

## THE IMPACT OF ACCOUNTING INFORMATION ON DECISIONS PUBLIC ADMINISTRATION MANAGERS

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### **Abstract**

*The rapid evolution of information and communication science and technologies has an impact on any aspect of human relations. Modern computer systems provide the possibility of automatic control of various activities, which involve the management of funds. The computerization of public institutions allows at the same time to several users of the administration, the access to the desired information, which have become a strategic resource in the development of the society. Financial accounting information is the product of accounting and external reporting systems that quantify and disclose to the public data on the financial position and performance of local government. In the digital environment, the ability to compete and evolve increasingly depends on the innovative and efficient application of new information and communication technologies. Public authorities make a constant effort to achieve the integration of their own information systems, to allow information to flow freely within its systems, and thus to create an efficient administration. The undertaken research envisages a combination of current exploratory research methods, which offers vast possibilities in the study of the influence of financial and accounting information on managerial decisions and economic growth, as well as on the development of localities. The purpose of this paper is to present the influence of financial accounting information, their transparency, the infrastructure of the locality, county or region, on their economic growth and development. Information technology contributes to the support of decision-making processes, as well as to the involvement in working groups, which determines the increase of performance.*

**Key words:** *Financial-accounting information, accounting information system, information technologies, management decisions.*

**JEL classification:** *H83, M41*

### **1. Introduction and context of the study**

Research over the past decades has shown that accounting financial information, strategic resources in company development are the product of external accounting and reporting systems that quantify and disclose to the public data on the financial position and performance of local government.

In the digital environment, people and economic entities need to feel protected. Trust and security, including the protection of personal data, are fundamental to the smooth functioning of digital governance. The ability to compete and evolve increasingly depends on the innovative and efficient application of new information and communication technologies.

Public authorities make a continuous effort to achieve the integration of their information systems, to allow information to circulate freely within their systems, and thus to create an efficient administration.

The purpose of this work is to show the influence of financial accounting information, its transparency, the infrastructure at its disposal in the locality, county or region concerned, on economic growth and their development. Information technology helps support decision-making processes as well as involvement in working groups, which increases perfusion.

### **2. Research methodology, data, results and discussions**

Managerial, research can be of interest to local authorities, as it helps to understand the economic and financial communication process by providing information on this issue. During this work, the research methods we will use are specific to the economic sciences.

The research undertaken is aimed at a combination of current research methods of an exploratory nature, offering extensive possibilities in the study of the influence of financial accounting information on management decisions and on economic growth and development of localities, methods of deductive type research and inductive type research, and, the methods of descriptive research, which highlight the information already available in this field.

The research processes and techniques that we will use are: Review of literature, collect and process data.

During this work we also use interpretive elements, neutral but also critical elements, as we analyze different concepts, regulations and practices in the field in a critical manner, engaging with a personal opinion.

The fundamental objective of work a is to highlight the role of transparency of accounting financial information in economic growth and the development of municipalities.

The links between the various parts of an institution must meet quality and opportunity requirements which may arise from inside or outside the public entity. Any connection shall be based on the information and the manner in which it is established and transmitted so that its degradation is minimal and without loss of significance. Accounting information, in the vision expressed by C. Crecana, in 2000, can be defined as a communication, news or message containing new aspects of knowledge of certain conditions, situations, conditions of manifestation of certain phenomena, events or economic processes.

Within public institutions, accounting information circulates in the form of specific data, which is made up from internal or external sources for communication, says E. Cohen in 1997, both within the institution and for communication with external recipients. Accounting professionals take over the raw information, process it and value it for forecasts, as T. Danescu (2000), and he transforms it into a type of information, demonstrating their ability to synthesize and explain the information received.

We believe that, directly by accounting professionals, the processing and interpretation of accounting information serve the decision-making process in order to make relevant decisions in the near future. The evolution of economic information, imposed by social evolution, has led to the development of the economic information system, according to C. Greiner (2005). Early information technologies, since the years 70, have been implemented without the use of an explicit methodology of information systems, as D. Avison and G. Fitzgerald G. (1998). In the years 80 it was recognized that documentation methodologies are needed for analysts of information systems.

Data and information, information circuits, information flows and information handling means, which enable an entity to know, are found in the information system. Information on the activity, the plan and the program of activity shall be provided only by means of economic accounts and within this framework the primary role of the accounting and the information system. Information in the financial statements is relevant when interpreted by connoisseurs, according to V. Pelea. ([https://www.academia.edu/38491092/IAS\\_IFRS\\_and\\_financial\\_reporting\\_quality\\_Lessons\\_from\\_the\\_European\\_experience](https://www.academia.edu/38491092/IAS_IFRS_and_financial_reporting_quality_Lessons_from_the_European_experience)).

