



# Property Management Accounting

How cloud accounting can transform your business

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ACCOUNTS 

## **Introduction:**

Property management has been around since the construction of the first multi-unit buildings. Some aspects of property management can be easy – collecting rent, handling routine maintenance, and making sure the lawn is mowed. Some of it can be more difficult – dealing with upset residents, collecting rental arrears, and of course accounting.

Cloud accounting technology has progress over recent years and now, in addition to basic starter systems being available, more sophisticated multi-entity accounting solutions are on the market.

If you are in the multi-unit development property management business, and are thinking about a cloud accounting solution, then the following is a list of key benefits that you should be aware of.

Essentially there are five key benefits provided:

- Extended Collaboration – between everyone using the system, including tenants.
- Easier availability and visibility of performance data.
- Improved productivity – with automation features.
- Budgeting features – with budget analysis capability.
- More flexible integration – with the availability of APIs.
- Project Management - For accounting and billing of projects.

Under each of these headings we describe how cloud accounting can bring real benefits to your Property Management business and we list some of the most important questions that the Property Management CFO should include in the evaluation of any cloud solution.

## 1. Extended Collaboration:

The really great benefit provided by an online accounting solution is that all stakeholders, from property management staff to tenants can be allowed 24/7 access to a single shared solution. All users can dramatically improve communication and collaboration because they are sharing the same up-to-the-minute information on a single shared platform. This is particularly important when you are managing a large number of property companies with a large number and variety of users.

Good cloud solutions will also provide non-system users with access to certain functions such as payment approval to third parties. You just need to make sure that the accounting solution provides the appropriate controls over user access permissions.

Another great advantage is that access permissions should be easy to manage using administration rights features which can be applied universally – i.e. without having to revert to the solution provider or administrator every time. Ideally, there should be a good deal of flexibility around what users can access in terms of data and features and what inputs and changes they are allowed to make.

A few questions to include in your evaluation of any cloud accounting solution:

- Does the solution provide an easy, secure 24 hr web-based SaaS access?
- How many companies need to be managed by the system?
- How many users/concurrent users are required per company?
- What level of collaboration is required between stakeholders?
- What are the different levels of user authorisation and permissions you need?
- What kind of access restrictions is required based on user profiles (e.g. accountant, tenant, property manager etc.) and/or defined permissions?
- Do you require central control to assign users to roles in specific companies?
- Do you require tracking of time by user and activity in each company/entity?





## 2. Easier availability and visibility of performance data

Directors and shareholders' meetings can sometimes be a challenge. It's the occasion when many stakeholders choose to vent their concerns, many of which could be based on mis-perceptions of under-performance or errors rather than the reality. Clearly, improved information availability and clarity of communication are key in helping to overcome this problem.

One of the great benefits provided by some of the latest cloud accounting solutions is that they provide customisable reporting features so you can tailor your P&L (income statement), Balance Sheet and Trial Balances to suit the demands of each property,

Another great benefit is that good cloud solutions also provide extended business analysis features together with management dashboards to enhance the visibility of critical financial and other data. This means that you and the company Directors can agree on what key performance indicators (kpis) you wish to track in advance. These kpis can then be set up in the accounting solution and the dashboards can then be customised for each company to provide visibility of the most up-to-date performance.

If this is something that you think you would like from your cloud solution then you should evaluate:

- What kind of Custom Reporting, Business Analysis and Management Dashboard features do you need to compliment your accounting information?
- How many analysis codes do you need? (E.g. Company, department, cost centre, profit centre, business line, project, product etc.)
- Do you require user-defined analysis codes and naming convention that is independent of the GL coding structure?
- Management dashboard allowing high level graphical view of key management information, including industry specific KPI's and graphs?
- Ability for users to personalise their own Dashboards?
- Ability to combine and compare financials and statistics by period?

### 3. Improved Productivity

The nuts and bolts of everyday accounting for a large number of property companies can absorb available staff time and resources and increase costs. The efficient deployment of staff resources is critical ensure effective performance at the lowest possible cost.

The good news is that online accounting solutions harness digital technology to provide features that can make a tangible difference to your staff productivity.

