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## CPA Firm's Checklist for Evaluating its Own Public Relations

American Institute of Certified Public Accountants (AICPA)

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A CPA Firm's Checklist for Evaluating  
Its Own Public Relations

(Note: It is difficult or impossible to answer most of the questions in this checklist with a simple "yes" or "no". The committee that framed the questions realized this. Indeed, it was the committee's purpose to ask difficult questions -- questions that provoke self-analysis and self-criticism. For all questions, the proper answer should indicate your firm's ordinary public relations practice and not isolated instances.

The better answer is always "in general, yes". However, a CPA using this checklist is urged to check "in general, no" if he is in doubt. It may be easier to answer some questions after discussion at the clinic.

We recommend that you keep this checklist in your files. It will be useful for future reference in checking upon your progress in public relations.

Please copy your "checks" on the separate answer sheet and return to the Institute staff man at the clinic. This will be used in finding out what the PR practice of CPAs is, both in your locality and nationally. You will be informed of results; thus it will be possible for you to compare your PR practice with that of a representative sample of the profession.)

I. RECOGNITION OF PUBLIC RELATIONS

A. The following three questions provide a check on whether your firm may be said to have a public relations program, as this is ordinarily understood by a public relations man:

1. Do you have a written public relations program?

(Size of firm and nature of practice determine whether it is important to put the program in writing. If members of the firm, and staff, are not supporting what you feel is a definite program, it seems likely that it should be written down. Also, putting it in writing may clarify the thinking of partners.)

2. Do you carry out the program?

(How can one judge? Presumably system is the hallmark of carrying out a program. To rephrase the question: does

In gen- eral, yes	In gen- eral, no
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everyone in your firm systematically support your public relations program? This means that all staff men and principals who talk or deal with clients or bookkeepers are groomed in the public relations of the firm.

3. Do your time-sheets and/or other records provide a check on whether the PR program is being continuously carried out?

B. Maintaining relations with the various "publics" that are important to a CPA firm ordinarily requires keeping LISTS. These are essential for regular and systematic oral and written communication.

Do you keep lists of the following important "publics"? (Obviously, all lists should be used in conformity with the Rules of Professional Conduct.)

1. Clients -- owners, managers and accounting personnel.
2. Financial public -- bankers and other credit grantors.
3. Lawyers.
4. Academic public -- teachers, students, administrators, guidance counselors, placement directors, etc.

(If your personnel problem is as serious as that of many firms, your relationship with this public is especially important. The cost of mistakes in recruiting can easily exceed the cost of maintaining a close relationship with this "public" -- a relationship that may prevent or minimize such mistakes.)

5. Trade and professional associations.

(This list should facilitate assisting clients with industry statistics, unusual accounting characteristics and special tax considerations of specific industries. A close relationship with people on this list may lead to invitations to speak before trade association gatherings, or to contribute an article to a trade publication.)

6. Organized labor.

(Recent legislation, federal and state, has rapidly expanded this group of prospective clients of CPAs. Systematic work is probably needed to teach the meaning of the CPA's independence and professionalism. Painstaking PR work to make this meaning clear now may accelerate the development of this relatively new field.)

7. Your relatives.

In general, yes

In general, no

8. Personal friends including judges, government agencies, news media people, legislators, fraternal organizations, clubs, churches, and others.

(Notwithstanding the fact that professional societies contact these groups through institutional public relations.)

C. (This question is a double-check on whether you are carrying out your PR program.) Are these lists put to effective use (through mailings, lunches, meetings, etc.) by the proper people in your firm -- staff as well as principals -- on a consistent and continuous basis?

## II. THE PUBLIC RELATIONS IN CLIENT RELATIONS (Clients are the most important "publics".)

A. Before planning specific activities, public relations professionals ordinarily diagnose what the reputation of a business or professional firm is. In the light of this diagnosis, specific activities are planned.

For the accounting profession as a whole, this diagnosis is the subject of another part of this clinic, with surveys providing a large part of the raw material.

There is a special difficulty in diagnosing the public relations of CPA firms. The usual surveys providing information that would be useful are not here feasible. You can't hire interviewers to query your clients! On the other hand, there is always danger in relying upon one's subjective estimate of a relationship. Nevertheless, your own view of your own public relations as compared with a standard seems the only practicable approach. So the heading for the next question is --

### DIAGNOSIS

1. One aim of diagnosis is to locate weaknesses, trouble areas or potential trouble areas. Then remedies can be undertaken.

Perhaps the most common symptom of inadequate client relations is resistance to fees. While troubles over fees are of course no absolute indication of the CPA's fault in developing client relationships, they should suggest questions. These troubles may occur because the CPA has not clearly brought home to his client the many costly factors involved in performing an accounting engagement. Or he may not have educated him in the nature and value of the services.