In the process of establishing the decisions elaborated by public institutions and authorities, which are part of the system of public administration, C.I. Rabontu and A.G. Babucea, (2020) argues that major investments, both in material and human terms, are needed in order to achieve European performance and the speed with which new, internet-based digital technology is developed means the digital improvement of human resources.

I believe that human, material and technical resources are not enough in the process of establishing decisions made by public authorities, but there is also a need for permanent contact with the social environment, which the public authority represents.

The computerization of public institutions allows several users of the administration to have access to the desired information. Modern computing systems provide the possibility of automatic control of different activities involving fund management. According to D. Danaiața, 2011, it

systems are focused on increasing both speed and scope, in order to ensure greater integration, with greater flexibility.

The role of the information – accounting system and accounting instruments in the return to performance at the level of the public administration is important, especially since there are insufficient references in the literature to show how performance is reflected at the level of these institutions. The ability to send documents by email saves time and money for courier services, scanning, the need to transmit documents, simplified the way they are prepared for the conclusion of different types of contracts, whether within a country or internationally.

According to E. Susnea, 2017, the information system uses technologies that quickly analyze large amounts of data of different types, which continue to grow exponentially, each day (e.g. structured data from relational databases and unstructured data such as images, videos, e-mails, social interaction data) from a variety of sources to produce a flow of actionable information. Once data is collected and stored, the biggest challenge is not only data management, but also analysis and extraction of information of significant value for decision-making.

G.Huber and R. Daft, 1987, considers information to be competitive advantages and its use depends on the "ability of managers to create and manage their own database" and on how they manage to develop the specific information infrastructure of public administration.

O.N. In 2013, Plesco reached the conclusion that there were information limits that prevented the best management and decision-making process from taking place, thus generating disadvantages in the development of local public admiration.

We conclude that managers analyze situations, define problems, make decisions and establish plans, overseeing their purpose.

The Ministry of public Finance implemented the project “increasing the accountability of the public administration by modernizing the it system for reporting the financial statements of public institutions (FOREXEBUG)”, regulated by the Government no. 88/2013, in order to increase the efficiency of public administration and administrative transparency.

This draft is addressed to authorizing officers for reporting financial statements and publishing details on the use of public funds, in line with the budget classification using modern, standardized instruments.

Thus, the information system – accounting and accounting tools constitute the information base of public institutions, thanks to the information provided, which allows the way resources are managed to be highlighted. "The management of any government is evolving", as H.A. Smith and a., 2007, in an environment that cannot be designed without an information system capable of providing information necessary to optimize decisions.

Considering that the cyber-information system is all data and information, procedures and means of handling the information exchanged, flows and information flows, in order to achieve the purpose of the entity, a distinction between data (character sets and/or images) constituted as input variables and information is accepted (as system outputs). For the information system to provide accounting information, the input data shall be processed according to accounting principles and rules. Without economic information, present today in all areas of activity, progress would have slowed down.

We appreciate that the quality of accounting information depends on the evolution of all entities. Most of the financial and accounting information is contained in financial statements and reports, documents to be submitted to the financial institutions and which are then met in the specialized economic press, so we consider that accounting is an independant scientific discipline, with its own status in the social sciences family. The creation of accounting information is the activity of activities within the financial and accounting function of the entity.

Accounting information can be valued individually, for instance in an accounting role (e.g. wage fund, acquisition cost), but is mostly centralized in accounting documents that allow for an interdependant realization, as accounting information also serves an explanatory role. The use of

the information shall follow the development prospects of the entity, taking into account the development of the most important factors that will influence future performance. It is therefore necessary that the information contained in the accounts links the data generated by accounting accounts with forecast analysis, highlighting in real time all property movements at the level of the entity.

The information provided by the financial accounts shall provide interested parties with details that enable the entity to be aware of, assess financial position and performance. In this context, we acknowledge that financial information derives from two sources: Accounting and taxation.

The financial information can be found in the annual financial statements (balance sheet, asset income account, cash flows, with the Treasury and with the banks, the availability status of special purpose assets, the statement of outstanding payments and arrears, the statement of payments made from unchangeable external funds (FEN) after accession (Title 56,58), statement of financial assets and liabilities of publicly owned establishments in local government, revenue and expenditure execution account, explanatory notes), in half-yearly and quarterly reports.

