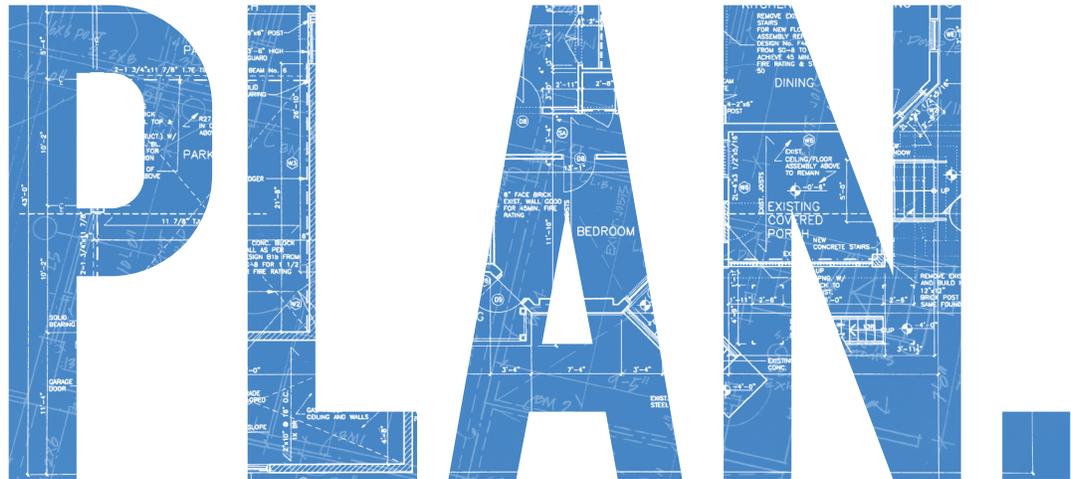


IF YOU'RE PLANNING TO SWITCH CPA FIRMS,
HAVE A



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When It's Time to Switch Firms

Selecting and making the transition to a new accounting and business advisory firm can be a source of real anxiety for company decision makers. Concerns about meeting regulatory, interim, and year-end deadlines and acceptance by the company's financial partners are high on the list. Other worries can include being charged high fees or receiving poor service.

Many of these concerns can be mitigated, however, by doing research, carefully planning, and taking other proactive steps. The result of this extra effort can be a productive and cooperative working relationship with a firm that understands your company and values your business.

Avoiding Past Problems

Companies that sever ties with their professional services firms typically do so because they are frustrated and have been disappointed with service. They don't want the problems they had with the previous firm to occur with the new one.

Some of the most common grievances these companies cite include:

- Poor service
- Lack of candid, timely communication
- Lack of responsiveness
- High turnover on the account
- Lack of new ideas
- Fees that are higher than what was agreed upon or too high for value received

These issues can be difficult to correct once a firm is engaged. Diligently implementing a thorough selection process helps prevent underachieving firms from making the cut – and increases the likelihood that the firm you choose meets your expectations.

Preparing for the Proposal Process

Even as interim, year-end, and regulatory deadlines loom, selecting and then building a solid relationship with a new firm require patience and commitment. The greater your investment on the front end, the greater your satisfaction at the end of the process.

Establish Selection Process Objectives

The selection process is time-consuming for both your company decision makers and the firms you invite to bid, so begin by gaining agreement on your company's objectives in seeking a new firm and soliciting proposals. This is the time to write down your main concerns and your goals in switching.

Determine Selection Team, Timeline, and Written Request for Proposal (RFP)

Team: Clarify the roles and responsibilities of your selection team, including: development of the RFP and evaluation criteria, identification of potential firms, participation in due diligence interviews, review of proposals and any summary reporting or scoring, and identification of the successful firm.

Timeline: Establish a timeline that provides your company and the firms you invite to respond adequate time for each step of the process. Taking the time to find the right firm will benefit companies – both public and private – in the long run and will significantly ease the transition process.

RFP: Typical areas to include in RFPs are:

- Your background and professional service needs
 - Brief company background
 - Scope of work and required timing/deadlines
 - Objectives for issuing an RFP
 - Current provider and if it has been invited to bid
 - Requirements related to confidentiality and independence
- Proposal specifications
 - Calendar of important dates, including:
- Available time for onsite due diligence interviews
- Written proposal submission deadline
- Oral presentations (if applicable)
- Announcement of decision
 - Key contact information for questions and delivery of proposals
 - Instructions on format and content
- Electronic submission and/or hard copy (if the latter, indicate the number of copies desired)
- Proposal content requirements, including:
 - Firm profile
 - Relevant industry and technical qualifications
 - Engagement team experience, biographies, and references
 - Service approach
 - Fees and terms for:
- Requested scope of work as well as increases over multiple-year engagements
- Additional work
- Out-of-pocket expenses
 - Evaluation criteria, including weighting you have assigned to criteria

Implementing the Proposal Process

Primary vehicles for learning about accounting and business advisory firms include research, face-to-face interviews, and proposals submitted by the firms. Using these opportunities to the fullest advantage helps you select the firm best suited to serve your company.

