

Problems and Internal Control Issues in AIS from the View Point of Jordanian Certified Public Accountants

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ABSTRACT

Nowadays it is assured that the fusion between the accounting and Information Technology (IT) fields provides an essential resource for businesses in all fields. However, as with every other integration between two different fields, some problems arise as a sub result for the fusion, rather than rationality and optimization; these problems and issues are recently solved through compromise. The goal of this paper is to looking at some of the problems and issues of accounting information systems as seen and pointed by Jordanian accountants, we will also be looking at some internal control issues. This is done by making a questionnaire appointed to a sample of accountants in Jordanian organization.

Keywords: AIS; Internal Control

1. INTRODUCTION

Accounting information is considered an essential resource for all organizations, such as the essence of all competitive businesses [5]. Accounting information systems' concept is very well established and many commercial packages and suitable systems have been developed. However, accounting systems have changing levels of efficiency and relatively high costs for such information, which affects the business world [14].

It has become an ordinary thought that most accounting information systems problems were the result of the lack of constructive planning to refresh their information systems in light of: the vast progress that has been achieved in information technologies field; software quality; sophisticated system design and development; employment of quantitative models; identification of information needs; and proper systems auditing [11].

Internal control is generally defined to be the process put in place by management to provide reasonable assurance regarding the achievement of effective and efficient operations, reliable financial reporting, and compliance with laws and regulations [23].

Data integrity has been considered as part of the internal control framework with respect to financial statements auditing for external reporting. However, the greater objective in the business world is developing and maintaining a competitive advantage, and accurate financial reporting is only one part of that greater objective. Other parts may include cost and product leadership, quality, and speed of delivery, etc.

Internal control is considered a useful tool that helps achieving and extending all of these goals" [8]. Operations and upper management departments need information on sales quantities by territory, product type, and customer. Other information needs may also include production costs by department and product, inventory levels, accounts receivable and payable balances, cash flow projections, other non-financial performance

indicators such as production utilization, material efficiency, on-time delivery, and so on. Long term success of a corporation essentially depends on good and active controls to provide information for internal decision making supporting company objectives.

2. PROBLEM

There are some problems that rose from the fusion of accounting and information technology (IT) fields in accountants' point of view; one of these problems is that computerized systems are at constant risk of hackers, power failures, viruses and loss of information.

Another issue is the relatively high cost of Accounting Information Expert systems, besides, these systems must be up to date, and usually, the firm's staff needs some sort of special training courses for effective use of the system.

There are also some security issues that are mainly summarized with computer fraud risk.

Some pointed out that sometimes human error might not be identified as quickly, hence there must be some sort of validation for records input need for accuracy.

Sometimes there might be some difficulties in understanding accounting information systems' expert systems, and there must be some specified adaption or set up for the business so it does not cause chaos to the accounts.

3. RELATED WORK

Although there are not that many studies and researches that looked at this topic for particular, it has been slightly mentioned and discussed in some articles and textbook.

In [7], the author listed some of the problems and issues of the accounting information systems, and gave a brief discussion about this topic.



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As seen in [13], the author talked about some security issues that have been a source of anxiety for most accountants.

Some authors, as in [19], have discussed the issue of the high cost of accounting information systems' expert systems and its effect on the use of accounting information systems.

The author of [3] has pointed to some issues that might rise as a result of the use of accounting information systems and the computerization of information systems, and also gave some brief ideas as solutions.

4. METHODOLOGY

This paper flow the following research procedure, starting from reach problem definition and ending to results of this paper:

- Problem definition and formulation, including stating the objectives.
- Lateral survey to get up to date in the researches that concerns in that field.
- Stating the hypothesis
- Building the questionnaire and questionnaire application plan in Jordan field
- Analyzing the data and generating results.

For the research, we have built a questionnaire for a sample of accountants in Jordanian organizations, considering hypothesis that represent the main issues of the use accounting information systems' expert systems. The questionnaire is explained in table-1. Where the hypothesis introduced in this paper are:

- a. The risk of hacks, viruses, is a constant anxiety when using accounting information systems, but these problems can be overcome using some precautions and protective methods.
- b. Power failures might cause some big issues, but they can be avoided.
- c. Data loss due to the reasons above besides server damage, backup tapes damage, servers or computers, or backup tapes theft, deletion, etc. is a source of constant anxiety, and it cannot be avoided.
- d. Accounting information systems' expert systems have ridiculously high cost and it is just a redundant action.
- e. The cost of accounting information systems' expert systems is high but the gains of using them are worth it.
- f. Computer fraud can easily happen such as payments to fake vendors, theft of social security numbers of employees and contractors, etc. and it cannot be avoided.
- g. Accounting information systems' expert systems usually require special training courses for the firm's staff and it is very costly considering the advantages.

