

Analysis and evaluation possibilities of the accounting services

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Abstract: - The paper makes a series of evaluation regarding the quality of accounting services and accounting information so necessary to users. The present paper is also an attempt to identify various responsible factors for the efficiency of accountants' work, as well as for the quality of the accounting process. A number of indicators measuring the efficiency of accounting activity have been suggested here.

Key words: - Quality, Accounting Information, Accounting Services, Benefits, Costs.

1 Introduction

At present, the entities which are continuously involved in the process of improving the quality and raising the effectiveness must also face a strong competition. The quality of accounting services is important not only for users, but also for providers. If we take into account an enterprise, accomplished quality means identifying the clients and their needs, a task to be solved by marketing experts. Enterprise management plays an important part in accomplishing quality it also has bears the responsibility of ensuring the quality of accounting services.

The elaboration of correct decisions by users of accounting information depends on the quality and quantity of the accounting information offered by financial reports. The financial reports are a basic tool of accounting, due to the fact that they are the fundamental means of communicating the accounting information to users.

2 Factors which depends on the quality of the accounting information

The "image" sent by institutions through their accounting statements and the quality of accounting information depend on several factors. First, it depends on the professionalism and objectivity of those who produce the accounting information. Second, they depend on the right perception of the "accounts" by the users of information and accounting data, and on the ability of receptors to understand and to apply this information. The

quality in the field of accounting generally depends on several factors: the way that the accounting activity is organized, the definition and application of accounting principles and the competence and independence of accountants. Quality in accounting depends on various factors, as:

a. Organization and leadership of accounting in the specific entity. Quality depends on the ability of the accounting system of the entity to provide professional and of good accounting quality services, as audit, fiscal consulting, administration and financial consulting.

b. Material and technical endowment of the accounting. The informatics system must be checked, as the support for the information accounting system (if minimal requirements for accounting programs are accomplished), as well as the conditions of archive registration for the accounting documents, the access to the accounting data.

In order to fulfill the demand for quality, an accounting application must respect three essential requests: to correspond to the needs of the beneficiary; to be functional; to be adjustable to the legislation, technical requests. Quality also means accuracy and convenience of the accounting data, from the moment they are presented to be processed, until they are found in actual financial situations. All the transactions must be authorized (accounting documents must present stamp and endorsement) and those authorizing every transaction must be qualified. The entering data must be verified and found complete, correct, reasonable, to see if there are any losses of

information or duplicates or incompleteness. The accounting program provides the accounting reports the managers need for the decisional process. The quality of this program depends upon the track down of errors in accounting and the speed of the providing of the data. The accounting program checks if the sums are accurately put down into the accounts, if the totals are at a draw. The exit data must be also verified of accuracy, correctness and they must be provided only to authorized persons. The accounting program and accounting system in general must ensure the confidentiality of information.

c. The modality of putting into practice the regulations. Development of the confidence of the users of accounting information in the final product of accounting is realized in the first place by obeying the norms and the current legislation. Regulation in accounting is relatively extended. It includes rules for registering, presenting, evaluation and regulated information published by entities. The purpose of regulation is the betterment of interpretation of accounting reports by the accounting information users. Certification of annual accounts by a third person guarantees their conformity to reality. This third can influence the decisions of the users of accounting information. It is all about expressing an opinion of an independent expert about the capacity of accounting information system to generate the expected level of quality. Certification of annual accounts make the users trust in a higher degree in the absence of incongruities and the objectives of honesty and accurate image.

d. Competence and independence of the accounting professionals. Accounting had always had as main enterprise the activity of professionals well-known by their competence to produce, explore and certify quantified economic data, presented according to the conventional regulations. Accounting professionals can display a positive, but also a negative manner to manifest their creativity. In a positive direction, their creativity in the service of recovering the system errors, derived from strict appliance of the regulations. Such a situation leads to the quality improvement of the information provided to the users. The concept of “accounting professional” can be defined as follows: a person who accomplishes the demands required from the members of IFAC, respectively CECCAR in Romania, and who can profess as freelancer or clerk in industry, commerce, education or in public sector. The professional norms offer to the accounting professionals a set of rules meant to

guarantee the good-practice of their missions. Appliance of professional regulations is imperative, the reference of the quality control of the accounting services performed by the accounting professionals.

According to Xiaohang Liu opinion the decision – maker of enterprise would have a direct impact on the quality of accounting information. For example, if an enterprise plan for stock market listing or financing, it is more likely to adjust their recent accounting information especially for apply for national funding [5].

3 Indicators for evaluating the efficiency of account’s activity

The complexity of character of the accountants’ activities lies in the fact that it is a process undertaken by two categories of persons: the subject of the activity (the issuer, namely the accountant) and the object of the activity (the recipient of information, namely the user) [2].

It can be said that the efficiency of the accounting activity is a synergetic effect of individual efficiency of each of the participants, and it consists of: the efficiency of the subject of the activity (the issuer of information), the efficiency of the object of the activity (the recipient of information), the efficiency of the process of emission-reception (the accounting process) and the final efficiency.

The issuer’s efficiency refers to the capacity of the accountant to issue real, updated, concrete and complete information. It also includes the professional training, competence, integrity and objectivity of the accountants. The receiver’s efficiency refers to the receiver’s capacity to appropriate the information transmitted by the issuer, to understand and apply it. The efficiency of the process of emission-reception refers to the production process of the accounting information, to the quality and quantity of the broadcasted information.

The final efficiency is more difficult to estimate, because the effects are visible after the accounting information has been used by recipients. It is relatively easy to determine the effort (expenditures allotted for gathering information), but the effects are harder to quantify.

