

Electronic Accounting and Accounting Information System

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Abstract

Given the need to leverage on requisite technologies in the Accounting world, particularly in the face of digitalization taking the premium space in today's highly globalized world, the need to examine the twin issues of Electronic Accounting (e-Accounting) and Accounting Information System (AIS) has become expedient. By means of an exploratory approach, findings from this empirical analysis reveals that there is a growing awareness of advanced cloud based tools and their benefits is a testament of their effectiveness. The study therefore concludes that by automating task, businesses can save time and use it for important metrics like growth, diversification and optimization. The study therefore recommends that given that there are so many accounting software in the market today that are not only rich in features and have solid capabilities but are also budget friendly and designed for the need of the small and midsize businesses to allow for choices by business owners, the use of requisite accounting software by all organizations must remain a focal point.

Keywords: Electronic Accounting, Accounting Information System, Globalization, Digitalization

INTRODUCTION

Accounting has been in existence for centuries before the invent of computers, the reliance of recording financial transactions was on papers and ledgers, which were used to record debit and credit, revenues and expenses. Rapid technological development also makes accounting information technology experience development and changes. Traditionally accounting is purely based on manual approach, the experience and skills of individual accountant are critical in accounting processes, which makes this approach ineffective, inefficient and non – reliable. However, accounting information system resolve many of these issues, as it can support the automation of processing large amount of data and produce timely and accurate information. In the 1800s, machines have begun to play the role of simple addition before the invention of computers in the 20th century. These simple addition machines invented by William Burroughs, though not having the internal memory as computer, aided the accountant to carry out arithmetic more efficiently and accurately. By the end of the century inventor Herman Hollerith had developed a punch –card machine to speed up data handling for the US Census, the tabulating machines recorded data by punching a pattern of hole into cards, this machine can also read the pattern and call up the information, and businesses were using the punch card machines for accounting purpose. Hollerith took the punch card concept into private industry when he founded the IBM by 1907. During the World War II John Mauchly and J.Presper Eckert developed the ENIAC Computer for the military, after the war he built UNIVAC –the Universal Automatic Computer which stored data on magnetic tape rather than punch cards, in 1955 the UNIVAC began running payroll for one general Electric factories. This marked the first time a company had bought a computer purely for accounting purposes. IBM, however soon improved on the UNIVAC and offered computers that reestablished the company as the king of the business machines Therefore, based on these finding, electronic accounting basically started in the year 1955 with the UNIVAC for general Electric Factory.

LITERATURE REVIEW

Electronic Accounting

Electronic Accounting does not have a standard definition as there are many scholars with different views and perception on the concept accounting. However, in deducing from various definition, one can say electronic accounting refers to the changes in traditional accounting based on computing and networking Electronic Accounting is the application of internet technologies to accounting functions. Or it can be said to be the use of computer based accounting tools such as digital tool kits or internet resources to perform certain accounting functions regularly like, accounting research, payroll accounting, and training in accounting education.

Accounting Information System (AIS)

Accounting Information System involves the process of collecting, storing and processing financial and accounting data used by internal users to report information to investors, creditors, and tax authorities for decision making Alicia.T. (2020). This is done by the use of a computer based method for tracking accounting activities through the internet. Amy. F(2021) Accounting information system (AIS)is a structure that a business uses to collect store manage process retrieve and report its financial data so it can be used by accountant, consultants, business analyst, managers, chief financial officers(CFOs) auditors, regulators and tax agencies. An accounting information system is a way of tracking all accounting and business activity of a company. Accounting information system generally consist of six primary component; people, procedures and instructions, data, software information technology infrastructure and internal controls. People are the system users, which includes accountant, consultants, business analyst, managers, auditors; Procedures and Instruction are method used to collect, store and retrieve and process data; Data - an AIS must have a data based structured to store information. AIS Software is the computer programs used to store, retrieve process and analyze financial data, while IT Infrastructure is the name for the hardware used to operate accounting information system. Internal controls of an AIS, on the other hand are security measures put in place to protect sensitive data. However, questions still remains as to whether E-Accounting and Accounting information system are one or the same thing. In the 20th century computer usage was limited to accounting applications and used the name Electronic data processing which used to be the most basic information system application in every company but now we use the term accounting information system.

Electronic Accounting and Accounting Information Technology (E-Accounting)

According to Susan et el (2016), E- Accounting as the application of online and internet technologies to the business accounting functions. E-Accounting is universally adopted, it is the online recording of financial transactions on a server or database, just like a website or web blog, which accessing the account will normally require a login id or password.

