



Research Paper

## Accounting Information System for Decision making.

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**Abstract:** The AIS incorporates both manual and automated processes to ensure the accurate and efficient handling of financial data. It encompasses a range of components, including people, procedures, data, software, information technology infrastructure, and internal controls, all working in tandem to support the organization's financial operations.

Key stakeholders, such as accountants, managers, auditors, and chief financial officers, rely on the AIS to access timely and reliable financial information. This information serves as the basis for strategic planning, performance evaluation, resource allocation, and compliance with regulatory requirements.

**Keywords:** AIS, Financial Information, Internal control and strategic planning.

Received 02 Sep., 2023; Revised 12 Sep., 2023; Accepted 14 Sep., 2023 © The author(s) 2023.

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### I. Introduction:

AIS plays a critical role in modern businesses, as it helps ensure the integrity and reliability of financial data, enabling various stakeholders to make informed decisions. Trained accountants are instrumental in operating and maintaining these systems, ensuring that financial information is handled with precision, confidentiality, and security. They act as custodians of financial data, making it accessible to authorized personnel while safeguarding it from unauthorized access or tampering. This is crucial for regulatory compliance, financial reporting, auditing, and overall business transparency.

An effective AIS is crucial for the smooth operation of a business and for producing reliable financial information that can be used for various purposes, including decision-making, financial reporting, auditing, and compliance with regulatory requirements.

### II. Literature Review

(Khan, 2016) This study highlights the importance of accounting information systems in recording, summarizing, and validating data about business financial transactions for decision-making within organizations, including managerial accounting and tax compliance.

(Smith & Johnson, 2017) This review provides an in-depth examination of the historical development and evolution of accounting information systems. It covers the transition from manual bookkeeping to computerized systems, highlighting key technological advancements and their impact on accounting practices. The review also discusses emerging trends and future directions in accounting information systems

(Davis & Brown, 2019) Focusing on internal control and security aspects, this review explores the measures and protocols implemented in accounting information systems to safeguard financial data. It covers topics such as access controls, encryption, and authentication methods. Additionally, the review discusses compliance with regulatory frameworks and industry best practices in ensuring the integrity and confidentiality of accounting information.

(Anderson & Clark, 2020) This review examines the impact of emerging technologies, such as blockchain, artificial intelligence, and cloud computing, on accounting information systems. It explores the potential benefits, challenges, and implementation considerations associated with adopting these technologies in accounting practices. The review also discusses the evolving role of accountants in leveraging these innovations for improved financial reporting and analysis

(Davis & Roberts, 2018) Focusing on decision support and performance measurement, this review explores how accounting information systems facilitate managerial decision-making and performance evaluation. It covers topics such as budgeting, variance analysis, and balanced scorecard implementation. The review also highlights the integration of AIS with Business Intelligence (BI) tools for enhanced reporting and analysis

**(Baker & White, 2021)** This review examines the impact of emerging technologies, such as blockchain, artificial intelligence, and cloud computing, on accounting information systems. It explores the potential benefits, challenges, and implementation considerations associated with adopting these technologies in accounting practices. The review also discusses the evolving role of accountants in leveraging these innovations for improved financial reporting and analysis.

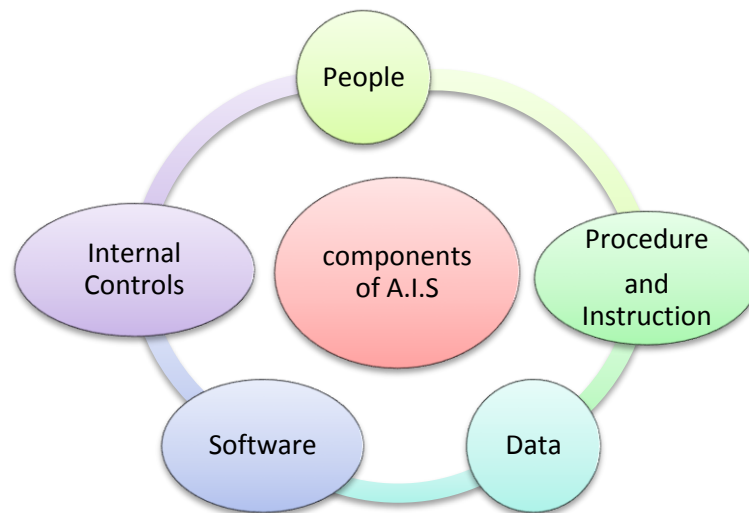
**Objectives of the study:**

- (1) To study the Components of AIS.
- (2) To study the role of accounting information system in decision making.

