

The Nonprofit RFP Process: Finding the Right Accounting Firm for Your Organization

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When searching for professional accounting services, nonprofits almost always go through a formal Request for Proposal (RFP) process to solicit multiple bids for services. This is most often the result of certain requirements, such as complying with provisions of government grants, or simply a best practice established by the organization's board. Whatever the reason, if you are looking to make the most of the RFP process and get the best match for your organization, we have provided some guidelines to assist you:

1. Know the Key Decision Factors

Knowing exactly what you are looking for in a CPA firm is key before starting the overall process. Other than fees, you should already have established what more you want in a new relationship – personality, skills, working style, and attentiveness are just the start. The proposal process should not be used to try to figure out what is important to you. That should be determined before you send the RFP.

Every organization will evaluate potential candidates their own way, but below are some criteria that may be of importance to your organization:

- In depth expertise in your field
- Provides current updates in accounting pronouncements and tax regulations
- Wants to meet with management during the proposal process
- Submits a complete proposal that is tailored to address your key questions
- Explanations for staffing and budgeted hours to complete the work

2. Gather Information About CPA Firms

First, research your local CPA firms. Board members and other service providers are often a good resource when seeking a list of well regarded firms. Once you have identified potential firms, you may want to send out a short questionnaire to obtain brief information on the relative fit of the CPA firm for your organization, such as:

- A description of the firm and staffing for its local office.
- A nonprofit client list and description of any similar organizations the firm has served.
- A brief description of the firm's capabilities in serving nonprofits.
- Confirmation that the firm has the expertise, availability, and interest in providing services.

3. Qualify Potential CPA Firms

The information gathering process will narrow down firms for you to send a formal RFP. You do not want to cast too wide a net when soliciting RFP's, as the process of selecting a CPA firm can be a significant investment of time for your staff and board as well as the CPA firm.

4. Cover These Areas in Your RFP

Some important areas to cover in your RFP are a brief background on your organization, services to be performed, reasons for the RFP, challenges (if you are aware of any), deliverables, timeframe, information you want the proposal to address, timeline of the proposal process, criteria used for evaluating proposals, and key contacts for follow up questions.

It is also beneficial to attach any relevant information that might assist in better understanding your organization. Some items commonly included are:

- Audited financial statements for the past 1-2 years.
- Submitted IRS Forms 990 or 990-PF for the past 1-2 years.
- Submitted IRS Form 990-T, if applicable.
- Accounting policies and procedures.
- Most recently approved budgets.
- Management letter.

5. Be Thorough

Do not hesitate to provide more detail when describing your organization and the services you are seeking. The more detail you provide, the fewer questions you are likely to get throughout the process and the easier it will be to identify firms that will be able to provide you exactly the services you need in the timeframe you desire.

6. Distribute the RFP

You want to send your RFP at least three to four weeks before your requested deadline. Writing a detailed proposal takes time and firms will likely need that time to ask questions and arrange meetings with you. Distributing an RFP with little response time or with a short window of time before services should commence could raise concerns for firms deciding whether or not to propose. If you distribute the RFP to firms that you have previously pre-qualified, you will save a tremendous amount of time.

7. Be Prepared for Questions

No matter how well or detailed you write your RFP, you should still anticipate questions. Some questions you will likely receive are:

- How did you hear about our firm?
- How many other firms will be submitting proposals?
- Why are you looking to switch service providers?
- What will the process be once proposals have been submitted?

8. Arrange Meetings

Unless you already have experience with the firms you are soliciting proposals from, you should expect that firms will want to meet with you either in person or by phone. Most firms will want to get to know you a little better and are looking for a sense of connection to make sure that there will be a good working relationship. It is important to allow sufficient time in your schedule for meetings, as it is often a critical step to developing a proposal specifically tailored to your needs.

Since the decision to engage a new CPA firm often involves the audit committee and/or the board's input, it is fairly common to have formal presentations from a pool of finalists. The RFP should outline whether or not there will be any follow up presentations after proposals have submitted and to communicate the timeframe of when those presentations should take place.

9. Be Timely With Notification of Your Decision

Firms must often schedule staff and resources ahead of time to successfully provide timely services, so it is important to notify them of your decision within the timeline you provided in your RFP. Informing a firm that they were not selected is never pleasant, but try to take time to talk with each firm who submitted a proposal and provide some feedback. You never know when your paths may cross again.

Following the steps outlined above should lead to a smooth and efficient RFP process, and will ensure that you are getting exactly what you want out of your next CPA firm.

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