The estimated results of our questionnaire state that as with any other system, accounting information systems have their issues, and it is undeniable, but they are also avoidable or solvable.

Table 1: sample of questionnaire that performed for the hypothesis of this paper

Opinion \ Hypothesis	Sure	Yes	Maybe	No
Hepo1				
Hepo2				
Hepo3				
Hepo4				
Hepo5				
Hepo6				
Hepo7				

5. RESULTS

Our study sample is the accountants of local (Jordanian) Organizations, as seen of the hypothesis above, and by taking the questionnaire, they gave us their point of view on some issues and problems in accounting information systems and the suggested some solutions to some of these issues.

The results of our questionnaire are listed in the table-2 below, as seen from the numbers, 37% of the sample assured our first hypothesis which suggests that the risk of hacks, viruses, is a constant anxiety when using accounting information systems, but these problems can be overcome using some precautions and protective methods, 21% agreed with it, 22% were not sure and 20% disagreed. The group that agreed also gave some reasonable solutions to these problems like using antivirus system and controlling the use of computers, taking these precautions can lower these risks in a noticeable way.

Our second hypothesis stated that power failures might cause some big issues, but they can be avoided. 28% of our sample assured that, 38% agreed, 20% were not sure and 14% disagreed, this last group suggested a solution of using UPS's (Uninterruptable Power Supply) which provides emergency power to the system in case of power failures.

In our third hypothesis we said that data loss due server damage, backup tapes damage, servers or computers, or backup tapes theft, deletion, etc. is a source of constant anxiety, and it cannot be avoided. 24% of the

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sample assured this hypothesis, 20% agreed with it, 16% were not sure about it, and 40% disagreed.

For our forth hypothesis we presumed that accounting information systems' expert systems have ridiculously high cost and it is just a redundant action, none assured this while a very little ratio 4% agreed with it, 27% were not sure, and 69% disagreed.

The fifth hypothesis assumed that the cost of accounting information systems' expert systems is high but the gains of using them are worth it, 5% assured this, 64% agreed, 30% were not sure while 1% disagreed.

The assumption of our sixth hypothesis is that Computer fraud can easily happen such as payments to fake vendors, theft of social security numbers of employees and contractors, etc. and it cannot be avoided, 21% assured this, 10% agreed, 39% were not sure, while 30% disagreed.

Our last hypothesis proposed that accounting information systems' expert systems usually require special training courses for the firm's staff and it is very costly considering the advantages, 1% assured this, 1% agreed with it, 46% were not sure about it, while 52% disagreed with it.

Table 2: shows the questionnaire result of the hypothesis.

Opinion Hypothesis	Sure	Yes	Maybe	No
Hypothesis-1	37%	21%	22%	20%
Hypothesis-2	28%	38%	20%	14%
Hypothesis-3	24%	20%	16%	40%
Hypothesis-4	0%	4%	27%	69%
Hypothesis-5	5%	64%	30%	1%
Hypothesis-6	21%	10%	39%	30%
Hypothesis-7	1%	1%	46%	52%

6. CONCLUSION

The results of our study procedure state that as with any other system, accounting information systems have their downs and issues.

Accounting information systems issues and problems may be mainly summarized in the high cost of accounting information systems' expert systems, security risks of computer fraud, data loss issues due to hacks, viruses, power failures, damage and theft to servers, computers and backup tapes, etc. and the high cost of accounting information systems' expert systems' training courses.

The problems and issues above are mainly manageable and can be avoided with some simple precautions and protective actions.

The issue of hacks and viruses can easily be avoided by using a well recommended anti-virus system

and by controlling the use of firms' computers especially external hard drives and flash memories, and controlling their web access.

Power failures issue can be solved by using UPS's, and the issue of damage and theft can be solved in many ways, such as safety deposit boxes, safes, etc.

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