From CFO Daily News
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CFO & CONTROLLER Alert

The most current information on how financial professionals can increase cash flow & control costs.

January 6, 2022

KEY FINANCE FIGURES

	Curr*	Lst Mo	Lst Yr
Leading Rates %			
Prime Rate	3.25	3.25	3.25
Fed Funds Rate	0.25	0.25	0.25
Money Market Rates %			
London Interbank (LIBOR)			
1 month	0.11	0.09	0.15
3 months	0.21	0.16	0.23
6 months	0.29	0.23	0.25
Stock & Bond Indexes			
DJIA	35,430	36,142	30,303
S&P 500	4,635	4,701	3,722
NASDAQ	15,166	15,974	12,765
5-Yr T-Bill	1.19	1.27	0.37
10-Yr T-Bill	1.44	1.63	0.92
NACM Credit Managers' Index			
Sales	70.3	72.7	66.5
New credit apps	65.4	64.6	63.9
Dollar collections	60.4	63.4	62.6

*As of 12/17/21

Date for new OT threshold revealed! Will you be ready?

DOL set to release new numbers this spring

New year, new overtime thresholds!

That's what the Department of Labor (DOL) has just promised. At the very end of the year the agency issued a notice of proposed rulemaking.

The intent: to update the salary level requirement of the section 13(a)(1) exemption for executive, administrative, professional, outside sales and computer employees.

It was just January of 2020 when the feds last overhauled the overtime rules, giving us the current limits of:

- $35,568 a year, or $684 per week, for the standard salary level, and
- $107,432 per year to qualify as overtime exempt as a "highly compensated employee."

But those most recent rules also set up for "regular" review and updating of these thresholds.

Looks like the DOL is making good on that promise ... at the expense of your company's budgets.

Here's how to ensure you're ready.

Coming in April 2022

You won't have much time to get in compliance – the rules are expected

*(Please see **Revealed ...** on Page 2)*

About time! IRS raises mileage rate for 2022

11th-hour update good news for road warriors, leaves A/P scrambling

Nothing like cutting it close! Just a few days remained in 2021 when IRS released the standard mileage rate for 2022.

No real surprise here – as expected, the Taxman raised the limit you can reimburse employees per mile driven without having to treat it as taxable income.

The new number: 58.5 cents per mile. That's a two-and-a-half cent jump over 2021's rate.

And while employees will be happier to get a little more (especially considering gas prices these days) the last-minute announcement will leave Accounts Payable tight to alert employees, update policies, etc.

Other rates you might need

IRS also released two other rates:

- 14 cents per mile driven in service of charitable organizations (no change), and
- 18 cents per mile driven for medical or moving purposes for qualified active-duty members of the Armed Forces (two cents up).

Info: *For the IRS announcement, go to irs.gov/newsroom/irs-issues-standard-mileage-rates-for-2022*

Revealed …

(continued from Page 1)

to come out April 2022.

That's when we'll have an idea of just how high the feds will raise the thresholds, making more employees overtime-eligible.

Of course your 2022 compensation budgets are likely well set by now.

And without an idea of just how high the new number will go, you might feel like there isn't much that can be done.

But this is when a little scenario planning can go a long way. And you'll want to do it on two fronts:

- **tactically with Payroll.** Have your team run some reports to see just how many folks would now fall into overtime territory if the feds raise the threshold by $10,000, $20,000, even $30,000. That will give you a jumping-off point to see what this latest revision stands to cost you.
- **strategically with the executive team.** Armed with the data Payroll gathers you want to pose the big questions: How large would the increase have to be to make us boost salaries to put people outside the new OT threshold? Should we audit current job descriptions to shield us from liability?

Having these answers even before the DOL releases the new numbers can position you to act quickly once you have them in hand.

It can also help your finance team prepare for the inevitable onslaught of questions employees will have once they hear the rules are changing again.

Coming in February: changes to joint-employer rules

Some employers will also be impacted by an even-sooner change.

In February, the feds will update the rules governing when two or more employers are jointly responsible for National Labor Relations Act violations.

Just back on Sept. 28, 2021, a new rule negated previous guidance on factors the DOL would consider when determining whether a business is a joint employer.

That was done for several reasons, most notably because of claims the rule conflicted with language in existing wage and hour law, Congressional intent and prior guidance released by the department.

