facturación y cobranza, con el fin de identificar las principales debilidades y áreas de mejora. El objetivo es determinar el impacto de la implementación de controles internos mejorados, así como la adopción de un sistema automatizado en la gestión de la facturación y cobranza, con el propósito de incrementar la eficiencia operativa. El estudio utiliza una metodología de enfoque mixto que combina métodos cualitativos y cuantitativos. Se realizaron entrevistas semiestructuradas con el personal clave, observaciones directas de los procesos, encuestas a clientes y análisis de datos numéricos relacionados con el desempeño de los controles internos. Los resultados de la investigación revelaron que las deficiencias significativas en la estructura organizacional de una empresa privada, con el 50% del personal desempeñando múltiples roles y la ausencia de manuales de funciones. En cuanto a la gestión del talento humano, solo el 40% del personal recibe capacitación y la tasa de rotación anual es del 15%. Las políticas de crédito presentan debilidades, con el 60% de los créditos otorgados basados únicamente en relaciones personales y una tasa de recuperación del 70%. Además, el 40% de los clientes afirma no recibir recordatorios de pago, y solo el 30% de las cuentas por cobrar son revisadas semanalmente por el administrador. Finalmente, el sistema de gestión contable Visual FAC presenta discrepancias en el 30% de las conciliaciones

English translation of the original article published in Ecuacientífica, Vol. 3, No. 5, pp. 8-21.

realizadas.

En conclusión, el fortalecimiento de los controles internos en los procesos de facturación y cobranza se presenta como una necesidad urgente para la empresa privada, a fin de mejorar la eficiencia operativa, la precisión de los registros financieros y la relación con los clientes.

Palabras clave

Cobranza, controles internos, eficiencia operativa, empresa privada, facturación

ABSTRACT

The efficient management of billing and collection processes is a key element in ensuring the financial health of organizations. However, these organizations face various challenges in managing these procedures, which poses considerable risks to their profitability and operational sustainability. The research question focuses on evaluating the effectiveness of internal controls implemented in billing and collection processes, in order to identify the main weaknesses and areas for improvement. The objective is to determine the impact of implementing improved internal controls, as well as the adoption of an automated system in billing and collection management, with the aim of increasing operational efficiency. The study uses a mixed-method approach that combines qualitative and quantitative methods. Semi-structured interviews were conducted with key personnel, direct observations of processes, client surveys, and numerical data analysis related to the performance of internal controls were conducted. The research results revealed significant deficiencies in the organizational structure of a private company, with 50% of the staff performing multiple roles and the absence of job manuals. Regarding human talent management, only 40% of staff receive training, and the annual turnover rate is 15%. Credit policies are weak, with 60% of loans granted based solely on personal relationships and a recovery rate of 70%. Furthermore, 40% of clients report not receiving payment reminders, and only 30% of accounts receivable are reviewed weekly by the administrator. Finally, the Visual FAC accounting management system shows discrepancies in 30% of the reconciliations performed. In conclusion, strengthening internal controls in billing and collection processes is an urgent need for private companies to improve operational efficiency, the accuracy of financial records, and customer relations.

Keywords

Collection, internal controls, operational efficiency, private enterprise, invoicing.

INTRODUCTION

Effective management of billing and collection stands as a fundamental element that ensures the financial health of any organization, and this takes on particular relevance in the case of the private company, an enterprise that has succeeded in consolidating itself as a leader in the field of technology and communication solutions. Efficiency in these processes not only directly influences the company's liquidity and cash flow, but also has a significant impact on the relationship with clients, who expect to receive an agile, accurate,

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and reliable

service. However, despite its outstanding market position, the private company faces various challenges in the administration of its billing and collection procedures, which poses considerable risks to its profitability and operational sustainability. This research, therefore, focuses on carrying out an exhaustive evaluation of the internal controls currently implemented in the company, with the objective of determining their effectiveness in the fulfillment of goals related to accuracy, efficiency, and the mitigation of potential risks (1).

In the specific context of the private company, significant deficiencies have been identified in the billing and collection processes that have led to the appearance of frequent errors in the issuance of invoices, as well as delays in collections and a lack of transparency in the monitoring of accounts receivable (2). These problems, which might seem minor at first glance, generate adverse effects on cash flow and, consequently, deteriorate relations with clients, who may feel frustrated by the lack of a reliable and quality service. The absence of a robust and well-structured internal control system presents itself as a key factor contributing to these inefficiencies. Therefore, it becomes imperative to carry out an optimization of internal controls that allows improving the management of billing and collection in the private company (3).

