

BOSS

Back Office Shared Services

The Complete Guide to Outsourcing Accounting Work



CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Introduction

BOSS (Back Office Shared Services Pty Ltd) was formed in 2004 as a solution to the problem of sourcing good, experienced accountants in Australia for public practices. We launched in 2015 in New Zealand utilizing our eleven years of expertise.

In this guide we go through the different outsourcing models that most firms currently utilize, why you should be considering outsourcing, the key benefits, things you need to consider seriously and how to get ready.

Different Outsourcing Models

The power of having an inexpensive, reliable, always available “on tap” virtual accountant or bookkeeper is a game changer for Australian and New Zealand public practices. Whether you realise it or not, along with the cloud, this is just the beginning of a transformative business opportunity that some will embrace and become very prosperous utilizing.

But there is one caveat. As you will discover you can outsource to a high-end full-service provider or a bare-bones accountant....or engage an outsourcing provider somewhere in-between. The high-end full service provider will give to the problem of sourcing good, experienced accountants in Australia for public practices. We launched in 2015 in New Zealand utilizing our eleven years increased profit and adding value to your clients. If you go for the lesser service (yet at first glance cheaper option) you will be taking on more of the risk and have to invest more of your time and resources into getting jobs completed accurately and efficiently.

Below we outline the common models utilized by accounting firms in Australian and New Zealand.

The Staff Leasing Model

Here an outsourcing provider assists with finding staff and supplies them with an office, desk computer and internet connection. Some firms provide basic induction training in Australia or New Zealand issues with a few periodic updates but you are expected to do the bulk of compliance and software training. Some firms also provide basic staff management and HR support.



You can have your virtual staff use your procedures and working papers and the offshore accountant will be totally reliant on you providing this to them.

This option can appear cheaper at first but you should know that, depending on the service level, it can involve running a lot of the offshore operation. The main challenge is training. Training is difficult to do even if you visit the offshore office. The cost-benefit can diminish very quickly if your staff has to provide a lot of training and help to salvage jobs that have been completed with many errors.

So you need to think about your business objectives. Are you just trying to cut costs with outsourcing (and prepared to take on the risks and hassle that may involve) or are you more interested in developing your business advisory focus and expand you range of services with the minimum of problems?

BOSS does not provide this type of outsourcing service.

Full-Service Permanent Dedicated Staff

You can engage a part-time or full-time dedicated accountant or bookkeeper (i.e. 1 to 5 days per week) that works **exactly** how your staff work to do any compliance jobs. Think of them as your staff but just in a remote office.

If you engage a **full-service provider** you should only have to manage workflow and provide information on in-house procedures (if you want the offshore accountant to use them). If you do not have adequate documented procedures or work papers then a full-service provider can use their own.

All training should be provided by the outsourcing firm but check carefully.

A dedicated arrangement allows better integration so the offshore accountant can work like your own staff, use your Document Management System and practice management software and get to know your client jobs. This method can reduce review times, increase efficiency, and increase the scope of possible work done by your offshore team.

The accountant can use your work papers and procedures, converse over Skype just like you'd quickly chat to any colleague in your office, can attend team meetings and be coached on your methodologies and even complex work if you want them to do more (e.g. assisting with tax advisory work or looking for new value-add opportunities for clients etc...).

BOSS provides full-service permanent dedicated staff. As standard we provide an initial six month FREE review as part of our one-on-one on-the-job training of new permanent staff to ensure the quality of work produced is high and that the accountant is trained thoroughly.

Full-Service Casual Staff and Ad-Hoc Jobs

You can engage a specialist accounting outsourcing provider to do casual ad-hoc jobs for you as and when they come up. There are different pricing models from fixed-fee hourly rates to value-based project pricing.

Again, with this model, you only have to manage workflow and should not have to deal with training. This method is best for convenience for overflow or sporadic work (e.g. SMSFs). The disadvantage is the work is using only the outsourcing provider's procedures and work papers and there is less integration possible with the accounting firm's systems (Document Management Systems etc).

