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Influence The Quality of Accounting Information Systems and The Effectiveness of Internal Control On Financial Reporting Quality

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Abstract :
The purpose of this study was to determine influence the accounting information systems and the effectiveness of internal control on financial reporting quality. The results showed that influence the accounting information systems and the effectiveness of internal control have a significant effect on the financial reporting quality. Furthermore it was found that the accounting information systems and the effectiveness of internal control have relation on financial reporting quality.
Keywords : Quality Accounting Information Systems, Effectiveness Internal Control, Financial Reporting Quality

2. Introduction

In this globalization era, almost all of the needed information in living life. The need for information is also needed by management firms where managers as internal parties need information to make decisions in running the company's operations (Hall, 2011: 10) .The system information is central to running a business today (Loudon and Loudon, 2006: 8). An external company consisting of investors, creditors, suppliers and governments also need information generated by the company in the form of financial statements in order to make decisions (Kieso, et al, 2011: 7). The information used in decision making is quality information. The information generated by information systems that collect and process data into information and distributed to users (Hall, 7: 2011). The financial information generated by the accounting information system (AIS) that processes the transaction data into the financial statements (Azhar Susanto, 2009: 72; Jones & Rama, 2003: 5; Warren, at al, 1999: 232) .Proses financial reporting is influenced by the system accounting information that focuses on transactions in generating financial statements (Boynton, 2001: 335). Factors that affect the quality of accounting information system according to Romney and Steinbart (2009: 28) are: (1) serious human operate the system and perform various functions of the system; (2) Procedures and instruction both manual and automated, including collection, processing and storing data on the activities of the organization; (3) Data on the organization and business processes; (4) Software that is used to process the data; (5) information technology infrastructure, including computers, software support, network communications equipment used to collect, process and store as well as send and inform the data; (6) Internal controls and security measures against data in the accounting information system.

Indonesia Stock Exchange (IDX) announced a total of 52 companies are late in submitting financial reports in 2012 until the date of 1 April 2013 (www.idx.co.id). Issuers others claimed that the late submission of financial statements because of technical constraints (www.investasi.kontan.co.id, 04.02.2013). The delay in the presentation of the financial statements can be inferred the existence of weaknesses in the accounting information system owned by the company because of the length of time needed for the completion of the financial statements and technical factors involved in financial statements. Accounting information systems also have an influence on the quality of financial statements in terms of the predicate to the financial statements. Information systems are run by humans, weak human resources in preparing the financial statements one of the causes of the financial statements of Maluku Province in 2012 was awarded a disclaimer opinion (www.malukunews.co, 08.19.2013). Chairman of the Audit Board, Hadi Purnomo expressed concerns on the financial statements of the central government about a few things, namely non-compliance with Government Accounting Standards (SAP), weak internal control and non-compliance with the provisions of the Act (www.liputan6.com, 06/11/2013). Besides the quality of financial reporting is influenced by the existing accounting information systems, financial reporting quality is also influenced by the effectiveness of internal control organization. The purpose of internal control, according to COSO is to provide reasonable assurance of achieving the company's goals of justice related to the operation, reporting and compliance with applicable regulations. Weak internal controls led to financial reporting are not going well so that it can produce misleading financial statements. Report the results of the Financial Supervisory Agency (BPK) of the Republic of Indonesia on the financial statements of the central government in 2012 still find weaknesses in the system of internal control that could harm the country's Potentially finances.