Your evaluation of any system should include the following questions:

- Do you need an online purchase order, invoice and payment approval workflows?
- Do you need a recurring invoice function to automatically dispatch standard invoices each month?
- Do you require an audit trail of purchase approval and invoice processing status?
- Will you require supporting documentation to be stored against transactions, residents, accounts, suppliers etc.?
- Do you need auto-bank reconciliation to speed up the reconciliation process?
- Do you need to provide access to workflows for non-users of the system such as payment approvers?





#### **4. Budgeting Features**

Obviously accurate budgeting for property management costs is a critical component of any property management service. Making the process of budgeting as simple and as straightforward as possible is an important way to improve service quality and efficiency.

Many of the different systems offer various levels of sophistication when it comes to budgeting. It's a great advantage if budgets and actual data are held throughout the system in the same structure so comparisons and variances can be easily produced.

It is also useful if the system enables the comparison of budgets and actuals across the different properties on the system – this is a great way to compare expenditures and reveal possible cost saving opportunities.

Again, it's important to clearly define your needs in advance:

- What kind of budget management capability do you need?
- Ability to manage multiple budgets easily including easy budget creation?
- To compare original and revised budget datasets by period by GL account?
- The facility to break down budgets by Business Intelligence analysis codes and groups?
- The ability to combine actual and budget datasets to produce expected outturn for the period?
- The ability to build departmental budgets from separate dept. models & upload as ready
- What kind of budget reports do you require? (E.g. including budgets, prior years, variances etc. including Trial Balance, P&L, Balance sheet and Cash flow reports)
- Do you need to be able to extract/re-import actuals or budgets datasets to Excel?

## 5. Flexible Integration

In the old days, the job of integrating two different software products could be tedious and lengthy. Fortunately, many good cloud accounting solutions now provide a series of Webservice Application Programme Interfaces (APIs) that facilitate the integration of the accounting solution with third party software.

Most contemporary cloud accounting solutions also offer the ability to extract data easily to and from excel.

Your consideration of your integration requirements should include:

- Do you require a data export facility allowing data extraction?
- Do you require datasets to be extracted to excel?
- In what format is data extraction required? (E.g. CSV, excel format etc.)
- What kind of data import facility is required for upload of master file details, account balances, transactions, charts of accounts, stock/inventory, etc... ?
- What kind of systems do they need to integrate with? (E.g. EPOS, ecommerce, CRM, Operations, etc.)
- What elements of accounting data require integration? (E.g. major transaction types, accounts, etc.)



## 6. Project Management

In multi-unit developments, project work is often required for both small and large tasks. The job of accounting for projects involves the accurate recording of all costs including supplier costs, billable time, and expenses.

This task can be made all the easier if the various projects can be managed from a single, centralised store of information. A good system will provide project management features to enable you to create and easily manage projects. You can record all time spent, user expenses incurred and third-party supplier invoices against projects and track project performance using project specific kpis (key performance indicators) and custom reports.

These kinds of features can ensure accurate time and expense accounting against specific projects including non-chargeable expenses such as training and admin. They also help improve project cashflow and eliminate revenue leakage with automatic invoice generation and aged debtor management.

With all the information you need at your fingertips you can ensure you have enough staff to fulfil the project commitments, optimum staff utilisation is achieved and future project planning can be improved.

Consideration should be given to:

- Does the solution supply a centralised project data store with text search function for quick access to all projects?
- How easy is it to set up projects?
- Are separate budgetary screens for each project provided?
- Can I easily manage projects with an all in on project management screen?
- It is possible to control access to authorised users only?
- Can I present comprehensive reports, including unlimited project and task custom fields to enable reporting?



## In Conclusion

This is just a shortlist of questions that relate to project management in Property Management service providers. Clearly, the smart CFO will consider a much wider range of evaluation criteria. However, by including the above questions in their evaluation process, they can be pretty sure that much of the functionality required for best practice Property Management will be covered.

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## About AccountsIQ

This article is brought to you by AccountsIQ, cloud accounting and consolidation software for mid-size companies, particularly those with multi-entity or multi-location needs. Built for the cloud, AccountsIQ is in use in 23 countries and is now the solution-of-choice for many the worlds' leading accounting practices.

For further information on how AccountsIQ might work for your growing business please feel free to contact us and we would be happy to discuss your needs.

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