**Research Methodology**

1.	<b>Research Design</b>	Descriptive and Conceptual Design
2.	<b>Sampling Technique</b>	Convenience sampling Technique
3.	<b>Data Collection Method</b>	Secondary has been considered in my study

**Components of AIS:** the components of Accounting Information System Can be understand by the following Diagram



**-1. People:** The people involved with an AIS are the system users. AIS help the different departments within a company work together. Professionals who may need to use an organization's AIS include: Accountants, Consultants, Business analysts, Managers, Chief financial officers and Auditors.

**2. Procedure and Instruction:** Procedures and instructions refer to the established protocols and guidelines that dictate how the AIS handles various tasks, such as collecting, storing, retrieving, processing, and reporting data. These procedures can be both manual (performed by humans) and automated (executed by the system).

**3. Data Handling:** The AIS employs a combination of manual and automated methods to manage data. Manual methods involve human intervention in tasks like data entry and verification. Automated methods leverage technology to handle tasks such as data processing, calculation, and reporting.

The data that the AIS processes can originate from both internal and external sources. Internal sources may include information generated by employees, such as payroll data or internal financial transactions. External sources can encompass data received from customers, suppliers, or other external entities, such as online orders.

**4. Software:** The software component of an AIS refers to the computer programs and applications that are used to handle various functions related to financial data. This includes tasks such as data entry, storage, retrieval, processing, and analysis.

**5. Internal Controls:** Internal controls in an AIS refer to the security measures put in place to safeguard sensitive data. These controls are critical for protecting against unauthorized access, ensuring data integrity, and maintaining confidentiality.

**Accounting Information System as a Decision Making:** An Accounting Information System (AIS) plays a pivotal role in decision-making within an organization. Here are some key ways in which AIS influences and supports the decision-making process:

- **Accurate Financial Data:** An AIS ensures that financial data is accurately collected, recorded, and stored. This reliable data forms the basis for sound decision-making.

- **Timely Information:** AIS provides real-time or near-real-time access to financial information. This timeliness is crucial for making informed and timely decisions
- **Financial Analysis:** AIS generates various financial reports and statements, which are essential for analyzing the company's financial performance. This analysis aids in identifying trends, strengths, weaknesses, and areas for improvement.
- **Budgeting and Forecasting:** AIS supports the creation of budgets and forecasts based on historical financial data. This enables managers to set realistic financial goals and track progress towards achieving them.
- **Resource Allocation:** Managers use information from the AIS to allocate resources effectively. This includes decisions related to capital investments, budget allocations for different departments, and determining staffing levels.
- **Performance Evaluation:** AIS provides data for evaluating the performance of various departments, products, projects, and individuals. This helps in identifying areas of excellence and areas that require improvement.

### **III. Conclusion:**

In conclusion, an Accounting Information System (AIS) stands as a cornerstone of financial management within an organization. Its multifaceted role encompasses the collection, storage, processing, and reporting of financial data, providing a robust foundation for informed decision-making.

The AIS ensures the accuracy, timeliness, and integrity of financial information, which is vital for stakeholders ranging from accountants and consultants to managers and auditors. Its procedures and instructions, whether manual or automated, dictate how data is handled, while the software component, often computer-based, facilitates efficient data management

#### **Suggestion:**

- Provide ongoing training to users to ensure they are proficient in using the AIS and understand its capabilities. This includes both technical training and education on best practices for data entry and reporting.
- Implement robust security measures to safeguard sensitive financial data. This includes encryption, access controls, regular security audits, and employee training on cyber security best practices.
- Establish and maintain a reliable data backup and recovery plan to ensure that critical financial information is not lost in case of system failures, data corruption, or cyber attacks.

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