

## **Usage of Computerised Accounting Information Systems at Development Fund Organisations: The Case Of Zimbabwe**

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**Abstract:** *The study examined the usage of computerised accounting information system in processing accounting transactions and preparing financial statements. The rapid increase in the number of public sector departments which were moving from manual accounting systems to computerised accounting information systems meant that the fund had to do the same. Moving from the manual to computerised accounting system meant that the management and employees of the fund organisations had realised the importance and contribution of the new systems in terms of efficiency, effectiveness, reliability as well as presentation of better financial reports. Through the use of interviews and questionnaires the role of computerised accounting information systems was determined. The study revealed that the establishment of computerised accounting information systems reduced errors, saved time and minimised operational costs. This brought about expected results of better presentation of financial reports. The study recommended full implementation of the use of computerised accounting information systems in all departments of the development fund organisations in order to meet customers' and shareholder's needs by the implementation of new systems that enabled organisations to produce improved financial reports.*

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### **I. Background to the Study**

Traditionally, organizations have prepared their accounts, kept their books and produced their business documents manually. The development fund organizations were established through acts of parliament. The Minister of Industry and Commerce was empowered to impose a levy of the total companies' remuneration payable by the employers to their employees. The main purpose of the fund was to distribute it to beneficiaries who were involved in the development and promotion of standards and quality of products and services in Zimbabwe.

The organisations used parallel accounting systems that involve the use of both manual and computerized accounting information systems in accounting processes. The organizations were using different procedures to collect levy from employers. They experienced late receipts from debtors, as a result of late submissions of payment proofs. The manual receipting system proved not conducive. The accounts were not reliable because as they could be manipulated. More time was required to prepare financial statements manually as the manual processing system was time consuming and lacked credibility.

The introduction of computerized accounting system was expected to be efficient and saved time. The organisations were expected to segregate the duties and built strong internal controls. However the use of computerized accounting information systems showed that there were misleading wage bills and some of the companies were also registered twice. The machines could also loose the settings during working hours.

### **Statement of the Problem**

The introduction of computerized accounting systems experienced some problems in calculation of wage bills and duplication of clients. The networks slowed down after power outage. The study sought to assess the effectiveness of the computerized accounting information systems that has not been established.

### **Research Objectives**

The study objectives were to:

- Determine the effects of the computerized accounting information systems.
- Establish the reliability of the financial reports produced by the systems.
- Reveal the transparency of the accounting information systems.

### **Literature Review**

In this modern world, manual accounting systems suite small businesses and when used by larger organizations clients usually spend most of the time in a queue and thus the companies would not generate enough income. It is not particularly suited to environments where there are a large volume of transactions as it takes much time to come up with one outcome (Accounts-man Wikipedia, 2015).

Computers became widely used for business and personal purposes. Vertmaat et al 2011 asserted that vast benefits could be derived by organisations through the use of computers. Computerised accounting information systems in business brought advantages in terms of speed, reliability, consistence and huge storage capacities.

The introduction of the computerized accounting information system led to effective accounting operations for the organizations (Agbim, 2013). Receipts can now be produced on time as the information is transferred to the necessary books of accounts in the system. This speeded up the process and less time is taken in the preparation of financial reports. Agbim (2013) reinforced this with the assertion that, electronic components in computers were dependable and reliable because they rarely break or fail. As a result the computerized accounting information system brought about transparency and reliability on calculation of the companies levies.

Hardware and software system failures, unexpected power outages, memory damage, computer viruses and hacker attacks and the systems operator`s lack of skills and the level of computerisation would lead to system collapse (Lin et al, 2011).

According to (Verma et al... 2010) network loss might come as a result of deployment time techniques, which help in designing a system which have desired levels of performance. To add on to that, performance is characterized by measures of workload, throughput, response time and utilization. Therefore if properly implemented it enables a smooth flow of operations in regard to the system performance.