Overview Semester Examination Results (IHPS) I in 2013 CPC, where as many as 13 969 cases of weakness of internal control systems and non-compliance with statutory provisions Rp56,98 trillion worth. As many as 5,747 cases a weakness of the Internal Control System. (Www.bpk.go.id). Predicate financial statements in 2012 the Ministry of Public Works has not received unqualified predicate pure, is due to aspects of internal control is not optimal asset departments where there is still used by ex-employees who have not returned to the agency (http://finance.detik.com, 06.18.2013). The system of internal control is one of the factors that support the AIS and the quality of financial reporting so in accordance with the objectives of internal control itself to produce reliable financial reporting (Elder, 242: 2009). Financial reporting requires supervision in producing financial statements in which those responsible for internal control is the management company for an important role in the company's internal control structure (Hall, 121: 2011). Romney and Steinbart (2009: 34), said that the AIS and good internal control structure can protect the system from problems such as fraud, error, equipment and software failures and problems due to political disaster. Another purpose of internal control is to maintain the company's assets from theft, to make sure the information is reported accurately and implementation of laws and rules that apply (Warren, et al, 1996: 233). So it can be concluded that the internal controls used by management aims to control every activity in the company so that the company's operations (organization) will be implemented as planned, including produce reliable financial reports.

AIS can overcome the weaknesses in financial reporting. Research conducted by Zulkanian (2009), concluded that the AIS can accelerate the process of financial reporting and address the weaknesses of human resources in the process of financial statements into the financial statements. Another case raised by Ricchiute (334: 2006), states that the weak internal controls will cause an error misstatements in the financial statements can not be prevented. Al-Qudah and Ahmed (2011) suggested a significant impact on the company's internal control AIS in creating accuracy, updated, comprehensive and comparative data. From the above opinion can put forward that AIS and internal control factors that can affect the quality of financial reporting. AIS and internal control an integral part in generating quality financial reports that can be used as a basis for management decision making and the parties concerned. Research conducted by Ashamu, et al (2011), stated AIS most dominant role in decision making bank mergers. Lafond (2003), revealed that managers use accounting information in decision making. Costelo and Wittenberg (2010), states that if the company's internal control is weak then the investors do not use the financial statements produced by the company in its decision-making. AIS and control internaldapat concluded a factor affecting financial reporting in the financial statements excellent good yield.

Accounting system generates internal financial reports used by management in preparing the plan and supervise the operation and external financial reports that are intended for the benefit of external parties (Welsch & Gordon, 1988: 594). The purpose of the accounting information system is to process, store, and process data into information that can be used as a tool for decision-making (Romney and Steinbart, 2012: 30; Moscove and Bagranoff, 2001). While Kieso, at al (2011: 80) states that a good AIS assist management in answering questions such as: how much and what kind of unpaid debts, whether the sale of this period is higher than the previous period, the assets are already owned company, how the current conditions cash-in and cash-out, whether the company has produced a profit last year, is there a product line or division operating loss, the company can increase the dividend to shareholders, if the rate of return on net assets could be improved.

Accounting information systems and internal controls have a positive relationship to the financial reporting to produce reliable financial statements (Daneila, 2013: 7). Internal control weaknesses in overseeing the accounting information system will affect the likelihood that a material error in reporting (Ricchiute, 334: 2006). Internal control is needed to oversee the accounting system that can produce reliable financial statements (Konrath, 205: 2002). Therefore, researchers will try to re-examine the influence of the quality of accounting information systems and the effectiveness of internal control company (organization) on the quality of financial reporting. Hopefully this research will be a supporter of the previous studies.

3. Review of Literature

3.1 Information System

The information system is a system that generates information for the user, for example, accounting information system generates financial reports information used for decision-making by parties accounting information berkepentingan.Sistem substantially addressed the issue of system (Azhar Susanto, 2009). The main objective of the information system is to contribute to the organization so that it can operate effectively and efficiently (Bagranoff, et al, 2010: 420). Opinions and Maracas O'Brien (2011: 4), defines the information system as a combination that has been set up consisting of human, hardware, software, network communications, data sources, policies and procedures to store, recover, transform and disseminate information to within the organization. From the above opinion can be concluded that the information system itself is a collection of parts (elements) that interact with the intended change (transform) data into useful information for the organization, such as financial transaction data that is processed into the financial statements. Similar opinion about information systems expressed Loudon and Loudon (2006: 14) defines the information system is technically a series of interconnected components in collecting or regain, process, store, and disseminate information to support decision making and control the above organisasi. Opinion implies that technical information system is a collection of components that interact with each other with the ultimate goal to support decision making and operational oversight of the organization.

