

RUTGERS

Rutgers Business School
Newark and New Brunswick

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**Accounting Information
Systems**

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A.I.S. Class 2: Outline

- Review Timetable and Syllabus
- Discuss technical problems with Initial Computer Assignment
- Review use of Blackboard and e-mail
- Learning Objectives for Chapter 1
- Chapter 1: Introduction to A.I.S.
- Enterprises and Information

Timetable

- Topics
- Readings
- Assignments Due
- Examinations
- Schedule Conflicts ?
- Group Work Instruction: September 9

Course Objectives

Course Objectives

- At the conclusion of this course, students should have gained:
 - * an enhanced understanding of business enterprises and business processes
 - * an awareness of the role of information and accounting systems in business management
 - * an understanding of traditional accounting information systems and criticisms of them
 - * an understanding of semantic modeling and event driven accounting information systems
 - * an understanding of internal control over financial reporting and information systems
 - * familiarity with the development, documentation, control and audit of accounting information systems
 - * familiarity with the use of database management software in developing modern accounting information systems
 - * experience of working in groups
 - * an introduction to financial reporting using XBRL
 - * an introduction to accounting software packages and Enterprise Resource Planning systems.

Syllabus

Questions ?

Initial Computer Assignment

Problems ?

Blackboard and e-mail

- Remember you can use “threads”
- Use the Discussion Board for postings:
 - * that will reach those who read the Board
 - * that remain all semester
 - * that you want to be public messages
 - * where the reply needs to be seen by everyone
- Send email
 - * for less permanent information
 - * where you want to be sure everyone receives it
 - * where you want a private reply

A Warning . . .

- Use the Reload/Refresh features of your browser to avoid using old versions of Web Pages

Learning Objectives for Chapter 1

- After studying this chapter you should be able to:
 - * discuss the impact of the information revolution on the accounting function
 - * explain the purpose of accounting and the role of the accounting professional in organizations
 - * describe the information customers served by accounting
 - * describe the traditional accounting model and the manual accounting process and the drawbacks of this traditional view

Learning Objectives for Chapter 1

- After studying this chapter you should be able to:
 - * indicate the process of computerized bookkeeping and its advantages and limitations
 - * explain in general terms the database approach to satisfying accounting information and the advantages of the database approach
 - * discuss concepts of events orientation and the enterprise repository
 - * describe the roles that the future accounting professional can play

Introduction to A.I.S.

**What are business enterprises,
what do they do, and how do
they use information?**

Introduction to A.I.S.

- Discuss and propose definitions for:
 - * **Manufacture**
 - * **Produce**
 - * **Industry**
 - * **Trade**
 - * **Commerce**
 - * **Profession**
 - * **Practice**
 - * **Business**
 - * **Organization**
 - * **Enterprise**

Introduction to A.I.S.

- **Manufacture**
 - * making of goods by manual labor or machinery
 - * fabrication from materials
- **Produce**
 - * create, make or manufacture
 - * bring forth, make or cause
- **Industry**
 - * systematic work or labor especially in productive arts or manufacturing
- **Trade**
 - * practice of some occupation, business or profession (often skilled handicraft as opposed to 'learned profession') as a means of livelihood

Introduction to A.I.S.

- **Commerce**
 - * exchange of products of nature or art
- **Profession**
 - * vocation requiring knowledge of learning, science or skills
- **Practice**
 - * exercise or pursuit of a profession
- **Business**
 - * trade, commercial transactions or engagements
 - * activity of providing goods and services involving financial, commercial and industrial aspects

Introduction to A.I.S.

- Organization ?

Introduction to A.I.S.

- In “Images of Organization” Gareth Morgan suggests a number of metaphors for organizations:
 - * machines
 - * organisms
 - * brains
 - * psychic prisons
 - * cultures
 - * political systems
 - * flux and transformation
 - * instruments of domination

Introduction to A.I.S.

- A working definition:

Organizations are transmutative social entities forming goal-directed structured activity systems

- Can you give some different examples of organizations?

Transmutative

Having the quality of altering or changing in nature, properties, appearance or form

Introduction to A.I.S.

