

# Implementing cloud accounting systems in small charities: doing it yourself

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ICAEW Webinar

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## About me

- Operational generalist with 15+ years experience in charity sector working in a range of roles/functions
- Not a qualified accountant
- Completed my fourth DIY cloud-based accounting software implementation last month

# Community-based homeless & disadvantaged persons day centre

## Context

- No finance person in post for over 8 months prior to appointment; entire system out of date
- Implemented the organisation's first accounting software; prior to this had used spreadsheet cashbook for 20+ years
- Turnover c. £500K
- Not VAT registered
- One person finance team (part time) with support from qualified accountant trustee treasurer

## What happened

- Decision with trustees that implementing cloud-based accounting software would enable the organisation to get on top of finances more quickly
- My first time – researched, asked around and learned by doing
- Re-structured chart of accounts and developed tracking for activities and funds
- Organisation had clarity on financial status, funds and funding gaps; day to day processes streamlined and improved decision making via management reporting

## Main takeaway

- The importance of bringing other people on the journey

# National education charity

## Context

- Restricted funds managed in a spreadsheet cashbook and unrestricted funds managed in desktop software
- Day-to-day efficiency poor and reporting headaches due to separate systems
- Turnover c. £270K
- VAT registered
- Two-person finance team (part time manager and full time administrator); board of trustees had no accounting expertise

## What happened

- Implemented the transition to cloud-based accounting software; had previously used desktop version of same software
- My first time doing VAT - sought advice from consultants and auditors for incorporating MTD
- Made sure I understood what the difference was between the desktop and cloud-based software before implementing change and mapped out how it would work and what the changes would be
- Consolidation into one accounting system improved day-to-day efficiency, effectiveness of the team and clarity on financial status

## Main takeaway

- Seek external expertise for the tricky bits

# International membership organisation

## Context

- 70-year-old organisation gone through many accounting system changes
- Prior to appointment trustees had agreed with outsourced accountancy firm to migrate from desktop software to cloud-based system
- Implementation wasn't managed effectively or understood by staff and cloud-based system not optimised with some elements not fit for purpose
- Turnover c. £300K
- VAT registered
- One person finance team (part time); board of trustees had no accounting expertise

## What happened

- Handover with outsourced accountants to understand where we'd been
- Met with staff and trustees to understand needs
- Utilised prior experience to re-structure chart of accounts and tracking to ensure whole system fit for purpose
- Ran informal training sessions with staff and trustees which improved cross organisation financial literacy

## Main takeaway

- Be clear about what you're outsourcing and advocate for what it is you want

# Community-based mental health charity

## Context

- Implemented organisation's first accounting software; previously used spreadsheet cashbook for 10 years
- Receipts and payment cashbook during year with accrual basis accounts at year end
- Very basic management reporting, funding gaps not easily identified
- Turnover previously c.£200K, one-off donation last year increased this to c. £600K
- Not VAT registered
- Two –person finance team (full time manager and part time administrator with accounting qualification); board of trustees has qualified accountant trustee treasurer

## What happened

- Manually entered prior FY into cloud-based accounting software and current YTD
- Set up new system from scratch working with finance administrator and staff teams
- Resistance to new ways of working created some challenge
- Improved organisational understanding of finances on accruals basis
- Understanding of funding gaps facilitated prioritisation of funding pipeline

## Main takeaway

- No one actually likes change even if they say they do

# Key learnings & practical tips

1. Make sure you know how the software works
2. Bring people on the journey with you
3. Seek external expertise for the tricky bits
4. Be clear about what you're outsourcing and advocate for what it is you want
5. No one actually likes change even if they say they do

## **Some practical tips**

- Sign up for demo accounts – most give you a month free of charge
- Access free training materials online
- Start at the end and work backwards - think about what you want to be able to report on and prioritise this list
- You don't need to do it all at once
- Consider creating a how to document as you go