There are many factors that influence the activity of accountants and they can be placed in two categories:

Quantifiable factors: the number and the structure of the employed personnel, especially accountants,

financial necessities and availability, needs of informational resources, computers, etc.

Unquantifiable factors: management quality, professional know-how of accountants, knowledge of the accounting legislation, the objectivity, competence and integrity of the accountants. Accountants' results and, implicitly, the efficiency of their work for the company, depend not only on their professional training and competence, but also on the way they manage their time. Accountants must schedule their time in such a manner that allows them to carry on more activities in parallel, such as: gathering, processing and storing of information, and, depending on the context, even the transport of deduction reports and statements where they are needed. Often, they need to allot time for accounting, fiscal and financial consulting the managers of the company require.

In our opinion, the indicators which could measure the efficiency of the accounting activity can be: the quantity of information gathered in a time unit; the quality of the broadcasted information in relation with the total volume of information; added value = meeting of requirements in relation with the cost of information; the result of the decisions substantiated on the accounting information; the percent of accountants among the employees of the company; the ratio between the obtained results and the production efforts.

The production and release of the accounting information is conditioned by the role and the position of the financial-accounting department in the company. The following aspects must be taken into account, because they ensure the degree of visibility of the broadcasted information, depending on the position the accounting services have: the capacity of the accounting services to produce settled accounting information and to update their practice according to the changes of the legislation and of the settled practices of broadcasting; the capacity of the accounting services to assess and answer the demand for accounting information coming from the internal and external users; the degree of involvement of the accounting services in production decision, in refinancing and daily management of the company; the ability of the accounting system to reduce the uncertainties resulted from the company's relationships with the external environment; the formalizing of the broadcasted information and the continuity of information broadcasting.

4 The value of accounting information and the quality decision

The value of accounting information may be counted considering its main characteristics and its cost [4]:

$$V_i = K \left[\frac{1}{F} \sum_{n=1}^F f(A, T, Y, n) - g(P, Y) \right] - h(A, F, T), \quad (1)$$

Considering:

V_i = Information value i ;

K = the benefit obtained from correct decision;

F = the period of time in which the information is used;

n = the number of periods covered by the time F ;

A = the information accuracy;

T = the necessary time to obtain the information;

Y = the number of the decision taken in "n" period;

P = the probability to take correct decisions without having this information.

The user only is in the position to approve the information by using it properly and efficiently. The accounting information helps the user to take the right decision in his activity, and the information depends both on its characteristics and on others external factors. The factors that influence the quality of the decision, as they appear in the accounting texts, are:

$$D = f[(f_s, f_i); (f_m, M, d)]; f_m = f(s, a), \quad (2)$$

where:

f_s = certain factors;

f_i = incertitude factors;

f_m = human factor;

M = decision's motivation;

D = responsibility of the decision – making authority;

s = know – how of the decision – making authority;

a = adjustability

The quality of a decision depends on the accuracy of data interpretation, as well as on the know-how of the decision-making authority and on the updating of the instruments used to process the accounting information.

$$V_u = \Delta D = D_1 - D_0, \quad (3)$$

where:

V_u = utility value;

ΔD = income expectation;

D_1 = effects of the decision reached on a certain information;

D_0 =effects of income reach without the certain information.

5 About cost – benefit ratio of accounting information

The value of an item of information depends upon the impact it has over the future decisions, ensuing the increased subjectivity of its explication and its use. The value of information can be defined as the margin between the net profits generated by choice of decision after information is obtained and the net profits obtained by taking the same decision inconsequential of the information. The net value of the information is, than, the subtraction between the gross value and the cost of information.

The benefits produced by information should exceed the cost of providing it. The assessment of costs and benefits is the result of a professional judgment; moreover, the costs are not necessarily undertaken by those users who reap the benefits. Other users than those to whom the information is intended enjoy its benefits. It is obvious that the individuals who do not receive accounting information are influenced by the actions of those who receive it and act according to it. It is presumed that every member of the company, regardless of his/her taking notice of it, is influenced by the presence and the use of accounting information. One cannot establish accurately the benefits determined by accounting information. For lack of direct methods of assessment of the benefits the accounting information brings, the focus is transferred on *costs*. Many types of costs should be taken into account: direct costs of production and publishing the information, direct costs of alternative sources of information, the cost of interpretation and assessment of information, the cost he user (investor) should support if he would have produce the information by himself/herself, the indirect costs (for example the side effects of publishing information about the activity of the firm). Like other units, the outsourcing units register general expenses. The general outsourcing costs are put together with the costs destined for the labor force when deducing the general cost of the outsourcing. The costs implied by the production of accounting information could also be structured as follows: costs for gathering of information, costs for processing the accounting information, costs for storing the accounting information, costs for

communicating the accounting information. The assessment of the ratio between costs/benefits justifies itself because the financial-accounting information is a resource of the company, as well as the capital, the staff, the machines. The trial comes when it has to be translated into monetary units. In a research about the cost of information, J. C. Emery makes a distinction between two categories of benefits: palpable benefits, impalpable benefits. The impalpable benefits: client's satisfaction, are difficult to cipher, but they must be taken into account if the acquiring/production of information is already impelled by the palpable benefits; the impalpable strengthen the decision.

6 Conclusions

To conclude, the shape and the quality of the accounting statements are very important criteria when it comes about winning the user's trust. They are the most reliable sources of information compared to others, they can be read by all the users who have accounting and financial knowledge and they cost less than other sources of information. The image of a company given by the accounting statements as well as the quality of the accounting information is the result of the professionalism and objectivity of the producer of the accounting information. Yet, they also depend on a correct reading of the accounting information transmitted through the statements, on the user's abilities and understanding of accounting.

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