



Spring B notice season's coming:  
Stop problems, penalties  
before they start ..... **23**

Report: Fewer sales tax  
changes, but many tax rates  
are rising ..... **27**

A monthly financial close in 5 days  
or less? Here are some strategies  
to help you get there ..... **31**



# Vendor bank accounts a high-risk target for payment fraud: What you can do about it

# RESOURCEFUL FINANCE PRO





March 2023

## In This Month's Issue


### News Briefs

CFO News Briefs .....	3
A/P News Briefs.....	11
Payroll News Briefs.....	13

### Insider Content

 <b>You Be The Judge</b> Company, state clash over use tax bill: Whom will the courts side with?.....	17
 <b>Case Study</b> Leveraged A/P automation to streamline audits, reduce CPA costs.....	21
 <b>Excel Tips</b> Time-saving features for Excel tables.....	25
 <b>Ask the Auditor</b> Our state's considering a pay transparency law: What should we do?.....	29

### Articles

 <b>Finance Technology</b> Vendor bank accounts a high-risk target for payment fraud: What you can do about it .....	19
 <b>Payroll</b> Spring B notice season's coming: Stop problems, penalties before they start.....	23
 <b>Credit and Collections</b> Report: Fewer sales tax changes, but many tax rates are rising.....	27
 <b>Finance Technology</b> A monthly financial close in 5 days or less? Here are some strategies to help you get there.....	31

# CFO News Briefs

## Stories You Might Have Missed

### 4 steps to developing a transparent base pay structure that'll engage employees

February 2, 2023

When you break down your labor costs, it's probably employee base pay that eats up the most money. Yet it's an expense you can't afford to live without because base pay's also a significant factor in employee recruitment and retention in today's competitive labor market.

To form an accurate and understandable picture of your base pay structure, while also educating your people on the nuances of salary administration, the experts at McLean & Company suggest following these steps:

- 1. Collect and analyze market data to ensure you're at least keeping pace with your respective market and industry.** Provide HR leadership and your managers necessary resources to work together to confirm your business's target market positioning strategy; identify comparable market competitors, appropriate data sources and benchmark market matches; and determine an optimal cadence for gathering market data.
- 2. Determine pay structures appropriate for your organization.** This includes establishing job grades, developing pay bands based on your benchmark market data and comparing them with organizational base pay data. Give stakeholders the chance to take ownership of their base pay structure by reviewing it before it's finalized.
- 3. Determine salary administration guidelines.** This includes establishing new hire pay, promotional increases and lateral transfers, plus ensuring the base pay structure is applied consistently by compensation decision-makers.
- 4. Roll out a pay transparency strategy.** Once your HR and management researchers have established current and desired pay transparency levels, then it's time to develop a strategy to bridge the gap and craft a communication plan for your steps toward pay transparency.

[Read the story online](#) 

---

### Employees need help with finances: How companies can help

February 7, 2023

If your company's employees are like most, they'd score a big fat F on a financial literacy test.

Every year, the Teachers Insurance and Annuity Association of America (TIAA) and the Global Financial Literacy Excellence Center (GFLEC) quiz working adults on their knowledge of investment choices, saving money, insurance options, the stock market and so forth.

Those who score lowest on the survey (answering seven or fewer of 28 questions correctly) are six times more likely to have difficulty making ends meet, three times more likely to be debt-constrained and unprepared to deal with a sudden \$2,000 medical or auto bill, for example.

Employees with shaky knowledge of financial matters may not understand why it's important to save for retirement and learn more about a company-sponsored 401(k) plan. In addition, they might not get why certain deductions were made from their paychecks or what a tax that isn't spelled out is for (and could be afraid to ask someone, to boot).

Here are three ways Finance staffers can help explain questions and concerns, and in so doing improve workers' financial literacy:

- 1. Keep it simple and as short as possible.** Use conversational language where you can. Where acronyms are necessary – such as FICA – make sure they're spelled out in the first mention.
- 2. Use visuals.** Most people have an easier time processing info when it's presented with pictures. Charts and graphs can be helpful tools in your explanations.
- 3. Get a fresh set of eyes.** Have someone who doesn't work in Finance/Accounting/Payroll read any written communication, and ask the person for a summary so you'll know if it gets the point across.