One of the most alarming problems highlighted during the evaluation of current processes is the high frequency of errors in the invoices issued. These errors can cover a variety of issues, from incorrect amounts to erroneous data related to the services provided to clients (4). The lack of a standardized format in invoices not only generates confusion, but also complicates the verification of the accuracy of the documents, resulting in delays in issuance that negatively affect the collection process. With regard to the monitoring of accounts receivable, significant delays have been observed that derive from the lack of clear and uniform procedures, which leads to inconsistent and, at times, ineffective follow-up (5). In addition, communication with clients has been unsatisfactory, as many report not receiving adequate reminders or face difficulties in resolving problems related to their invoices, which can exacerbate delinquency and further complicate the company's financial situation (6).

The insufficiency of internal controls within the private company further aggravates these problematic situations. The lack of adequate mechanisms for the review and validation of invoices perpetuates errors and affects the accuracy of financial records. Likewise, deficiencies in the recording and reconciliation of accounts receivable hinder obtaining a clear view of the company's real financial situation. The lack of periodic internal audits limits the organization's capacity to identify problems and to implement continuous improvements effectively, which perpetuates a cycle of inefficiency and distrust (7).

Table 1. Components of internal control and different COSO versions.

Component / Principle	COSO 1 (1992)	COSO 2 (1994)	COSO 3 (2013)
Control Environment	Integrity and ethical values, Competence,	Management's commitment to	Organizational structure,

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	Authority and responsibility, Policies and procedures	integrity and ethics, Organizational structure, Culture and ethical values, Management commitment	Responsibility
Risk Assessment	Risk identification and analysis	Risk identification and analysis	Risk assessment
Control Activities	Control activities, Control policies and procedures, Segregation of duties	Control activities	Control activities
Information Activities	Communication	Communication	Information and communication
Monitoring	Internal information and communication, Monitoring	Internal information and communication, Monitoring	Continuous monitoring, Separate monitoring of control activities, Evaluation of deficiencies

Source: (8)

In this context, the central hypothesis guiding this research establishes that the implementation of improved internal controls, as well as the adoption of an automated system in billing and collection management, will generate a significant positive impact on the operational efficiency of the private company. It is anticipated that this optimization will not only reduce errors in invoices, but also minimize delays in collections, thereby contributing to strengthening the organization's financial health (9). In particular, it is expected that the standardization and automation of billing processes will decrease both the frequency of errors and the time required to issue documents; that the implementation of clear procedures for monitoring accounts receivable and the use of automated communication tools will improve average collection time and reduce delinquency; and that staff training in the new procedures and tools will increase both accuracy and efficiency in the management of these areas (10).

The optimization of internal controls in billing and collection management presents itself not only as an urgent need to address current deficiencies, but also as a significant opportunity for the private company to consolidate its market position. This would be achieved, among other things, through the strengthening of client relationships and the improvement of cash flow. The research seeks, therefore, not only to identify and analyze the weaknesses in current processes, but also to offer practical solutions grounded in the COSO model, providing a robust framework that allows the company to carry out more effective and accurate management in these critical aspects. Ultimately, the strengthening of internal controls will not only benefit the private company in terms of operational efficiency, but will also contribute to its reputation and long-term sustainability, ensuring its success in a constantly evolving and adapting business context. With this, the private company will not only be able to overcome its current difficulties, but will also be better

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positioned to
successfully face future challenges in the dynamic technology and communication market.

MATERIALS AND METHODS

Research method

The present research is based on a mixed approach that combines qualitative and quantitative methodologies to provide a comprehensive understanding of internal controls in the billing and collection processes of a private internet company. This approach makes it possible to analyze both the subjective perceptions of the staff and the objective data that reflect the performance of these processes.

- Qualitative: This component examines the perceptions and experiences of the private company's staff regarding the internal controls implemented in billing and collection. Through semi-structured interviews and direct observations, the aim is to obtain a deep understanding of current processes, the challenges faced, and opportunities for improvement. The interviews will focus on identifying staff opinions on the effectiveness of internal controls, as well as gathering testimonies about any problems they have experienced in their daily work.

- Quantitative: This aspect of the study focuses on the analysis of numerical data related to the performance of internal controls. Metrics such as invoice processing time, error rates in document issuance, and collection periods are collected. For this purpose, structured surveys and statistical analyses will be used that make it possible to measure and compare variables in order to identify significant trends and patterns in billing and collection management.

Type of Research

The research is classified into several categories that make it possible to structure the general approach and address the proposed objectives:

- Descriptive: This type of research provides a detailed description of the current billing and collection processes in the private internet company, including the implementation of internal controls and their perceived effectiveness. Through an exhaustive analysis, the aim is to present a clear picture of the current situation in order to establish a baseline that facilitates the identification of areas for improvement.

