

Key software solutions for the VCS

What's available, and how it can be used to improve operational performance

Financial Management Products



Introduction

This report was commissioned by the ICT Hub and CITA have developed these resources in partnership with the VCS.

Financial Management software is used primarily for book – keeping on a day to day basis, allowing an organisation to record and track income and expense. As more information is entered the financial picture is built up. Over time reports can be produced to show the financial situation over a month or a year.

The Voluntary and Community Sector need to monitor and be aware of their financial situation to help with planning and budgeting. Computerisation of financial management can bring benefits to the organisation overall.

What's Available?

A number of specific Financial Management programs are available, ranging from basic cash book programs to software aimed at small to medium sized organisations, (such as Quickbooks or Sage 50 Accounts), right up to bespoke modular programs (like PS Financials and Access Horizons).

As well as tracking finances, most of these packages have additional functions such as invoicing or contact management. These can bring about improvements in day to day performance other than simply having a tighter control of finances, although that is the main reason for purchasing this type of software.

Spreadsheets such as Microsoft Excel are widely used by the

voluntary sector to manage finances, and with the right setup and user expertise, these can be a useful financial management tool.

How will we benefit?

There are a number of ways in which performance will be improved by any computerised financial management solution:

Saving time is an obvious benefit. Once users are familiar with a new system, they will find many of the daily financial tasks take less time than a manual system.

Systems can also help overall accuracy as information need only be entered once and not manually copied.

Calculations are also done in a fraction of the time, financial information such as total income can be pulled up on screen or on a report in seconds.

The ability to produce more complex reports leads to an important benefit, more in–depth analysis can be carried out far more quickly. If the software is set up efficiently, reports can pinpoint key financial information (facilitating decisions about how to concentrate time, effort and finances on income generation in future).

Most packages allow budgets to be set manually, or by using the figures from a previous year as a starting point. Having easier access to figures from previous years, and better facilities to manipulate these, will allow for more in depth, and therefore potentially more accurate, budgeting.

Keeping a computerised debtors ledger will allow you to keep tabs on outstanding and overdue debts easily, and where appropriate produce statements and chase letters at the touch of a button.

Other useful features can include a database of all customers that gives you a very basic contact management system (some programs take this further, such as MYOB which offers a full contact log.). This could be used to monitor customer contact much more carefully and allow for more targeted marketing, and better overall customer service and retention.

What Features?

Consider, very carefully, what is the most appropriate software for your organisation.

Start by looking at your needs and what features the package offers; what information do you need to record, and what information you need to produce?

If a package doesn't do what you need it to do, then don't use it. If the software does do exactly what you require, the more expensive solution may be justified.

Some packages can be purchased on a bespoke basis, allowing you to buy and combine modules specifically required, and although these tend to be the most expensive packages, they can also be tailored to your needs much more specifically. PS Financials and Access Horizons are both examples of this type of software which can be set up specifically to deal with functionality needed by not for profit

or charitable organisations, such as SOFA and SORP reports, and fund tracking.

When looking at off the shelf packages, Quickbooks can be set up to account for a not for profit organisation, but does not include a specific fund tracking feature, or SORP / SOFA reports as standard (add-on products can be purchased which link to Quickbooks and provide additional functionality in this area.) Sage 50 Accounts has a charity accounting feature, which allows you to set up and track funds, and also includes SORP / SOFA reports.

Microsoft Excel can be set up to produce reports, although it does not include many time – saving features which will make improvements to performance:

- Invoicing which pulls through customer details and update onto your accounts ledgers.
- Reports on multiple business areas at the touch of a button.
- Detailed aged debtor and creditor information.

If these features will make a difference in streamlining your operation (saving time and improving analysis) a compromise is to look at a system that will integrate with Excel. All of the programs detailed allow information to be exported, with most integrating with Excel, giving you the advantages of a designated financial management package, but with the flexibility of exporting and tailoring reports.

Our advice is to carefully consider what you need from a package and spend a little time ensuring that

anything that you are considering will fulfil your needs.

Remember that some features which are essential to the day to day running of your organisation may be quite specific to your organisation and the sector. Asking a salesperson whether the software which they are selling can be used for X, Y or Z will invariably result in a “yes”, as most packages can be adapted. Many sales people will not have the technical knowledge to explain exactly HOW a feature works, or whether there is a work around.

Getting demonstrations or trial copies of a package which you are considering is a good idea. It can also be very useful to contact a company’s technical support team to verify that a package will deal with your specific setup.

