RESPONSIBILITY ACCOUNTING IN DEPED

by:
Lady Mae M. Esconde
Administrative Aide VI

In an organization, the authority to decide may be decentralized or centralized. When the authority is confined to the top manager, it is centralized. With the use of Responsibility Accounting and Decentralization, the decision making is made faster without compromising authority and responsibility. The Responsibility accounting is a system that identifies responsibility centers and their objectives, develops performance measure, and analyses the reports. This includes the reporting of revenue and costs by areas of responsibility. In an investment center, the performance is measure through Return on Investment which must not be lower than the desired rate of return. For cost center’s performance, it may be measured using variance analysis while the profit center may be assessed using the increase in profit due to its operations. These responsibility centers may also be assessed using the balance scorecard of the entity.

Responsibility Accounting and Decentralization may be seen everywhere. In the Department of Education- Division Office of Bataan, each school is a cost center. It has only access to cost used in different activities of the organization. The school head serves as a subunit manager. The performance of the school heads is measured using the utilization rate of their monthly operating budget. A good manager can meet all its planned disbursement with few variances. When the school has a monthly operating budget of 100,000 and made a granting of only 50,000, it means that some of the benefits that are supposed to be received by students and teacher during that month is not served by the school head. Hence, the utilization of Maintenance and Other Operating Expenses Fund is one of the factors in the assessment of their performance.
With proper delegation of authority and a good performance measure, management objectives may be met while the management by exceptions will be mitigated to the responsible party which may eventually be useful in decision making.

References: