

The Effect of Information Technology and Internal Control of Accounting Fraud

(Case Study at PT. Sugih Makmur Eka Industri Indonesia)

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Abstract—This study aims to examine whether the influence of information technology on accounting fraud and the effect of internal control on accounting fraud on employees who work at PT. Sugih Makmur Eka Industri Indonesia. This research uses purpose sampling method. The total sample of this research is 100 respondents which are related to all accounting activities, including internal control, and also those who work are supported by information technology in the company. Hypothesis testing in this study uses multiple linear regression analysis techniques with a statistical approach operated by SPSS Version 24. The results of this study indicate that 1) Information Technology Affects Accounting Fraud, and 2) Internal Control Affects Accounting Fraud.

Keywords: *information technology, internal control, accounting fraud*

I. INTRODUCTION

A recent phenomenon is that the results of the Transparency International survey recorded that the Indonesian Corruption Perception Index (IPK) in 2018 rose by one point to 38 from a scale of 0-100. According to Detik.com, Transparency International, Indonesia ranks 89th of all countries in the world in the corruption perception index [1]. Meanwhile for ASEAN coverage, Indonesia ranks 4th out of 11 countries, ranking first in Singapore and last in Cambodia.

Examines the influence of internal control, job satisfaction, management morality and ethical culture of the organization to the tendency of the accounting fraud at the Department of Financial Asset Management Revenue Surakarta. The variables used are internal control, job satisfaction, management morality, organizational ethical culture, and the tendency of accounting fraud. The results showed that the control variables internal, job satisfaction, and organizational ethical culture and no significant negative effect on the trend of the accounting fraud [2]. While the management morality variable has a negative and significant effect on the tendency of accounting fraud on the Surakarta City Asset Financial Management Revenue Service.

From some of the research results described above, provide a way of measurement, research objects, the use of different variables with different research results as well. These

differences, make researchers want to examine more deeply about internal control and accounting fraud by looking at the information technology used by the company whether it is good or not. The reason the author chose the object of research PT. Sugih Makmur Eka Industri Indonesia because this company is a distributor for large sanitary and related to the technology used to carry out supervision of internal control. Then this makes fears of accounting fraud.

Based on the description of the problem above, the writer is interested in conducting further research on "The Effect of Information Technology and Internal Control of Accounting Fraud (Case Study at PT. Sugih Makmur Eka Industri Indonesia)".

Understanding Information According to Darmawan and Fauzi, information is the result of processing data that has meaning or meaning [3]. According to Cushing, the book Accounting Information System and Business Organization, states that information is something that shows the results of a data processing process Understanding Information Technology [4]. Information technology is a technology used to process data, including processing, obtaining, compiling, storing, manipulating data in various ways to produce quality information, namely relevant, accurate and timely information, which is used for personal, business and government information strategic information for decision making [5].

A. Internal Control

1) *Definition of internal control:* System control internally defined as a "system of internal control al covers the structure of the organization, methods and measures are coordinated to maintain the wealth of the organization, check the accuracy and reliability of accounting data, encourage efficiency and encourage the policy of management [6].

2) *Objectives of internal control:* Which covers the main objectives of the internal control system is to maintain the wealth of the organization, check the accuracy and reliability of accounting data, encourage efficiency, and encourage compliance with management policies [6].

3) *Elements of internal control:* Five key elements of internal control al namely:

- Environmental Control.
- Risk Assessment.
- Activities Control.
- Information and Communication [7].
- Principles of Internal Control.

According Levany for can achieve the purpose of accounting control, a system must meet six basic principles of internal control includes [8]:

- Separation of functions.
- Authorization procedure.
- Documentation Procedure.
- Accounting procedures and records .
- Physical surveillance .
- Internal inspection freely [9].

B. Accounting Fraud

1) *Definition of accounting fraud*: According to Siegel and Shim, that: “fraud is a deliberate act by individuals or entities to deceive others who cause harm. In particular there has been a misrepresentation to corrupt, or with the intention of withholding data of the material needed for the implementation of a previous decision” [10].

2) *Conditions that cause accounting fraud*: Explaining the factors that encourage fraud according to the Fraud triangle theory, namely [9]:

- Pressure / Incentive (preceived pressure) .
- Opportunity (Perceived opportunity) .
- Attitude or rationalization (rationalization).

3) *Accounting fraud scheme*: Fraudulent schemes can be classified in various ways. According to the Association of Certified Fraud Examiners (ACFE), there are three categories of fraud schemes, namely:

- Fraudulent Financial Statements (Fraudulent Financial Statement).
- Cheating Abuse Asset (Asset Misappropriation).
- Corruption (Corruption).

C. Review of Prior Research and Hypothesis Development

1) *Effect of information technology on accounting fraud*: States do with their information technology systems in this case the info rm a good accounting in the company, can reduce the chance of melaku not it cheating. Because computers do a lot of internal control activities that were previously done by employees, thus increasing the separation of tasks and security in the database.

H1: The information technology affects the accounting fraud.

2) *The influence of internal control against accounting fraud*: States that there is a negative influence between the effectiveness of Internal Control with Accounting Fraud. States that there is a positive influence between the effectiveness of internal control with accounting fraud.

H2: Internal control influences accounting fraud.

3) *Research conceptual framework*: Based on these theories and studies, the research model looks as follows:

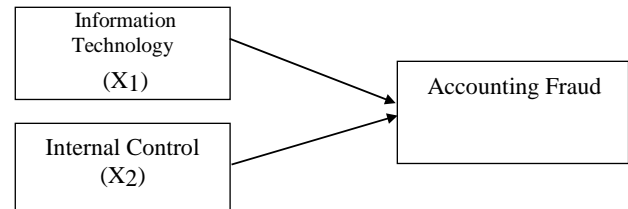


Fig. 1. Research conceptual framework.

