

Impact of the Implementation of the E-Accounting System on the Internal Control System

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Abstract. This research was conducted to analyze the impact of implementing the system e-accounting on the internal control system at PT Colamas Indah Sejati. This research is descriptive research with a qualitative approach. Data collection procedures in this study were observation and interviews with managers, accounting, and finance company admins. The results of this study are that this company has used accounting for the company's operational activities, but there are still cases of fraud committed by employees that harm the company. Currently, the audit control process at PT Colamas Indah Sejati to avoid data loss every day, a closing process is carried out then the data is backed up to own cloud which is software for managing web-based data storage and sharing. Each employee is given their user which aims for privacy and to avoid fraud. So if the inspection will be easier. Each user is also given restrictions, meaning that if the accounts receivable part is settled, the employee cannot access the purchasing department. Currently, the company is preparing to use ERP (Enterprise Resource Planning) software. to be able to manage and integrate various operational activities within the company.

Keywords: E-Accounting System; Internal Control System; Batam City Food; Beverage; Cosmetic Distributor Company

1 Introduction

The development of a business entity demands accountability and transparency in the management of the organization. Therefore, company management is required to implement an effective internal control system to produce quality financial reports that are used for decision-making [1]. Companies can make quality financial reports if the internal control system is effective to support it. The use of technology in accounting has increased as a result of developments related to the use of computer technology to produce information for administrative purposes based on the integration of corporate accounting information systems and at the same time the usage of technology in accounting has improved due to traits related to the usage of laptop generation to provide records for administrative functions based totally on the integration of corporate accounting facts systems and at the same time the usage of e-accounting in companies. has all started to amplify [2]. Together with the usage of computers in accounting, facts is transferred to digital media what is within the digital media of accounting statistics has implemented environmental supervision of such digital facts

essential. The legal infrastructure of moving all transactions to the completely digital surroundings through electronic signatures, digital declarations, and different arrangements in our use of it has lately been generated.

On-line accounting through internet applications is normally based totally on simple monthly prices and a no-management method to help companies give attention to core activities and avoid hidden prices related to conventional accounting software program inclusive of installation, upgrade, information report change, backup, and catastrophe recuperation. E-accounting allows groups save their economic information in a secure and relaxed environment, allowing actual-time get admission to to legal users, no matter their vicinity or computing platform [3]. this is feasible because of utility software program that allows get right of entry to to users' financial facts with distinctive permission tiers and passwords. Today's companies depend closely on computers and software program to provide accurate records to manage their enterprise efficaciously. it's far turning into increasingly essential for all corporations to incorporate facts generation solutions to perform correctly. information era and structures have a fantastic impact on the productiveness and overall performance of manufacturing and provider agencies. mainly, accounting has been affected to the highest degree. much less paperwork and much less guesswork are referred to that the accounting package deal was usually one of the first foremost pc applications a company offered and turned into one of the two maximum regularly used commercial enterprise packages, with phrase processing as the other. It ought to come as no wonder because accounting plays a completely sizeable role in organizational overall performance. The use of computers in various fields ranging from day-to-day activities of companies to generating reports, making processing and storing information in an electronic environment, and carrying out many transactions in an electronic environment is very important. needed. As a result of the development of computer technology and its reflection in work, the effective and efficient use of computers of job accounting personnel has become mandatory. Using computers and internet companies and individuals who enter our lives from new technologies rapidly and e-state applications increase self-confidence and it contributes to the use of technology in companies and accounting.

PT Colamas Indah Sejati is a food, beverage, and cosmetic distributor company in Batam City. This company has implemented E Accounting in its company operations, namely GF-Accounting. Even though I used-Accounting fraud still occurred at the end of 2020 when one of the employees holding the AR section cheated by editing the transfer receipt or entering the transfer receipt then it went to the payment department and after checking the money did not come in. In addition, the employee also plays notes in which every issuance of the note will go through the billing list in the system, but some are deliberately issued but do not use the system, this can happen because of the cooperation between employees and sales. The sales department also often commits fraud when the company pays in full, but the salesperson makes only a partial deposit, the lack of checking at the supervisor Many organizations fail in their business, not because of the unavailability of high technology, poor quality of materials, unavailability of trained staff or management problems, but because of the accounting practices adopted by the business. Thus, businesses need to adopt E-accounting practices in place of traditional practices. Actions caused by human carelessness, failure to follow established procedures, and untrained personnel will result in users losing data by accidentally deleting or changing wrong data files and misplaced data files. Systems analysis develops systems that do not meet the company's needs leaving them vulnerable to attacks that are unable to handle the task. Programmers make logic errors [4].

