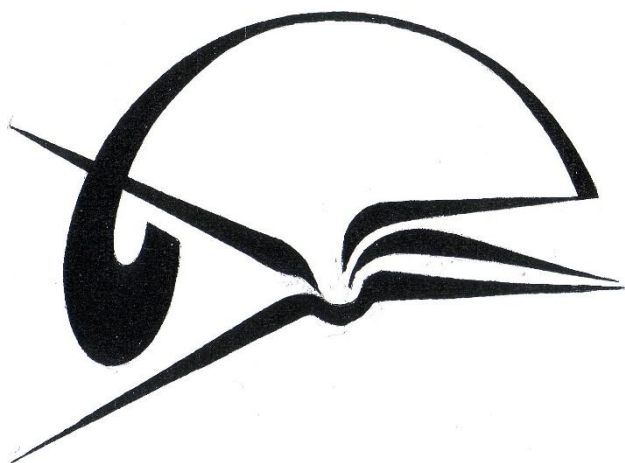


**УПРАВЛЕНИЕ И
ОБРАЗОВАНИЕ**

**MANAGEMENT AND
EDUCATION**



**ИКОНОМИКА, ФИНАНСИ
СЧЕТОВОДСТВО**

**ECONOMICS, FINANCE
ACCOUNTING**

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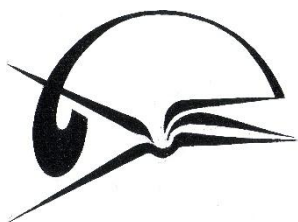
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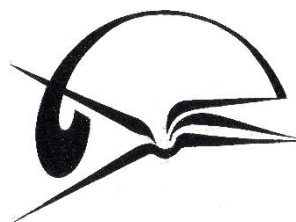
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Благица Колева

ACCOUNTING SYSTEMS AS INFORMATIONAL SUPPORT FOR THE MANAGING OF FINANCIAL RESOURCES IN SCHOOLS IN RNM

Blagica Koleva

ABSTRACT: *This paper aims to analyze the role of accounting systems as important tools for improving financial accountability and resource management in educational institutions. Financial management in educational institutions is a key factor for ensuring the efficiency, transparency, and long-term sustainability of the education system. Accounting systems play a crucial role in this process, as they enable the precise and timely recording, processing, and analysis of financial data. In the Republic of North Macedonia, schools employ various models of accounting systems, ranging from traditional bookkeeping methods to modern digital solutions. The degree of automation and standardization in financial management varies depending on the size of the institution, available resources, and the level of support provided by relevant authorities and policymakers.*

The theoretical section provides an overview of the core characteristics of accounting systems, examining their application within the public sector, particularly in the context of educational institutions. Additionally, it explores the specific financial management needs and challenges that schools face in managing their resources effectively. The main goal of this research is to assess the current development level of accounting systems in the education sector, explore opportunities for further improvements through digitalization and standardization of processes, and provide recommendations for more efficient financial management practices. Preliminary findings suggest that the modernization of accounting systems is crucial for enhancing transparency, reducing administrative burdens, and improving accountability across educational institutions. The research highlights the importance of embracing digital transformation to streamline financial processes and ensure more efficient allocation and management of resources.

Keywords: digitalization, accounting systems, financial management, educational institutions, transparency, automation, etc.

Introduction

Financial management in educational institutions is a complex process that involves planning, allocating, controlling and reporting on financial resources. This process is crucial for the sustainability and functionality of schools, as it affects the quality of education, the available resources and the overall efficiency of the education system. In this context, accounting systems play a vital role, as they provide accurate, timely and relevant information on the financial performance of schools.

Modern accounting systems in the public sector, especially in education, are aimed at automating financial processes, in order to increase efficiency, reduce human errors and ensure transparency. The application of such systems allows for better budget management, cost tracking and

increased accountability to competent institutions and the public.

Accounting systems play a key role in the management of financial resources in educational institutions. In schools in the Republic of North Macedonia, there are still varying degrees of digitalization, with some institutions using traditional methods, while others are moving towards modern ERP systems. The appropriate choice of accounting system can significantly improve the efficiency, accuracy and transparency of financial management in the education sector.

An important question arises regarding the level of implementation of modern accounting systems in schools in Macedonia, their advantages and limitations, as well as the possibilities for improving financial management through modernization of these systems. The implementation of accounting information systems in schools in the

Republic of North Macedonia represents a significant step forward in the modernization of financial management. Accounting process automation systems enable greater efficiency, transparency, and control of resources. However, successful implementation requires addressing challenges related to costs, staff training, and technical support. With continued investment in infrastructure and education, schools can take full benefit from the advantages offered by modern accounting information systems.

