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Financial Information Systems An introduction Slideshare uses cookies to improve functionality and performance, and to provide you with relevant advertising. If you continue browsing the site, you agree to the use of cookies on this website.

The financial accounting process is defined and each step of the financial accounting cycle is explained. This department is responsible for providing information to internal and external entities so that they can make effective financial decisions that will benefit the organization. These decisions will have a profound effect on the organization so it is imperative that the data collected is accurate. One way to ensure that the data is accurate is to install an accounting information system AIS. A business will implement an AIS in order to accumulate data so that those responsible for making decisions have a supply of information over a period of time. Components of Accounting Information Systems Most accounting information systems have two components â€" financial and managerial accounting. The objective of financial accounting is to provide information to external decision makers, whereas, the objective of managerial accounting is to provide information to internal decision makers. However, cost may be a key factor in deciding what type of system will be selected. The type and amount of information that needs to be stored is another factor in selecting the most appropriate information system. This act is a "U. In summary, Drury stated that managerial accounting focuses on the provision of information to people within the organization so that they can make better decisions, whereas, financial accounting emphasizes the need of an organization having the ability to provide financial information to stakeholders outside of the organization. Managerial accounting has three main areas of operation: Cost accounting, budgeting and systems study. Financial Accounting Financial accounting focuses on preparing financial statements for external decision-makers such as banks and government agencies. Financial accounting exists in order to: Produce general purpose financial statements, provide information to decision makers in the accounting field, and meet regulatory requirements. The Financial Accounting Audit Trail The basic inputs of the financial accounting structure are transactions that measure money. Organizations should be able to conduct an audit trail of their accounting transactions. This audit trail will show the flow of data that moves through the accounting information system. The financial accounting audit trail consists of inputs, processing and outputs. Inputs consist of documents such as sales invoices and payroll time cards, whereas, the outputs are final documents such as financial statements and other external reports. Processing will go from the input phase to the output phase. Steps taken in between these two points include: Recording journal entries, posting the entries to a general ledger, and preparing a trial balance from the general ledger account balances. Prepare transaction source documents. Business transactions are the result of source documents being created. For example, the sales invoice represents a transaction source document also referred to as an original record. Source documents are visual representation that a transaction exists. Many corporations will have a policy indicating that a financial transaction cannot be entered into its accounting information system until the proper source documents are prepared and approved. Other common forms of source documents include purchase invoices, receiving reports, bills of lading, employee time cards, and voucher checks. Sourcing documents allow an organization to collect its transaction data for subsequent entry into the accounting information system. Recording business transactions in a journal. Many organizations will maintain a journal within an accounting information system in order to keep a chronological record of the activities that have occurred throughout its lifecycle. There are large amounts of transactions that need to be processed. Therefore, many organizations will switch from a manual system to a computerized financial information system. The computerized system can provide a more efficient approach to tracking the various categories that will occur when the company is performing business transactions. Some of the most common categories The entire section is 3, words. Unlock This Study Guide Now Start your hour free trial to unlock this page Financial Information Systems study guide and get instant access to the following:

Chapter 2 : COMPGS07 - Financial Information Systems

A financial information system (FIS) accumulates and analyzes financial data used for optimal financial planning and forecasting decisions and outcomes. An FIS is used in conjunction with a decision support system, and it helps a firm attain its financial objectives because they use a minimal amount of resources relative to a predetermined.