As with the opinion of Hall (2011: 7) defines the information system is a set of formal procedures where data is collected, processed into information and users. Opinions are distributed to some it means that the information system is a set of procedures or procedures for collecting the data, then process data into information and provided to users information as interested parties. The views put forward by Wilkinson, et al (1999), defines separate information system that the system is an integrated group whose parts work together to achieve certain goals. While the information is defined intelligence meaningful and useful for the party - a particular party. Apat of the opinion concluded that the information system is unitary intelligence group whose parts interact and cooperate with one another in order to be useful in achieving certain goals. Expert opinion can be concluded that the information system is a component that consists of people, hardware, software, network communications, data sources, policies and procedures that store, process data into information for the benefit of the organization. Generally, the data are processed in information systems is the data relevant to the activities of the organization that is useful for users who are in the organization.

3.2 Quality of Information

Quality in the Oxford dictionary is defined as the standard measure of something or a certain level of particular excellence. Quality said to be good if the information is relevant and reliable. Relevant information is information that can be used for decision making (Porter and Norton, 2011: 29). Quality of information that is not going to want to jeopardize an understanding of something and the decision is not in accordance with the supposed (Azhar Susanto, 2009: 2). The quality of information from the accounting information system affect the ability of management in action and decision-making in relation to the operation of the organization and presentation of financial statements that can be trusted (Hall, 2011: 134). While the quality of the information depends on the capabilities of human resources owned by the company (Bagranoff, 2009: 359).

Romney (2009: 28) says that the information that is useful must meet the characteristics: 1) Relevant, where such information reduces the level of uncertainty, help improve the ability of decision makers to predict or confirm or correct their previous expectations. 2) Reliable, where the information is free from error or bias and accurate in presenting events or activities of the organization. 3) Complete, meaning not omit important aspects of the underlying event or activity that measured. 4) Timely, that information can be presented at the time required by the decision maker in deciding something. 5) Can Understandably, meaning that the information presented can be used and in jelas.6 format) can be verified, meaning if two people who are knowledgeable act independently, each will produce information that same. 7) Accessible, meaning that information can be accessed if the information available to users when they need it and in a format they can use.

From the above understanding can be concluded that the requirement of quality information is relevant, reliable, complete, timely, understandable, verifiable and can be accessed at any time by the user in the context of decision-making or repairing an earlier decision has been made. Then the quality of information that is to say if the information provide added value to what has been decided.

3.3 Accounting Information Systems (AIS)

Azhar Susanto (2009: 72), defines AIS as a collection (integration) sub-systems / components of both physical and non-physical are interconnected and cooperate with each other in harmony to process the transaction data related to financial issues into financial information. can be defined based on the above opinion that the accounting information system is a collection of integrated system that manages financial transaction data into the financial statements. A similar opinion was expressed by Williams, et al (2010: 6), states that the accounting system is composed of people, procedures and technologies and records used by organizations to develop accounting information and communicate this information to decision-making. Can be concluded that AIS is a collection of some elements that manage the recording into the accounting information useful for the users of information.

As with the idea raised by Warren, et al (1999: 232), defines the accounting information system is a method and procedure to collect, classify, summarize and report financial business and operational information. Can be interpreted that the AIS besides financial reporting of business transactions also reported the company's operational information. Then think about the AIS stated by Tony Bocko (2007: 50), which states that The AIS is integrated Consists of organizational structure of a set of processes and procedures that work together either directly or indirectly, between objects and elements, as well as between events and happenings . It is understood that based on the principle that AIS is a process that brings together a series of procedures and processes, objects and elements as well as between events and happenings.

