

Bonus Report: How You Can Find A Great Accountant!

This document outlines information on how you can find a great accountant. We've written this document to help answer the following questions:

- Who are accountants and what can you expect from them?
- Are all accountants the same?
- How are accountants educated?
- Is my accountant a member of a professional body?
- Does my accountant have to keep up to date?
- Examples of places where you can find a good accountant

There's also a step-by-step guide to help you not only choose an accountant, but to maintain a good relationship too.

- Step One: Deciding what your needs are.
- Step Two: Looking for an accountant.
- Step Three: Interviewing potential candidates.
- Step Four: Seeking quotes.
- Step Five: Authorizing an accountant to act on your behalf.
- Step Six: Receiving information.
- Step Seven: Paying bills.
- Step Eight: Providing feedback.

We trust that you'll enjoy and benefit from this information, and hope that it's helpful in providing practical guidelines about finding an accountant that you can trust.

Introduction

Like all professions, the accounting fraternity is filled with practitioners of varying skill and aptitude. At one end of the spectrum, you'll find single owner-operators that provide a one-stop shop service. At the other end are multi-national firms that specialise in complex and difficult matters.

Perhaps strangely, accounting is often an inexact science. It is not uncommon for there to be large discrepancies in the way that transactions are handled.

There's a joke that goes something along the following lines...

An economist, a mathematician and an accountant all turn up for a job interview.

The economist is interviewed first and is asked to provide an answer for 'What does $1 + 1$ equal'. He replies, "If we assume there is no tax or inflation, then the answer is 2."

When the mathematician has her turn, she is asked the same question to which she replies “I can mathematically prove to you that the answer is unequivocally 2.”

Finally the accountant is asked “What does 1+1 equal?” Smiling, he says “What do you want it to equal?”

There are many different types of accountants – those that record, those that interpret, those that provide business or management consulting services, those that act as expert witnesses, and even those that specialise in income tax. The latter are required to interpret and apply laws where there is no obvious right or wrong answer – just shades of grey.

So given the range of diversity, how do you find a ‘good’ accountant? we’ve written this document to help you make an informed decision, thereby reducing (but not eliminating) the risk that you may be given bad advice.

The Importance of Choosing Wisely

It’s generally very unwise to pick an accountant based on luck rather than some sort of informed process. For example, there’s little correlation between the size of the Yellow Pages ad and the quality of the adviser.

In fact, a good rule to follow is to avoid the Yellow Pages all together and instead seek for a referral from someone whom you trust, such as a fellow investor or business colleague.

Establishing a trust relationship with your financial adviser is very important because you will be providing them with confidential information, and discussing records and matters that you probably don’t want anyone else to see or know about.

Who are accountants, and what can you expect from them?

What springs to mind when you hear the word "accountant"? Is it a bean counter wearing a brown suit who works in a dark corner of the office? Perhaps this was accurate fifty years ago, but times have changed radically.

On Valentine’s Day in 2006, Bernard Salt – an anthropologist working for KPMG – noted that accountants were seen as the most eligible group of bachelors. This was because of their hip and professional image, together with their earning ability.

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Tongue in cheek, a line from his book 'The Big Picture' says, "Forget that shallow and narcissistic triathlete, ladies, and take up with the slightly podgy accountant."

All jokes about bean counters aside, very few people know how diverse an accountant's role can be. Usually, if money or numbers are involved, then an accountant won't be too far away.

Accountants can either work in industry or private practice. Industry accountants work for corporations in their finance and corporate reporting areas. They collect, process and report on financial and non-financial information to internal and external users.

Accountants can also work in private practice (to be confusing this is also known as being in public practice). They open their doors to the public and offer a fee-for-service arrangement, where they bill you for the work you ask for.

Compliance related work forms the bread and butter of most accounting practices. It's called "compliance" because the accountant needs to perform a task in order to satisfy a government or other regulatory body regulation. The best example of compliance work is using an accountant to complete and file your income tax return.

If you're looking for an accountant to do your tax, then you now know you're looking for an accountant in private practice.

To confuse the issue there are many names that private practitioners go by, including, Certified Public Accountants, Chartered Accountants (CAs), Certified Practising Accountants (CPAs), Public Accountants, Accountants, Tax Specialists etc.

