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ACCOUNTING INFORMATION SYSTEMS UNDER E-COMMERCE

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Abstract
The era of globalization has brought numerous changes in various aspects of life. Countries around the world are racing to enter the global markets and everyone is attempting to find the best and easiest ways to participate, using different ways, in this new global system. This has made the world a small village moving gradually towards Cloud computing, as companies have started using a service known as electronic commerce (e-commerce) via the internet. This is because the electronic network has rapidly spread to all countries globally, allowing companies to market and sell their products, reaching consumers wherever they are at a low cost. It can be said that this network has eliminated trade boundaries between countries.

The research aims to identify the problem of Accounting Information Systems in the context of e-commerce use and to make optimal use of building accounting information systems correctly, achieving sustainable and inclusive development.

The conclusions that the researcher has reached are that the Internet itself is characterized by openness, universality, low cost, and high efficiency; E-commerce as a highly advanced technology has had a profound impact on all professional fields in general and on the accounting and auditing professions in particular. It provides valuable information that improves decision-making and facilitates the preparation of accounting and financial reports more easily and quickly. Some accounting and auditing bodies have recognized the problems of e-commerce and the need to equip their members with technical skills to address the new challenges accompanying the e-commerce environment, affecting the overall economic process of society.

Keywords: Accounting Information Systems, E-accounting, E-commerce.

Introduction

Many companies currently are establishing a presence on the internet through what is known as a “web page” where they showcase and sell their products. Customers can complete the purchase process using credit cards or making transactions through their accounts, adhering to the restrictions, laws, and links set forth by the company that owns the website.

Despite the advantages of the internet, some significant drawbacks and limitations pose a serious threat to the accounting information system. These factors impact its effectiveness and efficiency. Among the most crucial limitations are the lack of security, reliability, and assurance. Thus the accountant should be sufficiently familiar with the laws of e-accounting and Account information systems.

Chapter One: Research Method

First: Research Problem

The accounting information systems consist of three main components: inputs, processes, and outputs; Control over these three components has been achieved through various regulatory tools. However, with the emergence of e-commerce, several major problems have surfaced, including:

1. Loss of control over inputs coming from online e-commerce transactions. Anyone wishing to engage with the company online can access its website, regardless of their intentions, whether positive or negative.
2. Lack of control over these inputs may lead, in one way or another, to a breach of the accounting information system, resulting in the theft or leakage of crucial information to undesirable parties.
3. Users dealing with the company may lose their trust if important information is leaked.
4. The credibility of the system's outputs will be compromised if the system inputs are incorrect or compromised by external parties.

In general, companies are apprehensive about integrating their accounting systems with e-commerce, despite the significant gains that can be achieved through such networks. This fear may dissipate if there is a control system linking the accounting information system with e-commerce.

Second: The Importance of the Research

The significance of the study primarily comes from the fact that the accounting system is the backbone of any company. Strengthening and evaluating it will significantly contribute to protecting and effectively growing companies. The entry of third-world countries' companies into e-commerce and their preparation for globalization plays a crucial role in ensuring their survival and competitiveness.

Many companies are encouraged to use e-commerce as an initial means of protecting the accounting system for internet-based companies, achieving significant returns contributing to the development of the national economy in various sectors.

In the case of successfully developing a model linking the accounting information system with e-commerce, we will be able, in a practical and organized manner, to enhance the protection of the accounting system for companies interested in using e-commerce. This will protect the national economy from piracy and boost the confidence of beneficiaries.

Third: Research Objectives

This study aims to identify the challenges faced by accounting information systems in the context of e-commerce usage. Additionally, it seeks to develop a model for a system that links the accounting information system with e-commerce. The study also aims to provide appropriate and effective recommendations to strengthen the accounting system connected to e-commerce.

Chapter Two: The Theoretical Framing of the Research

First: Information Systems:

The information system is considered the primary source for providing management with relevant information for the administrative decision-making process. The information system is a collection of interconnected components systematically arranged to produce useful information and deliver this information to users in an appropriate format, and at the right time, to assist them in performing their assigned tasks (Qasim, 2003: 18).

