

Making the Business Case for **Automating Accrual & Prepaid Accounting**

This guide provides talking points and winning strategies to justify automated accrual and prepaid accounting software.



Having trouble making the case for software that automates accrual & prepaid accounting?

You know the power of **automating accruals and prepaids**—it frees up time, reduces errors, and directly impacts your organization’s financial health. Leadership, however, may be convinced that existing manual processes are “good enough,” making it difficult to justify investing in new software.

This isn’t just about new software; it’s about achieving the next level of efficiency and precision. This guide equips you to build a compelling business case, demonstrating the undeniable ROI of automation and positioning you as the champion of a streamlined, accurate, and future-ready accounting department.

“I can move onto other things much faster and I can get the draft financials done probably within two days on most good months.”

KELLY SWICK
SYSTEMS CONTROLLER AT IMEG CORP.

Period MM/YYYY	Status	Cash	Expense	(Accrued)/Prepaid	Cumulative Balance	S	A	L
Catch-Up 06/2025	Open	15,000.00	5,000.00	10,000.00	10,000.00			
07/2025	Open	0.00	1,250.00	(1,250.00)	8,750.00			
08/2025	Open	0.00	1,250.00	(1,250.00)	7,500.00			
09/2025	Open	0.00	1,250.00	(1,250.00)	6,250.00			
10/2025	Open	0.00	1,250.00	(1,250.00)	5,000.00			

Allocate By

Total Contract

Product/Service

Invoice D41-0007 - Team Subscriptions

Cost Center

Department

Region

Percentage

1

Operations

Southeast

75 %

1

Operations

Northeast

25 %

Add more

100% total
0% remaining

Set Up Prepaid and Accrued Expenses

Product/Service	Payment Date(s)	Total Amount	Record Expense	Schedule
Subscription	01/01/2024	200,000.00	Over time <input type="text" value="from"/> 01/01/2024 <input type="text" value="to"/> 12/31/2025	Preview
Premium Support	12/31/2025	30,000.00	Over time <input type="text" value="from"/> 01/01/2024 <input type="text" value="to"/> 12/31/2025	Preview
Admin Fee	01/01/2024	150.00	All at once <input type="text" value="on"/> 01/01/2024	Preview
Conference Registration	01/01/2024	5,000.00	All at once <input type="text" value="on"/> 01/01/2024	Preview
Maintenance	01/01/2024 - 12/31/2025	2,400.00	None <input type="text" value="No journal entries will be generated."/>	



The Current State and the Hidden Costs

The Illusion

For many accounting and finance teams, the familiar spreadsheet remains the go-to tool for managing accrued and prepaid expenses. It's deeply ingrained, readily available, and, at first glance, appears to be free. However, what seems like a low-cost method for tracking accruals and prepaids has hidden risks and costs.

The Reality

Don't be fooled by the illusion that spreadsheets are a "free" way to manage accrued and prepaid expenses. Both this manual approach and using an ERP for these tasks carry significant hidden costs.

The time your team loses to repetitive data entry and reconciliation is a costly drain on resources that could be better spent elsewhere and creates significant bottlenecks at busy times like close and audit. The manual process also weakens your internal controls. Besides being prone to errors that can ripple through your financials, fragmented manual methods hinder financial review, complicating compliance and attracting scrutiny during audits. Best case scenario, this leads to increased audit time and cost, but it could also lead to audit deficiencies or worse.

Why Automation is a Strategic Investment

Automating accruals and prepaids is a strategic imperative. Specialized software saves your accounting team from manual data entry, reconciliation, and journal entries, enabling them to prioritize financial analysis and strategic planning. It also boosts confidence in your data by eliminating errors and reducing restatement risks. Automation provides a centralized, accurate view for smarter decision-making, simplifies audits, and ensures compliance. It ultimately future-proofs your operations, allowing your accounting function to scale effortlessly and maintain agility.

SCENARIO #1

Your Company Wants to Stick with Spreadsheets

Sticking with spreadsheets for accrued and prepaid expenses often feels like the path of least resistance due to its familiarity. Yet, this “easy” option carries substantial hidden costs and risks.



Inefficiency and Burnout

Manual processes are time-consuming, especially during peak periods. Tasks like populating journal entry templates, allocating expenses, reclassifying balances, and reconciling variances during the month-end close often lead to **overtime, missed deadlines, and employee burnout**.



Increased Risk of Errors and Poor Decisions

Tedious, repetitive manual work, such as entering new lines and copying formulas in a spreadsheet, significantly increases the risk of errors. Even small mistakes in areas like accrued and prepaid expenses can add up and distort financial statements, leading to **poor operational and strategic decisions**.



Audit and Compliance Challenges

Spreadsheets lack critical features like version control and audit trails. This weakness leads to more questions from auditors, more time spent on PBCs, and **increases the risk of audit deficiencies**, which can result in more testing, ongoing scrutiny, and **higher audit fees**. Ultimately, these issues can damage stakeholder confidence and increase the organization’s overall controls risk.





