

# **A Guide To Outsourced Accounting**

## **(And Why You Should Consider It)**

In recent years, it has become increasingly popular for businesses to outsource their accounting and bookkeeping. In addition to offering several benefits, it is becoming more common for teams to work remotely as they move to digital solutions. In this guide, we will break down what an outsourced accounting service is, its benefits, and who it's best suited for.

### **What is outsourced accounting?**

Outsourced accounting is when a business hires a third party (outside of their company) to complete the accounting function and finance functions of the organization. Outsourced accountants handle all the finance functions of the business, including bookkeeping, payroll, financial reports, management accounting, tax, accounts payable, accounts receivable, following up debtors, and other accounts-related services.

### **What are the benefits?**

Hiring an outsourced accounting firm has a lot of benefits, such as;

#### **Save Money**

A third party for your accounting work is generally more cost-effective than hiring someone internally. Hiring in-house accountants can be expensive when factoring in office space, insurance, sick days, etc. Moreover, hiring an accounting firm allows access to a team of people with various skills (versus an employee who can only do one task at a time).

#### **Access Expertise**

By outsourcing your accounting, you can save money and improve results simultaneously. If you run a company that isn't an accounting firm, you likely aren't a master accountant. By teaming up with a CPA specialist, you get access to someone (or a team of people) who is an accounting professional with a wide range of expertise. This ensures your books are always accurate, payroll is compliant and completed on time, and you're not at risk of penalties or regulation mistakes. A good firm will get it done right and do it cost-effectively.

#### **Save Time**

Outsourcing your accounting will allow you to spend less time overseeing the organization's financial functions and preparing financial statements, giving you more time to focus on your vision and purpose. At Breakthrough, we assist you with reporting and presenting to your board, so you need all the information in one place.

One of the biggest struggles many organizations face is the high level of regulation and compliance. Breakthrough will also assist you in reducing the complexity and headaches while reducing the time and effort required to comply with the various regulatory bodies.

## **Improve Productivity**

If you have a reliable finance team, you can have peace of mind knowing your accounting responsibilities are all taken care of. You'll also get helpful financial reporting insights showing your business performance, cash flow, budgeting, etc.

## **Scale Up Easily**

An outsourced accounting firm will make your life much easier if you're a growing organization. Accounting operations can be complicated, and when you're scaling up, it's easy to get overwhelmed and caught up in all the moving pieces. By hiring Breakthrough, you'll work with an experienced firm that has done this many times.

## **Automate & Go Digital**

By working with an outsourced accounting team, you also get access to all their accounting software (Xero, etc) and systems, meaning you'll be able to streamline processes and automate tasks. You'll also be able to reduce your carbon footprint and impact on the environment by going digital and reducing wasted paper. This saves money on inventory and saves time by reducing filing and storage.

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## **Who is outsourced accounting for?**

Outsourced accounting used to be only for large corporate companies. But thanks to technological advancements and the world's familiarity with remote workers, it's now available to smaller businesses and organizations. An outsourced accounting service is suited to:

### **Small Businesses**

A small business owner does not need a full-time accountant and chief financial officer (CFO) but requires someone with more skills than the current office manager, bookkeeper, or administrative workers.

### **A Company Struggling To Hire**

A company of any size struggles to find a suitable and affordable full-time employee. Also, each time your accountant leaves, you must recruit, train, and hope they work; outsourcing to a team of accountants will not have this problem.

## **Growing Companies**

A growing company that wants to scale up its accounting or financial abilities.

## **Not-For-Profits & Charities**

Accessing experienced finance professionals can be difficult for a not-for-profit. Breakthrough is experienced in not-for-profit accounting and has expert knowledge in managing donations and tax-deductible receipts, recording and acquiring programs, managing grant funding, and annual reporting obligations with various regulatory bodies.

## **People Who Need Temporary Help**

A business owner or company that only needs temporary help (e.g., a part-time replacement for a staff member, an accounting audit, or end-of-year reporting).

## **Basically Anyone!**

Outsourcing is an excellent option for everyone — whether you have five employees or 500, all organizations have compliance, payroll, and reporting requirements. The sooner you start, the faster you'll reap the rewards!

Whether you have five employees or 500, you still have similar requirements. If you'd like to know how more, contact our friendly team, and we'll assist you in planning out everything you need.

## **Common mistakes people make when outsourcing.**

There are three common mistakes people make when outsourcing their accounting department, which are:

### **Choosing a firm with unaligned values.**

It's essential to partner up with someone that aligns with your values. You can only grow so far if you don't have a shared vision and values. At Breakthrough, we share your excitement about making an impact. Our true passion is to make a difference in the world — accounting and finances are just what we're good at. By teaming up with us, you won't just experience the best service and results but also work with a like-minded organization.

### **Choosing someone who doesn't understand your business.**

Sometimes, with accounting outsourcing, you don't know what you don't know. You might think you need something, and the accountant will take it too literally, just doing what you asked without taking the time to understand if that's what you should or could do. Make sure you find someone who understands your business. At Breakthrough, we have an in-depth discovery

process to understand your needs thoroughly and tailor a unique client offering at no additional cost.

### **What to do before you hire an outsourced accountant.**

Before hiring an outsourced team, list the support and services you need (e.g., bookkeeping services, reporting, payroll taxes, tax returns, monitoring transaction fees, etc.). Still, your goals (e.g., increase cash flow, have better visibility into your finances and balance sheet, etc.) should also be considered. At Breakthrough, we factor in your needs and make suggestions based on your goals, with a tailored package to suit your needs.

### **Want to get started?**

If you'd like to save time and money and grow your organization with industry-leading business accounting, our CPA-qualified accountants can help. The Breakthrough Office is a leading Not for Profit accounting specialist. We support Not For Profits to achieve Breakthrough by filling in the gaps. No solution is one-size-fits-all; it should be tailored for your organization, furthering your impact and opening new doors for future growth.