Opinions about AIS expressed also by Bagranoff, et al (2010: 5), defines AIS is sistemyang collect data and procedures for processing the data to generate information for the user. While Hall (2008: 8), defines SIA is a subsystem that processes financial and non-financial transactions that have a direct influence on the process financial transactions. Based on the above opinion can be interpreted that the AIS is a data collection system that processes financial and non-financial transactions into useful information for users. AIS also interpreted by John and Rama

(2003: 5) as part of a management information system (MIS) that present financial information and accounting, as well as other information contained in the process routine accounting transactions. It can be concluded that the AIS is part of the MIS process accounting transactions into financial information / accounting.
Romney and Steinbart (2009: 28), defines the AIS is a system that collect, record, store, and process data to produce information for decision makers. As with Mancini, et al (2013) defines AIS as a complex system consisting of a mixture of elements that work together closely (such as data, information, human resources, IT equipment, accounting models and procedures) and in general involved in collecting, classifying, unite and record accounting data. Of expert opinion can be concluded that the AIS is a system that work together closely and harmoniously composed of the data, people, hardware, software, network communications, rules and procedures, facilities and infrastructure with the aim of producing accounting information to the parties- the decision maker.

3.4 Effectiveness of Internal Control

Effective derived from Inggrisyang means is successful in producing a desired or intended. In a large dictionary Indonesian effectively interpreted as can bring results or effective. So effective means something successfully and get to the desired result. Ricchiute (2006: 300), Boynton, et al (2001: 325), Jhonstoner, et al (2012: 75), Kontrath (2002: 205), Elder, et al (2009: 269) defines internal control is based on the understanding that given by COSO is a process that is influenced by the board of directors, management, and employees, are designed to provide reasonable assurance is based on the achievement of the goal of effective and efficient operations, reliable financial reporting and adherence to the rule of law and regulations. It can be concluded based on the above opinion that internal control is a process that is influenced by the internal management to provide reasonable assurance of the effectiveness and efficiency of company operations, including assurance that the financial statements have been prepared in accordance with the applicable rules and compliance to other rules.

Another opinion on internal control proposed by Warren, et al (1999: 233) defines internal control policies and procedures is to protect the misuse of corporate assets, ensure the accuracy of the company's business information and compliance with applicable laws and regulations. While Wilkinson, et al (1999: 234), defines internal control adalahsistem structured, or process, which is conducted by the board of directors, management, and employees with the aim of presenting reasonable assurance of achieving the objectives of supervision consists of the effectiveness and efficiency of operations, financial reporting who believed, and compliance with laws and peraturan.Bagranoff, et al (2010: 348), defines as the internal control policies, plans and procedures implemented by management to protect its assets. Romney and Steinbart (2009: 222) defines internal control is a process carried out by the board of directors, management, and subordinates to provide reasonable assurance for the purpose of protecting assets, maintaining the recording, providing information that is accurate and trustworthy, the applicable financial reporting standards , the promotion of changes in operational efficiency, encourage adherence to managerial policies, comply with applicable laws and regulations. Expert opinion can be concluded that internal control is a process carried out by the supervisory board of directors, management, employees with the aim to protect the assets, the implementation of effective and efficient operations, financial reporting and implement credible and comply with laws and regulations. Internal control is a management tool for the control of the company's operations in order to efficiently and effectively so as to obtain maximum results.

The purpose of internal control in accordance with COSO is divided into three parts, the first is the operational objectives that require the effectiveness and efficiency of the company's operations including financial performance and protect the assets of the company is the purpose of reporting losses. Both financial and non-financial reporting is allocated to internal and external parties want that reporting is reliable, timely, transparent and in accordance with the applicable rules and policies of the company. The third objective is obedience to the laws and regulations which the company in carrying out its business in compliance with applicable rules. Then divide the COSO internal control elements into five sections namely environmental control, risk assessment, control activities, information and communication and control. These five elements are integrated with each other. Environmental control consists of actions, policies, procedures portrait attitude of high-level management, board of directors, business owners in applying the entity's internal control environment (Arens at al, 2014: 312). Environmental monitoring aimed at ensuring that internal controls have been implemented throughout the organization ranks of companies that contains integrity and ethical values of the organization. To carry out that internal controls can be implemented in the company's organization requires a rule or procedure established by the management the company. regulation a guideline for each element of the organization in carrying out their respective duties are intended to make the organization can be managed properly. Environmental controls in financial reporting is to ensure that adequate financial reporting procedures in managing transaction data collection, processing transactions so as to produce quality financial statements.

