



**SECTOR: BUSINESS SERVICES**

**TRADE: ACCOUNTING**

**RTQF LEVEL: III IN ACCOUNTING**

## **ACCMI301: MULTIPLE INFORMATION SYSTEM**

### **PURPOSE STATEMENT**

*This module describes the skills, knowledge and attitude required to process multiple information system. It is intended for learners who have successfully completed the 9 years basic education. At the end of this module, learners will be able, perform different transactions. Learners will work in forex bureau, shops, warehouses, supermarket, hotels, travel agencies, banks, and performing a large range of tasks alone or with others but under supervision.*

## **LEARNING UNIT 1: ACCESS A RANGE OF INFORMATION SYSTEM**

### **LO 1.1 log into the information system**

**An information system (IS)** is any organized system for the collection, organization, storage and communication of information.

**A system** is a set of things that working together as parts of interconnecting network.

**An accounting information system (AIS)** is a structure that a business uses to collect, process, store, manage, retrieve (recover) and report its financial data so that it can be used by accountants, consultants, business analysts, managers, chief financial officers (CFOs), auditors and regulatory and tax agencies.

#### **1.1.2 Components of an Accounting Information System**

Accounting information systems generally consist with six main components: people, procedures and instructions, data, and software.

##### **People**

The people in an Accounting information system (AIS) are simply the system users. eg accountants, consultants, business analysts, managers, chief financial officers and auditors.

##### **Procedure and Instructions**

The procedure and instructions of an AIS are the methods used for collecting, storing, saving and processing data.

##### **Data**

The data contained in an AIS is all the financial information related to the organization's business practices. For example;

- Sales orders, purchase order, vendor invoices, general ledger, inventory data, payroll information, timekeeping, tax information.

##### **Software**

Is a set of computer programs, and procedures concerned with the operation of a data processing system.

**Accounting software** is an application software that records and processes accounting transactions within functional modules such as accounts payable, accounts receivable, payroll, and trial balance.

## **Hardware**

Hardware is a physical part of a computer or other device.

Eg: printers, screen, etc

### **1.2. Accounting information system access control**

Access controls are security features that control how users and systems communicate and interact with other systems and resources.

It is an identification that used to protect against unauthorized computer access and to limit access to authorized users which includes some users inside the company.

A company can use;

#### **1. Use of passwords**

It is a secret word or expression used by authorized persons to prove their right to access, information, etc.

#### **2. Use of biometrics**

The biometrics is mainly used for identification and access control, or for identifying individuals who are under surveillance. for example finger print, voice print etc

### **1.2 Navigate screens to locate displays and information**

#### **1.2.1 System display**

A **display device** is an output **device** for presentation of information in visual (image).

#### **1.2.2 Key information available in accounting software**

The key information available in accounting software include;

- 1) sales orders
- 2) customer billing statements
- 3) Purchase requisitions
- 4) vendor invoices
- 5) check registers
- 6) inventory data
- 7) timekeeping
- 8) tax information

### ❖ **The Sales Order**

**The Sales Order** is a confirmation document sent to the customers before delivering the goods or services.

### ❖ **Purchase Order**

**Purchase Order** is issued when the company buys something from the vendor. A seller-generated document that authorizes sale of the specified item(s), issued after receipt of a customer's purchase order.

### ❖ **Customer billing statement**

Customer billing statement is, a statement that itemize all of a customer's invoices and payments, and keep a running balance how much they owe.

- **Billing Invoice**

Billing invoice is used to provide a list of service or goods given to a customer who owes a business or money to you.

- **Purchase requisition form**

**Purchase requisition form** is a document used by a department to request that the purchasing department order materials or merchandise.

- **A check register,**

A **check register** also called a cash disbursements journal (cash payments journal), is the journal used to record all of the **checks**, cash payments during an accounting period.

- **Inventory data**

**Inventory data** is a detailed list of articles, goods, property, etc. is also the amount or value of a firm's current assets that consist of raw materials, work in progress, and finished goods; stock. b such assets individually.

