

Study on Significance of Accounting Information in the Management of Higher Education Institution [HEI]

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Abstract: *Accounting must stay up with and be continuously adapted to the reality and evolution of contemporary society in the context of globalisation as it serves as the primary source of reliable and extremely valuable economic information in the decision-making process. Academic education has a crucial role in the knowledge-based society, which is fully acknowledged at the EU and global levels. The development of Romania's public accounting system and the accounting of public higher education institutions have gone hand in hand, but there is still room for growth and improvement in the current environment of tighter convergence towards globalisation.*

Keywords: Accounting in HEIs, accounting data, information users, and university administration.

I. INTRODUCTION

Any institution must collaborate with its accounting department in order to meet its financial management objectives, which are mandated by the law and the institution's own statute and are intended to maintain order and discipline.

Public academic institutions of higher learning must organise their accounting departments to provide diachronic and methodical recording, processing, and dissemination of information about the financial position, financial performance, and cash flows for both internal university management needs and information requests from outside users. Similar to this, the accounting must inform the approving officers of the budget's execution of revenues and expenditures, as well as the budget's results of implementation, the university property it is managing, its patrimonial outcome, and the cost of the programmes it has been approved for funding.

Organization of the accounting activity's operation across the entire system is a management issue in higher education institutions (HEIs) with numerous consequences and resource implications (human, financial, material, informational). According to existing regulations, it is up to the authorised officer or another party in charge of managing the institution to plan and carry out the accounting activity.

II. PROVIDING INFORMATION - THE MAIN GOAL OF HEI ACCOUNTING

The main goal of accounting, as is well known, is to give information so that interested parties may support pertinent judgements. We must consider that different kinds of users have varied information needs. Following an assessment of the institution's ability to provide compensation and career opportunities, employees and their representatives are concerned about the stability of the employer, while current investors (the state and its institutions or private investors, depending on the situation) are focused on the return on their investments. Customers, on the other hand, are curious in information about the institution's continuity, particularly if they have a long-standing partnership with it or depend on it. Providers and suppliers (trade creditors) seek to recoup the money owed to them from the delivery of goods, completion of work, or provision of services at the maturity. When financial creditors' debts and associated interests mature, they demand payment. Instead, the community wants to keep getting top-notch government services that guarantee its educational welfare.

Generally speaking, accounting information serves as the foundation for determining indicators for all economic and financial operations, assuring the certainty required to generate accurate forecasts.

The institutions' financial situation and performance, resource utilisation, and relevance for both internal information needs and external information demands are all characterised by the financial and accounting information (treasury, credit institutions, trade partners, tax bodies and others interested parties).

The implementation of budgets for revenues and expenses, the budgetary result, the property under management, the patrimonial result, and the cost of the programmes approved through the budget are the key topics covered by higher education accounting in public institutions.

The state budget's annual execution account is prepared concurrently with the university accounting data.

III. THE FUNCTION OF HEI ACCOUNTING DATA IN DECISION MAKING

As seen in Picture No. 1, we believe that accounting information in academic education institutions can be divided into two levels: financial accounting information and management accounting information. This is in accordance with some accounting specialists' theories. The first one is shared via quarterly and yearly summaries reports and is primarily aimed at external university stakeholders (parents, governing bodies, business partners, financial creditors, and the general public) so they may understand the institution's economic operations. The second is particularly designed for university managers, giving them the ability to evaluate and anticipate cash flows and potentials in terms of size and risk.

Accounting information is a real tool available to university administrators, giving them knowledge of the state economic and financial health of the institution of academic education and strong support in the substantiation of decisions, in the pessimistic context in which macroeconomic developments reveal that university managers are facing increasing challenges of managing limited resources and the need to identify additional funding resources.

The public, who receives educational services and will provide input on how the resources are used, is informed of the results achieved by higher education institutions through quarterly and annual financial statements. In this regard, experts in the field feel that accounting data should make it possible for consumers to judge the university's potential to generate benefits and, implicitly, how effectively its administrators are using resources.

IV. REQUIREMENTS FOR THE ACCOUNTING INFORMATION'S QUALITATIVE CONTENT

Without a question, the calibre of the accounting information that the decision-makers receive through the periodic summary reports has a significant impact on the caliber of their decisions.

Therefore, we think it's critical that university management receive high-quality financial and accounting information to support their decisions and guide the university toward the anticipated institutional advancement.

In light of IPSAS 1 "Presentation of Financial Statements," the four qualitative requirements should be taken into account to evaluate the usefulness of the information disseminated through the financial statements, namely:

- **Intelligibility** - the quality of information to be easily understood by the users;
- **Relevance** - the quality of information to influence the economic decisions of the users by nature and/or significance; also to be relevant, information must reach the users in time;
- **Credibility** – the accounting information must disclose fairly, completeness and unbiased manner both events and transactions occurring within the university in all significant respects, the financial position and its patrimonial result;
- **Comparability** - accounting information should provide the opportunity to assess the temporal trends in the financial position and performance of the university and to ensure comparability of financial statements of different higher education institutions.

V. QUALITATIVE REQUIREMENTS OF ACCOUNTING INFORMATION



VI. CONCLUSION

Financial accounting information unquestionably plays a key role in the economic information systems of academic education institutions. To support this claim, we can cite a number of factors, including the fact that it accurately depicts the events and transactions that take place in the university, quantifies the volume of flows produced by them, and has the highest level of certainty and probative power.

Practically speaking, the accounting of public academic institutions of higher learning provides valuable information to the stakeholders, and in particular to the university management, about the implementation of the budgets of incomes and expenditures, the budget's performance, the assets under management, the patrimonial result, and the cost of the programmes approved through the budget. The utilisation of this information ought to enable users to support pertinent choices. To efficiently manage the university's budgetary and extra budgetary resources, the accounting information distributed through the periodic summary reports in particular must enable university management to support precise judgements.

The objectives must be met in order for financial and accounting information to be timely for the decision-makers and the advantages of holding it to outweigh the disadvantages. Simultaneously, it is important to prevent the flaws in the accounting information system, which are primarily brought on by:

- Distortions, which are unintentional changes of information made during collection, processing, and transmission from the transmitter to the receiver;
- Filterings, which change the information's content intentionally before it reaches the receiver;
- Redundancy, which is the repeated processing and transmission of information with a similar content; and
- Information circuit overload, sending a high volume of information from the transmitter to the receiver, neglecting the competence of the receiver.

The accounting information is a key lever to the university management, facilitating the efficient use of the resources under management, on behalf of the interdependence "accounting information - decision".

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