Control activitie is an additional supervision of the procedures and policies that have been applied in environmental monitoring and management of existing information systems with the aim to provide confidence that adequate that sets achievable goals (Ricchiute, 2006: 303). With other words that monitoring activities aimed to supervise the activities of the entity as a whole in order to stay on the path that has been set. Aren at al (2014: 316) says that the control activity is an activity of control on the activities of the control environment, risk assessors, information and communication and monitoring activities. Information and communication is needed in running any organization's activities, including in implementing internal control. Each set management policies required to implement the procedure. Liaison between the provision and implementation of procedures is the way of communication, whereas in the communication that happens the flow of information between interested parties.

Accounting information systems (AIS) is an example of information and communication in the organization entity. Arens (2014: 319) states the purpose of the communication and accounting information is to mengagas (initiate), record, process and report entity transactions and maintain accountability of assets concerned. Examples of enterprise transaction data are recorded and processed by the AIS to produce a financial report. The financial statements of an entity's financial information on the activities, while the publication of financial statements to a particular party is a medium of communication between entities and related parties. Monitoring activities is an activity of assessing the effectiveness and quality of the implementation of the entity's internal control. This monitoring activity resulted in a recommendation whether the implementation of the entity's internal control function properly or needs a repair. Generally, these monitoring activities carried out by the internal audit department which is the extended hand of the task of monitoring the course of the board of directors in the company's operations, such as oversight of the sales cycle that starts from receipt of sales orders, request for removal of goods, delivery, receipt of goods by the consumer up to the receipt .

3.5 Financial Reporting Quality

Horngren, et al (1996), defines financial reporting is a process of identifying, measuring, accumulate, analyze, prepare, interpret, and communicate information to external users such as shareholders, suppliers, banks, and government as regulators.

While the purpose of financial reporting according to Knapp (1998: 35) are 1) The financial statements present information that is useful for investment decisions, loans, and other economic decisions, 2) financial statements present information that can be used by decision makers to predict future cash flows are will come from the business now, 3) The financial statements provide information about the assets, debt and other transactions or events that result in changes to the assets and debts. Financial reporting by Higson (2003: 32), financial reporting can be interpreted as a form of dealing with things that generate accounting data, then communicate the data to outside parties with an interest in the company's financial reporting. While Warren, et al (1999: 9) defines that financial reporting is basically focuses on the recording and reporting of economic data and business activity. Then Kieso, et al (2011: 5) defines financial reporting as a process which culminates in the presentation phase of the company's financial statements to be used by internal and external parties.

The same opinion about the proposed financial reporting by Merriam-Webster in Lam and Lau (2009) imply that financial reporting is a system that records and summarizing business and financial transactions, analyze and verify and report the results. Meanwhile, according to Elliot and Elliot (2011: 176), defined as the provision of financial reporting of financial information about the reporting entity that can be used for current and potential investors at the time of decision-making and reporting assessment. Then Rosenfield (2006: 52), defines financial reporting as a two-party transaction, the first publisher who oversee the financial statements presentation of the financial reporting process and publish it to the second party as users report that hope can help improve their overall financial decisions of the entity.

So based on some pendapatdiatas can be concluded that financial reporting is a system that records and summarizing transactions and corporate finance business into the financial statements used for the present purposes in order to improve the financial decisions of stakeholders (internal and external) to the entity as a whole. Financial reporting is also a process of transforming data into financial information in support of any company's operational activities. The quality of financial reporting is the ability of information in the financial statements give a benefit to the user. Terms some quality information as expressed by Romney (2010: 18) is relevant, reliable, complete, timely, understandable and accessible.