- **Timekeeping**

**Timekeeping** is the process or activity of timing an event or series of events.

- **Tax information reporting**

**Tax information reporting** is a requirement for organizations to report wage and non-wage payments made in the course of their trade or business to the Internal Revenue Service.

## **1.3 Use of a database management system**

### **1.3.1 Introduction on use of database management system**

**Data** is the result of a measurement, event or fact.

**Database:** A database is an organized collection of data, generally stored and accessed electronically from a computer system.

Database includes both data and information.

A Database Management System (DBMS) is a software designed to store and manage databases.

DBMS;

- ☞ Provides access to data
- ☞ Protects data from unpredictability due to multiple concurrent or coincident users
- ☞ Provides security

### **1.3.2 Importance of data base management system**

- 1) A database management system (DBMS) is important because it manages data efficiently and allows users to perform multiple tasks with ease.
- 2) DBMS provides the possibility of storing and extracting information and data  
e.g. The Employee-Department relationship
- 3) DBMS can handle data sets of very large sizes
- 4) DBMS can handle the diversity or variety of data sets
- 5) e.g. Numbers, Images, Video, Audio, etc.
- 6) A database management system stores, organizes and manages a large amount of information within a single software application.

## **LEARNING UNIT 2: MANIPULATE ACCOUNTING PACKAGES**

### **2.1 Use basic knowledge of accounting software**

#### **2.1.1 Introduction to accounting software**

**Accounting software** is application software that records and processes accounting transactions within functional modules such as accounts payable, accounts receivable, payroll, and trial balance etc.

#### **2.1.1 Features or characteristics of computerised accounting**

1. Fast, Powerful and Simple
2. Accuracy or precision(exactness)
3. Speed
4. Power
5. Improved Business Performance
6. Quick Decision Making
7. Complete Reliability ( dependability)
8. Flexibility

#### **2.1.3 The importance of using accounting software**

The need for computerized accounting arises from advantages of speed, accuracy and lower cost of handling the business transactions.

1. Provide timely information

2. Provide up-to date information

3. Produce accurate business reports

**4. Numerous Transactions:** The computerized accounting system is capable of handling large number of transactions with speed and accuracy.

**5. Instant Reporting:** The computerized accounting system is capable of offering quick and quality reporting because of its speed and accuracy.

**6. Reduction in paper work:** The requirement of stationery and books of accounts along with vouchers and documents is minimized by introducing computerized accounting system.

**7. Flexible reporting:** Computerized accounting system is capable of generating reports of any balance as when required and for any duration which is within the accounting period.

**8. Security:** Under manual accounting system it is very difficult to secure such information because it is open to inspection by any eyes dealing with.

### **2.1.4 The basic components/ elements that make up an accounting software**

There are basically five components of computerized accounting which are;

1. **Computer:** This is the hardware where accounting software is installed and all transactions data and reports are produced from.

2. **Software:** This is a written program/ instructions in understandable language used in to record transactions and process them.

3. **Users:** These may be accountant, managers who records business transactions and produce reports.

4. **Economic Environment:** This involves the organization and its materials and users who need reports.

5. **Printer:** This is the hardware used to print out business reports and other report data.

### **2.2. Identify the errors in information system**

Error: is defined as an unintentionally or involuntary mistake committed.

#### **2.2.1. Origin of errors in information system**

The error in information system can be occurs because of input processes or output process.

##### **2.2.1.1 Input processes**

The errors in information system can caused by input processes through data entry error and use of an absolute (unqualified) data.

##### **2.2.1.1.1 Data Entry Errors**

**Error** is a professional fault due to ignorance or omission of recording business transactions.

These errors occur when the information contained within financial documents is incorrectly entered into financial databases.

##### **2.2.1.1.1.1 Types of data entry errors**

###### **a) Transposition Error**

A transposition error occurs when two or more numbers are reversed or transposed for each other. For example, if the number 48 is written as 84.

###### **b) Errors of commission**

An entry is incorrectly recorded when posting.