Has your firm been conscientious in educating clients so that disagreements over fees in connection with the following subjects have been avoided or minimized, assuming normal reasonableness on the part of the client? (The following are a

In general, yes

In general, no

sampling of what are believed to be fairly frequent areas in which the client has no or insufficient appreciation, but the list is by no means comprehensive.)

- a. The general nature of CPA services.
- b. Auditing standards -- why a well-educated and expensive staff is required -- and why well-educated and experienced principals are essential.
- c. Auditing procedures -- why they are time-consuming and why they require skillful performance.
- d. Reporting standards.
- e. Tax requirements and problems.
- f. Value of service in terms of profits -- tax savings and managerial efficiency -- for the client.
- g. Responsibility imposed upon and assumed by the CPA.  
  
(Rules of professional conduct and standards of the profession.)
- h. Need for overhead in all, and unusual expenses in some types of engagements.
- i. Effect on costs of need for prompt and timely service.
- j. Substantial time spent in your own office by members of staff, supervisors, and principals.
- k. Thought and consideration given to clients' problems outside of office hours.

2. A proper diagnosis for public relations purposes also locates strengths. The following questions cover a mere sampling of the strong points of CPA firms:

- a. Do your clients all know that you are a CPA?
- b. Do your clients and others in the office of the client have at least a general idea of the requirements for a CPA certificate?
- c. Do most of your clients appreciate the degree of care and diligence you must continually apply to work on their problems, and the high level of knowledge and judgment that is required?

In general, yes

In general, no

- d. Do your clients know that you are a member of the AICPA and of your state society and what this connotes?
- e. Do your clients recognize the special capabilities of your staff men?  
  
(This is especially important if your practice is expanding and clients are receiving less time from partners or proprietor.)
- f. A Dun & Bradstreet questionnaire revealed that more businessmen regarded CPAs as their number-one advisors than businessmen favoring any other occupational group. Excluding those clients who have special needs for kinds of advice not obtainable from a CPA firm, would you be inclined to believe that most of your clients regard you as their number-one advisor?
- g. Do your clients show reasonable recognition of the value of your firm's reputation in connection with financial statements leading to a line of credit?
- h. Do your clients show reasonable recognition of the value to them of your firm's reputation and standing with the IRS and state and local tax authorities?
- i. Do your clients know about the time and effort devoted to continuing education and professional improvement of principals?
- j. Do your clients know about the substantial amount of man-hours and expense involved in staff training?

In general, yes      In general, no

B. Negative answers to any of the questions in this brief diagnosis may indicate insufficient or unclear communication. Even if all your answers are positive, good communication is essential in maintaining a strong public relations position. So the following questions are designed to help you determine how well you are communicating:

#### COMMUNICATION

##### 1. Oral communication

- a. Do you deliver reports in person and discuss them with clients -- or follow up the delivery of a report with appointment for discussion?
- b. After an engagement, do you make it standard policy to arrange meetings, where this would be useful to the client,

to recommend remedial measures or other policies that have been shown to be desirable or essential?

- c. Do you find that the principals of your clients frequently solicit your advice?
- d. Do you make a point of attending meetings at which clients' basic policies are established -- or matters are discussed in which you are qualified to render assistance?
- e. Is your firm schooled in exercising discretion so that the accounting departments of clients are not offended by unnecessary exclusion from talks affecting them?

2. Written communication (technical)

(Technical accounting communications have a public relations effect whether we want them to or not!)

- a. Do you write to new clients, setting forth the terms of the agreement, so that there can be no misunderstanding?
- b. Do you write to old clients, setting forth the terms for the revision of an engagement, so that there can be no misunderstanding?
- c. Where useful, do you write management letters containing the kind of recommendations that are usually not made part of your regular audit report?
- d. Where feasible, do you provide clients with long form reports commenting on variations in profits, changes in financial condition, ratios and unusual matters?
- e. When practical, do you provide -- or encourage the personnel of your client to provide -- such aids to effective communication as charts on turnover, sales margins, volume (by product, territory, salesmen, etc.) labor costs, and expense ratios etc.?
- f. If your report is to be sent to a banker or other third party, do you regularly ask yourself whether it communicates all the information he may desire and be entitled to?

3. Written communication (non-technical)

- a. Do you provide clients in an organized fashion with information about important changes in tax laws, rulings, and regulations that may affect their particular businesses?

In general, yes

In general, no

- b. Do you provide clients with significant information culled from economic analyses, trade journals, newspapers, etc.?
- c. Do you write articles for trade associations' publications, professional accounting publications or other periodicals, distributing articles or reprints to your clients?