Quality financial reporting can be used as a basis for a decision by the consumer with the following requirements: 1) Relevance, meaning that the financial information available (timeliness) in times of need and can make a difference in the decision for the user in making predictions (predictive value) of the past, present and future events front or make changes to the predictions that have been set because of the results (feedback value) of the decisions that have been made previously. 2) Reliability, meaning that it can be trusted. Reliable financial information (representational faithfulness) must qualify presented is in accordance incident / event represents. The third requirement reliable financial information is neutral (neutrality) means free from bias and figures in the financial information is not determined by the interests of certain parties. Financial information that can be compared with similar companies can increase the value of information itself. Kieso, et al (2010: 44) states that quality financial information must meet the following requirements: 1) Relevance which means that the accounting information to be able to make a different decision, the components are to have predictive value which is the input for investors in predicting future conditions, and has a value of confirmation which helps the user to confirm or correct information previously expectations. The second component is the quality of accounting information requirements honest presentation (faithful representation) that matches the number and description of the existing reality that happen. Terms honest presentation is completeness that all necessary information has been presented with a complete, the next requirement is neutral (neutrality) means that the information presented by the company not only cater to certain parties over the interests of other parties. And the last condition is presented in an honest accounting information is error free.

4. Theoretical Framework

Framework Information Systems Quality of Financial Reporting Quality Accounting Against AIS is very useful for the company to produce financial information for internal and external parties (Salehi, et al, 2010; Jones and Rama, 2003). Welsch, at al (1998: 594) states that the accounting system produces financial information that is used by internal (management) for the planning and supervision and external parties (investors, creditors, government and other parties) according interests. research conducted by Sacer and Oluic (2013) stated that the quality of accounting information system depends on the setting up of information technology, process and produce financial statements. Hall (2011: 9) states accounting information system consists of three parts: 1) the transaction processing system is used to support the company's business operations; 2) the general ledger / financial reporting system that produce financial statements such as income statements, balance sheets, cash flow statements, tax returns and reports required for the legal process; 3) the management reporting system which is information that is intended for internal management reports for decision-making such as budget, reports the difference (variance), and other accountability reports.AIS built with the main purpose to process accounting data required by the various parties to reduce the risk when making decisions (Azhar Susanto, 2009: 8).

The parties are using AIS according Needles, et al (1999: 7) is that they are the decision makers of companies consisting of: 1) The management is finance department, production and operations, marketing, human resources, accounting information sisteme department; 2) parties directly interested in the financial statements that investors and creditors; 3) The parties who are not directly concerned with the financial statements of the tax authorities, regulators, unions, customers and economic planners.AIS is required by the company to produce proper financial statements, fast and accurate. AIS is a combination of accounting and information systems (Bagranoff, et al, 2010: 5). AIS generally based on information technology by using computer technology in managing transaction data into the financial statements. AIS purpose is to record, report and analyze transactions and business events to the management company (O'Brien and Maracas, 2010: 304; Wilkinson, et al, 1999). Reports generated by the management company AIS used in business decision-making enterprise. Zulkarnain (2009) in his research stating automation AIS akan accelerate financial statement reporting and addressing the problem of human weakness in processing transaction data.
The data transactions in if the AIS aims to generate information that will be used by decision makers (Romney and Steinbart, 2012: 30; Moscove, et al, 1990). The decision itself is made up of the internal party management company that uses AIS report to perform the functions of planning and supervision, while for external parties (investors, creditors, government and other interested parties) using AIS information according to the needs of each (Welsch, 1988: 594).

The main focus of the AIS is to process the transaction data into the financial statements (Boynton, et al, 2001: 334). Transaction data is processed by the AIS include sales transaction data, purchasing, accounts payable, accounts receivable, cash transactions, capital transactions, and other transactions related to financial transactions. AIS functions not only as a tool to process data into information but also can be used by companies as a means of control over financial reporting. Daneila Mancini (2013: 7); Al-Qudah and Ahmed (2011), stating that the relevant relationship between AIS consequences with internal control over financial reporting that the financial statements are presented trustworthy.

