

8 Ways to Get the Most from Outsourced Accounting Services

There are many potential benefits from outsourcing your organization's accounting and finance services. Use this checklist to set the right tone and maximize your relationship with your outsourced provider.

1. Start with due diligence. Before selecting an outsourced provider, ask:

- If you can speak with an operational manager who would oversee your account.
- How your organization is similar to (or different from) the majority of the outsourced provider's current book of business.
- How long they have worked with churches and nonprofit organizations.
- How many new accounts they gained last year.
- How many accounts they lost last year.

2. Spell out the terms in the engagement letter.

- How much will you pay? Will there be overages?
- How quickly can you exit if you are not satisfied?
- How often can you contact your accountant? Your manager?
- How in-depth will monthly financial reviews be?

3. Understand how the relationship will operate at two levels:

- Executive Pastor/CFO/top administrator to Outsource Manager.
- Your finance/administrative staff member to the outsource provider's staff member.

4. Define the daily staff work — cash in, cash out.

- Expect your provider to alert you to checks that haven't cleared, deposits that have been returned, and fees on bank and credit card accounts.
- Expect your provider to be an expert in accrual accounting, not just in cash accounting.

5. Know how common problems will be solved, such as:

- How do you book a restricted donation if you don't have that particular fund?
- How do you think about selling property? Adding a new campus?
- How are you doing with the percentage of online giving?

6. Specify payroll frequency and set up. Ask about the following:

- How do you know if your payroll provider is performing well?
- Is your minister's housing allowance process set up correctly?

7. Outline monthly general ledger reporting and review.

- How well does your internal admin team understand the books and records?
- What is hiding on your balance sheet?

8. Complete a monthly or quarterly review of financial statements as a best practice. Make sure you know your cash balances. Evaluate:

- When cash is highest during the monthly cycle.
- When cash is the lowest during the monthly cycle.
- Whether you are in danger of running out of cash.

Additional resources for churches and nonprofits, including articles, blog posts, and recorded webcasts, are available at capincrouse.com.