Abstract

In the information system the development of processes is ensured by a component of the organizational structure in which specialists, scientific instruments, accounting technique and an information flow between information sources, system’s components and decision levels are involved. From the functional point of view, the information systems within an organization can be classified into:

- Information system for production;
- Information system for the commercial activity;
- Financial accounting information system;
- Information system for the human resources management.

The financial accounting information system provides managers the financial accounting information on which policy formulation is based on, the development of business plans and the control of activities within the organization and has the purpose of answering legal external requirements and accounting standards. To satisfy the necessary conditions in order to benefit from a reliable financial accounting information system, the conditions that ensure the equity and viability of information must be observed (reality, versatility, concision, synthesis ability, opportunity, operability, precision and safety, efficiency, security, etc.) and eliminates the major deficiencies of the system in exploitation (distortion, filtering and redundancy of the information).

Keywords: decisional process, information system, financial accounting information system, informative system, managerial activity;

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1. Introduction.

In the existing market economy conditions, the practice of management in the economic organizations underline the importance of complementarity between management, decision and the information system, the latter depending on the accuracy and reliability of the information provided by the financial accounting system, fundamental components of the informational flows, necessary to internal and external users of the economic organization.

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The decision constitutes the main focus of management activity as it is found in all of its functions (forecasting, organization, entrainment, coordination, evaluation-control), and even more, the integration of the organization within the environment depends on the quality of the decision. *At the same time, the quality of the decisional process influence cost reduction, the efficiency of fund using, the profit growth.* 

As is known both from the specialized literature and from the practice and experience of many organizations, the quality of the decision depends on many factors among which the most relevant are: the quality of information underlying the foundation of the decision, the management level to which it is addressed, the urgency, reliability, accuracy, etc.

Finance and accounting represent the specialized management function responsible for collecting, recording and analyzing financial data and for presenting statements and financial information of all types of managers and other people in the organization and / or persons outside it. 

There are accounting information of common interest, but also information that interest only a certain category of users, just as the accounting board of regulation IASB admits that not all the users’ requirements of information can be satisfied by the financial statements. However an implicit manner issues, that investors are privileged users. Therefore, satisfying their information needs will mean satisfying the majority of needs of other categories of users.⁴

On dealing with issues relating to the subject of the present paper regarding the importance of financial-accounting information for the managerial act, British Galutier and Underdown appreciated accounting and by default the financial accounting information ever since 1991, as being „the most important element of the organization's information system” because: 

- The accounting information system allows managers and external users of accounting information to obtain an insight into the entire organization and for the fact that, 
- The accounting information system links the organization’s important information systems and can present in monetary and value terms the data registered in accounting.

The information needs of managers are mainly covered by reports based on information from the management accounting and financial accounting. The reports are drawn up according to the manager’s objectives, these being related to managerial functions among which we mention the administrative function, the planning function, the control function, the decision-making function. 

2. The information system of the organization – general considerations

The information system is defined as an integrated set of methods, procedures and means used in order to collect, transmit and process data, analyze, store, disseminate and capitalize information and knowledge.

The information system as an important integrated part in the on-going development of financial-economic processes of any organization is influenced by a series of internal and

external factors, considering the fact that the analysis cannot be performed as a whole. Knowing this requires a detailed analysis of components such as information, nature and origin of these, the significance and utility, the path they cross and the transformation they suffer in the process, their purpose, the material base on which it is recorded, the means of collecting, processing and storage etc..

In the paper “The analysis and projection of economic information system”\(^5\), Dumitru Oprea puts forward a graphical representation of an economic information system’s components as presented in the below Figure:

An information system can be defined from a technical point of view as a set of interrelated components that collects, processes, stores and disseminate the information for the decision-making and control bodies in an organization.\(^6\)

Another definition that would lead to the same ideas would be that the information system represents a set of human, financial and material resources for collecting and processing data in order to obtain and transfer information necessary to planning and controlling an organization’s activity.