2 Literature Review

2.1 E-Accounting

E-Accounting is a perception that allows the management of all activities to be more efficient, affordable, flexible than before through internet facilities [5]. All the parties to the activity (employee, manager, customer, public agency, business, supplier) are real-time system users and those who share up-to-date information instantly. It takes accounting staff who can up to date this structure in the organization via accounting education and construct this device in the company. E-Accounting may be described as the subsequent books and documents used in accounting, accounting information; preparation in digital media, submission updated relevant corporations in digital media, supervision in electronic media. To exercise the following books and files utilized in accounting in digital media, an up to date updated of books, files, and financial reports is needed. E-Accounting refers to digital accounting, a term used to describe accounting structures that rely on laptop technology to capture and technique financial records inside businesses. The accounting device is liable for recording, reading, monitoring, and comparing the business enterprise's financial situation. financial condition refers to the assessment of the viability, balance, and profitability of the business. this is executed by way of compiling reviews using ratios along with go back on equity (ROE), return on property (ROA), and return on investment (ROI) that make use of monetary data taken from the accounting system inside the economic statements section to provide a extra comprehensive photograph [6]. at the agency's monetary overall performance. those reviews can be presented to pinnacle control as one among their bases for making commercial enterprise selections. consequently, using computerized accounting systems results in the development of financial overall performance as they offer statistical techniques and trying out equipment that help in evaluating performance and making decisions. Variable indicator E-Accounting according to [5]:

- a) The company can maintain the quality of financial reports from timeliness, reliability, accuracy due to computerization.
- b) Faster and more accurate data processing and analysis that meets the manager's need for accurate and timely feedback on the achievement of goals for decision making.
- c) The system can facilitate the company's transaction processing.
- d) The accounting system is responsible for analyzing and monitoring the company's financial condition.

While companies adopt e-accounting, they generally discover that although computerized accounting systems manage economic facts successfully, the actual cost is they can generate direct reviews about the organisation. however, the accuracy and reliability of reports are essential for making complete selections through managers. trouble E-Accounting specifically on information safety all corporation information is at the server far flung or a laptop whose backups may be checked frequently. records may be deleted or lost because of problems with the pc [7]. also, data can be stolen by way of other agencies. the rate of maximum on-line office suites available nowadays calls for a high broadband internet connection. A network connection is needed to ship and acquire changes. which means internet dependence makes it more difficult to paintings offline and unique training is needed.

2.2 Internal Control System

Internal control is a method motivated via the entity's board of administrators, control, and different personnel, designed to offer affordable assurance approximately the fulfillment of objectives inside the following categories; reliability of financial reporting, effectiveness, and performance of operations, and compliance with applicable legal guidelines and guidelines." internal control performs an important role in fraud prevention and detection. This normally entails figuring out scenarios wherein theft or loss ought to occur and figuring out whether current control techniques are efficiently coping with the hazard to an appropriate stage. Internal control system indicators [5]:

- a) Precise controls are in place to monitor and review operations and programs.
- b) There are mechanisms in place to identify and react to changes that can have a dramatic and pervasive effect on the entity, and demand management's attention.
- c) This system provides an efficient solution to manage all accounting procedures and ensure that the accounting cycle process is correct.
- d) It can prevent fraud and comply with laws and regulations
- e) The accounting system will influence the policies and procedures that help ensure management direction.

A system can be defined as an orderly arrangement of a set of interrelated and interdependent elements that work collectively to achieve a common purpose or goal. Other experts say that a system is a group of two or more interrelated components or subsystems that serve the same purpose. Based on the statements of the experts above, it can be concluded that the system is an arrangement of a set of interrelated and interdependent components or subsystems that serve the same goal or goal [8]. The duty for retaining internal control rests with management. within the real world, the involvement of various layers of control and inner control varies widely. internal control affords affordable, no longer absolute, guarantee. internal controls are situation daily price-gain evaluation. All internal controls have barriers consisting of collusion by means of personnel daily control via daily control and human error [9]. threat is the capability that a designated action or hobby will cause harm defines chance as a consumer's notion approximately the ability negative uncertain outcome of an online transaction. automatic accounting in the enterprise's economic statements that are representative for control and outside customers for decision making. automated accounting is designed daily automatically and combine all business operations and help corporations manage all commercial enterprise processes effortlessly and fee correctly, With computerized accounting companies will have greater visibility into day to day business operations and greater access to important information automatically.

The greater powerful the entity's automatic accounting system and internal control are assessed, the decrease the auditor's assessment of control danger. If the auditor obtains first-rate audit proof from checks of controls concerning the effectiveness of the computerized accounting machine and internal control, the extent of substantive procedures can be decreased [5]. subsequently, it's far generally regular that internal control systems want to evaluate danger, control surroundings, and control activities to assess the pleasant of device overall performance over the years. ERP (enterprise aid planning) software program is a set of software that serves to manipulate and combine diverse operational sports within a commercial enterprise. in the beyond, ERP turned into a gadget that became normally used by organizations big scale (corporation), however now it has also come to be popular among SMEs. In this text, we can talk the meaning of software ERP in more element, complete with a short history, types, and uses for the employer's enterprise [9].



Fig. 1. Research models.

3 Methodology

The research is descriptive qualitative and uses primary data. Data collection procedures in this study were observations and interviews with managers, accounting, and finance admins of PT Colamas Indah Sejati. A descriptive quantitative research method is research that has the aim of describing a phenomenon and events that occur [10].

