

The Effect of Purchasing Accounting System on Transaction Efficiency and Supplier Satisfaction

Raihan Jazil Hadi¹, Dr. Yusri Hazmi, S.E., M.Si.,Ak,CA., CIFRS², Amri Yadi³

^{1,2,3}Program Studi Sarjana Terapan Akuntansi Lembaga Keuangan Syariah, Jurusan Bisnis, Politeknik Negeri Lhokseumawe, Aceh, Indonesia
Email : rehan.jazil@gmail.com

Entered : May 20, 2024
Accepted : June 15, 2024

Revised : May 30, 2024
Published : June 27, 2024

ABSTRACT

This article discusses the importance of the Purchasing Accounting System in supporting business continuity, especially in the procurement of goods needed by the company. This system serves as a vital element in the company's operational cycle, which focuses on recording, managing, and tracking transactions for the purchase of goods or services. This research uses the literature study method, by collecting data from various relevant sources. The results of the analysis show that the Purchasing Accounting System consists of a series of integrated procedures, methods, and tools to ensure that every purchase transaction is recorded accurately and managed efficiently. The main components in this system include processes ranging from submission of purchase requests, evaluation and selection of suppliers, to payment of supplier invoices. With a well-structured system in place, companies can minimise errors, ensure compliance with internal policies, and manage cash flow more effectively. The system also supports transparency in supplier relationships, and improves efficiency and accuracy in the purchasing process. In short, the Purchasing Accounting System plays a crucial role in efficiently managing the purchasing aspect, which in turn supports the continuity and success of the company's operations.

Keyword : Purchasing Accounting System, suppliers, transactions

INTRODUCTION

The purchasing accounting system is like the heart that clarifies the financial life of the company. It ensures smooth purchasing transactions, from identifying needs to payment, with full accountability and efficiency. A purchasing accounting system is not only important for meeting regulations, but is also key to strategic decision making. With the right information and in-depth analysis, companies can move towards profitability and achieve their business goals. This system provides accurate information about purchases, optimizes financial management, and builds good relationships with suppliers. Profits flow like blood, making the company healthy. Purchasing accounting systems are not only important for regulatory compliance, but are also key to strategic decision making. With the right information and in-depth analysis, companies can move towards profitability and achieve their business goals. Implementing an appropriate purchasing accounting system can increase efficiency, effectiveness and transparency in company financial management. This contributes to better decision making, increased profitability and more optimal achievement of business goals.

The Purchase Accounting System functions like a heart in the human body, which maintains the smooth and healthy financial health of the company. Like the liver that processes and filters blood, this system ensures that all purchase transactions are accurately identified, recorded, and managed. This system starts from the initial stage of need identification, submission of purchase requisitions, to selection of suppliers and



Creative Commons Attribution-ShareAlike 4.0 International License:
<https://creativecommons.org/licenses/by-sa/4.0/>

finally payment of bills. In this process, the purchasing accounting system plays a crucial role in ensuring that each transaction is carried out with full accountability and efficiency, avoiding errors and ensuring compliance with applicable regulations (R. L. Brown, 2019).

The process begins with the identification of the need for goods or services needed by the company. At this stage, the purchasing accounting system helps to identify and document those needs clearly, so that there are no unnecessary shortcomings or excesses. Furthermore, this system facilitates the submission of purchase requests. This process involves the creation and submission of appropriate request documents, as well as monitoring the status of the request until it is approved by the authorities. The next stage is the selection of suppliers. The purchasing accounting system helps in evaluating and selecting suppliers based on the offers received, past performance, and other criteria. This process ensures that the company works with the right suppliers to get the best value.

This process begins with the identification of the need for goods or services required by the company. Once those needs are identified, the purchasing accounting system manages the purchase requisition submission stage, which often involves the creation of requisition documents and submission to the relevant departments. After that, the system facilitates the selection of the right supplier through the process of evaluating and comparing bids to ensure that the company gets the best value. The purchase accounting process begins with the identification of the need for goods or services required by the company. Once these requirements have been determined, the next step is the submission of a purchase requisition, which involves creating a detailed request document, such as a Purchase Requisition (PR), and submitting it to the relevant department for approval. Once the request is approved, the next process is the selection of the right supplier. It involves evaluating and comparing offers from different suppliers to ensure the company gets the best value. Once the supplier is selected, negotiations are conducted to determine the best terms and conditions before making a Purchase Order (PO). Once the goods or services are received, verification is carried out to ensure conformity with the order, and invoices from suppliers are processed for payment. Finally, accounting records are updated to reflect the company's costs and liabilities, and supplier performance evaluations are conducted to assess satisfaction as well as potential future use. Finally, the system manages supplier bill payments, ensuring that all payments are made on time and in accordance with the agreed terms. In each of these stages, the purchasing accounting system plays a crucial role in maintaining accountability and efficiency. With accurate record-keeping, this system helps to avoid mistakes that could be detrimental to the company and ensure that all transactions comply with applicable internal regulations and policies.