Use Research to Narrow the Field

Some companies issue a request for qualifications to identify a field of interested candidates. This often generates a large number of responses but only a few from firms that meet the company's qualifications. To avoid piles of unnecessary paper and inefficient use of time, it may be advisable to begin with conducting due diligence research on appropriate firms.

Primary vehicles for learning about accounting and business advisory firms include research, face-to-face interviews, and proposals submitted by the firms.

Information about firms' clientele, industry focus, and geographic presence may be available on websites or through marketing materials. Word-of-mouth recommendations from business associates can also be helpful.

Once firms with certain basic criteria are identified, additional insight can be gained through:

- Results of Public Company Accounting Oversight Board (PCAOB) and/or peer reviews
- Media coverage related to the firm or its clients
- Reputation within the financial community

Firms that remain in the running after this step should be contacted for face-to-face meetings.

Spend Quality Time with Top Candidates

In this stage of the decision-making process, meet with representatives of three to four carefully selected firms. The purpose of these interviews is to discuss issues that are critical to your company and to determine whether a congenial working relationship could be forged with the firm.

In these meetings, selection team members should confirm that the firms:

- Have knowledge and experience that is applicable to your industry and business needs
- Want to work with companies your size and will value your business
- Have the resources, particularly at the senior leadership team level, to provide optimal service to your company and support your potential growth and/or organizational changes
- Are available to work within your required timeframe

This is also an opportunity to make sure you have a clear understanding of the firms' fees, hours, and engagement preparation requirements. If you have business interests outside of the United States, this is the time to ask about the firms' international capabilities.

It is also important to consider the level of rapport with the firms' engagement team members. Factors such as likeability, sense of humor, and communications skills are important in long-term relationships.

Invite Your A-List to Submit Proposals

By the time you are ready to invite proposals, the field of candidates should be small. Firms that truly want your business will respond to your request for proposal by the deadline. But to ensure that firms submit their best work, give them a reasonable amount of time to complete their proposals (two to four weeks).

When you review the proposals, be sure that the responses are consistent with what you were told in your initial meetings. Pay particular attention to responses related to fee structure, level of partner attention, and other key areas of concern. Compare the proposals to your RFP to be sure that all areas are covered. Finally, consider quality, completeness, and level of detail when you rank the proposals.

If You Are Still Undecided, Consider Oral Presentations or Final Interviews

Some companies value having final candidates make an oral presentation or address any remaining questions in a final interview. If this was not outlined in your original selection process schedule, be sure to give finalists adequate preparation time. It is also helpful to provide them with your objectives for this presentation and any specific questions to be addressed.

If the other stages of the selection process were thorough, company decision makers should be able to reach a consensus. Unfortunately, when the choice comes down to two outstanding firms, fees often become the tie-breaking factor. To avoid making a final decision on fee alone – and in the interest of selecting the firm that is the best long-term fit – check references or revisit other important qualifications including industry experience, rapport, and accessibility of partners to help distinguish between these finalists.

***At this point, you're halfway there.
Let's talk transition.***

Easing the Transition

Once you have completed the proposal process and selected a new firm, you will need to consider transition. Regardless of ownership structure (publicly or privately owned), companies encounter similar challenges when changing firms – and most can benefit from taking the following measures.

Allow Yourself Enough Time

Whether your deadlines for filing taxes or audited financial statements are determined by the government, a bank, or the SEC, don't cut it too close. If you plan to switch firms, you need to begin the transition process as soon as possible. Notify your current accounting firm that it is dismissed. Do this without burning bridges: you'll need its cooperation.

Work with Your Former Firm

Your new firm will need access to audit and tax work papers from past years, which usually requires visiting the previous firm's offices. Facilitate contact between the two firms when you have the opportunity.

If your company is publicly owned, you'll need consent to use its prior audit opinions. Inform your former firm promptly that you'll need its consent for this. Make sure you understand the former firm's time requirements and are clear on what you must do to accomplish a timely completion of this task. Provide drafts of documents in accordance with your arrangements with the former accounting firm. Waiting until the current opinion is nearly complete and asking the previous firm to expedite your request can result in excessive charges and missed deadlines.

Get Your Documents in Order

Even before your new firm gets down to business, you can take action to make the transition process as smooth as possible. Ask your firm for a list of documents it will

need, so you can begin compiling them. You should also show your new firm the work papers you provided to the former firm.

