

The Role of Electronic Accounting Information Systems in the Quality of Accounting System Outcomes

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Abstract- In the business of financial institutions it was always necessary to get up risk management and in time much before the emergence of Information Systems. There was no idea the bank's approval credit to someone without assessing how much risk they face, and whether they will be able to collect receivables. The development of information technology itself in individual periods was accelerated by the need for accurate and timely calculations by reducing risk. Financial institutions (banks, insurance companies, etc.) funded development and the improvement of information systems and some of the first systems are developed just for these needs. In the 21st century we no longer have to talk about the need to implement info technology for these purposes, because they already exist in all areas, but about the need to be correct implemented, as well as the necessity of adequate handling and understanding information's they give to us. Regardless of the existence of highly sophisticated system quality improvement hardware components of information systems, remarkably improved communication channels (primarily in the speed of data transfer) between different systems, software development specialized in risk assessment as part of the ERP company. So far, there was no need for information systems to work more efficient and make information which are obtained on this way they are adequate.

Index Terms- business, financial. information systems. technology. company.

I. INTRODUCTION

Financial institutions have drastically increased the extent of the risk that they have to measure what it is set new tasks for the information systems they use. There is a legal obligation when it comes to reporting. Banks are for example in an obligation to monitor credit risk, as and perform real-time business transaction checks when it comes to this kind risk, but also to provide answers customized reporting for different groups of users. Insurance companies are obliged to take care of the law. However, they have an ongoing assessment of their solvency, which is also regulated is appropriate by law and by-laws. In practice, the performances of VAR (value at risk) calculations obtain a statistical estimate of the maximum probable wrinkle portfolio when the market behaves in normal circumstances.

Based on the growing demands of global organizations as well as new expectations of investors and boards in recent years, a five important trends (Rahman, 2006):

1. Change the role of accounting and expanding the scope of the accounting,
2. Assessment of the quality of operations,
3. Accountability and transparency organization structure,
4. Moving to a accounting on the basis of risk,
5. Upgrading accounting infrastructure in accordance with technological progress.

The traditional functions of accounting were confined to the recording of business transactions in a systematic manner. Nowadays, accounting is no more just a recording job, instead it serves multiple needs of diverse users of accounting information, systems audits, fraud investigations and audits of special project became less important than urgent needs of regulatory compliance and business process optimization. Today, looking properly structured accounting function which affects not only legislation but also operational. The role of an accounting is now changed from mere financial reporting to the control of risk management, priorities, objectives and activities, eliminate complexity and redundancy, ease of doing business, as well as the protection and enhancement of shareholder value.

II. THE DIFFERENCE BETWEEN TRADITIONAL ACCOUNTING & ELECTRONIC ACCOUNTING

Accounting traditionally was processed manually with all transactions recorded in columnar papers and kept in voluminous binders. Once computers became popular and software affordable, accounting tasks moved into this medium, where concepts stayed the same but mechanics changed from papers to programs. The most glaring difference between traditional and computerized accounting is the speed of operations (Shanker, 2018). With an accounting program, data is entered once and it is saved. The program provides management with reports in a speed never dreamed possible in the traditional days. No more waiting days or weeks to know whether your business is making a profit. Using computerized accounting, information can be accessed in a matter of minutes. Once data is available in the system, it can be used in reports, queries and analysis. Computerized systems have drastically increased accuracy of calculations when compared to the traditional, manual system, in which columns had to be added up, numbers moved from one

