

CONCLUSION



An accounting system is made to order; it is not ready made. The construction of an accounting system is indeed an art which requires a high degree of familiarity with the details and routine procedures to follow in each particular case. Ingenuity, resourcefulness, intimate knowledge of business operations and common sense are essential requisites to make a good accounting system.

System designing is not particularly or primarily a matter of forms and procedures. Printing the forms and buying books are not the end of systematization. The installation of a system involves an analysis of the organization, its departments, products or services, and all other pertinent aspects of the business with a view to determining the problems and needs of the management.

Having known the needs of the business and also the necessary data and information required by the management, the accounting system can be started by preparing the chart of accounts. The account titles should be descriptive of their nature, contents and functions. Accounting terminology is not as standardized as the legal terminology. It

would, therefore, be preferable to explain the meaning of each account, its purpose and its operation in the manual of accounting procedure. This will prevent confusion and duplication of accounts.

Having compiled the accounts in a chart, the system analyst can now determine what accounts to open in the general ledger. Then he decides what books of original entry will be necessary to record the transactions, the number of columns that are needed in the special books and finally, the forms of documents which shall constitute as the evidential matters, the posting media. The designing of forms requires great care. In fact, the efficiency of the departments using them will depend to a large extent upon the proper use of the forms. The main thing is to expedite the recording of information at the least cost but without sacrifice of accuracy. Moreover, the recorded data must be easily and readily available. It should be so constructed as to make certain that all the relevant facts of the transactions are recorded in a uniform, consistent and reliable manner.

Finally, to enable the staff to carry on the system, the necessary pro-forma financial

statements and reports should be presented.

With the completion of the work, the system analyst should submit a formal system report informing the client that the system has already been installed and being properly put into operation.

An accounting system is analogous to the nervous system of the human body. When the nervous system does not function properly, the general health of the body suffers. Similarly, the operations of the business cannot be successfully carried out unless the accounting system could properly control the various parts of the organization. The system must provide for the machinery with which each of its essential parts may be intelligently handled by the officers and employees with a minimum effort. It should provide a sure check against carelessness and dishonesty.

From the inception of the engagement, the system analyst must keep note of the information deduced from the client regarding the objectives, the work to be done, the pertinent data acquired in the course of the general survey of the business and even those that are gathered in the process of installing the system. These notes may come in

the form of working papers to be kept and filed by the system analyst for future reference. They constitute the only satisfactory evidence of the thoroughness of his work, and should serve very well in case of litigation.

Unnecessary accounting forms, useless schedules, duplication of work, and omission of vital items and information could be avoided by using the working papers.

The amount of details which should be shown in the working papers is largely influenced by the size, volume, complexity of the business and the number of persons to carry on the system once installed.

At the end of the engagement, the working papers should be stored away properly for easy access. It is usually desirable to compile them in binders and labeled accordingly.

It is said and this is partly true that an inadequate accounting system may hamper the progress of a business. It does not follow, however, that the best accounting system can ensure efficient management. Accounting might be able to supply the motive power in a business but there is no substitute for expert managerial acumen.

The accounting system is not a "magic touch" which could transfer losses into profits. The success of a business depends to a large degree, on the kind of management it has. Accounting is but a tool to the management. It is nothing more than a means to an end-- not the end itself.

The accounting and the managerial aspects of a business are so closely intertwined that the defects of one will invariably affect the other adversely. In order that his work could be of constructive value, the system analyst must be able to visualize the business as an integrated unit and should endeavor to scan the many problems often encountered by the management.

A business can only be successful as long as its financial records are sufficiently informative and reliable. In this era of competitive enterprise, a business may fail to survive unless equipped with appropriate accounting data. The businessman must at all times have at his fingertips all the needed facts concerning his business to enable him to form sound and effective business decisions.

The system analyst could help provide the businessman with these requirements. Service is

the key to every professional engagement and system designing and installation is but one of the many professional services that a Certified Public Accountant can offer.

* * * * *



BIBLIOGRAPHY

1. Bailey, Henry Hesten. Specialized Accounting Systems. New York : John Wiley & Sons Inc., 1942.
2. Bennett, George E. Accounting Methods. New York: Biddle Business Publications Inc., 1938.
3. Brink, Victor Z. Internal Auditing: Its Nature and Functions and Methods of Procedure. New York: Ronald Press Co., 1941.
4. Brown, Stanley M. Business Executive's Handbook. New York: Prentice Hall Inc., 1953.
5. Gejer, George J. System Installation in Accounting. New York: Burrell Shaw Inc., 1932.
6. Gillespie, Cecil. Accounting Systems: Procedures and Methods. : Prentice Hall Inc., 1961.
7. Gordon, William D. Modern Accounting Systems. New York: John Wiley and Sons Inc., 1937.
8. Heckart, Brooks J. Accounting Systems: Design and Installation. New York: Ronald Press Co., 1967.
9. Holmes, Arthur W. Advanced Accounting. Chicago: Richard D. Irwin Inc., 1950.
10. Holmes, Arthur W. Auditing Principles and Procedures. Chicago: Richard D. Irwin Inc., 1945.
11. Jackson, Jugh I. Accounting Principles. New York: McGraw-Hill Book Company, Inc., 1951.
12. Kennedy, Ralph D. Financial Statements: Form Analysis, and Interpretation. Illinois: Richard D. Irwin Inc., 1962.
13. Lasser, J.K. Handbook of Accounting Methods. New York: Van Nostrand Co., 1942.

14. Lasser, J.K. Standard Handbook for Accountants,
New York: McGraw-Hill Book Company, Inc.,
1956.
15. Moore, Carl L. Managerial Accounting. Ohio:
South Western Publishing Co., 1963.
16. Weuner, John J.W. Accounting Systems: Installation
Methods and Procedures. Pennsylvania:
International Textbook Co., 1964.