



Research Article

# **The impact of Computerized Accounting System in an Organization**

## **(A case study of United Bank for Africa Plc)**

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### **Abstract**

**This paper was started by first introducing the theme of the paper, and discussing the impact of computerization of accounting system in an organization with special reference to United Bank for Africa plc (U.B.A). The researcher while trying to introduce the theme highlighted the impact of computerized accounting system. Also include the following, statement of the problem, objective of the study, research hypothesis and significance of the study. Moreso, the researcher review various contributions made by authors in the related topics. Finally, the summary of findings, recommendations and conclusion were presented.**

**Keywords:** Computerized Accounting, United Bank for Africa

### **INTRODUCTION**

Accounting is the art of controlling business by keeping accurate records, measuring and interpreting the financial results of the business. A computerized accounting system can be defined as the methods of determining how best to use computer, with other resources, to perform tasks which meet the information requirement of an organization in other words, it is concerned with converting the objectives of management (account department), as far as information and data are concerned into method that are amenable to processing by a computer or other data processing equipment.

All these records are stored or being stored electrically in computer on special storage devices rather than on scripts human beings historically, have relied mainly on their brains for calculation and some other accounting works. A variety of computer aid such as abacus and rules were invested. Such available seems to show that the most popular uses of business computer are in connection with accounting wages and cost control. Some of the typical commercial application of computer is with:

1.) Invoicing, sales ledger and statement (2) stock control and statement (3) payroll, pay slips and of year tax returns (4) Purchase ledgers (5) Credit control (6) Sales and purchase ledger analysis (7) Remittances and advances check (8) Budgetary control (9) Cost accounting, job cost, standard cost work in progressing and labour analysis (10) Asset register (11) Hire purchase records.

There has been tendency for organization to approach their data processing piece meal, which is understandable when it is feeding its way and wishes to minimize risk. It will replace existing system by computer system which does little more than stimulate the old procedures on the computer.

## STATEMENT OF THE PROBLEMS

This research work is aimed at addressing some problems as it affects the accurate accountability in an organization. These are: a. Lack of proper record keeping due to

- i. Lack of trained personnel
  - ii. Fraudulent or dubious characters by the accounting clerks
  - iii. Fire hazard and other unforeseen destruction mechanism
- b. The cost of financing accounting and auditing staff is exorbitantly very high
- C. Through the importance of computer in an organization is to contribute immensely to the profitability and realization, the market becomes unstable as a result of fluctuation in prices. A good example is what is currently happening in Nigeria with reference to deregulation of naira as a result of which purchasing power of naira was drastically reduced.
- d. Lack of guaranteed, accuracy, speed and efficiency in carrying out accounting work for large organization.

Basically, long queues in banking hall today normally delayed the processing of data in order to overcome the problem many business computerized activities. Despite the Computerization, there is still queues/delay in customer services in the part of the banks.

In recognition of the above, the intent is to carry the study to its as curtaining the impact of computerization of accounting system in an organization with emphasis on UBA plc.

## OBJECTIVES OF STUDY

The aims of the study include the following:

- I. To review the introduction of computer into the processing of basic accounting record.
- ii. To examine if the computerization of an accounting system affect their basic principle of accounting
- iii To look at the basic internal control system in a computer based accounting system.
- iv. To look at the effect of computerization of accounting system on the work of the accountants
- v. to look at the positive and negative impact on an organization

## Research Hypothesis

Ho: the benefits derived from a computerized based accounting system do justify the associated problem involved.

Hi: the benefits derived from installing a computerized based accounting system do justify the associated problem involved.

## Significance of the study

This study is necessary since it would help in gathering information as to the impact of the computerized accounting system in government organization. Hence, it would also serve as evidence to the individual and the public in general, who misconception the term computerization. Thus, this study would shed more light in this direction.

It would be important to private sectors especially the cooperative management of corporate affairs commission as an eye- opened and courage. Finally, the report of the study will also be of uncalculated benefits to researchers and students in that, it serve as consulting material to them in the course of their research or academic pursuit.