To test the diversity of accountants, take a flick through the Yellow Pages and see how many different types there are to choose from.

Most accountants are members of a professional body and have the right to call themselves Certified Public Accountants or CPA's (in the US), Chartered Accountants or CA's (in Australia, Canada and New Zealand) or Certified Practising Accountants or CPA's (in Australia, but different to the US CPA). These are the peak professional bodies. Members of these organisations must adhere to a code of professional conduct.

Are all accountants the same?

No. All accountants are definitely not the same!

Some years ago an accountant could be a "jack of all trades" and operate as a one-stop business shop. Now, because of the complexity of laws and the wider needs of business, it's usual for accountants to specialize, and even specialize within specialty areas (particularly tax).

In many countries, the accounting is 'self-regulated'. This means that the government has agreed not to pass laws on how accountants provide their services, so long as professional accounting bodies properly regulate the behaviour of their members.

These professional bodies set acceptable bi-laws that govern the actions of their members, so if your accountant is not a member of a professional body, then you're placing yourself at risk. Think about it, who do you complain to and what recourse do you have if you're unhappy with your accountant if he doesn't belong to a professional body?

"Make sure your accountant is a member of a professional body."

Ask your accountant which professional organisation they belong to. If they start spinning stories about how they don't need to belong, or what a rip off the annual fees are, then alarm bells should be ringing. Always deal with an accountant who could lose their livelihood if they're expelled from a professional body. It is your best protection.

How are accountants educated?

Would it surprise you to learn that you can operate an accounting practice without any formal qualifications at all? You can, just call yourself a public accountant and away you go.

People who do this argue their experience is far better than a university education. This is dangerous thinking. What if this person's experience was with a backyard operator who consistently broke the law?

We recommend using an accountant whose knowledge is based on formal education. A university degree is the apprenticeship of the accounting industry and while it's true that little of the content of Uni is retained, problem solving and logical analysis skills are provided and are the foundation to clear and concise thinking; university is where you are taught to think.

Once an accountant finishes their college education, they would usually look for a job within the finance or business industry. If they want to become a member of a professional body, then they will need to complete further study to meet the entry requirements. Entry requirements are usually an approved college degree, appropriate experience and passing post-graduate examinations.

As mentioned earlier, your best protection is to use an accountant who is a member of a professional body. They are well educated and should have been exposed to a wide range of business issues.

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Your notes:

Be very wary of organisations that only specialise in personal tax returns. Always check that the person who interviews you has the appropriate training and experience. While employees of these companies are usually required to complete a short but intensive internal training course, there is no guarantee that they have the depth of experience to identify key issues.

Never assume that just because somebody has been working as an accountant for many years that they can do the job. Always ask for your accountant's qualifications, and be sure to ask for clarification if you don't understand their response.

Is my accountant a member of a professional body (CA/CPA)?

Ask your accountant if he is a member of a professional organisation. In our opinion the peak organisations (that we know about) are:

- **In Canada, Australia or New Zealand:**

Either the Institute of Chartered Accountants (ICAA) or the Australian Society of Certified Practising Accountants (ASCPA).

- **In the UK:**

The Association of Certified Chartered Accountants (ACCA)

- **In the United States:**

The American Institute of Certified Public Accountants.

A member of a professional body will receive a certificate of membership, and shouldn't be offended if asked to prove their membership. If you have **any** doubts, then be sure to ask the accountant to produce their membership certificate. If they can't then call the professional body direct and seek confirmation your accountant is a member.

Does my accountant have to keep up to date?

Yes, if your accountant is a member of a professional accounting body then he or she must complete some form of Continuing Professional Development (CPD). Non-members do not have to do anything.

It's worth noting that there is often a lot of pressure on accountants to see clients and get money in the door. This is usually at the expense of training and staff development. In theory, by using a CA or CPA, you're assured they need to keep up to date with industry developments.

We think your best bet is to find an accountant who is a member of a professional body, discussion group or who writes published articles (in print or electronic) or runs public seminars. Internal newsletters don't count because the text is usually bought or worse, borrowed (sometimes illegally).

Don't be afraid to ask what seminars your accountant is attending and what good business articles they've read lately. Good firms will make those articles available online through links to business publications.

Steps to finding a great accountant

Once you've decided you need an accountant, it can be difficult to know where to start to find an adviser who meets your needs at a price you can afford.