- **Some organizations:**
 - * **Johnson & Johnson**
 - * **Ernst & Young**
 - * **AICPA**
 - * **Institute of Management Accountants**
 - * **American Accounting Association**
 - * **Rutgers: the State University of New Jersey**
 - * **Roman Catholic Church**

Introduction to A.I.S.

- So what do organizations do?
 - * According to Michael Porter:
 - everything an organization does should contribute to the creation of value for its customers
 - “margin” can be defined as the difference between value and costs; however, this includes ALL value and ALL costs
 - * For-profit organizations seek to maximize margin: others seek to maximize value within the constraints of their resources

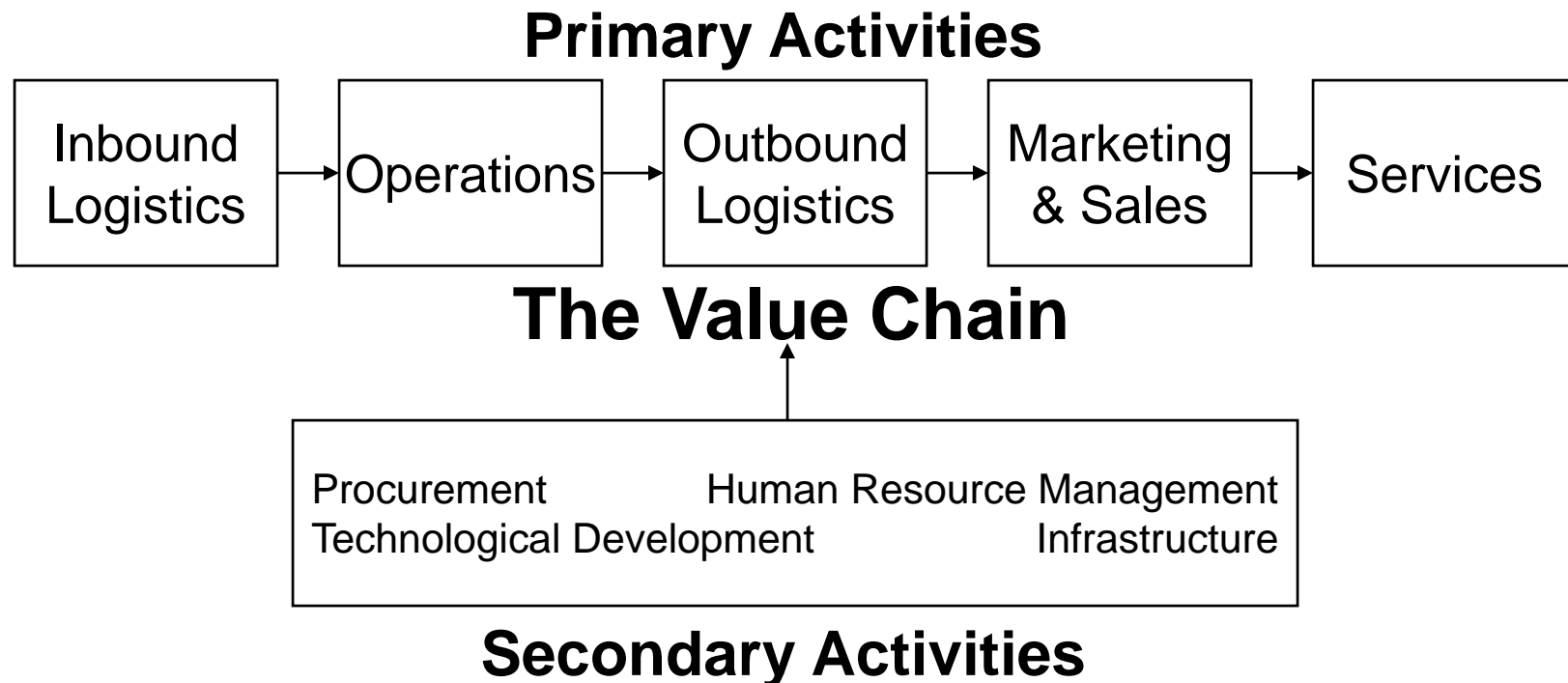
Introduction to A.I.S.