What else to consider?

There are a number of other factors which you should consider to avoid other potential pitfalls - incorrect or incomplete information being recorded due to a lack of training or experience, or spiralling on costs. Implement the wrong package, or going off “half baked” could potentially create more problems than it solves.

Installation and setup: some programs can be installed and set up easily from a CD or an internet download, with a manual or on-screen instructions to guide you. Quickbooks particularly prides itself on being easy to set up; GNU cash is not quite so easy to follow, but does include an on – screen guide which gives a lot of helpful information for the novice user to assist in setup.

Sage Accounts falls somewhere in between the two. Version 14 of Sage Instant Accounts has improved usability and help for the less experienced user, with updated help files.

The financial setup and installation of a program can be complex and so an extra budget, to pay for expert help would be worth considering.

Training: in most cases some training should be considered to make sure that users are confident and able to get the most out of your new system.

Training is available in many guises. Packages such as Sage Accounts and Quickbooks, have registered ‘experts’ who offer on-site training specific to your needs at an hourly or daily rate.

Although more expensive on the face of it, in terms of pounds per hour, this will be more specific and tailored than any pre-defined training course which you would pay to attend. In some cases, bespoke programs such as Access or PS Financials, setup and training are considered essential and should be included with the initial costing.

Updates: most software is routinely upgraded to offer new features. You should be aware of how often this happens and what the likely cost would be.

Ongoing Support: Is there a support helpline? If so does it meet your requirements (for example: Will help be offered on financial processing, or only technical issues? What hours is the support line available? Do you pay for an annual contract, or is

there a premium rate number for calls?)

Hardware: do you have the necessary hardware to support your chosen software? (Check system requirements). If your PCs are not up to the required specification it could mean that your software will run slowly, or not at all.

Users: who will be using the software? What is their current experience? What happens if they are off sick or on holiday? Contingency planning should be a part of the process.

What Costs?

Budget does play a major part in the decision of which system to buy.

The range of prices runs from Free / Open Source packages such as GNU cash, to bespoke packages running into the thousands (PS financials or Access Horizons).

When considering the total costs involved in implementing a package make sure that you refer not only to the software cost, but also to all of the other considerations mentioned earlier; installation, setup, training, ongoing support, and hardware costs. A number of companies offer discounts to charities, although often this is for the software only, and not for support or training.

Funding can be available - Business Link offer up to 50% funding for training of employees in a charitable organisation.

Case Study: Real Care

Real Care is attached to Villa Real School for children with severe special needs in Consett, County Durham. Real Care operates after school and holiday clubs and activity outings for the children who attend the school, as well as children with similar needs from the surrounding area.

Real Care were struggling to keep track of income, and more importantly to identify and contact debtors, as their financial management consisted of a number of systems, some manual and some computerised.

Cash was paid on a daily or weekly basis by some regular attendees and, although tracked overall, individual under or advance payments were often missed. This made chasing debt difficult, firstly because those still owing money had to be identified, and secondly because there was no system of invoicing or sending statements to debtors, so ineffective verbal reminders were often all that was used.

Real Care's records showed which Social Service area paid for which children attending sessions, but there was no easy way to calculate totals expected from each area, and allocate payments appropriately.

Real Care realised that a more formal system was needed to keep track of 'customers', monies owed, and payments received. Their initial approach was to purchase Sage Accounts, in early 2007.

Lack of knowledge and experience of using a financial management package meant that the program did not solve the problems, so later in 2007 key staff met with Sage experts employed by their accountants to discuss how to get the best from their software.

A training program was devised, and now all of the relevant systems have been updated because staff now understand what information is required to keep the Sage data accurate.

Any outstanding debts being clear at a glance, statements can be sent to remind debtors in a more formal way and letters generated automatically.

'Customers' are categorised according to which Social Services is funding their session, allowing reports to be run showing what is due, so that payments are allocated correctly and any missing funding can be chased.

The main pitfall which Real Care encountered initially was rushing into purchasing a program without fully considering the need for training and help in setting this up.

What has worked well now that debts are accurately recorded and can be chased, social services funding can be tracked easily and accurately, and cash is properly accounted for. Several employees are conversant with the software, allowing them to share tasks when others are unavailable, and pass on their knowledge to any new employees as appropriate.

Case Study : Streetwise North

Streetwise North is a Young People's Project based in Newcastle upon Tyne, offering information and advice to under 25s on any issue, including contraception, sexual health, mental health and drug or alcohol misuse. The centre runs on a drop in basis, and offers a free counselling service. The project employs about 20 staff and makes use of sessional workers.

