

# EMPOWERING SMALL CPA FIRMS THROUGH OUTSOURCED ACCOUNTING

By



**CARAMEL ADVISORS LLC**  
Outsourced Accounting Services

# PRESENTERS



**DEEP PARMAR**

Deep Parmar is a co-founder at Caramel Advisors LLC and heads business development. With over 25 years of Finance and Operations experience, he has helped companies gain operational and cost efficiencies through the use of outsourcing.

Before starting Caramel, Deep served in several executive positions, including CEO, CFO, COO, and Controller, working for multinational and US-domestic companies in varied industries. He is passionate about using his financial, strategic and operational skills to help small to mid-size companies achieve their profit objectives.



**RAJAT SHAH**

Rajat Shah is also a co-founder at Caramel Advisors LLC. He oversees firm's outsourcing business operations, overall business strategy and manages delivery, quality control and administrative services.

Rajat has in depth understanding of U.S. & Indian GAAP & Tax laws & can address complexities arising out of multiple jurisdictions. Before starting with Caramel, Rajat has worked with prestigious CPA firm in New York as well as a CA firm in India where he has gained extensive experience in Accounts, Management reporting, establishing & reviewing Internal Controls and Audits.

# INDEX



- 01 Overview
- 02 Demographics
- 03 Services
- 04 Pillars of Outsourcing
- 05 Key Requirements of Outsourcing
- 06 Choosing Outsourcing Partner
- 07 Cost Factors
- 08 Advantages and Disadvantages
- 09 Recommendations
- 10 Q&A

# OVERVIEW OF OUTSOURCING

Outsourcing in the realm of Certified Public Accountant (CPA) firms involves the delegation of certain business functions or processes to external service providers.

## **These can be -**

- Domestic (on-shore); or
- International (off-shore)

Service providers specialized in offering accounting and financial services.

## **What is Outsourcing?**

Outsourcing is the strategic practice of contracting out specific tasks or processes to third-party service providers. This enables CPA firms to concentrate on their core competencies while external experts handle non-core functions.

In this webinar, we will focus on multiple aspects of outsourcing by CPA firms like, what type of services can be outsourced, what requirements CPA firms should consider while outsourcing, Outsourcing partner selection parameters and advantages & disadvantages of outsourcing.



# DEMOGRAPHICS

300k accountants and auditors in the USA have quit over the last 2 years, a 17 percent decline in employed accountants and auditors.

- The Wall Street Journal

About 126,500 openings for accountants and auditors are projected each year, on average, over the decade

- U.S. Bureau Of Labor Statistics

(Multiple sources predicts that against these projected openings, only about 72,000 new accountants will join the industry every year. Furthermore, these projections does not include requirements of bookkeepers and non-qualified accountants, which is estimated over 150,000 per year)

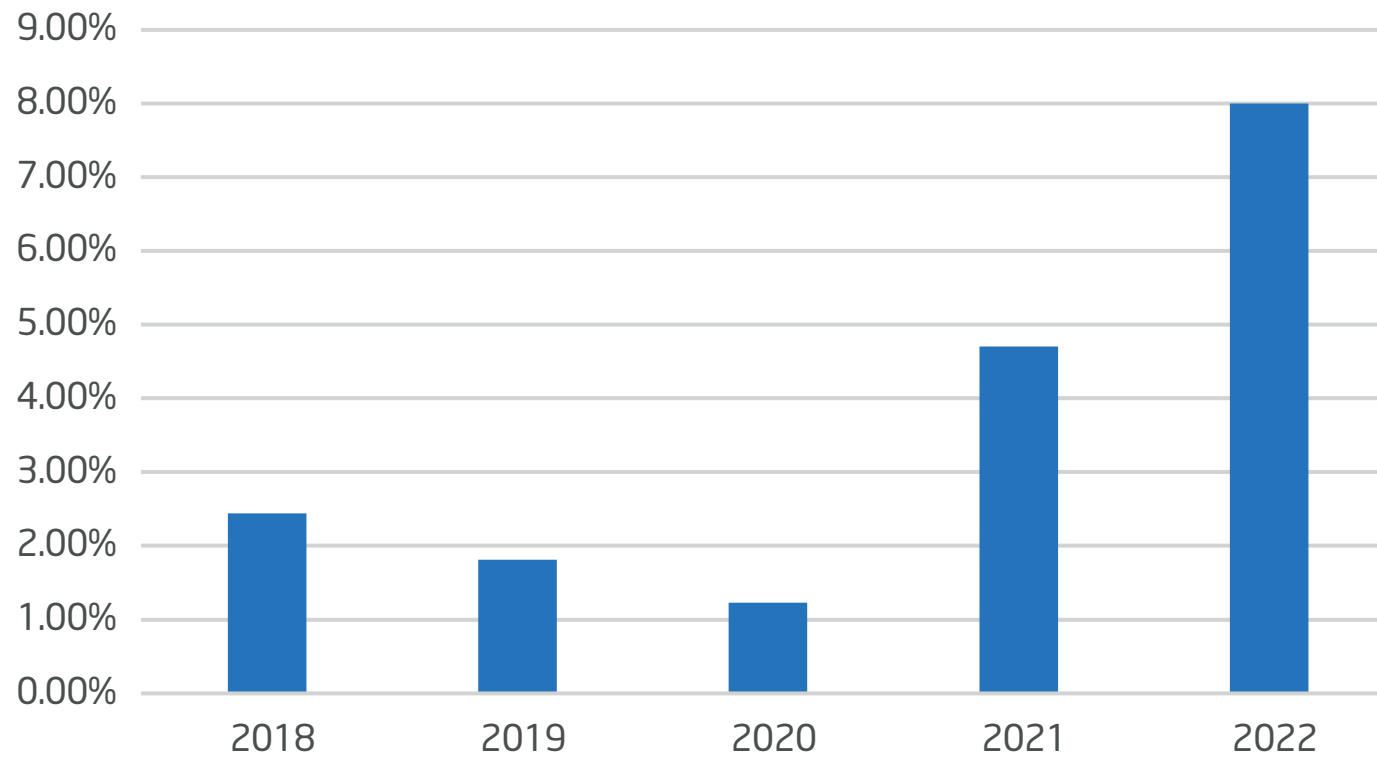
"Finding qualified staff" was the No. 1 issue for every firm-size segment except sole practitioners.