BOSS provides an extended casual service allowing some customization of procedures. Our casual service is provided on a fixed-price and value-based basis.

BOSS now offers a new Freedom Service combining the best of our Dedicated and Casual Service

Our new **Freedom Service** removes all your painful issues of employing staff. You can be free of all the typical issues an employer faces like sickness leave, poor performance, write-offs, job hoppers leaving after one or two years, high recruitment costs, management headaches, training headaches and paying for annual leave.

Our Freedom Service provides:

- ✔ Trained accountants, bookkeepers and admin staff that can follow your procedures but you only get charged a fixed fee for each job.
- ✔ No more budget overruns and write-offs - a fixed-fee for every job.
- ✔ No annual leave, sick leave or any leave to worry about.
- ✔ A team that can be scaled up or down within a week to help with those peaks and troughs in your workload.
- ✔ The same staff assigned to you so they get to know you and your systems.
- ✔ Accounting work is reviewed by senior staff before handing it back to you.
- ✔ No expensive "kick-start" fees or other hidden fees.

The Main Benefits of Outsourcing

Access to Experienced Virtual Accountants

Finding and keeping **good** accountants with **years** of experience has gotten much tougher over the past few years, including pressure to pay staff more. However outsourcing can resolve this by recruiting staff (virtual accountants) from a different pool giving you the advantage over other firms.

The time and trouble of hiring, training, and losing staff can be exhausting. In fact you may have decided not to grow your business because of these obstacles! With a high-end full service outsourcing provider you take on board fully trained virtual accountants in Australian or NZ accounting standards, SMSFs, tax and law etc...



Cost Savings

Have you ever added up the real cost of training in billable hours lost by you and your staff, as well as training programs you buy? What about recruiting staff? The cost over the average tenure (3 years) is exorbitant! Add this on top of superannuation, Workers Compensation, office space, IT costs, etc... It's plain to see that in-house staff are a big commitment.

By comparison the cost of employing a virtual accountant is far below employing your own in-house staff.

Ultimate Flexibility and Reduced Risk

Having a solid full-service outsourcing provider as a reliable human resource means the logistical matters are not a big constraint anymore and ramping up staffing levels (and down if required) becomes much more straightforward. For example, with BOSS we can normally assign a virtual accountant with five years' experience to you within one week. *Try hiring like that in Australia or New Zealand!*

Conversely, if you ever have to scale back growth or downsize for any reason you do not have the normal things to worry about such as leased office space etc... That's just one way outsourcing reduces your risk.

More Time for You and Your In-house Staff

With a full-service outsourcing provider doing the compliance work, you and your in-house team can be left to do the precious "value-add" work that really helps your clients and attracts higher fees!

You might also choose to spend your time doing business development activities or you might start working on your business instead of in it – doing those important things that you "just never have the time for..."

Important Considerations

There are lots of offshore outsourcing options and your needs may change as you develop your business. But there are some fundamental things you need to consider and you need to do your due diligence when assessing outsourcing providers.



Peter Vickers

Managing Director, Australia
Director and Accountancy Practice Principal

A registered tax agent and company and SMSF auditor, Peter is principal of Peter Vickers & Associates, Lindfield, NSW. He is a fellow of Chartered Accountants Australia and New Zealand, The Tax Institute, and the Australian Institute of Company Directors.

Peter has experience, from running his own practice, of the needs of today's accountancy practices. Peter also strives to ensure the BOSS services include reliability, quality of work, value for money and client security.

Who is doing the work?

If you want the work done to a good Australian and New Zealand standards, what better way of verifying this than taking a look at the credentials of both the offshore and Australian or NZ sides of the operation.

Are the accountants doing the work fully-qualified or part-qualified CA or CPA accountants?

Who are the Directors on both sides of the water and what credentials do they have that demonstrate they can run an Australian or NZ-compliant operation and deal with Australian and NZ tax and law competently?



