

Outsourcing accounting functions can save time, money

by Kimberly Clark Coffin

Businesses of all shapes and sizes can benefit from outsourcing accounting functions to a CPA firm. Outsourcing allows companies to focus on their areas of expertise, freeing them from having to spend so much

time dealing with financial issues. With outsourcing, the company doesn't have to hire an employee to handle financial matters. Michael Pruss, a manager at Bland and Associates, said it is difficult to find well-trained, independent employees with experience to complete accounting procedures in-house. Outsourcing the work to a company like Bland and Associates solves the problem for businesses, he said.



Pruss



Bass



Bland

"We can handle the complexity," Pruss said. "We can provide the expertise."

Pruss said business is heading toward more specialization. For example, an engineering company doesn't have expertise in accounting, so it makes sense for that

company to let someone trained in accounting handle those matters.

"Let a company that specializes in payroll complete the payroll," Pruss said. "It's

more profitable. That is where the business world is going."

Outsourcing could be done with companies specializing in human relations or accounting.

David Bass, president of Bass and Associates, said both for-profit and not-for-profit organizations are looking to outsource their accounting needs.

"There are many CPA services a company wishes to have, and it can't always afford to have a CPA on staff," Bass said.

Services include setting up accounting procedures, internal control functions, interpretation of financial results and financial and tax planning. Accounting firms also can work with accounts payable and receivable and payroll functions.

"It's primarily the smaller businesses that want to keep overhead low," Bass said.

Patrick Lavelle, vice president of Dutton and Associates, said small to midsize businesses don't have enough work to justify hiring an accountant.

"If you don't have the work for a full-

time employee, you don't have to pay for a full-time employee or the benefits for that employee if you outsource instead," Lavelle said.

Another benefit is that the employer doesn't have to worry about turnover and the completion of job functions when he is using an outside company.

Lavelle said companies that are outsourcing accounting functions might ask to have payroll prepared, including deductions and federal and state payroll tax reports that need to be filed, and controllership functions for the company's general ledger of monthly financial statements.

Phil Waldron said businesses ask his company, Phil Waldron PC in Lincoln, to provide payroll and accounting services, including financial statements and other bookkeeping functions.

The company can provide additional services that are not considered outsource functions.

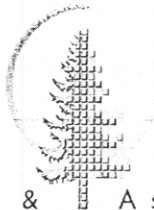
"We can take things to the next level for a full-level audit," Waldron said.

Another advantage of using an accounting firm is that it will be up to date on tax changes and will have the needed materials to complete accounting functions.

"Many times, pretty sophisticated ac-

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counting software is needed," Bass said. "It can cost \$25,000 to \$30,000. Rather than for a client to have to make that expenditure, we're responsible for keeping the software up to date."

When a business is looking for a company to handle outsourced accounting functions, it can ask questions about the company's policies on security and confidentiality.

Jerry Bland, managing shareholder with Bland and Associates, said businesses should know who has access to their data and how it is protected. They should know who has access to material if it is transmitted physically and what security measures are in place for electronic transfer of material.

Security measures need to be taken at the accounting firm as well.

"If I were to outsource payroll, one thing I would want to know is where the data was when it wasn't being used," Bland said. "You don't want that information lying around."

Pruss said the overall professionalism of the organization would give an idea of how the company handles secure information.

Clients should be involved with the accounting company.

"We think that clients should do as much as they can, and be aware of what is going on with the business," Lavelle said.