The following steps are a good guide to get you started.

Step One: Begin By Identifying Your Needs

The basic table format outlined below will help you to identify your financial needs:

I need an accountant to help me...	Because...

In the first column, think about what you need the accountant to help you with, and in the second column, outline why you need the help. For example:

I need an accountant to help me structure a tax-effective savings plan.	To understand what process needs to be completed, and to get advice on how to start.
I need an accountant to help me to prepare and lodge my income tax return.	To compile the data, look to maximise my available deductions and manage the lodgement of the data.

Having been given this format, grab a sheet of paper and start making your list. A timeframe of several days would be ideal.



Be Prepared!

- Steve McKnight

Back in the days before I sold my accounting practice, when I met with my clients the first question I'd always ask was "How can I help you today?"

At this point, better prepared clients take out their list and we'd begin to go through their questions one by one. This was a win-win result because I'd understand what they required of me, and they get great service from minute one (remember you usually pay an accountant based on time rather than outcomes).

For example, once a client asked me to see them at their premises. We sat down and they said "We need help with our business". This was a very general request, and it took a lot of time to isolate the potential problems.

A better approach would have been for the client to have thought about the issue because if they could have provided me with more direction then they'd have saved on my time and accordingly cost (especially since I used to charge at \$300 per hour).

***"Your accountant is a financial adviser,
not a trained counsellor!"***

Don't seek personal counselling from an accountant. While accountants in general are becoming more people-orientated, they are not qualified therapists. Try to limit your questions to financial matters, as that is what accountants are trained to answer. Your accountant can sympathise and console, but you're paying top dollar for it.

Make sure you know exactly what you want from your accountant before taking the next step.

Step Two: Looking For An Accountant

Finding a good accountant is no easy task! Good accountants, like good doctors, are usually very busy and difficult to see at a moment's notice. They don't advertise because they have enough business already.

Some of the do's and don'ts are:

- × **Don't** go looking for an accountant in the Yellow Pages. 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 charge-out (billing) rates per hour as a major indicator for quality. You want someone who can appreciate your circumstances and who you can communicate well with.
- × **Don't** treat your accountant poorly. Your relationship with your accountant will be more beneficial if you deal with them politely and with professional courtesy.
- ✓ **Do** ask your friends who they use. Reputation is a good indicator of ability.
- ✓ **Do** use an accountant who is a member of a professional accounting body. Call a professional accounting body and request a list of members in your area.
- ✓ **Do** read financial magazines and newspapers and note which accountants win awards or are given good publicity.
- ✓ **Do** pay your bills on time. You'll find the service and availability increases.

Use your list made under Step 1 to see what sort of accountant you need. Do you need someone who knows about Tax? Financial planning? Systems development? Auditing? Debt reduction? Treasury? Business planning? Product costing etc?

If your needs vary greatly then you may need to find more than one accountant

Step Three: Interview Potential Candidates.

You must interview your potential accountant and ask hard questions. This flags you as someone who is serious about your business and finances, which the accountant will respect. Don't lose perspective though - seeking an hour appointment to decide whether the accountant deserves the business of preparing your personal tax return is excessive.

Ideally, the interview would be in person, but it can be over the phone too.

If you're seeking business advice, then ask if the accounting firm specialises in any particular field.

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Note: If you are a property investor, you don't need an accountant who is also a property investor, you need an adviser who specialises in the accounting and tax treatment of investment real estate. Remember, you want a skilled adviser, not a skilled investor!

Ask any question you like - even personal questions, so long as they're relevant. For example, if you're seeking investment advice then you could ask the accountant "What do you invest in privately?" Similarly, if you are establishing a children's saving fund, you could ask what their plans are for their kids.

Remember, you're paying for their time, so you deserve honest answers.

Be sure to ask if you will be billed for the introductory meeting. Most places offer a reduced or even free first appointment. This is reasonable so long as it doesn't go over an hour, and you don't want specific advice.

Here are some questions to ask during an introductory meeting:

- Are you a member of a professional accounting body? Is this body recognised worldwide?
- What are your qualifications?
- Do you specialise in any particular area?
- What specific experience do you have?
- Do you visit clients?
- Do you cater for electronic clients?
- What accounting software packages do you use / support?
- How do you charge?
- Do you offer a reduced fee for the first meeting?
- What are your billing terms?
- Can you put me in touch with some of your clients so I can ask them about the level of service you provide?
- What do you think is the most pressing issue in business at the moment?

