

ACCOUNTING SYSTEM IN SCHOOLS OF PARSA

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Abstract

Accounting system are often the most important formal sources of information in organizations. They are designed to provide all the levels of management with timely and reasonably accurate information to help them make decisions which are in agreement with their organization's goal. This paper focuses on accounting practices used by schools of Parsa district. Basically, questionnaire and observation methods were used for the collection of relevant data. The findings reveal that majority of the schools of Parsa district do not keep proper records of the financial transactions. The schools need the use of modern equipment such as computers with trained human resources in preparing and storing financial records of their transactions to get up-to-date information whenever needed.

Key words

Accounting; auditing; financial records; practice; transaction

Introduction

The accounting systems are rules specifying the accounting methods and procedures to be employed by entities in the preparation of financial reports. Accounting systems are the fundamental guidelines that determine whether a specific accounting method is acceptable or not. These include the set of generally accepted accounting principles that have stood the test of time over many years. Suitable accounting system and methods place restrictions on behavior of its users and therefore affected parties must accept them (Dangol and Prajapati, 1999).

The lack of proper and suitable accounting model makes the regulating agencies difficult to establish their effectiveness. The companies have to furnish the information in accordance with the respective regulations but unfortunately, the shareholders and investors do not have access to such additional information (Giri, 1997). All these inconsistencies and the practices of exhibiting less information on financial performance further discourage the investors. The lack of standards in accounting methods and policies also make the confusions to the partners, owners, shareholders and other allied stakeholders.

Accounting practices throughout Nepal should be consistent. But there are not uniform standards in preparation of financial statements. The contents, the style of presentation, the way of interpretation and qualifying statements are different from one to another school. Generally schools are established for providing service (education) rather than making profit. They are regarded as service motive organization. But in the present context of privatization, there are many schools established with the objective of earning profit. According to prevailing rule, the private schools can be registered under the company act-2053 BS. So, in this context, private schools are also the business organization. Especially the private schools are established for generating profit by providing the quality education. So, the different private schools have been investing their capital towards education sector expecting a high return there from.

On the other hand, the government schools are service motive institutions. Whatever may be the types of schools, both of them need to record different types of transaction such as collecting fees, paying salaries, acquiring assets, purchasing different materials etc. needed for the schools etc. Thus these transactions should be recorded in sets of books systematically so as to control over the misuse of the resources and recording them for the future reference as well. So, the proper accounting system has played great role in these regards. Accounting is the means of providing required information to the school management to formulate plans, policies and different strategies.

A sound and constructive school system must be based on proper procedures practices and operations. The wide recognition given this principle can be best be illustrated by pointing to the considerable degree of external control exercised over schools by regulatory authorities created by the government. Also, widely recognized is that external controls are not sufficient in themselves. So, internal

checking system must be used and there is no doubt that accounting system of school being internal system has the great role in this regards.

The more the number of schools in the country, the more the people of the country can be educated. It is most necessary to the developing country like Nepal. Schools are taken as the foundations of development. So, schools are backbones of the country. To develop and strengthen the schools, the financial aspects should be strong. It is impossible to make right decisions at right time without proper accounting information system. The main source of internal information is accounting system. But in many schools, school managers are forced to make decisions on the basis of incorrect data. So, they are losing their profits or surplus (govt. schools) Thus it is necessary to examine their accounting system.

This paper attempts to highlight the existing accounting system used by government and private schools, identify the accounting problems faced by schools.

Method

This paper is based on the quantitative information collected from primary source. Random sampling technique has been adapted to select government and private schools of Parsa district. The sample comprises 30 government and 30 private schools including primary, lower-secondary, secondary and higher secondary schools. The data were collected using survey questionnaires during the year 2014.

Results

The collected data have been analyzed under the heads: Maintenance of accounting record, accounting systems, basis of preparing account, display of transaction, audit of accounts, purpose of accounting, status of staffs maintaining account.

Maintenance of accounting record

Table 1 represents responses of the respondents on accounting system maintained by their respective institutions.

Table 1: Maintenance of accounting record

Accounting record	Govt. schools	Private schools	Total	Percent
Maintained	11	13	24	40.0
Not Maintained	19	17	36	60.0
Total	30	30	60	100.0

Table 1 shows that 36 schools have not maintained proper accounting system. Lack of accounting knowledge, computerized accounting system, accounting training and having minimum education etc. are major reasons due to which they are not able to maintain proper accounting system. It also indicates that private schools have been maintaining of proper accounting record more systematically than government schools.

