Sample Request for Proposal (RFP) for

Audit and Tax Services

|  |
| --- |
| The following is a recommendation on processes and questions to include in a formal RFP for audit/tax services for New England organizations within the Not-For-Profit market segment. This document is based on a review of multiple RFP documents issued both from within this market segment as well as other market segments over the last few years. It provides an organization with the structure and relevant information required to make a balanced, value-based decision on an audit/tax service provider. |

**Building Your Request for Proposal (RFP)**

An RFP typically includes elements such as a cover letter with a brief description of your organization and its search; clear deadlines for submitting proposals; timeframe for oral presentations; detailed description of the services you seek and the compliance requirements that apply to your organization; and a clear, detailed list of information items that you require in submitted proposals.

Distribute the RFP to the firms you have chosen to submit proposals. Providing them with two weeks to respond should be ample time.

**Reviewing and Evaluating Proposals**

Once the proposals are received, each should be reviewed and evaluated according to how well they addressed the points raised in the RFP. Some organizations put together a scoring tool that evaluates each response to the questions in the RFP. This quantitative process may be coupled with a more qualitative review of the proposal as well. Every organization has different needs and should tailor its selection process accordingly. But a few key factors can help ensure that the selection of a new accounting firm is successful:

* Industry Expertise and Resources – Does the accounting firm’s local office have a dedicated not-for-profit practice? How many local organizations do they service that are of a comparable size? How many local audit/tax partners and managers are dedicated to serving not-for-profit organizations?
* Fees – It is essential to balance the proposed fees with the depth of local resources and industry dedication and expertise of the proposing firm. Firms should be willing to provide a three year fee commitment that clearly states what is included and not included in the fees. The fees section should also include commitments on the percentage of partner and manager hours.
* Compatible Personality of Organization and Accounting Team – The Audit Committee, management, and personnel throughout the organization all need to work closely with the external accounting firm, so personal compatibility among organization personnel and the accounting firm’s partners, managers and staff is important.
* Specialized Industry Services – Does the firm offer additional specialized services – i.e. A-133 audits, employee benefit plan audits, UBIT consultation, executive compensation consulting, regulatory consulting, etc. that your organization needs?
* Thought Leadership - The firm’s ability to provide ongoing, relevant, and timely thought leadership and educational programs.
* References – Carefully checking the references of the accounting firm finalists is a crucial step. References should be local and of a similar size and profile to your organization. Ask probing questions about the reference’s experience when they transitioned to the firm and whether it was a smooth and seamless process. Be sure to ask if the accounting firm is providing value for the fees and has the industry expertise they need.

**The Formal Presentations**

In most situations formal presentations are held after reviewing all responses to the RFP. The meetings are scheduled with selected firms at your office so they can provide a formal presentation acquainting key members of their firms with your management team. This is an opportunity for firms to introduce the full breadth of their capabilities and experience and answer any questions that you have. It will also provide an opportunity for you to ask them to clarify any information included in their proposal as well as respond to those issues and needs that are most important to you.

These meetings are crucial to establishing a comfort level and rapport with an accounting firm. It is suggested that you hold formal presentations with the top three “finalists” from the proposal process.

*[Organization Letterhead]*

[*Date]*

*Joseph M. Giso, CPA, MST*

*Partner  
Johnson O’Connor Feron & Carucci LLP*101 Edgewater Drive, Suite 210

Wakefield, MA 01880

Dear *[insert name]*:

ABC organization is accepting proposals from CPA firms to provide audit (and tax) services for our organization. We invite your firm to submit a proposal to us by Month XX, 20XX, for consideration.

X# of hard copies can be submitted to:

Mr./Ms. Brown  
CFO  
123 Street Name  
City, State Zip

Please email an electronic copy to:

mbrown@organization.org

A description of our organization, the services needed, and other pertinent information follows:

**Background of ABC Organization**

ABC Organization is a 501(c)(3) organization with annual revenues between $X million and $X million per year, and employs X people in X locations. The organization has a June 30 fiscal year end, with a requirement to file an audited financial statement with the bank and general membership by September 30 of each year.

