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RISK IN ORGANISATION IN DAY-TO-DAY ACCOUNTING

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ABSTRACT

The aim of the research is to analyse the risks associated with the day-to-day accounting in the organisations. For the same, the methodology considered is the secondary data collection method with qualitative research concerning a systematic literature review (inclusion, and exclusion criteria along with the PRISMA framework). The findings indicated that there are various risks concerned with the day-to-day accounting such as missing targets, ineffective customer communication, structural restriction, non-adherence to rules and policies, taxation issues, and so forth. However, the companies are undertaking various measures like providing flexible structure to employees, data protection measures, better scheduling, encryption aspects, and so forth leading to effective results. Therefore, the research question of the study is effectively assessed through the research's findings, and authors' viewpoints.

***KEYWORDS**: Risks, Day-to-Day Accounting, Taxation Issues, Non-Compliance, Strategies.*

Introduction

Aim

The aim is to analyse the risks associated with the day-to-day accounting in the organisations.

Day-to-day accounting helps in tracking the cash outflows and inflows of the business, as well as the available cash flows to manage the financials (Cunningham, et al., 2018). Risk management and accounting are closely interrelated in providing data regarding decision-making processes and supporting risk analysis. However, it is incorporated with various types of financial risks, operational risks, regulatory risks, and reputational risks such as market risk, inefficient system or process failures, non-compliance with accounting standards, or tax laws, and so forth. Furthermore, there is also a chance of data loss, device disruption, wrong communication, structural restriction, and so forth impacting the company's financial performance (Dumay & Baard, 2017). Therefore, this research paper is useful in analysing the risks associated with the accounting procedures of the company, and the mitigation strategies to be used to overcome the same.

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Objectives

- To evaluate the risk involved in day-to-day accounting in the companies.
- To explore the existing strategies that help in mitigating the risks of day-to-day accounting.

Question

What are the risks faced by the companies in managing day-to-day accounting?

Thesis Statement

“The internal control system is considered as an important factor for organisations to minimise the risk of errors and fraud in day-to-day accounting as it helps in ensuring the reliability and accuracy of the final statements, and hence useful in safeguarding the company’s assets.”

Literature Review

- **Concept of day-to-day accounting in the organisations**

According to Brooks & Oikonomou, (2018), accounting is considered as a process of recording the financial transactions of the business. The process incorporated analysing, summarising, and reporting the transactions to oversight regulators, agencies, and tax collection companies. Accounting is managed by the companies on a daily basis for evaluating, and tracking the cash outflows, and inflows in the business, and also assessing the availability of cash. This helps in updating the financial records concerning outgoing, and incoming payments. Similarly, Al-Mashhadi, (2021), indicated that to manage the discipline in the company and attain goals and objectives timely, the daily accounting process is considered essential. It is helpful in ascertaining budgets, recording transactions, compliance work, creating financial statements, tax preparation, maintaining fiscal history, and so forth.

- **The risk involved in day-to-day accounting in the companies**

Based on the perspectives of Syadali, et al., (2023), while dealing with the daily financials, the companies faced various types of risks such as financial risks, environmental risks, human risks, physical risks, investment risks, and so forth. Day-to-day accounting sometimes results in poor management, bad investments, accounting mistakes, and so forth. On the other hand, Shrives & Brennan, (2017), indicated that there are other risks also that the organisations face such as non-compliance with the rules, and procedures, reputational damage, window dressing, data breach, outdated technology, missing targets, deadline risks, and so forth. It has been seen that regular working results in the failure of the companies to comply with the regulations, and hence attaining ineffective outcomes. Furthermore, regular accounting results in the breaching of data resulting in lawsuits, and hence higher costs to the company. This can lead to impact the reputation of the company as well concerning losing clients, and hence tarnishing the brand image.

