



Seven “must have” core accounting applications.

Introduction: The Challenges of Business without an Accounting Software Solution.

All businesses face the challenge of trying to run efficiently and effectively, while also staying *on budget*. Despite the fact that money is often the driving force behind financial decisions such as an accounting software package, it is of the utmost importance to have a system in place. Accounting systems maximize efficiency by streamlining business processes, saving time and money. Not having an accounting system in place leaves room for human error. These seven simple core-accounting applications will enable you to manage information, prepare forecasts, monitor performance, track growth, and much more. While these applications might not be necessary or suitable for every business in every industry, they need to be reviewed.

Choosing an accounting software package itself can be a daunting task, which is why I’ve come up with this list of core applications for you to consider. Ask yourself what you want to accomplish with the accounting system, and what your needs are. Then work with your vendor to find the best software package or application that will be the greatest benefit and fit for you.

General Ledger - The center of your accounting system, General Ledger provides powerful divisional and departmental accounting functions. Maintain your journal, log recurring entries, generate audit trails, and create custom financial statements.

Make sure that your General Ledger software can:

- Print financial statements and other reports for all of the years for which you’ve saved history.
- Use unlimited budgets and forecasts for inquiry and reporting; create revised budgets and forecasts at any time.
- Export financial statements, and drill down as needed to supporting information.

Accounts Payable - Track obligations to suppliers, control cash flow, and speed data entry with the accounting applications in Accounts Payable. Produce a wide array of predesigned reports, and take advantage of the flexibility to pay all invoices, prepay selected vendors, or split invoices for payment.

Make sure that your Accounts Payable software can:

- Save time and money with the ability to review outstanding payments by vendor and select which payments to hold or release.
- Manage your expenses efficiently and keep your accounts up to date with user-defined terms, aging periods, and cutoff dates.
- Improve your efficiency with quick entry and defaults on headers.

- Assess your financial position by producing timely reports.

Accounts Receivable - Manage your cash, know your customers, and analyze performance and trends with Accounts Receivable. Assign active or inactive status to your customers, use drill-down functionality to see source transactions from inquiry screens, and save time with batch processing capabilities.

Make sure that your Accounts Receivable software can:

- Produce timely reports to identify your best customers and stay on top of sales patterns.
- Track every aspect of your sales and receivables in a timely manner, improve the inflow of cash, and make the most of sales trends.
- Evaluate your cash discounts program and spot delinquent accounts early.

Payroll - Complete all of your payroll processing tasks with Payroll. Track hourly and salaried employee wages, print checks, manage sick and vacation accruals, and produce timely W-2 reports.

Make sure that your Payroll software can:

- Analyze payroll expenses and employee productivity to help control costs and review expense distribution.
- Maintain detailed records with clear audit trails, and keep up to date with tax law changes.
- Produce detailed reports to help you plan and generate a budget.

Banking - From ACH transactions to direct deposit of payroll checks, from Positive Pay support to Magnetic Ink Character Recognition capabilities, Banking provides a total solution for secure electronic banking.

Make sure that your Banking software can:

- Reduce time and accounting errors by automatically clearing transactions with bank-provided reconciliation data.
- Quickly serve customers and vendors by creating and importing ACH files for delivery of electronic payments and payments received.
- Set up a credit card-type bank to simplify statement reconciliation; the bank tracks charges, payments, adjustments, and transfers.

Bank Reconciliation - Reconcile bank statements and general ledger accounts with Bank Reconciliation. Track an unlimited number of bank accounts, void checks before they are sent or after they are posted, and review total debits posted to General Ledger for each period.

Make sure that your Bank Reconciliation software can:

- Define information for processing ACH payments to vendors and from customers for streamlined, simplified processing.
- Automatically create entries in General Ledger for adjustment and transfer transactions.
- Set up as many base and foreign currency bank accounts as you need, including routing codes for electronic payments, positive pay codes, check formats and other ACH information.

Fixed Assets - Fixed Assets gives you the power to analyze the tax and cash-flow implications of assets and track their valuation and depreciation. Stay up to date using the provided set of IRS-supplied depreciation tables, as well as MACRS, ACRS, straight line, sum-of-the-year digits, and declining balance recovery method support.

Make sure that your Fixed Assets software can:

- Use forecasting tools to evaluate leases, amortize loans, and experiment with depreciation strategies.
- Track the difference between estimated depreciable and actual service life and calculate the cost or proceeds from the retirement of an asset.
- Meet tax reporting requirements with a full range of financial and management reports.

Conclusion: Now what?

Now that you understand your need for an accounting software package, what are the next steps? Consider your budget and determine the most important accounting needs for your business. Whether you are graduating out of a smaller accounting package or this is your first time looking, it is important to think about what your greatest needs are at this time. As your company grows, your accounting software should grow with it.

A modular accounting system allows a company to choose the accounting applications they need, without having extra applications that aren't necessary for their business. Typically with a modular system you can choose and add-on the applications on an as-needed basis. One advantage to purchasing a modular system is the ability to add applications as you need them. When working with your software vendor, ask questions and let them know what your goals and needs are. They should be able to recommend a package to best fit your needs.



Article by Jason Brown at Open Systems, Inc. Do you have any suggestions for what defines “core accounting applications” or anything to add? If so, email me at jason.brown@osas.com or call me at 952-403-5761 with feedback.

If you have questions about our products or services please feel free to call or email me. To schedule a FREE one-on-one discovery call, [CLICK HERE!](#)