Only trouble? The DOL didn't release any additional guidance in the former rule's place!

So this new rule should change that and hopefully provide some much-needed clarity.

We'll keep you posted on all the latest developments with both rules.

Info: *You can read the full DOL rulemaking announcement at reginfo.gov/public/do/eAgendaViewRule?pubId=202110& RIN=1235-AA39*

CFO & CONTROLLER Alert

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Sharpen your JUDGMENT

This feature provides a framework for decision making that helps keep you and your company out of trouble. It describes a recent legal conflict and lets you judge the outcome.

■ Are contract terms binding if only viewable online?

CFO Bill Keeper got word that a new machine that cost his company $30,000 malfunctioned and was shut down indefinitely.

He called Phil Peters, the rep at Hladik Tech that sold the machine. "Phil, that machine you sent us was defective."

"Sorry Bill, I don't have a replacement to send you," Phil replied.

"We're going to lose a lot of business because of this. Give me a good reason not to sue," Bill said.

"You can't," Phil said. "Didn't you read the limitation of liability part in our agreement?"

Hidden terms?

"What are you talking about?" Bill replied.

"Look under the terms and conditions," Phil said. "It says sales are 'governed by the Seller's Machinery Terms and Conditions of Sale' on our website."

"I'm looking at your site. There's a 'Terms and Conditions' link in super small font at the bottom of the page. That just looks like it's the terms and conditions on the use of your website," Bill said.

Bill's company sued for breach of contract. A trial court dismissed the case, but Bill's company appealed. Was it successful?

■ *Make your decision, then please turn to Page 6 for the court's ruling.*

FP&A: Half your peers coming up short, making 'significant' errors

■ *New report shows there's plenty of work to be done in 2022*

When it comes to financial planning and analysis (FP&A), you know that close enough isn't good enough ... even in the volatile conditions of the past two years.

So this will have you reaching for the antacids: Half of companies admit they either consistently fail to deliver short-term forecasts or make significant errors.

That's the sobering finding out of the *TCS 2021 Global Financial Leadership Study: The Next Era in FP&A*.

2 critical best practices

And it's certainly not the boat you want to be in going into a new year.

So what can you do to ensure your FP&A gets – and stays – on track?

You want to embrace these two best practices identified in the TSC research:

1. **Create multiple, detailed "what-if" scenario models** based on a range of possible internal and external factors – and be able to do it quickly. More than half (54%) of your peers boast this competency.
2. **Commit to investing in advanced FP&A technology capabilities**, such as AI and machine learning. Just 45% of companies can do that currently, while 58% of your peers plan to focus more on it in the near future.

Info: *For more on the study, go to tcs.com/perspectives/edition/cfo2021*

FOR MORE ...

For additional FP&A benchmarks, go to *cfoandcontrolleralert.com/tech-tuesday-fpa-evolution-creates-a-real-opportunity-to-increase-finances-strategic-value*

This cash-conserving strategy on rise again

■ *Large volume of sale-leaseback deals to close in Q2 and Q3 of 2022*

If your company owns its building or other high-cost fixed assets, have you considered lately whether a sale-leaseback could be a smart move?

While the strategy fell out of favor during the height of the COVID crisis (Q4 of 2020), many of your peers are looking to it once again for a major cash infusion.

In fact, investment brokerage firm B+E reports a 20% higher inbound interest in sale-leasebacks right now, with most of those deals to close in the second and third quarters of 2022.

Activity has returned to 2018 levels. Which means if you haven't had the conversation lately with other top execs, now might be a good time to raise the possibility, especially if you have ambitious growth plans in the near future.

A timeline to keep in mind

The folks at leading real estate services provider Jones Lang LaSalle do encourage any business considering this strategy to establish optimal metrics early in the process.

Also, it's wise to determine your "worst-case" acceptable metrics before taking the plunge.

Adapted in part from "Sale leaseback: Weighing the risks and rewards for your business," at us.jll.com

ECONOMIC OUTLOOK

■ Inflation Watch 2022: How long will prices keep rising?

We reached an unwelcome milestone at the end of 2021: Inflation reached its highest rate in 40 years.

Prices are much higher from the pump to the grocery store, and consumers are understandably unhappy.

So how much longer will prices continue to rise, posing a threat to our economic progress?

