

How to Prepare Compelling Audit RFPs

Whatever the reason is for your organization to seek and hire a new CPA firm, a crucial step (besides referrals) to finding a great firm would be to call for proposal submissions - commonly known as Request for Proposals (RFPs). Over the years, we have received and bid on a significant number of RFPs from various types of not-for-profit organizations. In this issue, we would like to share some of our observations from a CPA firm's perspective so you are able to prepare a compelling RFP and find the right firm for your needs.

1) Before Sending Your RFP Package

- Verify internal needs and expectations for a new CPA firm
 - Engage the Board of Directors and Audit Committee early on to be clear on why you are changing firms and determine hiring criteria.
 - Assess the internal cost as it can be significant: Audit firm partner rotation can be a more cost-effective alternative, and is widely acceptable practice.
- Research and narrow down to a short list of qualified firms (4-5 recommended) to participate in the bidding process.
- Network with your peers for direct referrals.
- Leverage online resources to identify candidate firms (e.g., "Find a CPA" search tool on the [California Society of CPAs website](#), "Professional Directory" on [CalNonprofits website](#)). Evaluation criteria can be:
 - Industry specialization/experience
 - Quality of talent and services
 - Long-term support + value-add services (vs. low-cost, transactional relationship)
- Designate a high-level accounting/finance person to be the point of contact and manage the entire process.

- Decide how to respond to bidder questions (e.g., bidders' conference, by phone or email).
- Be prepared to distribute the RFP package or email ideally 60-90 days prior to the end of your upcoming fiscal year.
- Enclose or attach a copy of the prior year audited financial statements, information returns, Management Letters, and current year budget to actual reports along with the RFP letter listing specific requirements as it allows the CPA firms to assess the scope of work right away.

2) What CPA Firms Want to Know

- Reason for the RFP release and objectives to be achieved.
- About your organization - from the current size based on annual operational budget to mission to any other relevant information.
- Terms and length of engagement along with renewal options.
- Clear description of requirements for the proposal, including submission deadlines and delivery method.
- Evaluation criteria, processes, and timelines for when the contract will be awarded.
- Your preference on fee quote (e.g., quote for each type of service provided, by the hour and level of professional staff to be assigned).
- Whether you need a copy of the most recent peer review report.
- Total number of references to submit.



If you have any questions regarding the RFP process or would like to discuss next year's audit, please contact James Kraft, Partner, at jkraft@lvhj.com or 415-905-5413.

[Click here to read more about James Kraft.](#)

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