

Outsourcing **Finance & Accounting**

A CFO Checklist for UK & EU





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Finance and Accounting Outsourcing, **Planning for Strategic Excellence**

Finance and accounting outsourcing (FAO) outsourcing is not just a cost-saving strategy today. It has advanced to become a strategic advantage for fast-paced finance teams, enabling them to scale selectively, analyze and report in real time, drive prescriptive and cognitive analytics, and save costs.

However, successful FAO is not achieved solely through outsourcing. It requires readiness—across processes, data, governance, technology, and mindset. Without proper preparation, outsourcing can lead to fragmented operations, control risks, and missed value. Before choosing an outsourcing partner, you need to go deeper to understand why the finance function requires additional support, the current state of F&A and its challenges, and how you can build a high-performance, ROI-demonstrating partnership with your FAO partner.

This ebook serves as a practical FAO Readiness Checklist designed specifically for UK & EU finance leaders, controllers, and CFOs. It helps organizations assess whether they are ready to outsource, what functions to start with, how to remain compliant, and how to maximize value from an FAO partner—while maintaining control, transparency, and strategic focus.

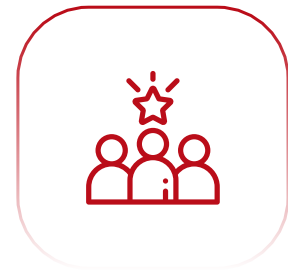


Current State of F&A Matters in the UK & EU

Finance and accounting are the lifeblood of any business, translating operations into financial performance and enabling profitable, sustainable growth. These functions are inherently people-centric and require trained professionals with specialized certifications and degrees. Human oversight, judgment, and analytical skills remain critical. Yet, the finance domain is currently facing a significant talent crisis, putting pressure on organizations to rethink how they structure and scale their teams.

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Talent risk tops the agenda

Deloitte's 2025 CFO Autumn/Winter Survey¹ cites the attraction and retention of skilled staff as the leading business risk over the next 12 months.



Widespread skills shortage

In the European CFO Survey 2024², CFOs in 11 of 18 countries identified a lack of skilled labor as the top risk.



High demand, low supply

UK's Skills England lists finance and accounting technicians among the top 10 most in-demand roles, with insufficient talent available.

Demanding Landscape

Today, finance teams also face increasing pressure to accelerate time-to-value and serve as strategic partners in C-suite decision-making. As regulatory complexity increases across jurisdictions and expectations for real-time financial insight grow, internal finance teams are being stretched beyond capacity.



Increasing complexity of regulatory and statutory reporting requirements

- Making Tax Digital expansion to Corporation Tax (UK)
- FCA's new ESG & sustainability reporting requirements (UK)
- New capital adequacy requirements (UK)
- EU AI Act demands tighter controls
- FIDA / RiLiA framework for data sharing

Growing demand for faster closes, real-time reporting, and analytics

- Cherry Bekaert's Middle Market CFO Survey 2025³ cites data integration, reporting, and forecasting as the top pain points of CFOs.
- 58% of CFOs are increasing focus on cash and liquidity forecasting to adjust planning in today's volatile environment⁴
- Real-time reporting and analytics are key to combating uncertainty

The need to control costs while supporting business growth

- Growth at all costs is a bygone; profitability and margin-focused scaling in appropriate markets is the CFO's answer to acute uncertainty
- Organic growth is not on the priority list of CFOs in most surveys – cost reduction and cash preservation are



Key Considerations for UK and EU CFOs

UK and EU CFOS navigate among the most regulated financial regimes on the planet. So, undoubtedly, you need a checklist that comprehensively covers major areas such as Regulatory Compliance, Risk Management, Vendor Due Diligence, Performance Metrics, and Exit Strategy.

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Area	Key Considerations	What CFOs Should Verify
Regulatory & Compliance Baseline	Operational resilience and regulatory adherence	<ul style="list-style-type: none">• DORA compliance for ICT risk management and incident reporting• Alignment with EBA guidelines for “critical or important” functions, including outsourcing registers• FCA SYSC 8 compliance (non-delegation of senior management responsibility)• VAT and tax compliance (HMRC GfC13, EU ATAD)
Strategic Selection & Due Diligence	Provider capability and regulatory readiness	<ul style="list-style-type: none">• Proven experience and authorizations for the outsourced function• Financial stability and creditworthiness of the provider• GDPR compliance and readiness for the EU Data Act (data portability and interoperability)
Financial & Risk Management	Cost control and risk mitigation	<ul style="list-style-type: none">• Clear ownership of FX risk and currency exposure• Contractual audit rights, including regulator access• Documented exit and contingency plans for critical services• Regulator-compliant exit strategy defined, tested, and contractually enforceable
Operational Integration	Execution, governance, and collaboration	<ul style="list-style-type: none">• Clearly defined SLAs and KPIs for close cycles and reporting• Cultural alignment on working hours and communication norms• A dedicated internal point of contact for vendor coordination

Comprehensive FAO Outsourcing Assessment Checklist for UK and EU CFOs



STEP 1

Assess Your Finance Operating Model & Risk Exposure

Before outsourcing, CFOs must assess not only efficiency gaps, but risk, control, and regulatory exposure.

Key questions to validate:

- Which F&A processes are manual, repetitive, or control-intensive (AP, AR, R2R, reporting)?
- Where do delays create operational or compliance risk (month-end close, reconciliations, VAT reporting)?
- Which activities are “critical or important” under EBA/FCA guidance and require stronger oversight?
- What work consumes capacity without delivering strategic or analytical value?

This assessment identifies outsourcing candidates while flagging processes that require enhanced governance.

STEP 2

Process Readiness & Standardisation (Control First, Efficiency Second)

Standardised processes are essential for regulatory compliance and service-level accountability.

