

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

April 25, 2022

KEY FINANCE FIGURES

	Curr*	Lst Mo	Lst Yr
■ Leading Rates %			
Prime Rate	3.50	3.25	3.25
Fed Funds Rate	0.50	0.25	0.25
■ Money Market Rates %			
<i>London Interbank (LIBOR)</i>			
1 month	0.55	0.45	0.11
3 months	1.04	0.95	0.18
6 months	1.56	1.38	0.22
■ Stock & Bond Indexes			
DJIA	34,412	34,678	33,875
S&P 500	4,448	4,530	4,181
NASDAQ	13,584	14,221	13,963
5-Yr T-Bill	2.79	2.14	0.85
10-Yr T-Bill	2.85	2.14	1.61
■ Employment Stats			
Unemployment rate (%)	3.6	3.8	6.0
Payroll employment (thousands)	431	750	704
Average hourly earnings (\$)	0.13	0.04	0.02

*As of 04/19/22

The Cumulative Effect of CFO & Controller Alert

With the pace of change accelerating and the competition tougher, what's the best chance to keep up performance and get two steps ahead of the competition? A reliable source of continuous information.

It's the **cumulative effect** that helps, not any one reading. Our unique function is to deliver solid, focused information in your area of responsibility in a fast-read format twice a month to help performance.

C-suite: Top job skills you should focus on right now

■ Survey offers insight into what execs need from you

You're always looking at ways to improve how well you do your jobs. One way to get some great insight is to speak to your fellow execs in the C-suite.

They could have ideas about what you should focus on that might not cross your mind.

NetSuite's recent survey of CFOs and nonfinance execs sheds light on some critical areas where CFOs can improve their performance.

Kudos to you

Overall, your non-CFO peers are pleased with how well you're

managing financial affairs at your companies. In fact, they gave CFOs top marks for how well they've managed company finances since 2019.

However, they did have some helpful suggestions for areas where their CFOs could enhance their skills.

Team management essential

One of the top areas where nonfinance execs said CFOs could boost their performance was managing the finance team.

Forty percent of nonfinance execs said they'd like their CFOs to improve

(Please see C-suite ... on Page 2)

FBI: Scammers now stealing CFOs' identity

■ Video meetings latest tool criminals are using to fool Finance pros

The schemes hackers are using to fool your people into sending them money are getting trickier.

Scammers may even be stealing your identity to fool your Finance team, according to the FBI in its 2021 Internet Crime Report. Here's how they're doing it.

Lengths to look legitimate

First, cybercriminals will spoof your work email address or somehow hack into your account. They'll then send an email to someone in Finance inviting them to a video meeting.

After the staffer accepts the invite, they'll claim there are issues with the video or audio. They may even have a picture of you taken from LinkedIn on screen in place of live video.

Then, by either using the software's chat features or creating a "deep fake" version of your voice from existing online recordings, they'll ask the person to send them money or confidential employee data. Since it looks (and even sounds) like you, they'll do it, no questions asked.

Make sure your people are aware of this scheme.

Info: bit.ly/videoscam561

C-suite ...

(continued from Page 1)

their management skills. But only 18% of CFOs felt they needed to improve these skills.

With all the focus on crunching numbers required by your job, some of the softer skills may fall through the cracks at times, especially when managing your Finance team.

Placing more emphasis on communicating with your team and coaching your people in their roles can go a long way toward improving how Finance functions as a whole.

Company collaboration

Another area where your nonfinance peers think you could use some improvement is collaboration across departments to improve business functions.

The gap is smaller between CFOs and other execs here: 36% of nonfinance execs said they'd like their CFO to boost their skills in this area,

while 32% of CFOs want to improve their skills here.

Finance impacts every area of a company, so it's essential to build relationships with every department, from HR to IT, so you'll be able to get insights that'll help you make better, more cost-effective decisions regarding staffing, tech and more.

Top CFO priorities

CFOs generally have different priorities when it comes to what they want to improve in their jobs.

As you might expect, the top concern of the CFOs surveyed is financing, an area where 45% of them want to boost their skills.

Most of the other top skills CFOs want to boost are also hard finance skills, including scenario planning and forecasting (40%), ensuring accounting excellence (35%) and analyzing data (33%).

All these elements are essential to your role. But it's important to strike a balance between these skills and skills your peers find vital as well.

Moving forward

In the current climate, CFOs will want to equally value communication skills and financial knowledge.

Reason: Nonfinance execs will rely on you more to give them insight into how the company's financials directly impact decision-making

Most nonfinance execs admitted they aren't necessarily data driven when making decisions. While 34% described their decisions as "data aware," 38% either make decisions based purely on intuition or on intuition first.

That's where you come in.