It is known as an automated system that collects, organizes, delivers, and displays information to be used by individuals in the fields of planning, control, and the activities carried out by the economic unit (Al-Hubaiti, 2003: 158).

Second: Accounting Information Systems

It is one of the subsystems in the economic unit that consists of several interconnected and coordinated subsystems working together to provide old, current, and future financial and non-financial information for all entities concerned with the economic unit, serving its objectives. Based on this concept, the following can be inferred:

- The accounting information system is a subsystem of information within the economic unit, which may include production, individuals, purchases, storage, and financial sales, and aims to serve the economic unit within its comprehensive goal as the overall system for all subsystems operating within its scope.
- The accounting information system itself consists of several lower-level subsystems, including the financial accounting system, cost accounting system, and control system (Kadhim, Zaid, 2003: 24).

Third: System Components

The system consists of several components which are (Seid 2012: 18-21):

1. **Inputs:** This is the starting point of the system and represents the basic initial requirements necessary for the system to function. Inputs can take the form of raw numbers, shapes, and graphics.

2. **Processing:** This involves all the computational and logical operations performed on the inputs to prepare and configure them for the third stage of the system (Al-Dahrawi, 2003: 188).

3. **Outputs:** These are the information and results that emerge from the system after appropriate processing of the input data. Accurate and valid outputs result from precise monitoring of inputs and the processing operation (Ashour, Fazaa, Hassan, 2022: 15).

4. **Control:** This is the process of ensuring that the system's outputs are in line with what was planned, and taking corrective actions if necessary.

5. **Feedback:** This refers to the process in which the system's outputs are looped back in a reverse manner for evaluation and correction. This feedback mechanism is essential for effective control.

Fourth: Concept of E-Accounting.

E-accounting, or online accounting, is a recent development in the field of accounting. This implies that all transactions are recorded in an online database, such as a website or a web blog. Electronic accounting allows for the preparation of income and expense accounts, such as rental income, sales, salaries, or advertising expenses. It also facilitates budgeting, and some systems allow for the preparation of tax documents. The accounting software can be customized to meet all the required business needs. There are two types of e-accounting: free accounting software and business accounting software (Al-Hayari, 2022: 451-452).

Fifth: Basic Accounting Terms:

There are numerous and crucial accounting terms that must be encompassed by the accounting system and operated in accordance with them and can be summarized as the following (Donald, Jerry, Terry, 2001: 68):

- **Event**: An external or internal.
- **Transaction:** The recording of an event involving two parties.
- **Real & Nominal Accounts:** Real accounts, such as assets, liabilities, and equity, appear in the balance sheet, while nominal accounts, such as revenues and expenses, appear in the income statement.
- **Ledger:** It includes the general ledger, which contains all accounts, and subsidiary ledgers, which detail specific accounts such as creditors, debtors, and salaries.
- **Journal:** A book where events are recorded in accounting terms.
- **Posting:** The process of transferring recorded events from the journal to the ledger accounts.
- **Trial Balance:** A compilation of account balances derived from the general ledger. After making adjusting entries and extracting new balances, it becomes the adjusted trial balance.
- **Adjusting Entries**: Entries made at the end of the accounting cycle to adjust accounts in accordance with accounting principles and standards. They allocate each accounting period its share of expenses and recognize earned revenues related to the same period.
- **Financial Statements:** These are the statements that represent the outputs of the system. They consist of the Balance Sheet which illustrates the financial position of the entity; the Income Statement which displays the results of the entity's operations for the financial period; Cash Flow Statement which shows the cash sources and uses for operational, investing, and financing activities during the financial period; circulated profit list which reveals the adjustments to the retained earnings balance from the beginning to the end of the financial period.

