

THE IT SYSTEMS IN ACCOUNTING IN THE LIGHT OF THE POLISH LAW IN FORCE

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Abstract:

The accounting system plays a very important role in any enterprise. It provides numerical information concerning the business both for internal and external clients. Due to the fact that the functioning of the sphere of accounting based on the use of IT tools nowadays, the Polish law in force introduces specific regulations in this regard. They are very important from a practical point of view, because their use should ensure true and fair view of the company's position. Therefore, the aim of this article is an attempt to classify statutory requirements that must be met for the use of the IT systems in accounting, and provide detailed characteristics of these requirements.

Keywords: accounting information system, IT systems, statutory requirements, enterprise.

1. INTRODUCTION

Managing economic units is a complex and extremely complicated process. Making decisions by the management of companies is possible only on the basis of information properly prepared and delivered in due time.

Accounting is the basis for the information system of each business entity. It provides most information necessary not only for reporting purposes but also necessary in managing, control and planning. However, the considerable quantity of various data generated during the functioning of companies results in the fact that processing it into output information requires time and significant workload. For this reason, companies commonly use IT systems because the combination of relevant software, computing power of computers and trained personnel may considerably improve and accelerate the work of accounting services.

However, the application of IT tools is associated with other threats which may be in conflict with the principle of a true and fair view of the company. To prevent this, the Polish Act on accounting (Ustawa z dnia 29 września, 1994) introduces a number of conditions that need to be met by units keeping electronic ledgers. Therefore, the purpose of the article is to characterize these conditions and consequences of their fulfillment by enterprises. This was achieved by analyzing the literature (mainly legal acts) and using the method of deduction. Statutory regulations apply to (Bujak 2003, p. 96):

1. sets of data comprising ledgers;
2. software used for accounting;
3. accounting documents prepared in the electronic form;
4. documentation of accounting IT systems;
5. principles of data protection.

2. SETS OF DATA COMPRISING LEDGERS

The notion *ledgers* means records, turnover and balance comprising the journal, the general ledger, auxiliary ledgers, the trial balance of the general ledger, the trial balance of auxiliary ledgers and the inventory (Ustawa z dnia 29 września, 1994, Art. 13(1)). Computer-aided accounting, however, is detached to some extent from traditional forms, namely legible word records or numeric records on paper. For this reason, the Act believes information resources in the form of separate computer sets of data, a database or separated part thereof, regardless of the place of origin and storage, to be equivalent to traditional ledgers (Ustawa z dnia 29 września, 1994, Art. 13(2)). The ledgers may thus take the form of files created on a computer hard disk drive. The condition for keeping ledgers in this form, however, is the entity's possibility to obtain legible information regarding their content (Ustawa z dnia 29 września, 1994, Art. 13(3)). This means that the company needs to have not only files constituting the ledgers but also hardware and software to create, read and process relevant information to the form of a printout.

The Act also governs the place of keeping the ledgers but it does not introduce limitations in this respect, in general (see Uchwała Nr 5/10 Komitetu Standardów Rachunkowości z dnia 13 kwietnia, 2010, point 21). The ledgers may thus be located both in the company's registered office and outside, for instance, if they are kept by an external entity. It is also acceptable to use an online model, meaning that the data is introduced into the financial and accounting system in the company, while information is processed and collected in the form of files on a server located in the registered office of a unit providing IT services for a given entity (Uchwała Nr 5/10 Komitetu Standardów Rachunkowości z dnia 13 kwietnia, 2010, point 27). However, the ledgers located outside a company need to be made available to inspection authorities in its registered office (Ustawa z dnia 29 września, 1994, Art. 11a, point 2). This provision does not generate any problems if the ledgers may be constantly accessed via the Internet. However, making ledgers available for audit may prove difficult if they are kept by an external unit. This problem should be solved, for instance, by printing out the content of ledgers, obtaining the consent to perform the inspection outside of a given company (Ustawa z dnia 29 września, 1994, Art. 11a, point 2) or making a copy of computer sets and transferring it to the unit's registered office. The last option may be used only when the company has hardware and software making it possible to obtain legible information on the content of the ledgers.

