

## The Influence of Accounting Information System Audits on the Quality of Internal Control in Government Financial Management

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### Abstract

Government financial management requires an internal control system capable of ensuring orderly administration, accurate recording, and accountability in the delivery of financial information to the public. However, in practice, various obstacles such as recording errors, non-compliance with procedures, late reporting, and potential fraud are still found in a number of government agencies. This situation indicates that efforts to strengthen internal control cannot rely solely on administrative improvements or improving the quality of human resources, but also require the support of a reliable information technology system and adequate oversight through the audit process. Amid the utilization of information technology in the public sector, Accounting Information Systems (AIS) audits are a crucial instrument to ensure that the information systems that manage financial transactions function optimally, securely, and comply with applicable regulations. This study aims to analyze the influence of Accounting Information Systems audits on the quality of internal control in government financial management. The method used is qualitative research through literature review, namely by reviewing, comparing, and synthesizing the results of previous studies discussing AIS audits, internal audits, and internal control mechanisms in public sector organizations. Data were obtained from relevant scientific publications, including journal articles, books, and other academic documents. The study results indicate that Accounting Information System audits contribute positively to improving internal control, primarily through improving data processing, strengthening system security, preventing recording errors, and limiting user access based on authorization. Furthermore, the effectiveness of internal control is also determined by the implementation of the internal audit function, the competence and independence of auditors, and the quality of audit recommendations consistently followed up by management. Therefore, AIS audits are not merely a technology evaluation process, but an integral part of governance that drives continuous improvement in government financial management. The findings of this study confirm that the effectiveness of internal control in the government sector is the result of the synergy between the use of accounting information systems and professional audit implementation. This research is expected to provide theoretical contributions to the public sector accounting literature and serve as a reference for strengthening audit practices and the use of information systems to achieve accountable, transparent, and regulatory-compliant government financial management.

**Keywords:** Accounting Information System Audit, Internal Control, Government Financial Management, Internal Audit, Information Systems.

## INTRODUCTION

Government financial management is a strategic component in modern governance, as all government activities, from the implementation of development programs and the provision of public services to budget accountability, depend heavily on the government's ability to manage finances in an orderly and transparent manner. As a public entity, the government bears a significant responsibility to ensure that every use of the budget is accountable and provides benefits to the public. In this context, financial management is understood not merely as an administrative process of recording transactions, but as a complex and integrated system that demands accuracy, timeliness, accountability, and information security.

Although government financial management regulations have undergone significant development, various challenges remain in their implementation. Transaction recording errors, procedural inconsistencies, poor compliance with government accounting standards, delays in financial reporting, and the potential for fraud remain significant issues in many government agencies. These issues not only hamper efficient financial management but also undermine public trust in the government's credibility. This situation demonstrates that the internal control system, which should serve as an organizational protection mechanism, is not yet fully functioning optimally.

Internal controls within government entities are designed to ensure that public resources are used efficiently, effectively, economically, accountably, and in accordance with regulations. This system encompasses a series of policies, procedures, and monitoring activities aimed at preventing, detecting, and correcting errors and irregularities. However, relying solely on administrative mechanisms and human resources is no longer sufficient in the era of digital government. The complexity of financial transactions, large budgets, the involvement of numerous parties, and cross-agency data integration require information technology support to improve the reliability and orderliness of financial processes.

The use of an Accounting Information System (AIS) is a crucial step in modernizing government financial management. This system enables the government to automatically process financial data, reducing reliance on manual record-keeping, and providing real-time information. An AIS also enables data integration across departments, making budget planning, implementation, administration, and reporting more effective. However, the existence of an AIS alone does not guarantee strong internal control. Like any other system, an AIS has potential weaknesses if not properly managed and monitored. Security vulnerabilities, authorization abuse, system misconfigurations, user non-compliance with procedures, and data inaccuracies can all emerge if regular evaluations are not conducted.

