CPA
Practice Advisor

their financial affairs. It has spurred an increased client demand for CPAs to provide CFO and client accounting consultative services, and – because of ...

Oct. 27, 2020

COVID-19 has had a significant effect on how clients conduct business and manage their financial affairs. It has spurred an increased client demand for CPAs to provide CFO and client accounting consultative services, and – because of social distancing – it has led to a greater use of electronic signatures. Both of these pandemic impacts come with unique risks that CPAs need to understand and mitigate.

Advising Clients, Protecting Your Business

Even before COVID-19 hit, the accounting industry was growing quickly and today it

A few tips to level set expectations:

- CPAs need to have engagement letters for all client work, should update these letters regularly to reflect any scope changes, and should stick to the responsibilities outlined in the letter. This simple document is still a CPA's best defense against a lawsuit.
- A CPA shouldn't be handling management functions. One way to limit this expectation gap is by clearly communicating the CPA's role. CPAs must be honest with their ability in their role and the scope of their service. And it should always be the client's responsibility to pull the trigger on management decisions.
- The CPA should never refer to himself/herself as a CFO or the executive. They should avoid being positioned in communications and marketing materials that imply they are handling management responsibilities.
- Many CPAs have access to client funds. In this situation, CPAs should make sure to conduct background checks on *any* employee who has access to these funds, especially in this day and age where some partnerships have only manifested online.
- CPAs are advised to address any insufficient funds with the client as soon as they are found and validate all client wire transfer requests. Checks and balances are especially critical today.

Signing with Care

Since last March, e-signatures have become more and more necessary in our virtual business world – and have gained acceptance in all levels of business. Most notably, earlier in 2020 the IRS approved temporary use of e-signatures for certain forms through at least the end of the year. With these shifts, it is important for CPAs and their clients to be aware of some of the key rules and regulations behind e-signatures, including:

- The E-Sign Act, which is the general rule of validity for electronic records and

any greater risks for the business. Second, parties must keep a written record of electronic signatures to make sure that no data is lost. Additionally, CPAs should write electronic signature terms into their engagement letters so no one is surprised by any requests or requirements.

Finding an e-signature vendor is the other important piece of this puzzle. When shopping for a provider, CPAs need to look beyond the price tag and make sure that the vender's software is compatible with their systems and that their existing programs are safe from a cybersecurity perspective.

Closing

Diligence has always been an important trait for CPAs – today that importance is even more elevated. Whether it's taking an extra minute to make sure engagement letters are up-to-date or spending quality time screening e-signature providers, that diligence can help CPAs mitigate the emerging risks they face on a daily basis and even grow their practice in the midst of a volatile business climate.

========

Robert Albertini is an Account Manager for Aon Insurance Services, specializing in insurance products designed for financial professionals.

Firm Management • Technology