## SCOPE AND LIMITATION OF THE STUDY

All banks that emerge after the industry consolidation, computerized their accounting system. However, the study shall be limited to united bank of Africa plc. Accounting system of the organization will be critically examined towards determined the impact of computerized on the banks operation. As it is designed not only to reduce problem associated with processing and updating of records ensuring operation effectiveness, cohesion, and enhance service to customer on banking industries.

## LIMITATION

**Time:** the time for the work to be completed was short in an expedition manner. Normal academic activities were on an earliest during this study.

**Finance:** HIGH cost of writing materials, the cost of tractions to other high institution was high. Therefore, the author is only limited to the school library and interview.

## DEFINITION OF TERMS

**ABACUS:** framework beads that slide down parallel road. Used for teaching numbers.

**DATA:** unprocessed data or information that has capture for processing.

**INPUT:** is the entering of the prepare data into the system (computer) main memory.

**OUTPUT:** is the result of the processed data that has taken place in the computer.

**PROGRAMMS:** a set of instruction to the computer on how to process data.

**PROCESSING:** systematic computation, recording, arranging, filling as well as classifying, sorting and retrieving or data,

**HARDWARE:** the physical part of computer.

**SOFTWARE:** a set program which is be built in the computer.

**ANALOGUE:** computer that process only digital data that have no intermediate valves.

**STORAGES:** Are devices that enable us to store our data or information.

**FEEDBACK:** is the process of elevating the output and making adjustment to input or result of the processed information

**SPREADSHEET:** these include all software designed to ease our accounting problems e.g. budgeting, financing, analysis and cost estimate

**MACHINE LANGUAGE:** it is the language which only the machine computer can understand without any transaction of binary.

**ASSEMBLY LANGUAGE:** is a symbolic form of machine language.

**TIME SHARING:** this is when two or more can work on a computer system at the same time.

## HISTORICAL BACKGROUND OF THE STUDY

Fingers, one of the earliest devices for computing (fingers) is still in use today most especially by children. Grooves with time rows of grooves in sand were made by ancient Chinese to do their calculation 1 counting. Pebbles are usually place in through grooves to denote the value 2 i.e. the first row denotes, unit while the second and subsequent rows denote power of 10.

The first feature of the invigilation of the Nigeria banking system in 1973 when the federal government took over 40 percent ownership of the three biggest foreign banks. These include Unity Banks Plc, First Bank Plc. Subsequently, in 1949, another expatriate bank know as the British and French Bank (now, called united bank for Africa plc) was established. At that time, these expatriate banks were set up to

- i. Facilitate international trade for the British trades.
- ii. Distribute profit of the silver currencies.
- iii. Repatriate profit of the foreign currency

Moreover, these expatriate banks discrimination against our indigenou businessmen, women and industrialized into high management position of these expatriate banks.

The United Bank for Africa (UBA) Plc is one of the Nigeria biggest four commercial bank today, it was established in 1961, by consortium international bank which tool over the banking business carried out in Nigeria since 1949by the British and French Bank united with a total asset of 188.03 Billion and 223 branch with a total number of 1480 workers network spread all over Nigeria. UBA plc also introduces the use of automated teller machine ATM that assisted their customers to withdraw money or cash. Today's united bank for Africa plc (UBA is the product of the merger of Nigeria third and with largest bank, namely the oil UBA and the erstwhile standard trust bank plc respectively, and a subsequently acquisition of the erstwhile continental trust bank limited (CTB) the union emerge as the first successful corporate Combination in the history of Nigeria banking.

The history dates back to the founding of the old UBA in 1916, and the erstwhile and CTB both in 1990. Although, today's UBA emerged at a time of industry consolidation induce by regulation the consolidated UBA was borne out of a desire to lead the domestic sector to a new era of global relevance by championing the creation of the consumer finance market, leading a private public sector partnership at supporting the acceleration of Nigeria economic development and

growing the institution. From banking to a one- stop financial service institution. While spreading its foot prints across Africa to earn the reputation as the face of banking in that continent.

Today , the consolidated UBA is the largest financial service institution in west Africa with a balance sheet size in excess of one trillion naira (under USD 8b) and more than six million (6m) customer accounts, operating out of the two most vibrant economic in the sub- region- Nigeria and Ghana.