Fund accounting The rules for the recording, measurement and presentation of government financial statements may be different from those required for business and even for non-profit organizations. They may use either of two accounting methods: A complete set of chart of accounts is also used that is substantially different from the chart of a profit-oriented business. Personal[edit] Personal financial statements may be required from persons applying for a personal loan or financial aid. Typically, a personal financial statement consists of a single form for reporting personally held assets and liabilities debts , or personal sources of income and expenses, or both. The form to be filled out is determined by the organization supplying the loan or aid. Audit and legal implications[edit] Although laws differ from country to country, an audit of the financial statements of a public company is usually required for investment, financing, and tax purposes. These are usually performed by independent accountants or auditing firms. Results of the audit are summarized in an audit report that either provide an unqualified opinion on the financial statements or qualifications as to its fairness and accuracy. The audit opinion on the financial statements is usually included in the annual report. There has been much legal debate over who an auditor is liable to. Since audit reports tend to be addressed to the current shareholders, it is commonly thought that they owe a legal duty of care to them. But this may not be the case as determined by common law precedent. In Canada, auditors are liable only to investors using a prospectus to buy shares in the primary market. In the United Kingdom , they have been held liable to potential investors when the auditor was aware of the potential investor and how they would use the information in the financial statements. Nowadays auditors tend to include in their report liability restricting language, discouraging anyone other than the addressees of their report from relying on it. Liability is an important issue: In the United States , especially in the post- Enron era there has been substantial concern about the accuracy of financial statements. Corporate officers - the chief executive officer CEO and chief financial officer CFO - are personally responsible for fair financial reporting allowing those reading the report to have a good sense of the organization. Standards and regulations[edit] Different countries have developed their own accounting principles over time, making international comparisons of companies difficult. To ensure uniformity and comparability between financial statements prepared by different companies, a set of guidelines and rules are used. Commonly referred to as Generally Accepted Accounting Principles GAAP , these set of guidelines provide the basis in the preparation of financial statements, although many companies voluntarily disclose information beyond the scope of such requirements. Inclusion in annual reports[edit] To entice new investors, public companies assemble their financial statements on fine paper with pleasing graphics and photos in an annual report to shareholders , attempting to capture the excitement and culture of the organization in a "marketing brochure " of sorts. In the United States, prior to the advent of the internet, the annual report was considered the most effective way for corporations to communicate with individual shareholders. Blue chip companies went to great expense to produce and mail out attractive annual reports to every shareholder. The annual report was often prepared in the style of a coffee table book. Notes to financial statements can include information on debt , going concern criteria, accounts , contingent liabilities or contextual information explaining the financial numbers e. The notes clarify individual statement line-items. For example, if a company lists a loss on a fixed asset impairment line in their income statement, notes could state the reason for the impairment by describing how the asset became impaired. Notes are also used to explain the accounting methods used to prepare the statements and they support valuations for how particular accounts have been computed. In consolidated financial statements , all subsidiaries are listed as well as the amount of ownership controlling interest that the parent company has in the subsidiaries. Any items within the financial statements that are valuated by estimation are part of the notes if a substantial difference exists between the amount of the estimate previously reported and the actual result. Full disclosure of the effects of the differences between the estimate and actual results should be included. Move to electronic statements[edit] Financial statements have been created on paper for hundreds of years. The growth of the Web has seen more and more financial statements created in an electronic form which is exchangeable over the Web. These types of electronic financial statements have their drawbacks in that it still takes a human to read the information in order to reuse the information contained in a financial statement. More recently a market driven global standard, XBRL Extensible Business Reporting Language , which can be used for creating financial statements in a structured and computer readable format, has become more popular as a format for creating financial statements. Many regulators around the world such as the U. Many regulators use such messages to collect financial and economic information.

Chapter 3 : Financial Management Information Systems (FMIS)

A financial information system is a software system that manages all aspects of an organization's financial transactions, including outgoings, expenses, income and assets. Almost all businesses of varying sizes make use of a financial information system, thanks to the myriad of advantages it brings.