Inadequate functionality

Without purpose-built functionality, managing accruals and prepaids in Excel leads to **manual errors, wasted time, and a lack of real-time insights**. But with FinQuery, you can eliminate these headaches by automating amortization schedules and journal entries, saving you up to 80% of the time you spend on accruals and prepaids. Here's how we do it:

- ➔ AI powered data entry
- ➔ Automated CPA-approved calculations
- ➔ Effortless schedules & journal entries
- ➔ Automated catch-up and true-up for complex adjustments
- ➔ Centralized repository with source documents and alerts
- ➔ Trusted audit trails with read-only auditor view
- ➔ Reduced manual data entry and stronger internal controls
- ➔ Hassle-free rollforward reporting for reconciliations
- ➔ Insightful segmented expense reports

Additional resources to build a winning case



BLOG POST

How Accountants Can Maintain Accurate Accrual and Prepaid Accounting When Invoices Are Late



BLOG POST

Streamline Accrual and Prepaid Accounting with Catch-up Entries



PRESENTATION

FinQuery vs ERPs for Accrual and Prepaid Accounting

SCENARIO #2

Your Company Wants to Stick with Your Existing ERP Accrual & Prepaid Module

Your ERP is a powerful financial tool, but when it comes to managing accruals and prepaids, it falls short. Without an intelligent subledger, you're left with complex ERP processes, limited amortization schedules, and a messy audit trail. This means more time spent on manual tasks and less time focused on financial analysis.

ERPs vs. FinQuery

TYPICAL ERP

- ❌ General functionality that is likely not purpose-built for these processes
- ❌ Often overly complex with many steps
- ❌ Not a true accrual/prepaid subledger
- ❌ Limited "catch-up" functionality for late invoices
- ❌ Difficult to correct errors and make edits once amortization has begun
- ❌ Offers very basic amortization schedules, lacking detail for effective tie-outs and reconciliations
- ❌ Requires manual reclass of short term/long term balances
- ❌ Difficult to handle amortization for multiple invoices over a service period (e.g., insurance contracts)
- ❌ Reversing entries for estimated accruals are tedious, difficult to audit and reconcile
- ❌ Allocating records to financial segments is an inefficient, multi-step process

FINQUERY ACCRUAL & PREPAID AUTOMATION

- ✅ Intelligent subledger provides a central repository for schedules, entries, reports, documents, comments, and alerts
- ✅ Intuitive management of accruals and prepaids
- ✅ Read-only auditor view provides easy access to the subledger, with audit trails, reducing PBC burden
- ✅ Effective "catch-up" functionality for handling late invoices, with full visibility
- ✅ Correcting errors automatically trues up records, even after amortization has begun
- ✅ Comprehensive amortization schedules, ideal for tie-outs and reconciliations
- ✅ Automated short term/long term balance classification
- ✅ Flexible expense schedules easily straight-line multiple invoices over a service period (e.g., insurance contracts), with a prepaid asset flipping to an accrued liability as needed
- ✅ Quickly enter estimated accruals. Trued up schedules provide full visibility and are audit ready.
- ✅ Streamlined allocations across financial segments are quick and easy
- ✅ Email alerts for renewal dates help prevent missed accruals

SCENARIO #3

Your Company Thinks Automating Accruals and Prepaids isn't a Priority

Opting out of automating accruals and prepaids means there's a higher potential for frequent errors, which can undermine financial controls and increase audit risk.

INEFFICIENCIES AND RISKS



Aggregated Materiality

While individual inaccuracies may seem minor, the cumulative effect of errors across numerous accruals and prepaids over time can be material.



Compliance and Internal Controls

Even for seemingly minor items, strong internal controls are absolutely essential. They're your frontline defense, ensuring financial integrity and keeping you fully compliant with regulations, like Sarbanes-Oxley (SOX).



Scalability Challenges

Manual processes don't scale. As the company grows organically or through acquisition, the volume of accruals and prepaids increases, making manual methods unsustainable and error-prone.

Critical Questions for Finance Leaders

- ➔ *Are we confident our manual processes offer ironclad internal controls, SOX compliance, and overall financial integrity, especially as we grow?*
- ➔ *What's the hidden cumulative risk of aggregated "small" errors in accruals and prepaids, and how does it impact our bottom line?*
- ➔ *As we scale, will our current manual approach to accruals and prepaids become a bottleneck of inefficiency for the team?*



SCENARIO #4

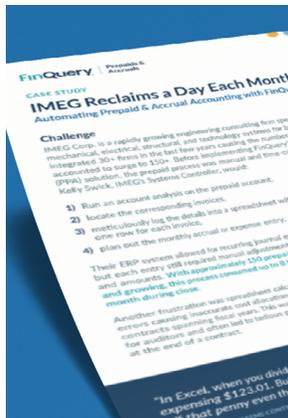
Your Company Thinks You're Too Short-Staffed to Make This a Priority Right Now

When a team is already stretched thin, sticking with manual accruals and prepaids often feels like the only viable option. However, this perceived burden is often the very solution to easing your team's workload and boosting efficiency.