Definition, basic characteristics and types of accounting systems

An accounting system is an organized set of policies, methods, procedures, and technologies used to collect, classify, process, store, and present financial information. In educational institutions, accounting systems are used to record and manage public finances, plan and implement budgets, monitor income and expenditure, and report to relevant authorities. In modern systems, advanced software solutions enable automated processing of financial data, which increases transparency and efficiency in resource management. Accounting systems can be manual (traditional, paper-based) or digital (computerized), depending on the level of automation. Manual systems involve keeping records on paper, which is a slow and error-prone process. On the other hand, digital systems use specialized software tools that significantly improve the accuracy and speed of data processing (Gauthier 2006, p. 117).

Modern accounting systems are characterized by several key aspects that make them efficient and applicable in various sectors, including education:

- *Accuracy and reliability* – They ensure precise processing of financial data, minimizing human errors through automated controls and checks.

- *Process automation* – Digital systems enable automatic processing of transactions, generation of financial reports, and monitoring of budget items.

- *Integration with other systems* – Advanced accounting systems can be linked to other information systems, such as human resource management systems, enterprise resource planning (ERP systems), or financial reporting systems.

- *Transparency and accountability* – Modern systems allow for full tracking of financial transactions, which increases transparency and reduces the possibility of financial fraud.

- *Efficiency in data processing* – Digital systems significantly reduce the time required to enter, process, and analyze data.

- *Legal compliance* – Accounting systems in public institutions must be compliant with national legal regulations and international accounting standards.

Depending on their organizational structure, technology, and degree of automation, accounting systems can be classified into several categories (Schiller, 2009, p. 212):

1. Traditional (manual) accounting systems

Traditional accounting systems are based on manual financial record keeping, using ledgers, registers, and paper documents. These systems were most commonly used in the past, but even today there are schools and educational institutions, especially in rural areas, that still rely on this method of work.

2. Semi-digitalized accounting systems

Semi-digital systems represent a transition from traditional to fully digital accounting. In this case, schools use basic digital tools, such as Microsoft Excel or simple software solutions for financial records. These systems offer certain advantages over traditional bookkeeping, allowing for faster data processing, although they do not yet provide full automation or integration with other systems.

3. Fully digitalized accounting systems

Modern accounting systems in developed educational institutions are fully digitalized and based on software solutions that enable automated processing and analysis of financial data. These systems are often part of broader ERP (Enterprise Resource Planning) platforms, which enable integrated management of all financial and administrative processes in schools.

Role of accounting in the public sector, especially in education

Accounting plays a crucial role in the public sector, especially in education, as it enables the effective management of public resources, ensuring transparency and accountability, and is the basis for maintaining financial discipline. In educational institutions, accounting not only provides accurate and timely data on income and expenditure, but also helps in planning budgets and monitoring their implementation (Baker and Moeller, 2013, p. 22).

The primary function of public sector accounting is to ensure the accuracy and completeness of financial transactions. In the context of education, this means that every denar spent on teaching activities, staff salaries, or infrastructure investments must be accurately documented and analyzed. Accurate accounting and reporting enables cost control and creates a basis for optimal allocation of financial resources. Accounting systems in education are also vital for effective budget planning. Once institutions receive their funds, they must be able to allocate them to various activities, such as teaching materials, training for teaching staff, rental of premises and other ongoing costs. Well-established accounting systems enable effective tracking of these expenditures and assessment of the efficiency of the funds spent. In addition, accounting is responsible for ensuring transparency and accountability, which is especially important for public institutions. Citizens have the right to know how the funds provided by the state to finance education are used. Transparency is ensured through the regular publication of financial reports and information regarding budget allocations. On the other hand, accountability guarantees the ability of the institution to answer all questions and to show how the funds are used to support educational goals.

Accounting in education also facilitates the establishment of mechanisms for controlling and auditing expenditures. The introduction of modern accounting systems in schools can lead to a significant reduction in the risks of financial abuse and irregularities. Many educational institutions in the Republic of North Macedonia, however, face challenges such as inadequate accounting systems and weaknesses in financial controls. They often face difficulties in monitoring financial transactions, which reduces the efficiency of resource management. To achieve greater efficiency, it is essential to invest in modern accounting tools and improve the training of personnel responsible for financial management. It is necessary to develop strategies that will enable the smooth and effective use of public funds, as well as to create mechanisms for faster and more reliable reporting. Investing in these areas will increase not only the efficiency of educational institutions themselves, but also public's trust in the education system.