In the 21st century, oberservers find it increasingly difficult to subdivide management into functional categories in this way. More and more processes simultaneously involve several categories. Managerial Economics Managerial Economics is economics applied in decision-making. It is that branch of economics that serves as a link between abstract theory and managerial practice. Managerial economics is concerned with the business firm and the ecnomic problem that every management need to solve. Economics provides us with a number of concepts and analytical tools to help us understand and analyse such problems. Managerial Economics may be taken as economical applied to problems of choice of alternatives of economic involves analysis of allocation of the resources by the firms. In other words, managerial economics involves analysis of allocation of the resources available to a firm or a unit of management among the Finance or Business Accounting American Accounting Association defines accounting as "the process of identifying, measuring and communicating economic information to permit informed judgements and decisions by users of the information". Accounting refers to the actual process of preparing and presenting the accounts. In other words, it is the art of putting the academic knowledge of accountancy into practice. When a person starts a business, whether large or small, his main aim is to earn profit. He receives money from certain sources like sale of goods, salary, rent, etc. These activities take place during the normal course of business. He would naturally be anxious at the year end, to know the progress of his business The name was also derived from its use for research on Military Operations during the war. Operations Research OR a term coined by McClosky and Trefthen in was a technique that evolved during World War II to effectively use the limited military resources and yet achieve the best possible results in military operations. In essence you can state that OR is a technique that helps achieve best optimum results under the given set of limited resources. Over the years, OR has been adapted and used very much in the manufacturing sector towards optimization of resources. That is to use minimum resources to achieve maximum output or profit or revenue Managing people in the form of a collective relationship between management and employees. Human Resource Management is a management function that helps manager recruit, select, train and develops members for an organisation. Organizational Behavior and Organizational Development Organizational Behaviour focuses on understanding, forecasting and controlling behaviour at work-place to ensure effective performance. Organizational Behaviour considers organizations as social systems. Organizational behaviour is a scientific and systematic study of the behaviour of the people and the groups both formal and informal in organizations. Organization Development is an attempt to plan, organize and increase organizational effectiveness through planned intervention in the processes of the organization. The organizational development has strong roots in action research in which the organization members identify, diagnose, choose appropiate interventions and evaluate the outcomes and their consequences Business Laws and Ethics Business Law is a body of principles which are framed by the state in the administration of justice. The Ruler regulates the conduct of people, protect their life and property, extend justice and ensure security through Laws. It is a code of conduct. Law is Prescriptive in nature. Business Law is a part of civil law. It is studied as Commericial Law, Mercantile Law. It deals with rights and obligations of Business persons with their rights and obligations arising out of business transactions. It encompassess various aspects of Law and business like Laws on Contracts, Companies, Partnership, Insurance, Sale of goods, corporate relations, Negotiable instruments etc Corporate Communication There is much discussion in the academic world of communication as to what actually constitutes communication. Currently, many definitions of communication are used in order to conceptualize the processes by which people navigate and assign meaning. Comminication is also understood as the exchanging of understanding. A simple communication model is one with a sender transferring a message containing information to a receiver. Communication stands so deeply rooted in human behaviours and the structures of society that scholars have difficulty thinking of it while excluding social or behavioral events Management Information Systems An MIS is a system, designed to provide selected desision-oriented informtion needed by management to plan, control and evaluate the activites of the corporation. MIS can be defined as "a formal method of collecting timely information in a presentable form, in order to facilitate effective decision-making and implementation, in order to carry out organisational operations for the purpose of achieving the organisational goals. According to Philip Kotler "A marketing information system consists of people, equipment and prcedures to gather, sort, analyse, evaluate and distribute the needed, timely and accurate information to marketing decision makers" Introduction to Entrepreneurship Entrepreneurship refers to the concept of developing and managing a business venture in order to gain profit by taking several risks in the corporate world. Simply put, entrepreneurship is the willingness to start a new business. Entrepreneurship has played a vital role in the economic development of the expanding global marketplace. An entrepreneur is someone who is willing to work for himself and by himself Project Management Project management is the discipline of planning, organizing and managing resources to bring about the successful completion of specific project goals and objectives. The primary challenge of project management is to achieve all of the project goals and objectives while honoring the project constraints. Typical constraints are scope, time and budget. The secondary- and more ambitions- challenge is to optimize the allocation and integration of inputs necessary to meet pre-defined objectives Systems and Infrastructure Management In