

How to Select a Good Accountant – by Dan Sautner

The quick and easy answer to *how to select a good accountant* is to say, "Select me!" That, however, is not the purpose of this article, so we will provide you with some additional criteria for the selection of an accountant for your business. Before we discuss the attributes of a good accountant and accounting firm, let us review why you need the help of any accountant, good or bad.

At the very least, you will require an accountant to assist you in the preparation of your tax return. The tax department views your business as a series of taxable income and deductible expense transactions. The income tax return summarizes these transactions and calculates your contribution to the national revenue system. Unless taxation is a major hobby of yours, you will need an accountant to sort this out for you. Therefore, it is in the area of taxation that you need a good accountant.

The next reason to use an accountant is to prepare your monthly, quarterly and annual reporting to the government. Each report to the government, be it sales tax, payroll taxes or whatever, requires the completion of forms that are governed by strict regulations... regulations that, if not followed, will result in the taxing agency levying heavy fines. Again, unless you have a outside interest in this, it's best left to people who work with it every day.

You may be thinking that the above reasons for using an accountant imply that you will be financially punished by the government if you do not do so. Partially, this is true. Inadvertently, the powers that be have devised a tax collection and reporting system that places a large burden on the independent business owner. With few exceptions, the reporting required by a five-person operation is similar to the reporting required by an organization employing thousands of people. The difference is the resources available to accomplish the task.

Now let us turn to some positive reasons for using an accountant in your business. After handling your compliance issues with the various levels of government, a good accountant should go further and help you with the financial circumstances of your business. This leads us to the first major criteria of a good accountant. Will you and your accountant be able to fully understand each other? It is extremely important that the lines of communication are clear, and the accountant takes the time to review the financial information provided. A good accountant will drop the jargon and speak to you in a way that helps you better run your business. When selecting an accountant, select someone who appears interested in your business and someone with whom you feel you can develop a rapport. The second step is to ensure that this person is the one with whom you will talk. Is the person selling the service the one who will work with you? How will this contact be made? On what schedule and under what circumstances will your calls be returned? You cannot expect this accountant to be available 24 hours per day, but it is reasonable to expect a return call within 24 hours.

For your accounting information to be useful, it must be on time. Find an accountant who can set a delivery schedule that gets you the information within a few days of the end of your month. It still

amazes me to find people who are accepting accounting information way past its useful life. If it is a monthly P&L, you need the information within ten days. If you are getting quarterly information, it can still be useful within 20 days of the quarter end. If it is annual work, we suggest that the information be available within 45-60 days. To truly run your business properly, get accounting information every 30 days. A good accountant will train you in what to have ready and when to have it, then will stick to the schedule.

In order for an accountant to meet the above deadlines, you will have to be important to him. A simple fact of the accounting business is that you serve your largest clients first, because they generate the largest fees. Find out where your organization will fit into this scale. If you are the smallest account your accountant will handle, can you really expect timely service? Look for an accounting company that has selected your size of company as their target client.

This leads to the next step in the selection. This has to do with the expertise your accountant will bring to your work. Certainly there are a number of degrees for accounting and tax, and you should inquire into the education and the experience of your accountant. Formal education will not tell all, however. Look to experience outside of schools. If the person has a number of years experience either in your field directly, in your industry or in businesses of your size, this might be better than a string of college credits.

Experience and years in the industry cannot make up for the ability to answer technical questions. A good tax practice is based upon a good second opinion, and your selected accountant should have the ability to ask others for a second opinion. No one practicing taxation can ever claim to know it all, but a good accountant will have a formal procedure in place to refer your problems on to other "experts" in the field.

In selecting an accountant, be sure that you fully understand the services to be provided for the fee. You should ask exactly what will be provided and how often. Be skeptical of the following types of packages: 1) A person who says he will do everything. No one can do "everything" for you. Worse, "everything" can be defined as what an accountant thinks you will need, as opposed to what you really do need. 2) The accountant who wants to build your tax return into the price. This may mean that your return will be competing with cash returns when it is due. 3) An accountant who says he will do the tax return for free. In your own business, how much importance do you place on "free" work?

When speaking of fees, find out the basis for the fee. Part of the fee will be based upon the time necessary to complete the work. Look for someone who is willing to say that if you give him your information in this format, at this time, we will do the work for "this" much. Fees should be based on a combination of the volume and the condition of the accounting information. Many accountants will simply state their per-hour rate for doing the work. This makes sense when the person proposing to do the work has no idea of what to expect. It can mean, however, that any inefficiency on his part results in extra fees to you. While you may be satisfied with an hourly quote in the beginning of the relationship, you should establish the most likely fee, along with the conditions for meeting that fee. To leave this too open-ended results in too many surprises. Make sure that your accountant understands that you will not pay for extras that have not been discussed beforehand. While the extra work may be warranted, i.e., a unique tax situation or especially confusing

information from you, you have the right to approve any increase in fee prior to the work being done and the bill presented.

Understand the pricing structure so that when a change in fee occurs, you won't be surprised. Two factors will affect this increase. The first is simply rising prices. Like you, your accountant must absorb price increases and pass them along. The second reason is an increase in the volume of work. By understanding the basis of the pricing, you will be in a better position to evaluate the fee. Like any other expense, fees should be affordable to your business. For smaller companies there is not a set ratio for what you should pay. It will depend upon your part of the country and the volume of work that you have. Our company uses a formula based upon the number of entries and the number of employees. Shop for value, which translates into service for a fee. When comparing two different fees, make sure that you also compare the level of service you will receive.

In conclusion, to select a good accountant look for the following: 1) someone who you will be able to communicate with fully on a regular basis; 2) someone who can solve your problems either himself or through a backup system of support; 3) someone who will treat the servicing of your account as a priority; and, 4) someone who will give good value for the fee. Good luck!