

# Simple Facts of Accounting

from **infoCPA**



No: **6**

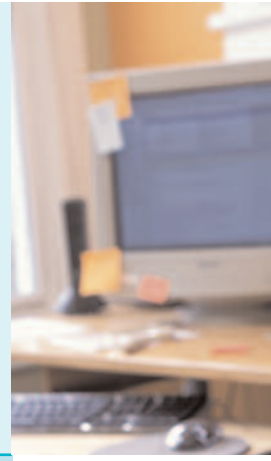
## Finance and IT - a special relationship?



**People often perceive the Finance and IT functions to be inseparable. Some would even say that there is a special relationship between these two functions.**

If a special relationship exists then this bond could be based on the fact that in a lot of businesses there is a perception that every ill that could possibly befall a business is usually the fault of IT or Finance. Of course IT and Finance have responsibilities within a business and are at fault when some things go wrong but not everything!

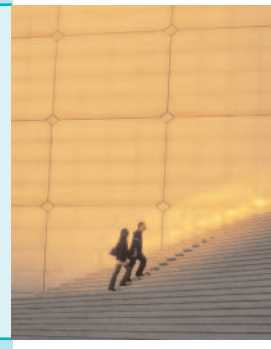
Being the convenient fall guy could explain the special relationship between IT and Finance. However a special relationship between IT and Finance also exists in the quest for successful IT implementation in the SME.



### Achieving Successful IT Implementation in the SME

An essential weapon in any business' arsenal is information. Having the information however is only half the battle; making proper use of it is the real challenge. If properly designed and well implemented, Information Systems can prove an invaluable investment in the long-term success of your business.

In common with any other production process raw material is required and in this case the raw material is data. Information therefore, is the product of applying Information Technology to data, which must be entered into a computer system in a consistent fashion. Whilst this may appear to be stating the obvious, this consistency, or lack of it, is a major reason why Information Systems implementations fail.



### Critical success factors for successful IT implementations

**Systems analysis - are the requirements clearly stated?**

- Operating needs - Functionality required from a system?
- Storage needs - Data that needs to be recorded and held in the system for future use?
- Information needs - What information do you need to be available from the system?



**System development / sourcing - does it fit?**

One key objective in sourcing any system is that it is compatible and will integrate into the existing or planned operating environment.

**User commitment - are users on board?**

To achieve success, it is imperative that use of any system be based on clearly defined procedures developed in conjunction with the users and taking into account current and future user requirements.



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## Training and communication - what training is planned and when?

It is human nature to resist change and employees often fear the implications. Having defined the changes required everyone must be kept fully informed and trained before the changes are implemented.



## System hand over and user acceptance - how and when will the end of the project be identified?

This is arguably the most important phase of any project. The system must be formally handed over to the users at the end of the implementation phase. From then on, it is the user's responsibility to operate the system.



## Standards and Infrastructure

Ironically one of the easiest things to do on Information Systems projects is deliver the technology. Many Information Systems projects suffer though because of the quality and standard of the technology applied. There is no point in buying cheap and paying later in terms of lost time for users and extra technical support costs, i.e. the much talked about 'Cost of Ownership'.

All personal computers are not the same. All printers are not the same. All software is not the same, etc. Cheap technology is a major factor why IT projects fail. Computers, which are of a suitable quality and correctly implemented, should not need constant fixing. If you find yourself in this situation then maybe its time to seek outside help to audit your systems and put a plan in place to rectify the root causes of the constant fixing.



## Maintenance

Be aware of the critical parts of your system - It's not always just the server!

Assessing the needs of your maintenance contracts is similar to assessing your insurance needs. You are seeking to predict and minimize exposure to risk in your business. You can get cheap insurance, which, on paper will discharge your responsibility to carry it, but it may not deliver when you most need it. The same is true of maintenance contracts. It is one of the hidden costs of stable computer systems. When choosing a service partner make sure that they have the staffing levels and skills to deliver on the commitments they make to you. Be prepared to pay reasonable rates to get the best contract.



## Outsourcing IT

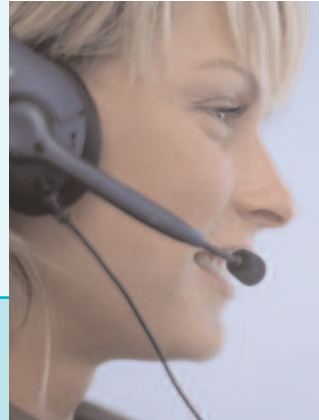
Depending on the business there may or may not need to be staff dedicated to the IT function. One of the cardinal sins of smaller businesses is to dump the responsibility for IT on the shoulders of the manager who finds it easiest to turn on a PC. The end result of this is a stressed out member of staff struggling to do the job they are paid to do combined with maintaining computer systems.

Outsourcing the technical support aspects of the computer systems is a good way of dealing with this problem of competing priorities.



## Conclusion

Many Finance and IT people have a relationship which is based on a mutual disrespect and would find it hard to consider the cooperation required for this special relationship. They are wrong. By making this relationship work both parties can achieve their objectives and make an invaluable contribution to the success of the business, especially in the case of successful IT implementation in the SME.



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