

Impact of Accounting Information Systems of Cash Executions on Internal Controls of Company

Rina Ambarwati^{1*}, Andika Mugi Gumilang², Rosidawaty³, Sugiyono⁴, Ingkak Chyntia⁵, Dindin Aminudin⁶, Dadang⁷, Nor Fatah Ulinuha⁸, Muhammad Dhitya Ramadhan⁹

Fakultas Ekonomi dan Bisnis, Universitas Muhammadiyah A.R. Fachruddin

Corresponding Author: Rina Ambarwati rinaambarwati@unimar.ac.id

ARTICLE INFO

Keywords: Accounting Information Systems, Cash Disbursements, Internal Control, Accountability

Received : 29, July

Revised : 12, August

Accepted: 26, August

©2024 Ambarwati, Gumilang, Rosidawaty, Sugiyono, Chyntia, Aminudin, Dadang, Ulinuha, Ramadhan: This is an open-access article distributed under the terms of the [Creative Commons Atribusi 4.0 Internasional](https://creativecommons.org/licenses/by/4.0/).



ABSTRACT

The study investigates how the accounting information system of cash expenditure affects the internal controls of the company. Cash expenditure, which is vital to business operations, is managed by accounting information systems (AIS). It is expected that effective use of AIS will improve the accuracy of transaction recording, reduce errors, and prevent fraud. The study uses a quantitative method by sending questionnaires to various that have implemented cash expenditure. The results show that there is a significant correlation between how well AIS manages cash expenditure and how well the company's internal controls. Good AIS implementation ensures that all transactions are properly recorded, authorizations are carried out according to procedures, and authorities can only access financial information. In addition, an integrated AIS offers audit trails that facilitate the tracking and verification of transactions by both internal and external auditors. These findings suggest that the use of effective cash expenditure can strengthen internal control mechanisms, improve financial integrity, and give confidence to stakeholders of the company's interests.

INTRODUCTION

Contemporary companies rely heavily on accounting information systems (AIS). Collecting, storing, and processing financial and accounting information is the purpose of AIS. This helps management make decisions. Cash disbursement management is an important part of AIS because it involves recording and reporting all cash-related transactions. The effectiveness of a cash disbursement accounting information system is very important because it has a direct impact on a company's ability to maintain accurate financial records and protect its assets from errors (Rohimah et al., 2023).

The system used by company management is known as internal control to ensure the achievement of its three main objectives: reliability of financial reporting, compliance with laws and regulations, and operational efficiency and effectiveness. Companies with strong internal controls can detect and prevent fraud, ensure that financial transactions are recorded properly, and protect their assets. AIS, especially in cash disbursement management, can improve the quality of internal control by providing timely and accurate information (Naim et al., 2024).

However, using a cash disbursement accounting information system that is not ideal can cause many problems. A bad system can cause errors in recording transactions, delays in reporting, and possible fraud. Consequently, it is important for companies to understand the extent to which AIS cash disbursements may affect their internal controls. With better understanding, companies can find areas that need improvement and take the necessary actions to improve their internal controls (Reinamah et al., 2021).

This study investigates how cash disbursement accounting information systems affect a company's internal controls. This research conducted a survey of financial managers and accountants of manufacturing companies in Indonesia to collect data using a quantitative approach. It is hoped that this research will provide useful insights into the role of AIS in supporting internal control as well as practical suggestions for companies wishing to improve their accounting information systems. In addition, it is hoped that this research can add to academic literature in the field of accounting and financial management, as well as become a reference for practitioners who want to implement and manage AIS well (Anggraeni et al., 2024).

Many studies have emphasized how important accounting information systems (AIS) are to help a company's internal control. However, research that specifically analyzes general aspects of AIS or how AIS affects financial reporting as a whole does not study the impact of AIS cash disbursements on internal control. This suggests that more in-depth and concentrated research in this area is needed to gain a more comprehensive understanding. Additionally, factors such as business sector and geographic location influence how we understand AIS expenses. Many previous studies were conducted in countries with different regulatory systems and business practices than Indonesia, which may not be completely relevant to local conditions (Naim et al., 2024). Research on the influence of AIS on cash expenditures in the context of manufacturing companies in Indonesia is essential to find best practices that suit local

conditions and provide more relevant advice for businesses in Indonesia (Arfismanda et al., 2021).