Accounting in education plays a key role not only in controlling costs, but also in developing educational policies and strategies.

Financial management in educational institutions in the Republic of Macedonia

In the Republic of North Macedonia, educational institutions face various challenges in managing financial resources, which makes the processes of budgeting, allocation and monitoring of expenditures of exceptional importance. In order to ensure optimal use of public funds and improve the quality of education, it is important to establish an effective financial management system that is transparent, accountable and sustainable. The primary financial sources for educational institutions in the Republic of North Macedonia come from the state budget, allocated through the Ministry of Education and Science, local governments, and other funds or donations. This distribution of funds includes not only the payment of salaries for teachers and other employees, but also investments in infrastructure, the purchase of teaching materials and the development of new educational projects.

The budgeting process in educational institutions begins with defining the financial needs and priorities of schools. A budget is then prepared, which must follow legal regulations and standards, and at the same time meet the specific needs of the institution.

After the budget is approved, the implementation phase begins, which involves continuous monitoring of expenditures and ensuring that funds are allocated appropriately for their intended purposes. This process is subject to regular control and audit, in order to ensure accountability and transparency. However, despite existing efforts to manage financial resources efficiently, educational institutions face serious challenges. Key challenges identified by experts in this area include a lack of expertise and training among finance staff in schools, problems with the transparency of the allocation of funds, as well as the lack of digitization and automation of accounting processes.

To improve financial management in educational institutions, it is necessary to invest in modernizing financial systems, including the implementation of new accounting software that will enable faster and more efficient tracking of financial data (Robinson and Schmitt, 2009, p. 78).

Advantages and challenges of implementing SIS in RNM schools

The advantages of implementing a SIS:

- *Process automation*: The main advantage of SIS is the automation of accounting processes, which significantly reduces the need for manual

data entry, minimizing the risk of errors and increasing data accuracy.

- *Faster and more accurate financial data processing*: SIS enable fast and efficient generation of financial reports, which means schools can receive accurate and timely reporting on their financial situation. This is particularly important for making informed decisions.

- *Transparency and Accountability*: With the introduction of the SIS, transparency in the management of financial resources is improved. Financial transactions and reports are easily accessible for analysis, which creates conditions for greater accountability and reduces the possibilities for abuse.

- *Better control over budgets and financial flows*: SIS allows for accurate tracking of income and expenditure, which facilitates budgeting and financial planning in schools. This helps in better management of funds and ensures optimal use of resources.

- *Support for strategic planning and decisions*: The data generated by SIS enables the creation of long-term strategies for the development and improvement of the school, based on accurate information about the financial situation.

The challenges in implementing SIS:

- *High implementation and maintenance costs*: Implementing accounting information systems can be expensive, especially for smaller schools and those with limited budgets. The costs of software, infrastructure, and staff training can be a significant burden.

- *Lack of expertise and trained staff*: In many cases, schools do not have a sufficient number of professional staff who are capable of working

with advanced accounting software. Training is needed for existing staff, and in some cases, hiring new staff with specific skills for working with SIS.

- *Resistance to change*: Some schools may face resistance from staff when implementing new technologies. This resistance may be a result of fear of new working methods or a lack of trust in new systems.

- *Technical issues and support needs*: As with any new technology, SIS in school can face technical problems, such as system outages, data processing errors, and the need for technical support. These problems can disrupt day-to-day operations and increase operating costs.

- *Lack of integration with other systems*: SIS are not always integrated with other systems in schools, such as those for student management or administrative tasks. This can create issues with coordination and data availability, making it difficult to include all important information in the management process (Cheng, 2005, p. 45).

Empirical research and data analysis

In order to obtain a clear picture of the state of accounting systems in schools in the Republic of North Macedonia, a systematic survey was conducted, which included 50 school accountants and administrators. The methodology is based on a quantitative and qualitative approach, combining surveys, interviews and analysis of school financial reports.