Your knowledge can help execs rely less on gut decisions and more on cold, hard data. Your main goal here should be to relay this info in a way nonfinance execs can understand, giving context to the numbers and relating them to specific company outcomes and results.

Info: bit.ly/improve625

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.

■ Does contract protect supplier from liability?

CFO Bill Keeper left the meeting with his production manager feeling like the company had been ripped off.

The new equipment the supplier had encouraged the company to buy wasn't performing anywhere near expectations or boosting production.

I'm going to give that rep a piece of my mind, Bill thought.

Immune from legal action?

"Farkus Systems, this is Austin," the rep answered his phone.

"Austin, Bill Keeper here," he began. "We bought some important equipment from your company because you said your team of 'proven industry experts' would custom engineer and design it to fit our company's specific needs and desired production outcomes."

"Are you having an issue with your equipment?" Austin asked.

"Yes, it's not benefiting us as promised, not in the slightest. We have grounds to sue you!" Bill said.

"No, you don't. The limitation of liability clause in the warranty says loss of profit or increased production costs isn't on us," said Austin.

Bill's company sued for negligence and breach of contract. The supplier tried to get the case thrown out because it claimed a limited liability clause protected it from negligence complaints. Was it successful?

■ *Make your decision, then please turn to Page 4 for the court's ruling.*



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Per diems: How to avoid costly legal issues with employee expenses

■ *One company's on the hook for thousands in penalties due to issues*

Watch out when A/P's giving employees per diems. It could end up costing you thousands if the money's not used for actual expenses employees incur on the road.

Here's how one company got tripped up when paying per diems to employees.

Should've been wages

TechFlyte, a staffing agency that provides repair and maintenance workers to airlines, paid 129 workers per diems that should've actually been counted as wages, said the Dept. of Labor (DOL).

Reason: They received payments that weren't for any sort of travel, meal or lodging expenses. Because the payments were distributed on a regular basis, the DOL said they

should've been included when calculating the workers' regular rate of pay for overtime purposes.

TechFlyte violated the Fair Labor Standards Act with these per diems, and the DOL ordered it to pay over \$538,000 in back wages and damages to the affected employees.

It also had similar issues with per diems in the past, so it had to pay an additional \$63,196 in penalties.

To avoid these costly issues, it's important for your A/P and Payroll teams to communicate about

how per diems are paid and whether they should be counted as income, so they can be taxed appropriately and included in the regular rate.

Info: bit.ly/perdiem625

FOR MORE ...

Make sure Finance is paying employees the correct per diem rates for FY 2022 by visiting www.resourcefulfinancepro.com/articles/fy-2022-per-diem-rates/

Prevent 2 expensive mistakes with new tech

■ *Get the full return on investment promised from upgrades*

You've just implemented new software that's supposed to streamline operations and save everyone time.

But after a few weeks, you notice you aren't getting the return on investment you expected.

Areas to watch

Experts say there are two keys to avoiding this situation when you're introducing new tech to your people. Make sure you aren't wasting time and money by:

1. Involving employees first.

Sometimes, tech changes are just delegated to IT without getting any

input from employees. But that's the biggest way to ensure that people are confused by the new tech and resistant to using it. If you involve employees directly in the process, it'll go over better. Don't just select the younger ones, either. Not all Gen Z or Millennial employees are tech-savvy, and older workers may resent being excluded.

2. Assuming it's free from bugs.

IT may have handled the nuts and bolts of implementation, but that doesn't mean the tech fits in to everyone's workflows the way it should. Regular conversations with the vendor and your users are vital.

Info: on.wsj.com/3MaeetG

REAL PROBLEM/REAL SOLUTION

■ Found a better budgeting process that worked for us

Budgeting wasn't one of our company's strengths.

We frequently revised the budget throughout the year, and the following year's budget would be a repeat of the last one, plus a percentage.

To better organize our spending and revenue projections so we could allocate our resources wisely, we needed to have a formal budgeting process in place.

Financial action plan

The first step was to review financial statements, then make a list of all our sources of income and categorized expenses based on our costs and earnings from the most recent budgeting periods.

Once our expenses are subtracted from income, that's when we make adjustments to have a target amount of money left over.

From there, we create:

- a short-term projected budget for the calendar year to guide daily operations
- an actual mid-term budget that gets revised no more than a few times a year, and
- a long-term budget for planning purposes that forecasts finances for the next four years.

Short- and mid-term budgets got broken down by department, and we set up a budgeting hub in our accounting system that our managers could update.

Now, we have better insight on our cash flow, and the managers still have some control to adjust their department budgets as needed.

(Diana Bonnarens, CFO, Whitmores, East Hampton, NY)

The common problem plaguing 81% of your peers: Too much manual work & too little time for it all

■ Survey shows workloads negatively impacted by low-tech financial processes

There's a lot of talk about how much manual data entry your staff does in Finance. But CFOs are doing a lot of manual work, too.