The applicability of accounting information derives from the fact that it allows measurement, description, classification of economic activity, ensures comparability over time, allows for superior processing. For the proper performance of the functions attributed to accounting information, it must be transparent. Transparency of accounting information, directly linked to the general principles applicable to public administration, which, according to the Administrative Code, aims to inform, consult and publicly debate draft legislation, allows citizens access to administrative decision-making, as well as to data and information of public interest.

Through its practical usefulness, accounting information has a strong pragmatic footprint. In order to increase the usefulness and representativeness of financial accounting information, it needs to be real, accurate, complete and operational, subject to regulatory and normalization processes, which has made it easier for stakeholders to access information that presents a true image of the entities' business. Moreover, the process of harmonizing accounting has been subject to the challenges of globalization. Therefore, by interpreting the recommendations of the International accounting standards Committee, we can oppose that, in order to confirm its usefulness, the information must fulfill a number of basic qualitative characteristics (relevance, accurate representativeness, reliability) and amplifying characteristics (comprehensibility, comparability, verifiers and timeliness).

The architecture of accounting information, provided by the financial statements, which can be easily understood by users, describes the financial position of the entity, the financial performance and the cash-flow situation, and allows for analyzes of its liquidity and solvency and also the ability to shape changes in the economic environment.

The accuracy of the information in the financial statements depends on the extent to which conflicts of interest between entities, accounting professionals and users are minimized.

In Romania, according to the accounting rules and procedures for the public sector, a separate statement is required, because the budget is translated into cash bases and the financial statements are made on an Accral basis.

In the process of heritage knowledge, entities are determined to organize their data and information in a coherent information system, through which they can identify the facts and events producing data, transmit and record data, determine the means and means of processing it, and subsequently, present them to the persons concerned.

The continuous improvement of the computer platform facilitates an increased speed of the accounting information circuit and greater confidence in it. The main task of the information system is to provide accurate, real-time information to decision-making and operational processes, ensuring vertical and horizontal communication between different levels of management and between functional and operational compartments. The development of the present company leads

to the continuous improvement of the financial accounting information, which must meet the requirements of all users in order to base the best decisions.

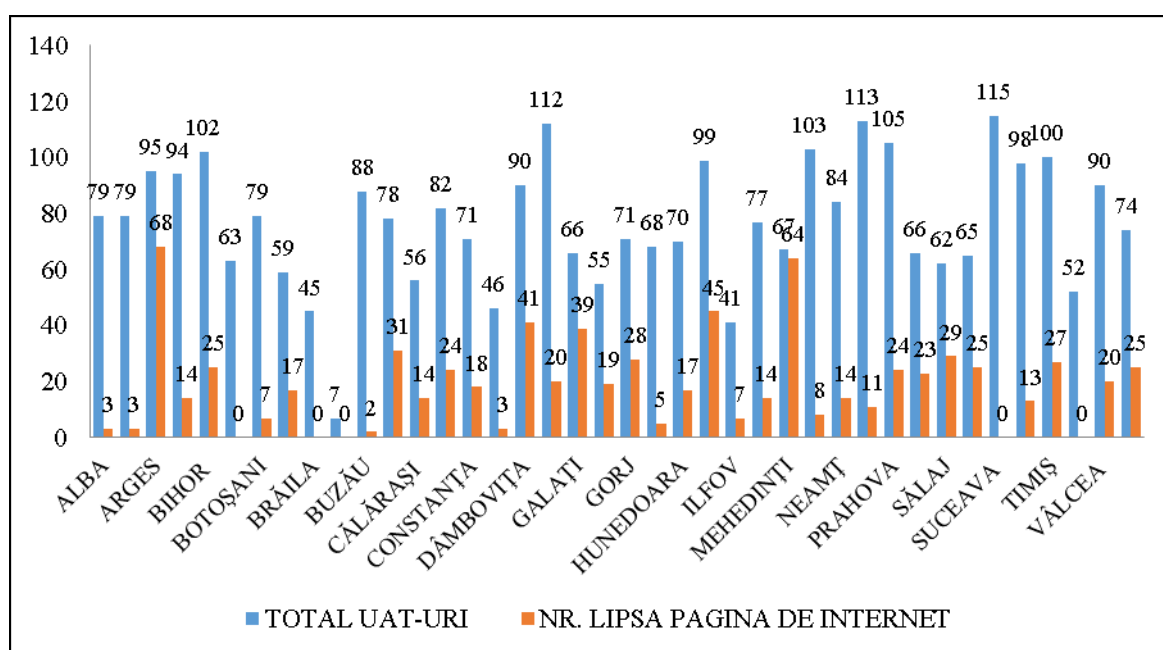
In conclusion, the efficient and effective functioning of an entity depends on the amount and quality of information on which management decisions were based.