- Analytical: This component examines the relationships between current practices and their impact on the efficiency and accuracy of billing and collection processes. A detailed analysis of the collected data will be carried out to identify patterns, recurring problems, and areas requiring intervention. This analysis will make it possible to establish correlations and conditions that affect the performance of internal controls.

- Documentary Review: An exhaustive analysis of existing documentation will be carried out, which will include billing and collection procedures, financial reports, audit records, and any other relevant document that may provide additional information on current processes and their alignment with best practices.

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Bibliographic Review: The existing literature on internal controls, as well as on billing and collection management, will be analyzed. This review will include previous studies and theoretical frameworks that make it possible to contextualize the findings of the current research and provide a referential framework for the recommendations that are proposed.

Population and Sample

The study population included all relevant actors within the private internet company, including the manager, the administrator, the secretary, and clients who maintained outstanding balances in 2023. Because the total population exceeded 100 people, a representative sample was determined with a 5% margin of error and a 95% confidence level. In this regard, interviews were conducted with the manager, the administrator, and the secretary, while surveys were applied to clients to obtain direct information on their experience in the granting and recovery of the portfolio.

Data Collection Techniques

- **Observation Techniques:** Direct observations of the billing and collection processes in the private company will be carried out. This technique will make it possible to identify actual practices in the work environment and detect possible discrepancies with documented procedures. During the observations, detailed notes will be taken on daily operations, interactions between staff and clients, as well as any aspect that may influence the efficiency of the processes.

- **Interviews:** Semi-structured interviews will be conducted with key personnel involved in the billing and collection processes. These interviews will explore in depth the experiences, perceptions, and challenges related to internal controls. A variety of participants will be included, such as end users, supervisors, and audit managers, in order to capture a diversity of perspectives that enrich the understanding of the investigated phenomenon.

Through the combination of these methodologies and data collection techniques, it is expected to obtain a comprehensive overview that not only makes it possible to identify the current problems in the management of billing and collection in the private company, but also to offer grounded recommendations that contribute to the strengthening of internal controls and the improvement of the company's operational efficiency.

RESULTS

Data have been collected from interviews conducted with the manager, the administrator, and the secretary, in addition to surveys directed at clients, which has made it possible to identify various areas that require attention and improvement in management processes.

1. Organizational Structure and Documentation

The interviews revealed a notable lack of formal documentation covering institutional values, the organizational structure, and job manuals within the private company. This

information gap
has led to significant operational problems, such as the duplication of roles and a lack of clarity in the responsibilities assigned to staff (11).

Table 2. Critical Aspects to Improve in the Organization.

Aspect	Description
Institutional Values	Not documented; this causes confusion about the company's mission and vision.
Organizational Structure	Lacks clarity on the specific functions of each team member (5 roles not defined).
Job Manuals	Non-existent, which contributes to confusion about staff responsibilities.
Duplication of Roles	The secretary performs multiple functions (cleaning, sales, collection), which affects overall efficiency.

2. Hiring and Training

It was observed that the hiring process in the private company does not include an exhaustive evaluation of the skills and capabilities of new employees. This approach is based predominantly on employment references and curricula, which increases the risk of incorporating staff who are not fully trained to adequately assume their responsibilities.

Table 3. Weaknesses in Talent Management.

Aspect	Description
Hiring Process	Based on references and curricula, without a competency evaluation that guarantees suitability.
Training	Inadequate; only 40% of staff receive initial or ongoing training.
Turnover Rate	Annual turnover stands at 15%, which indicates problems in staff retention and satisfaction.

3. Credit and Collection Policies

The policies established for the granting of credits are minimal, which considerably reduces the probability of recovering the amounts owed. Decisions related to credit sales are often made without adequate communication to the manager, based on the client's history and the secretary's discretion.

Table 4. Critical Aspects in the Credit Area.

Aspect	Description
Credit Requirements	Minimal; 60% of credits granted are based solely on personal relationships.
Recovery Rate	Only 70% of credits are recovered within the agreed period.
Communication	There is a lack of adequate reports to the manager on credit decisions (80% of credits are not documented).

Recovery Policies	Non-existent; decisions are based on personal relationships and individual decisions of the secretary.
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4. Collection Procedures

Collection procedures are inconsistent, especially with regard to the monitoring of accounts receivable. The administrator shows excessive confidence in the secretary's capacity and does not actively monitor the accounts.

Table 5. Evaluation of the Account Monitoring and Collection Process.

Aspect	Description
Account Monitoring	Inconsistent; 40% of clients state that they do not receive payment reminders.
Confidence in the secretary	The administrator reviews weekly reports (only 30% of accounts are reviewed weekly), but does not actively supervise uncollectible accounts.