Naveen Gowda

Managing Director, India
CEO, BOSS India

Naveen brings in more than a decade of rich management expertise to BOSS India. He has a track record of success in client management, key account management and service delivery for companies that operate in multiple countries. Naveen is equipped with a unique blend of both business and technical skills backed with an MBA in Marketing and a Bachelor's Degree in Computer Science.



Kiran Kumar MS

Director, BOSS India

Kiran is a commerce graduate, majoring in Accounting and Taxation; a CMA (Certified Management Accountant, IMA, USA); an AFA (Associate Financial Accountant, IFA, UK) and a member of the Institute of Public Accountants, Australia. An energetic attentive leader, holds a silver level badge from IMA Leadership Academy. With over a decade of experience in public practice, he provides unique insights in management, accounting and taxation.

BOSS Accountants are typically part-CA or fully CA qualified (India).

Training and Supervision

Are you required to train the outsourced staff at all on Australian or New Zealand taxes and laws? Are they familiar with your software?

Don't assume all the training will be done by the provider: check and make sure. This is one of the biggest things that will make the difference between you saving time and allowing you to focus on your business or the alternative which is having time and money eroded as you try to get your offshore accountants up to speed. **Don't underestimate the drain that this training can have on your firm.**

The Tax Practitioners Board states "providing adequate supervisory arrangements is critical in the offshoring tax service business model". The TPB is also keen to see "internal procedures used to satisfy supervisory and control requirements, which may include activities such as: training for offshore staff in Australian tax and solid quality assurance systems".

Training and supervision at BOSS includes:

*All staff go through a one month induction program on Australian or New Zealand issues when they join and continuous monthly tax training sessions. **However, the most important and effective part of the training is six months on-the-job, one-on-one training provided by a senior mentor. The mentor also reviews the entire accountant's work before handing it to you.** We train them on common Australian and New Zealand accounting software. They also update themselves on tax issues via the CCH tax library and have colleagues around them to support them.*

Professional Indemnity Insurance

Contact your insurer and see how they feel about outsourcing accounting work offshore. No doubt they will want to "pass the buck" and may well not cover you if a hiccup occurs. So make sure your provider has PII that covers their operation and that your contract is with an Australian legal entity with PII cover for the whole operation.

BOSS is fully covered by PII.

Security and Confidentiality

you if a hiccup occurs. So make sure your provider has PII that covers their operation and that your contract is with an Australian legal entity with PII cover outsourcing provider to have any data kept locally?

Make sure the firm you use does absolutely everything they can to ensure your data is safe. Do your due diligence.



BOSS takes the following steps:

- ✚ *If you have a fast enough server and internet connection or you are using a cloud-based system BOSS can work totally online so that no data actually leaves your office. You can select what files or folders your BOSS staff has access to on your server.*
- ✚ *BOSS has disabled USB ports and restricts use of the internet (e.g. webmail).*
- ✚ *BOSS has a Confidentiality Agreement signed by every employee.
Your BOSS accountant is ethically bound by the professional code of conduct of the Institute of Chartered Accountants in India (this has as much meaning to Indian accountants as it does to their Australian counterparts).*
- ✚ *We are a Practice Entity Member of the Institute of Chartered Accountants in Australia and New Zealand (CAANZ) and thus follow their code of conduct.*

- ✦ *Your Bangalore staff are recruited, vetted and affiliated within the same stringent controls you would use taking on staff for your Australian or New Zealand office.*
- ✦ *You are dealing with staff in India but they are employed by BOSS Australia (your contract is with an Australian entity).*
- ✦ *We have PI insurance for extra peace of mind.*
- ✦ *You can have the actual individuals (IT technician, reviewers, accountants, bookkeepers) sign a confidentiality agreement direct with your company if you like.*
- ✦ *We comply with the Australian and New Zealand privacy laws.*

Organisation

Many firms don't realize just how unstructured their work flow is (or indeed how disorganized some team members may be). That scenario may manage to just about work (after a fashion) with a small internal team but once the pace of work quickens as you plug into an almost limitless resource (the outsourced accounting team) you start putting pressure on the in-house team to do their bit faster and better.

