How to select an accountant

by Dan Sautner, Padgett Business Services

1) If you’re in business for yourself, at the very least you’ll need an accountant to help prepare your tax return, unless taxation is a major hobby of yours.

Use an accountant to prepare monthly, quarterly and annual reporting. Not following the government’s strict regulations, can mean heavy fines, so it’s best left to people who work with it every day.

The government has devised a tax system that places a large burden on the independent business owner. With few exceptions, the reports required of a five-person operation are similar to those required of much larger organizations.

Besides complying with government demands, a good accountant should also help with other financial considerations. This leads us to the major criteria for selecting an accountant:

(1) Will you and your accountant understand each other?

The lines of communication must be clear, and the accountant must take time to review the financial information provided. A good accountant drops the jargon and speaks conversationally.

Select someone who appears interested in your business and someone with whom you feel you can develop a rapport.

Make sure you know your contact person. Also: how will the communication work? On what schedule and under what circumstances will your calls be returned? Your new accountant cannot be available 24 hours a day, but it is reasonable to expect a return call within 24 hours.

(2) Can you get good turnaround?

To be useful, accounting information must be on time. Find an accountant who can set a delivery schedule that gets you the information near the end of the period. If it’s a monthly P&L, you need the information within 10 days. If it’s quarterly information, it can still be useful within 20 days of the quarter’s end. If it’s annual work, the information should be available within 45 to 60 days.

To truly run your business properly, get accounting information every 30 days. A good accountant tells you what information to supply, when—and then will stick to the schedule.

(3) Where do you fit in the accountant’s scheme of things?

Your business will have to be important to the accountant. In the business, the largest clients are served first, because they generate the largest fees. Find out where your organization will fit into this scheme. If you are the smallest client your accountant is handling, can you really expect timely service? Look for a company that has selected your size of company as its target client.

(4) What is the accountant’s education/experience level?

Look beyond education and experience, to experience in your field, in your industry, or in businesses of your size.

Good accountants are able to answer technical questions. Since no one practicing taxation can ever claim to know everything, your accountant should have the ability and resources to ask others for a second opinion.

(5) What services will be provided?

You should know exactly what will be provided, and how often. Be skeptical of the following offers:

(a) A person who says he or she will do everything. (No one can.) Worse, “everything” can be defined by the accountant.

(b) 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.

(c) An accountant who says he or she will do the return for free. (In your own business, how much importance do you place on “free” work?)

(6) What is the basis for fees?

Fees should be based on a combination of the volume and the condition of the accounting information. Also, you should not have to pay for extras that have not been discussed beforehand. You have the right to approve any fee increase before the work is done.

Fees should be affordable. For smaller companies, it depends on your location and volume of work. Shop for value. When comparing two different fees, make sure that you also compare the level of service.

The author is chairman of Padgett Business Services, Inc., of Athens, Ga. This is the second in a series of basic accounting articles he is writing for Landscape Management.