It has been over six hundreds and thirdly (630) retail distribution centers across Nigeria as its main operation also, and eight (8) branches in Ghana.

Outside Africa, it also has presence in NEW YORK and CAYMAN inland.

UBA is often referred to as the right boyhood bank, which aligns with the banks intent and brand strap 'Africa's Global bank, UBA is aimed at delivering what the customer want and expects, closeness, proximity, choice, convenience and customerisation.

## WHAT IS COMPUTER ACCOUNTING?

Computer accounting involves these achieves classifying, calculating, sorting, summarizing and comparing e.t.c. it is a discipline which comprise a set of theories and concept for processing financial data into information.

### Planning for a computerized accounting system

The following factor should be put into consideration when planning for the computerization of an accounting system.

The objectives; a proper evolution of the organization of accounting needs should be conducted before ordering a new computerized accounting system.

Training of employees: learning new accounting package is not easy, therefore as part of the assessment; the team should examine the accounting knowledge and the computer skill of the people who will be using it.

Data safe goading security must be considered early in the assessment to known how sate the package in questions will be apart from the accounting software, a data base ideally sacred to the storage and retrieval of client's information.

The volume data, before computerizing an accounting system the volume of data should be considered because it will be improper for a small firm where only four people are working and has no business transactions to computerize their system.

**Relatively:** In a big firm where there are much to computer, comprise system is necessary for the activities involve cost of computerization; it is true computerized system is easy to operate but the firm must consider its financial capacity.

### Selecting Accounting Packages:

Many suppliers provide facility for accounting practices, them to computerized the production and preparation of accountings for client, some of the facilities required includes time and free recording , foreign currency accounting, work in progress scheduling and normal range of accounting, profit and loss account (P L) and the balances sheet valve added statement schedule and producing of audit trail.

### The Accountant and the Computer

Most accountants see computer as a different separate course (field of study) which should be its own and have anything to do with accounting work. However, accountant should have a good knowledge of computer; this can enable him to enjoy the advantages of a computerized accounting system. Therefore, computerize is an aid to the accountant according to Thieraif (1949).

### Internal Control of Computer Based Accounting System

The possibility of errors and frond occurrence in electronic data processing system is much larger than in manual system. The tendency of discovery is very less; there is need of a well designed control system which is carefully packaged.

- a. Is the package for single or multi user environment
- b. What computer and operating system is the software designed for
- c. Can the package be integrated with software
- d. What memory capacity is required

- e. What security facilities does it possess that access control via password and automatic backup facilities for file security?
- f. What is the cost?
- g. Is the software maintenance provided and what is the cost?
- h. Can the software package be used in similar business?

### Characteristics and benefits of Accounting Packages

1. Accounting package can provide valuable information on business performance of the time it is wanted.
2. It also provides inbuilt checking facilities to prevent costly errors during computation and when posting transaction to the ledger.
3. Accounting routines to be performed at different frequencies, daily, weekly, monthly and annually is taken care of by appropriate packages. Form reports are normally produced at the end of the month.
4. An efficient accounting system is imperative to any business and an accounting package designed to do so can also be programmed.

### Characteristics of Computer

- i. High speed, as an electronic device, computers are extremely fast they can operate at the speed of electricity, thus a computer can carry out work as much as faster than other means, this means that computers are ideally suited for application in which work is voluminous. In a matter of work minute, the computer carries out tasks that would take place months to complete.
- ii. ACCURACY: if programmed correctly, computers are extremely accurate devices for all practical purposes. Computers don't make mistakes when an error is found in work done, the error must be traced to the program or the computer.
- iii. RELIABILITY; in accomplishment to high speed operation computers are reliable in program, if it can be used to perform several functions for a long time with considered results, provided the enabling environment is available.
- iv. DILIGENCE: computers are affecting society in diverse ways small and great, they are being used in everyday activities. Such multipurpose device can be used to control projects as complicated as probes into space and many others, if it is impossible to escape computers in our daily lives.