The smart thing to do is to ensure you get the best possible leverage out of your in-house team. Solo accountants or small-sized firms can outsource accounting work and gain the benefits but as soon as you get above a certain size you'd do well to employ an Administrator.

For the sake of this example - our hypothetical firm has 3 staff members:

- Principal,
- Senior Accountant, and
- Receptionist/Administrator.

The split of duties for the in-house team to complete a tax return or SMSF should be as follows:

SENIOR ACCOUNTANT

(or Client Relationship Manager)

- Interviews client.
- Liaises with client to get query answers.
(*Note: job queries raised by outsourced accountant.*)

NOTE that any administrator including a receptionist can be trained up in a few days to be a Client Services Administrator (CSA).

The aim is clearly to lighten the burden of your accountant - the Client Relationship Manager (CRM) and keep him or her focused on the real techie accounting stuff or business advisory work.

In fact a good Client Services Administrator can even handle getting answers to queries from a client. It all depends on the complexity of the job and the queries.

As a guide the ratio's can be
1 CRM : 1 CSA : 4 offshore accountants.

High level review of jobs and sign-off.

PRINCIPAL

RECEPTIONIST

(or Client Services Administrator)

- Gathers all data for sending the jobs to the outsourced accountant (e.g. last year's tax files, this year's MYOB file, supporting docs etc...)
- Initial preparation of electronic work papers.
- Prepare fee proposal.
- Perform administration duties such as typing, filing, photocopying, scanning, faxing etc...
- Prepare outgoing correspondence to clients in relation to Australian or New Zealand Tax requirements.
- ASIC lodgements, reporting and updates and form preparation and distribution.
- Check Banklink data in from and out to client.
- Collate and prepare financial and other reports for distribution to clients.

You may not yet have an administrator who can be a CSA and that shouldn't hold you back from outsource accounting work. It is most important to be systematic, then as resources allow, get leverage with a CSA as soon as you can.

Key Organizational Tips

Bigger Jobs are Better

Since a bit of preparation is required to send a job to the outsourced accountant there is a level at which compiling info with a CRM's involvement is not going to be efficient. You know – those ITRs that you can knock out in 30 minutes, almost simultaneously as you are interviewing the client. BOSS *can* do small jobs, but once you get to 3 hours and below you need to be very organized with your data flow.

Expect Two Rounds of Queries

At BOSS we strive to send just one lot of queries but sometimes it takes two rounds of queries as the client's accounts are unravelled. The priority here is getting your client to answer queries quickly. This will avoid jobs being in limbo and unbillable. With the pace of accounting work quickened by your outsourcing provider you might be surprised how many jobs can be in limbo waiting for the clients to answer queries!



Educate Your Client

If your clients tend to get information to you in the last few weeks before lodgement do make any effort to effect a positive change in their filing habits. Try sending out letters to clients in July and Dec advising them to get the next lot of work in early. When you send out letters also send out a checklist of data that the particular client needs to give to you.

Consider a Workflow Manager

Some of our clients employ a Workflow Manager. The job of a Workflow Manager is to keep things flowing. It's a mix of job delegation, discussing jobs holding stuff up, setting targets and checking they are achieved, liaising with management and advising on improvements and assisting HR. A CSA could also

add the role of Workflow Manager to their duties. It all depends on the size of your firm but again the objective is to keep accountants and Directors doing productive billable work.

Communication

Communication is often neglected because it is seen as harder with an outsourced accountant. However, if you have chosen the right outsourcing provider then communication can be as easy as dealing with in-house staff. It just takes a change in mind-set.

Queries

Being organised should facilitate better communication. But handling queries requires significant attention. Firms that are disorganized may struggle when it comes to handling queries.

Get data upfront before handing a job to the outsourced accountant and you will avoid delays in them having to raise queries just to get the correct data in the first place.