Pack your patience

One popular take: "Reduce inflation" is one New Year's resolution that likely won't be successful until well into 2022.

Many economists assert that you can expect inflation to recede sometime in the middle of 2022, though few are willing to give us a more concrete estimate than that.

An unexpected price on the rise

And hang on to your wallet! These rising prices are expected to spread into another area that will really sting for employers: health care.

"Medical inflation" – which typically doesn't follow suit when prices spike – may well follow in 2022.

Why? The same issues driving up prices elsewhere in the U.S. economy, such as supply chain costs and hiring woes, are hitting the healthcare sector, too. The result: providers demanding higher prices from insurers who will in turn raise premiums. Stay tuned.

(Adapted in part from "Experts Predict What the Economy Will Look Like in 2022," by Andrew Lisa, at finance.yahoo.com and "Prices for food and gas are rising sharply. Is health care next?" by Dylan Scott, at vox.com)

Automatic 401(k) enrollment: What's the risk for pushback?

■ *The payoff: improved employee financial wellbeing*

If retirement investing within your organization could use a jump-start, you may be considering a big-picture fix like 401(k) automatic enrollment sweeps for both new hires and tenured employees.

Your employees are smart enough to know that they need to save for retirement, but often are reluctant to invest an adequate percentage of their gross pay into living comfortably when they decide to stop working.

Automatic enrollment can be the behavioral nudge they need to either start saving or save more money over time.

But how much should you worry about resistance from your plan's non-participants due to perception that it's mandatory?

Clear communication is key

Your peers who've implemented automatic 401(k) enrollment say that employee pushback will be much less than you think.

Nearly nine out of 10 (88%) of employers reported that 10% or less of their participants opted out of automatic 401(k) enrollment, according to a Plan Sponsor Council of America survey of profit sharing and 401(k) plans.

When presenting info about the 401(k) enrollment sweep – perhaps during annual benefits enrollment – employees need to be made aware that they have the choice to opt out of the 401(k) plan instead of being required to opt in.

Workers tend to be more productive when they're feeling good about their finances, so this could be a good time to make this modification to your plan.

Info: *principal.com/businesses/trends-insights/how-increase-401k-participation-automatic-enrollment-sweep*

Passphrases may not be secure enough

■ *Determined hackers could still crack them*

Cybercriminals out to steal your company's money are getting smarter. Even a complex, single-word password can be cracked because people tend to use the same 32 keyboard characters.

One school of thought on better password security is using simple, long passphrases that are 25 characters or more, such as "I like to go to the beach to get wet."

But while that might make it more difficult for crooks, it increases the risk that people will reuse the same passphrase across different sites, setting up the possibility of a larger scale attack.

Also, many sites truncate a passphrase because the maximum character length they'll accept is less than 25.

Combine these 2 strategies

A better route? Ask IT's opinion on using passwords that:

1. are four random common words that can be remembered in a humorous mental picture, such as "horse battery staple correct," and
2. use "leetspeak" substitutions, like zero for the letter O, the dollar sign instead of S and three in place of E. Example: "h0r$3 b@tt3ry $t@pl3 c0rr3ct."

Info: *bit.ly/pass618, bit.ly/pw618*

MANAGING FOR RESULTS

■ Can employees be trusted to set their own hours?

The traditional eight-hour workday may soon become as obsolete as the rotary dial phone.

Recent research from Robert Half shows 41% of senior managers now give employees the ability to autonomously choose the days and hours that they work.

Out of those managers, 27% of them don't mind if the people in their department work fewer than 40 hours a week, as long as the job gets done.

But if that kind of schedule flexibility is being granted, won't people abuse it?

Finding just the opposite effect

When employees are given the freedom to work anytime they want, Robert Half found it can end up creating more stress than relief! A survey of workers showed:

- 72% say they need at least eight hours a day to get their work done, and
- 43% report attending more video calls than they did this summer.

To prevent a high-stress, "always-on" culture from setting in, encourage employees to:

- communicate when their hours of availability are and build in time for breaks
- evaluate whether live virtual meeting attendance is absolutely necessary or if accessing a recording of the call later makes more sense for some folks, and
- speak up if they feel overwhelmed to discuss possible solutions.

(Adapted in part from "Survey: 41% of managers allow employees to set their own hours," at RobertHalf.com)

Our subscribers come from a broad range of companies, both large and small. In this regular feature, three of them share success stories you can adapt to your unique situation.