- PCPS CPA Firm Top Issues Survey, sponsored by the AICPA

There aren't enough qualified candidates to fill all open positions for CPA firms.

- Forbes

## INFLATION IN THE US



## CHALLENGES

- Increase in inflation by 16.5% post COVID
- Resources leaving accounting domain (300K left in last 2 years)
- Supply vs Demand
- Salaries are expected to increase
- Cost pressure

Source : Worlddata.info

# SERVICES THAT CAN BE **OUTSOURCED**

CPA firms in the USA often outsource various services to streamline their operations & enhance efficiency. Here's a list of services commonly outsourced by CPA firms:

## BOOKKEEPING & ACCOUNTING

- ▶ Purchases
- ▶ Expenses
- ▶ Journal entries
- ▶ Month end closure
- ▶ Sales and Revenue
- ▶ Cash and bank transactions
- ▶ Reconciliations
- ▶ Management reports

# SERVICES THAT CAN BE **OUTSOURCED**

## TAX RETURNS PREPARATION SUPPORT

- ▶ Compiling books
- ▶ Preparing tax work papers
- ▶ Preparing tax trial balance
- ▶ Preparing tax returns (1040, 1065, 1120-S, 1120, 1099s etc.)
- ▶ Getting returns reviewed from the seniors, partners



# SERVICES THAT CAN BE **OUTSOURCED**

## AUDIT SUPPORT

### For auditors:

- ▶ Audit requirements
- ▶ Discuss audit observations
- ▶ Prepare audit report
- ▶ Prepare workpapers and documents
- ▶ Prepare Financial Statements

### For auditees:

- ▶ Internal review of books
- ▶ Meet auditors' requirements
- ▶ Discuss / respond - audit observations
- ▶ Prepare Financial Statements
- ▶ Close books with audit adjustments

# SERVICES THAT CAN BE **OUTSOURCED**

## CLIENT ACCOUNTING ADVISORY SERVICE (CAAS)

- ▶ Accounting advisory
- ▶ Financial reporting
- ▶ Audit readiness
- ▶ Management accounting
- ▶ Compliance review
- ▶ Cashflow management

# SERVICES THAT CAN BE **OUTSOURCED**

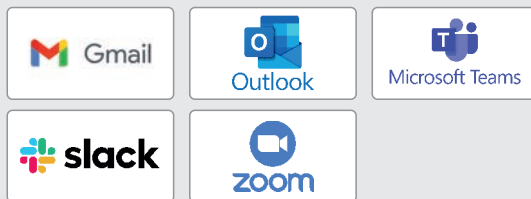
## PAYROLL PROCESSING

- ▶ Weekly / Monthly payroll reports
- ▶ Manually / Electronically filed form 941
- ▶ Form W-2 and 1099s after completion of year