- **Closing Entries:** Closing entries are used to close all temporary accounts in the income summary. The result of the income summary is then closed into the retained earnings account, preparing for the start of a new financial period.
- **Debits & Credits:** All accounts in the accounting information system are based on the concept of debits and credits. Each account in the accounting system has two sides, debits and credits, and they must match every entry under all circumstances.
- **Asset Accounts:** Always have a debit balance. This balance increases with debit entries and decreases with credit entries.
- **Liability Accounts:** Always have a credit balance. This balance increases with credit entries and decreases with debit entries.
- **Equity Accounts:** Always have a credit balance. This balance increases with credit entries and decreases with debit entries.
- **Revenue Accounts:** Always have a credit balance. This balance increases with credit entries and decreases with debit entries.
- **Expense Accounts:** Always have a debit balance. This balance increases with debit entries and decreases with credit entries.
- **Basic Equation:** In a double-entry system, the debit side must equal the credit side in every entry. This principle leads to the basic accounting equation: Assets = Liabilities + Equity.

Sixth: The Importance of the Financial Accounting System.

The financial accounting system holds significant importance as it fulfils the diverse needs of professionals and investors. It also represents a crucial step in implementing international accounting standards within the framework of global accounting unification. The objectives of the financial accounting system include (Hamdi, Alham, 2015: 9):

- Simplified consolidated reading.
- Impose control over affiliated companies and branches of the parent company.
- Facilitating the monitoring of accounts based on clearly defined principles.
- Unifying accounting methods in the inventory valuation process, aiming for standardized financial statements.
- Providing detailed and accurate financial information that reflects the true financial position of the institution.
- Clarifying accounting principles that must be considered during the accounting recording, evaluation, and preparation of financial statements, reducing instances of manipulation.

Seventh: E-commerce

E-commerce refers to the trading of products or services using computer networks, such as the Internet. E-commerce relies on technologies such as mobile commerce, electronic fund transfers, supply chain management, internet marketing, online transaction processing, electronic data interchange, inventory management systems, and automated data collection. Modern e-commerce typically utilizes the World Wide Web. https://www.shopify.com/biog/ecommerce

It can be said that the term e-commerce simply means using the internet and the global web to exchange various business transactions, with a focus on utilizing digital technology in business operations between companies and individuals (Kenneth, Carol, 2001:109).

Eighth: The Importance of E-commerce (Al-Qashi, Daher Shaher Youssif, 2003: 54-55):

1. **Cost Reduction:** The marketing process used to be expensive, relying on traditional advertising through television or newspapers. Now, marketing can be done on the Internet at a very low cost.
2. **Beyond National Borders:** Previously, companies dealt only with local customers. Reaching international customers incurred significant and uncertain expenses. However, now a company can showcase its products to everyone without any additional costs, especially since the internet has transcended all countries.
3. **Freedom from Restrictions:** In the past, a company needed specific licenses, had to comply with numerous laws, and incurred costs to establish new branches or appoint representatives in foreign countries to sell its products. Now, none of these procedures are necessary.

Results and Recommendations

First: Results

1. Openness, global reach, low cost, and high efficiency are the characteristics of the Internet and E-commerce, as highly advanced technology, has significantly impacted all professional fields in general and my professions of accounting and auditing specifically. It provides valuable information that enhances decision-making, simplifies the preparation of accounting and financial reports, and accelerates the process.
2. Some accounting and auditing organizations have recognized the challenges of e-commerce and the necessity to equip their members, accountants, with technical skills to address the new problems associated with the e-commerce environment. This has an impact on the overall economic process of society.
3. The use of accounting information systems reduces the risks of substantial errors resulting from negligence. It enables individuals to prepare financial reports more accurately and reliably, contributing to the presentation of information in financial reports with greater precision and accuracy.

Second: Recommendations.

1. There is a crucial need to restructure the education and training systems at all levels of my professions, accounting and auditing. This restructuring should ensure that familiarity with information technology, particularly e-commerce, becomes a fundamental aspect of both academic and practical certification, as well as the practice of the profession.
2. It is necessary to alert relevant authorities to actively participate in and contribute to the creation of international legislation that governs e-commerce brands
3. Providing accounting information to the necessary extent is essential. This contributes to making informed decisions in the required manner by the relevant higher authorities.

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