LITERATURE REVIEW

To collect, store, and process accounting and financial information, an accounting information system (AIS) consists of a series of interconnected components. Thus, AIS produces information that helps management make decisions. AIS assists with daily operations, strategic planning, and internal controls in addition to providing financial reports, according to Romney and Steinbart (2015). Hardware, software, procedures, data and people are the main components of AIS. In terms of cash disbursements, AIS ensures that all outgoing transactions are recorded accurately and on time, thereby reducing the possibility of errors and fraud.

Internal controls are actions taken by management, the board of directors, and other staff members to ensure that corporate objectives are achieved in three domains: financial reporting integrity, compliance with laws and regulations, and operational efficiency and efficiency. COSO (Treadway Committee of Sponsoring Organizations) says that internal control consists of five main parts: control environment, risk assessment, control activities, information and communication, and monitoring. AIS can strengthen each of these elements by providing accurate and timely data to aid decision making and monitoring (Arfismanda et al., 2021).

Agency theory is also related to how AIS cash disbursements affect internal control. According to this theory, there is a conflict of interest between company owners (also known as principals) and company managers (also known as agents). Managers may be encouraged to alter financial reports to their own advantage. A good AIS can reduce risk by offering a clear and accurate monitoring system that makes it easy for owners to track management performance. Jensen and Meckling (1976) stated that effective AIS can reduce agency costs by increasing the transparency and accountability of financial reporting (Immawati et al., 2019).

According to contingency theory, the performance of accounting information systems depends on the environment in which they are used. Factors such as company size, complexity of operations, and business environment fall into this category. According to this theory, there is no one-size-fits-all approach; instead, information systems must be tailored to the unique needs and characteristics of each company. Therefore, to improve internal control through cash disbursement AIS, companies need to adapt their systems to suit their operational environment and specific needs. This research examines how this adaptation can be carried out and its impact on internal control (Edhie Rachmad et al., 2024).

METHODOLOGY

Quantitative methods, which use descriptive and associative approaches, are used in this research to evaluate how the cash disbursement accounting information system impacts the company's internal control. As a research

sample, employees in the company's finance and accounting department were given a questionnaire. The purpose of this questionnaire is to measure how effective the cash disbursement accounting information system and internal controls are used. To ensure that respondents had relevant knowledge about the subject under study, a purposive sampling technique was used (Naim et al., 2020).

This research analyzes data using a simple linear regression analysis method. Before regression analysis, a validity and reliability test of the research instrument was carried out to ensure that the data collected was correct and consistent. Next, to ensure that the data meets the basic assumptions of regression analysis, classical assumption tests such as normality, heteroscedasticity and multicollinearity tests are carried out. The extent to which the independent variable—the cash disbursement accounting information system—influences the dependent variable—is measured by regression analysis (Systems et al., 2023).

It is hoped that the research results will provide an overview of how the cash disbursement accounting information system helps improve the company's internal control. Apart from that, it is also hoped that the research results can help company management make strategic decisions about how to build and implement a better accounting information system. As a result, this research is not only academically useful, but also practically useful in efforts to improve internal control with integrated information systems (Arfismanda et al., 2021).

RESEARCH RESULT

Validity Test

Validity testing is the process of evaluating the accuracy or correctness of an instrument as a tool for measuring research variables. If the instrument or measurement results are correct or valid, the research results may be correct (Juliandi et al., 2018).

Table 1. Validity Test

No	Variabel	r hitung	r tabel	Keterangan
1	X1	0.348	0.254	VALID
2	X2	0.336	0.254	VALID
3	X3	0.361	0.254	VALID
4	X4	0.355	0.254	VALID
5	X5	0.338	0.254	VALID
6	Y1	0.336	0.254	VALID
7	Y2	0.304	0.254	VALID
8	Y3	0.355	0.254	VALID
9	Y4	0.4	0.254	VALID
10	Y5	0.300	0.254	VALID

(Source: Results of data processing with SPSS.24, 2024)

The following is an explanation in Table 1 as follows:

1. All indicators for internal control variables are declared valid if the r table value is greater than 0.254.

2. If the table's r value is greater than 0.254, then all indicators for the cash disbursement accounting information system variable are declared valid.

