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# DCMS Tip Sheet

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Greetings from DCAMM Contractor Certification!

Spring Flowers will be here soon, thanks to all the rain!

Why Do We Ask for An Independent Certified Public Accountant (CPA) To Do Your Financial Statements?

DCAMM is tasked with determining that your company is financially sound and capable of completing public work before we can approve certification. We rely on CPA prepared financial statements to make that determination.

CPAs are well-versed in tax laws, regulations, and compliance requirements. They prepare financial statements in accordance with generally accepted principles of accounting, otherwise known as GAAP standards. Adherence to these standards helps to ensure that your financial practices comply with legal and regulatory standards. Compliance with these standards minimizes the risk of penalties or legal issues for your company. CPAs who fail to adhere to these standards run the risk of losing their professional license, so they are also motivated to make sure the statements comply with the applicable standards depending on the type of review – Audited, Reviewed or Compiled.

An independent CPA is not directly affiliated with your company, which means they undertake an objective review of your company's finances. A CPA who has connections to the company (e.g. works as the bookkeeper throughout the course of the year) may be more likely to be influenced by internal biases, organizational dynamics or conflicts of interest, leading to unreliable financial statements. Can a family member act as your CPA? Yes, so long as he/she is not directly employed by the applicant contractor to handle the daily finances for the company.

Independent CPAs enhance the credibility of your financial statements and reports and lend credibility to your financial data. Awarding Authorities reviewing your financial data in connection with a bid can have confidence in the reliability of the financial statements.

Overall, utilizing an independent CPA can provide peace of mind, ensure compliance with regulations, and offer strategic financial guidance to help you achieve your objectives.

One final reminder, the CPA prepared financial statement must coincide with the applicant company's fiscal year end. Financial statements that do not comply with this requirement may be rejected and put your company's certification at risk.

If you have questions about your CPA and whether he/she meets the requirement of independence, please contact DCAMM.