Public administrations are required to communicate, by means of the media, ex officio, information of public interest, in accordance with Law No 544/2001, on the free access to information of public interest concerning: Contact details of public administration, regulatory acts governing the organization and functioning of the authority, public administration management, organizational structure, names and forenames of public administration and public information dissemination officials, financial sources (budget and balance sheet), own strategies, list of public interest documents, procedures for challenging public administration decisions.

Romania has 41 counties plus capital city Bucharest, which has a similar status to that of county Romania has 263 cities, of which 82 are municipalities Romania has 2.721 communes ([http://www.dpfb1.mdrap.ro/harta\\_judete.html](http://www.dpfb1.mdrap.ro/harta_judete.html)). As access to public interest information is guaranteed by the media, in Romania 24,36% of public administrations do not have a website to communicate public interest information.

These figures show that accounting information in Romania is partially transparent. The counties where accounting information is not presented by their own websites show less economic development. figure 1 shows the total number of ADTs in each county and the number of ADTs that do not have a website accessible.

Figure No 1 Share of non-web-based ADTs of the total

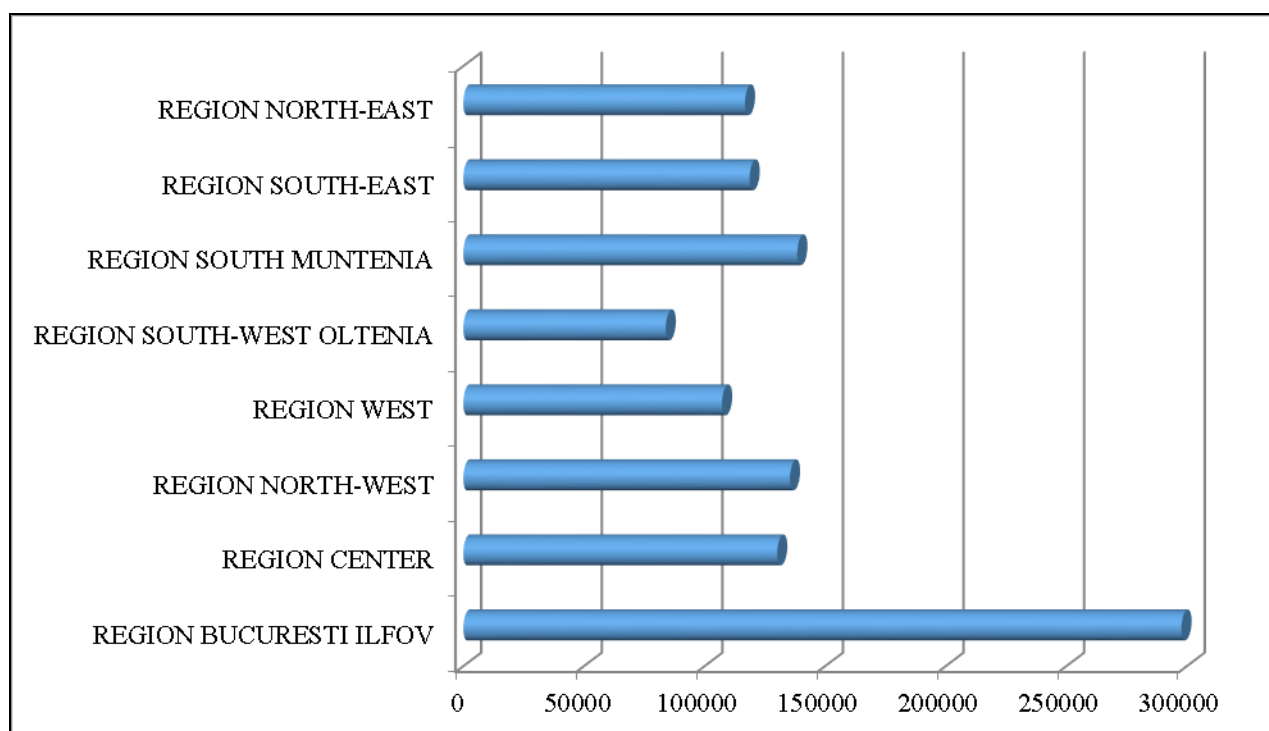


Source: Adaptation by [http://www.dpfb1.mdrap.ro/harta\\_judete.html](http://www.dpfb1.mdrap.ro/harta_judete.html)