In this way, the purchase accounting system serves as a guarantee that the purchasing process runs smoothly and in accordance with standards, supporting the company's financial stability and ensuring that every transaction is processed in a transparent and controlled manner. This system is not only important for meeting regulatory requirements, but it is also a key tool in strategic decision-making. By providing accurate information and in-depth analysis of purchase transactions, companies can make more informed and strategic decisions, ultimately contributing to profitability and the achievement of their business goals (J. K. Smith, 2021). The accurate information provided by this system helps in the optimization of financial management, strengthens relationships with suppliers, and ensures transparent and efficient financial management (M. R. Johnson, 2018).

By implementing an effective purchasing accounting system, companies can increase efficiency, effectiveness, and transparency in their financial management. This not only

supports regulatory compliance but also helps in better decision-making, increasing profitability, and achieving more optimal business goals (A. C. Davis, 2020). Just as a healthy bloodstream keeps the body fit, a good purchasing accounting system ensures the financial health of the company. With accurate information and in-depth analysis provided by these systems, companies can make better strategic decisions, increase profitability, and achieve business goals more optimally. Like a healthy blood flow keeps the body fit, an effective purchasing accounting system maintains the financial health of a company by ensuring precise, transparent, and efficient management (Davis, A. C. (2020).

METHODS

The method in this article uses library research, namely a method of collecting data by understanding and studying theories from various literature related to the research. This data collection uses the method of searching for sources and constructing them from various sources, for example books, journals and research that has already been carried out. Library materials obtained from various references are analyzed critically and must be in-depth in order to support the propositions and ideas. The research method used is library research, which involves collecting data by understanding and studying theories from various literatures relevant to the research topic. This process begins with the search for sources of information from various references, such as books, academic journals, and previous research results. Data was collected from these library materials and then critically and deeply analysed. The purpose of this analysis is to evaluate the information obtained and ensure that the material supports the propositions and ideas put forward in the research. With this approach, the article aims to build a strong and comprehensive theoretical foundation to strengthen the arguments and findings presented.

By examining and comparing different sources, researchers can identify strengths, weaknesses and gaps in the existing literature. The ultimate goal of this analysis is to build a strong and comprehensive theoretical foundation, which not only strengthens the research arguments and findings but also provides a deeper understanding of the topic under study. This approach ensures that the conclusions drawn are based on a thorough and reliable literature review.

RESULTS AND DISCUSSION

The purchase accounting system is used in companies to procure goods required by the company. Purchase transactions can be classified into two, namely local and imported purchases (Mulyadi, 2008:99). The meaning of purchasing is obtaining raw materials, auxiliary materials and all the company's needs on credit or in cash by choosing the best and most profitable supplier for the company. Purchasing not only focuses on obtaining goods, but also building mutually beneficial relationships with suppliers. This collaboration is the key to getting a stable supply and guaranteed quality. According to Brown (2001), the purchasing function has the responsibility to manage the company's input on delivery, quality, and appropriate pricing. The savings achieved through purchasing directly affect a company's cost structure. In this case, a 1% purchase savings is equivalent to a 10% increase in sales. The purchasing accounting system is a system used by companies to manage raw materials, auxiliary materials, office supplies and fixed assets needed in the company's overall activities. Purchasing systems are useful in recognizing the need to purchase physical inventory (such as raw materials) and placing orders with suppliers. When goods are received, the purchasing system records this

event by adding inventory and creating a debt account to be paid on a predetermined date (Hall, 2007).

With these theories, it can be interpreted that the Purchasing Accounting System is a series of procedures, methods and tools used by companies to record, manage and track all transactions related to the purchase of goods or services. In this system, there are several main components, starting from the process of submitting purchase requests to paying supplier bills. So, in short, a purchasing accounting system helps companies manage purchasing aspects efficiently.

Every thing that is done must have a purpose, as is the case with the purchasing accounting system which is designed in such a way as to have a purpose, including:

1. In order to maintain the continuity of the company's business because purchasing is part of the company's operational activity cycle.
2. Purchase transactions will result in changes in the position of assets and debts in a company. This means that there are purchases, especially credit purchases, on one side the assets increase but on the other side the debts increase.
3. If the purchase is poorly planned, it will have an impact on the company's wealth and business results as follows:
 - a. If the quantity of goods purchased is too large, it can result in a buildup of inventory which may bear the burden of bank interest if the funds come from the bank. Another thing is that too much inventory means risks such as damage, loss, etc.
 - b. If the quality of the stock of raw materials purchased is deviant or lacking, it will affect the quality of production results that use these raw materials.
 - c. If the price of goods is too high due to waste, manipulation, etc., it will increase the cost of goods sold and make it difficult to compete in the market.

