6 Common Accounting Tech Stack Questions

By Kenneth Q. Tan, Partner, and Rachel Malone, Accounting Supervisor

Technology changes quickly, and if you do not evaluate your software and systems frequently, they can become outdated and inefficient. When nonprofit clients come to us for assistance with their accounting software and processes, many are unaware that their software, or lack thereof, is the cause of the issues they are experiencing.

Here are answers to six of the most common accounting tech stack questions we receive.

1. What is a tech stack?

In accounting, a tech stack is a group of applications or software that provides solutions for specific accounting functions. Typically, organizations start with their general ledger (G/L) accounting system when building a tech stack, and then add auxiliary software for additional accounting functions.

Examples of additional accounting functions a tech stack can help with include:

- Expense management
- Accounts payable or bill pay
- Accounts receivable (or tuition, for educational institutions)
- Payroll
- Online giving and church member or donor management
- Budgeting and forecasting
- Reporting and analysis

Essentially, the software and applications in a tech stack work together and reduce the need for manual accounting functions.

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2. Why should we invest in software if we already have staff members who can perform these tasks?

Understandably, some organizations are hesitant to digitize their accounting processes because the accounting staff have been performing these functions for years, and the organization doesn't want to "replace" the staff members with technology. However, effective accounting software solutions and automations can free up time for your staff members to focus on functions that only they can do and allow them to be more efficient.

Another benefit is accuracy. Humans are involved in manual accounting processes, meaning there's a risk of human error. Software can reduce or eliminate errors while giving your accounting staff the ability to oversee the process and ensure that the system is providing the necessary data and reporting.

3. What accounting functions should we consider finding software solutions for?

In addition to G/L accounting, expense management, accounts payable, accounts receivable, payroll, online giving and donor management, budgeting and forecasting, and reporting and analytics, software can be used for background checks, point-of-sale transactions, event scheduling, volunteer sign-up, fundraising, and website add-ons. There are many possibilities when it comes to software integrations and automations.

4. How do we find the right software to fit our needs and budget?

At a minimum, research available integrations and automations offered by your main G/L accounting software. If you are already using auxiliary software that integrates with your G/L system, make sure the connection has been set up and the two systems are communicating with each other. If you are using auxiliary software that does not integrate with your G/L software, evaluate whether your current software solutions serve your organization well or if you should make a change.

Keep in mind that while there might be some start-up costs associated with implementing a new software solution, technology can save you time and money over the long term when used correctly.

5. Does this mean we might already be paying for some features that we aren't using because our systems aren't properly configured?

Yes! If you need assistance evaluating whether your software has been properly configured, consider engaging a professional to help you understand your business requirements and how to optimize your software to meet those requirements.

6. How do we justify the need for software automations to our finance committee or board?

Some organizations may be hesitant to approach their finance committee or board to request funds to implement or integrate new software. Here are a few talking points for this discussion:

- Staff are currently doing the work manually, keeping them from other mission-focused tasks
- Automation can benefit our organization by:
  - Reducing the likelihood of errors
  - Saving time
  - Allowing for more real-time accounting, including reporting and dashboards for analysis
  - Providing faster month- and year-end closing processes
  - Solving document retention and storage concerns

In an upcoming article, we'll discuss what to consider when optimizing your accounting software solutions. Please contact us if you have any questions about accounting tech stacks or if there is anything we can assist you with. As accountants and consultants, we have experience with many different software options, configurations, and combinations, and we can help you evaluate and optimize your current technology solutions and assess additional solutions.

About the Author

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Ken has more than 15 years of public accounting and large nonprofit experience, providing both advisory and assurance services to various nonprofit entities, churches, and mission organizations. Prior to joining the firm, he managed the audits of public Fortune 100 and private multi-billion dollar companies for a Big 4 accounting firm, provided advisory and strategic planning for churches, nonprofits, and small to medium-sized businesses, and served as the controller and corporate officer for a large faith-based multi-national mission agency.

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Rachel joined CapinCrouse in April 2022 and is an accounting supervisor on the Consulting team. She has over 10 years of experience providing accounting and project management services and expertise to various churches and nonprofit organizations. She has worked closely with clients to provide accounting, consulting, and payroll services as well as audit support. Rachel continues to assist her clients in getting their day-to-day accounting questions answered as well as budgeting for current and future events.

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