[Read the story online](#) 

---

## A/R technology: 5 things to evaluate before investing

February 8, 2023

Cloud-based A/R is rapidly becoming a must-have for businesses of all sizes. But where is A/R technology heading, and what should you expect it to do?

Here are some key trends where this fintech is evolving.

**A/R solutions that are tools for predicting future cash flow.** Real-time dashboards and other tools provide transparency across the A/R process, providing instant access to critical data like delivery status, amount owed and payment due dates, which optimizes cash forecasting and delivers insights on opportunities for improvement.

**Software that covers more of your A/R cycle.** Because A/R tech providers are aiming to serve the broadest spectrum of businesses possible, automation platforms can get involved as early as the quote stage and cover every step along the way, ultimately to cash application.

End-to-end A/R automation can cut labor, printing and mailing costs, as well as improve invoicing efficiency, security and compliance.

**Platforms with system integration and syncing as primary functions.** Delve deep into this with any vendors on your short list. If a solution can't connect A/R with your accounting, enterprise resource planning, customer relationship management or data warehousing services, it probably isn't worth the investment.

**A/R tech that mines customer data to provide new insights.** Data mining can reveal customer trends which can be leveraged to boost the bottom line that your team may be missing. Today's fintech can automatically perform deduction analysis on specific customers to provide useful information, such as servicing costs, profitability and growth potential.

**A program that performs credit quality analysis.** Because businesses are facing higher financing costs and a potential recession, you may require a deeper credit risk analysis than what was needed the past few years. Solutions are on the market that keep an eye on trends like credit default swaps and downgrades of debt by agencies such as Standard & Poor's, Moody's and Fitch.

[Read the story online](#) 

---

## Don't overlook the wealth of finance job candidates on the horizon

February 9, 2023

Business school students aren't waiting until springtime to apply for jobs and internships anymore. Hiring managers are busy sifting through resumes and applications right now, trying to find the ever-elusive "best fit" for their companies.

There are a lot of smart and ambitious people to choose from today. Bonus: As businesses struggle to bring employees on site, savvy young professionals are less likely to balk at "coming into the office." At least for most of the week – surveys show some remote work flexibility is preferred by sought-after candidates.

Whether you're looking to hire or bring on interns for the summer, keep in mind that a candidate's ability to communicate well and interact appropriately with team members remain the first two critical attributes businesses look for.

To save time and effort on both ends, set up a video interview to chat and learn more about who the person behind the application really is. Keep an eye and ear out for:

- frequent eye-to-eye contact
- appropriate smiles and laughter in response to a light comment or joke
- an ability to explain his or her skills in clear language
- "thank yous" and "you're welcomes"
- sharp attire and grooming, and
- pertinent questions about you and your company that show he/she did some research.

A candidate who checks all of the boxes on a video call is your best bet for an in-office second interview with other team members.

[Read the story online](#) 

---

## End of COVID-19 emergency

## declarations could impact your health plan: What to do next

February 13, 2023

We know you're tired of hearing about the pandemic, but this is pretty big. The Biden administration recently announced that the COVID-19 public health emergency and national emergency will officially end May 11, 2023.

Because this will affect your company's group health benefits plan, here's what experts are recommending:

- Ensure you have records that demonstrate compliance with COVID-era provisions in case you're audited by federal or state authorities.
- Review your plan documents, procedures, policies, COBRA notices and other employee communications to ensure they'll align with pre-pandemic rules in May.
- Review all health plan terms related to COVID-19, including testing, vaccines and treatment for the virus, then huddle with your plan provider to discuss all forthcoming plan amendments in benefit terms and offerings as a result of the non-renewal of the emergencies.
- Find out if this affects your plan sponsor costs and make any necessary adjustments.
- If you were offering employee assistance program (EAP) benefits to non-plan participants because EAPs were made temporarily exempt from many ERISA and ACA rules, will you discontinue it or make adjustments for ERISA and ACA compliance?
- Communicate changes to benefits terms and offerings to your employees. Be sure to highlight that COVID-related extended deadlines for claims, appeals and enrollment periods with insurers and third-party administrators may be winding down. This includes HIPAA special enrollment requests to enroll in a group health plan mid-year and COBRA elections.