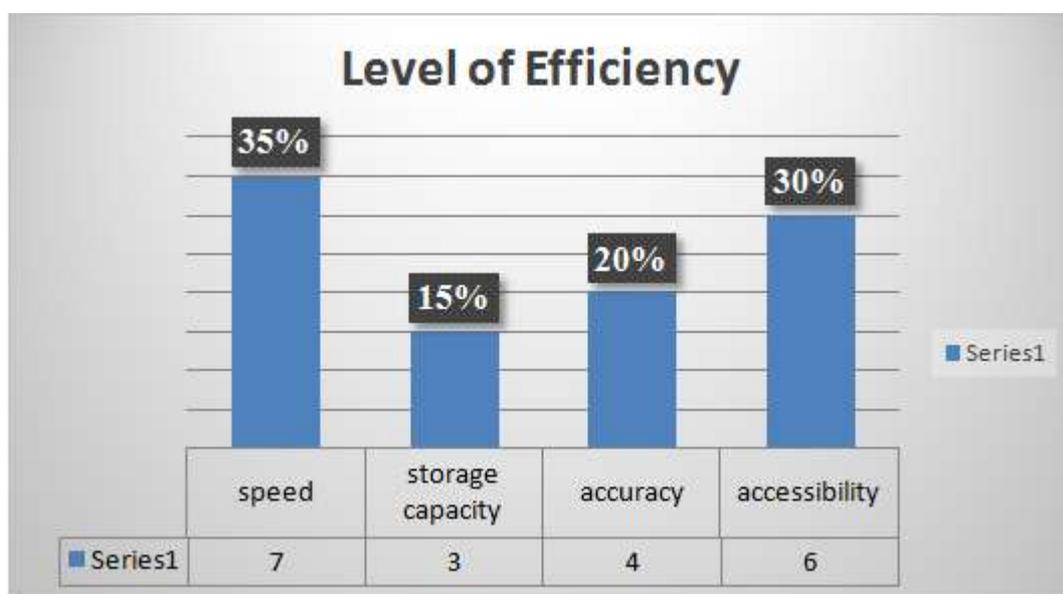
## II. Research Methodology

A descriptive research was employed as it allowed an in-depth investigation to be conducted (Rajasekar, 2013). The qualitative approach was employed in seeking answers to the research objectives as it was beneficial in the provision of in-depth information on the area of study. The disadvantages of this design are that the collection and analysis of data was time consuming. The methodology also put more emphasis on the depth of information required other than the breadth (Yount 2006).

Purposive sampling was used to come up with a sample. Oliver (2006) defined purposive sampling as a form of non-probability sampling in which decisions concerning the individuals to be included in the sample were taken by the researchers, based upon a variety of criteria which included specialist knowledge of the research issue and willingness to participate.

## III. Results and Discussion

The study revealed that the employees had indicated that the development of the computerized accounting system made their work easy.