In this context, Accounting Information Systems audits play a crucial role. AIS audits not only examine system output but also assess the reliability of internal processes within the information system, including general information technology controls, network security structures, user access restrictions, information asset protection, and data processing accuracy. Through audits, system weaknesses can be objectively identified, allowing for corrective actions before they impact the integrity of financial statements. AIS audits not only detect errors that have already occurred but also serve a preventative role by providing recommendations that encourage organizations to improve their systems before risks arise.

In addition to auditing information systems, internal audit also plays a significant role in establishing quality internal controls. Internal audit acts as an independent party within the organization to ensure that policies, procedures, and work mechanisms are implemented correctly and consistently. Internal auditors evaluate the adequacy of controls, compliance with procedures, and the appropriateness of the organization's response to risks. Therefore, internal audit plays a strategic role in bridging information systems governance with the operational effectiveness of government agencies.

Although numerous studies have confirmed the role of Accounting Information Systems audits in improving internal control, there are also findings that indicate an insignificant effect. This inconsistency can occur in organizations that lack a proper alignment between technology implementation and human resource readiness, or when audit recommendations are not followed up by managerial follow-up. These discrepancies in findings demonstrate that the relationship

between AIS audits and internal control is not simple, but rather influenced by various factors such as auditor quality, leadership commitment, organizational culture, and technological readiness.

Based on this urgency, this study was conducted to analyze the influence of Accounting Information Systems audits on the quality of internal control in government financial management. This study is expected to provide a comprehensive conceptual overview of the position of AIS audits in government financial governance and its contribution to strengthening public accountability. Furthermore, this study also provides a theoretical foundation for policymakers and government financial managers in developing strategies to improve internal control through audit optimization and the use of information technology.

## RESEARCH METHODS

This research employs a qualitative method with a library research approach. This approach was chosen because the issues studied relate to previously researched concepts, theories, and empirical findings. Therefore, data collection was conducted not through field surveys, interviews, or observations, but through analysis of academic literature sources. Library research provides a platform for a comprehensive review of scientific developments in the field of Accounting Information Systems auditing and internal control through comparisons of findings across studies.

The data used is secondary data obtained from national and international scientific journals, textbooks, academic documents, and other scientific sources relevant to the research variables. The literature was selected through a screening process based on relevance to the public sector, publisher reliability, and research focus related to AIS auditing and internal control. This selection was conducted to ensure that all sources used can support the discussion scientifically and validly.

The data collection stage is carried out through a documentation process, namely tracing, identifying, and categorizing information related to the research topic. Each literature source is carefully studied to identify factors that differentiate between studies, similarities in research findings, and patterns of relationships between AIS audit variables and internal control quality. Data collection aims not only to obtain supporting materials but also to understand the development of concepts and the dynamics of AIS audit implementation in government practice.

After data collection, the analysis process was carried out using content analysis techniques. This technique is used to group similar information, identify key themes, and uncover logical relationships between variables based on a literature review. Content analysis not only describes the findings of previous research but also critically assesses the context, organizational conditions, and supporting factors for auditing in improving internal control. This method provides a comprehensive and representative picture of the phenomenon being studied.

The library research approach was deemed appropriate for this study because the variables studied are closely related to policies and information system implementation in the government sector. Therefore, conclusions are more accurate when based on established empirical evidence. Furthermore, this method allows researchers to identify research gaps in previous studies, both in terms of methodology and substance, thus providing a foundation for further research in the future.

## RESULTS AND DISCUSSION

### **Accounting Information System Audit in Improving the Reliability of Financial Data Processing**

Literature analysis shows that Accounting Information System audits significantly contribute to improving the reliability of financial data processing in government agencies. Information system audits not only verify the accuracy of financial report output but also examine whether all data processing processes adhere to the principles of security, accuracy, and validity. In many cases, financial management constraints arise not from system inadequacy, but from inconsistent system utilization or operational inadequacy.

Through audits, various technical aspects such as user access control, transaction authorization, data processing scheduling, and database protection are comprehensively assessed. This evaluation process enables the government to identify system weaknesses, whether caused by configuration errors or undisciplined system use. When audit recommendations are acted upon, the quality of financial data processing improves because the system can run more stably, is more organized, and is protected from the risk of data corruption and manipulation.