**c) Original entry error:**

When an incorrect figure is entered in the records and posted to the correct account. For example, if recording \$1,000 rent payment to Rent Expense as \$100. Or, the number 9 is read as a number 4, etc.

**2.2.2 Output process**

Output error may occur due to misreading of a display of information and an incomplete report.

**1) Misreading a display of information**

Output interface errors are due to user failure (e.g., misreading a display of information). Misunderstanding the message conveyed by hand signals or by warning horns or light.

**2) An incomplete report**

An incomplete report causes the poor quality of the output information.



## **LEARNING UNIT 3: GENERATE BASIC REPORTS**

### **3.1 Generate invoices report**

An invoice is a commercial document that itemizes a transaction between a buyer and a seller. If goods or services were purchased on credit, the invoice usually specifies the terms of the deal, and provides information on the available methods of payment.

#### **Types of invoice**

##### **I. Pro-forma invoices**

A pro-forma invoice or quotation is a commercial document that seller offers to customer that describe the items that a seller may provide to customer and their price.

##### **I. FINAL INVOICE**

It is a statement of the total money owed (payable) for goods or services that is sent once contract has been completed or goods supplied. Final **invoice**, usually sent after a project or order is completed, which includes the total amount of money that is still owed (payable

#### **The content of Invoice Details Report**

The elements of invoice details report are as follows;

- Invoice Date
- Date Paid
- Amount
- Client or customer contact
- deposit
- Due date
- Clients
- Outstanding (owing)
- Invoice Status (position)

## Invoice Detail report

Time	Task	Invoice	Budget	Expenses
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### Invoice Details

Custom ▾ 01 Feb - 30 Apr, 2015 ↕

Invoice Date	Invoice#	Client	Client Contact	Amount	Due Date	Status	Outstanding	Deposit
02/11/2015	0002	S - Mind tree woods	Sonia	7084.00	02/26/2015	Partial	4084.00	N
02/09/2015	0003	ABA Constructions	Lavi	20041.30	03/12/2015	Sent	20041.30	N
02/24/2015	0004	ABA Constructions	Lavi	26340.80	03/10/2015	Partial	6340.80	N
02/16/2015	0007	ABA Constructions	Lavi	4356.00	02/16/2015	Paid	0.00	N
02/24/2015	0009	S - Mind tree woods	Sonia	13137.60	03/03/2015	Sent	13137.60	N

## 3.2 Generate receipt reports

### 3.2.1 Receipt Entries

A **receipt** is the written record of a payment made, which is given to the customer after payment.

Any money received from debtors against sales Invoices and all transactions where money is received are accounted using the Receipt Voucher.

Receipt Entries may made through;

- **Manual entries:** When receipt book (s) is used to record information.
- **Electronic Entries:** When electronic device like computer is used to records information.

### Types of receipts

There two types of receipt such as cash receipt (cash in) and cash payment receipt (cash out).

### Cash receipts (Cash in)

A cash receipt is when money is collected from an external source and recorded as an increase to the cash account.

A cash receipt is recognized when an entity receives cash from any external source, such as a customer, an investor, or a bank.

### **Cash payment (Cash out)**

A **cash payments** journal is used to record transactions that are paid in the form of **cash**. A **cash payment** can include paying a creditor or commission fee, making an interest **payment**, or withdrawing **cash**.

### **Keeping a complete records**

Business records which must be kept include documents which provide a record of your business transactions, or which enable these transactions to be verified through the accounting system from start to the end. These include invoices, receipts, banking records.

### **Proof of transaction**

Under the Rwanda Consumer Law (RCL) there are a number of obligations on businesses. These include an obligation to provide proof of transaction to consumers for goods or services valued at Rwandan francs or more.

Proof of transaction' for supply of goods or services to a consumer is a document that states the:

- Supplier of the goods or services
- Date of the supply
- Goods or services supplied to the consumer, and
- Price of the goods or services.
- Examples of proof of transaction:
  - Cash register receipt
  - Credit card or debit card statement
  - Handwritten receipt
  - Confirmation or receipt number provided for a telephone or internet transaction.