In general, yes

In general, no

C. A public relations program that is limited to study of what the reputation of your firm is, and how good your communications are, is still a static program. Although the desirable action is self-evident in negative answers to some of the above questions, we still have not dealt with specific and dynamic means for strengthening client relationships. A dynamic public relations program identifies those areas in your relationship with clients that you should expand or deepen, and then projects appropriate deeds as well as words. Times change, and relationships, too. An effective PR program should control the direction of the change. To be this good, the program must be creative. It is, therefore, not too grandiloquent to label the last questions in this evaluation of client relations as --

#### CREATIVE CLIENT RELATIONS

(The opportunities here are so extensive that specific questions can only be suggestive. A brief questionnaire cannot hope to be comprehensive.)

1. One firm has reported the success of a "project-of-the-year" program: a series of meetings with clients, their lawyers, and bankers for discussing the clients' affairs. Do you have this project, or a comparably well-organized one, involving the cooperation of other expert advisors of your clients?
2. Do you schedule face-to-face meetings with your clients in order to make them acquainted with significant new tax laws, rulings or regulations?

(The significant thing here is the evidence of concern, of special concern, in taking the trouble to arrange the meeting -- going beyond the call of duty.)

3. Do you frequently go beyond the call of duty in other areas, possibly extraneous to accounting and auditing work?

(Arranging meetings, having telephone conversations, and/or sending written communications giving helpful ideas.)

4. Do you make a point of giving management advice to clients where this is feasible and desirable?

(It is not inferred here that a CPA should undertake to perform any extensive management services without making proper arrangements for compensation.)



5. Do you regularly arrange meetings with lawyers for the discussion of quasi-accounting and legal problems of your mutual clients?
6. Where desirable and feasible, do you maintain a relationship with some part of the academic community?

In general, yes

In general, no

### III. RELATIONS WITH CREDIT GRANTORS

#### A. DIAGNOSIS --

Do bankers or other credit grantors call you for information?

#### B. COMMUNICATION --

1. Do you arrange meetings with bankers before they receive their first audit report from you?

(You would at this time acquaint them with the standards and practices of your firm, size and type of organization, etc.)

2. Do you make a point of seeing bankers face to face in order to call matters of special importance contained in financial statements to their attention -- obviously, only with the permission of your clients? Also, important changes in accounting and auditing procedure? And in tax laws.

### IV. RELATIONS WITH THE COMMUNITY

#### A. DIAGNOSIS --

Do influential people in your community consider the members of your firm civic-minded?

#### B. COMMUNICATION --

Are members of your firm, and where desirable, members of your staff, participants in community affairs -- club, church, civic and charitable organizations?

#### C. CREATIVE COMMUNITY RELATIONS --

Some corporations urge their officials to become involved in plans for urban renewal, financial management of community affairs (getting into politics), modernizing local government, and organizing a community business improvement program. Do members of your firm become involved in community affairs to the extent that these activities suggest?

(Note: It would be possible and no doubt desirable for many firms to make a much more extensive analysis of relations with credit grantors and with the community. Also, an analysis should be made of relations with lawyers, trade associations, and others of those for whom your firm keeps lists. This is not done here because it is felt that it is likely to be more valuable to treat the problems of client relations -- your most important public relations -- with greater depth. There would not be time in one professional society meeting to treat adequately all of the significant relationships of accounting firms.

Accordingly, this clinic should be regarded as Chapter One. Evaluation, planning, and performance in public relations should be continuous.)

NOTES



Answer Sheet for the Institute's Survey of PR Practice in CPA Firms

Please check to show size of your firm. The total number of partners and professional staff in all offices is:

1-5 \_\_\_\_\_  
 6-50 \_\_\_\_\_  
 over 50 \_\_\_\_\_

Please check to show when your firm was founded:

before 1945 \_\_\_\_\_  
 in or after 1945 \_\_\_\_\_

Please copy below the answers on your checklist:

	In general, yes	In general, no		In general, yes	In general, no
I.			d		
A.			e		
1			f		
2			g		
3			h		
B.			i		
1			j		
2			k		
3			2.		
4			a		
5			b		
6			c		
7			d		
8			e		
C.			f		
II.			g		
A.			h		
1.			i		
a			j		
b					
c					

	In general, yes	In general, no
B.		
1.		
a		
b		
c		
d		
e		
2.		
a		
b		
c		
d		
e		
f		
3.		
a		
b		

	In general, yes	In general, no
c		
C.		
1		
2		
3		
4		
5		
6		
III.		
A		
B.		
1		
2		
IV.		
A		
B		
C		

What is most useful to you in the Institute's public relations clinic?

What is least useful?

General comment: