

When To Upgrade An Accounting System

Deciding when a computerized accounting system should be upgraded is a critical decision for any business. If you wait too long, the results can be disastrous. But if you upgrade too soon, you can incur a substantial expense and have nothing to show for it, or you might choose a system that will quickly become obsolete as the company grows. The key to making the right decision at the right time is a careful examination of your present accounting procedures.

What to look for

The following problems usually indicate that an accounting system needs to be upgraded. Keep in mind, however, that there may be solutions to some of these problems that do not require a system upgrade.

Inaccurate data. Frequent data errors such as inconsistencies between receivables records and the general ledger, or difficulties in reconciling bank statements may be the result of poor employee performance or signs of work overload. Upgrading a computer system won't stop employee careless-

ness, but if the cause of the errors is simply too much work for employees, a system upgrade may well be the solution.



Delays in the flow of information. A common cause of delays in the flow of financial information is a poor reporting system from departments other than bookkeeping. For example, bookkeeping relies on purchasing to approve invoices for payment, and on shipping departments to supply information about outgoing orders. If either of these departments does not supply information on time, no accounting system can function properly.

CONTINUED ON PAGE 4

CLIENT'S tax & financial UPDATE

VOLUME 31 / NUMBER 5

MARCH-APRIL
2009 ISSUE

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Avoid Incurring the Late-filing Penalties

Many Serious Avocations May Be Considered Either a Hobby or a Business

Apply for an Offer in Compromise

Your IRA Account Is Still a Smart Investment

Competitive Intelligence: A Checklist For Better Marketing

Borrowing From Your Company Can Mean Extra Taxes

Smarter Selling: Customer Service

Tax Tip: When Home Construction Interest Is Not Deductible