## **Retrieve daily report on raised transactions accurately**

### **Keeping accurate, complete records**

Starting a business is exciting (**stimulating**). You're doing what you love and what you're good at. It's important you keep accurate and complete records. Your business records should include:

- Banking information
- Proof of income
- Expenses
- Cash books, and
- Wage books.

You need to be organized, keep your records up-to-date and then hold on to them for seven tax years.

### **Electronic and manual record keeping**

While some business owners prefer manual record keeping systems, most businesses use an electronic record keeping system - making it easier to capture information, generate reports and meet tax and legal reporting requirements.

#### **Electronic record keeping**

Most businesses use accounting software programs to simplify electronic record keeping, and produce meaningful reports. There are many other advantages to using electronic record keeping, as listed below.

#### **Advantages**

- Helps you record business transactions, including income and expenses, payments to workers, and stock and asset details.
- Efficient way to keep financial records and requires less storage space.

- Provides the option of recording a sale when you raise an invoice, not when you receive a cash payment from a client.
- Easy to generate orders, invoices, debtor reports, financial statements, employee pay records, inventory reports.
- Keeps up with the latest tax rates, tax laws and rulings.
- Many accounting programs have facilities to email invoices to clients, orders to suppliers, etc.
- Allows you to back up records and keep them in a safe place in case of fire or theft.

### **Manual record keeping**

Some business owners may want to use a simple, paper-based record keeping system. There are certain advantages to using manual record keeping, as listed below.

#### **Advantages**

- Less expensive to set up.
- Correcting entries may be easier with manual systems, as opposed to computerized ones that can leave complicated audit trails.
- The risk of corrupted data is much less.
- Data loss is less of a risk, particularly if records are stored in a fire-proof environment.
- Problems with duplicate copies of the same records are generally avoided.
- The process is simplified as you don't need to be familiar with how accounting software calculates and treats your information.

## **Daily report**

### **Daily Sales Report**

Sound financial tracking begins with the accurate recording of sales. The Daily Sales Report (DSR) is the core tracking element for controlling cash, measuring cost vs. sales performance, and forecasting future sales.

The term daily report, in Accounting is report that furnishes a daily summary of the income and disbursements of the company and also describes the changes that take place in the departmental assets from day to day.

### **Review Transactions**

Accounting and Financial Reporting distributes a monthly Transaction Detail Report (TDR) for each account. This policy requires that Account Reviewers complete a timely review of TDR transactions for each account to ensure that financial information accurately reflects actual activity. TDR transactions are expected to be reviewed on a monthly basis.

### **Checking variances**

In accounting, a variance is the difference between an expected or planned amount and an actual amount. For example, a variance can occur for items contained in a department's expense report. Variance analysis attempts to identify and explain the reasons for the difference between a budgeted amount and an actual amount.

**Variance analysis** is an analytical tool that managers can use to compare actual operations to budgeted estimates usually associated with a manufacturer's product costs.

**For example**

**Budgetary control statement flexed budget compared with Actual results**

Expenses	Fixed budget (1)	Actual result (2)	Budget variance (3) = (1) – (2)	Favorable/ Adverse
* Direct material.....	135 000Rwf	153 000Rwf	(18 000Rwf)	Adverse or unfavorable
* Direct wages.....	72 000Rwf	63 000Rwf	9 000Rwf	Favorable
* Variable overheads	18 000Rwf	22 500Rwf	(4 500Rwf)	Adverse
* Fixed overheads.....	30000Rwf	30 000Rwf	-----	
	255 000Rwf	268 500Rwf	(13 500Rwf)	Adverse

**Editing the report**

The final stage in the process of writing a report is editing and this stage is a significant one.

Detailed editing helps to identify;

- Indicating mistakes;
- Analyses in the logic of the report's organization or conclusion;
- If you have really fulfilled the requirements of the report and answered all parts of the question.