Reliability Statistics

Cronbach's	
Alpha	N of Items
.136	10

Case Processing Summary

		N	%
Cases	Valid	60	100.0
	Excluded ^a	0	.0
	Total	60	100.0

a. Listwise deletion based on all variables in the procedure.

Classic Assumption Analysis

Normality, multicollinearity and heteroscedasticity tests are classic assumption tests used in this research. A good regression model will only meet the classical assumption test:

a. Normality test

The data have a normal distribution and meet the assumptions of normality, according to the p-plot test.

b. Multicollinearity Test

Table 2. Multicollinearity Test

Model	Coefficients ^a											Collinearity Statistics		
	Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B		Correlations			Tolerance	VIF		
	B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound	Zero-order	Partial	Part				
1 (Constant)	25.108	2.398		10.472	.000	20.308	29.907							
SISTEM INFORMASI AKUNTANSI PENGELUARAN KAS	-.163	.106	-.198	-1.542	.128	-.374	.049	-.198	-.198	-	.198	1.000	1.000	

a. Dependent Variable: PENGENDALIAN INTERNAL PERUSAHAAN

(Data source: Results of data processing with SPSS.24, 2024)

Tests show that the Cash Expenditure Accounting Information System variable does not experience multicollinearity because the system tolerance value of 1,000 is greater than 0.10 and the VIF value of 1,000 is lower than 10.

c. *Heteroscedasticity Test*

Tests have shown that the residual distribution is irregular and does not form a pattern. This is shown on a dotted or scatter plot. There is no heteroscedasticity, that is the conclusion that can be drawn.

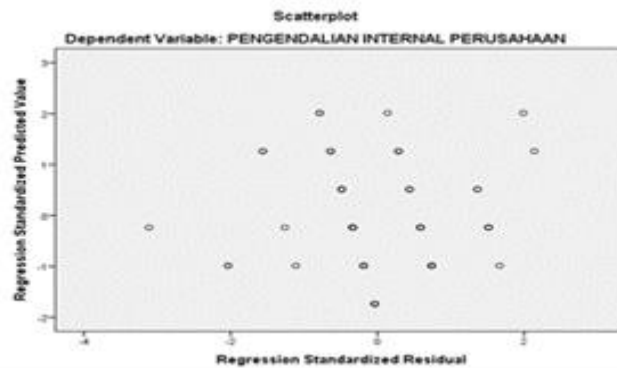


Figure 1.Heteroscedasticity Test
(Data source: Results of data processing with SPSS.24, 2024)

Simple Linear Regression Analysis

The purpose of simple linear regression analysis is to find out how much impact the regression coefficient has on the independent variable and the dependent variable. For this research, the simple linear regression equation model is as follows:

$$Y = a + Xb$$

where Y is internal control and b is the cash disbursement accounting information system. So the multiple linear regression equation is as follows:

$$Y = 25.108 - 0.163b$$

The above equation shows the following two things:

1. A constant of 25,108 with a positive relationship indicates that the Internal Control value will increase by 25,108 if the value of the independent variable, Cash Disbursement Accounting Information System, is considered constant;
2. The Cash Disbursement Accounting Information System constant (X) is 0.163, indicating that if the Cash Disbursement Accounting Information System experiences an increase of 1%, then the value will increase by 1%.

Partial Significant Test (t Test)

This study uses the t test to measure how much influence the independent variables used have on the dependent variable. In other words, to determine whether the Cash Disbursement Accounting Information System variable (X) and the Internal Control variable (Y) have a significant correlation.