Streetwise have used Excel to manage their finances for a number of years, but have run into problems: all the necessary information was held on Excel, but it had been set up in a non-standard way, the manager (who set it up) has left on maternity leave and it was difficult for her replacement to manage system.

The information required by potential funders has also become more specific, meaning that finances have to be tracked in more detail.

In order to overcome these problems it was decided to implement a package designed for Financial Management. The rationale was that all information could be held in one place, in as much detail as was needed, and that a well – known software package would be easier for new or alternative users to understand and process than a spreadsheet customised by an individual.

Sage Accounts was purchased, and set up using the Charity Accounting feature, with assistance and training from an external Sage specialist. Unfortunately a number of factors meant that the transfer of systems

did not happen as easily as it might have done:

Maternity leave meant that the main intended user of Sage was on long term absence from part way through the setup and training, leaving somebody who had not been involved with the training program to carry on with completing the setup and implementation. The timing of the setup also meant that in order to have a full year's financial information on Sage a lot of back dated entries would have to be made.

Amongst these difficulties sickness absence amongst staff who had completed the Sage training meant that there was a lack of resource to enter this additional information, alongside a lack of confidence from staff who had not been trained.

These combined issues resulted in Sage Accounts not being fully set up, and information continuing to be entered on Excel, with further amendments to the formatting and information captured being made where necessary.

Although the introduction of a specific financial management package had been planned, Streetwise now find themselves in the grip of a number of pitfalls with the implementation of their new system:

Timing: as Financial Results are measured annually it is much easier to have a full year's information recorded on one system – whilst changing part way through the year is possible, it is easier to do so at the beginning of a new financial year, but

enough time should be allowed for setup and training.

Setup: most packages can be set up in a number of ways, and ensuring that all of those who will be involved in processing are also part of the setup discussions and decision making will make training easier and improve user confidence. Making sure that the way a system is set up is logical and can be followed easily by a number of people also means that, as and when it becomes necessary for others to be involved, through expansion or staffing changes, they can pick up what is being entered more easily.

Training: Although training was organised by Streetwise those involved were, for a number of reasons, not available at the essential points when book keeping should have started on the new system. This stresses the importance of ensuring that a number of people are trained on a new system as backup if the intended user(s) become unavailable.

Despite these setbacks Streetwise are still keen to move their accounts onto Sage, and are confident that they will reap the benefits of this, but the pitfalls which they have come across highlight a number of the considerations mentioned in this research.

www.streetwisenorth.co.uk

		Comparison Table	Cost	Ease of Use	Ease of Setup
Sage - Instant Accounts	Free email support Annual telephone support contract Good in program help – greatly improved in version 14, Microsoft integration http://shop.sage.co.uk/accountslanding.aspx	££	***	****	
Sage - Sage 50 Accounts	Annual support contract Specific charity accounting functions - funds, donors, SORP / SOFA reports. Microsoft integration	£££	**	**	
Quickbooks - Regular	Step by Step setup wizard with clear explanations, Free online help, Annual telephone support contract , Add – on solutions for charity specific functions http://quickbooks.intuit.com	££	***	****	
Excel	Likely to be in use already. Can be as simple / complex as desired Highly Flexible (within M/S Office)	££	***	***	
Access Accounting - Horizons	Bespoke Software Project managed implementation, Microsoft Integration, Specific Charities functionality. http://user.access-accounts.com	££££	**	*	
GNU Cash	Free/ Open Source, available for various O/S Easy to download & install Manual can be downloaded with program.	£	***	**	
PS Financials	Bespoke Software Project managed implementation Community edition specifically tailored to charity sector needs – SORP / SOFA and Fund reporting, automated Partial VAT recovery, Annual support contract includes upgrades, Microsoft Integration http://www.psf Financials.com/index.html	££££	*	*	
MYOB	Available for Windows or MAC Integrated Payroll Support via telephone or email Microsoft Integration, Job / fund tracking http://myob.com	£	***	***	
Cost					
£	Free				
££	Under £100				
£££	up to £500				
££££	£thousand plus				
	Ease of use				
	*	Extensive training needed			
	**	Some training required			
	***	Requires use of a manual			
	****	Easy – no training required			
			Set up		
			*	Specialist setup required	
			**	Expert user setup only	
			***	Setup for experienced users and/or practitioners	
			****	Very easy	