

B O O K E D P R O F I T

# Is It Time to Go 3rd Party with your Bookkeeping?



## What Is Third-Party Bookkeeping?

3rd party bookkeeping means hiring a third-party company or individual to handle all or part of your business' financial recordkeeping. This means that instead of having an in-house bookkeeper, you will have an external bookkeeping team or individual working **remotely** on your books.

## Benefits of 3rd Party Bookkeeping

Here are the Top 10 benefits that keep small businesses coming back to remote bookkeeping providers:

### 1. Cost savings

The most notable savings come from not having to hire an employee to perform bookkeeping tasks. The [average hourly rate](#) for Bookkeepers is ~ \$26 hour. Even a part-time employee working 10 hours a week will cost over \$1,000. And most part-time employees, who are not working as a 3rd party provider, will expect to work 20+ hours per week ~ \$2,000+ per month. Additionally, there is a high likelihood that this person will need training and supervision. As a reference, QuickBooks ProAdvisors (who are experts and can work independently) typically charge \$50+ hour.

Then there are the **hidden costs** of hiring an employee. Payroll taxes (FICA - 7.65% ), absentee costs, employee turnover, and the cost of unproductive hours. If the employee is full-time, add in the costs of employee benefits (healthcare). For full-time employees, benefits can typically be a ~ 20% increase. FICA + Benefits ~ 28% increase to the hourly rate. This brings your \$26 hour employee to \$33 hour!! (\$68k annual cost per full time bookkeeper or \$29k for part-time).

By utilizing a 3rd party provider, you eliminate the risks and costs associated with hiring employees.

### 2. Time efficiency

Bookkeeping is a time-consuming task that requires attention to detail and a high degree of accuracy. By utilizing professionals who can complete it efficiently, you can free up time for yourself and your employees to focus on other important aspects of the business. The time your team spends on back-office tasks is time not spent on your customers = less time focused on growing your business.

### 3. Access to specialized expertise

3rd party bookkeeping providers have in-depth knowledge of accounting principles and practices. They can offer valuable insights and advice to help improve your business's financial management.

### **4. Scalability**

As your business grows, so does the volume of financial transactions that need to be recorded and managed. 3rd party bookkeeping providers have the resources and flexibility to accommodate business growth without disruptions.

### **5. Reduced risk of errors**

Bookkeeping mistakes can have severe consequences for a business, including penalties from tax authorities or inaccurate financial reporting. By outsourcing this task to financial experts, you can reduce the risk of errors in your financial records.

### **6. Data security**

3rd party bookkeeping providers have systems and protocols in place to ensure the security of your financial data. It can give you peace of mind knowing that your sensitive information is in safe hands.

### **7. Access to the latest technology**

3rd party bookkeeping providers use advanced accounting technology and software to manage financial records efficiently. Outsourcing allows you to benefit from access to these tools without having to invest in them yourself.

### **8. Focus on core business functions**

Bookkeeping is just one aspect of running a business, and it can be overwhelming to handle everything on your own. By utilizing 3rd party bookkeepers, you can focus on your core business activities without being bogged down by administrative tasks.

### **9. Better financial management**

With the help of 3rd party bookkeepers, you can have a clearer and more accurate view of your business's financial health. This can aid in making informed decisions and setting strategic goals for the future.

### **10. Compliance with regulations**

3rd party bookkeeping providers are well versed in accounting regulations and can ensure that your business stays compliant with all financial reporting requirements.

### **When To Consider 3rd Party Bookkeeping Services**

There are several factors to consider when deciding if 3rd party bookkeeping is the right choice for your business. Here are a few signs that indicate it may be the right time:

## Is It Time to Go 3rd Party with your Bookkeeping?

### Limited time or resources

As a business owner, your plate is already full with managing day-to-day operations and making strategic decisions. If you find yourself struggling to keep up with bookkeeping tasks, it may be time to hire professionals.

### Lack of expertise

Bookkeeping requires specialized knowledge and skills, and mistakes can have serious consequences for your business's financial health. If you or your team lack the necessary expertise in this area, 3rd party bookkeeping can provide access to professionals with the right qualifications and experience.

### Cost

If you don't have the resources to hire a qualified full-time bookkeeper in-house or want to avoid additional overhead costs such as employee benefits, training, and software expenses, outsourcing can be the cost-effective solution you're looking for.