Sample Interview

Here's an example of an interview that might take place over the phone:

Hi, my name is Jeff Smith. I am in the market for a new accountant to help me with my tax affairs. Could you put me through to someone who can help me?

Sure, Mr. Smith. I'll put you through to Mr. Johnson who may be able to assist you.

Mr. Smith. My name is David Johnson. I'm the partner in charge of small business clients. I understand you are looking for a new accountant?

Hello. That's right. My old accountant does not provide the service I want, so I am shopping around. Right now, I need someone to prepare my family's income tax returns. I'd really like some general tax advice too to ensure my affairs are in order.

Right. Well, it seems we can help you there. Would you like to make an appointment to come and discuss this further?

That sounds promising, but first I have a few questions to ask if that's OK?

Sure, go ahead.

Are you a member of a professional accounting body?

Yes. I am a CA, a member of the Institute of Chartered Accountants in Australia. Our practice meets their requirements too.

Is that membership recognised worldwide?

Yes it is.

What other qualifications do you have?

Well, I have a Bachelor of Business, majoring in accounting too.

Right. Does your firm specialise in any area?

We have three separate divisions.

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Your notes:

The first is the business services area. This caters for most small-medium businesses and their owners' needs.

We also have a Financial Planning division that helps individuals make sensible investment decisions in order to reach their money goals.

Finally, we have a dedicated Information Technology business that supports MYOB and Quickbooks, as well as assisting people with e-commerce and internet solutions.

Mr. Johnson, what experience do you have as an accountant?

I have twenty years experience working in taxation and business services. I started work with a large multi-national accounting firm in audit. For the past fifteen years I have been working with individuals and businesses to help them maximise their wealth possibilities.

I don't mean to sound intrusive, but would you mind outlining to me your own wealth personal plan, Mr. Johnson?

Mmm, well, I have several managed funds and some blue chip shares. I also have some negative geared property and a hobby farm out of town.

That must keep you busy! Do you visit clients?

Yes, but we have a minimum charge of \$500 for individuals. It's not cost effective for us to home-visit to prepare tax returns.

How do you charge for your time?

We bill by the hour. Our terms are payment within fifteen days from invoice, otherwise we have a penalty of \$50 per week for administration costs.

What are your charge-out rates?

Partners are \$250 per hour. Managers are \$200. Seniors are \$150. Intermediaries are \$100. Juniors and support staff are \$80 per hour.

Mr. Johnson, can you sell me on why I should use your firm?

Sure. We are a pro-active firm which prides itself on fantastic client service. We have been in business for twenty-five years and consistently try to improve our systems and processes to ensure the client always comes first. We can help you with your tax return and tax planning at reasonable rates.

Did you say that you offer an introductory meeting free?

Well, not usually. If we provide advice then I think it is reasonable to bill you for it.

Would you mind putting me in touch with a client so I can ask them about the service you provide?

No, but I can take your details and ask a client to call you.

Sure. My number is 5555 9856. Thanks for your time. I'll think about everything you've said. I have one more firm to call. If I would like to make an interview who should I talk to in order to make an appointment?

Just mention it to our receptionist, Jenny and she can arrange it for you.

Thank-you. Goodbye.

Step Four: Seeking quotes.

Always get an indication of the likely fee before giving an accountant the OK to start work. Always! Even for little jobs! This seems common sense but it's rarely done.

People just assume that because the relationship is based on mutual trust, the accountant will not take advantage of them. This is OK most of the time but unfortunately we've heard of some accountants charging excessive bills because they know the client can afford more, and no price was agreed up front. Avoid leaving yourself wide open.

When selecting an accountant, don't necessarily go for the cheapest option. Pay for the service that best meets your needs, for the price you can afford.

If an accountant can save you \$10,000 in tax, then they can bill you up to \$10,000 before you are out of pocket. Don't be someone who goes for a cheap option and ends up paying dearly for poor advice.

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Step Five: Authorising an accountant to act on your behalf.

Sooner or later you'll be placing your affairs, to some degree, in the hands of your accountant. Are they capable or culpable hands?