■ Enterprise

- * An organization established to achieve a particular undertaking
- * May be, but need not be, commercial
- * Often is used as a term for a large (commercial) organization

Introduction to A.I.S.

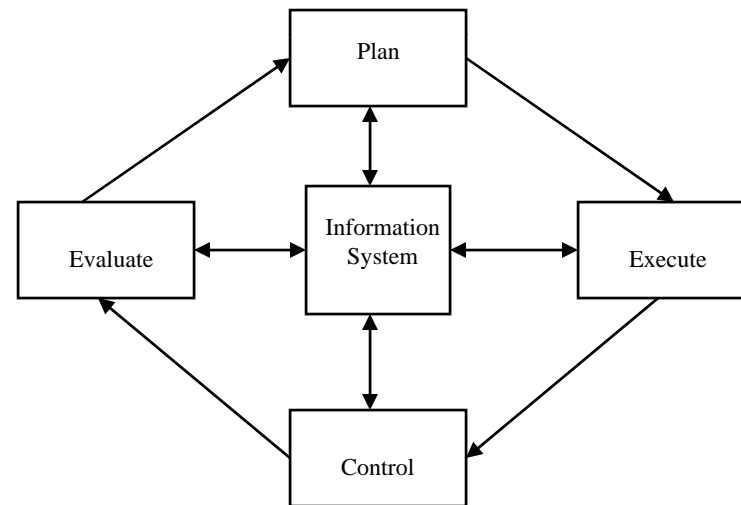
- Value Chain Analysis (Michael Porter)



Introduction to A.I.S.

- Organizations create value through managing their business and information processes
- At the heart of managing is the decision-making involved in planning, executing, controlling and evaluating the organization's business and information processes

Management Activities

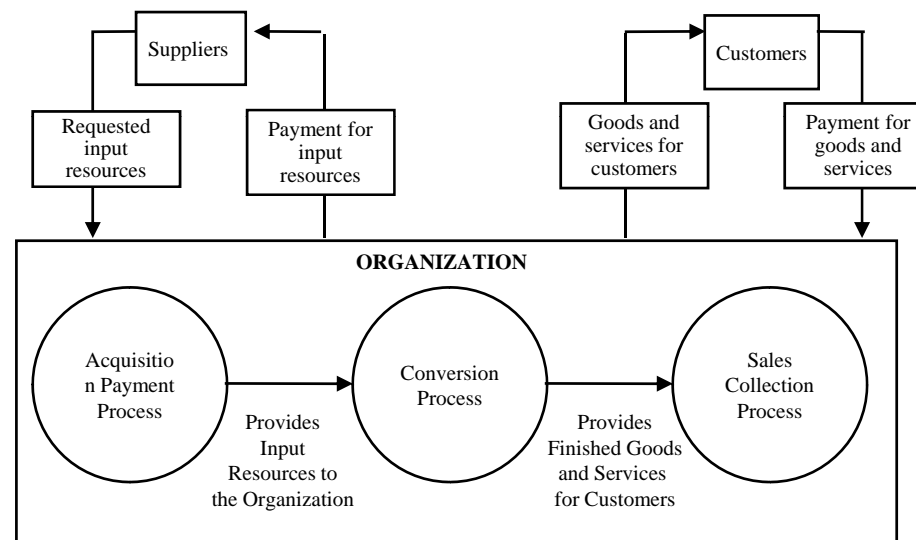


Hollander Denna & Cherrington, 2000

Introduction to A.I.S.

- Organizations typically have three main types of business processes (sometimes called business cycles):
 - * acquisition/expense/payment process
 - * conversion process
 - * sales/collection process
- Information processes include:
 - * recording
 - * maintaining
 - * reporting

