

Hey! What's New? 2025-105

Start Risk Management with Employee Onboarding

According to an article in the *Journal of Accountancy*, written by Kevin Hayes, new hires at accounting firms have a lot of information to absorb during onboarding: HR policies, independence and conflict-of-interest rules, and area-of-practice training. Unfortunately, a new employee's role in professional liability risk management is often excluded. But, he stresses, "instilling risk awareness as an innate characteristic of a firm's culture, ingrained into its professionals' approach from Day 1, can help mitigate the firm's risk of a professional liability claim."

Because anyone can expose the firm to risk starting on Day 1, he says, "firms would be wise to consider prioritizing certain risk management topics that may have an immediate impact." He suggests:

A Risk management mindset: "Regardless of their area of practice, introduce all new employees to the concept of professional skepticism. Asking oneself, 'What could go wrong here?' followed by 'What can I do to mitigate that?' can help them bring risk awareness in their day-to-day activities."

Communication protocols: "Emphasize the importance of professionalism in all forms of written communications, such as emails, text messages, instant messages, social media posts, etc. Underscore that *any* documentation may be subject to discovery."

Client confidentiality: "Stress the need to protect client information at all times, especially in public settings and when using third-party applications and tools such as ChatGPT."

Documentation protocols: "Documentation is not only critical for performing professional services, it's crucial in the defense of professional liability claims. Train new hires on the firm's documentation protocols, including when, what, and where to document."

Cybersecurity awareness: "CPA firm and client records are compelling targets to cybercriminals, and anyone at the firm can be the target of a phishing scam. Communicate the importance of constant vigilance, how to recognize potential scams, and the need to confirm the validity of a sender or caller before acting upon a request for information or action."

How and when to escalate matters: "One commonality in any business is that new hires will have plenty of questions. Some will be as innocuous as, 'Where is the printer?' while others may be more impactful, such as, 'Does this look correct to you?' Advise new hires on how questions or issues should be escalated for both engagement and firm matters. Tie this back to the risk management mindset so new hires can understand when and why matters may need to be escalated. Most importantly, stress the importance of consultation and collaboration to help ensure new hires feel comfortable raising issues when needed."

Everyone has a part to play in risk management, says Hayes, "and those closest to the delivery of client service may offer a unique perspective. Consider reverse mentoring to help elevate

new ideas related to the firm's risk management processes. Reverse mentorship pairs junior staff members with more senior and established firm members, with the twist that the junior staff mentors the senior leadership. While unconventional, this method offers different viewpoints on areas and shines a light on potential blind spots such as new or changing risks stemming from the evolution of how services are delivered."

Hayes stresses that "risk management training isn't just for new hires and doesn't end with onboarding. Effective risk management is a continuous process, one that requires full participation from all firm personnel, constant training to help ensure the expectations are kept top of mind, and implementation consistency across all engagements and practice areas."

Learn more at [Start risk management with employee onboarding](#).