Employees will also need to understand that with the expiration of the COVID-19 emergencies comes possible new or additional health costs for them. For instance, after May 11, they could be paying out-of-pocket for at-home test kits, COVID-related treatments, tests ordered or administered by a health professional and/or vaccines administered by an out-of-network provider.

[Read the story online](#) 

---

## CFO spotlight: More financial execs taking on sales, operations & inventory roles

February 14, 2023

CFOs are wearing more hats than ever and their list of responsibilities is growing, particularly those steering the ship for publicly traded companies.

Traditional responsibilities for CFOs always included budgeting & forecasting, investor relations, accounting, financial reporting and maintaining cash flow. Today's CFOs are dealing with a host of new duties being added to their plates, such as:

- sales and operations
- procurement/supply chain management
- corporate strategy, and
- business intelligence/analytics.

The positive angle is financial pros are expanding their knowledge base and making themselves more valuable to their companies or future employers. For example: leaning on financial knowledge and motivational skills to jump-start a lagging sales team.

The negatives: more hours grinding away, a lot more pressure, plus a lack of job talent that companies need to thrive and grow that seems to signal the additional CFO job duties are here to stay.

While many companies are putting their CFOs in charge of critical areas like sales, operations and inventory, few if any are jettisoning their IT/IS directors. CFOs control the purse strings at the end of the day, but CIOs are still calling the shots on companies' day-to-day tech strategies.

As financial teams continue to be stretched thinner, improving efficiency with streamlined processes, automated workflows, and enabling tools and technology will become more essential to supporting the business. Reducing manual operations will minimize errors while increasing speed and efficiency, allowing the team time to engage in more strategic or analytical activities.

[Read the story online](#) 

---

## Employees aren't fulfilling their potential: Is there more you can do?

February 16, 2023

If you believe workplace polls, more than half of working adults do just about the bare minimum that's required to keep their jobs.

Unless supervisors and department heads confront staffers about performance problems – such as data entry and accounting mistakes, tardiness, dips in productivity and the like – they won't change.

Are you and other leaders in your organization prepared to initiate the tough conversations you need to have with underachievers?

Take this quiz to find out. Answer Yes or No to these six statements, then add up Yes replies at the end:

1. I put off some discussions rather than get into an argument.
2. I can bring up problems in a way that makes people defensive.
3. Some people just can't be motivated to do a better job.
4. When someone can't do something, I jump in with advice, even though the person may just want someone to listen.
5. When people start bringing up other issues, I can get sidetracked and veer away from the original problem.
6. Sometimes I work through a problem, but don't clarify who's supposed to do what by when.

After adding up your Yes answers, here's how to evaluate yourself:

0-1: You don't shy away from crucial confrontations.

2-3: Do you have to "remind" staffers about the same problems, such as tardiness? You need to address why they don't take your warnings seriously and whether they want their jobs, because they don't fear the consequences right now.

4-6: You are likely bringing personal feelings into work-related issues. Solution: Focus on the behavior that needs correcting, not the other person and how you feel about him or her. Long term, it's crucial to remember that being the boss and not a friend is a big part of the job.

[Read the story online](#) 

---

## Exec resignations a sign workplace burnout's still an issue: Strategies that can help your firm

February 20, 2023

Hundreds of your C-suite peers retired or stepped down last year, and job-related burnout may have influenced their decisions. Among them were Starbucks CEO Kevin Johnson, DocuSign CEO Dan Springer and Red Lobster CEO Kelli Valade.

Before the Great Resignation, in 2019, the World Health Organization stopped short of classifying it as a medical condition, but did officially add burnout to its "International Classification of Diseases," and defined it as an "occupational phenomenon."

Burnout's something you particularly have to watch out for in Finance because of the increased workloads that can be involved, especially during year-end reporting and tax season.

