

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

clear on the scope of work each employee is able to perform as well as the level of oversight necessary to ensure accuracy. Integrate them into the workflow process to ...

Feb. 20, 2017

When workloads ramp up, it's not surprising that mistakes can happen. In fact, there are four common areas of liability during busy season, according to R. Peter Fontaine, an attorney and managing partner of NewGate Law, which advises members of [CPA Mutual](#). Awareness of these risks and careful practice management can keep liability issues and claims to a minimum through the busy season.

## Firm Staff

Having enough staff to do the work is not sufficient for liability management. Personnel must be knowledgeable, properly trained and supervised, and current on regulations and professional standards.

Past practices for using temporary and part-time workers may not be adequate. Be clear on the scope of work each employee is able to perform as well as the level of oversight necessary to ensure accuracy. Integrate them into the workflow process to maintain efficiency and security of information. Make sure that employees or other workers are properly classified according to wage and hour laws as well as new regulations for overtime.

Not every employee will work out. Have a contingency plan to handle termination of contracts and communication with clients.

## Information Security

In response to cyber security threats, CPA firms spent a larger portion of their

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

(BYOD) that employees use to access information when they are running to multiple client appointments? Is there a need to test remote work protocols to see if they stand up to reality? Should access to information be even more limited to management or senior professionals?

By the same token, if your firm is considering new or different vendor relationships during busy season, take time to ask questions about their information security and protection of your firm's data. Find out who is ultimately responsible legally if a hacker were to come through their system to access your firm's data. Make time to read the fine print or wait to engage a new service provider until after mid-April.

## Engagement Letters

A carefully written engagement letter is the single most effective risk management tool accounting firms have. However, most engagement letters are deficient in several ways.

In the interest of time, firms will cut and paste new engagement letters from a previous letter — leaving in information that is not relevant to that engagement or leaving out information that should be addressed.

Delegating the preparation of engagement letters to less experienced staff may seem efficient, but also dangerous. Client-facing personnel need to be able to clearly explain each provision of the letter or negotiate parts if necessary. Certain clauses and risk management terms Only senior staff or legal representatives should be allowed to alter certain clauses and risk management terms. For example, we've seen letters that omit the SSARS 21, Section 70 clause regarding the preparation of financial statements. We have also seen scope of work sections that are ambiguous as to the promised deliverables — leaving firms vulnerable to client disputes.

Before sending letters, have someone with a fresh set of eyes review and proof them

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us

Processes and procedures – They are in place for a reason. Do not cut corners or ignore steps in the interests of speed.

Multi-tasking – While it is tempting to work on a project while also talking to a colleague, it will likely result in errors. Focus on one thing at a time.

Assumptions – Even if you have worked on the same client's taxes or financial statements for years doesn't mean that this year is typical. Follow through with key questions, look for new opportunities and be skeptical. This may involve some difficult conversations with clients, but it is better than missing critical information.

Stress – Some accountants may pride themselves on how little sleep they get while still being productive. Don't be fooled. Stress on the body creates lapses in memory, judgment and productivity. You will do a better job by taking breaks, getting more sleep and nutritious food than working through fatigue.

---

*CPA Mutual was established in 1986 to consistently provide professional liability insurance exclusively to CPA firms and consult on risk management regarding professional services, employees and data security. [www.cpamutual.com](http://www.cpamutual.com)*

*NewGate Law provides legal and risk management services exclusively to the accounting industry. NewGate is a Risk Management Partner of CPA Mutual. [www.newgatelaw.com](http://www.newgatelaw.com)*

Hello. It looks like you're using an ad blocker that may prevent our website from working properly. To receive the best experience possible, please make sure any blockers are switched off and refresh the page.

If you have any questions or need help you can email us