In fact, you and your peers might have the biggest manual workloads of the whole C-suite.

Such says a survey by DataRails, a business financial analysis platform.

Make most of key tool

Here's why: Many financial processes are manual, including budgeting and month-end reporting.

And, as you may guess, much of this work is done via Excel. While 70% of those surveyed rely on spreadsheets for budgeting and forecasting, just 30% of CFOs said they have "advanced" Excel skills, and only 18% said they were experts.

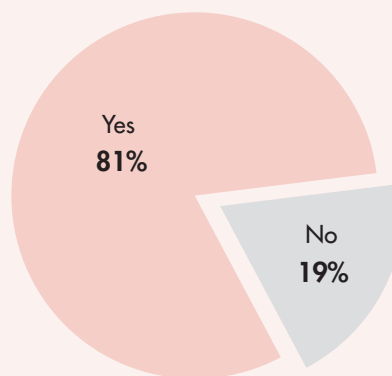
To help boost your productivity in Excel, check out our Excel tips online at resourcefulfinancepro.com.

Info: bit.ly/manual625

MORE THAN A FAIR SHARE

CFOs & manual processes in Finance

Compared to any other role in the C-suite, do you have the most intensive daily manual workload?



Source: Source: DataRails' survey of CFOs, 2/22.

Being bogged down by manual work hurts your peers in an number of ways: 47% said they weren't able to participate in strategic decision-making, and 37% said it impacted their overall output. Using your available resources more effectively can help.

Sharpen your judgment...

THE DECISION

(please see case on Page 2)

No. The judge said the negligence and breach of contract lawsuit could proceed.

The supplier said the limitation of liability clause in its product warranty states it isn't responsible for any loss or expense that occurs from the use of its equipment.

While that covers the equipment itself, the court said Bill's company has a legitimate complaint about deficient engineering and installation services, which aren't mentioned in the contract's warranty language.

Also, because the company relied on the supplier to design and install equipment tailored to its specific needs

and production requirements, the supplier had a reasonable duty of care to its customer, but failed to carry it out, the court said.

Analysis: Do your homework on new suppliers

When a vendor or supplier doesn't deliver on its promises, it can have a negative impact on your bottom line and possibly lead to time-consuming legal battles.

Instead of trusting a supplier's claims about its "superior capabilities," "wealth of expertise" or "highest quality" products, take the time to independently research and verify if these statements are accurate or just hype.

What do customers and stakeholders say about the way it does business? Will this be a beneficial partnership for you?

Cite: Indiana Sugars Inc. & New York Sugars LLC v. Process Engineering Systems Inc., No. 20 C 3908 US D.C. N.D. Illinois Eastern Division, 3/30/22, 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.

When are we allowed to shred our I-9 forms?

Q: If we use E-Verify to confirm a new hire is eligible to work in the U.S. and we record the case verification number in our HRIS system, is it OK for us to shred the paper I-9 form?

A: Hold on to that paper Form I-9 and don't shred it.

The U.S. Citizenship and Immigration Services website says: "Never dispose of a current employee's Form I-9; you must keep it for as long as the employee works for you, and for a certain amount of time after they stop working for you ... even if the employee ends employment shortly after you hired them."

Federal regs say you must retain a Form I-9 for three years after the date of hire, or one year after the date employment ends, whichever date comes later.

So if an employee worked for your company less than two years, retain their form for three years after the date you entered in the "First Day of Employment" field.

If an employee worked for the company more than two years, keep the I-9 for one year after the date they stop working.

The government purges E-Verify records that are more than 10 years old, according to e-verify.gov.

That means it's important not to rely on case verification numbers for your Form I-9

recordkeeping obligation.

It's OK to store I-9s at an off-site facility, as long as you're able to present them within three business days after an inspection request by the Department of Homeland Security, the Department of Justice's Civil Rights Division or Immigrant and Employee Rights Section, or the Dept. of Labor.

Is there a special 1099 for cash app payments?

Q: We use cash apps such as PayPal, Venmo and Zelle to pay some of our independent contractors. At what point will we have to file Form 1099-K for pay card and third-party network transactions to IRS?

A: The American Rescue Plan Act made some changes related to Form 1099-K.

The biggest one: Payments to a contractor that exceed \$600 (regardless of the number of transactions) have to be reported, said Tricia Richardson, CPP, SPHR, in the Premier Learning Solutions webinar "Form 1099 Reporting Updates for Timely, Compliant Filing."

Reporting deadlines for Form 1099-K are the last day of February – or April 1 if filing electronically – of the year following the transactions.

For more information, visit bit.ly/1099k625.