In order for policy makers to have economic secrets, information on financial statements available to users needs to improve. Thus, according to Pope and McLeay (2011) the quality accounting information made available to users over time changes their needs and brings economic benefits through their forwarding ([https://www.researchgate.net/publication/254229102\\_The\\_European\\_IFRS\\_Experiment\\_Objectives\\_Research\\_Challenges\\_and\\_Some\\_Early\\_Evidence](https://www.researchgate.net/publication/254229102_The_European_IFRS_Experiment_Objectives_Research_Challenges_and_Some_Early_Evidence)). figure 2 shows the contribution of each region of the country to gross domestic product.

Figure No2 Value of gross domestic product by region

MIL LEI



Source: Adaptation by [https://insse.ro/cms/sites/default/files/com\\_presa/com\\_pdf/pib\\_tr3r2020.pdf](https://insse.ro/cms/sites/default/files/com_presa/com_pdf/pib_tr3r2020.pdf); <https://cursdeguvernare.ro/aportul-judetelor-si-regunilor-la-pib-decalaje-severe-intre-cele-2-3-romanii.html>

By comparing the data presented, we can conclude that the development of municipalities is influenced by the administrative quality, the transparency of financial and accounting information and the infrastructure at its disposal.

In order to ensure budgetary transparency, the Ministry of public Finance has created the national Reporting System (Forexbug) to verify, monitor and control the financial statements, budgets and legal commitments of public entities in Romania.

The data on the reporting of financial statements shall be uploaded to the platform during the first half of the month by 20 at the latest. The pre-conditions to access this application are the enrolling of the public entity to the Forexbug system with a qualified digital certificate with the right of access to the application, and also the public entity must have an individual budget registered and validated by the Forexbug system. Figure 3, "Portal Display reports public entities" shows the data that need to be filled in to be able to view the individual budget, budget implementation and budgetary commitments of the entity.

The portal provides useful information on explanations for the purposes of understanding the aggregated implementation reports, that is to say, the total of expenditure and revenue incurred by the authorizing officer and the institutions under his control, the sources of funding, the way in which the financing of the publicly owned establishment is ensured, the codification of revenue and expenditure after their destination, description of indicator presented, economic classification for expenditure indicators and cumulative execution (receipts or payments) at indicator level from the start of the budgetary year to the end of the reporting period.

Figure No 3 Portal showing public entity reports

Source: Adaptation by :[www.transparenta-bugetara.gov.ro](http://www.transparenta-bugetara.gov.ro).

We appreciate that the public concerned can consult the data on the individual budget of the reporting entities, the budgetary execution and the aggregated budgetary commitments at the level of the principal authorizing officer, as well as the public entity sheet via the website [www.transparenta-bugetara.gov.ro](http://www.transparenta-bugetara.gov.ro).

### 3. Conclusions

An increase in the quality of published financial information is mandatory to protect users.

The privileged position of accounting information within the national accounting information system is offered as a result of a large number of users of accounting information: The government, through the departments of the MFP, the Parliament, the national Institute of Statistics, the national Bank of Romania, EUROSTAT, the International Monetary Fund, the World Bank, the citizens.

Due to the diversity of information and its systematic nature that it provides, we believe that the main source of information required for management, is accounting. The quality of accounting information is necessary for development, so all new knowledge is built on the existing structure, certifying its quality every time.

Information technology improves the performance of public administration, as well the performance of administrative-decision-making processes and the redistribution of financial resources. The publication of financial accounting information influences the economic development. Advanced new technologies used in accounting, including computers, printers, faxes, smartphones, together with accounting software, they will help create an efficient public administration.

The implementation of the national information system increases the speed with which accounting information can be obtained about any public institution in Romania, the control of their legal commitments, the transmission of standardized check balances, the improvement of the quality of financial and statistical information, the consolidation of the financial statements for the

purpose of carrying out the carry-overs to EUROSTAT. Management information systems are indispensable of the modern manager. This is why their continuous improvement, coupled with the improvement of the performance of the calculation technique, will offer great opportunities to take over the larger and larger segments of the management activity.

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