REAL PROBLEMS REAL SOLUTIONS

1 We created an anti-ransomware strategy

When we heard that an ERP provider had become the victim of a ransomware attack, and that their clients couldn't access their accounting systems for a month, we decided to take action.

It was a wake-up call that hackers are targeting companies like ours because of the treasure chest of data they can hijack and sell.

We needed to come up with a backup and disaster recovery strategy to ensure that our critical business data doesn't get taken hostage by an outside party.

Huddled up with IT

I gave IT some key risk management questions to investigate and answer:

- Are there any data files that should be kept off the system?
- Because the only recovery method from a ransomware attack is restoring a computer or server from a backup, what data needs to be backed up and how often?
- What are the most important things to train our employees on to prevent an attack?
- In case of a breach, under what circumstances do critical systems get taken offline? Who gives authorization? Who carries it out?
- Who does the organization need to tell about a breach and when?

By being proactive, we have an emergency plan and our people are vigilant of ransomware threats.

(Georgette George, CEO, Monarch Holdings, Charleston, WV)

2 Hybrid work: Our strategy for productivity

The pandemic prompted us to first work remotely, then switch to a hybrid model.

So everyone worked at home some days and in the office other days.

Not all we'd hoped for at first

Sounds ideal in today's climate, but it wasn't exactly efficient at first.

Employees and teams just weren't as productive as we'd hoped they'd be.

That's when we realized we needed to set some guidance on what worked best on-site, in-person and what could be better done remotely.

That way, we could schedule time for the best impact.

For us, we determined brainstorming and creative sessions, plus confidential or sensitive meetings, needed to be on-site, face-to-face.

Information and data sharing fit well for online meetings and remote work.

Knowing that, managers and teams could schedule their time appropriately.

Added a social element

Even better, they also schedule something social and fun when they're on-site together.

Now we're as productive as ever!

(Tim Rowley, COO/CTO, People Caddie, Rosemont, IL)

3 A/P process mapping has us spending smarter

In A/P, we had so many different processes that we never had just one path of work.

Depending on what our company was buying, A/P tasks could branch off into so many different directions that staffers felt like they needed a GPS to keep from getting lost.

Created a coding system

First step: We took a closer look at what we were buying and what we were buying the most of.

To improve workflow, it made sense to be able to search our master vendor file by commodity and volume.

We created new user fields in the master vendor file and a code for each supplier: "O" for office supplies, "I" for inventory, "U" for utilities, "G" for government, etc.

This brings Purchasing to the table because this is where they live. It identifies areas where the process could use improvement without pointing fingers.

For example, if Procurement wants to place an order for office supplies, and 10 suppliers pop up, the new fields help them make better decisions about whether they should fill out a purchase order or just put it on a card.

The next step will be training end users on invoice approval, P.O. cutting, etc., and the best way of getting that info out there. Is it annual training, online training, etc.?

(Judy Bicking, P2P and O2C consultant, as presented at the A/P P2P Conference & Expo, Orlando, FL)

Better together! The Credit-Sales divide is narrowing, report the majority of your peers

■ *One upside to the pandemic: a more collaborative relationship between these groups*

Sales Prevention Department no longer! Recently credit pros have reported significant improvements in their relationship with their counterparts on the Sales team.

What's behind the shift?

Making lemonade out of lemons

New challenges forced these teams to work more closely together, such as:

- supply chain disruptions, and
- increasing prices.

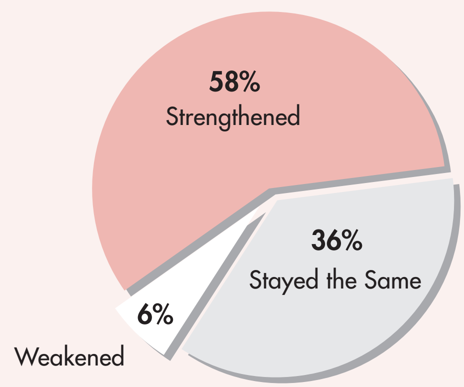
These factors made it tricker to know whom to sell to.

Your peers report that having Credit and Sales collaborate to evaluate each large sale to make joint decisions on whether to require a partial down payment has helped minimize their risk.

This may be one of the best things to come out of the pandemic and its ripple effects.