Automation: The Answer to Your Resource Crunch

- ✓ Free up bandwidth with automation
- ✓ Automated CPA-approved calculations
- ✓ Improve job satisfaction & retention
- ✓ Improve accuracy
- ✓ Eliminate manual, repetitive tasks
- ✓ Decrease audit costs

Our expert-led implementation process, coupled with dedicated support teams, ensures a seamless setup. Customers consistently commend the ease of data migration, mapping, and testing, highlighting how quickly they can achieve compliance and value, even when the customer is short-staffed!



See how Kelly and her team **eliminated up to 8 hours of tedious monthly work during financial close**—like manual spreadsheet entries, copying and pasting formulas, and laborious line-by-line reconciliations—that often led to calculation errors, inaccurate cost allocation, extra work, and audit concerns.

[VIEW THE CASE STUDY](#)

“Just getting through that financial prep faster and getting it off my plate is much appreciated.”

KELLY SWICK

SYSTEMS CONTROLLER AT IMEG CORP.

SCENARIO #5

Your Company Thinks Accruals and Prepaids are Not an Impactful Enough Area for Automation

When a team is stretched thin, automating accruals and prepaids often seems like a low-priority project with limited impact. However, FinQuery offers a unique, first of its kind source-to-close approach that provides benefits extending far beyond these two areas. It's a fundamental shift that eliminates broken, invoice-based workflows, reducing errors and saving significant time on manual tasks like chasing down contracts and validating invoices.

By starting with the source document, you can collapse multiple actions into one, strengthening controls, improving audit readiness, and building a real-time, finance-centric contract repository without any extra effort. The best part is you can automate your current invoice-based workflows in FinQuery, and build up to a source-based approach over time to unlock the full range of benefits.

Moving beyond the old way: How a source-to-close approach streamlines your month-end close and provides unprecedented visibility

A typical prepaid process relies solely on invoices, which reinforces a broken and manual workflow. It often involves:

- ❌ Receiving a surprise invoice months after a contract is signed, that accounting wasn't expecting.
- ❌ Chasing down the source contract, which is hiding in an inbox or a shared drive somewhere.
- ❌ Manually validating if the invoice is real and if a contract even exists.
- ❌ Manually setting up the accounting (e.g., schedules, entries, accounts) for each invoice over and over again for multi-year, multi-payment contracts.

FinQuery's source-to-close approach eliminates these pain points. When a contract is signed in the business, simply email it to FinQuery. The system creates a draft record, using AI to extract key details. Audit ready accrued and prepaid expense schedules, journal entries, and reports are created from the source document. This proactive approach from the source document replaces a reactive posture that waits for invoices without context and risks missed accruals.

- ✅ Build a real-time, up-to-date CLM for the Office of the CFO
- ✅ Reduce Invoice Validation for AP
- ✅ Capture expected payments and expense schedules for FP&A budgeting and forecasting
- ✅ Collapse the accounting set up for multiple invoices into one action
- ✅ Strengthen internal controls with an auditable system of record that links journal entries to the source document
- ✅ Give contract owners a central repository complete w/ important clauses, email reminders, commenting, and alerts

Solution & Benefits of Automated Accruals and Prepaids

You can now clearly outline the pain points of manual accrual and prepaid accounting. Now, let's define the solution: automation.

Implementing a specialized solution like FinQuery transforms these traditionally time-consuming processes into engines of efficiency, accuracy, and strategic insight. It's not just about fixing problems; it's about getting significant value for your finance team and the entire organization.

See how FinQuery automates and improves these processes

- ✓ Improved data accuracy and reduced risk of errors
- ✓ Reduced manual data entry and simplified reconciliations
- ✓ Faster, more accurate month-end, quarter-end, and year-end financial closes
- ✓ Built-in audit trails with read-only access for auditors
- ✓ Automated calculations, amortization schedules, and journal entries, including complex adjustments, catch-ups, and true-ups
- ✓ Stronger internal controls and compliance with accounting standards
- ✓ Better insights into financial data for improved forecasting and decision-making
- ✓ Eliminated transactional tasks for the accounting team
- ✓ Streamlined workflows and audits with contracts, invoices, and accounting outputs in one subledger

It's time to transform your accrual and prepaid accounting from a tedious burden into a strategic advantage

Schedule a Demo Now →



Automated accounting for leases, accruals, and prepaids. *Streamlined contract management.*

FinQuery is an award-winning software company providing AI-powered solutions for **lease accounting, accrual & prepaid accounting, and contract management.**

Built for accounting and finance teams, FinQuery empowers more than 40,000 professionals to accelerate their close, streamline budgeting and forecasting, simplify complex accounting, and comply confidently.

8500+
Customers

93
Countries

250+
Partners

[Learn more at FinQuery.com](https://finquery.com)



4.6 (380+ reviews)