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Accounting Firm Startup & Operations Checklist

Legal

- ☐ Formation & Initial Registrations
  - ☐ Identify state of organization / incorporation
  - ☐ Choose appropriate entity: LLC vs. Corporation
  - ☐ Entity organizational chart
  - ☐ Apply for EIN
  - ☐ Apply for trade name / DBA (optional)
  - ☐ Apply for any required licensing (CPA firm, IRS registrations, license reciprocity)
  - ☐ Firm peer review enrollment (if providing attest services)
  - ☐ Change contact information with State Board, IRS, etc.
  - ☐ Asset protection / corporate formalities
  - ☐ Multistate operations / nexus determination / foreign registrant
  - ☐ Registered agent

- ☐ Business Purchase (if applicable)
  - ☐ LOI / MOU
    - Structure: Stock vs. asset purchase
    - Exclusive negotiation
  - ☐ Due diligence – financial, legal, tax, operational
    - Review existing pricing & services
    - Review team, roles, responsibilities
    - Review client list, fees, concentration risk
    - Review existing agreements – clients, vendors, employees, contractors
  - ☐ Negotiate price & terms
    - Determine working capital requirements
    - Carrybacks, holdbacks, clawbacks
    - Real estate lease / purchase
  - ☐ Purchase docs & schedules
    - Purchase price allocation
    - Earnout provisions
    - Indemnification
    - Restrictive covenants (noncompetition, nonsolicitation, confidentiality)
    - Seller transition obligations
    - Tax elections (e.g., 338(h)(10), 754)
    - Promissory note, security agreement, UCC filing (if seller financing)
  - ☐ Financing & debt service planning

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- ☐ Partnership
    - ☐ Operating agreement / bylaws
    - ☐ Allocating income & losses
    - ☐ Compensation formula (fixed, production, origination, etc.)
    - ☐ Contributions / distributions
    - ☐ Management authority / roles & responsibilities / signing authority
    - ☐ New partner admission / buy-in terms
    - ☐ Valuation methodology & funding mechanisms
    - ☐ Disability, death, retirement, & withdrawal provisions
    - ☐ Succession planning (key person life insurance, buy-sell agreement)

- ☐ Customers / clients
    - ☐ Customer service agreement / engagement letter
    - ☐ Collection / payment terms
    - ☐ ACH authorization forms
    - ☐ Limitation of liability language
    - ☐ Restrictive covenants
    - ☐ Arbitration / mediation provisions

- ☐ Employees / independent contractors
    - ☐ Background checks / licensing verification
    - ☐ Worker classification (employee vs. independent contractor)
    - ☐ Employment / IC agreement
    - ☐ Restrictive covenants (noncompetition, nonsolicitation, nondisclosure, etc.)
    - ☐ Team organizational chart / accountability chart
    - ☐ Employee handbook

- ☐ Intellectual property
    - ☐ Name availability / trademark search & application
    - ☐ Other IP (licensing, copyrights, patents, etc.)

- ☐ Website
    - ☐ Privacy policy
    - ☐ Terms & conditions
    - ☐ Accessibility

Compliance

- ☐ Annual corporate / LLC report (if needed)
- ☐ Licensing renewals (CPA, CPA firm, EA)
- ☐ Tax preparation (business, personal, payroll)
- ☐ Other IRS compliance (EFIN, PTIN, CAF)

- [ ] Workers' compensation audit
- [ ] IRS 7216 disclosure requirements
- [ ] Professional responsibility / ethics, governing authorities (State Board, AICPA, IRS,)
- [ ] Peer review compliance (if providing attest services)
- [ ] Employment compliance (I-9, W-4, new hire, labor law posters, overtime / wages)

Tax & Accounting Setup (Internal)

- [ ] Accounting & financial analysis
    - [ ] Internal bookkeeping tools, processes, responsibilities
    - [ ] Cash management / AP / AR
    - [ ] Proposals, billing, collections
    - [ ] CFO support (e.g., financial reporting / forecasting / cashflow planning / budgeting)

- [ ] Tax
    - [ ] Federal tax election (e.g., sole proprietorship, partnership, S Corp, C Corp)
    - [ ] Set up withholding account with state agency
    - [ ] Tax planning / strategy
    - [ ] Tax compliance (annual business tax preparation, quarterly estimated taxes)

- [ ] Payroll
    - [ ] Set up unemployment account with state agency
    - [ ] Set up payroll software (e.g., Gusto, Intuit Payroll)
    - [ ] Determine salary using reasonable compensation report
    - [ ] Calculate withholdings

Operations

- [ ] Planning & Setup
    - [ ] Draft business plan
    - [ ] Identify advisor team (coach, accountant, lawyer, financial, insurance, bank, etc.)
    - [ ] Service & pricing structure: hourly, project, recurring, value pricing
    - [ ] Obtain financing (if needed)
    - [ ] Open business checking account, savings account, credit cards, etc.
    - [ ] Obtain insurance (general liability, workers' comp, E&O, auto, cyber, etc.)
    - [ ] Purchase equipment / IT security
    - [ ] Document processes / SOPs

- [ ] Practice management
    - [ ] KPI dashboard (team, clients)
    - [ ] Conflict of interest procedures

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- ☐ Document retention policy
- ☐ Record destruction policy
- ☐ Quality control / quality management system
- ☐ Annual engagement review procedures
- ☐ Internal meeting cadence

- ☐ Technology
  - ☐ Operating system (Office 365 or G-Suite)
  - ☐ Hardware / device inventory management
  - ☐ Practice management software (Karbon, Canopy, Tax Dome Financial Cents, etc.)
  - ☐ Tax software selection (CCH, UltraTax, Drake, ProConnect, etc.)
  - ☐ Communication tools (Teams, Slack, VOIP / phone system, texting, MFA)
  - ☐ Document management system
  - ☐ E-signature platform
  - ☐ Secure client portal
  - ☐ AI strategy / tools / policies
  - ☐ Calendaring tool
  - ☐ Notetaker
  - ☐ Research platform (Checkpoint, CCH, Bloomberg, TaxGPT, BlueJ, etc.)