SCORE 1 FOR COLLABORATION

How Credit Pros Characterize Their Relationship with Sales over the Past Year



Source: *A recent poll by the National Association for Credit Management*

In the past they may have been like oil and water, but recent months have seen Credit and Sales departments working together more for a common goal: securing profitable – and paying – customers. Would your credit staffers agree?

Sharpen your judgment…

THE DECISION

(please see case on Page 2)

Yes. An appellate court reversed the lower court decision and ruled that Bill's firm had the right to sue for damages.

Hladik Tech argued that it was protected by a limited liability clause in a second set of contract terms spelled out on its website that Bill's company didn't read.

But while the company provided notice of the additional terms in the written contract document, the judge said those terms were unreasonably difficult to find – buried within an easy-to-overlook link at the bottom of a webpage.

For the terms to be enforceable, the judge said, the original agreement "must provide clear directions for locating those online terms, so they may be identified without doubt." Bottom line: There wasn't a realistic chance to read the terms of sale in their entirety.

Analysis: Watch for any hidden online fine print

This case goes to show how important it is to provide and receive reasonable notice of all contract terms and conditions in a clear way.

Had a document-specific link that was labeled "Seller's Machinery Terms and Conditions of Sale" on the website been provided, the outcome could've been different.

Make sure your firm's website doesn't have terms buried where an average customer can't see them, and ask vendors if there are any secondary contract terms you need to see.

Cite: Atlantic Fabrication & Coatings Inc. v. ISM/Mestek, *No. A-0500-19 S.C. New Jersey App. Div., 11/12/21. Dramatized for effect.*

Experts give their solutions to difficult workplace problems

Finance professionals like you face new questions every day on how to deal with everything from accounting and tax regulations to management and employment law issues. In this section, experts answer those real-life questions.

Meeting OT requirements if we hire H-2B workers?

Q: Do we need to make H-2B workers aware of potential overtime hours in job orders?

A: Yes, workers who hold H-2B visas should be informed ahead of time if overtime hours will be available and at what rate of pay – and U.S. workers must be provided with the same info.

So said the federal Dept. of Labor (DOL) in *Field Assistance Bulletin 2021-3*.

DOL enforces the H-2B visa program, including the overtime provisions of the Fair Labor Standards Act (FLSA).

It's key that employers offer U.S. workers no less than the same benefits, wages and working conditions as they offer workers who hold H-2B visas. Otherwise, violations of the H-2B visa program's preferential treatment provisions may result.

The Payroll info must be included in the job order and in any other materials used to recruit U.S. workers, the DOL said in the guidance.

As for the rate of pay under the H-2B program, employers should follow the law that's most favorable to workers.

Consider federal, state and local laws when advertising open positions.

For example, if the job will be performed at a worksite in California and the employer is subject to both the FLSA and state law, the job order would spell out that overtime will be paid at a rate of time-and-a-half the regular rate of pay after eight hours in a day and so on.

Tools to monitor remote employees' productivity?

Q: With a consistently higher number of employees working from home, we're looking to utilize electronic monitoring. How can we do that without violating workers' privacy?

A: The market for employee surveillance products is booming, notes Abigail Barr. She's an associate in Ice Miller's Labor, Employment and Immigration Group.

Not surprisingly, state laws protecting their constituents' privacy are quickly emerging.

So, employers that invest in tools to monitor remote workers' productivity – whether that's keystroke counters, facial recognition software, audio and video recording technology or GPS for location detection – should watch out for restrictions imposed by states, cautions Barr.

Take New York, for example. As of May 2022, if private employers there intend to monitor Internet usage and electronic communications – including telephone calls and electronic mail – they must notify employees in writing, explains Barr. The penalty for routine offenders? Up to $3,000.

If you have a question you'd like our experts to answer, email it to Jennifer Azara at jazara@CFODailyNews.com

COMMUNICATION KEYS

■ When instant messaging, emojis can save time

Once dismissed as kid stuff, emojis can be used to make business communication more efficient. For example, the eyes emoji can mean someone's reviewing and the checkmark emoji indicates something's completed.

The key: If you're going to use them, there must be an agreed-upon, companywide standard for their use and what different emojis stand for.

Info: *bit.ly/emoji618*

■ 'Hey LinkedIn, enough with all the emails!'