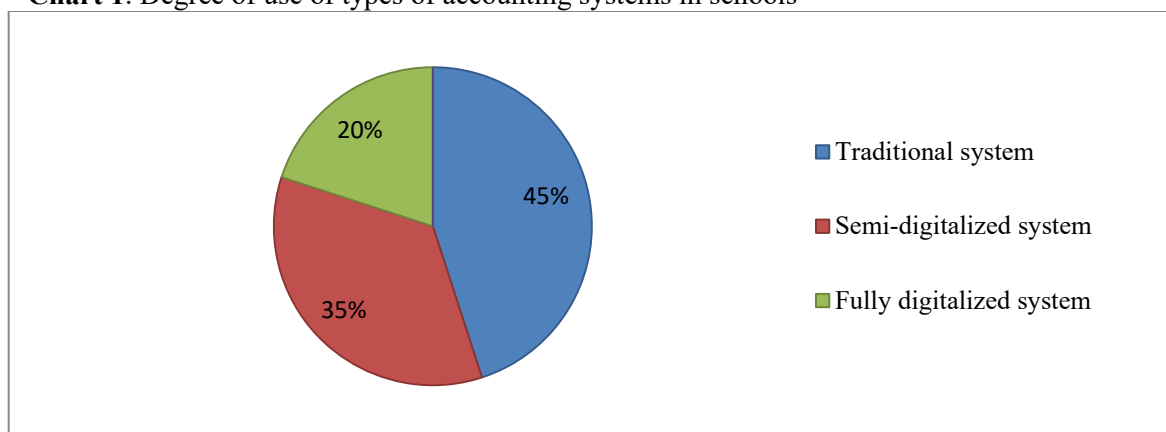
The research covered schools from different regions, in order to obtain a representative sample that would reflect the real situation across the country.

Table 1. Degree of use of types of accounting systems in schools

Question 1: What type of accounting system does your school use?	
Possible answers	Results
1. Traditional system (paper records, manual bookkeeping)	23 (45%)
2. Semi-digitalized system (Excel tables, partially digital processing)	18 (35%)
3. Fully digitalized system (specialized accounting software)	9 (20%)

Source: Author's calculations

Chart 1. Degree of use of types of accounting systems in schools



Source: Author's calculations

This data is worrying because it shows that 80% of schools do not have fully digitalized accounting processes. This means that much of the administrative work is done manually, which

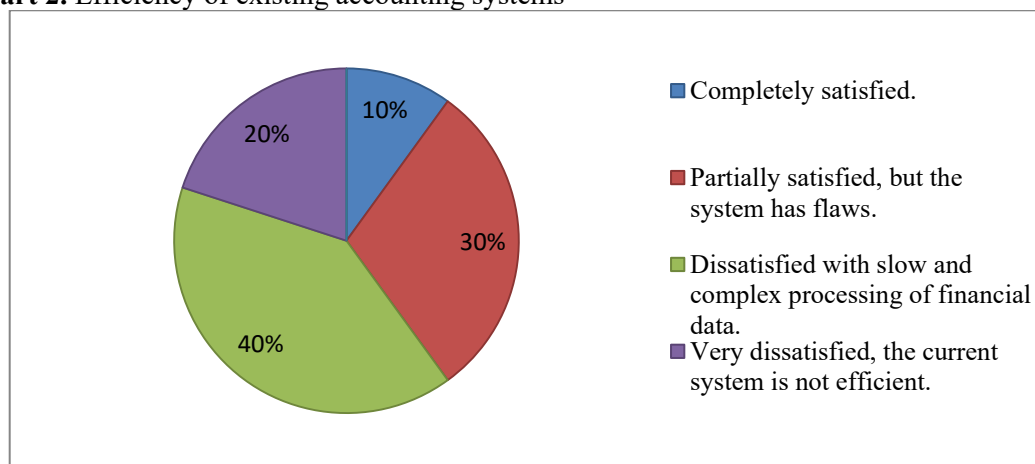
leads to greater chances of errors, increased administrative burden and slow processing of financial data.

Table 2. Efficiency of existing accounting systems

Question 2: How satisfied are you with the efficiency of your accounting system?	
Possible answers	Results
1. Completely satisfied.	5 (10%)
2. Partially satisfied, but the system has flaws.	15 (30%)
3. Dissatisfied with slow and complex processing of financial data.	20 (40%)
4. Very dissatisfied, the current system is not efficient.	10 (20%)