# PILLARS OF OUTSOURCING

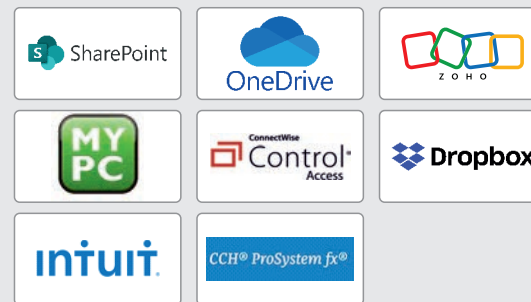
## COMMUNICATION

- E-mails
- Chat box  
(Teams, Slack etc.)
- Phone
- Audio-Video Call



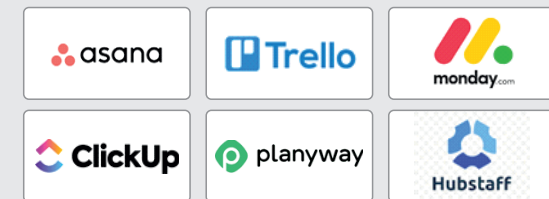
## DATA ACCESS

- Remote
- Cloud
- Share File



## SUPERVISION AND MONITORING

- Time Sheets
- Task Reporting
- Review Meeting



# KEY REQUIREMENTS FOR OUTSOURCING

## OBJECTIVE

- ▶ Clear Objectives & Expectations
- ▶ Customization
- ▶ Quality Control

## INFRASTRUCTURE

- ▶ Data Security & Confidentiality
- ▶ Technology Infrastructure

## LEGAL & COMPLIANCE

- ▶ Legal & Contractual Agreements
- ▶ Regulatory Compliance

## TRANSITION

- ▶ Training & Knowledge Transfer
- ▶ Transition Plan

## WAY FORWARD

- ▶ Continuous Improvement
- ▶ Regular Evaluation
- ▶ Scalability

# CHOOSING AN OUTSOURCING PARTNER

Here are the criteria to be considered while choosing an outsourcing partner:

## OBJECTIVE

- ▶ Expertise and Specialization
- ▶ Industry Knowledge
- ▶ Alignment with Business Goals
- ▶ Flexibility & Adaptability

## TERMS & REFERENCES

- ▶ Reputation & Track Record
- ▶ Cost Structure & Transparency
- ▶ References
- ▶ Client References & Testimonials

## INFRASTRUCTURE

- ▶ Certifications & Qualifications
- ▶ Data Security & Compliance
- ▶ Technology Infrastructure
- ▶ Geographical Location
- ▶ Communication & Language Skills

## LEGAL & COMPLIANCE

- ▶ Service-Level Agreements
- ▶ Non Disclosure Agreements

## WAY FORWARD

- ▶ Quality Assurance and Continuous Improvement
- ▶ Scalability
- ▶ Termination Clause



# COST FACTORS FOR OUTSOURCING

## DIRECT COSTS

- ▶ Service Fees (Hourly, Periodically fixed rate)
  - Volume of Transactions
  - Complexity of Services
  - Level of Expertise Required
  - Customization and Specialization
  - Contract Length
- ▶ Termination Fees
- ▶ Travel Expenses
- ▶ Insurance Charges
- ▶ One time - Setup fees

## INDIRECT COSTS

- ▶ Software & Technology
  - Communication
  - Data storage & Access
  - Ongoing Monitoring and Management
- ▶ Transition Costs
- ▶ Quality Assurance & Audit Costs
- ▶ Regulatory / Compliance Costs

In general, by outsourcing offshore you can expect to save around 50% on employee costs.

# ADVANTAGES AND DISADVANTAGES

## ADVANTAGES

### **MONETARY**

- ▶ Cost-effectiveness
- ▶ No Recruitment expenses
- ▶ No Employee benefits obligation

### **EFFICIENCY**

- ▶ Expertise and Specialization
- ▶ Timeliness and Efficiency
- ▶ Flexibility and Adaptability
- ▶ Risk Mitigation
- ▶ Time availability
- ▶ Faster turnaround

### **SCALABILITY & GROWTH**

- ▶ Focus on Core Business Activities
- ▶ Scalability & Technological Advantage
- ▶ Access to a Larger Talent Pool
- ▶ Hassle-free staffing
- ▶ Not just manpower but an advisor too
- ▶ Service Diversification

## DISADVANTAGES

- ▶ Communication Challenges
- ▶ Contractual Obligations
- ▶ Time Zone Difference

# RECOMMENDATIONS

## WHETHER OUTSOURCE OR NOT ? - YES

---

### LOCATION OPTIONS TO LOOK FOR OUTSOURCING PARTNERS:

(On-shore | Near-shore | Off-shore)

- ▶ India
  - ▶ Philippines
  - ▶ Ukraine
  - ▶ Poland
  - ▶ Brazil
  - ▶ Malaysia
- 

### KEY CRITERIA FOR CHOOSING LOCATION:

- ▶ Work force Availability
- ▶ Cost
- ▶ English (Spoken / Written)
- ▶ Time Zone (USA)
- ▶ Terrain Vulnerability
- ▶ Technology Advancement

# Thank You !

# Q&A

**Deep Parmar**

Deep.Parmar@CaramelAdvisors.com  
+1 484-744-9996

**Rajat Shah**

Rajat.Shah@CaramelAdvisors.Com  
+1 646-755-9894

---

info@carameladvisors.com | www.carameladvisors.com | +1 267-416-9800

---

Philadelphia, PA - USA



Ahmedabad, GJ - India