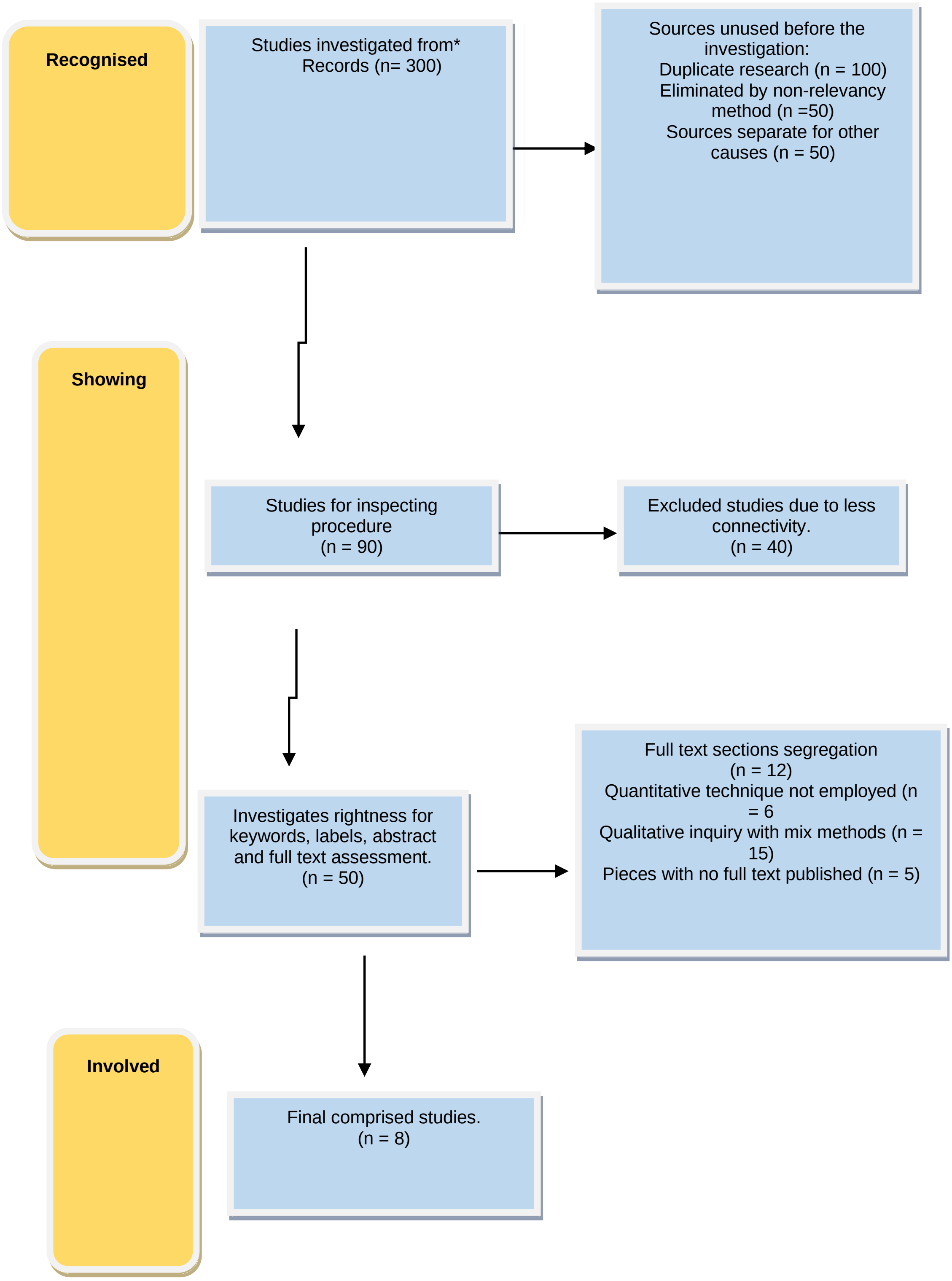
- **Existing strategies that help in mitigating the risks of day-to-day accounting**

According to Downing & Langli, (2019), the risks concerned with day-to-day accounting are being mitigated by the companies by utilising various strategies such as password protection, antivirus programs, encryption, as well as adherence to rules, and regulations. Utilising password protection helps companies to manage their programs, and secure data in an electronic manner, hence overcoming the issues regarding data breaches and privacy. Furthermore, the businesses utilise encryption that helps in preventing the data, and financials from theft, hence resulting in enhancing the trust level among consumers, and increasing brand image. Similarly, Appelbaum, et al., (2017), depicted that the companies are focusing on building a flexible and adjustable structure to make the users feel free to work from different locations, and hence bring productivity to the company. This can help in enhancing the company’s working with regard to daily accounting, and hence build up credibility.