If you have a question you'd like our experts to answer, email it to Jess White at jwhite@CFODailyNews.com

MANAGING FOR RESULTS

■ Is a 4-day workweek appropriate for your firm?

Could the next step in the future of work be a four-day, 32-hour workweek instead of hybrid telework?

Some employers have had positive results with the experiment. For example, social media company Buffer reported at the end of last year that 91% of its employees said they were happier and more productive working a four-day week.

Of course, shifts in policy and culture are in order before attempting a trial run.

What the switch requires

Among the adjustments that may need to be made:

- cutting back on meetings
- changing deadlines to align with the new schedule
- relying more on artificial intelligence and machine learning tech
- closer monitoring of customer satisfaction, and
- identifying employees ineligible to work a four-day week (e.g., customer service).

The Miami-based Hamptons Group LLC has had a four-day workweek since 2019. The firm's chairman and managing director, Jeff Bartel, said the reduced overhead and increased efficiency has been worth it.

But the success of the four-day week depends on your entire team's willingness to be flexible as new specific needs for your organization arise, he said.

(Adapted in part from "This company switched to a 4-day workweek" at CNBC.com and "The four-day workweek merits consideration" at Forbes.com)

Recent developments that can help your business stay ahead

DOL's contractor final rule reinstated: What's next

Compliance just got trickier with paying your firm's contractors.

Here's why: A federal judge has just reinstated the Dept. of Labor's (DOL's) economic reality test rule.

The rule, passed under the Trump administration, allows employers to use certain business factors to determine whether someone is a contractor or employee.

Under President Biden, the DOL delayed and eventually rescinded this rule. But a judge said the agency did so without a proper notice and comment period in direct violation of the law. So the rule was still valid.

While the economic reality test is more favorable to companies, you'll have to tread lightly when using it since the DOL could still appeal the decision. We'll keep you posted.

Info: bit.ly/contractor561

Productivity hurt by this: How you can stop it

There's a factor you might not be considering that's impacting more than 85% of your people's productivity. It's their worries about their own financial stress.

Over half of employees surveyed by SoFi at Work and Workplace Intelligence said that they were more stressed out about their personal finances now than they were at the height of the pandemic.

And they think their employers are turning a blind eye to their worries: 45% of those surveyed said their companies aren't concerned with addressing their financial stressors.

Most aren't asking for higher salaries or bonuses. The biggest things they want from their employers: a 401(k) match program (64%), an emergency savings fund benefit (64%)

and education about budgeting and personal finance (62%).

You may want to look into adding these features on to your benefits package for next year. Talk to your providers to see if they have a cost-effective way to offer them.

Info: bit.ly/finance561

IRS: Handling tax penalty while waiting for refund

IRS is still working its way through a backlog of employment tax forms – and that could be a problem if you retroactively claimed the COVID-19 employee retention tax credit.

The process for claiming the tax credit retroactively typically impacts tax liability since employers must reduce their income tax deduction on any eligible wages by the estimated amount of the credit.

But if they haven't received their refund from the credit yet, they may be assessed a bill from the Service – along with penalties.

However, IRS says there's penalty relief in this situation. If you haven't received a refund yet, you can tell the agency you have reasonable cause for failing to pay. The procedure's laid out in Notice 2021-49.

Info: bit.ly/credit625

Along with two weeks' vacation, try this perk

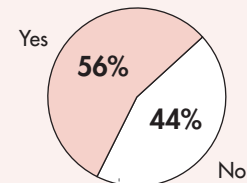
If you're bringing employees back to the office and there's some pushback, you may want to try a compromise: offering them a limited number of fully remote workweeks.

Veritiv, a packaging solutions firm, enticed its employees back on site with two fully remote weeks under its Flexible Workplace Program. The time can be taken at a worker's discretion at any point during the year

PAY TALKS AHEAD

Wage differences

Have you observed any salary discrepancies between new hires and more tenured staff in the past year?



Source: Source: Robert Half survey of C-suite executives

Almost two-third of employees plan to ask for raises this year, due to multiple factors including higher costs of living and added job responsibilities. To keep your best people, you may have to re-evaluate salaries before year-end.

so they can be at home when needed and in the office the rest of the time.

Info: bit.ly/remot625

Lighter side: Not a happy birthday for 1 employee

Birthday parties in the office can be a great way to boost morale. But they can also be expensive in different ways than you'd think.

An employee at a Kentucky company asked a manager not to throw him a party on his birthday. He had an anxiety disorder and was uncomfortable being the center of attention. But the company went against his wishes and threw one anyway. He ended up having a panic attack and leaving the party abruptly.

When confronted about it later, he had another panic attack and was subsequently fired for his reaction. So he sued – and a jury awarded him \$450,000 for lost wages and distress.

Lesson learned: No cake and candles.

Info: bit.ly/party625