

How to Evaluate the Effectiveness of Your Accounting Tech Stack

By Stan Reiff, Partner and David J. Gunter, Partner

Effective accounting software solutions and automation can provide nonprofit organizations with significant benefits, including improved accuracy and efficiencies that free up accounting staff members to focus on functions only they can perform. By embracing new software and tools, you also could gain more insight into your organization's finances — insight that could help you expand your mission.

It's important to periodically review the effectiveness of your current [accounting tech stack](#) — the group of applications or software that provides solutions for your accounting functions — and consider whether [recent technological advances](#) could positively impact your financial systems and processes.

How to Evaluate the Effectiveness of Your Current Accounting Software

We recommend that you evaluate the effectiveness of your accounting software at least every five years to ensure it meets your organization's ongoing needs. But how can you ensure that you have the most effective software at the appropriate price point for your organization's budget, size, and level of complexity?

Start by considering the following about your current accounting software:

- Does it meet all your reporting needs, or do you have to extract data and create reports outside of your accounting system?
- Does it allow you to move to a paperless environment for accounts payables and other disbursements?
- Does it have additional features that you may not be aware of or use effectively?
- Are you using the most up-to-date version of the software, or are there updates available that might benefit your team?

Next, evaluate your existing processes and needs:

- What “non-value” labor costs are you incurring from entries your team is manually recording but that could be automated?
- Have you evaluated or implemented automated payments for recurring transactions?
- Are you using a credit card management system to enhance and streamline your credit card expense tracking, approving, and recording processes?

Then, assess whether your existing software:

- Provides data visualization and dashboards that give your budget managers, leadership, and governance the financial information they need to make informed decisions and provide adequate financial oversight.
- Allows you to attach electronic source documents to the related transaction, saving you hours of manual labor filing and retrieving paper documents.
- Includes an auditor's portal that gives your auditors access to your general ledger and supporting transaction documentation. This eliminates the time and labor required to retrieve paper source documents from physical files.
- Has an open architecture to support application programming interface (API) integration with other applications.

Finally, we suggest discussing your organization's needs with someone who has experience with other software solutions or with your existing software in a different environment. A professional can help you understand the business requirements and potential impact of any changes on your operations, including your other applications, website, donor tracking, expense management, and payroll.

In doing this, you may discover that a new application you are considering might not meet your needs as well

as your current solution. You may find that you just need to update your current software to reflect changes in your organization or workflow, or to incorporate enhancements that have become available.

Changing software providers is not always the best approach. Software conversions and implementations can be high-risk, time-consuming, and costly. The risk of a failed new software implementation is generally much higher than improving the use of existing software by evaluating and updating settings and configurations.

Calculate the Cost

If you implement new accounting software, we recommend that you consider best-in-class software or the best integrated applications. There are pros and cons to each option, and these will vary based on your organization's specific business requirements and the available solutions.

"Best-in-class" refers to individual applications such as donor or church management systems that are not integrated with the general ledger and must be linked by APIs or left unintegrated, requiring manual interfacing.

"Best integrated software" is software that is integrated with the general ledger, as the name implies. This eliminates the need to integrate the various standalone software applications when upgrades are released. However, you may find that the best software modules for your organization's needs can be licensed under a best-in-class solution but are not available through integrated applications.

Also factor in:

- The total cost of the software, not just the licensing fee (design and custom development fees can often far eclipse the cost of licensing)
- Implementation costs, user fees, and other potential hidden service fees
- Any ongoing training and user support service fees

Before making a final decision, evaluate the total cost of the software over five to 10 years.

Whether you decide to stay with your current accounting software or make a change, ensure that you are using the proper controls.

Ensure Adequate Security and Ongoing Training

Whether you decide to stay with your current accounting software or make a change, ensure that you are using the proper controls. Assess the following:

- What controls are in place to reduce the risk of fraud related to the use of the software?
- Is your accounting software desktop-, server-, or cloud-based? What steps are you taking to mitigate your cyber risk?
- Are you using multi-factor authentication, biometrics, or other security features to secure your financial environments?

It's also vital to make sure your staff receives the proper training so they can use the software efficiently and effectively. We recommend asking the following questions about the accounting software at your organization:

- Are all your accounting staff members up to date on their software training?
- When was the last time you provided formal training?
- Is anyone from your financial operations team part of a user group network that brainstorms and shares best practices related to your software?

Planning Ahead

It can sometimes be difficult to calculate the costs of not reorienting your finance area with technology tools to replace older methods and processes. However, the costs can be significant, especially for organizations undergoing or planning for expansion into new areas.

That's why it's important to assess whether your financial systems can support your organization's growth. Nonprofits and churches thriving in the information era understand that modern approaches that increase efficiency and lower costs can be balanced with their focus on achieving their mission.

Please [contact us](#) with any questions or if you would like to discuss how CapinCrouse can help you evaluate your accounting tech stack needs.

Additional Resources:

- [6 Common Accounting Tech Stack Questions](#)
- [Accounting Tech Stack Optimization](#)
- [The Church Financial Field Guide](#)

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Stan's professional experience includes over 35 years in ministry operations, public accounting, government accounting, and international missions. He has a unique ability to balance strategic thinking with a deep knowledge of and hands-on experience in the day-to-day operations of many types of organizations. Stan provides strategic leadership of the firm's professional advisory and consulting services, including research on emerging issues in the faith-based nonprofit sector and the development and implementation of products and services in response to those needs.

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About CapinCrouse

As a national full-service CPA and consulting firm devoted to serving nonprofit organizations, CapinCrouse provides professional solutions to organizations whose outcomes are measured in lives changed. For over 50 years, the firm has served domestic and international outreach organizations, universities and seminaries, foundations, media ministries, rescue missions, relief and development organizations, churches and denominations, and many others by providing support in the key areas of financial integrity and security. With a network of offices across the nation, CapinCrouse has the resources of a large firm and the personal touch of a local firm. Learn more at capincrouse.com.

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