With respect to the above representation we may say that the information system is the system whose objective is to provide information and information services to its environment in order to control and adjust the subsystem’s activity from which it is a part. This definition implies the existence of at least three subsystems, namely:

\(^6\) Kenneth C Laudon, Jane P Laudon, Management Information Systems, 6\(^{th}\), Prentice Hall, Inc., New Jersey, 2000, pg. 7
• The subsystem for collecting information;
• The subsystem for providing information and information services;
• The subsystem for adjustment and control.

The information system’s content supports the functioning of the organization and comprises three operating systems namely:
• Operating system (functional), in which operating activities are developed;
• Management system (decision-making), which includes all the decision centers and their action on the operating system
• Information system that ensures the connection, in both directions, on the one hand between the decision-making system and the operative one, and on the other hand between these and the external environment.

In the information system the development of processes is ensured by a component of the organizational structure in which specialists, scientific instruments, accounting technique and an information flow between information sources, system’s components and decision levels are involved.

From the functional view, information systems within an organization, can be classified in:
• The information system for production;
• The information system for the commercial activity;
• The financial-accounting information system;
• The information system for the management of human resources;

A concise representation of the components of each system can be found in the below Figure:

In terms of its role and contribution to the development of the entity’s activities, the information system has both a decisional and a documentary function, being placed in a position that ensures the functional-organizational communication between the operative system and the decision-making one.

According to the organizational structure, the decisions are based within each position in respect to the activities grouped. Upon making the decisions, the performer needs a series of information acquired from its own records, records of other positions in the
organization or from the external environment. Collecting these information can be made ad hoc or can be acquired from the management system, to the extent that there is an adequate organization designed to store and ensure the information once they are produced, these will be used according to needs. Once the information are collected, they are processed by the operator according to the technology specified to each decision and are then sent to the superior decision-making level as per their adopting procedure.

In a practical way a flow of information takes place within the organization from the operation positions within the functional departments towards different decision-making levels and from these to positions as decisions.

An information system must contain the information and the environment in which they are registered, the link between them being extremely complex, implying the fact that information can be recorded permanently or temporarily, can be editable or not, environments can be reproducible, transportable, available or not in any moment, fixed or expandable.

The information system ensures the information necessary for basing the decisions, providing all the data that reflect the degree of achieving objectives at certain periods. Also, it ensures the permanent knowledge of economic processes within the economic organization.

In conclusion, the information system of an organization is defined as a body made up of specialists, equipment and procedures through which the entity collects, analyzes, evaluates and correctly and timely distributes information relevant and necessary to management for basing, operating and controlling decisions.

3. The accounting financial information system: milestone in the organization’s activity

Considering the fact that a country’s accounting system is influenced by a series of factors such as legal system, dominant way of funding organizations, tax system, inflation level, economic, political system, etc., generating differences between countries’ accounting systems, and to be more specific, Romania and implicitly the large organizations which can turn international, the decision has been made to conform the national accounting system with European directives, namely the Fourth Directive which determines a series of options regarding financial statements, evaluation rules, and requirements regarding financial communication, and the Seventh directive which sets sights on rules for drawing up financial statements of groups of societies by means of consolidated accounts.

The accounting information system is influenced by the nature of the activity and its operations, by its size, by the volume of data processed and by the information necessities of the management and the external users.

Accounting and social-economic environment in which this operates, mutually interacts thus being in an interdependence relationship, and influencing each other. Professors B. Esnault and Ch. Hoarau (1994)\(^7\) have identified in accounting the following paradigms:

• **Inductive approach**, which implies that the elaboration of the accounting theory is made through the generalization of observations provided by the accounting practices;
• **Deductive approach**, implies the preliminary defining of objectives from which postulates, conventions, methods and accounting rules are derived;
• **Predictive approach**, consists of testing accounting methods and rules, according to their prediction capacity, thus facilitating the decision-making process;
• **Behavioral and psychological approach**, that handles the study of the individual user’s reactions when the accounting information is published and lays stress on the relevance of the accounting information in the decision-making process;
• **Economic approach of the information** considers the accounting information as an economic asset.
• **Systematic approach of accounting** clarifies its definition, both at the microeconomic level and at the macroeconomic one, as an *information system* (set of human and material resources) that allow collecting, processing, storage and communication of information in order to adopt decisions.

