

The implementation of the financial-accounting information system

Assistant Lecturer Dinu Octavian Nicolescu, PhD Student
Valahia University Targoviste

Abstract

The development of modern information and technologies in systems result in significant changes in a company's activity and changes in accounting information systems. Accounting system development goes back to Babylon, 3600 BC, when the oldest record of a business event occurred. There is ample evidence that accounting systems were used in ancient Greece, China and Rome. Trade activities have become more complex, which led to the development of higher forms of organization. Changes in accounting _ were consistent with changes in data processing methods, along with the development of technology, starting with the manual, the data processing computer as the most modern method.

Key words: *society, decision, documentation, financial, accountant*

JEL Classification: G14, M41, M42

1. Introduction

Information systems of financial-accounting management are implemented and successfully used all the time in the commercial world. This information system is supported by companies of the world. Commercial organizations such as Enron, WorldCom, Parmalat are just the latest examples of management accounting which ceases after their fall.

The major advantage in a commercial environment is that there is a clear objectivity, be it by improving efficiency or improving productivity in a clear process of economic decision-making. If the decision to implement a new information system of financial-accounting management , once needs have been assessed, stores which are organized around this product are the most appropriate markets to implement the necessary resources to complete the work.

The action of taking management decisions based on financial-accounting information system in an entity is as effective as any other activity or clearly can be directed to another structure, as it happens in most of the commercial establishments.

Large companies and SMEs have adopted these accounting information systems effective in recent years. Going back years ago, most organizations, even the biggest, hired external consultants for softwares, involved with changes in the organization, working to help the selection and implementation of the ideal configuration for the entity, taking into account all the components.

2. Stages of implementing the financial accounting information system

■ The detailed analyze of the requirement of the information system

If all the people involved in the system are interviewed, the current system is well understood, including the problems, full documentation of the system of transactions, reports, and questions that must be answered together. Needs of users who are not in the current system are separately presented and documented. Users include everyone from top management, to entering data. Analysis of requirements develops with their particular needs also helping users to accept change. Users who have the opportunity to ask questions and to provide input are more confident and receptive to change, rather than those who are expressing their concerns.

■ Analyze

The analysis is well reviewed and a new system is created. What information must come from the system and how it should be formatted? If we know what has to come out, we know what we need to put in the system. The selected program will have to properly handle the process. The system is built with control files recorded on a sample basis, and the ability to perform tests based processes. The system is designed to include adequate internal controls and to provide management with the information needed in decision making.

The analysis is an objective of the accounting information system that provides relevant, meaningful, reliable, useful and current information. To achieve this, the system is designed so that transactions are recorded as they appear (either manually or electronically) and online information, specific to management, are available. Once the system is designed, a planning of the resources of the entity is created, detailing the design and substantiation requirements. Vendors are asked to respond to the proposal to provide product demonstrations, specifically to meet even the needs of the entity. Ideally, the seller will register control input files based on sample and he shows how transactions are processed as a result and the information is communicated to management to make decisions.

Planning resources within an entity through the infrastructure of information technology follows the selection of the software product, because software generally has specific requirements for infrastructure. Sometimes, the software and the infrastructure are selected from the same supplier. If not, the entity must ensure that vendors will work together, even when there is a problem with either the software or the infrastructure.

■ Documentation

Any system is documented before its design. The documentation includes documents of the system provider, but more importantly, procedures or detailed instructions to help users handle each of a process specific for the entity. Most documentation and procedures are online and are useful where entities can add helpful instructions provided by the software vendor. Documentation and procedures are insurance policies, but also tools used before training during launch testing. Documentation is tested during training so that when the system is launched, there is no doubt that it works and that users are confident with change.

■ **Testing**

Prior to launch, all products are tested on entry and exit, using documentation as a tool to ensure that all processes are well documented and that users can easily track procedures. They know that it works and that procedures will consistently follow analysis and verification reports. This is made in a test system that has not yet been fully populated. Unfortunately, most entities launch systems before the detailed testing, adding to the end user's frustration when processes are not working.

Documentation and procedures can be modified during this process. All the identified transactions must be tested during this step. All reports and online information must be verified and tracked by the audit report so that management ensures that transactions will be consistently handled and that information can be reliable when making decisions.

■ **Professional training**

Prior to launch, all users must be trained with procedures. This means that an instructor uses procedures to show each final user how to handle a procedure. The procedures will be updated several times during the briefing so that users describe their unique situation and modify such information. The end user then performs the procedure with the trainer and documentation.

The final user then performs the procedure only with documentation. The end user is on his own with support of the trainer either in person or by telephone or of another helping person. This step is used before data conversion.

■ **Data conversion**

The tools are developed to transform data from the current system that have been documented by the analyze of requirements of the new system. The data are adjusted from one system to another and are developed by creating files that will work with the tools. The conversion is well tested and verified before final conversion. There is a backup so it can be restarted if it is necessary.

■ **Launching the information system**

The system is implemented only after all the above are completed. The whole organization is aware of the release date. Ideally, the current system is retained and often run in parallel until the new system is working properly in full operation. With the current software, mass-market is used by thousands of companies, being fundamentally proved as being required to work in parallel, with the software generally adapted by the company. This is true only when, all these, follow the above procedure and the system is well documented and tested, users being trained before the launch.

Online tools are available to help computerized accounting systems with the strategic planning. Information systems and financial aid forms are determined by the specific needs of each entity and the by assignment of responsibilities for the principals involved. End users are supported by managers and are supported permanently at any time. System upgrades follow a similar process for all users, being well evaluated and trained effectively by the upgraded changes.

Many organizations have chosen to limit the time and money spent on analysis, design, documentation and training, and for moving software deployment right into selection. If a detailed analysis of the requirements is achieved in spending enough time on analysis, implementation and ongoing support to be minimal. Organizations that have as a measure to ensure the system to meet the needs of their end users and also information that is not correct or current.

■ Professional training

Many professionals of the accounting information system work for consulting firms, major corporations, insurance companies, financial corporations, government agencies and public accounting firms, and also for other companies. Once with the technological development, traditional accounting practices will travel to practical accounting of information systems. Both professional accounting bodies and information technology bodies are working for new trends in accounting programs and practices in the industry. System accounts are one of the top choices of the last two decades, which look at controls, at data processing, at data integrity, at general operation, at maintenance, at security and other aspects of all types of information systems used by entities. A lot of entities deal with software, but also with finding software that is appropriate for the company, or maintaining software for a company.

Any employee interested in career has the choice to work in the finance department of any type of business, to work with a company oriented towards the financial part or a business oriented towards programming with specialization in accounting information systems. In this field, such jobs include financial manager, financial analyst and financial manager and in the computer science field, analyst of computerized systems, manager of information systems, software engineer or programmer specialized in financial software.

3. Conclusion

In modern organizations, apart from the role of CEO, who is responsible for making decisions based on relevant information, the roles of a manager, an auditor, an IT control involved in the processes of control and counseling are very important in terms of public procurement and providing information, while the CEO is the moderator and the coordinator between the declared functions.

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