Table 3. t test

Model	Unstandardized Coefficients		Coefficients ^a		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	25.108	2.398		10.472	.000
SISTEM INFORMASI AKUNTANSI PENGELUARAN KAS	-.163	.106	-.198	-1.542	.128

a. Dependent Variable: PENGENDALIAN INTERNAL PERUSAHAAN

(Data source: Results of data processing with SPSS.24, 2024)

Based on table. 3, it can be explained that tcount 10.472 is greater than ttable 2.00758. And the sig value is 0.128, while the previous significant level of α was 0.05, so the sig value of 0.128 is the same as 0.05. Thus, internal control is greatly influenced by the Cash Disbursement Accounting Information System.

This research investigates how the cash disbursement accounting information system affects a company's internal control. Cash disbursements, which are an important part of business operations, are managed by accounting information systems (AIS). Companies can increase the accuracy and speed of recording transactions, minimize errors, and detect and prevent fraud by implementing effective AIS. This study looks at how a cash disbursement AIS can improve internal control by dividing tasks, verifying and authorizing transactions, and providing accurate and timely financial reports.

The research results show that there is a significant correlation between how well AIS manages cash disbursements and how good the company's internal controls are. Companies that use AIS with advanced and integrated features may have stronger internal control mechanisms. This is because AIS ensures that all cash disbursement transactions are recorded correctly, authorization is carried out according to procedures, and only authorized parties can access financial information. In addition, a good system also provides an audit trail, which makes it easier to track and check transactions by internal and external auditors. Therefore, an efficient cash disbursement AIS can serve as an important tool to improve the financial and operational integrity of a business and provide confidence to stakeholders.

DISCUSSION

There are many ways that cash expenditure accounting information systems affect a company's internal control. First, companies can accurately record every cash expenditure transaction through sophisticated accounting information systems. This lowers the likelihood of recording errors that often occur in manually operated systems. Higher data accuracy allows management to use more accurate financial information to make decisions and reduces the possibility of fraud or misuse of funds.

Secondly, financial reporting and audit trail are better with accounting information systems that are integrated with technology such as ERP

(Enterprise Resource Planning). An integrated system makes it easier to monitor and audit every cash expenditure transaction. This increases transparency and eases the internal and external audit process. In addition, a clear audit trail makes it possible to find any errors or discrepancies in financial transactions immediately.

Third, the cash expenditure accounting information system also plays an important role in access control and authorization. With a computerized system, companies can implement strict access controls, ensuring that only authorized individuals can access and perform certain transactions. This reduces the risk of unauthorized transactions and ensures that every transaction made can be accounted for. These controls are critical in maintaining the integrity of financial data and preventing potential misuse.

Finally, management support and employee training greatly affect the success of cash expenditure accounting information system implementation. Information system implementation may not go well without full support from management. Management must provide clear directions and ensure that employees understand well how to use this system. To achieve the expected internal control objectives, adequate training is essential so that employees can optimally utilize all the features of the information system.

CONCLUSIONS AND RECOMMENDATIONS

This research finds that the cash disbursement accounting information system (AIS) improves the company's internal control and increases the transparency and accountability of financial reporting. As a result, AIS improves the accuracy and precision of transaction recording and helps companies reduce the risk of fraud. By having a strong information system, businesses can ensure that all financial transactions are properly recorded and can be accessed for monitoring and audit purposes.

The research results also emphasize how important it is to design and maintain a strong AIS as part of a complete internal control strategy. By combining internal control processes with accounting information systems, businesses can improve financial performance and minimize losses due to errors or fraud. Therefore, businesses must continue to update and optimize their accounting information systems so that internal controls remain effective and strategic goals can be achieved.

Based on this research, companies should evaluate and update their cash disbursement accounting systems regularly. Regular training for employees involved in the accounting process and adoption of the latest technology can increase system efficiency and effectiveness. In addition, companies must ensure that their accounting systems have sufficient security features to protect financial data from potential threats of fraud and misuse. To ensure that the financial information produced is relevant and can be used for better decision making, companies must prioritize the integration of AIS with various management functions.

In addition, company management must improve internal control by implementing the best methods in corporate supervision and governance. This includes conducting regular, independent internal audits to find and resolve

problems in accounting information systems and cash disbursement processes. Companies may also consider using external consulting services to obtain additional insights and suggestions on how to improve their accounting information systems. By taking these steps, companies can better ensure that cash disbursements are recorded.

