

# CPA Firm Billing and Collection Tips

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The billing and collection process requires effective communication from the beginning of the engagement. Long before any work is done, set the expectations of the engagement with your client.

During the initial client meeting, discuss with specificity the work that will be done by your firm. This conversation should include input from the client so that the client's expectations are fully understood. Once the scope of the work is fleshed out, review your firm's requirements for payment and ask whether the client can agree to abide by those terms.

This discussion should give detail about your invoicing procedures along with information about when your client can expect to be billed for your services. No client expects to use the services of a professional without paying for those services. But having the discussion will register with the client and it sets the stage for a productive billing and collections relationship with the client.

Discussion alone will not solve all billing issues. It is imperative that your invoices are uniform and clear. Each invoice should describe the services rendered, as concisely as possible, to ward off unnecessary delays in payment. If the bill is confusing, unsupported or unclear in any way, the client will at some point seek clarification. But, the client's sense of urgency to get clarification on your poorly constructed and submitted invoice is not nearly as pressing as your desire to be paid for your services.

Providing a clear and timely invoice will lead to better collections. Different services may require different billing practices and fee arrangements, such as hourly rates, fixed fees, and value pricing, or a combination of various fee structures, but in general the invoices should be relatively uniform in appearance.

- Consider electronic invoicing – it is faster and cheaper than mail, and it allows for easy attachment of records.
- Invoice promptly after completing services, or as target points are reached. It is sometimes better to bill more frequently than monthly, as clients are more inclined to pay smaller invoices quicker than large dollar invoices.
- Consider creating incentives to ensure prompt payments, such as small discounts for payments received within two weeks of billing.
- Communicate frequently with the client and remind the client of future services needed.
- Speak to the person in charge of authorizing payments.
- When a large balance is due, contact the client a few days before the due date to confirm that the bill was received and that the client has all information necessary in order to process payment.

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- Follow up immediately once the account becomes overdue; in a courteous and professional manner, remind the client that payment is due. Be sure that you and your staff are familiar with the Fair Debt Collection Practices Act (FDCPA) and abide by its restrictions.
- Be persistent. A series of non-confrontational reminders of the overdue bill generally will be successful. Be a polite but squeaky wheel and do not quit reaching out to the client until you are paid.
- Be sure to put collection requests in writing, in addition to placing reminder calls.
- Pick a firm deadline after which all outstanding balances will be forwarded to a collection agency.
- If the client offers a partial payment that is reasonable, consider accepting the payment and disengaging from the client.
- As a best practice, the firm administrative staff should be trained to prepare bills and handle collection payments.

## Reasons Clients Do Not Pay:

- The client disputes your invoice, services, etc. One of the key reasons that timely invoicing is important is so that you expose these issues as quickly as possible. There is a direct correlation between failures to successfully collect for services rendered and invoicing that is not timely. Waiting ninety or more days to invoice, only to discover that your client is dissatisfied or disputes your bill, significantly reduces your chances of a successful resolution and payment in full.
- Most of the reasons that clients do not pay are personal to the client, and all of them (aside from the dishonest or insolvent client) can be effectively corrected by using the billing tips listed above. Timely invoicing will flush out the dishonest and insolvent clients. Examples of reasons clients don't pay:
  - Client is unclear about your payment requirements and due dates
  - Client forgets to pay
  - Client is disorganized
  - Client has more important and more pressing concerns
  - Client is having financial difficulties
  - Client is dishonest

These sample engagement letters, checklists, and practice and consent forms are for illustrative purposes only. We recommend you use these letters and forms only after you have consulted with your attorney. Since your practice may be different than those described in the sample letters and forms, we recommend that you modify them to suit your individual practice needs. Use of these sample letters and forms is not intended to constitute a binding contract, does not constitute legal advice, and does not satisfy your obligation to do thorough research. © Gilsbar Specialty Insurance Services, L.L.C. and Date.