### Advantages of Computerized Accounting System

- i. HIGH SPEED: due to high speed in operation of computer such time is saved in performing many jobs (tasks) such as responding to enquire regarding the status of accounts and availability of procedure.
- ii. QUICK FLOW OF INFORMATION: for information retrieval by means of on-line direct access enquire system.
- iii. TO IMPROVE CASH FLOW: this occurs due to improved sales accounting system practically those relating to credit controls involving and statement preparation monitored in operation.
- iv. CONTROLS: this is the system of managing and controlling some foreseen problems that are likely to occur where a computerized accounting system is in operation. These problems, if not computerized, lead to inaccurate record keeping, unaccountability and generation loss in business.
- v. GENERAL CONTROLS: general control relates to the accounting environment with computer based accounting systems are developed and operated with the foreseen applied to all individual applications.
  - A. The objectives of general controls and to ensure proper development and implementation of new applications.
  - B. The integrity of program and data files.
  - C. The integrity of computer operation general control can be manual or programmed, examples are,
    - i. SEGREGATION OF DUTIES: the basic segregation should be between department and rest of organization.
    - ii. CONTROL OVER COMPUTER OPERATION; these controls are necessary to protect and prevent or to detect error, other controls over computer operation is
      - a. manual prescription procedure and standards should be followed at all times.
      - b. rotation of duties
      - c. avoidance of physical access to computer by everybody
      - d. use of passwords.
      - e. ensure detailed operation instructions for each program
- iii. ACCOUNTING RECORD CONTROLS: this aims at ensuring that files are kept current and protected from unnecessary alteration selfish interest
  - a. External of this control includes:
    - b. Accessing of files

- c. Proper keeping of files
- v. APPLICATION CONTROLS: Application controls relate to the transaction and data belonging to each computer based on accounting system are therefore specific to each applications.
- vi. EFFECTIVE CONTROL PROCEDURES: this will include production, sale cost, budgetary and credit controls.
- vii. PROPER CONTROL OF STOCKS: greater control of raw materials out accession to be minimized.
- viii. SUPPLY OF INFORMATION FOR IMPROVEMENT OF MANAGEMENT DECISION
- ix. Other greater controls include.
  - a. Software routines
  - b. BATCH processing control
  - c. Online software control
  - d. Physical protection
  - e. Fine precaution and sand by arrangement

## SUMMARY OF FINDINGS

1. Having conducted the research on the impact of computerization of accounting system, there is no doubt that the introduction of computer in data processing system, there is a major technological breakthrough which tremendously enhance time availability of information that decision could be taken at any necessary time.
2. It has been found out before computer age, that human brains was over stressed any burdened which equally become impossible for it, has much increase in business capacity. this study review the many thing on the introduction of computer into the processing of basic accounting records, the history of computer was invited, its characteristics such as accuracy high speed, reliability e.t.c. which resulted to the distinctiveness of computers. The study mode use to know that the basic principles of accounting cannot be altered by a computerized accounting system and that there is a need for a good and proper internal control in a computer based accounting systems. Of this control is general and application control .e.t.c.
3. The study review positive and impacts of computerization it also grave analysis of the system's life cycles as preliminary study (survey) analysis and design, implementation maintenance e.t.c the steps to be taken when planning for computerization of accounting was also made know study.

## RECOMMENDATIONS

The recommendations are purely on the finding from the study this however, aimed at helping the management of bank and other organization to achieve the desired objective for computerizing their account system. At the junction, it is recommended that the organization should put into consideration, the following.

- a. Organization should make a necessary checks, plans and investigation
- b. It is also necessary to train staff on how to use computers
- c. The organization should set objective to be achieved through the system it wanted to adopt because there need for evaluation. The organization should internally evaluate the success and failures it has made ever since it set its objective
- d. The public (everybody) is advice to have at least the primary issues of computer because the world is going computerized and cannot be avoided.

## CONCLUSION

The generation has seen technological breakthrough and has helped into increasing the standard or living, improved health care, communication and more efficient business operations, there is a growth body of public opinion. Concerning computers and its effects on human activities, some people especially those educated before the time of computer reacts, some how differently and young people educate since the advent or computer have a very different reaction as well.

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