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# Saving Your Bacon with Cloud Accounting

By Irene Wachler, CPA 🍷





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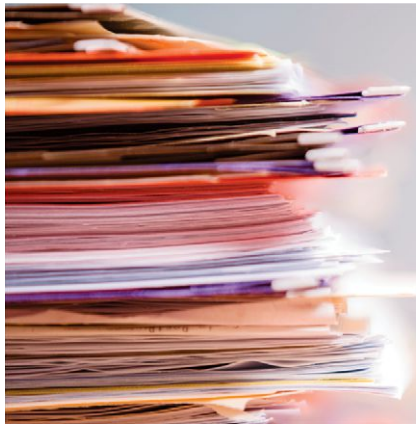
It's Monday afternoon on November 25, and you just got off the phone with your best client. The owner, Shari, needs an up-to-date profit and loss (P&L) statement ASAP. She's meeting with a banker for a business loan tomorrow. She wants to close the deal before Thanksgiving.

You were planning on visiting Shari's office next week to close her monthly books. Your staff is on vacation this week (remember, it's Thanksgiving week). Your spouse booked a flight this evening to visit your in-laws. Not an ideal situation, but I'm willing to bet that most of us have had a similar experience. However, by working in the cloud, you can avoid a complete disaster (and enjoy Thanksgiving with your family).

## How is this possible?

We moved all my critical business processes to the internet/cloud: Our clients' accounting systems are in the cloud; our clients' documents are in the cloud; our tax software is in the cloud; and my audit program software is in the cloud.

I have a portable hotspot. I can work from almost anywhere in the world. I can schlep my laptop, take



How can we expect our clients to use cloud-based applications if my accounting firm doesn't use them?

my iPad or I can lease/work on someone else's computer.

With the cloud, there's no more heavy lifting, software installations/updates or data backups. There's also no more worrying about offsite storage (or trips to the bank safety deposit box).

You may be thinking, *"Aren't you concerned about data security in the cloud?"*

We are. However, we tend to use well-established, *Fortune* 1000 companies. These companies have a lot more dollars and resources to protect their data (i.e., my data) in the cloud than I do on my personal computer. At the New York Accounting & Finance show this past July, I spoke with an Intuit representative. Intuit publishes QuickBooks Online (and QuickBooks Desktop). The rep told me that last year, Intuit spent approximately \$400 million worldwide on data security.

\$400 million. That's a lot more money than we can spend on data security.

Also, for each cloud account that I have, I make sure that I have:

**I A VERY STRONG PASSWORD** that contains at least one special character, number, capital and lowercase letters. According to *Digital Guardian*, "the average email address is associated with 130 accounts." Each online account that I have has a unique 20-character password. Same with those

questions (your first car, your first job, etc.) I use Keeper to keep track of these passwords; and

**2 TWO-STEP AUTHENTICATION.** Microsoft, Intuit, Xero and almost every software vendor has an authenticator app which is synchronized with your smartphone. You need to enter the generated code from your phone's authenticator app before you can login

to your online account. You might also receive either a phone call or text with the generated code.

The first service that we moved to the cloud was accounting/bookkeeping – QuickBooks and Xero. If you're not ready to make the leap into the cloud, you should host your client's QuickBooks/accounting system on the cloud (or find someone else to host).

## Nominate SOMEONE FOR #MemberMonday

**Go viral with us!** On the third Monday of every month, the MSCPA highlights an MSCPA member on our **social media** – digging into who they are in and out of the office.

We also include this person in our weekly **Friday@Five** newsletter. **If you know a someone who would be a great #MemberMonday**, email Brendan Sullivan at [bsullivan@mscpaonline.org](mailto:bsullivan@mscpaonline.org).



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## Simplified Client Process

How can we expect our clients to use cloud-based applications if my accounting firm doesn't use them?

During tax season, I meet with potential clients via either phone or face-to-face. We discuss each client's specific situation and I spend between 20 minutes to one hour. For those folks who have indicated that they would like to either schedule an appointment or have our firm prepare their taxes, using my iPad, I login to my cloud accounting application and email the potential client an invoice for a retainer fee.

While I'm still meeting with the potential client, they open their email, click on the link to my invoice and pay my invoice online using their credit card.

I've locked in new business and eliminated the "free advice syndrome." Plus, we have improved cash flow, and we're not chasing after a potential client.

## Saves Time

How much is your time worth? You can establish both bank and credit card feeds in Xero and QuickBooks. A feed establishes a link with your client's bank and then automatically downloads each transaction into your client's accounting system. You no longer manually enter the general ledger transactions into your client's accounting system.

Also, each platform allows you to create bank rules. A bank rule specifies which account a general ledger transaction should be posted against. For example, a bank rule might specify that all transactions from the vendor Verizon should be posted against the telecommunications account.

Furthermore, there's no more traveling to your client's office to reconcile their books/accounting records. You can check your client's accounting system on

Cloud accounting should reduce both your and your client's stress levels.



a timelier basis without leaving your office. And the bank reconciliation work should be faster and easier because all the transactions from your client's bank and credit cards were automatically downloaded into your client's accounting system.

You or your client no longer need to use QuickBooks DirectConnect or Web Connect. Nor does your client have to worry about potential data breaches/virus

contamination when their QuickBooks server is connected to the internet.

Plus, your client's accounting information is up-to-date. Every day.

## Easier to Spot Fraudulent Transactions

If you are utilizing bank rules, then fraudulent or unusual transactions will stick out like a sore thumb because they

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do not have a bank rule associated with them. You can then examine this unusual transaction and reach out to your client to see if they recognize the vendor or the transaction.

You can also integrate your client's cloud accounting system with an automated bill payment system, which can also reduce employee fraud. An automated bill payment system eliminates the manual task of writing checks and mailing the check to a vendor. Bill payments can be automatically deposited into a vendor's bank account instead of cutting a check to a third party. Also, your client doesn't need to maintain a large inventory of paper checks.

## Helps Prepare for Tax Season

Cloud accounting should reduce both you and your clients' stress levels. No

more sifting through shoeboxes of cash receipts or stacks of bank and credit cards. You don't have to worry about whether your client's accounting system has been reconciled through the end of the tax year or if they recorded all their business expenses, because each transaction was already automatically downloaded into your client's accounting system.

All you need to do is import the trial balance into your tax software or print/data-enter the trail balance/financial statements into your tax software. That's it. No more heavy lifting. Done.

You can still charge the same price for the tax return but do less manual book-keeping/data-entry labor. This frees up your valuable time so you can concentrate on other high-value tasks. It also gives you more time to enjoy a relaxed dinner with your family or friends.

This is only the tip of the iceberg. Welcome to the power of cloud accounting! ♦

*MSCPA member*  **Irene Wachsler, CPA** is the managing partner of Wachsler CPA, LLC. Wachsler also coordinates the South Shore Breakfast Networking Forum and is a member of the MSCPA's Nonprofit Committee. Contact her at [irene@iw-cpa.com](mailto:irene@iw-cpa.com).



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