

Accounting information system free essay



**ASSIGN
BUSTER**

Computerizing accounting information systems (ASS) and telecommunication accounting information over the web enhances the accounting functions in business organizations operating globally. By quadrilateral It is often claimed that the process of Computerizing accounting Information systems (ASS) and telecommunication accounting Information over the web enhances the accounting functions in business organizations operating globally. Yet. The counter- claim is that the breaching of the security of such systems will be a great risk that needs to be properly managed in various ways.

An accounting information system (ASS) is " a collection of resources, such as people and equipment, designed to transform financial and other data Into Information. " (Chalked Abdul, 2012, pappy. ASS systems are used across all the functions of accounting such as, recording, classifying, summarizing, analysis and communication. It is argued by many that ASS enhances the functions of accounting. In terms of recording this can definitely be seen as the case.

Recording accounts entails taking notes of every incoming or outgoing to the business. This means peeping a log in a Journal, until the introduction of computer-based systems such as Pulse or Sage software, the Journal was hand written. Software such as these however enables an accountant to keep track of all purchases and revenues without this paperwork. This can be seen as " enhancing the recording function as it reduces paperwork and as a result saves time. " (D. Beard & H. J Went, 2007, pop).

As recording only entails recording entries in an orderly manner, believe this does not encounter such a large security threat as other functions. However,

if somebody did wish to gain access to software such as Pulse or Sage, they would only have to get past one password and surname combination. This does not make the system very secure, It could be hacked easily by a computer expert. This is a key problem across many accounting systems but can be fixed by increasing the amount of security on the software. This could be by asking for more information to gain access to the system.

Another security threat that is common amongst ASS systems is piggybacking, this is “ bypassing physical security controls by entering a secure door when an authorized errors opens It or tapping into a communications line and entering a system by latching onto a legitimate user” (Maestros, 2011). This is very common as It is mainly done through hacking telecommunications lines. This can be used to gain access to financial accounts and future plans of a business. If a hacker is successful, this then gives them the opportunity to steal, erase or manipulate data.

One of the few ways to avoid losing data is simply by backing up the data somewhere else. For example, if you could potentially lose all your data. However, if you back up your data to CD- Room's or external hard drives then if data is stolen from the main server it can be reinstalled from the back up data from another storage device. The most recent development in accounting is the “ cloud accounting” method. This involves storing your data online. This is a benefit as it means no physical space is taken. Cloud accounting is also substantially cost effective. It eliminates the need to purchase hardware or accounting software. And unlike the conventional accounting software, it requires absolutely no updates. ” (Financial Force, 2013). The cloud teeth secures great benefits cost wise. The ability to save

money on accounting is a benefit as it reduces the businesses costs. I believe Cloud accounting is the accounting of the future as it is far more advanced than any other software available. As it is also based in real-time changes are shown immediately therefore, mistakes are rarely ever going to occur.

It is by far the most efficient method of accounting. However, it is not yet known how secure this software is. This could be dangerous as if the software's security is poor then it will be able to be hacked easily risking loss of data. This can again be avoided by the preventative method of backing up data. This should be done until the security of the cloud accounting software has been tried and tested. Another way in which IT enhances the functions of accounting is through the communication function. This involves communicating the data to the correct person in the proper form.

Before IT systems, all graphs and diagrams would have had to of been done by hand. However, with the use of even simple software such as Microsoft Excel or Microsoft Access databases, graphs and diagrams can be made efficiently and legibly. Access can also be used “ to track invoices, review accounts receivable and keep track of company finances. ” (Bonnie Conrad, 2012.) This also covers the classifying area of accounting. Classifying normally takes place in a ledger but can also be done in Access. This allows an accountant to classify or group all similar data.

This again benefits the business as it reduces paper consumption and only needs the accountant to form the relationship between components. This however would mean that the accountant would need to be trained on this

software to ensure it is being efficiently used and run. Furthermore, this could incur an initial cost of training. However, in the long run it would benefit the business. Creating graphs and diagrams to explain data more simply would also be much more easy to complete on computer based software rather than by hand. Accounting activities that were previously performed manually can now be performed with the use of computers. " (I. Dalasi & V. N. Tania, 2011, pop). This saves a business time and resources, as near enough all aspects of accounting can be done via a computerized system, opposed to by hand which would take substantially longer. There are many different types of software available to an accountant in order to create statements and reports. If these were not done using a computer then they would each have to be individually hand written.

OFT can also be used to make payments and transfers through connected to the bank. This is a huge benefit as it allows transactions to be made without physically taking the time to go to the bank. They can simply be done from the office saving time. All the developments in IT I believe do enhance the functions of accounting. However, in order for these technological advances to benefit the business without any active effect such as hacking or loss of data, the business must take precautionary measures to ensure the security of their systems.

For example, regular password updates/changes should be enforced. If a password is changed regularly it is more difficult for a hacker to gain entry into the system. Another way in which a system can be made secure is by offside archiving. This ensures that if entry is gained into a server or computer, then the data that has been stolen or corrupted can be regained

from the offside archive. This is a brilliant method of securing data and safety of yester as it is a preventative measure to losing data. Finally, another satisfactory way to ensure the security of a system is by encrypting data.

Encrypting data essentially means translating data into a hidden and secret code. This would appear transparent to outside users and would be very difficult to decrypt if you do not know the secret code. However, decrypting would need to be put in place by a professional computer engineer. This would be costly initially but would be highly valuable for any security breaches. In conclusion, it is visibly clear that computerized accounting holds many more infest than manual accounting. Computerized accounting ensures efficiency and effectiveness, whilst reducing time and paperwork.

Whereas manual accounting simply holds the advantage of not being tied too machine. Computerized accounting however does face the main disadvantage of potentially being infiltrated by an unauthorized user. This is a serious disadvantage as if the system is breached then this means key data can be lost. Manual accounting on the other hand, is simply tedious, time consuming and not cost effective as a result of masses of paperwork. Despite the fact that computerized accounting can be under threat from security risks such as viruses, hacking and theft.

These security risks can be prevented from turning into a security breach by putting in place some key functions. By enforcing regular password changes, offside archiving and back up facilities, I believe that computerized accounting is the best method as overall it is far more effective and efficient.

Therefore, I do think that telecommunications and computerized systems enhance the accounting functions. This can be even truer for global businesses as it enables them to operate as if they were all in one location, whilst being all over the world.