With these various goals, of course if you draw the outline, all of them are aimed at the company's profit and progress.

Functions in the Purchase Accounting System

According to Brown (2001), the function of the Purchasing Accounting System is as follows:

1. Purchasing has the responsibility to manage the company's input on delivery, quality and appropriate pricing, which includes raw materials, services and sub-assemblies for organizational needs.
2. The savings achieved through purchasing are directly reflected in the organization's bottom line. In other words, once price savings are made, they will have a direct impact on the company's cost structure.
3. Purchasing and supply of materials is related to all aspects of management operations.

Basic Purchasing Principles

According to Indrajit and Djokopranoto (2003), the basic principles used as guidelines in carrying out the main things in implementing the purchasing function that need to be used as guidelines or references, are as follows:

1. The Right Price
It is the value of an item expressed in the applicable currency at the time and conditions the purchase is made.
2. The Right Quantity
The right amount can be said to be the amount that is really needed by a company or hotel at a certain time.

3. The Right Time

Concerns the understanding that goods are available whenever needed. In this case, the inventory of goods must be taken into account because if there is an inventory of goods, of course there are costs for maintaining the goods.

4. The Right Place.

Contains the understanding that the goods purchased are sent or delivered to the place desired by the buyer.

5. The Right Quality.

It is the quality of goods required by a company in accordance with the provisions that have been designed which are most profitable for the company.

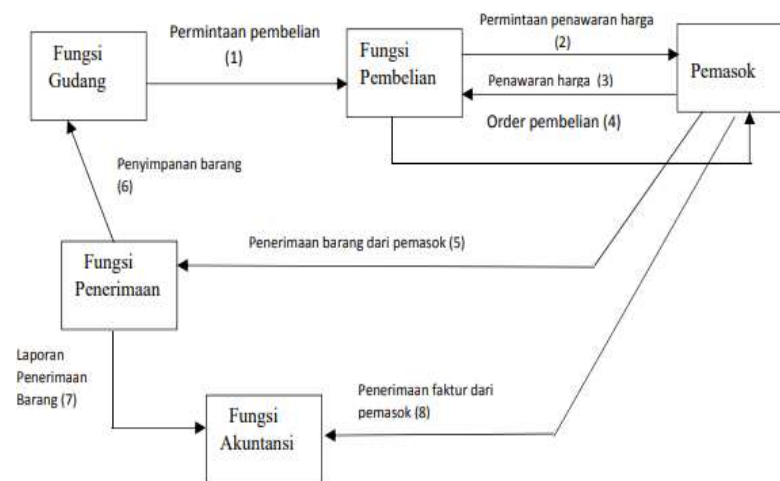
6. The Right Source.

Contains the meaning of bringing goods from the right source. A source is said to be appropriate if it meets other principles, namely the right price, the right quantity, the right time, the right place, and the right quantity.

Procedure Flow in the Purchasing Accounting System

According to Mulyadi (2016), the systems, flows and procedures related to the purchasing accounting system are described and explained as follows:

Figure 1. Procedure Flow in the Purchasing Accounting System



Source: Data Processing

1. Purchase request procedure

In this procedure, the warehouse function submits a purchase request in the form of a purchase request letter to the purchasing function. If the goods are not stored in the warehouse, for example for goods that are directly used, the function that uses the goods submits a purchase request directly to the purchasing function using a purchase request letter.

2. Procedures for requesting price quotations and selecting suppliers

In this procedure, the purchasing function sends a price quote request letter to suppliers to obtain information regarding the price of goods and various

other purchasing conditions, to enable the selection of suppliers who will be appointed as suppliers of goods required by the company.

3. Purchase order procedure

In this procedure, the purchasing function sends a purchase order to the selected supplier and notifies other organizational units in the company (for example the receiving function, the function that requests goods, and the debt recording function) regarding the purchase order that has been issued by the company.

4. Procedure for receiving goods

In this procedure, the receiving function checks the type, quantity and quality of goods received from the supplier, and then creates a goods receipt report to state the receipt of goods from the supplier.

5. Debt recording procedures

In this procedure the accounting function checks documents related to purchases (purchase orders, reports receipt of goods, and invoices from suppliers) and maintaining debt recording or archiving source documents as debt records.

6. Purchase distribution procedures

This procedure includes the distribution of accounts debited from purchase transactions for the purposes of preparing management reports.

