The Samaritans

The parable of the good accounting system

How accounting software helps The Samaritans put every penny to good use

Every business has to be able to account for the money that comes into and goes out of its ledgers. Apart from the need to produce statutory financial accounts, there is internal reporting to be done in the form of management accounts. When the business concerned is a charity, and its survival relies on donations, the need to track every penny is even more critical.

The Samaritans is one charity that has recognised the benefits of technology in managing accounts, making sure it puts every penny to good use. It receives £4 million in donations every year and many of these represent very small transactions. It also has to reimburse many of the 20,000 volunteers for the expenses they incur during their work. These are small sums of money but there are lots of them to be processed. This can make for an accounting nightmare.

The General Office of The Samaritans is small, with only 40 staff, most of whom are not accountants and not financially skilled. They all need access to the ledgers to look up specific information, and some have to input data. This means that the accountancy system has to be simple to use.

Three and a half years ago, David Hargrave, senior finance officer at The Samaritans, began looking for a software package that could help it process its accounts more effectively.

"When I joined The Samaritans, it was using a proprietary system to process its accounts. The system was robust and reliable, but lacked the detailed analysis and reporting functionality really needed by the charity. I had seen a write-up and demo of Exchequer's software some years before, and was impressed with how advanced the technology was.

"I evaluated several products, from Sage, Sun, Pegasus and TAS, but none of them could touch Exchequer for the technology, functionality and value for money it offered."

The Samaritans needed a system that could help it manage numerous transactions much more efficiently. "Our purchase ledger is where we record the payments we have to make," said Hargrave. "We have large bills to pay to suppliers, just like any other organisation. These can include things like utilities, or the cost of running fund-raising campaigns, as well as the small amounts to volunteers."

Using Exchequer's Enterprise package means that all these transactions can be easily inputted and updated on to the charity's balance sheets. Similarly, the sales ledger is used for registering all the donations The Samaritans receives, which can vary greatly in size, from individuals at £2.50, through to corporate donations amounting to thousands of pounds.

"The system helps us handle this in two key ways. Firstly, it is simple to use. This is fundamental as over 30 staff need to use it. Different teams handle different fund raising areas. This means some staff log the donations we receive as batches generated from campaigns, some as single amounts, and others as large corporate sums. These people are not accountants, but have no difficulty dipping in and out of the system to either input data or check figures.

"Secondly, the hierarchy of the ledger structure means that we can easily analyse where our income comes from. We segment it according to whether the donor is an individual, company or 'miscellaneous' donor. This breaks down further into a range of benefactors, which include companies, regular donors, legacy donors, campaigns, trusts, and government.

At any time we can easily drill down into these fund-generating areas and look at income levels within them. We can even scrutinise every individual transaction that comes under each group and sub-group. In this way we really can account for every penny."

Another way in which the software has helped The Samaritans is in its reporting. Like other businesses, it has a statutory requirement to produce annual financial accounts, but it has to do so in accordance with the provisions of the Charities Act, the format of which differs from the traditional profit and loss statement.

The flexibility of the ledger structure means The Samaritans has been able to set up them up so it can easily draw off these reports, saving considerable time and effort.

Like any other organisation, The Samaritans also needs to undertake internal reporting and analysis. Management accounting may not take the form of profitability analysis, return on investment, or forecasting and budgeting in the pure sense. But key criteria still need to be measured. Management accounts showing the success of campaigns, incoming donations and outgoing expenditure all need to be reported to trustees on a monthly basis. This is a time-consuming activity if the right tools are not in place to help.

"Service and support are also important to us, and our organisation recognises more than most the importance of having a friendly voice at the end of the phone if we need help. The product is very robust and technical problems have been a rarity.

On the odd occasion when we have got stuck and needed advice, we have nearly always got through to the help desk on the first ring. The support agents are always friendly and have got us back up and running in no time at all."

The Samaritans may be a non-profit making organisation in the pure sense, but its success does rely on money. The more money it has, the more people it can help. In this way, the ability to account for every penny it receives and put it to good use is the key to serving the community for years to come.