# FIVE KEY COMPONENTS TO AN EFFICIENT ACCOUNTING SYSTEM

## HOW DOES YOUR SYSTEM RANK?

**M**ost businesses today have abandoned the notion of a "paper" accounting system. Although, businesses still refer to various accounting "books" and a "general ledger", these elements are all computerized. Technological advances have made accounting IT systems both feasible and affordable for even the smallest businesses to utilize.  Both off-the-shelf and customized accounting solutions foster operational efficiency like never before, for any size business.  These systems provide access to critical, consolidated automated reports for decision making.  For any size company, there are five key components that must be considered when integrating an accounting system into your business.

**Software Program -** Today, there are multiple software programs from which businesses can select.  Some are targeted towards a small business or micro business, while others are geared towards the needs of enterprise level companies. Consider what your own company's individual needs are, and select a software program that provides you with the flexibility and features you need to run your business.  If you are unsure of your needs, consider working with a consultant or business advisor who can guide you in this decision. Often times, consultants and advisors have the expertise to customize off-the-shelf solutions if they do not fit your exact needs and provide the appropriate training, as well.

**Existing IT Infrastructure -** When selecting and integrating an accounting system into your business, the existing IT infrastructure component contains critical elements to evaluate.  Network structure, number of desktop computers, printers, remote access, and current operating systems are all important considerations and may impact the accounting systems integration.

**Data -** Although it may appear obvious, the data collected for accounting purposes is a vital component to an accounting system. What is not always sufficiently evaluated, however, is determining what data is actually captured.  Careful consideration must be given to the types of transactional or core business data that will be stored in the accounting database and the ease at which it can be accessed.  Will the data be entered cross departmentally? For example, will vendor invoices requiring payment by purchasing be stored in the same database as payroll or timesheets? How will inventory be registered on financial reports?

Security and Internal Controls - When integrating an accounting system into a business structure, business owners must determine who has access to the system and at what security level.  This includes not only password and login information or number of user licenses but also a determination on who can input data directly, cross-departmentally. Other considerations include system encryption for remote access, as well as system file back-up for business contingency planning.

Administration and Users - Finally, a key accounting system component which is often overlooked is the people who will actually serve as administrators on the system or as end users.  The accounting system should be user friendly and simple enough so that those who need to use it every day readily recognize the improved efficiency of the system and adopt it into their daily routine. Additionally, the end users also need to be properly trained on the system so that both they and the company fully leverage the system's capabilities.

The person designated as system administrator should have sufficient working knowledge of both accounting and technology to properly train users and to make informed decisions about the previously referenced accounting system components.  If they do not have this knowledge, they should consider hiring a consultant or business advisor who can assist with this so that the company can maximize a return on their investment.

**Analytix Solutions offers a complimentary analysis of your Accounting procedures. Call us at 781-503-9002 or email us at sales@aixsol.com today to schedule an appointment with one of our experts.**