5. Management System

The private company employs the VisualFAC system for accounting records and payment movements. However, the absence of standardized procedures may limit the system's effectiveness in collection management, generating discrepancies and errors in the records.

Table 6. Identification of Limitations in the Accounting Management System.

Aspect	Description
System Used	VisualFAC for accounting records and payment reconciliation.
System Efficiency	Limited; 30% of reconciliations present discrepancies that are not resolved in a timely manner, which affects the reliability of financial reports.

6. Client Experience

Clients have reported that the company adequately communicates sales procedures and the requirements for granting credits. However, the absence of legal actions against debtors and the lack of interest on late payments compromise efficiency in collection management.

Table 7. Analysis of the Relationship between Communication with Clients and the Delinquency Rate.

Aspect	Description
Communication with Clients	Adequate; 85% of clients are informed about credit requirements and collection procedures.
Granting Period	Credits granted within a maximum of 3 business days; 90% of clients consider this period reasonable.
Collection Strategies	No interest is charged nor are legal actions taken; 75% of

	clients do not feel pressure to comply with payments.
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DISCUSSION

The findings of this research on internal controls in the billing and collection processes of the private company find support in various previous studies that have addressed analogous problems in companies in the technology and communications sector. For example, (13,14) pointed out that the lack of clear definition of functions and responsibilities within the organizational structure, as well as the absence of procedure manuals, foster the duplication of tasks and operational inefficiency. This situation is closely related to what was identified in the case of the private company, where it was evidenced that 50% of the staff performs multiple roles, which hinders the processes from developing with the required effectiveness (15).

Along the same lines, (8,16) emphasized that the lack of a specialized department for credit and collection management is a factor that weakens internal controls and increases the risks of delinquency and financial losses. The proposal of this study to create a department dedicated to these functions, with qualified personnel and standardized procedures, aligns with the recommendations of these authors, who underscore the importance of an adequate organizational structure to strengthen the administration of the client portfolio (17).

Likewise, the lack of documentation and records in the processes of granting credits and portfolio recovery, identified in the private company, has also been reported in other studies. According to (18,19), the absence of physical and digital files that support the decisions and actions taken hinders the monitoring and control of accounts receivable, which translates into greater complexity for debt recovery. In the case of the private company, it was found that 60% of the credits granted lack supporting documentation, which represents a significant risk (20). The recommendation of this study to implement a complete filing system for client documents coincides with the proposals of these authors to improve credit portfolio management (21).

On the other hand, the inconsistency in the application of collection policies and the lack of documented reports, as observed in the private company, has also been addressed in the literature. According to (22,23), the absence of formal procedures and excessive confidence in the individual capacity of the staff, as evidenced in the case of the administrator, can generate weaknesses in the control and monitoring of accounts receivable. In the private company, it was found that only 30% of accounts receivable are reviewed weekly by the administrator, which indicates insufficient supervision (24,25). These authors recommend the implementation of clear policies and procedures, as well as the preparation of periodic reports that allow managers to effectively monitor the performance of collection activities (26).

Finally, the importance of adequately using legal documents, such as promissory notes, has also been highlighted in other studies. According to (27,28), the effective use of these instruments as a guarantee of the credits granted facilitates the recovery of debts in the

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event of

non-compliance by clients. In the private company, it was found that only 40% of the credits granted have the backing of promissory notes, which represents a weakness in the controls. The recommendation of this study to require the signing of promissory notes from all clients and to enforce them in the event of non-payment aligns with the proposals of these authors to strengthen internal controls in credit portfolio management.

CONCLUSIONS

The research has revealed significant deficiencies in the internal controls of the private company related to billing and collection processes. These weaknesses are manifested in the lack of structuring and formalization of the organization, with an absence of documentation on institutional values, organizational structure, and job manuals, which has led to problems such as the duplication of roles and confusion among staff regarding their responsibilities.

Deficiencies were also identified in human talent management, with a hiring process that does not adequately evaluate candidates' competencies and insufficient staff training. This is reflected in a high turnover rate that hinders the consolidation of a stable and efficient team. Likewise, credit and collection policies present important areas for improvement, with minimal requirements for granting credits and the non-existence of standardized procedures for monitoring and recovering the portfolio, which has generated a low recovery rate of accounts receivable.

Limitations were identified in the accounting management system used by the private company, VisualFAC, which presents discrepancies in reconciliations that affect the reliability of financial reports. This highlights the need to implement more robust controls in the handling of accounting and financial information. Although communication with clients is adequate, the lack of effective collection strategies has contributed to a high delinquency rate that negatively affects the company's cash flow.

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