the 21st century, oberservers find it increasingly difficult to subdivide management into functional categories in this way. More and more processes simultaneously involve several categories Systems and Software Architecture The software architecture of a program or computing system is the structure of structures of the system, which comprise software components, the externally visible properties of those components, and the relationship among them Software Metrics Management Software metrics are numerical data related to software development. Metrics strongly support software project management activites. Metrics is a measure for quantitatively assessing, controlling or selecting a person, process, event or institution, along with the procedures to carry out measurements and the procedures for the interpretaion of the assessment in the light of previous or comparable assessments. Software metrics programs not only improve software quality but also reduce overall costs. A SDLC model with regular reviews, controls and a proper software metrics program at very phase may demand a higher investment in the initial stages, but the overall cost is significantly less because of lower defect rates. The converse is also true Project and Quality Management Project management is a discipline. It applies principles, concepts, tools and techniques to improve project performance and organizational effectiveness. Project management adds value by improving the probability of consistently successful projects. Project management is defined as the "organizing and directing of other people to achieve a planned result within a predetermined schedule and budget. Project management should not be associated with any one methodology, technique or model. Although project activites can be grouped by common objectives phases , the individual activities that fall under the PM umbrella are unique to each application. The unqiue nature of these activities stems from different factors that can affect the success of a project. The experience of team members, time constraints, budgets, resource availability, maturity of technology, and level of planning are just few of these factors The EMBA program is delivered in a part-time format, over a period of 12 to 24 months, allowing participants to study while they work. Business schools look for EMBA participants with a high level of managerial experience five years minimum; ten years total work experience on average , and as a result EMBA candidates are usually more mature than their full-time MBA counterparts. Due to the nature of the EMBA, participants require support, and in many instances financial assistance, from their organization. Employer buy-in is crucial for the EMBA as this ensures participants can attend the course on a regular basis. EMBA classrooms are made up of a range of executives with varying backgrounds, job functions and positions. The EMBA is also increasing in popularity as a qualification among women due to its flexible nature. Financial Accounting for Managers and Management Accounting Financial Accounting concerned with recording of business transactions in the books of accounts in such a way that operating result of a particular period and financial position on a particular date can be known. Management Accounting relates to the use of accounting data collected with the help of financial accounting and cost accounting for the purpose of policy formulation, planning, control and decision making by the management Management is the accomplishment of results through the efforts of other people. Quantitative Techniques for Managerial Application Quantitative Technique is a scientific method of providing executive departments with a quantitative basis for decisions regarding the operation under their control. Business managers and directors used to rely on their experience and instinct to make tough decisions. Increasingly, however, they want to know what the numbers say. In the era of big data, quantitative methods used by operations analysts and economists provide solid evidence to guide management decisions on production, distribution, marketing and personnel management. These methods also help managers project future business conditions, enabling them to adjust their strategies as needed. Many types of quantitative methods can help drive business decisions. Some of the most commonly used include regression analysis, linear programming, factor analysis and data mining Managing people in the form of a collective relationship between management and employees Organization Development is an attempt to plan, organize and increase organizational effectiveness through planned intervention in the processes of the organization The Ruler regulates the conduct of people, protect their life and property, extend justice and ensure security through Laws POM is about applying business organization and management concepts in creation of goods and services. POM is an extremely important management area. Issues such as the location of production facilities, labor and transportation costs, and production forecasting are extremely important considerations. Social Security In the present time insecurities of life has increased to great extent and to safe guard the individual and the society from these uncertainties. Social security is a wise investment which produce good returns in the long run. It is security that society furnishes through appropriate organizations, against certain risks to which its member are exposed. These risks are all those contingencies against which the individual of small means cannot effectively provide from its limited means Management Information Systems According to Philip Kolter "A marketin information system consists of people, equipment and procedures to gather, sort, analyse, evaluate and distribute the needed, timely and accurate information to marketing decision makers". Transaction Processing is applied in conversion and analysis of raw data. Another important objective of Management Information System is the management of marketing, finance, production and the personnel becomes better trained, which results in his efficiency. Another objective of Management Information SYstem is in making the forecasting, and long term prospective planning more effective