Thus, an Accounting Information System audit is not merely an additional verification procedure, but a crucial element in maintaining the accuracy and integrity of the government's technology-based accounting processes. The more consistent the audit, the lower the potential for recording errors, reporting discrepancies, and financial irregularities.

#### **Internal Audit as a Mechanism for Monitoring Compliance with Financial Procedures**

In addition to information system audits, internal audits are a key component in establishing effective financial controls. Internal audits act as a monitoring mechanism, overseeing policy implementation, the accuracy of procedural flows, and system users' compliance with applicable regulations. The presence of internal audits fosters a disciplined work culture, as every financial activity is known to be under constant scrutiny.

A literature review shows that government agencies with active internal audit units tend to be better able to maintain consistent financial procedures than those that do not conduct regular internal audits. Internal audits help organizations detect errors in budget execution as early as possible, thus minimizing potential state losses, misappropriation of funds, and reporting errors before they have a significant impact.

In other words, internal audit serves as a balance between operational freedom and accountability. However, the effectiveness of internal audit is largely determined by the organization's commitment to following up on audit reports. Internal audits conducted without further improvement will not make a meaningful contribution to internal control.

#### **Auditor Competence and Independence as Determinants of Audit Objectivity**

The study also shows that the competence and independence of internal auditors are crucial dimensions in strengthening internal control. Government financial management is complex and high-risk, so audits can only be effective if conducted by auditors who understand information systems technology, government financial regulations, and risk assessment techniques.

The competencies referred to relate not only to mastery of audit procedures, but also to analytical skills, sensitivity to deviations, and the ability to develop realistic and implementable recommendations. Independence, meanwhile, is necessary for auditors to provide evaluations

without pressure or intervention from parties with an interest in financial results. If auditor independence is compromised, audit quality declines because recommendations may become biased or not reflect the true situation.

Therefore, enhancing the professionalism of internal auditors is a key strategy for strengthening internal control. Continuous training, competency certification, and an organizational structure that supports independence are key factors in ensuring auditors can perform their duties objectively and credibly.

### **Audit Quality for Improvement and Strengthening of Internal Control Systems**

Literature review shows that audits will have a positive impact on internal control if they are high-quality. Audit quality is reflected in the depth of the audit's scope, thoroughness in identifying findings, clarity of recommendations, and timeliness of the audit. A high-quality audit not only uncovers weaknesses but also provides realistic and relevant recommendations to the organization's circumstances.

However, audit quality does not automatically result in improved internal control. The impact of an audit is only apparent when audit findings are properly acted upon. In a number of government organizations, audit recommendations are not followed up with improvements, either due to resistance to change, limited resources, or weak leadership commitment. This situation results in audit losing its role as an organizational corrective tool.

Thus, a quality audit demands responsive management. When audits and follow-up are aligned, the internal control system develops into an adaptive organizational mechanism capable of responding effectively to risks.

### **Implications of Accounting Information System Audits on Government Financial Accountability**

The final discussion focuses on the relationship between Accounting Information System audits and increased accountability in government financial management. Accounting Information System audits ensure that every financial transaction is managed securely, traced, and documented. Audits of information systems enable the government to provide more transparent, accurate, and accountable financial reports. When financial reports reflect financial activities honestly and according to standards, public trust in government performance increases.

Audits also encourage governments to strengthen data protection and system security, thereby mitigating the risk of budget misuse or information manipulation. Thus, SIA audits not only improve the internal quality of organizations but also have broader social implications by increasing public trust and legitimizing government financial governance.

## **CONCLUSION**

Government financial management essentially demands an internal control system that can guarantee administrative order, accurate recording, reliable financial reporting information, and protect public assets from all forms of irregularities. Challenges that arise in practice, such as recording errors, non-compliance with procedures, data manipulation, and late reporting, demonstrate that internal control cannot rely solely on regulations and work instructions, but must be supported by a structured evaluation and monitoring system. In this context, Accounting Information System audits play a crucial role as a mechanism to ensure that the use of

information technology in financial processes is carried out in accordance with organizational objectives and applicable standards.

