

Discover the Secrets to Finding a Great Auditor

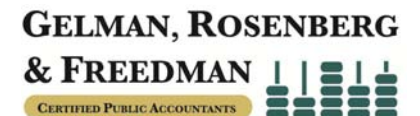
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August 18, 2015



Dealing with the Unknown

- Choosing your auditor is a very important decision that should be made carefully
- Your auditor will have access to your private records, including some information you probably wouldn't want anyone else to see or know about
- You'll have to trust your auditor to some degree and this is why it is important to choose wisely

Seven Steps to Choosing the Right Auditor

1. Identifying Needs,
being honest with
yourself regarding
current situation-
(auditability)

2. Where to Look for
an Auditor

3. Interviewing
Potential Candidates

4. Seeking Quotes

5. Receiving
Information

6. Paying Bills

7. Providing
Feedback



1. Identifying Your Needs

- Start by writing down your precise requirement(s). Draw up a table two columns wide, as shown below

I need an auditor to help me	Because

- In the first column think about what you need the auditor to help you with. In the second column, outline why you need the help



1. Identifying Your Needs

➤ For example:

I need an auditor to help me	Because
I need an auditor to provide me with proactive service throughout the year	Because we want to reduce the risk of any nasty surprises at year end

2. Where to Look for an Auditor

- Some of the do's and don'ts are:
 - **Don't** select an auditor solely from looking in the Yellow Pages, Google, etc. Money can buy a glossy ad, but you'll end up paying for it. Advertising does not substitute for service or reputation
 - **Don't** use fee as a major indicator for quality. You want someone who can appreciate your circumstances and with whom you can communicate well

2. Where to Look for an Auditor

- **Don't** treat your auditor poorly. Your relationship with your auditor will be more beneficial if you deal with him/her politely and with professional courtesy
- **Do** ask your colleagues whom they use. Reputation is a good indicator of ability
- **Do** use an auditor who is a member of a professional accounting body. Call a professional accounting body and request a list of members in your area.

2. Where to Look for an Auditor

- **Do** read financial magazines and newspapers and note which auditors/accountants win awards or are given good publicity
- **Do** become members of professional organizations that provide nonprofit executives with the opportunity to exchange ideas, learn new skills, etc. (i.e. Finance & Administration Roundtable, The Center for Association Leadership, Center for Nonprofit Advancement)

2. Where to Look for an Auditor

- **Do** pay your bills on time. You'll find the service and availability increases
- **Do** use your list made under Step 1 to see what sort of auditor you need
- If your needs encompass several services, then you should seek to find an auditor that is able to provide exceptional guidance/assistance for multiple services

3. Interviewing Potential Candidates

- You must interview your potential auditor and ask hard questions
 - This establishes you are serious about your organization, which the auditor will respect
- The interview can be in person, by phone or even by email
 - The method isn't too important, but the answers to your questions will help you decide which auditor to use

3. Interviewing Potential Candidates

- Do they have experience in your industry? Your size of company? What about software sophistication?
- If conducting face-to-face interviews:
 - Ask to meet with the staff members who will be servicing your account
 - Get comfortable with the firms' culture and most importantly, the time they will dedicate to service your business in a prompt manner. Make sure communication is clear and direct even with negative news or advice

3. Interviewing Potential Candidates

- Ask what services you will be billed for (i.e. an introductory meeting, phone calls, etc.)
- **Finally**, check references. This is an important decision and the decision makers must perform adequate due diligence before making a decision

4. Seeking Quotes

- Always get an indication of the likely fee *before* selecting your auditor. Even for a small job!
- When selecting an auditor:
 - Don't necessarily go for the cheapest option
 - Pay for the service that best meets your needs for the price you can afford

5. Receiving Information

- Your auditor will regularly send you information and copies of documents. Read everything in detail. It's critical that you understand your affairs
- Keep files for the documentation you receive
 - Note the date you received it. Allocate time to read it thoroughly and write down any questions you may have. Contact your auditor via email to seek clarification if you need it
- Keep notes of conversations and verbal instructions



6. Paying Bills

- Expect to pay: If you receive advice, no matter how bad or useful
- Bills:
 - can be a common cause of tension between a client and his/her auditor. The bottom line is once you instruct an auditor to perform the work, unless you have an agreed price, you wear the invoice. *The solution is to always have an agreed upon price*

6. Paying Bills

- Remember to ask your auditor for the payment terms that are suitable to you (you are the customer)
- Don't be afraid to question a bill, or seek a breakdown

7. Providing Feedback

- Your auditor wants to know:
 - Tell your auditor when you're happy with their service, and when you're not
 - Avoid being aggressive and intimidating, just be constructive with examples of what upset you
 - It is unrealistic to expect improved service if your auditor assumes you have good service already

Conclusion

- Confirm that auditors are qualified and sufficiently experienced to perform the work you're seeking
- Make sure that they have sufficient cover (i.e. resources) and have access to specialist advisors
- Look for an auditor who provides a proactive service, working with you throughout the year and not just at year end
- Lowest fee is not always the best solution. Be honest about your organization's situation (auditability).
 - Insist on a fixed fee arrangement with your auditor so that you are in control of fees and not open to any nasty surprises when the invoice lands on your desk



Conclusion

- Make sure you choose an auditor you like. This may seem like a strange statement but *to get the most out of your auditor's expertise you need to work closely with them* and to do this successfully you need someone you trust and with whom you are comfortable

QUESTIONS?



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