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2 Course Objectives This course will help you: â€¢ Understand the components and applications of the Financial Information System (FIS) â€¢ Distinguish how FIS components interact with.

For the data to be useful, it must be complete, correct and relevant. On the other hand, examples of data that would not go into an AIS includes memos, correspondence, presentations and manuals. Before there were computers, AISs were manual, paper-based systems, but today, most companies are using computer software as the basis of the AIS. Quality, reliability and security are key components of effective AIS software. Managers rely on the information it outputs to make decisions for the company, and they need high-quality information to make sound decisions. AIS software programs can be customized to meet the unique needs of different types of businesses. The system could even be outsourced to a specialized company. For publicly-traded companies, no matter what software program and customization options the business chooses, Sarbanes-Oxley regulations will dictate the structure of the AIS to some extent. This is because SOX regulations establish internal controls and auditing procedures that public companies must comply with. Information Technology Infrastructure Information technology infrastructure is just a fancy name for the hardware used to operate the accounting information system. In addition to cost, factors to consider in selecting hardware include speed, storage capability and whether it can be expanded and upgraded. Perhaps most importantly, the hardware selected for an AIS must be compatible with the intended software. One way businesses can easily meet hardware and software compatibility requirements is by purchasing a turnkey system that includes both the hardware and the software that the business needs. Purchasing a turnkey system means, theoretically, that the business will get an optimal combination of hardware and software for its AIS. A good AIS should also include a plan for maintaining, servicing, replacing and upgrading components of the hardware system, as well as a plan for the disposal of broken and outdated hardware so that sensitive data is completely destroyed. Internal Controls The internal controls of an AIS are the security measures it contains to protect sensitive data. These can be as simple as passwords or as complex as biometric identification. An AIS must have internal controls to protect against unauthorized computer access and to limit access to authorized users which includes some users inside the company. It must also prevent unauthorized file access by individuals who are allowed to access only select parts of the system. An AIS contains confidential information belonging not just to the company, but also to its employees and customers. This data may include Social Security numbers, salary information, credit card numbers, and so on. All of the data in an AIS should be encrypted, and access to the system should be logged and surveilled. System activity should be traceable as well. An AIS also needs internal controls that protect it from computer viruses, hackers and other internal and external threats to network security. It must also be protected from natural disasters and power surges that can cause data loss. A third use for an AIS is that when a business is in trouble, the data in its AIS can be used to uncover the story of what went wrong. The cases of WorldCom and Lehman Brothers provide two examples. It took extraordinary effort to untangle these systems to obtain the necessary information. The Collapse of Lehman Brothers. The Bottom Line The six components of an AIS all work together to help key employees collect, store, manage, process, retrieve, and report their financial data. Having a well-developed and maintained accounting information system that is efficient and accurate is an indispensable component of a successful business. Trading Center Want to learn how to invest? Get a free 10 week email series that will teach you how to start investing. Delivered twice a week, straight to your inbox.

Chapter 5 : Introduction To Accounting Information Systems

Financial Management Information Systems (FMIS) FMIS solutions can significantly improve the efficiency and equity of government operations, and offer a great potential for increasing participation, transparency and accountability.

Chapter 6 : Financial Statements

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An accounting information system (AIS) is a system that records an organization's financial data and transactions. This information consists of the organization's revenues and expenditures as well.

Chapter 7 : CHAPTER 5 ACCOUNTING AND INTERNAL CONTROL SYSTEMS | The ACCA group

Description. Concise summaries of each chapter/week of which include definitions and examples when needed. These notes are colour coded and contain diagrams where needed.

Chapter 8 : Management Information Systems | Free Study Notes for MBA MCA BBA BCA BA BSc BCOM

An accounting information system (AIS) is a structure that a business uses to collect, store, manage, process, retrieve and report its financial data so that it can be used by accountants.

Chapter 9 : Financial Information Systems / University of Pittsburgh

Financial statements are meant to present the financial information of the entity in question as clearly and concisely as possible for both the entity and for readers.