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## **The connection between the information system and financial control**

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**Abstract:** Financial information systems help executives to manage the entity's liquid assets such as cash and securities for high yields with the lowest risk or loss. Some companies have implemented automated systems to manage their securities portfolios and automatically generated buying or selling in an order.

**Key words:** computer systems, forecast, control, efficiency, cash

**JEL Classification:** M40, M42

### **1. Introduction**

The financial projections are based on computer models known as cash flow models. These range from simple spreadsheet templates to sophisticated models developed for the given industry and customized for the firm, or in case of large corporations to specify shaping financial operations. Financial forecast serves to identify the need for funds and sources.

### **2. Computerization of the financial system**

The financial system represents computerization based on accounting, budgeting, financial operations. These are similar and pervasive in all organizations, because the computer has proved to be ideal for the mechanization and control of the financial system; these include personnel system, because effective control and remuneration of a company is a financial concern. The financial system should be the base of other systems because they give a common, controlled measure of all operations and projects. Organizational planning must be linked to financial analysis. There is always a greater opportunity to develop the strategy system if the financial system is in its place and the necessary figures can easily be taken from it.

Operating system, or service system helps to control the business. Such systems will vary according to each type of entity. These are computerized systems that operational managers need in order to help in running a business. These can be useful, but trivial systems that simply keep track of inventory, for example, and print reorder points and allocation of costs. On the other hand, they may have a strategic perspective built in them and can manipulate inventory in a way with a profitable impact. A first example of this is the inventory control system. If the vast majority of the inventory control systems simply are appropriate costs operations. The vast majority of operating systems that were purchased several large and small computer systems simply helps business management. They are important and necessary, but they can be put in the „strategy” category only that they have a pronounced impact on the profitability of the business.

The strategic system is the one that links to strategy and business. Studies conclude that the computer is a system in which there are developed new business strategies made using information technology. They may be systems where the new computer technology was made available on the market and entrepreneurial planned by the way new capabilities can quickly gain a competitive advantage. They may be systems in which staff from operational management and information services for people use brainstorming to business problems, which have realized that a new competitive development is possible when calculation methods are applied in a new manner. There is a general agreement that the strategic system is the information system that can use and gain a competitive advantage.

Almost any system of data processing can be called „strategic” if there are aligned computer strategies with the business strategies of the entity, there is close cooperation in its development, between information services of people in business and operational managers. There should be an explicit link between the organization's business plan and the system of plans, enabling better support for goals and objectives of the organization, and for control in managing computer systems.

Many organizations which have done substantial work with computers since the 1950s have long used the term „strategic planning” for any computer developments that will directly affect their activities. They are not taken into account in the budget and they are not annually planned. They are definitely included in the strategic planning of any information system, which will be used by operational management to perform more profitable business.

The strategic system represents information service about resources and opportunities in strategic business, where computer systems will have an impact on operations and products in business. Planning for strategic systems is not defined by the calendar cycles or by reporting of routine. It is defined by the necessary effort in order to have an impact on the competitive environment and on the strategy of a company when the leadership wants to move with the business idea.

### **3. Informational system, a way to track and update financial data**

The presence of information system generally relates to the field of management, of databases, but more particularly, to a system and a method for tracking and updating data on financial transactions.

Most consumers use negotiable tools such as personal checks to pay for goods and / or desired services. A book of checks typically provides a group of sequentially related controls and a register for recording the number of the beneficiary's control, time and information about the amount of checks used.

Timely in tracking available funds, the check book register doesn't provide any information regarding the budget objectives, the way of applying controls to certain budget elements and to similar objectives of financial management.

Financial management is seen as a necessary task that must be performed by each entity. Financial management is viewed as a necessary task to be performed by each entity. Unfortunately, there are several ways to spend financial resources, these necessary expenses from different periods of the year, and expenses that occur periodically with variable billing amounts, not being often possible consistent strategies for financial

management. It would therefore be desirable to provide a system and method slightly simplified on data manipulation and implementing appropriate tasks for the financial management.

Financial Management through the information system, accumulates and analyzes financial data in order to make good organizational decisions to conduct a business<sup>1</sup>. The basic objective of the system of financial information is to help the entity to meet its financial obligations, with a safety margin determined by accounting, operational statements, capital budgets, work reports, capital forecast, cash flow and various analysis reports.

Financial data evaluation can be performed by ratio analysis and planned financial modeling . Financial planning and projections are facilitated if a decision support system (DSS) is used in combination with financial results.

If the financial control is efficient in conducting a business, should regularly review actual performance data and compare them with the financial plan, an easy way is to compare budgets by analysis. Usually, only a few numbers must be monitored regularly to achieve effective control, using a spreadsheet to help with all the requirements necessary for the analysis.

Having a suitable management information system (MIS), it is a prerequisite for effective monitoring. Although deterrence may announce a management information system can be extremely simple. An MIS is simply a set of procedures established by management and staff to ensure that data on business are quickly and efficiently collected, recorded, reported and evaluated. This information is then used to verify progress in the business and to effectively control through key elements, the majority of small businesses.

Any economic entity has a computerized accounting and relatively simple spreadsheets to record data and to present them in an easy to understand format. But it takes discipline to ensure that data are collected, in good condition.

Information management system is effective when it ensures only monitoring a small number of digits to ensure achievement of strategic and operational objectives that we set through business. If other people need to see the numbers, to ensure that financial control system is successful, the figures should be available in real time until the end of the month.

#### **4. Advantages and disadvantages of the information technology**

<i>Some advantages of the information technology</i>	<i>Some disadvantages of the information technology</i>
<b>Globalization</b> - IT has not only brought the world closer together, but allowed the global economy to become a single interdependent system. This means that not only you can share	<b>Unemployment</b> - while information technology can be simplified business process created also lead to job layoffs. This means that a lot of lower and middle jobs have caused

<sup>1</sup>Information Systems Management Financiar

<p>information quickly and efficiently, but you can also reduce the barriers of language and geographical borders. The world has become a global state using information technology that allows countries like Chile and Japan, separated not only by distance but also by language to put into action ideas and to exchange information between them.</p> <p><b>Communication</b> - using information technology, communication has also become cheaper, faster, and more efficient.</p> <p><b>Reducing the cultural gap</b> - information technology has helped reduce the cultural gap, helping people from different cultures to communicate with each other. It has facilitated the exchange of views and ideas, so that it has led to raising awareness and reducing operating expenses.</p> <p><b>Time</b> - It made it possible for companies to be open 24 hours across the globe. This means a business that can be opened anytime and anywhere, making purchases from different countries much easier and more convenient. This also means that we can have goods delivered right to our door.</p> <p><b>Creating new jobs</b>- probably the best advantage offered by the information technology is creating new and interesting jobs. Programmers who analyze systems, softwares, hardwares of developers and web designers are just some of the numerous new jobs brought by IT.</p>	<p>unemployment for many people.</p> <p><b>Privatization</b> - information technology can be made for a faster, easier and more convenient communication to buy in conditions of confidentiality.</p> <p><b>Lack of job security</b> - Industry experts believe that the internet has made job security a problem caused by the large technology development, felt every day. This means that staff needs to adopt a lifelong learning manner in order to be sure about keeping the job.</p>
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## **5. Conclusion**

Management information systems are used by organizations to track, store, handle and distribute appropriate information to people when needed. Information management systems support decision making in business by providing critical data for the management. They serve to improve communication of the organization, reducing human labor, support the short and long-term objectives in business and distribution of complex information.

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