page to the next, and trial balance and financial statements manually compiled. If errors occurred, many hours had to be spent trying to find and correct them. With accounting software, this problem is eliminated. In the case of accounting spreadsheets, adding simple formulas still may be needed, but it is an easier and more accurate process. Efficiency goes through the roof when a computerized system is used. The traditional manual accounting system with paper and pencil is cheaper than the computerized version, in which a firm needs a computer, software, printer and other expenses associated with a system. The manual system may work for small businesses up to a certain point, but with the affordable costs of computers and software, many firms are opting for the computerized system. They are easy to use, and finding experienced employees to run the system is not a hurdle. When using a manual system, the risk of losing data is real. If important papers are damaged or destroyed, that work may have to be re-created. Copies of the original work can be made, but that could be expensive and time-consuming. Accounting on a computerized system offers the choice of saving work on a CD, portable or external hard drive, flash drive, or even online. Many firms back up data every night as a precaution. If something happens the next day, the data can be restored from the backup. Using a computerized accounting system keeps all of the information organized and in one place: the computer hard drive. Finding and accessing information on an accounting software program is much easier than the traditional method. Specific data can be found using system functions, which usually include a "find" or "search" key. For example, finding information about a vendor on a manual system could take many steps and significant time. The same process in a computerized system most likely would yield the information in a snap, with less confusion and aggravation.

III. ACCOUNTING INFORMATION SYSTEM - AIS

An Accounting Information System (AIS) is the collection, storage and processing of financial and accounting data used by internal users to report information to investors, creditors and tax authorities. An accounting information system is generally a computer-based method for tracking accounting activity in conjunction with information technology resources. An accounting information system combines traditional accounting practices, such as the Generally Accepted Accounting Principles (GAAP), with modern information technology resources. The accounting information systems represent a range of sources, namely persons and equipment, which are designed to collect financial data to reach the information needed for different decision-makers (Bodnar and Hopwood, 2010). The use of accounting information is indispensable in the management activities of a company, given its quantitative information on various activities. Accounting information is primarily intended to be useful in economic decision-making. Accounting information is needed not only by management in the direction of cooperation but also by shareholders, who need periodic financial data in order to assess the performance of the company's management (Nnenna, 2012). Accounting information systems rely on the quality of input data, as the poor quality of data used in the input process leads to poor results (XU, 2003). From the point of view of Wilkin & Tayan (2003), the

relationship between quality and information systems is determined by three basic components: system quality (technical components), information quality in terms of the accuracy and correctness of data entering the system, and service quality, meaning the assessment of the level of excellence in providing information to users. Accounting information systems have three basic functions:

1. The first function of an AIS is the efficient and effective collection and storage of data concerning an organization's financial activities, including getting the transaction data from source documents, recording the transactions in journals, and posting data from journals to ledgers.
2. The second function of AIS is to supply information useful for making decisions, including producing managerial reports and financial statements.
3. The third function of AIS is to make sure controls are in place to accurately record and process data.

An accounting information system typically has six basic parts:

1. *People* who use the system, including accountants, managers, and business analysts.
2. *Procedure* and instructions are the ways that data are collected, stored, retrieved, and processed.
3. *Data* including all the information that goes into an AIS.
4. *Software* consists of computer programs used for processing data.
5. *Information technology infrastructure* includes all the hardware used to operate the AIS.
6. *Internal controls* are the security measures used to protect data.

Because AIS stores and provides such valuable business information, reliability is vitally important. The American Institute of CPAs (AICPA) and Canadian Institute of Chartered Accountants (CICA) have identified five basic principles important to AIS reliability:

1. *Security* - Access to the system and its data is controlled and limited only to those authorized.
2. *Confidentiality* - The protection of sensitive information from unauthorized disclosure.
3. *Privacy* - The collection, use, and disclosure of personal information about customers is done in an appropriate manner.
4. *Processing integrity* - The accurate, complete, and timely processing of data done with proper authorization.
5. *Availability* - The system is available to meet operational and contractual obligations.

IV. CONCLUSION

Information systems are an integral part of modern society and they are not only business factor in the 21st century. Although they have achieved an enviable level of development, they are also developing in the goal achieving as good as possible results. In this paper will be accent on their application in the function of accounting and how much they are really effective in realizing accounting tasks, especially keeping factor

of man as an unavoidable factor that makes sense Technological progress makes it possible to simplify and strengthen the accounting function so that it brings strategic value and reduce its operating costs. The expected benefits are improved data transparency, shared environment, decision-making process and quality of accounting data. So the quality of accounting information systems has next dimensions which were: accuracy, audit ability, reliability, security, timeliness, flexibility, and user satisfaction.

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