Accounting systems maintained by schools

Table 2 presents the responses on accounting system maintained by government (n=30) and private (n=30) schools of Parsa district.

Table 2: Types of accounting systems maintained by schools

Types of schools	Types of accounting system	N	Percent
a) Private schools	Single entry system	19	63.33
	Double entry system	11	36.67
b) Government schools	Single entry system	5	16.66
	Double entry system	25	83.34

Table 2 displays that out of 30 government schools, 25 schools have been using double entry system and 5 schools have been using single entry system. The table further shows

that the government schools have been using double entry system more often in comparison to private schools. Most of the government schools have been maintaining double entry system because there is frequent supervision by government authorities.

Basis of maintaining account

The information regarding basis of maintaining account is shown in Table 3.

Table 3: Basis of preparing account

Basis	Govt. schools	Private schools	Total	Percent
Accrual	8	20	28	46.66
Cash	22	10	32	53.34
Total	30	30	60	100

Table 3 shows that out of 60 schools including both government and private 28 (46.66%) schools have been using the accrual basis of accounting system, whereas 32 (53.34%) schools have been using cash basis of accounting system.

Display of transaction

The responses of schools authority on the display of transaction has been presented and compared between government and private schools of Parsa.

Table 4: Display of transaction

Transaction	Govt. schools	Private schools	Total	Percent
Display	8	7	15	25
Not display	12	13	25	41.67
Partly display	10	10	20	33.33
Total	30	30	60	100

Table 4 shows that the existing accounting systems of 15 (25%) schools only display their transactions sufficiently and effectively. But existing accounting systems of 25 (41.67%) schools cannot display their transactions. Similarly, existing accounting system of 20

(33.33%) schools have partly been displayed their transactions.

Audit of accounts

The account auditing maintained by schools is shown in Table 5.

Table 5: Audit of accounts

Account	Govt. schools	Private schools	Total	Percent
Audit	25	18	43	61.67
Not-audit	5	12	17	38.33
Total	30	30	60	100.00

Table 5 shows that nearly 62 percent of schools have audited their accounts whereas 38 schools have not audited their books of accounts. It means majority of schools have audited their books of accounts. It was observed that most of the sole proprietorship of private schools has not audited their books of accounts.

Purpose of accounting

The responses on various purposes of accounting of schools have been shown in Table 6.

Table 6: Purposes of accounting

Purposes	Govt. School	Private school	Total	Percent
Surplus and deficit	3	-	3	5.00
Profit and loss account	4	5	9	15.00
Exact financial position	9	7	16	26.67
Cash and bank balance	3	8	11	18.33
Mobilize cash and bank balance	11	10	21	35.00
Total	30	30	60	100

Table 6 indicates that out of 60 schools, 21 (35%) schools use the accounting records

to mobilize cash and bank balance for multipurpose. Similarly, 16 (26.67%) schools use the accounting records to know the exact financial position of the school. Accordingly, 9 (15%) schools use the accounting records to know about the profit and loss amount. However, only 3 (5%) schools use the accounting records to know the result of surplus or deficit.

Status of staffs maintaining account

Table 7 presents the scenario of trained and untrained staffs maintaining account of schools in Parsa district.

Table 7: Status of staffs maintaining account

Status	Number	Percent
Trained	29	48
Untrained	31	52
Total	60	100

Table 7 shows that 48 percent staffs are trained in maintaining account whereas 52 percent staffs have not taken accounting training.

Discussion

The study reveals that the majority of the schools in Parsa district have not maintained proper accounting system. Further it depicts that the private schools have maintained proper accounting system than government schools. Empirical evidences suggested that majority of schools, nearly 83percent, use the double entry system of book-keeping. Regarding the basis of preparing the account about 53 percent schools use cash basis while rest of the schools use accrual basis. Furthermore, existing accounting system used by 42 percent schools does not display financial information. Many of the schools were found to have audited their books of account and use accounting records to know the exact financial position of their institution.

Only few schools have adopted computerized accounting system and they have felt it very

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good than the manual accounting system as it helps to provide up-to-date financial information to the management.

Conclusion

Majority of the schools are not satisfied from their existing accounting system as it has not been providing up-to-date information. The findings reveal that majority of the government schools and private schools do not have trained account staffs. It means that

there is a need of providing computerize/manual accounting training to those staffs for better maintenance of account in the schools of Parsa district.

References

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