3. SOFTWARE USED FOR ACCOUNTING

Provisions of the balance sheet law formulate specific requirements for financial and accounting programs for the accounting sphere. Electronic ledgers should thus be properly marked and contain the following data (Ustawa z dnia 29 września, 1994, Art. 13(4)):

- name of the unit;
- name of a given type of ledger;
- information on the financial year and the reporting period;
- date of preparation;
- name of the computer program.

It should be mentioned that information of this type should be included in the content of the ledgers regardless of the adopted form of presentation, namely a printout or a list displayed on a computer screen (Ustawa z dnia 29 września, 1994, Art. 13(4)). Therefore, it is not possible to mark the printed ledgers, e.g. with the company's stamp. Any information should be automatically generated by the program. The legislator also points out the need to maintain continuity of records in the ledgers (Ustawa z dnia 29 września, 1994, Art. 13(5)) as well as the requirement to determine the person responsible for the content of each record (Ustawa z dnia 29 września, 1994, Art. 14(4)). Maintaining continuity means an automatic, successive numbering of particular records in the journal, or partial journals, so that it is not possible to add any subsequent notes changing the order of already made records. The accounting record should also consist of a unique ID of the person who introduces a given record to the computer. The code may, for instance, be automatically assigned by the program if the login procedure is present (identification), or when the user enters the record.

Companies using accounting IT systems also need to take into account the extension of the list of conditions making it possible to consider the ledgers verifiable. According to the Act, the used software is to guarantee the completeness of sets of data in the accounting system (Ustawa z dnia 29 września, 1994, Art. 24(4)(3)). Each entry in the journal should thus be included in the general ledger and possibly on accounts of analytical records, if they are kept. In addition, the user of the system needs to be able to control the data processing parameters (Ustawa z dnia 29 września, 1994, Art. 24(4)(3)). The Act does not define the notion parameter but it should be assumed that the parameter is each value used by the program during its operation (Bojanowski, 2001, p. 18), namely, e.g. the number of the account, the value and the content of the business operation.

The Act on accounting also indicates the only method of correcting errors made in ledgers acceptable in the IT environment. For obvious reasons, it is the introduction of evidence containing the adjustment of the incorrect record into the ledgers in the positive or negative amount – black or red side (Ustawa z dnia 29 września, 1994, Art. 25(2)).

Additional requirements are formulated by the legislator for printouts coming from the accounting IT systems. Particular pages of the printout should be automatically numbered with the indication of the first and the last page (Ustawa z dnia 29 września, 1994, Art. 13(5)), it is also necessary to transfer amounts (Jarugowa & Martyniuk, 2002, p. 171).

According to the balance sheet law, a form for obtaining information on the content of the ledgers equivalent to the printout is their transfer to a computer data carrier if it guarantees the durability of the record for a period of time not shorter than the period required for storing ledgers (Ustawa z dnia 29 września, 1994, Art. 13(6)). A regular text file or a file in a format recognized by the financial and accounting program may thus be considered an equivalent of the printout. In the first case, the content of the ledgers may be read by the user after they are displayed on a computer screen or printed out with the use of generally available tools included in operational systems. In the second case, it may be read only from the level of the IT system used for accounting.

In order for sets of data constituting ledgers to become equivalent to the printout, they should be transferred to a computer data carrier, namely appropriate files need to be copied from the hard disk drive used for daily work with the program, e.g. on a different, external hard disk drive, a USB flash drive or a CD. Practice shows that these carriers meet the condition of the durability of records. Currently, the ledgers need to be stored for 5 years and this period starts from the first day of the financial year following the year to which the given ledgers apply (Ustawa z dnia 29 września, 1994, Art. 74(2, 3)). The legislator also stipulates that, regardless of the format of recording the data and the used carrier, it must always be possible to print the content of the ledgers (Ustawa z dnia 29 września, 1994, Art. 72(3)).