Here's how to cut down on the amount of LinkedIn email you're getting:

1. To limit spam from people you may not know, on LinkedIn's email privacy settings page click the drop-down menu below 'Who can see your email address.' Select 'Only visible to me' or '1st-party connections.'
2. Select 'No' for 'Allow your connections to download your email in their data export?'

Info: *bit.ly/linkedin618*

■ Next meeting, let the employees run the show

People tend to value something they make themselves over something that's just handed to them. Think Ikea and Subway.

If the meeting leader can delegate agenda setting and presentation creation to the employees, it changes them from passive onlookers into active participants – increasing the odds that the info will stick.

Info: *bit.ly/engage618*

Recent developments that can help your business stay ahead

Payroll errors that could jeopardize compliance

Your payroll folks likely pride themselves on their accuracy. But they're only human, and mistakes happen.

A recent survey by Paycom details just where those errors are occurring:

- employees not paid for all of their time worked, including overtime (35%)
- direct deposit didn't go through (27%)
- incorrect deductions taken out (22%)
- delays in expense reimbursement (22%), and
- incorrect taxes taken out of paychecks (21%).

While most errors can be fairly quickly reversed with little damage done, be extra vigilant with the first and fourth – missteps there could put your company's compliance in some serious jeopardy.

Transportation fringe benefit limits for 2022

Employees can reimbursed for a bit more in the new year for their commuting expenses without having to get Payroll involved.

IRS recently released the 2022 monthly exclusion amounts for qualified transportation fringe benefits.

Here's what you and employees are looking at for:

- qualified parking: $280, and
- the aggregate amount for transportation in a commuter highway vehicle and any transit pass: $280.

That's an extra $10 over 2021.

Info: IRS Revenue Procedure 2021-45 *at irs.gov/pub/irs-drop/rp-21-45.pdf*

IRS announces first quarter interest rates

Your team won't have any new federal interest rates to keep track of to start the new year.

Interest rates will remain the same for the first quarter of 2022, IRS announced. That means, as of Jan. 1, 2022, the rates remain:

- 2% for corporate overpayments
- 0.5% for the part of a corporate overpayment that exceeds $10,000
- 3% for underpayments, and
- 5% for large corporate underpayments.

Info: *irs.gov/newsroom/interest-rates-remain-the-same-for-the-first-quarter-of-2022*

New thresholds released for adoption assistance

Employers that help their employees out when they adopt children have some new limits to be aware of.

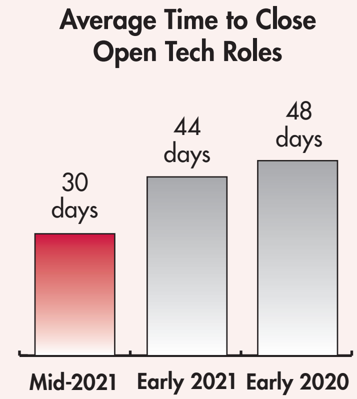
IRS *Revenue Procedure 2021-45* spells out that for 2022, the maximum amount you can exclude from an employee's gross income is $14,890. (That's up from $14,440 in 2021.)

Reminder: This fringe benefit is exempt for income tax purposes only.

The excludable amount begins to phase out once an employee's modified adjusted gross income exceeds $223,410 ($216,660 last year). And the amount is completely phased out at $263,410 (a $6,6750 jump from 2021).

Info: *IRS* Revenue Procedure 2021-45 *at irs.gov/pub/irs-drop/rp-21-45.pdf*

MEASURE UP



Source: *Hired's 2021 State of Tech Salaries, at* hired.com/state-of-salaries-2021

When it comes to these mission-critical tech roles, your peers have gotten better at not letting any grass grow under their feet! Many have drastically slashed the time it takes to get a new person on the payroll.

Lighter side: Best out of office messages ever

We've reached the time of year when many people are out of the office and those automatic email notifications are on.

And TikTok user *@loewhaley* has corralled some of the most entertaining ones.

They're worth sharing for a chuckle (just remind your staff they're for entertainment purposes only – not to be imitated):

- "I will be deleting all emails upon my return. If it's urgent, email me again."
- "I will be social distancing from my emails until Dec. 4th."
- "I'm OOO and I promise you I'm not important enough for you to contact me until I'm back," and
- "Leave me alone until 11/30."