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Staffing and COVID-19 relief programs are firms' top concerns in 2021

By Courtney L. Vien

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Finding qualified staff is an enduring concern that continues to challenge CPA firms this year, according to the 2021 AICPA Private Companies Practice Section (PCPS) CPA Firm Top Issues Survey. Hiring staff emerged as the No. 1 issue affecting firms that employ 6–10, 11–20, or 21 or more professionals.

Carl Peterson, CPA, CGMA, the AICPA's vice president–Small Firm Interests, Public Accounting, said this result did not surprise him. “Staffing is a perennial concern,” he said, though he added that many firms are seeing increased turnover this year. “Firms I’ve spoken with, including both small and larger firms, have been losing staff since tax season ended, and they’ve been surprised at who’s leaving,” he observed.

Staying current with COVID-19 relief programs such as the Paycheck Protection Program (PPP) was the top concern of firms employing 2–5 professionals, the survey found, and was a top-three concern for firms of all sizes.

Keeping up with tax law changes was sole practitioners' top concern this year. Since 2011, this has been the No. 1 concern of sole practitioners every time the survey has been conducted.

Seven hundred and twenty-seven firms completed the survey, which was conducted in May and June. Firms were given a list of issues and asked to rank each on a scale of one to five, with one indicating that an issue was of no concern to them and five indicating that it was of extreme concern.

Staffing issues largely rounded out the list of top concerns for firms employing six or more professionals, Training next-generation leaders, retaining staff, and handling work/life balance all appeared on the list of top-five concerns for firms of this size.

Lisa Simpson, CPA, CGMA, vice president–Firm Services at the AICPA, said she saw firms' interest in next-generation leaders as “a positive sign.”

“It means firms are realizing they can’t fix succession issues without developing leaders,” she said.

Dealing with the IRS was the third-largest concern for sole practitioners and firms with 2–5 professionals. That’s “a confirmation of all the pain we’ve been hearing of from practitioners of all sizes dealing with the IRS during COVID-19,” Simpson said.

The PCPS CPA Firm Top Issues Survey was last conducted in 2019. Then, as in this year, staffing was the top concern for firms of all sizes except sole practitioners. Keeping up with tax law changes was sole practitioners’ greatest concern. Managing privacy and security risks was a greater concern for firms in 2019 than it was in 2021.

Simpson noted that even though cybersecurity was not a top-five issue for firms this year, it’s still an issue that matters. “We know that cybersecurity risk is so real,” she said. Firms should “remember not to let their guard down.”

In both 2019 and 2021 respondents were also asked which issues they expected would affect them most over the next five years. The results were fairly consistent from 2019 to 2021. In both years, all firms except sole practitioners saw staffing as the top issue that would affect them in the near future. Keeping up with regulatory changes, responding to changing client needs, and emerging technologies were prominent concerns for firms of all sizes in both years.

However, in 2021, managing a hybrid workforce emerged as a top-five concern for firms with six or more professionals for the first time. Firms with 11–20 or 21 or more professionals viewed it as the second-most-likely issue to affect them in the next five years.

“Firms are realizing that hybrid work is probably here to stay in some shape or form,” Simpson said. “They are trying to figure out how to maintain culture, create engagement, and determine what career paths look like for remote, hybrid, and in-office staff.”

In 2019, sole practitioners saw changing client needs as the issue that would have the most impact on them in the next five years. In 2021, they viewed emerging technologies as the issue most likely to affect them in the near future.

“From a smaller-firm standpoint there’s a push to add services that go beyond traditional compliance,” Peterson said. “They’ve found over the last 18 months that clients want more.” These new services, Simpson said, could include client advisory services, sales tax compliance, data analytics, wealth management, or SOC for cybersecurity.

*Carl Peterson and Lisa Simpson will discuss the 2021 PCPS CPA Firm Top Issues Survey results in detail during an **AICPA Town Hall Series webcast** (<https://future.aicpa.org/cpe-learning/webcast/aicpa-town-hall-series-cares-act-and-paycheck-protection-program-ppp>) (free to AICPA members; includes CPE) on Sept. 2.*

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Top issues affecting firms

Sole practitioners

2021

1. Keeping up with changes and complexity of tax laws
2. Keeping up with COVID relief programs, such as PPP, EIDL, ERC, etc.
3. Challenges when working with the IRS
4. Seasonality/layering of deadlines
5. Keeping up with changes in technology and managing associated costs

2019

1. Keeping up with changes and complexity of tax laws
2. Managing privacy/security risks
3. Keeping up with changes in technology and managing associated costs
4. Technical training of owners/partners and staff
5. Seasonality/workload compression

Firms with 2–5 professionals

2021

1. Keeping up with COVID relief programs
2. Keeping up with changes and complexity of tax laws
3. Challenges when working with the IRS
4. Seasonality/layering of deadlines
5. Finding qualified staff

2019

1. Finding qualified staff
2. Keeping up with changes and complexity of tax laws
3. Managing privacy/security risks
4. Seasonality/workload compression
5. Developing and executing a succession plan

Firms with 6–10 professionals

2021

1. Finding qualified staff
2. Keeping up with changes and complexity of tax laws
3. Keeping up with COVID relief programs
4. Challenges when working with the IRS
5. Developing the next generation of firm leadership

2019

1. Finding qualified staff
2. Keeping up with changes and complexity of tax laws
3. Seasonality/workload compression
4. Managing privacy/security risks
5. Developing and executing a succession plan

Firms with 11–20 professionals

2021

1. Finding qualified staff
2. Developing the next generation of firm leadership
3. Keeping up with COVID relief programs
4. Keeping up with changes and complexity of tax laws
5. Tie: Effective staff utilization and management and Challenges when working with the IRS

2019

1. Finding qualified staff
2. Keeping up with changes and complexity of tax laws
3. Seasonality/workload compression
4. Retaining qualified staff
5. Managing privacy/security risks

Firms with 21+ professionals

2021

1. Finding qualified staff
2. Retaining qualified staff
3. Keeping up with COVID relief programs
4. Developing the next generation of firm leadership
5. Tie: Effective staff utilization and management and Managing work/life balance initiatives

2019

1. Finding qualified staff
2. Retaining qualified staff
3. Managing work/life balance initiatives
4. Owner/partner accountability and unity
5. Tie: Seasonality/workload compression and Managing privacy/security risks

Impact over next 5 years

Sole practitioners

1. Emerging technologies (e.g., data analytics, AI, blockchain, etc.)
2. Changes in regulatory environment
3. Capability to adapt to changing client needs
4. Political instability (local, regional, global)
5. Staffing (recruitment and/or retention)

2–5 professionals

1. Staffing
2. Changes in regulatory environment

3. Capability to adapt to changing client needs
4. Emerging technologies
5. Political instability

6–10 professionals

1. Staffing
2. Changes in regulatory environment
3. Capability to adapt to changing client needs
4. Emerging technologies
5. Managing a hybrid workforce (remote and in-person)

11–20 professionals

1. Staffing
2. Managing a hybrid workforce
3. Capability to adapt to changing client needs
4. Emerging technologies
5. Changes in regulatory environment

21+ professionals

1. Staffing
2. Managing a hybrid workforce
3. Emerging technologies
4. Changes in regulatory environment
5. Capability to adapt to changing client needs

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