ADVANCED RESEARCH

This study only looks at how the cash expenditure accounting information system affects the company's internal control. The focus of this research is medium and large scale companies operating in the Indonesian region in the manufacturing and service industries. The focus of this research is how technology can strengthen or improve the company's internal control system by using accounting information systems, especially those related to cash expenditures. This geographical boundary was chosen to obtain relevant and representative data for the Indonesian industry.

Due to significant differences in management structure and technological capacity used, this study does not include small or micro enterprises. Also, to ensure the relevance and actuality of the information, this study will only look at data from the last three years. In addition, this research will not study the impact of other accounting information systems, but will only study the information system elements directly related to cash expenditure. Thus, the results of the study are expected to provide a clear picture of how well the cash expenditure accounting information system helps the company's internal control in a given situation.

REFERENCES

- Anggraeni, A. A., Yusup, M., Rahman, R. S., & Rusjiana, J. (2024). Influence of Cash Sales Accounting Information Systems on Internal Control of Cash Sales. *Majalah Bisnis & IPTEK*, 17(1), 67-78. <https://doi.org/10.55208/bistek.v17i1.577>.
- Arfismanda, C., Irwadi, M., & Hendarmin, R. M. R. (2021). The Effect of Accounting Information System and Internal Control System on the Quality of Financial Reports at PT Semen Baturaja (Persero) Tbk. *International Journal of Community Service & Engagement*, 2(3), 48-59. <https://doi.org/10.47747/ijcse.v2i3.343>.
- Edhie Rachmad, Y., Ady Bakri, A., Irdiana, S., Waromi, J., & Jansen Sinlae, A. A. (2024). Analysis of The Influence of Financial Information Systems, Internal Control Systems, and Information Technology on Quality of Financial Reports. *Jurnal Informasi Dan Teknologi*, 6(1), 266-271. <https://doi.org/10.60083/jidt.v6i1.513>.

- Immawati, Asriah, S., & Dadang. (2019). Minat Bertransaksi Menggunakan Financial Teccnology (Fintech) di Kota Tangerang. *Jurnal Mahasiswa FEB Universitas Muhammadiyah Tangerang*.
- Naim, A., Supriatman, M., & Hermawan, A. (2024). Implementasi Six Sigma Untuk Pengendalian Kualitas Produk Krupuk Ikan (Studi Kasus : Umkm Sinar Mutiara Di Desa Karang Serang Kabupaten Tangerang). *Jurnal Inovasi Dan Manajemen Bisnis*, 06(2), 208–218.
- Naim, A., Syah, T. Y. R., Pusaka, S., & Ramdhani, D. (2020). Implementation of Quality Management for Food Combining on Startup Business PT. Beras Jagung Nusantara. *Journal of Multidisciplinary Academic*, 3(5), 151–155. <http://www.kemalapublisher.com/index.php/JoMA/article/view/412%0Ahttps://www.kemalapublisher.com/index.php/JoMA/article/download/412/406>.
- Reinamah, C. M., Siahaan, M. Y., & Samadara, S. (2021). Design of Accounting Information Systems of Cash Receiving and Expenditure in Improving Internal Control of Income of Weaving Tie MSME in the District South Central Timor. *Proceedings of the International Conference on Applied Science and Technology on Social Science (ICAST-SS 2020)*, 544, 527–530. <https://doi.org/10.2991/assehr.k.210424.103>.
- Rohimah, A., Saputra, R., Soerahman, S., Sulisty, S., Naim, A., Sartono, S., & Fadilah, N. (2023). Pelatihan Penulisan Jurnal Ilmiah untuk Mahasiswa Unimar. *Jurnal Pemberdayaan Masyarakat Universitas Al Azhar Indonesia*, 5(3), 172–175.
- Sistem, P., Akuntansi, I., Kas, P., & Internal, P. (2023). *Bursa : Jurnal Ekonomi dan Bisnis*. 2(3).