CFOs should ensure:

- End-to-end documentation of AP, AR, R2R, and reporting workflows
- Clear approval hierarchies, escalation rules, and segregation of duties
- Defined SLAs and KPIs aligned to close timelines and reporting accuracy
- Exception handling procedures for high-risk or regulated activities

Process standardisation reduces transition risk and supports auditability and operational resilience.

STEP 3

Data, Systems & Technology Readiness

Technology readiness underpins DORA, GDPR, and audit requirements.

Key readiness checks:

- Clean, structured, and consistently coded financial data
- Stable ERP and accounting systems (SAP, Oracle, NetSuite, Xero, etc.)
- Integration with automation, reporting, and analytics platforms
- Secure access controls, system logs, and audit trails
- Data location, access, and portability aligned with GDPR and the EU Data Act

Strong system readiness enables transparency, resilience, and regulatory confidence.

STEP 4

Compliance & Regulatory Readiness

Compliance readiness must be established before vendor onboarding.

Finance teams should confirm:

- UK GAAP and IFRS reporting alignment
- VAT compliance across jurisdictions (HMRC GfC13 expectations)
- Statutory reporting, audit support, and filing obligations
- ESG and sustainability reporting preparedness
- GDPR compliance and incident reporting protocols
- DORA readiness for ICT risk, third-party oversight, and operational resilience

This step ensures outsourcing does not introduce regulatory or supervisory risk.

STEP 5

Governance, Control & Risk Management Framework

Outsourcing does not transfer accountability—governance remains with the CFO.

Best practices include:

- Clear ownership and accountability between internal teams and the FAO provider
- Approval matrices compliant with FCA SYSC 8 and EBA expectations
- Defined audit rights, including regulator access where required
- FX risk ownership and cost management clarity
- Business continuity, exit, and contingency plans for critical services

Strong governance turns FAO into a controlled operating model, not a black box.

STEP 6

Talent & Change Management Readiness

FAO shifts finance teams toward oversight, review, and insight roles.

CFOs should prepare by:

- Redefining internal roles toward governance, analytics, and business partnering
- Addressing change resistance early and transparently
- Structuring knowledge transfer and parallel-run periods
- Ensuring internal capability to manage vendors and performance

Effective change management protects morale and sustains long-term value.

STEP 7

Selecting the Right FAO Partner (Strategic Due Diligence)

Partner selection must balance capability, compliance, and resilience.

Evaluation criteria should include:

- Proven UK & EU finance and regulatory experience
- Demonstrated DORA, GDPR, and VAT compliance capabilities
- Financial stability and long-term viability
- Scalable delivery and flexible engagement models
- Automation, analytics, and AI maturity
- Cultural alignment, communication clarity, and time-zone fit

The right partner acts as a regulated extension of your finance function.

STEP 8

Phased FAO Implementation & Resilience Planning

A phased approach reduces risk and supports regulatory expectations.

Recommended approach:

- Pilot low-to-medium risk processes (AP, AR, reconciliations)
- Stabilize service delivery and measure SLA/KPI performance
- Gradually extend to reporting, compliance, and analytics
- Continuously optimise using automation and analytics
- Revalidate controls and resilience as scope expands

Phased execution supports operational resilience and regulatory comfort.

FAO Readiness Checklist for Quick Reference

- ✓ Processes documented, standardised, and risk-classified
- ✓ Data, systems, and access controls validated
- ✓ UK & EU regulatory obligations clearly mapped
- ✓ Governance, audit rights, and exit plans defined
- ✓ Internal teams aligned for oversight and control
- ✓ Phased, compliant implementation roadmap in place



Conclusion

Turning FAO into a Strategic Advantage

FAO success is driven by preparation—not intent alone. UK and EU finance teams that invest in process standardisation, regulatory readiness, governance, and data integrity are better positioned to unlock efficiency, compliance, scalability, and actionable insight. With the right foundation and a trusted partner such as Datamatics Business Solutions—known for strict adherence to global standards and regulatory requirements—FAO evolves into a strategic advantage, enabling finance leaders to focus on growth, operational resilience, and long-term value creation.



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2. European CFO Survey autumn 2024:

<https://www.deloitte.com/us/en/insights/topics/business-strategy-growth/european-cfo-survey-fall-edition.html>

3. Cherry Bekaert's Middle Market CFO Survey 2025:

<https://www.cbh.com/insights/reports/cfo-survey/>

4. PwC Pulse Survey:

<https://www.pwc.com/us/en/executive-leadership-hub/library/business-outlook-100-days-cfo.html>

Glossary

1. FCA – Financial Conduct Authority

2. ESG – Environmental, Social, and Governance

3. FIDA - Framework for Financial Data Access

4. RiLiA - BaFin's regulatory guidance on outsourcing arrangements for financial institutions in Germany.

5. DORA – Digital Operational Resilience Act, EU

6. EBA – European Banking Authority

7. HMRC's GfC13 - HMRC's new Guidelines for Compliance (GfC13) for VAT reporting standards

8. EU ATAD - EU Anti-Tax Avoidance Directive

9. SYSC - Senior Management Arrangements, Systems and Controls

10. AP, AR, R2R - AP - Accounts Payable (money owed to others), AR - Accounts Receivable (money owed to you), and R2R - Record-to-Report (the end-to-end accounting cycle for financial reporting)

11. GDPR - General Data Protection Regulation

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Datamatics Business Solutions delivers scalable, AI-powered finance and accounting outsourcing services to global enterprises. With 50+ years of expertise and GDPR-compliant, ISO/SOC-certified operations, we help businesses reduce costs, improve compliance, strengthen decision-making, and scale growth.

North America: +1 571-297-6166 | EU & ME: +44-20-3005-2151 | APAC: +91-22-6671-2001