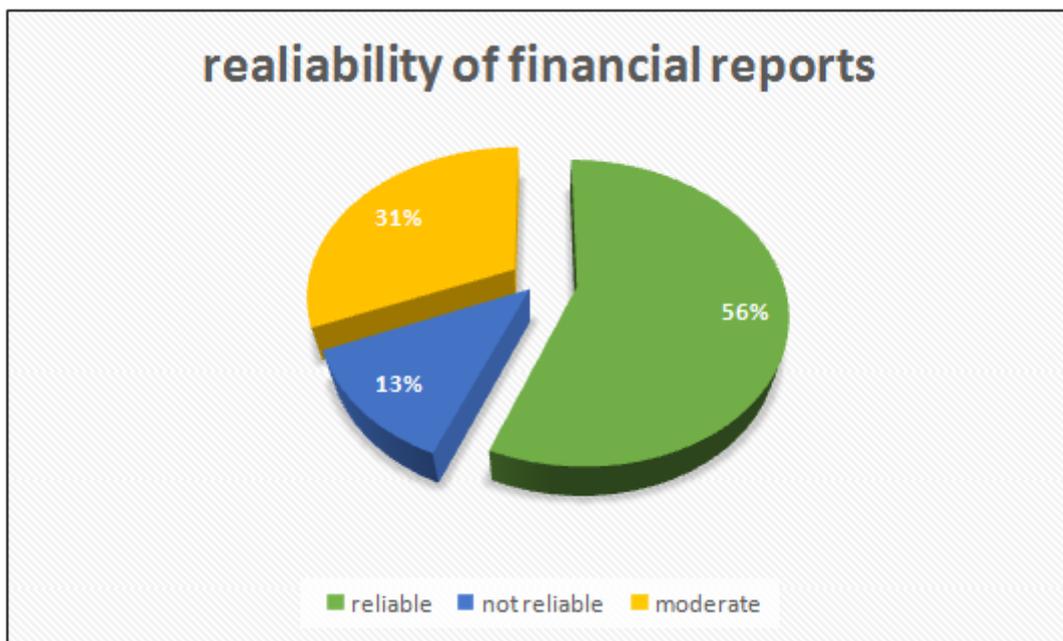


Computerized Accounting System efficiency

The researchers established that out of 40 respondents, 35% attributed computer speed as the most important benefit followed by accessibility of information which had 30%, then accuracy 20% and lastly storage 15%. This finding was supported by Vertmaat et al 2011.

The results also revealed that computers were fast in responding to client's queries and the analysis of data for financial statements and financial reports were done in time. They also mentioned that the systems made it easy to update client's accounts, access client's numbers and client's payment history and transactions were made simple.

The study indicated that the computerized accounting information system was more effective to use than the manual system. The participants noted that the computerized system facilitated the fast and accurate processing of the large volumes of client's files and workloads that the organizations dealt with. Thus the organizations were able to check the clients' status or payment history by the click of a button. The employees stated that calculations done by the use of computers were more accurate as compared to those manually done. The results of the study indicated that there were mixed feelings in relation to the reliability of the financial reports by the organisations. The participants, argued that for financial reports to be reliable there was need for accuracy in terms of the information that was used in the preparation of the financial reports. The figure below shows the participants' response on the financial reports reliability.



Reliability of Financial Reports

Most of the participants viewed the financial reports as reliable arguing that the information that they use in compiling the reports showed the true reflection. They also argued that with the use of computers the capturing, analyzing and presenting of the information needed for financial reports was effective and resulted in reliable reports (Agbim 2013). The system also enabled employees to complete audit trail of all transactions, minimized the human error and facilitated instant correction of errors of omission. This is supported in literature by Robinson et al (2009), when they stated that computerized accounting information system did not allow companies to make one sided entries into the system.

The researchers established that 13% of the respondents argued that financial statements included October of last year levy payments, which was not correct levy income hence that made the financial reports unreliable as they did not show the true reflection of the last year revenue generation as well as the current year.

The study revealed that the accounting information systems were governed by the Government's set standards like public accountants act and treasury instruction and the procedures that followed were stipulated in the Act. These standards and the act determined the accounting process that was used. Most of the participants viewed these guidelines as transparent.

The levies paid by clients were determined from the companies' wage bills. However the researchers established that out of 19 companies interviewed most companies were unaware of how these levies were calculated. On the other hand 48% of the companies claimed to be aware of how the levies were derived.

The researchers established that top management could make sure that clients had a systematic quarterly payments reminder. This could help clients to remember to pay the levies in time. Middle management mentioned that it was advisable to conduct awareness campaigns targeted at levy payers on the issues of remittance.

#### **IV. Recommendations**

It was recommended that organisations should adopt E-commerce, that is, computerised accounting information system on the Internet. The benefits of Internet were that of reducing operational costs and enabled both the levy payers and the organizations to communicate more often resulting in proper levy remittance and correct calculations.

The staff required in-house training so that they could manage these debtors using the current accounting procedures and be able to fully implement and appreciate the adoption of computerized accounting information system.

The researchers recommended that the organizations should use the international accounting standards as accepted by the government and international financial reporting standards.

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