FRACTIONAL CONTROLLER

When Do You Need a Fractional Controller?

Most growing companies reach a point where a bookkeeper is not enough and a full-time controller is not yet justified. Here is how to know which side of that line you are on — and what a fractional controller actually does once you bring one in.

The Gap That Fractional Controllers Fill

Most companies below $20M in revenue have a bookkeeper who handles transaction processing and a CPA firm that does the tax return, or an experienced staff accountant who handles everything they can handle. What neither setup provides is controller-level judgment: the ability to evaluate whether your accounting policies are correct, whether your close process is producing reliable numbers, and whether the technical accounting issues your business creates are being handled correctly.

> *A bookkeeper records transactions. A controller evaluates whether the transactions are being recorded correctly and whether the resulting financial statements fairly present the business. These are different skills, and most growing companies need both before they can afford both full-time.*

Signs You Need Fractional Controller Support

Your close is slow and the numbers feel unreliable

If your month-end close takes more than 5-10 business days, or if you regularly discover errors in the financials after they have been distributed, the close process needs a controller-level review. Slow closes are almost never a staffing problem, they are a process design problem.

You have an audit coming and you are not sure you are ready

First audits are almost always harder than companies expect because the documentation requirements of an audit are significantly higher than what a bookkeeper or staff accountant typically produces. A fractional controller can assess your readiness, close the gaps, and support the audit process directly.

You are raising capital or going through a transaction

Investors and acquirers will ask for financial statements that can be tied out, reconciled, and explained at the account level. A fractional controller can get the books into that condition. This is one of the highest-ROI uses of fractional controller time.

Your accounting has become technically complex

If your company has added subscription revenue, multi-element contracts, leased equipment or real estate, equity compensation, or an acquired entity in the last two years, the accounting complexity of your business has likely outpaced the expertise of your current team.

Your lender or board is asking questions your team cannot answer

Covenant calculations, segment reporting, and management discussion language require someone who understands how the financial statements were constructed. If preparing a board package requires CEO involvement because no one else can explain the financials, that is a controller gap.

You are spending CEO or CFO time on accounting problems

The most reliable signal: if the person running the business is regularly pulled into accounting issues, the accounting function does not have the right support. That is not sustainable.

What a Fractional Controller Actually Does

Function	What It Involves
Close oversight	Designing and managing the month-end close calendar, reviewing reconciliations, approving journal entries, and ensuring the close completes on time
Technical accounting	Evaluating and documenting complex accounting issues — revenue recognition, lease accounting, stock compensation, acquisition accounting — that require judgment beyond transaction processing
Audit support	Preparing the PBC package, managing auditor requests, answering technical questions, and resolving open items during fieldwork
Financial reporting	Preparing or reviewing financial statements, management packages, board decks, and lender reports
Team development	Coaching the existing accounting staff, documenting processes and policies, and building internal capacity to sustain what the fractional controller establishes
Transaction support	Preparing financial statements for diligence, supporting purchase accounting, and managing the accounting through a close or integration

Fractional vs. Full-Time: The Cost Comparison

A full-time corporate controller with the technical accounting background most growing companies need typically costs $130,000 to $180,000 in annual base salary plus benefits and overhead — total cost generally $160,000 to $220,000 annually. A fractional controller engagement provides senior-level oversight at a fraction of that cost, with scope adjusted as the company's needs evolve. For companies that need 20 to 40 hours of controller time per month rather than 160, the economics are not close.

When Full-Time Is the Right Answer

A fractional controller is not always the right solution. The case for a full-time controller becomes clear when:

- The business has crossed $30M to $40M in revenue and the volume of accounting work requires daily management oversight
- The company has a CFO who needs a direct report to manage the accounting team
- The business operates in a heavily regulated industry where continuous compliance oversight is required
- The company is preparing for an IPO or a large institutional transaction that requires a dedicated accounting leader

> *The question is not whether you can afford a fractional controller. It is whether you can afford the compounding cost of not having one: slow closes, difficult audits, financial statements that cannot support a transaction, and technical accounting errors that require restatement after the fact.*

Not sure what level of support you need?

VAO CPA provides fractional controller services for growing companies — close oversight, technical accounting, audit support, and financial reporting on a scope and schedule that fits where you are.

contact@vaocpa.com · (832) 542-6229 · vaocpa.com