Some documents your new firm will likely need include:

- Articles of incorporation
- Buy-sell agreements
- Debt agreements
- IRS exams
- Previous years' tax filings
- SEC filings and correspondence
- Significant employee agreements
- Significant leases
- Stock certificates

Designate Enough Resources

To help audit and tax services run smoothly, you'll need to enlist cooperation from within your company. Appoint the right people at the right levels to help you be certain that deadlines are met and that accurate data is provided.

People you may want to designate as resources include:

- Chief financial officer
- Controller or the assistant controller
- Accounts receivable supervisor
- Accounts payable supervisor
- Internal auditor
- Director of accounting

Your company should also provide the name of a primary contact for service-related questions and issues. Your new firm should do the same. These personnel usually have a key role in audit and tax services, and they should be accessible and responsive.

Hold a Kickoff Meeting

Invite tax and audit personnel from the new firm to a kickoff meeting. Introduce them to everyone with whom they may have contact, including administrative personnel and company leadership. Provide a complete list of contact information.

Develop Joint Audit and Tax Plans

Work with the firm to develop a plan that identifies deadlines and materials needed to meet them. This is a good time to discuss weaknesses in your system, including any concerns about your reporting structure. Be honest in your assessment of your company's strengths and weaknesses.

Be Prepared

Audits and tax preparation can encounter delays when information is not provided in a timely manner or data is inaccurate. This can also result in additional billings and higher-than-expected costs for services. To avoid these situations, make sure your staff is prepared to work with the accounting firm, provide needed information, and meet all deadlines.

Be Upfront About Adjustments

Audit and tax processes should not result in adjustments. The need for adjustments signals problems within a company's internal reporting process. If you believe adjustments will be necessary due to weaknesses in your control process, discuss this with your accounting firm as soon as possible.

Have Realistic Expectations

Your new firm will undoubtedly need some time to find its way around your company. But if you begin the transition process by selecting a firm that knows your industry and understands companies like yours, the lag time can be minimal. Making well-considered decisions and securing your company's cooperation will help you achieve a smooth transition – and a long relationship with a firm that's the right fit for your company.

About LaPorte CPAs & Business Advisors

Formed in 1946 as a two-person office, LaPorte is now one of the largest independent accounting and consulting firms in the region with over 160 employees in Louisiana and Texas. The following factors have contributed significantly to our growth:

- Active involvement of director and senior-level management on engagements
- Prompt, responsive, quality service provided cost-effectively
- Year-round communication with our clients
- A record of providing local, personal service supported by national resources
- An emphasis on our business advisory function, supported by full range of service offerings extending beyond compliance
- Leadership with a track record of providing personnel continuity at all levels on engagements and carefully selected and qualified engagement teams

Examples of national recognition include the following:

- *INSIDE Public Accounting* named LaPorte one of the “Top 200 Accounting Firms” for 2010 and 2011. LaPorte was also named an “All-Star Firm” and ranked among the “2009 Fastest Growing Accounting Firms in the U.S.” and among the top five in growth.
- Accountants Media Group, publishers of *Accounting Today*, has named LaPorte one of 19 accounting firms to watch in 2012 and ninth of 15 on the journal’s “2012 Regional Leaders” among Gulf Coast firms. LaPorte has also been named one of the “Best Accounting Firms to Work for” in the United States for the past four years.

LaPorte offers a tailored audit, tax, and business advisory approach that reflects the specific needs of its clients. When you work with us, you can expect thorough, cost-efficient, independent services, performed in a timely manner by experienced professionals. Our engagement team professionals are selected based on their experience and skill in their clients' industries. They identify the best methodologies to produce reliable, independent audit, tax, and business advisory services that will help clients improve efficiencies and plan more accurately and cost-effectively for the future.

LaPorte serves clients in all major industries. Our principal industry groups include construction, energy, financial services, healthcare, hospitality and entertainment, law firm services, nonprofit, public sector, and real estate. As a full-service accounting and business consulting firm, we continually expand our core services to meet our clients' changing needs.

Our clients also have the benefit of the deep national resources of McGladrey Alliance, a premier national affiliation of independent firms. McGladrey LLP ranks as the fifth-largest accounting firm in the country. Our membership in this alliance is of value to our clients, as we have access to highly responsive peers with relevant experience and to some of the largest and most successful companies in the country. Our affiliation positions us as a viable alternative to the Big Four and other national firms.

LaPorte invests in training and tools – including systems to enhance consistency, objectivity, and accountability – that mandate strict compliance with professional standards. Our history of maintaining integrity and objectivity confirms our commitment to excellence.

At LaPorte, we are proud of our profession and strive to deliver on our promises to the public trust.

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