The nature and quantity of information published depend on the offer of the manufacturers of accounting information and on the user’s demand. The free market of information entails accounting normalization in that this market becomes efficient and available for possible users.

The dual representation of the reality of accounting information in the accounting information system (internal and external), renders the image of the organization on the outside through financial or **general accounting**, and on the other hand it renders the internal processes through **management accounting**. Management accounting system is designed to meet the internal needs of the organization, but the two systems need to be combined so they could ensure the integrity and accuracy of the information produced.

**Financial accounting** has the role of recording an organization’s transactions with her external environment, in order to periodically and systematically determine the financial situation, and results of operations performed; the financial accounting information are retrospective and are made public, according to effective legislation.

**Management accounting** produces the majority of information destined to decision-making processes, in addition data for the current management of clients-suppliers relationship can be extracted from the financial accounting, for correcting the inflation’s effects on the management’s decisions. The information produced by the financial accounting are part of the economic-financial analysis, and they shall contribute to the basis of the managerial decision.

The management accounting does not act for the communication with the organization’s exterior, thus it’s not normalized, it is an “instrument of modeling companies” that comes at the hand of managers in the complex processes of “leading” the organization, an extremely efficient instrument with internal character.

*Taking into consideration the role and functions of the financial accounting, but also those of the management accounting, we may say that these two information components are complementary and facilitate the efficient, effective and economic management of an*
organization, through the information they provide, these competing to the adoption of the managerial decision.

The financial accounting information system provides managers the financial accounting information on which the formulation of politics, the development of business plans and the control of activities within an organization are based on, and has the purpose of responding to the external legal requirements and to some accounting standards.

4. Terms for the existence of financial accounting information system

In order to satisfy the necessary terms of benefitting from a reliable financial accounting information system, two categories of restrictions must be obliged as follows:

A. Imposition of some requirements that shall ensure the correctness and viability of information:  

- **Reality of the information**, regarding the way to conduct the processes within the economic entity, this requirement being correlated with socio-economic characteristics of the entity and the environment in which it operates. In this context the quality of information is a defining element for the realism of the decision and for obtaining long-term economic performance thereby achieving stability (sustainability) on the economic market;

- **Versatility of the information**, is generated by the complexity of processes and phenomena taking place within economic entities and should highlight the most important economic, technical, human or scientific aspects;

- **Conciseness and the synthesis capacity of the information**, this being imposed by strict selection of the most significant information in terms of degree of novelty and importance to the entity’s activity;

- **Accuracy and safety of the information**, requires a proper identification of the newest and most essential elements, also the nature of the information must be concise, synthetic and multilateral;

- **Opportunity of the information**, implies its use in appropriate time, and this requires knowing the recipient, reaching him in time and triggering the action concerned;

- **Efficiency in treating information**, is directly imposed by the adoption and implementation of decisions, since however valuable an information is, if it reaches the recipient after the processes has already begun or has been completed, such information becomes obsolete;

- **Dynamism of the information**, required by the shortening of operating time, by the compression of the management process, and especially by the need to reflect the developments of work processes and predict their evolution.

- **Adapting information to the specific staff involved**, so that they are presented according to the level of understanding and qualification of each beneficiary;

- **Efficiency of the information**, involves a result evaluation of the transposition’s information in decisions;

- **Reliability of the information refers to the availability of information in relation to the coordinates that are of interest to the decider.**

- **Adequacy of information**, to the needs imposed by that hierarchic decision making level.