Source: Author's calculations

Chart 2. Efficiency of existing accounting systems



Source: Author's calculations

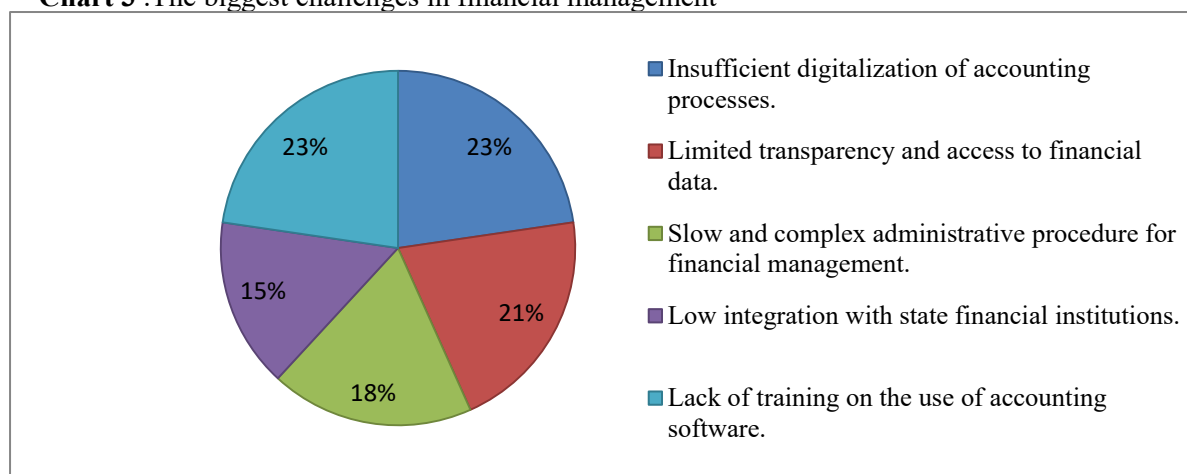
As many as 60% of accountants are dissatisfied with the system they work with, indicating an urgent need to modernize it. If more than half of

the respondents believe that the systems do not function efficiently enough, this means that financial management in schools is at serious risk.

Table 3. The biggest challenges in financial management

Question 3: What challenges do you most often face when managing financial processes?	
Possible answers	Results
1. Insufficient digitalization of accounting processes.	12 (23%)
2. Limited transparency and access to financial data.	10 (21%)
3. Slow and complex administrative procedure for financial management.	9 (18%)
4. Low integration with state financial institutions.	7 (15%)
5. Lack of training on the use of accounting software.	12 (23%)

Source: Author's calculations

Chart 3. The biggest challenges in financial management

Source: Author's calculations

This distribution shows that the biggest challenges are the lack of training on accounting software (23%), which indicates the need for increased education of school employees. As well as insufficient digitalization (23%), which

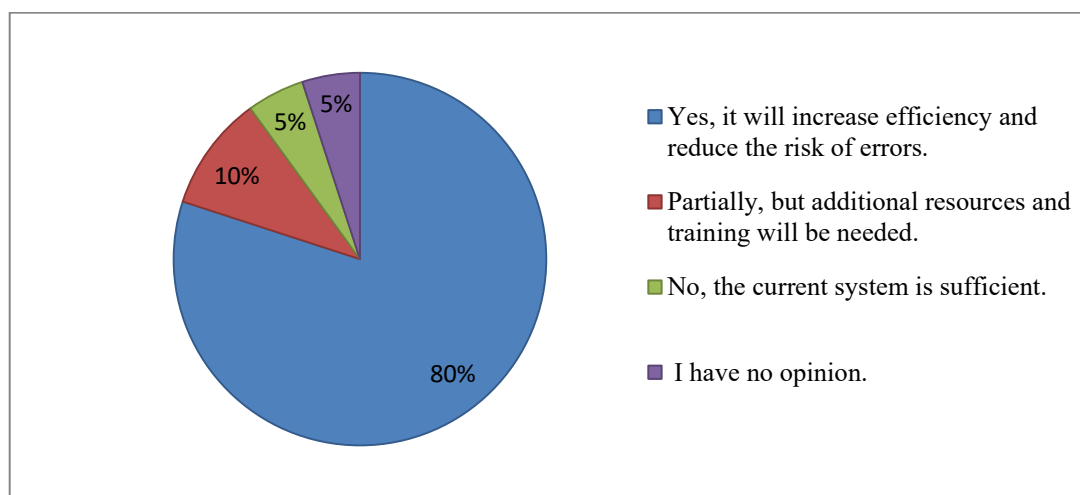
indicates that some schools still use outdated methods for financial management. Slow administrative procedures (18%) and limited transparency (21%) indicate a need for optimization of financial processes in the education sector.