A dedicated arrangement allows better integration so the offshore accountant can work like your own staff, use your Document Management System and normally emails an Excel spreadsheet of queries. The trick is to get ALL of the answers and then send the answers back to your outsourced accountant. Sending queries piece meal doesn't help processing of the job. BOSS will normally not proceed until all queries are answered.

In addition the emphasis is on the accounting firm to ensure the answers to queries are **satisfactory for BOSS to continue on with the job**. This avoids unnecessary back and forth communication and inefficiencies caused by both the accounting firm and outsourced accountant having to stop/start with a job.

Frequency and Feedback



A good outsource accounting provider should allow you to have **direct** contact with the accountant doing the work via email and Skype.

just about work (after a fashion) with a small internal team but once the pace of work quickens as you plug into an almost limitless resource (the outsourced accounting team) you start putting pressure on the in house team to do their job, then this is how you should use Skype with your outsourcing firm.

Many of our clients have daily team meetings, including their BOSS dedicated accountant on the meeting – to check on things like progress of jobs, issues outstanding etc. This smooths the work flow.

BOSS has monthly client service meetings that include the main points of contact in both countries. The BOSS Account Manager looking after the accounting firm will also be present to help out when necessary. If things aren't going as expected we endeavour to find out what the issues might be and sort also keen to see "internal procedures used to satisfy supervisory and control requirements, which may include activities such as: training for offshore staff in Clearly an outsource accounting provider can't help with things they haven't been informed about.

Increase your profit, practically eliminate staffing problems and set yourself up to MASSIVE growth
www.boz.com.au | [AUS 1800 889 232](tel:+61800889232) | www.bossoutsourcing.nz | [NZ 0800 141 450](tel:+640800141450) | contact@boz.com.au

Have you ever added up the real cost of training in billable hours lost by you and your staff, as well as training programs you buy? What about recruiting staff? The cost over the average tenure (3 years) is exorbitant! Add this on top of moving along nicely.

How to Get Ready

Outsourcing any compliance work is easy, providing time is put into getting things ready at the beginning and then paying attention to fine tune the processes in your office in the first 2-3 months.

The key areas to prepare are:

- ✦ IT
- ✦ Staff
- ✦ Internal Processes
- ✦ Clients

IT

Depending on what IT systems you currently have, you have a choice of your provider working online on your network, in the cloud, or offline.

Working in the Cloud

Working in the cloud is by far the simplest option since you may only have to provide login details to the offshore staff. If you still have working papers and other supporting documents to pass on to the offshore staff this can be done using a service like Dropbox or the provider should have a secure web portal for you to upload documents. *(BOSS uses our own portal since it is more secure than Dropbox).*

Working Offline

This simply requires you to upload a copy of software files as well as the supporting document using a service like Dropbox or the outsourcing firm's web portal. However, it requires that the provider has the same software as you and the same version (or compatible version).

Working Online

Firstly your office network has to be robust to handle this. There are different configurations for working online but only a few that work well. For every combination below you will need to make sure you have licenses for accounting software, Outlook (if used), server and workstation licenses.

If you have a Terminal Server or a Citrix Server you will need to make sure you have enough licenses.

to the problem of sourcing good, experienced accountants in Australia for public practices. We launched in 2015 in New Zealand utilizing our eleven years you to connect to.

If you don't have any of the above configurations we do not recommend having a provider work online.

The connection between your provider and you will need to be checked for speed, lag, and quality with a final test working direct on your software. Sometimes hardware upgrades to server, workstations, or the router are required. An ISP may need to be changed to get a faster internet speed. Sometimes the limiting factor is how far your office is from the Telstra Exchange. If this is a hurdle and you still need the outsourcing provider to work on your server you could opt to have the server colocated to a central data centre that has fibre-optic comms to assist speed.