AIS can also be used to improve the overall performance of the company including financial performance. Research conducted by Soudani (2012), revealed that the AIS is very useful and have an influence on organizational performance company. Another thing also expressed by Coase (1990: 12), that the efficiency of which is run by the company is affected by the accounting system undertaken by the company. Khairuddin, at al (2010), stating the use of AIS by small and medium companies produce significant changes to company performance. Wedyan, at al (2012) in his research stating the influence of increased profitability of commercial banks in Jordan by applying the AIS. Indirectly AIS can report all company transactions accurately and quickly so that it can assist in determining the appropriate management policies and have a direct impact on the profitability of the company.

The effectiveness of the framework Thought Financial Reporting Quality Control internal.
Internal control functions as oversight of the company's operations that promote the effectiveness and efficiency of the financial reporting that and supervision financial statements presented trustworthy and prepared in accordance with applicable rules (Konrath, 2002: 205). Weak internal controls will result in financial statements allows reported misstatements and can not be prevented or diditeksi earlier error (Ricchiute, 2006: 334). A similar opinion was expressed by Arens, at al (2014: 327) that the internal controls are weak will lead to misstatement of financial statements seriously.

Internal control is part of the management function is to provide reasonable certainty that the existing policies to be implemented in the company properly. The policy is one of which is the policy in the supervision of the accounting system that provides adequate assurance that the financial transactions have been recorded according to the procedure in force and avoid misstatement of the financial statements (Boynton, et al, 2001: 334)

Internaljuga control weaknesses will lead to supervise the accuracy and validity of financial data into a weak effect on the quality of financial reporting. Financial data weak financial and processed by the AIS will produce financial statements can not be relied upon in making decisions of third parties, so that they will use another basis for making the decisions (Costelo and Wittenberg, 2010). while Hall (2011: 111) states internal control helped managers and accountants to prevent fraud and errors. Fraud occurs because of a violation of the rule of law and the management and the error occurs due to lack of supervision, including errors in financial reporting. Internal controls significantly affect investment decisions. Research conducted by Cheng, et al (2013), stated that the efficiency of investment occurs after the company revealed that a material weakness of the internal control over financial reporting. This study proves that the internal control affects the quality of financial reporting, effective internal control getting a positive impact on the quality of the company's financial statements that aims to provide a basis for decision making.

- Soudani, Siamak Nejadhosseini (2012), in a study entitled: The Usefulness of an Accounting Information System for Effective Organizational Performance, stated AIS is very useful for the performance of the organization. This study proves AIS give a positive contribution to the performance of the organization as kesuruhan including the performance of financial reporting.

- Al-Qudah and Gassan Mustafa Ahmed (2011), in a study entitled: The Impact of Accounting Information System on Effectiveness of Internal Control in Jordan Commercial Bank "Field Study", stated that AIS has an influence on the effectiveness of internal control.

- Costelo, Anna M and Wittenberg Moerman, Regina, (2010), in a study entitled: The Impact of Financial Reporting Quality on Debt Contracting: Evidence from Internal Control Weakness, stating that if the weak internal controls, the lender does not use financial statements as basis for decision making but rather use other factors such as price guidelines and basic security protection or use credit rating.

- Alali, Fatima; Grant, Gerry H; Miller, Karen C., (2008), in a study entitled "IT control deficiencies that Impact Financial Reporting", states: Security of information technology is less supervision dominant cause errors accounting information.

- Elbannan, Mohamed A (2009), in a study entitled "Quality of internal control over financial reporting, corporate governance and credit rating.", States: lack of internal quality control led to the low level of credit ratings Speculation ratio, less developed (smaller size), low levels of profit, low cash flow from operating activities, loss of current and previous tax year, the high level of leverage, compared with companies that implement high level of supervision. The study also states the poor quality of internal controls led to reduced levels of debt investment rating. Then the good corporate governance will impact positively to the quality of internal control.

- QingyuanLi and Tielin Wang (2010), the research title "Financial reporting quality andcorporate investment efficiency: Chinese experience"; Stated that the quality of financial information has a positive influence on the efficiency of investments in large companies, trading companies owned by the American public, a public company that is growing (public firms in emerging markets).