Table 4. Would digitalization improve financial management?

Question 4: Do you think that introducing a fully digitalized system would improve financial management?	
Possible answers	Results
1. Yes, it will increase efficiency and reduce the risk of errors.	40 (80%)
2. Partially, but additional resources and training will be needed.	5 (10%)
3. No, the current system is sufficient.	2 (5%)
4. I have no opinion.	3 (5%)

Source: Author's calculations

Chart 4. Would digitalization improve financial management?



Source: Author's calculations

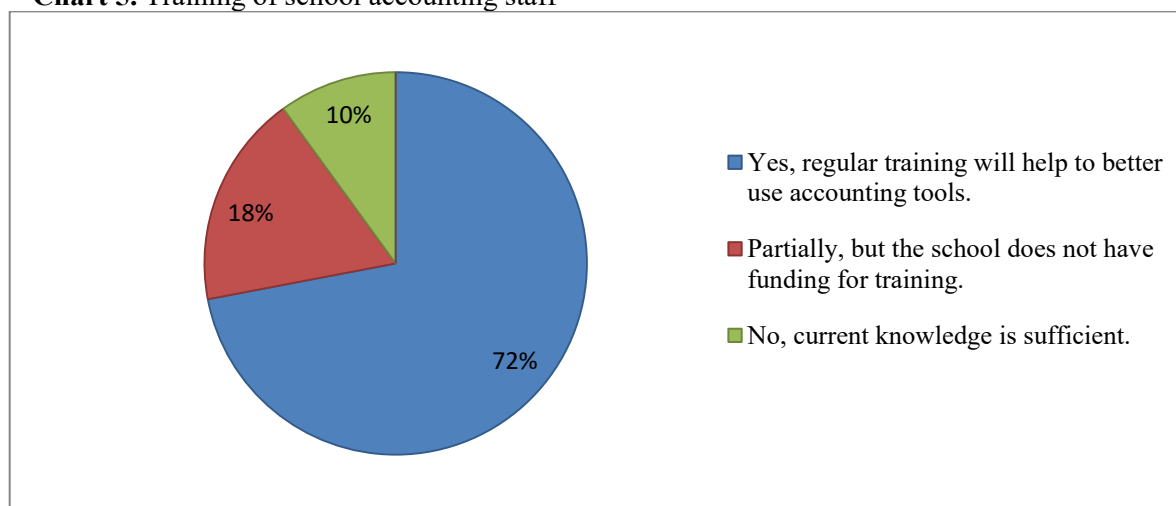
A vast majority of 80% explicitly request modernization of accounting systems, confirming the need for digital transformation.

Table 5. Training of school accounting staff

Question 5: Do you think training is needed to improve financial management?	
Possible answers	Results
1. Yes, regular training will help to better use accounting tools.	37 (72%)
2. Partially, but the school does not have funding for training.	8 (18%)
3. No, current knowledge is sufficient.	5 (10%)

Source: Author's calculations

Chart 5. Training of school accounting staff



Source: Author's calculations

The vast majority of 72% of accountants and administrators surveyed believe that regular training is key to improving financial management. This shows that, despite potential improvements in accounting systems, their successful

implementation depends on the knowledge and skills of staff. A problem is the fact that 18% of respondents state that the school does not have financial resources for training, which means that even if such educational programs were

organized, their success would be limited without adequate financial support. Most worryingly, 10% of respondents believe that there is no need for additional training, which may indicate insufficient awareness of the importance of modernizing accounting systems.

Conclusion

Financial management in educational institutions in the Republic of North Macedonia is a complex process that requires well-organized and efficient mechanisms for monitoring, controlling and accounting for financial resources. In this context, accounting systems play a crucial role, enabling transparency, accuracy and timeliness in financial reporting. The analysis conducted in this paper has shown that the modernization and digitalization of accounting processes are key to improving financial management in schools. The current situation shows that schools in Macedonia still face numerous challenges in the implementation of advanced accounting systems. Lack of financial resources, outdated bookkeeping methods and insufficiently trained staff represent barriers to effective management of financial resources. Although there are legal frameworks that regulate financial operations, their implementation in practice often faces administrative and technical obstacles. The results of this research show that the implementation of modern accounting systems in schools can significantly contribute to better resource management, a higher level of financial discipline, and more efficient educational financing. Thus, the modernization of accounting processes is not only a need, but also a necessity for a sustainable and transparent education system in the Republic of North Macedonia.

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