

How to Choose a Certified Public Accountant (CPA) or Internal Auditor (CIA) for Your Minimum Accounting Standards Audit



**Administrative Office of the Courts
Administration Division
Audit Unit**

www.nvcourts.gov

Why Do You Need a CPA or a CIA?

Each court is required to contract with a certified public accountant (CPA), a certified internal auditor (CIA), or under the direction of a CPA or CIA, to perform an independent audit of their operations for compliance with the Minimum Accounting Standards. The independent audit of each court's operation must be completed every four years to determine compliance with the established minimum guidelines. [Refer to Nevada Courts Minimum Accounting Standards for additional information.]

The term CPA (Certified Public Accountant) is the professional designation offered by the American Institute of Certified Public Accountants. The Nevada State Board of Accountancy administers the two and a half day uniform national examination for individuals who have met the education (at least a college degree or its equivalent) and professional experience requirements. CPA's must go through stringent state licensing requirements after passing the uniform examination, as well as to continue licensure through professional education requirements.

The CIA (Certified Internal Auditor) is the primary professional designation offered by The Institute of Internal Auditors. The CIA designation is a globally recognized certification for internal auditors and is a standard by which individuals may demonstrate their competency and professionalism in the internal audit field. Earning the CIA qualification is intended to demonstrate a professional knowledge of the internal audit profession. CIA's are required to take continuing education courses. CIA's are also required to follow mandatory standards and code of ethics set forth by the Institute of Internal Auditors (IIA).¹

Both a CPA and a CIA have in-depth understanding of business culture, systems, and processes. They are able to provide assurance that internal controls in place are adequate to mitigate the risks, ensure governance processes are effective and efficient, and organizational goals and objectives are met. Additionally, they can both perform compliance engagements, which ensure organizations (e.g., courts), adhere to the rules and regulations.²

Each of these professionals has the ability to analyze data, record it, interpret and compare it, which makes them invaluable in many if not most important personal and business decisions. These professionals tend to be more objective and independent, because of their training as an auditor.

What to Consider When Hiring a CPA or using a CIA to Perform Your Audit:

When hiring a CPA or using a CIA to perform your four-year, independent audit, you should consider the following items:

- 1) Is the individual or firm made up of certified public accountants?
- 2) Is the individual a certified internal auditor through the Institute of Internal Auditors?
- 3) Is the CPA licensed to practice in the state of Nevada? Have they been any disciplined by the State Board or do they have problems in other legal areas that could affect your audit.
- 4) Make a list of accounting firms or CPA's to consider that service your area and may have prior government and/or court auditing experience. You may obtain this information from referrals from close associates and other courts; directories such as CPAdirectory.com; searches among information sources such as industry publications, articles, Internet search engines, etc; and contacting the Administrative Office of the Courts judicial branch auditors for guidance.
- 5) Schedule appointments with the principals (partners/owners/managers) to discuss the audit and other projects/concern.
- 6) Have a copy of the Minimum Accounting Standards and the Minimum Accounting Standards Guide for External Audits readily available for their review.
- 7) Explain your court operations (e.g., limited jurisdiction or general jurisdiction). This may include your different types of revenues/expenses and intricacies of your court and your local government.
- 8) Explain the services you require and the cost (e.g., four-year, agreed-upon procedures audit with pre-established guidelines).
- 9) Request a written plan of execution (estimate) from the CPA, including the nature, time, and scope of the work. This should include detailed rate costs for principals/partners, managers, and staff auditors working on your project, time estimates fieldwork and completion, and travel estimates for performing your four-year audit. If your court wants the final audit report by a specific date make sure to include that in the written estimate.

- 10) Inquire if another accountant and/or the number of accountants in the office that will handle your project.
- 11) Inquire about the CPA/CIA's prior professional experience with courts and government audits.
- 12) Ask for references. What other similar types of audits have they performed?

To determine if the certified public accountant is licensed in the State of Nevada and active at the time of your engagement, you can enter their name or the firm's name into the following website link. Once on the website, enter the accounting firm's name and/or the individual's name into the database under "Search License Database".
[<http://www.nvaccountancy.com/>]

You may also obtain a directory of CPA's from the American Institute of Certified Public Accountants. Once on the website, choose Find A CPA. You can also find if a CPA firm has undergone a peer review by the AICPA and if they had a passing grade including the peer review report. A peer review rates accounting firms and individual practitioners on compliance with required accounting practices. This can be found at <https://peerreview.aicpa.org/index.html> by entering in the CPA firm name and/or the practitioner's individual name.

To verify a certified internal auditor, ask to see their certification. You may also contact the Institute of Internal Auditors to verify their certification at www.theiia.org

¹ http://en.wikipedia.org/wiki/Institute_of_Internal_Auditors

² Institute of Internal Auditors, *"Internal Auditing: All in a Days Work"*