4. PRINCIPLES FOR DRAWING UP ACCOUNTING DOCUMENTS IN ELECTRONIC FORM

Currently, the balance sheet law treats records in ledgers entered automatically by means of communication devices, computer data carriers or created according to algorithms on the basis of information already found in the ledgers as traditional (paper) source documents (Ustawa z dnia 29 września, 1994, Art. 20(5)). This issue is extremely important from the point of view of computer-aided accounting because it eliminates the time-consuming and expensive obligation to confirm a number of existing business operations with a printout. Electronic documents are generated in domain modules of software supporting management that handle, e.g. the records of fixed assets, material management, personnel management or cash management. Documents generated in each module may be exported to the financial and accounting module and automatically decreed and booked. The export procedure may take place via a computer network, directly from the database of a specified module or via computer data carriers, e.g. USB flash drives or CDs with files containing the content of documents saved in the appropriate format. Electronic documents are also assigned and booked records created automatically by financial and accounting software itself on the basis of information already contained in the ledgers. Electronic accounting documents may document business events regarding, e.g. (Depa, 2001, p. 15):

- the turnover in particular asset components;
- the settlements of deviations from fixed prices and purchase costs at the end of each reporting period;
- the creation and dissolution of provisions;
- the differences in currency exchange rates;
- the settlements of balances;
- the settlements of inventory differences;
- the adjustments of accounting records;
- the closing and opening of ledgers.

However, the evidence function of documents prepared in the electronic form may be referred to only when the following conditions are met (Ustawa z dnia 29 września, 1994, Art. 20(5)):

1. the record gains a permanently legible form, without the possibility of removing it from the ledgers, and the content of the record is consistent with the content of the relevant accounting document generated by particular modules of the IT system;
2. it is possible to certify the source of the record, e.g. the name of a specific module or the place of its use as well as to determine the person responsible for entering it;
3. software procedures provide the verification of the correctness of data processing as well as the completeness and identity of records (the software should check whether the record contains the set of information required by law and whether the principle of double accounting is met, keeping full compliance of the record with source data);
4. source data at the place of its generation is protected in a manner ensuring its invariability for the period required for storing a given type of accounting documents (electronic documents should be stored in the place where a business event took place so as to enable the comparison of the record with the content of the appropriate evidence).

5. DOCUMENTATION OF ACCOUNTING IT SYSTEMS

The requirement used for entities keeping accounting is to have appropriate documentation describing the adopted principles (policy) of accounting (Ustawa z dnia 29 września, 1994, Art. 10(1)). In order to provide the verifiability of ledgers, the legislator requires units using IT technology to supplement their documentation with the following elements (Ustawa z dnia 29 września, 1994, Art. 10(1)(3)(b, c):

1. a list of sets of data comprising the ledgers along with the specification of their structure, relations and functions in the organization of all ledgers as well as in data processing processes;
2. a description of the data processing system, in particular software, algorithms, procedures, functions, parameters as well as software principles of data protection and, in addition, the identification of the software version and the starting date of its operation.

The vast part of required information is usually found in the documentation provided by the manufacturer (user's manual) of the used software. It should identify the software's version, full names of files which comprise the ledgers along with a short profile of their contents, as well as a detailed description of the software's actions and the used principles of data protection. The great significance of financial and accounting software requires its description to become an integral element of the accounting policy.

Part of the documentation related to the IT system needs to be drawn up on one's own by the unit using it. This applies to the confirmation of accepting given software for operation along with the date and the signatures of persons responsible as well as the exact indication of the place in which the computer sets of data are kept. Therefore, both the computer and the full access path to the files consisting of a letter symbol for the hard disk drive, the folder and subfolders need to be determined (Bojanowski, 2000, p. 24).