- ☐ Data security
  - ☐ Written Information Security Plan (WISP)
  - ☐ Password manager
  - ☐ Multi-factor authentication
  - ☐ Endpoint detection & response (EDR)
  - ☐ Backup & disaster recovery plan
  - ☐ Data breach response procedures
  - ☐ Cybersecurity training & incident response plan
  - ☐ FTC Safeguards Rule compliance
  - ☐ Client data retention policy
  - ☐ Client data destruction policy
  - ☐ Vendor security review procedures
  - ☐ Privacy policy & regular reviews
  - ☐ Contractors / offshore data security
  - ☐ Physical asset security / policies

- ☐ Sales & Marketing
  - ☐ Website / social media setup
  - ☐ Niche selection
  - ☐ Referral partner strategy / partnerships / center-of-influence network (attorneys, bankers, wealth advisors)
  - ☐ CRM implementation & lead tracking process

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  - ☐ Google Business / Yelp profiles & online reviews
  - ☐ Newsletter / social media content schedule

- ☐ Client Management
  - ☐ Qualifying clients
    - ▪ Ideal client profile
    - ▪ Client acceptance scoring matrix
    - ▪ Client expectations / commitments
  - ☐ Intake, proposal, & onboarding procedures
  - ☐ Disengagement & records transfer procedures
  - ☐ Client journey mapping
    - ▪ Annual client review process including services, pricing, staffing
    - ▪ Client satisfaction survey process / NPS scoring
    - ▪ Complaint resolution
    - ▪ Client appreciation
    - ▪ Client education
    - ▪ Referral requests
  - ☐ Client profitability & metrics
  - ☐ Client segmentation (compliance vs. advisory)
  - ☐ Cross-selling process / multidisciplinary services

- ☐ Staffing
  - ☐ Location strategy / policies: Remote, in-person, nearshore, offshore
  - ☐ Recruiting & hiring plan
  - ☐ Onboarding / offboarding processes
  - ☐ Compensation philosophy / formulas
  - ☐ Career paths (profit share, partnership)
  - ☐ Key employee retention plan
  - ☐ Licensing requirements / reimbursements
  - ☐ Training curriculum (soft skills, sales, dispute resolution, cyber security awareness)
  - ☐ Continuing Professional Education (CPE) tracking
  - ☐ Performance reviews & recognition
  - ☐ Bonus/incentive plan
  - ☐ Holidays / PTO
  - ☐ Employee engagement surveys

- ☐ Firm Financial Management
  - ☐ Bookkeeping & financial statement review
  - ☐ Permissions & access (books, banking & lending platforms, etc.)
  - ☐ Strategic planning
  - ☐ Budgeting & cash reserve target
  - ☐ WIP tracking

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    - ☐ Accounts receivable policy & collections process

- ☐ Tax Practice
    - ☐ IRS registrations: e-filing / ERO registration, PTIN, CAF
    - ☐ Form 2848 / 8821 procedures (power of attorney / tax info authorization)
    - ☐ Section 7216 compliance (disclosures re: US / foreign contractors, marketing, etc.)
    - ☐ IRS transcript access / Tax Pro Account setup
    - ☐ Tax season workflow
        - Capacity planning / scheduling tax work / extensions & calcs
        - Client documents / books readiness
        - Information requests / organizers / client follow-ups
        - Prep process / status updates / processing / delivery
    - ☐ IRS notice response procedures

Individual Financial & Personal Health

- ☐ Financial
    - Individual tax planning & preparation
    - Individual budgeting
    - Personal cash flow forecast
    - Debt management / payoff plan
    - Financial planning / investing / wealth management
    - Retirement planning
    - Social security planning
    - Identity theft / credit report monitoring

- ☐ Life
    - Health, fitness, sleep, supplement planning
    - College savings plan
    - Charitable giving strategy

- ☐ Insurance
    - Medical, life, disability, home, auto, umbrella, etc.

- ☐ End of life planning:
    - Revocable living trust, will, powers of attorney (financial & healthcare)
    - Digital asset inventory / accessibility (passwords, crypto, online accounts)
    - Asset protection including physical assets

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Hi, I'm Mike Payne.

I've been practicing as a CPA for 20 years and as a transactional lawyer for 15 years. I started the nation's first joint accounting + law firm and recently sold it for multiple 7-figures.

Over the last 10 years, I've worked for hundreds of accounting firm owners, helping with everything from pricing strategy, acquisitions, partnership structuring, employee disputes, sale readiness, and every other aspect of firm ownership.

I'm currently interviewing 5 firm owners who want to scale their practices while protecting their assets and maximizing operational efficiencies. Here's what you can expect:

- I'll open my playbook and share resources I've developed over a decade of firm ownership.
- I'll hold you accountable and make sure you are making time to work "on the business," not just "in the business."
- I'll be available to you by phone, video meeting, or text to answer questions and keep you progressing.
- As a licensed attorney, all of our conversations will be kept confidential and subject to attorney-client privilege.

Ready to chat? Book Now! Choose "Meet Mike Payne"

Not ready yet? Follow me on LinkedIn for more good stuff!