- Verdi, Rodrigo S, the research title "Financial Reporting Quality and Investment Efficiency", expressed strong correlation between the quality of financial reporting by the efficiency of investment, especially companies that low-quality information.

- Ashamu, S O; Akinlabi, B H; Durowoju, S T; Hassan, A. R .; research entitled "The Relevance of Accounting Information System in Mergers and Aquisition Decision in Negeria"; stated that the accounting information plays a dominant in terms of mergers and acquisitions and business decisions in banking institutions.

- Lafond, C Andrew with the title of his research; "A Qualitative Study of the accounting concept and information used in decision making by managers in the Class I Freight-Carrying Railroad", states that the accounting information is very important for managers in decision making.

- Pirie Scott, Malcolm Smith, (2008), in a study entitled "Stock prices and accounting information: evidence from Malaysia", stated that the summary figures in the balance sheet and profit and loss is a significant factor in the process assessors and managers use accounting information as the basis for monitoring on financial performance

5. Study Model and Hypothesis

Based on the theoretical framework have just described, then the theoretical framework is as below:

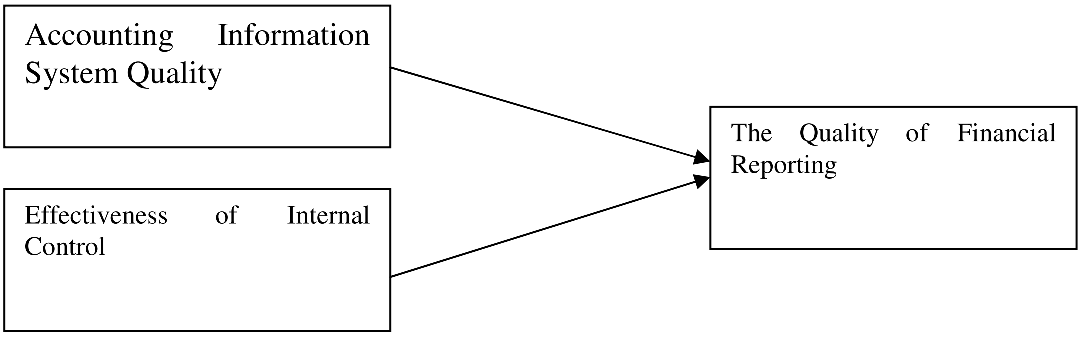

Figure 1 : Theoretical framework of this study

The hypothesis is temporary answer to the phenomenon that occurs based on theory or previous research. This study examines whether there is influence the quality of accounting information systems and the effectiveness of internal control over financial reporting quality. In the formulation of hypotheses can be describe as follows:

- Hypothesis 1: There is no effect of the quality of accounting information systems and the effectiveness of internal control over quality financial reporting, either partially or simultaneously.
- Hypothesis 2: There is the influence of the quality of accounting information systems and the effectiveness of internal control over quality financial reporting either partially or simultaneously.
- Hypothesis 3: There is no effect of the quality of accounting information of the effectiveness of internal control
- Hypothesis 4: There is the influence of the quality of accounting information of the effectiveness of internal control

6. Methodology, Finding and Discussion

This study is a theoretical study of the influence accounting information system quality and effectiveness of internal control on the quality of financial reporting which employed the secondary source of data collection by making use of available literature on the influence accounting information system quality and effectiveness of internal control on the quality of financial reporting. In hypothesis testing, providing theoretical evidence that there is asignificant relationship between the influence accounting information system quality and effectiveness of internal control on the quality of financial reporting.

7. Conclusion

Accounting information system quality and effectiveness of internal control effects on the quality of financial reporting. The theories that already exist about management and organization make more emphasized linkages, that the influence accounting information system quality and effectiveness of internal control on the quality of financial reporting. The results of the theoretical evidence from this study can be used to solve problems that occurs on accounting information system quality and effectiveness of internal control on the quality of financial reporting. the quality of financial reporting can be improved through increases in Accounting information system quality and effectiveness of internal control.

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