



What to Know When You're Transitioning Accounting Duties

Mark S. Becker, Partner, CFO Edge, LLC

In certain scenarios, organizations must transition accounting duties to another entity. For example, the company might be going through a merger or acquisition, or it might be outsourcing accounting duties to a third-party accounting services provider.

When this occurs, extreme care must be taken as the accounting duties are transitioned. If the transition isn't carefully planned for in advance, multiple negative impacts can arise that may cause long-term financial damage to the organization.

Challenges When Transitioning

There are a number of specific challenges your company might face when transitioning accounting duties to another entity, including the following:

- Providing documentation to the receiving entity will be difficult if existing policies and procedures are not current and up to date.
- The entity you are transitioning accounting duties to may not be on the same general ledger system as you are.
- The timing of the transition must be such that it does not disrupt the flow of tasks, thus making proper sequencing of the transfer of duties critical.

Also consider the fact that since many small firms are outsourcing more of their traditional functions, much of the accounting data currently used by smaller companies is sourced online. Therefore, you need to make sure that the organization has proper access to all information needed before the transition of accounting duties begins.

Potential Negative Impacts

Among the negative impacts that can occur if the transition of accounting duties isn't handled properly are the following:

- A lack of access to critical accounting information could delay the timing of the close.
- If too much information is transferred in the wrong increments, this can create confusion for the organization inheriting the accounting duties.
- Poorly handled transitions can lead to a lack of faith in the finance team and the data it produces.

How an Outsourced CFO Can Help

One way to avoid these and other negative impacts and help ensure a smooth transition of accounting duties is to hire an outsourced CFO services provider to help with the transition. An outsourced CFO will be able to look at the transition from a holistic perspective instead of on an individual task basis. This will allow the transferred responsibilities to be prioritized in term of their overall impact on the business.

Understanding the entire business will enable an outsourced CFO to bring in specialists in other functional disciplines to help facilitate the transfer. An orderly transition plan can then be developed that takes into consideration all the transfer issues while also allowing for proper sequencing.

Hiring an outsourced CFO services provider to help with the transition of accounting duties to another entity can result in many positive outcomes for your company, including the following:

- The books will be closed on time and accurately, effective with the first close.
- The new accounting team will know who in the organization to talk to regarding any specific business issues.
- System access will be obtained early, thus ensuring that all business information is available for processing.
- The transition will occur seamlessly from an operating perspective, thus ensuring that operating managers receive all the financial and operational information they need, when they need it.

Concluding Thoughts

Extreme care must be taken when accounting duties are transitioned from one entity to another. If the transition isn't carefully planned for in advance, multiple negative impacts can arise that may cause long-term financial damage to your company. One way to avoid these negative impacts is to hire an outsourced CFO services provider to help with the transition. By taking a holistic perspective, an outsourced CFO can prioritize the transferred responsibilities in term of their overall impact on the business. An orderly transition plan can then be developed that takes into consideration all the transfer issues while also allowing for proper sequencing.

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