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8 Bob, C., Visean, M., Fulea, M., Saseanu, A., „Sisteme Informatiche în Comerț”, Bucharest, 2003;
B. Elimination of the major deficiencies existing in the operational financial accounting information system:

- **Distortion of information** is the unintentional partial modification of the information’s message in the process of collecting, processing and transmitting from sender to receiver. Distortion is a consequence of irregular coordination, heterogeneity in training personnel involved in conveying information, inadequate training of those who issue information, poor quality information supports;

- **Information filtering** is a deliberate modification of the message and its contents during the information flow. Filtering introduces the volitional element, expressed through the intervention during creation, transmission and processing of information of some persons who have an interest that the beneficiary receives a mistaken message;

*Distortion and filtering information have adverse effects on the information’s recipient as a result of its total or partial misinformation, thus affecting the managerial process.*

- **Information redundancy**, consists in repeatedly recording, transmitting and processing as a result of improper correlation of different functions, positions or departments within the entity, poor coordination or lack of it, occurring as a result of failure to oblige the principle of unity of the decision and action;

- **Overload of information circuits with information**, is a result of redundancy or of the pyramidal nature of the information system, caused by improper design of the current information system, deficiency in training managers and performers, tendencies to over evaluate achievements and activities undertaken.

An information system contains information and the environment where the information is recorded, and the link between them is extremely complex, referring to the fact that information can be recorded permanently or temporarily, may be editable or not, environments can be reproducible, transportable or available not, fixed or expandable. The information represents a substance with a certain structure that can be produced, stored or owned by a person or a group of people and transmitted from one person or from group to group.9

In developing the issue of **means to support the financial accounting system** - a special place has treating elements through which existing processes and relationship are developed and which together compete to an efficient and effective management process for ensuring the functionality of the organization through procedures and procedure manuals.

In order to achieve the objectives of the organization a balance between tasks must be ensured, the competence (conferred by the decision authority through delegation) and responsibilities (the obligation to achieve objectives) and procedures must be defined. Procedures represent steps that need to be followed (algorithm) in carrying out tasks, exercising competences and taking responsibilities. According to the provisions contained in Standard 17 "Procedures"10, for activities within public organization and

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10 Orden MFP nr. 946 din 4 iulie 2005 (*actualizat*) pentru aprobarea Codului controlului intern, cuprinzând standardele de management/control intern la entitatile publice si pentru dezvoltarea sistemelor de control managerial;
particularly for economic operations, it develops written procedures, that are communicated to all employees involved.

These procedures must be: written, formalized, individual and collective knowledge must be stored and put in the order that meets the public entity’s goal; simple and specific. Written procedures consist in work instrument in order for performers to know the legal rules that need to be obliged, for each area of the public entity; constantly updated, according to the development of regulations; presented to the performers.

The financial resources, play an equally important part as the material and human in the normal development of the system’s activity and in ensuring the system efficiency and effectiveness in achieving its objectives.

Regarding the means of human nature involved in supporting the financial accounting system I point out that in achieving the objectives of the organization, a definite role has the top and line management. They must possess a series of managerial skills such as: perseverance, self-control, acceptance of change, assuming different roles (examiner, person being examined, candidate, supervisor, planner, performer, coordinator, organizer, counselor, etc..) adoption of effective behavior to overcome crisis situations, etc.. These competences are exercised through the continuous updating of knowledge and improvement of professional skills, learning and obliging of ethical principles, manifestation of proper behavior in competitions, contests, exams etc..

Here are some of the technical and material means that support both the accounting financial system and all the activities of the organization:

- The Organizing and Functioning Statute – the document in which the detailed structure of the organization is presented, describing the company’s functioning mechanism by: laying down the assignments of each department; setting out tasks, competences, and responsibilities of every existing position within the company. The Organizing and Functioning Statute has two purposes: first, it sets out the tasks, competences, and responsibilities for the collective leading positions, for managers, for execution positions; secondly, each employee is offered the possibility of becoming aware of the assignments and responsibilities of their department, with respect to the other departments within the structure.