Computer Software

Adebayo (2012) define software as the collection of all instructions or programs written with a computer language, which the computer understands and executes. The are stored as files on a disk and software as a service uses cloud computing to provide users with access to a program via the internet. Fraser (2019) describe early accounting software as handcrafted literally byte by byte over the course of months, companies relied heavily on propriety system. The basic types of softwares include;

- a. System software also called operating software, it facilitates the communication of the user and the other software to achieve a task with the computer. This also makes the hardware component come together and function as a system.
- b. Application software allows users carry out specific task other than one related to the operations of the computer itself.

System Analyst

This is a person who engages in the study of the different activities and procedures that are always put together to solve a problem. He designs computer files production of system documentation system evaluation.

Computer Programmer

The programmer writes instructions to direct the operation of the computer in the language it understand. There are two types of computer programmers namely the system programmers and the application programmers. The application programmers write instructions that enable the computer process data in accordance with the program specification supplied by the analyst. The system programmer is responsible for writing program and maintain system programs.

Accounting Software

This is the type of application software that record and processes accounting transactions within functional modules such as account payable, account receivable journal, general ledger payroll and trial balance. It functions as an accounting information system. As computers became more powerful, programmers created more generalized software that could serve many different customers. This includes the following.

Peachtree Software: This is a device that comes with different features which gives the buyer an opportunity to make choices of the flavor they prefer. These flavors include peach tree pro, peach tree complete, peach tree premium and peach tree quantum. Peach tree premium and peach tree quantum have accountant edition which can be of great use to the professional accountant, added also is the accounting and business management tools, payroll management solutions.

Quickbooks: is a popular accounting software for small businesses, independent accounting firms, personal and professional account management. Among its features are automated tax calculations, expense tracking, invoice management and balance sheet reporting.

Xero Accounting software: is a good example of intuitive set up which is straightforward to use. It incorporates security features to negate any online threat such as hacking.

NETSUITE: This is an online accounting management system, there is no software to download or installed because it is web based. It is essentially a customer relationship management but the platform can be used for sales and marketing.

Book Keeper: This is a software package that offers a complete suite of accounting features like integration with banking, expense tracking and payroll management.

Sage Business Cloud Accounting: This is ideal for small businesses. It offers two affordable plans designed to fit the budget and needs of small businesses. It aims at streamlining paper work and minimizing spreadsheets, automating complex financial processes.

AVIDXCHANGE: This is a comprehensive invoice management and payment automation system built for businesses of all sizes. It is equipped with features of paperless invoicing purchase order automation to help streamline accounting operations.

ROSSUM: This is a powerful cloud-based platform designed to streamline accounts payable processes from importing documents collecting and capturing data, purchase order matching to invoice processing.

A2X: This gives you complete visibility into your cash flow by correctly classifying each transaction and summing up your sales and expenses. Fees refund and other necessary expenses are also accounted for.

FRESHBOOKS: This is another web-based account management system, it offers several features like invoicing, time tracking estimate creation, tracking of expenses and client and staff tracking.

TROLLEY: It is previously Payment Rails is an international payment software created to automate payout for sellers and service providers across the globe. It streamlines payout processing and sending, it automates payout approval, mails are sent to individuals designated with approval right every time a payment is about to get approved. This solution promotes transparency as it delivers real time payout tracking.

FREEAGENT: This is a robust accounting software designed for freelancers and small businesses, from running payroll to handling expenses. Freeagent also keeps time record and track cash flows alongside tax bills through its dashboard, it can also be linked to bank accounts. The first spreadsheet was birthed by Visicalc in 1978, this made it feasible to carry out financial modelling on a computer. The common in use now is the Microsoft word which enables the accountant to perform several worksheets and store in workbooks.

SUMMARY AND CONCLUSIONS

The growing awareness of advanced cloud based tools and their benefits is a testament of their effectiveness. By automating tasks, businesses can save time and use it for important metrics like growth, diversification and optimization. Electronic accounting or accounting information system is an online platform that one can use paying monthly subscription, it is now the standard to eliminate traditional paper books and records in the IRS examination process. It reduces the burden while increasing efficiency of examiners analysis and provides a complete record. There are so many accounting software in the market today that are not only rich in features and have solid capabilities but are also budget

friendly and designed for the need of the small and midsize businesses to allow for choices by business owners. Essentially the best accounting software is the one that matches and meet your business requirement.

The capability of accounting software to produce large number of pre- set report for the examiner to drill down to the underlying data in each report as well as test the veracity of accounting record submitted cannot be overemphasized Accounting software helps to generate accurate and verifiable tax information that can stand the test and analysis of IRS.

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