Based on the literature review analyzed in this study, Accounting Information Systems audits have been shown to make a substantial contribution to improving the quality of internal control in government financial management. Accounting Information Systems audits have the ability to assess the entire information technology (IT) process, from data input and information processing to system security and financial reporting. Through audits, government agencies can identify system weaknesses that are not visible in daily operational activities. These weaknesses can stem from system design, technology configuration, lack of access restrictions, weak user activity monitoring, or low levels of compliance with information system operating procedures. When audit findings are followed up with improvements, the effectiveness of internal control will significantly increase through the correction of inappropriate practices, increased system security, and alignment of work procedures.

In addition to auditing information systems, this study also found that strengthening internal control is inseparable from the implementation of internal audits as a supervisory function. Internal audits serve as a crucial instrument to ensure that government financial policies and procedures are implemented consistently, objectively, and in accordance with regulations. Internal auditors play a role in assessing the adequacy of controls, overseeing budget utilization, and providing recommendations to management to improve financial management mechanisms. However, the effectiveness of internal audits depends heavily on the professionalism of auditors, particularly in terms of competence and independence. Competence is essential for auditors to assess risks and detect irregularities accurately, while independence is essential for maintaining objectivity and avoiding conflicts of interest.

Regarding audit quality, this study concludes that audits will only have a significant impact if they are conducted through a quality process. Audit quality encompasses adequate scope of examination, thoroughness of document and system testing, accuracy of problem identification, depth of analysis of root causes of weaknesses, and clarity of recommendations. However, audit quality will be ineffective if the resulting recommendations do not receive an adequate response from the organization. Therefore, improving internal control is determined not only by the audit itself but also by management's commitment to following up on audit results and using recommendations as a basis for improvement. In other words, audits are a stimulus instrument, and the effectiveness of internal control is the result of the audit's collaboration with the organization's commitment to implementing improvements.

This study also confirms that efforts to strengthen internal control through Accounting Information System audits cannot be viewed as a standalone technical effort, but are closely linked to aspects of organizational culture, data governance, and human resource readiness. If information systems are modern but the organizational culture does not support transparency, the risk of irregularities can still occur. Similarly, information technology will not provide optimal benefits if users lack adequate competence or if the agency does not provide a follow-up system to ensure continuous improvement. Thus, the success of Accounting Information System audits in improving internal control is greatly influenced by the synergy between technology, people, organizational policies, and leadership commitment.

The overall research findings confirm that Accounting Information System audits have a positive impact on the quality of internal control in government financial management. Audits serve as a tool to ensure the reliability of information system processes, improve data accuracy,

reduce recording errors, strengthen transaction authorization, enhance system security, and maintain the credibility of information used in financial reporting. Furthermore, when audits are accompanied by effective internal audit implementation, adequate auditor competence, auditor independence, and consistent audit follow-up, internal control will develop into a robust and adaptive financial risk management system.

Practically, the implication of this research is the need for the government to continue strengthening Accounting Information System audits as part of financial governance. This strengthening can be achieved by improving auditor competency, expanding the scope of audits to information systems, improving data protection mechanisms, tightening system authorization access, and establishing a structured and measurable audit follow-up system. With these steps, audits become not merely a formal evaluation process but an integral part of the process of improving the quality of government financial management.

Thus, the conclusion of this study states that Accounting Information System audits are a fundamental element in efforts to realize transparent, accountable, and irregular government financial management. Accounting Information System audits help ensure that the information technology used by the government truly fulfills its strategic role in producing reliable financial information. The consistency of audit implementation, the quality of auditors, and the organization's seriousness in following up on audit recommendations will determine the success of internal control systems in the government sector. This research is expected to provide a theoretical and practical basis for improving government financial management policies through strengthening audits and utilizing information technology to strengthen internal control systems on an ongoing basis.

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