- Organization relations are represented by relation diagrams. The flow chart is the adjunct to the Organizing and Functioning Statute, being a graphical representation of the organization’s structure, and acting as a passive instrument – visualizing, conceptual representation of the organization’s structure, as well as an active instrument – analyzing the ways of projection. Moreover, job descriptions are important documents of the Organizing and Functioning Statute, comprising: job name, job’s individual objectives; the job’s department; specific job’s requirements (studies, seniority, age, abilities, skills, capabilities); the relationship with other jobs (hierarchic, functional, cooperation, representation); tasks, authority, and responsibilities of each job.
• The information systems are considered to be the essence of the information financial – accounting system- thus the information systems are very important for developing activities pertain to the accounting- financial system, as well as the logistics for implementing information systems (software, hardware, data migration); moreover, it is necessary to have a team that provides technical assistance for analysis, adjustment, implementing applications regarding financial – accounting and commercial activities, production, investment projects, human resources and management.

5. Information science in the management system

Considering the fact that the main requirement which precedes any information system is to duly and accurately appraise all the decision factors within an organization, most specialists accept the activity of creating information systems in terms of using the computing technique for two purposes:

• The use of computers as working instruments in the activity to substantiate decisions;
• The use of computing equipments as working instruments within information systems’ components.

The first stance is characterized by the existence of software products that are specialized in analyzing decision alternatives, in the attempt of finding the fittest decision for the organization, when adopting them.

The second stance aims at developing commercial data processing applications at activity level or group of activities within the company. Implementing these applications has led to the entry of the term “information system/subsystem for management”.

The financial - accounting information system is designed for recording and controlling the organization’s activities and assets, and it automatically processes data manipulated within the organization.

In order to achieve remarkable performances, the organization must have an integrated management and financial - accounting information system that provides the following advantages:

• Reactive information (provided by the operating systems, analysis instruments, scenarios, investment alternatives, cash flow alternatives etc.) for supporting the manager’s decisions;
• Budget control and monitoring costs in real time (reducing expenditure);
• Correlation between costs and prices (monitoring the profitability of products and activities);
• Planning the production based on a forecast, contracts, planning the supply based on a global image regarding existent stocks (the high costs for supplying and storage/massive stock immobilization are reduced);
• Integrating commercial systems, income collecting systems, cashing or payment systems, remuneration etc.’
• Controlling ongoing investment projects and budgets that are grouped in operations/expenditure/stages in real time, as well as monitoring expenses for investment projects;
- A centralized basis that comprises information regarding clients and suppliers (including contracts, requests and their settlements) and high costs for providing services;
- The possibility of eliminating redundant information;
- Shortening the time used for making decisions and direct access to the information of all levels of decision;
- The possibility of providing data necessary for implementing report procedures in conformity with IAS and IFRS;
- Monitoring cost centers for making them profit centers;
- Channeling financial resources in one direction thus eliminating integrating costs;
- The possibility of correlating results and performing complex analyses regarding the activities;
- The system shall comply with the requirements for usage in international business environment, multiple report systems, multiple account plans, reporting in accordance with West-European standards;
- A complete solution for maintaining a precise inventory of properties and equipments, giving the opportunity to choose the best accounting and tax strategy.

6. Conclusions

1. Administering organizations with respect to the economic crisis needs substantiating decisions based on a system of real, pertinent, and relevant information that is duly supplied.

2. One of the main issues an efficient manager has to deal with depends on the leader’s decision at different hierarchic levels of the organization, from the introduction of a product to its final stage along with cashing the value of the product or the service that is provided, in direct relation to the accuracy and reliability of the information provided by the financial-accounting system.

3. The economic organization particularly comprises complex processes and activities that are constantly developing within an important geographic network, involving considerable human, material, and financial resources, events that are hard to predict, thus necessitating the build-up of a flexible information system for meeting market requirements and for increasing the quality of the services provided for its clients.

4. The accounting information system is the set of postulates, principles, norms and evaluation rules of an organization by means of which the economic-financial operations are processed through accounting technical instrumentations. The accounting information system identifies correlates, calculates, analyzes, registers, and provides all information regarding transactions or events that took place in a management centre, given a certain time period. This system allows identifying, analyzing, calculating, classifying, registering, and running back over events and transactions. The accounting information system is influenced by the nature of the activity and its operations, by its size, by the volume of processed data, and the management and external users’ information necessities.

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