It's very dangerous to give your accountant power of attorney over your financial affairs. You lose control immediately and there's always the remote chance the temptation of access to money will be too great for some.

Unless you are required to counter-sign, don't give an accountant the ability to write cheques from your account.

Sometimes it's appropriate to authorise your accountant to act on your behalf. For example, resolving issues with taxation authorities or filling in straightforward statutory forms. The key is to know what's going on. In this case it's smarter to let your accountant and the government fight it out.

If you want your accountant to act on your behalf, then spell it out in writing what can and cannot be done. Never authorise information about your tax or personal affairs to be released to a third party without your express permission. Have your accountant call you for approval. Don't have them issuing information to anyone who comes calling. Your privacy is an important asset.

Delegating permission in some circumstances allows you to retain wider control without having to deal with the day to day problems that your accountant should be able to solve with the information they already have.

Make sure your accountant keeps full records of conversations and other matters when acting on your behalf. Review this information regularly.

A good idea is to occasionally also flick through your accountant's workpaper and correspondence files. This will give you a good snapshot of what work your accountant is doing.

Step Six: Receiving information.

Expect your accountant to regularly send you information and copies of documents he has received on your behalf. **Read everything in detail.** It's critical you understand your affairs.

Keep files for the documentation you receive. Write the date you received it on the cover letter. Allocate time to read it thoroughly and write down any questions you may have, then feel free to send your accountant an e-mail to seek clarification.

Also keep notes of conversations and verbal instructions you give.

Step Seven: Paying bills.

If you receive advice, no matter how bad or useful, you must expect to pay for it.

Bills are a common cause of tension between a client and their accountant. The bottom line is, once you instruct an accountant to perform any work, unless you have an agreed price, you wear the invoice. The solution is to always have an agreed price.

Remember to ask your accountant for the payment terms that are suitable to you (after all, you're the customer!). Some practices have a billing structure that includes a monthly preset retainer while others bill by the hour for all work completed.

If you delay paying an invoice then the service you receive will suffer. If you get a reputation as being a client who pays on time then you will unlock better service immediately.

Don't be afraid to query a bill, or seek a breakdown. If this requires extra work by the accountant then you may be billed for it though.

Step Eight: Providing feedback.

Tell your accountant when you're happy with her service, and also 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 accountant assumes you have it already.

Don't threaten to take your business elsewhere unless you mean it.

In Conclusion...

It is realistic to expect that finding a suitable accountant will take time and effort. If the worst place to look is in the Yellow Pages, the best place is to ask an acquaintance who they use.

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Alternatively, you can seek a referral from another professional – such as your lawyer, mortgage broker, etc.

Remember that your accountant needs to be a financial expert, not an expert in the finer points of business in your unique field. Naturally, some industry experience would be an enormous benefit.

Advice can be expensive, so the more prepared you are, the more effective you will become at using your accountant's time, and the cheaper your overall bill will become.

The hope in preparing this document is that it will provide you with extra confidence when dealing with a new accountant.

In closing, we're certain there is an adviser with the right skill-set to help you. However, you may need to shop around until you find a good fit.

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Checklist To Assist In Assessing A Potential Accountant

	Yes	No
Is the accountant a member of a professional body?		
Have I checked that the practice is registered with their supposed professional body?		
Does the accountant have more than five years experience?		
Does the accountant have experience / industry knowledge in the field where I need help?		
Does the accounting practice have the range of skills that I think is needed to handle my affairs?		
Have I been recommended by someone I trust?		
Is it important that my accountant be a local?		
Does my accountant support the same software that I use to manage my financial affairs?		
Will a junior accountant be preparing my affairs? If so, what quality control procedures are in place?		
Have I obtained an idea of the likely fee and how it is calculated?		
Will I be billed for phone conversations?		
Have I asked about the incidental cost for printing, faxes etc.		
Is there a written system identified for handling disputes?		
Will someone be providing me with helpful advice about how to improve, or will the service just be compliance based?		
Will the accountant do home visits? If so, is there any extra charge?		
Is it easy to get my records from my old accountant?		
Have I told my new accountant all my deep dark secrets so that s/he has a full picture of the size and complexity of the job?		
Do I have a good gut feel that I can trust the person who will be my new accountant?		