Staff

In order for this to work you need staff on-board with the whole idea of outsourcing offshore. They need to know:

- ◇ Why you are doing this.
- ◇ How it affects or benefits them.
- ◇ The process involved and changes required.
- ◇ That outsourcing takes some time and attention to fine tune and integrate properly.
- ◇ An open discussion is best and we recommend a main person of influence who is a staff member attending discussions about implementation right at the very beginning of the process. This should help you attain more acceptance at the staff level.

Internal Processes

Communication and organisation are the two most important things to making outsourcing work well.

Overall there isn't much difference with accounting outsourcing in terms of what happens from start to finish when compared to doing work in-house. However, where the differences do occur, time and attention needs to be paid to the process to ensure things work well.

Preparing a Job

If you were to get ready to start processing a job what would you need? That info is what your provider needs. BOSS makes this simple by providing a checklist depending on the type of job being done. **But note:** efficiency and also keen to see "internal procedures used to satisfy supervisory and control requirements, which may include activities such as: training for offshore staff in work because of the extra person (offshore staff member) involved in the

communication process. During the whole job cycle you should endeavour to minimise the number of times you pick up and put down the job.

Customisation

If you have a good outsourcing provider they should be able to customise the way they process jobs to more closely match how you do it. BOSS asks you to fill sporadic work (e.g. SMSFs). The disadvantage is the work is using only the *consider to be a material difference when reconciling GST?* This means work can be done as efficiently as you do it but quality controls are maintained according to your standards.

Queries

This is one of the biggest things that will make the difference between you saving time and allowing you to focus on your business or the alternative which timely manner. Your accountant needs to make sure queries are answered sufficiently well for the outsourcing provider to complete the job. So prime your staff so they know what they need to do well and why.

Clients

Australian and New Zealand privacy laws have changed recently. You need to inform your client if you are using a third party to do work. This can be a sensitive issue and it needs to be handled carefully.

Remember credit card companies and banks have been offshoring work for decades. Most people don't even realise this and credit card companies Since a bit of preparation is required to send a job to the outsourced accountant there is a level at which compiling info with a CRM's involvement is mentioning what you are doing in your engagement letter to the client.

This is an example you can use:

Like you, we are operating a business and experience the same pressures and frustrations as many of you. We have difficulty finding professional staff, and trying to keep our costs under control is a constant battle. We are now employing a number of strategies which we hope will keep our costs down, thereby allowing us to remain competitive with the fees we charge.

One of those strategies is to outsource compliance work. We currently have a relationship with a company operating from Sydney which provides qualified accounting professionals, working from offices in India. The firm holds a Practising Certificate from the CAANZ and operates to extremely high ethical, privacy and security standards. These accountants have limited access to our database, and are able to cost effectively undertake accounting and tax functions. This frees up the time of our highly qualified team and allows us to add value to you and your business, rather than attending to compliance obligations.

The Future Outlook of Modern Accounting

We believe the accounting industry will need to focus on advisory services as compliance becomes more of a commodity. In line with this, most compliance will be done offshore and in-house staff will fulfil CSM roles with an advisory focus.

Accounting firms will see the benefit of a more collaborative approach where an outsourcing provider works using the accounting firm's procedures and working papers and gets to know the firm's clients. Thus the whole operation will be more integrated, efficient, and effective, allowing your firm to spend more time and resources on delivering better value-add services.

There will be more of an appreciation of the benefits of having an outsourcing provider that takes care of all aspects of compliance in totality (e.g. training) leaving an accounting firm to only have to manage workflow.

Overall outsourcing will become mainstream, helped along by the growth in cloud technology that facilitates remote working.



Since 2004 BOSS has been respected as a reliable, quality provider of accounting, SMSF and bookkeeping services to accounting firm clients. We work on a casual fixed price basis and on a retained and dedicated basis (full-time and part-time staff).

Email contact@boz.com.au for a FREE TRIAL or to arrange a telephone meeting to discuss your needs.

Alternatively visit www.boz.com.au or www.bossoutsourcing.nz for more information.

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CHARTERED ACCOUNTANTS
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