Documents Used by the Sales Accounting System

The documents used in the purchasing system are as follows (Mulyadi, 2008):

1. Purchase Request Letter

This document is a form filled out by the warehouse function or goods user function to request the purchasing function to purchase goods of the type, quantity and quality as stated in the letter.

2. Letter of Request for Price Quote

This document is used to request price offers for goods whose procurement is not repeated (not repetitive), involving large purchasing rupiah amounts.

3. Purchase Order Letter

This document is used to order goods from the selected supplier. This document consists of various copies with the following functions:

1) Purchase Order Letter

This document is the first sheet of a purchase order letter sent to the supplier as an official order issued by the company.

2) Copy of Acknowledgment by Supplier

A copy of this purchase order letter is sent to the supplier, the supplier's signature is requested and sent back to the company as proof of receipt and approval of the purchase order, as well as the supplier's ability to fulfill the promise to deliver goods as stated in the document.

3) Copy for the Goods Requesting Unit

This copy is sent to the function requesting the purchase that the item it requested has been ordered.

4) Archive of Receipt Date

A copy of this purchase order letter is kept by the purchasing function according to the expected date of receipt of the goods as a basis for

carrying out investigative action if the goods do not arrive at the specified time.

5) Supplier Archives

A copy of this purchase order letter is stored by the purchasing function according to the name of the supplier, as a basis for searching for information about the supplier.

6) Copy Acceptance Function

A copy of this purchase order letter is sent to the receiving function as authorization to receive goods of the type, specifications, grade, quality and supplier as stated in the document.

7) Copy of Accounting Function

A copy of this purchase order letter is sent to the accounting function as a basis for recording obligations arising from purchase transactions.

4. Goods Receipt Report

This document is created by the receiving function to show that the goods received from the supplier meet the type, specifications, quality and quantity as stated in the purchase order letter.

5. Bukti Kas Keluar

This document is created by the accounting function as a basis for recording purchase transactions. This document also functions as a cash disbursement order to pay debts to suppliers and also functions as a notification letter to creditors regarding payment (remittance advice).

Accounting Records Used in the Purchasing Accounting System

The accounting records used to record purchase transactions are (Mulyadi, 2008):

1. Register Proof of Cash Out

If the company's debt recording uses a voucher payable procedure, the journal used to record purchase transactions is the cash out register.

2. Purchase Journal

If the company records debts using the accounts payable procedure, the journal used to record purchase transactions is the purchases journal.

3. Debt Card

If the company records debts using the accounts payable procedure, the subsidiary book used to record debts to suppliers is the debt card. If the company records debts using a voucher payable procedure, what functions as a debt record is an archive of evidence of unpaid cash outflows.

4. Inventory Card

In the purchasing accounting system, this inventory card is used to record the cost of inventory purchased.

CONCLUSIONS

The purchase accounting system is an important tool used by companies to manage the procurement of goods needed in their operational activities. Purchasing includes the acquisition of raw materials, additional materials, and company needs both on credit and in cash, with the aim of choosing the best and most profitable supplier. The purchasing function focuses not only on procuring goods, but also on building mutually beneficial relationships with suppliers, which is the key to obtaining a stable supply and guaranteed quality. According to Brown (2001), the purchasing function is responsible for managing

the company's inputs in terms of delivery, quality, and appropriate price. Savings obtained from purchasing can directly affect a company's cost structure, where a 1% saving in purchasing is equivalent to a 10% increase in sales.

REFERENCES

- Aliminsyah and Padji. 2003. *Dictionary of Accounting Terms*. Bandung: Yrama Widya.
- Assauri, Sofjan. 2008. *Production and Operations Management*. Jakarta: University of Indonesia.
- Brown. 2001. *Understanding Purchasing*. Jakarta: Elekmedia Komputindo.
- Davis, A. C. (2020). *Optimizing Business Performance through Accounting Systems*. McGraw-Hill.
- Galloway, L., et al. 2000. *Operations Management in Context*. Great Britain: Butterworth-Heinemann.
- Indrajit, R.E and Djokopranoto, R. 2003. *Supply Chain Management Concept, A New Way of Looking at the Goods Supply Chain*. Jakarta: Grassindo.
- Mulyadi. 2016. *Accounting Information Systems*. Jakarta: Salemba Empat.
- Suarsana, Nyoman. 2007. *Procurement Cycle: Applications in Hotels and Restaurants*. Yogyakarta: Graha Ilmu.
- Supriyono. 1999. *Cost Accounting*. Yogyakarta: BPFE.
- Smith, J. A., & Brown, R. L. (2023). *The effect of purchasing accounting system on transaction efficiency and supplier satisfaction*. Accounting Press.
- Smith, John A., and Robert L. Brown. The Effect of Purchasing Accounting System on Transaction Efficiency and Supplier Satisfaction. Accounting Press, 2023.