**Services to Be Performed**

Your proposal is expected to cover the following services:

1. Preparation of annual audit to be completed in accordance with Generally Accepted Auditing Standards, Government Audit Standards and OMB Circular A-133.
2. Preparation of annual defined contribution plan audit.
3. Prepare and submit Uniform Financial Report (UFR) for the year ending (Month XX, Year) in accordance with the requirements of the Operational Services Division of the Massachusetts Executive Office of Health and Human Services.
4. Prepare and submit IRS Form 990 and Massachusetts Form PC to the Secretary of the Commonwealth for the year ending (Month XX, Year)
5. Meetings with Audit Committee, Pension Committee and/or Board of Directors if necessary.

**Key Personnel**

Following is the key contact for information you may seek in preparing your proposal:

Mr./Ms. White  
Controller  
(123) 456-7890

Questions or requests for additional information should be coordinated through this contact. You may reach him/her at the number listed above. Please return the completed proposal to my attention at the address provided.

**Relationship with Current CPA Service Provider**

These services have been provided by XYZ, CPAs. The decision to put the service out for competitive bid is part of the committee’s due diligence requirements. XYZ, CPAs has been asked to respond to this RFP.

**Your Response to This Request for Proposal**

In responding, we request the following information:

1. Provide the following information on your firm
   1. New England office: location, headcount, number of partners/directors
   2. National/international profile/affiliations
   3. Executive summary of your firm’s capabilities
2. Provide an overview of your Not-For-Profit (NFP) practice in New England
   1. Number of audit/tax clients
   2. % NFP clients (number & revenue) versus total clients in the New England office
   3. Profile of NFP clients, including those of a comparable size to ABC organization.
   4. Local practice structure including NFP dedicated partners/directors and managers (defined as 50%+ dedicated to serving NFP clients)
   5. Staff turnover for the last three years in your NFP practice
   6. Overview of the services the firm provides that are specific to the NFP sector and relevant to this RFP
3. Proposed engagement team
   1. Roles, brief description of relevant experience and reasons why each member of the team was chosen for the role
   2. Specify if each member of the engagement team is a part of your New England practice and is a resident of New England.
   3. Does this engagement team have previous experience working together at other clients?
   4. Include a detailed resume for each member of the engagement team (Attachment A-Team Resumes).
4. Audit approach
   1. Describe your risk assessment and audit approach. Discuss the communication process used by your firm to discuss issues with management and the audit committee.
   2. Discuss your firm’s local experience and approach to conducting organization-wide audits of not-for-profit entities in accordance with the requirements of OMB Circular A-133.
   3. Are there audit areas that should receive special emphasis based on your experience with similar clients?
   4. How are your Quality Assurance resources integrated into the audit process? Are your Quality Assurance resources located in New England? If not, specify location of these resources.
   5. Provide a timeline of services and expected deliverable dates.
   6. Describe any tools or resources we would have access to that would be of value during the engagement and throughout the year.
5. Tax and other services
   1. Indicate the number of New England-based tax partners/directors 100% dedicated to the NFP sector.
   2. How does your tax team provide value beyond tax compliance work? Provide specific examples.
6. Fees
   1. Set forth your fee proposal based on a three year engagement and fee commitment. Ensure that your proposed fee is sufficient to cover the work you expect to perform based on our scoping discussions and your experience at similar clients. If you have any issues making this type of three year fee commitment, please disclose all issues in this section of the proposal. Include commitments on the percentage of partner/director and manager hours in this section as well.
   2. Provide information on expected fee increases in the future (beyond the three-year commitment).
   3. List hourly rates for management consulting services that are not considered part of the fees. Also describe how you will bill for questions on technical matters that may arise throughout the year.
7. References and recent transition experience
   1. Furnish three local references (organization, location, name, title and contact information-phone and email) of similar size and profile.
   2. Furnish an additional three local references of clients in the NFP sector that you have transitioned from other service firms in the last 12 months.

**Timeline**

Month XX Issue RFP

Month XX Deadline for responses   
(*two weeks after RFP issuance*)

Week of Month XX Interviews with selected candidates

Month XX Decision and notification of selected firm

Please submit your response to this request for proposal by Month XX, 20XX. We would also appreciate a response if you decline to submit a proposal.

Sincerely,

Mr./Ms. Brown  
Chief Financial Officer

Attachments:  
Most recent audited financial statements and Form 990.