### Scalability

As your business grows, so do your financial recordkeeping needs. With 3rd party bookkeeping, you can easily scale up or down depending on your business's requirements without having to worry about hiring or letting go of staff.

### Compliance concerns

If you find it overwhelming to follow complex regulations and tax laws in your industry, it may be a good time to utilize bookkeeping professionals to ensure that your records are compliant with all relevant laws and regulations.

### **Types of 3rd Party Bookkeeping Services**

Bookkeeping services can range from basic data entry and bank reconciliation to more complex tasks, such as financial reporting and tax preparation. Some common services offered by remote bookkeeping providers include:

#### General Ledger maintenance

A General Ledger is a record of all your business's financial transactions. Bookkeeping providers can maintain and update your General Ledger, ensuring that all transactions are accurately recorded. This is a [requirement of the IRS](#).



### Bank reconciliation

Bank reconciliations compare your business's bank statements with its internal financial records to ensure accuracy. Bookkeeping providers can help you reconcile your accounts regularly and identify any discrepancies. This is a must for Financial Statement preparation.

### Expense tracking and management

Keeping track of expenses is crucial for maintaining your business's financial health. Bookkeeping providers can help you monitor and manage your expenses, providing valuable insights into areas where you can control costs.

### Financial Reporting

Financial Reporting involves preparing and analyzing Financial Statements to provide insights into the health of your business. Bookkeeping providers can generate timely and accurate financial reports, helping you better understand your business's financial performance.

### Accounts Payable management

This involves managing your business's outgoing payments, such as **bills**. Bookkeeping providers can help ensure that all payments are made on time and are accurately recorded in your books.



### Accounts Receivable management

Accounts Receivable management involves tracking and collecting **invoice** payments from your customers. Bookkeeping providers can help you streamline this process, ensuring your cash flow is healthy.

### Payroll support

Bookkeeping providers can work with external payroll providers and benefit providers to ensure that all aspects of your payroll, from calculating payroll taxes to issuing paychecks, are properly handled and recorded.

### Tax preparation and filing

Preparing and filing taxes can be a time-consuming and complex process. 3rd party bookkeeping providers have the knowledge and expertise to handle your business's tax needs, ensuring compliance with all relevant laws and regulations.

### **How to Evaluate a 3rd Party Bookkeeping Service Provider**

To evaluate a 3rd party bookkeeper, you should assess their qualifications, communication, and technological proficiency, while also monitoring for potential red flags like disorganization and missed deadlines.

## Is It Time to Go 3rd Party with your Bookkeeping?

### Before you hire

- **Assess your business's needs.** Determine the complexity of your financials, the volume of transactions, and the specific services you require, such as payroll or accounts payable management.
- **Consider industry experience.** A bookkeeper with experience in your specific industry (e.g., retail vs. tech) will better understand your needs, regulatory requirements, and standard practices.
- **Check credentials.** While formal degrees aren't always required, certifications demonstrate a commitment to professional standards. Ask if they are a QuickBooks ProAdvisor.
- **Understand their pricing.** Ask for a transparent breakdown of their pricing structure and terms. Be wary of a bookkeeper who is the cheapest option, as this can sometimes indicate less-skilled service.
- **Evaluate their technology.** Inquire about the software they use (e.g., QuickBooks, Xero). Ensure they can work with your preferred tools and that you will maintain administrative access to your financial data.

### After you hire

- **Monitor communication and responsiveness.** Your bookkeeper should be accessible and provide timely updates. Unexplained delays or difficulty getting a response can be a red flag.
- **Request regular financial reports.** Ask for monthly or quarterly reports, such as a balance sheet, income statement, and cash flow statement. The reports should be understandable, organized, and delivered on time.

## Is It Time to Go 3rd Party with your Bookkeeping?

- **Review bank reconciliations.** A good bookkeeper will perform regular bank reconciliations to ensure that all transactions in your records match your bank statements. If they are not doing this, it's a major red flag.
- **Check for organizational consistency.** Look for consistent and accurate categorization of expenses. An excessive number of "miscellaneous" expenses or inconsistent coding can be signs of sloppy work.
- **Keep your financial data accessible.** Ensure you always have direct access to your accounting software and financial records. A bookkeeper should have restricted (Accountant Level) access only to your books.