Methodology

The research is conducted with the help of ***SLR “Systematic Literature Review”*** which is concerned with structuring the research question, determining literature, extracting data, and evaluating results (Tian, et al., 2018). Concerning the same, the ***PRISMA framework*** is used with regard to inclusion, and exclusion criteria to diagnose the study effectively. The relevant articles regarding the day-to-day accounting, and its associated risks, and strategies are been evaluated.

PRISMA Framework



Inclusion and Exclusion Criteria

Inclusion	Exclusion
The literature directly relevant to the research topic is considered. Articles published after 2017 in the English language are incorporated.	Articles and books not relevant to day-to-day accounting are not included in this research. Articles published before 2017 are not incorporated. Articles other than English language are not considered.

Concerning the above, the ***keyword search strategy*** is undertaken for selecting effective and reliable literature. The keywords such as accounting, day-to-day accounting, and accounting risks are considered from authentic sites and sources like Google Scholar. Moreover, the ***secondary data collection method*** is considered in the study for evaluating various articles, and published sources related to the topic. It is beneficial in terms of analysing the risks related to the day-to-day accounting in the organisations. This helps in building the research structure in an effective manner, and attaining the goals of the study suitably (Carroll, et al., 2017). Moreover, the ***qualitative method*** is selected to increase the research relevancy in an effective manner. This provides non-numerical information in order to better analyse the topic, and attaining the research aim effectively.

Findings and Discussion

Businesses operating in the market face various risks on a regular basis such as regulations, taxation issues, data protection for clients, and so forth. These are analysed after making the day-to-day records in the company concerning the evaluation of the operations of various departments, their utilisation of resources, inflows, and outflows, reconciliation, and so forth. However, preparing the same also results in various issues for the businesses such as device disruption, theft of data, outdated technology, ineffective communication with clients, and so forth. This means that day-to-day accounting results in higher manipulation of data as it is easily accessible to the accountants, and other financial analysts, and hence various technical issues, accidental deletions, immoral minds, and so forth result in the loss of entire data. This directly results in the company to a dead-end and hence hampers the firm's performance on a negative side.

Furthermore, it has been discussed that technical glitches are also a risk faced by the company that can possibly result in creating an unfortunate event damaging the company's reputational performance. This does not only result in data loss but also affects the ability of the employees, and other staff to work in the same productive manner. This creates a risk for the company in terms of non-attainment of the goals on time. At the same time, based on the views of the authors in the literature review section, it has been discussed that there are other risks faced by the company such as non-compliance of rules, and regulations, reduced financial performance, structural restrictions, and so forth.

At the same time, based on the findings it has been seen that there are various measures been undertaken by the companies to overcome the risks of day-to-day accounting such as internal control systems that help in enhancing the reliability, and accuracy of the financial information, and manages the availability of assets. Furthermore, effective risk management practices such as password protection, encryption, and adjustable, and flexible structure help in minimising the risk of companies concerning day-to-day transactions. Therefore, the findings help in addressing the research question in an effective manner.

Conclusion

Considering the research, it can be concluded that day-to-day transactions help in analysing the cash inflows, and outflows in the company, and the availability of funds to manage operations. However, it creates various risks for the firm such as data loss, device disruption, structural restriction, outdated technology, non-compliance with regulations, taxation issues, and so forth. The companies, on the contrary, have taken various strategies to mitigate these issues such as utilising password-protected management programs, encryption, flexible, and adjustable structure, effective collaboration with clients, and so forth in order to meet the aim and objectives.

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