6. PRINCIPLES OF DATA PROTECTION

The company keeping the ledgers is responsible for the protection of sets of data against unauthorized changes, unauthorized dissemination, damage or destruction (Ustawa z dnia 29 września, 1994, Art. 71(1)). Using IT systems, apart from unquestionable advantages, also involves a number of threats. Therefore, the legislator requires the use of the following methods of protection (Ustawa z dnia 29 września, 1994, Art. 71(2)):

1. using data carriers resistant to threats;
2. ensuring external protection for computer hardware and data carriers;
3. creating backups of sets of data on data carriers ensuring the durability of information for a period not shorter than the period required for storing ledgers;
4. using software and organizational procedures protecting the software and sets of data against any unauthorized access or destruction.

Providing proper protection for sets in the accounting system requires not only the protection of the software and data itself, but also of the computer hardware.

The Act requires to use only data carriers resistant to threats but it does not define them precisely (Pasińska, 2013, p. 6). Such provision means that the unit's manager has considerable freedom in the selection of specific data carriers from among, e.g. USB flash drives, hard disk drives or CD-Rs/DVD-Rs or CD-RWs/DVD-RWs.

External protection involves the protection of computer hardware and data carriers against the access of unauthorized persons as well as random events (e.g. floods, fires) if they may lead to physical damage or the loss of particular components of the computer and external carriers. The hardware used for accounting should thus be stored in locked rooms protected against theft, equipped with fire safety devices, overvoltage protection devices as well as emergency power units which make it possible to save the data and end work with the software despite pauses in the power supply. Data carriers should also be properly stored, preferably in closed containers (armoured cabinets, cases, safes) not exposed to the impact of unfavourable conditions, e.g. moisture, heat or strong magnetic field.

The regular preparation of backups of sets of data is also an important issue. There are two major reasons for copying and archiving the content of electronic ledgers. The first one involves the possibility of damage to the sets of data by human error, equipment failure or the operation of malicious software. If the data is archived on a current basis, the content of the ledgers as at the archiving date may be reconstructed and only those records which were entered after the backup was prepared are lost. The need to create additional sets of backup data also results from the obligation to store the ledgers for a given financial year. The Act makes it possible to keep ledgers only on computer data carriers if they are properly protected, namely copied (Ustawa z dnia 29 września, 1994, Art. 72(1)). It should be added that if the copy is to be used for storing ledgers for the period required by the law, the carrier used should be characterized by a properly long period of durability (Dudek, 2002, p. 11).

Companies are also obliged to use such software and organizational procedures which protect the software as well as the sets of data against unauthorized access or destruction. Software procedures

include, above all, assigning access passwords to all users of the software. Protections of this type may be used on at the level of (Dudek, 2002, p. 13):

- the computer, if the password is entered before the operating system is launched;
- the IT system, when the password needs to be entered to begin working with the software;
- selected functions of the IT system, if some actions performed by the software are reserved for specific users knowing the correct password.

In turn, the applied organizational procedures are to provide such organization of work for users of the IT system which would guarantee the safety of data. The management of a given business unit is responsible for the selection of the applied methods. The most significant organizational procedures include:

- defining the rights and obligations of each user with regard to entering, modifying and removing data in the software by the system administrator;
- determining the frequency of creating backups of sets of data as well as indicating the place of their storage (for safety reasons, the backup should not be stored in the same room as the basic sets);
- defining the principles for current antivirus control of data carriers;
- indicating the place to store the installation version of the financial and accounting software (for safety reasons, it also should not be kept in the room in which the software is used daily);
- conducting training courses regarding the operation of computer software and hardware for users;
- keeping business secret (protecting access passwords as well as the content of the sets of data).

7. SUMMARY

The provisions of the Polish balance sheet law contain a number of regulations related to the application of IT tools in accounting. The progressing automation significantly improves the work of the accounting department and, at the same time, contributes to the improvement in the quality of the entire IT system in the company. However, it should be remembered that computerization also involves specific threats that were not present in the case of traditional paper ledgers. Nevertheless, the advantages from the application of financial and accounting software and, first of all, the acceleration of record and reporting works (more information on this topic, Kunz & Tymińska, 2014, p. 55) certainly compensate the costs which need to be borne in connection with the purchase, protection or maintenance of an IT system handling accounting.

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