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Construction accounting and financial management is a complex specialty with many different revenue recognition rules and cost allocation methodologies. The requirements may differ by type of contractor, gross annual revenue and duration of job. Toss in a few other factors like change orders, liquidated damages, early completion bonuses, allocation of indirect costs, joint venture accounting, etc. and many CPA firms will be at a loss preparing accurate financial statements, much less giving client advice.

If your construction company is growing or if you have moved beyond the capability of your current CPA firm, how should you approach finding a new partner for your business? This white paper will give you a few tools to start this very important process.

Identifying a good public accounting firm experienced in construction may involve several steps. Many contractors consider their relationship with a high-quality firm to be one of the most important decisions they make. The right CPA firm will most likely work closely with the contractor's bankers, lawyers, sureties and other professionals. Some initial strategies to finding a construction-focused CPA firm include:

- Talk with CFOs at other construction companies that are either similar to yours or where you would like to be in five years.
- Get referrals from your other professional partners, such as your bonding company, bank, attorney or software vendor (if they are construction-specific).
- Review membership lists at trade associations, such as ABC, AGC, ASA, CICPAC, etc. Talk with the executive officers to see which CPA firms are active in the association.
- Review CPA firm websites to determine if it has a construction focus and how its website compares to your current and future needs.
- Check out which firms have [Certified Construction Industry Financial Professionals \(CCIFPs\)](#) on staff.
- Get involved in your local [Construction Financial Management Association \(CFMA\)](#) chapter and see which CPA firms are in attendance. Most firms that are serious about construction are active in CFMA.

Once you have identified a list of good construction-focused CPA firms, the next step is to further narrow your list down and focus on the qualifications that you feel are most important to your company. Some of the qualifications to consider might include:

- Does the firm have experience in providing auditing and tax services to your type of construction company? For example, if you are a heavy/highway contractor, will you be the only client of that type?

- What size construction companies does the firm have? Is it primarily small companies using QuickBooks or does it have lots of ENR400/600 clients?
- What percentage of the CPA firm's revenue from audit, tax and consulting services comes from construction clients?
- How many professional staff members (full time equivalents – FTEs) are focused on the construction industry, broken down by audit, tax and consulting? By level (partner, manager, staff)?
- How many hours of construction-specific continuing education do the firm's professional staff receive each year?
- Will the firm commit adequate resources for your audit and tax deadlines?
- Is the firm involved in professional organizations focused on the construction industry? Does it participate on committees, in presentations or in thought leadership publications?
- Ask for the specific staffing plan for your engagement, including both audit and tax. The staffing plan should identify resources down to the in-charge level. If firm personnel from multiple offices are going to be used, then identify the office(s) that are providing the resources. How many of those resources have the [CCIFP](#) designation?
- If applicable, does the firm have international audit and tax capabilities, specifically in any country your firm does business?
- What are the firm's decision-making procedures for reviewing accounting and reporting matters affecting your company?
- What are the firm's approach and procedures for onboarding new clients? Will moving your business to a new firm be a smooth transition?
- Do you have unique needs with which the firm will need to assist? Inquire about the firm's capabilities beyond audit and tax compliance services, such as mergers and acquisitions, state and local tax matters, corporate finance, wealth management, estate planning, ownership and management succession, operational consulting, ESOPs, etc.

## **To close, here's the top 10 most important characteristics of a construction CPA firm:**

1. Demonstrates a commitment to the construction industry with multiple staff – partners through the senior level – who have obtained the [Certified Construction Industry Financial Professional designation](#) (CCIFP). Look up individuals by firm [here](#).
2. Has a low partner to staff ratio which leads to more senior-level involvement in your engagement?
3. Speaks or presents at construction industry conferences at the local and national level, authors thought leadership publications and publishes a construction newsletter.

4. The firm has members of the [Construction Financial Management Association](#) (CFMA) and has an excellent reputation in the industry with sureties, bankers, attorneys and software vendors.
  5. Works on a large number of construction clients of all sizes and types across a geographic region similar to your company.
  6. Provides other value-added services, not just assurance and tax compliance.
  7. Understands the construction industry, not just the accounting side of the business.
  8. Wants to be a partner with your construction company.
  9. Has a reasonable and fair fee structure.
  10. Does not have a history of claims or litigation related to their construction practice and has a clean PCAOB and peer review reports.
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