3.1 Research Time and Location

This research was conducted at PT Colamas Indah Sejati Batam City having its address at Panbil Muka Kuning Batam City.

3.2 Research Subject

The subject of this research is PT Colamas Indah Sejati which has 55 employees. Research in this study asked employees to fill out a question form and do the following interviews with managers, accounting, and finance admins of the company.

4 Results and Discussion

GF-Accounting is a computer application created to support the company's operational work to produce financial reports. The accounting recording system in this application uses the periodic recording method, purchase transactions are recorded to the purchase account, adjustment of the ending inventory value at the end of the financial reporting period with an adjusting journal using an intermediary account. Income Statement (the figure appears in the Beginning Inventory account and the Ending Inventory account). Next, the system will transfer the L/R type account balance to the Profit and Loss account for the Current Period in the Balance Sheet. Then at the turn of the year, the system automatically transfers the balance of the L/R account type to the Surviving Profit and Loss account [10]. Based on the results of interviews conducted with related food, beverage, and cosmetic distributors (e-accounting) 50.6% of the company's employees answered strongly agree with the statement that the company's electronic accounting can maintain the quality of financial reports from timeliness, reliability, accuracy due to computerization and 48.1% of employees agree. There are 55.7% of employees strongly agree with the question of faster and more accurate data processing and analysis that meets the manager's need for accurate and timely feedback on the achievement of goals for decision making and 44.3% agree. The statement of the system can facilitate the company's transaction processing, 53.2% strongly agree and 43% agree.

Statement of the accounting system responsible for analyzing and monitoring the company's financial condition 60.8% strongly agree and 36.7% agree. It can be concluded that

the use of e accounting makes the work of employees more effective and efficient. Food, beverage, and cosmetic distributor companies in Batam City have been using gf accounting since 2020 and the matrix in 2021. The problem that this company faces when using gf accounting is when updating applications that cause work disruptions with other parties as well as miscommunication, for anything updated so that it causes interference during its use. This application lacks notifications and is also not 100% usable. The matrix used is an application from PT Mayora specifically for sales, purchases, and receivables transactions for Mayora products but it is not as complete as GF Accounting. Even though I used-Accounting still happening fraud at the end of 2020 was one of the employees holding the AR section cheated by editing the transfer receipt or entering the transfer receipt then it went to the payment department and after checking the money did not come in. In addition, the employee also plays notes in which every issuance of the note will go through the billing list in the system, but some are deliberately issued but do not use the system, this can happen because of the cooperation between employees and sales. The sales department also often commits fraud when the company pays in full, but the salesperson makes only a partial deposit, the lack of checking in his supervisor.

Based on the results of interviews conducted with related food, beverage, and cosmetic distributor companies (internal control systems) 48.1% strongly agree, 46.8% agree and 5.1% disagree with the statement appropriate controls are in place to monitor and review operations and programs. Statement There are mechanisms for identifying and reacting to changes that can have a dramatic and pervasive effect on the entity, and demand management's attention 49.4% strongly agree, 45.6% agree and 5.1% disagree. Statement This system provides an efficient solution to manage all accounting procedures and ensure that the accounting cycle process is correct 54.4% strongly agree, 44.3% agree and 1.3% disagree. A statement can prevent fraud and comply with laws and regulations 49.4% strongly agree, 39.2% agree and 11.4% disagree. A statement accounting system will influence the policies and procedures that help ensure management direction 47% strongly agree, 40.5% agree and 2.5% disagree. Based on the employee's answer, there are do not agree with the question asked because even though it is already using e-electronic there is still cheating going on in this company. The audit control process at Colamas to avoid data loss every day, a closing process is carried out then the data is backed up to its cloud which is software for managing web-based data storage and sharing. Each employee is given their user which aims for privacy and to avoid fraud. So if the inspection will be easier. Each user is also given restrictions, meaning that if the accounts receivable part is settled, the employee cannot access the purchasing department. Currently, the company is preparing to use ERP (Enterprise Resource Planning) software. to be able to manage and integrate various operational activities within the company.

To improve the company's internal control system, the audit control process at PT Colamas Indah Sejati is carried out every day, the closing process then the data is backed up to own cloud which is software for managing web-based data storage and sharing to avoid data loss. Each employee is given their user which aims for privacy and to avoid fraud. So if the inspection will be easier. Each user is also given restrictions, meaning that if the accounts receivable part is settled, the employee cannot access the purchasing department. Currently, the company is preparing to use ERP (Enterprise Resource Planning) software. to be able to manage and integrate various operational activities within the company.

5 Conclusion

The era of information and competition is getting tougher e-accounting system can be considered as a system across organizations because of its ability to electronically integrate a group of companies through real-time data integration to provide timely management information for decision making. PT Colamas Indah Sejati uses gf accounting for its company operations. The advantages of this application are easy to install, easy and flexible to use, new facilities are always added to the application, users can download the updated version from the internet. The limitations are based/network limited to Local Area Network networks, not to Web- Internet.

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