

## Outsourcing Versus In-House Accounting

Hiring in-house accounting staff may seem like the next logical move as a business grows and financial needs become more complex, but there is another option that companies can consider. Outsourcing the accounting and bookkeeping function to an outside provider, like a CPA firm, can have some significant benefits over adding an employee or trying to fit an existing employee without the proper knowledge into that role. To help clients, prospects and others understand these benefits, KROST has outlined some key factors that differentiate in-house accounting and outsourcing below.

### *Accounting Outsourcing Versus In-House Accounting*

1. **Scalability** – Larger businesses have financial needs that may necessitate full-time accounting staff. However, a majority of companies have much more fluctuation in business activity because of seasonality or other factors. These companies can benefit significantly from hiring an outsourced accounting firm and paying only for the time that they need instead of a full-time salary and employee benefits. And as the company grows or experiences transition, outsourcing allows you to easily scale the amount and level of services as necessary.
2. **Accounting Knowledge** – Handling a company’s financials requires highly skilled individuals who understand best practices, current laws and regulations, and compliance requirements. An outsourced accounting firm gives you access to the right set of knowledge for all financial tasks from payroll and accounts receivables to financial statement analysis and tax planning. In-house accounting teams have much less opportunity to stay abreast of the latest news relevant to the industry and often limited accounting knowledge. This fact gives third party services a big advantage when it comes to putting your company in a position to capitalize on opportunities, make necessary decisions, and maintain compliance with regulatory changes.
3. **Versatility** – An accounting firm brings experience from a variety of client situations, industries, continuing education, and other resources and also offers the benefit of multiple team members’ expertise and certifications. By contrast, an in-house accounting team only has the knowledge and experience afforded them from their current and past singular industry or service focus. This means that if the accounting needs of your company ever change, an in-house accounting team is more likely to struggle with the necessary adjustments and decisions. This can create limitations on your company’s overall flexibility and hamper its ability to grow.
4. **Objectivity** – An outsourced accounting firm will be intimately entrenched in your firm’s financials. When something potentially sensitive arises, such as issues related to partner compensation, they can offer objective advice and insight where an in-house accounting staff member may not raise the issue for fear of retribution. An accounting firm can help you make the right financial decisions for your business, including which products or services to increase or eliminate, where you can cut costs, and where to redirect funds for greater profitability.
5. **Data Security** – It may seem counterintuitive, but outsourcing your accounting to a reputable firm typically improves data security when compared to in-house accounting. Depending on the size of your company, you may not have the level of security that an accounting firm would have

as a general rule because of the nature of their business. Accounting firms must have robust security practices and procedures in order to protect their clients' financial data, so the tools are already in place to secure your data as well.

#### *Contact Us*

There are significant benefits when you leverage the experience of seasoned accounting professionals to prepare your monthly and quarterly statements, manage accounts payables and receivables, and perform other financial tasks. If you have questions about outsourced accounting or are considering these services for your business, KROST can help! For additional information, please call us at 626-449-4225 or [click here to contact us](#). We look forward to speaking with you soon.

**Author: Stacey R. Korman, CPA, MST**