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## How Client Accounting Fits Into Firm Workflow

The strategic decision to move outsourced client bookkeeping processes into the cloud offers accounting professionals a choice on how they will work with client information. Practitioners in the cloud experience a wide range of benefits, which include direct importing of transactions...

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The strategic decision to move client bookkeeping processes into the cloud offers accounting professionals a choice on how they will work with client information. Practitioners in the cloud experience a wide range of benefits, which include direct importing of transactions, real time reporting, rules for automatically classifying transactions, and anytime anywhere access to transactions and supporting documents. Clients obtain more relevant and timely data, and firms can reduce staff overtime.

### **The Challenge: Workload Compression**

One of the more significant management challenges in an accounting firm is workload compression, where a large portion of the work occurs in a relatively short time period. The traditional client bookkeeping model revolves around the client sending bank statements and checkstubs in a batch at the end of the month for processing. While many of the transactions have been posted to the client's bank for a month by the time they are received, traditional firms wait for the client's checkstubs to arrive before starting the client's monthly bookkeeping.

Firms who are working in the cloud avoid this bottleneck by creating rules to classify transactions imported daily from the client's bank and credit card companies. Accountants who practice in the cloud can also be better business advisors to their clients, as they see transactions as they occur in near real time instead of a month or more after they occur. This time advantage permits the accountant to provide more timely and relevant advice to the client, and makes it easier for the accountant to meet filing deadlines.

With the accounting professional in control of when the data is available to prepare financial statements, tax filings, and other reports, the firm can avoid the loss of efficiency which occurs when staff members start and stop projects prior to their completion.

### **Some common ways to begin the transition to client accounting in the cloud are:**

- Implement online banking and mobile payments for your firm and your clients
- Manage receivables and payables using cloud-based tools
- Adopt an online or hosted bookkeeping application which can be used simultaneously by the accountant and the client
- Adopt online payroll tools

Although it may take a number of years to transition clients to web-based transaction processing tools, this change is required to maintain the relevance of the accounting profession to small businesses. Planning and leadership from both partners and staff are needed to minimize errors and interruptions.

### **Possible Step: Implement Online Banking and Mobile Payment Acceptance**

The mobile payments revolution has changed the way we pay for everything from gasoline to Girl Scout Cookies, and many of our clients need to revise their business processes so that they can accept payments via credit cards. Merchant services are an easy way to help improve your clients cash flow. Services are available from traditional banks, accounting software vendors like Intuit Payments and Sage Payments, as well as payment companies like PayPal and Square. Accounting professionals can help clients get comfortable with these tools by accepting their own fee payments using these services.

New tools like check scanners can be used to electronically deposit the few remaining checks written to your firm, eliminating the need to visit bank branches altogether. These steps can eliminate 15-30 minutes of staff time needed to visit the bank every day, and frequently provide more rapid access to funds than traditional paper deposits.

### **Possible Step: Use Online Tools for Receivables and Payables Management**

A frequent problem of many organizations is entering, tracking and payment of receivables and payables. Services like SmartVault, Bill.com, and Concur Small Business make it possible for clients to capture, store, and organize digital images of invoices and receipts using devices like smartphones and tablets.

Clients can also manage their receivables and payables from a computer, tablet, or mobile phone using cloud accounting tools like the AccountantsWorld PowerPractice suite, Bill.com, QuickBooks Online, Xero, FreshBooks Cloud Accounting, Sage One, and Wave Accounting. Tools like these permit the client to enter transactions and process payments for A/R and A/P, and potentially eliminate the need for the accountant to enter the same transactions into client accounting systems.

### **Possible Step: Adopt Hosted or Online Bookkeeping Solutions with Bank Integration**

Clients and accountants no longer have to accept the 15-45 day delay between when a transaction occurs and when it is included in the financial reports. Real time financial reporting makes it possible for employees to post transactions on the earlier of (1) when they are entered into the software by the client, or (2) when the transaction is recorded at the client's bank or credit card company.

Clients can have real time financial information which can be used to make rapid adjustments to strategies to take advantage of emerging opportunities or eliminate unprofitable transactions. Outside accounting professionals no longer have to wait until the client sends the checkstubs and bank statement to work on the client's books, as the work now occurs in real time instead of in a batch at the end of the month.

This transition eliminates the workload compression and overtime associated with the month end closing of the books (since the data is available to the accounting professional as soon as it is entered by the client or reported to the bank), and gives the firm earlier access to the data needed to prepare required filings like payroll and income tax returns.

### **Possible Step: Online Payroll Preparation and Tax Reporting**

Payroll is one of the most mature cloud-based services offered to clients. Many firms have been preparing client payroll online for years, and the products, systems, and procedures have been proven to be effective by hundreds of thousands of accounting professionals working with millions of businesses. Firms who are not yet using cloud-based tools can try these tools out on a small number of clients before deploying these tools to all of their clients.

There are a wide range of online payroll products available where the client, the firm, and the payroll service work together to meet the client's business requirements. More information on specific products can be found in the reviews section of [www.cpapracticeadvisor.com](http://www.cpapracticeadvisor.com).

Moving client accounting online is a strategy whose time has come. The tools have the potential to save accounting professionals and their clients significant amounts of overtime while also providing better client service. There is no question that the future of accounting is online – the only question is how and when your firm will implement the required changes.

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