II. METHODS

A. Data and Samples

The data used in this study were all employees working at PT. Sugih Makmur Eka Industri Indonesia. The number of samples collected in this study was 100 employees who had to do with all accounting activities, including in internal control, and also those who worked were supported by information technology at PT. Sugih Makmur Eka Industri Indonesia.

TABLE I. RESULT OF MULTICOLLINEARITY TEST AMONG ALL VARIABLES

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	23,982	5,140		4,666	0,000
	Information Technology	0,752	0,128	0,150	2,168	0,046
	Internal Control	0,802	0,159	0,001	4,011	0,021

Source: processed primary data (SPSS version 24), 2019.

B. Validity

Multicollinearity test results can be seen from the tolerance and variance inflation factor (VIF). Both of these measurements indicate which of each independent variable is explained by other independent variables. Tolerance measures selected variables that are not explained by other independent variables. Multicollinearity-free regression models are those that have a VIF <10 and tolerance value > 0.10.

Table 1 above shows that there is no multicollinearity. The information technology variable has a tolerance value of 0.609 > 0.10 and a VIF value of 1.641 < 10. Internal control variables have a tolerance value of 0.609 > 0.10 and a VIF

value of 1.641 <10. The results of the calculation of the tolerance value indicate that there are no independent variables that has a tolerance value of less than 0.10 which means there is no correlation between independent variables. The calculation results of the Variance Inflation Factor (VIF) also show the same results that there is not one independent variable that has a VIF value of more than 10. So it can be concluded that in this study there is no multicollinearity between independent variables in this regression model.

III. RESULTS AND DISCUSSION

Descriptive statistics in this study are also used to provide information about research variables such as information technology, internal control, and accounting fraud. Descriptive statistics for the research variables can be seen as follows:

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Define abbreviations and acronyms the first time they are used in the text, even after they have been defined in the abstract. Abbreviations such as IEEE, SI, MKS, CGS, sc, dc, and rms do not have to be defined. Do not use abbreviations in the title or heads unless they are unavoidable.

TABLE II. RESULT OF MULTIPLE LINEAR ANALYSIS

Predictor	Tolerance	VIF
Information Technology	0.609	1,641
Internal control	0.609	1,641

Source: processed primary data (SPSS version 24), 2019.

In the regression equation above shows a constant value of 23.982. This states that the information technology and internal control variables are considered as constant or 0 (zero), then accounting fraud will decrease by 23.982 units or 23.982%. The regression coefficient on the information technology variable is 0.752, this means that if the information technology control variable is one unit then the accounting fraud variable will decrease by 0.752 oneam or 75.2% with other variables considered constant. The regression coefficient on the internal control variable is 0.802, this means that if the internal control variable increases by one unit then the accounting fraud variable will decrease by 0.802 oneam or 80.2% with other variables considered constant.

TABLE III. RESULT TEST OF COEFFICIENT DETERMINATION

Model	R	R Square	Adjusted R square	std error of the estimate
1	0.619 a	.383	.372	5, 67 684

Source: processed primary data (SPSS version 24), 2019.

In the table above shows the value of the coefficient A djusted R Square is 0.372 or 37.2%. It can be concluded that the variable accounting fraud (Y), which can be explained by information technology (X- 1) and internal controls (X 2) was 37.2%. While the remaining 62.8% (100-37.2) is explained by

other variables not included in this regression analysis. Other variables such as observance of accounting rules and information asymmetry. The correlation coefficient (R) in table 4.13 of 0.619 shows that the relationship between the independent variable and the dependent variable is strong because it has a correlation coefficient above 0.05. The Error Of The Estimate (SEE) standard of 5.67684, the smaller the SEE value will make the regression model more precise in predicting the dependent variable.

TABLE IV. PARTIAL TEST RESULTS (T-TEST)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	23,982	5,140		4,666	0,000
	Information Technology	0.752	0,128	0,150	2,168	0,046
	Internal Control	0,802	0,159	0,001	4,011	0,021

Source: processed primary data (SPSS version 24), 2019.

Table above shows the results of the examiner's partially covering information technology (X- 1) and internal controls (X 2):

- Variable information technology (X- 1) has a value of t count > t table and the significance value less than 0.05 (2.168 > 1.984723 and 0.046 < 0.05) it can be concluded that H₀ rejected and H_a accepted. Meaning that information technology variables have an influence on accounting fraud.
- The internal control variable (X 2) has a calculated t value > t table and a significance value smaller than 0.05 (4.011 > 1.984723 and 0.021 < 0.05) it can be concluded that H₀ is rejected and H_a is accepted. This means that the internal control variable has an influence on accounting fraud.

IV. CONCLUSION

From the test results in this study, that the information technology variable influences accounting fraud. This shows that information technology in the use of computers, the use of the internet network, computerized supervision and evaluation is necessary and must be carried out properly in accordance with existing procedures so that it will reduce the existence of accounting fraud in the company.

From the test results in this study, that the internal control variable influences accounting fraud. This shows that internal control is needed in operational activities to maintain organizational stability and performance in a company and is expected to reduce the deviant actions taken by employees who are responsible for carrying out the process accounting and preparing financial statements. If internal control has been well designed and effective, then internal control can protect from

fraud including if there are employees who intend to commit accounting fraud.

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