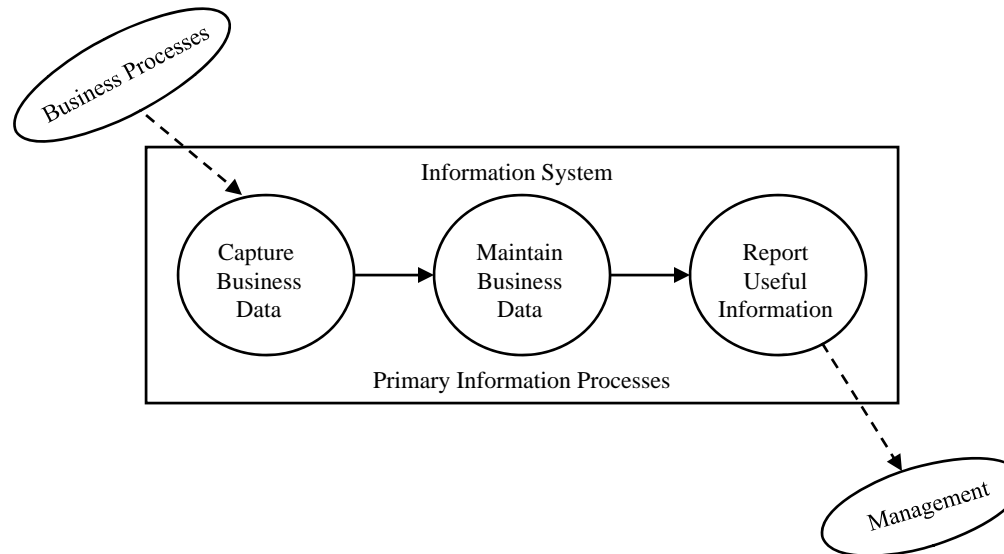
Value Chain and Supply Chain



Hollander Denna & Cherrington, 2000

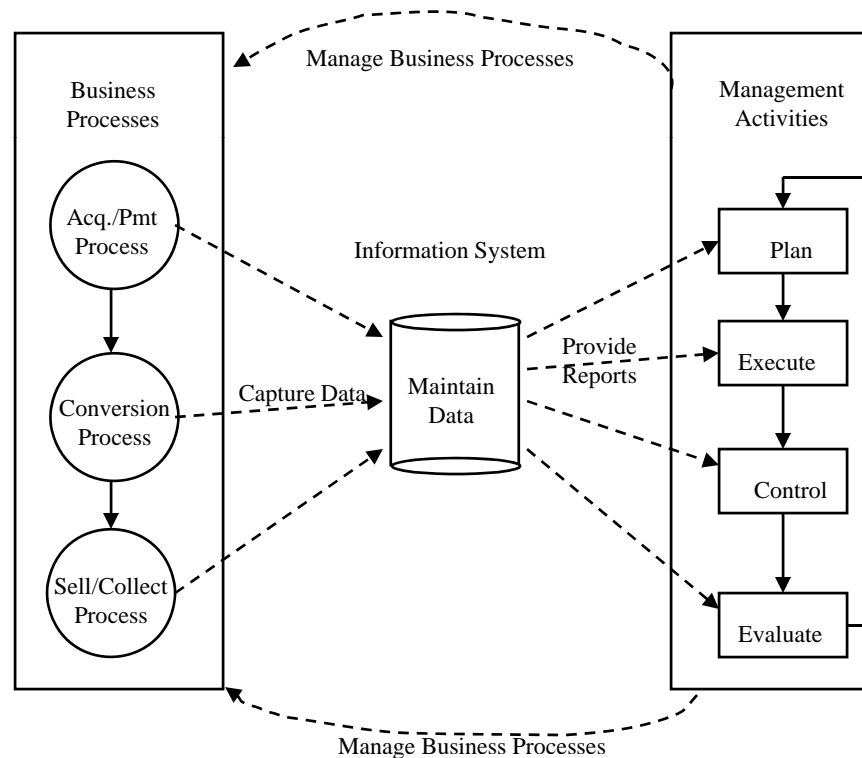
Value Systems include external partners
Supply chain is network of retailers, distributors,
transporters, storage facilities and suppliers

Information Processes



Hollander Denna & Cherrington, 2000

Business Management



Hollander Denna & Cherrington, 2000

Introduction to A.I.S.

- Digression: what is a process?
 - * A process is a time-dependent sequence of steps governed by a rule called a process law. All processes have five common ingredients:
 - the entities participating in the process
 - the elements describing the steps in a process (called *events* in business processes)
 - the relationships between these elements
 - the links to other processes
 - the resource characteristics of the elements