### Red flags

- **Frequent errors:** Repeated errors in calculations, data entry, or reports indicate a lack of attention to detail.
- **Missed deadlines:** Consistent failure to deliver reports or complete tasks on time can disrupt your business operations.
- **Inconsistent records:** Gaps in financial statements, missing transactions, or a disorganized filing system are cause for concern.
- **Lack of documentation:** Failure to track or provide documentation for expenses, like receipts and invoices, is a red flag. The [IRS recommends](#) having copies of receipts for all expenses over \$75.
- **No questions asked:** A bookkeeper who never asks questions about your business, spending or processes may not be paying close enough attention.

## How BOOKED PROFIT LLC can help

### Who We Are

We are a boutique Accounting Services company, dedicated to providing exceptional Bookkeeping, Accounting, and Tax services to small businesses. We are QBO ProAdvisors and are experts in QuickBooks Online. We have over 20 years of Accounting and Financial Analysis experience to help simplify business financial management, allowing you to focus on what you do best.

### What We Do

We specialize in Monthly, Quarterly, and Annual bookkeeping / financial statement preparation and analysis. From clean-up / catch up projects to monthly financial reporting, and annual tax preparation / filing, we can help you reach your financial goals.

### Our Services

#### **Bookkeeping Only** - recording and reporting

Bookkeeping only clients are well versed in understanding financial statements and how to utilize them in decision making.

## Is It Time to Go 3rd Party with your Bookkeeping?

- **Basic Bookkeeping** - Tracking, Organizing, Recording, and Reporting financial transactions. Receive monthly financial reports to stay on top of your business. Prepare year-end reports so that you are ready for filing your taxes.  
\$400 - \$700 / month
- **Full-Service Bookkeeping** - Basic Bookkeeping + processing Accounts Payable (pay bills), Accounts Receivable (send invoices), Benefits and Payroll support - depending on the needs of the company.  
\$700 - \$1,000 / month

**Accounting** - recording, reporting, *and analysis*

Accounting clients want someone dedicated to the financial operations of the company. Someone who can understand and communicate financial insights and opportunities. Ideal for companies wanting to grow their business.

- **Basic Accounting**  
Basic Bookkeeping + Analysis. Getting the financial statements (Profit and Loss, Balance Sheet) is just the beginning. What does it mean? What decisions need to be made to grow the business? We analyze the numbers so that you know where you are (financially) and where you are going.  
\$600 - \$900 / month
- **Full-Service Accounting**  
Full-Service Bookkeeping + Analysis. Budgeting, Trend analysis, Cash Flow analysis. Controller level services  
\$900 - \$1,400 / month

## Is It Time to Go 3rd Party with your Bookkeeping?

**QBO Audit / New Client Set Up** - Verify beginning balances, update chart of accounts, review customer list, vendor list, and balance sheet accounts. Set up all QBO functionality (as appropriate). Ensure client financial procedures follow industry standards.

\$150 required for all new clients

**Clean Up / Catch Up projects** - Multiple Month / Year clean-up of accounting files, preparation of prior year's financial reports and bring your books current. We work with your Tax Accountant to get your taxes caught up.

\$1,500 - \$4,500 / project

**Tax Preparation & Filing** - Tax preparation services are only available to ACCOUNTING clients

- **Business Tax return** - Federal Business Tax return + required supporting schedules + State return  
\$800 - \$1,500
- **Personal Tax return** - Personal Tax return + required supporting schedules + State return  
\$400 - \$800
- **Tax Bundle** - Includes all Business and Personal Tax returns, Corporate Compliance, and **basic Tax Planning**. Design for tax planning benefits to offset cost of annual tax services. Tax Bundles are PREPAID services (12 months). This is an ANNUAL service provided on a quarterly basis.  
\$150 / month

# Is Now the Time to go 3rd Party?



**Is It Time to Go 3rd Party with your Bookkeeping?** Discover the cost-effective and efficient advantages of outsourcing your bookkeeping needs. This essential guide explores how third-party providers can save you money, enhance accuracy, and free up valuable time, all while ensuring compliance with complex regulations. Whether you're a growing small business or simply overwhelmed by financial tasks, this book reveals the expertise and technology that can transform your bookkeeping process. For more information, please visit:

[www.bookedprofit.com](http://www.bookedprofit.com)