Besides adding a mental health employee benefit, there are other ways organizations can support their people.

The Canadian mental health advocate website Workplace Strategies for Mental Health offered these helpful suggestions for employers concerned about burnout leading to higher turnover costs:

- Provide clear work expectations and ensure they're understood
- Provide ongoing training to maintain competency (which can help with your succession plan strategy)
- Foster a culture of respect, empathy and mutual support, including acknowledgment of employee contributions
- Have conversations with your employees about their wellbeing and wellness, and encourage physical activity and taking breaks throughout the workday, and
- Ensure reasonable work hours and realistic work conditions.

[Read the story online](#) 

---

## Employees coming to you with tax filing questions? Share this info with them

February 21, 2023

Employees who are just getting started on their annual tax filing chores may come to you or other finance staffers for info. A lot of cash-strapped folks will be trying to save money by doing their taxes themselves, but they've got a couple of questions about the process.

Consider sharing this list of the most common mistakes tax filers make, courtesy of the IRS, that leads to people needing to resend info, being contacted by the IRS or seeing delays in returns owed to them:

- Missing or inaccurate Social Security numbers (SSN). Younger employees may not know their SSNs by heart. (Don't believe me? Ask someone you know in their early 20s if he or she knows. You may be surprised!). It pays to take a second look at all numbers entered, but especially the SSN, which should match the numbers on the filer's SSN card.
- Misspelled names. We'll assume this mistake is the result of rushing or carelessness! Who knows? This common mistake seen by the IRS could be the fault of an employer's mistake or failure to note a change in last name following marriage or divorce as well.
- Inaccurate information. The IRS advises to "carefully enter any wages, dividends, bank interest and other income they received to make sure they report the correct amounts ... [including] credits and deductions." It's possible the figures on a W-2 from an employer are inaccurate. But unless the info is corrected by an employer and a new W-2 is issued, the IRS goes by the numbers reported by the employer(s).
- Incorrect filing status. The IRS recommends referring to Publication 501 for detailed info about filing statuses (claiming dependents, for example).
- Mistakes in arithmetic. Taxpayers can err on a range of tasks from simple addition and subtraction to more complex calculations. Best advice: Check your math a second time before filing. Some folks do their math on paper, but it's always a good idea to confirm numbers are correct with a calculator during prep work and when checking final numbers to submit.

[Read the story online](#) 

## 3 business operating expense KPIs you need to be closely tracking now

February 22, 2023

You're skilled at keeping simultaneous track of your company's profits and costs, including business operating expenses. Case in point: You can probably calculate your gross profit – revenue subtracted by the cost of goods sold – with little effort.

But with economists predicting an economic slowdown of some kind this year, you're probably keeping a watchful eye on business operating expenses and considering ways to control those costs. The KPIs you'll need to monitor will be more than just gross profit, average margins and ROI, however.

### Follow these business operating expense indicators

**Inventory levels:** Remember the COVID-related supply chain problems from last year? Not being able to meet market demand drives customers and revenue elsewhere. Another impact from having too little inventory is higher costs.

But having too much inventory also has a negative impact on business operating expenses. Funds wastefully spent on excess inventory can't be recouped and reassigned.

A benchmark worth striving for is directly linking inventory to sales levels and sales forecasts. So a forecasted 10% increase in sales needs to be supported by a 10% inventory growth.

**Overall labor effectiveness:** Depending on your industry and the department you're evaluating, performance can be measured as a percentage of actual production divided by target production. To calculate utilization, take the amount of employee standard hours and divide it by their total productive hours.

**Cost variance:** You know from experience that the budget figure you assign often isn't the final figure as major projects come in over or under budget. But just how much under or over budget are you?

By measuring the difference between what your original forecast/planned budget was and the actual final costs, and then tallying up the number of projects on budget/under budget vs. over budget, you can find out how financially accountable your people are.

[Read the story online](#) 

## The No. 1 area CFOs are looking to spend in the short- and long-term

February 23, 2023

Financial chiefs may be worried about inflation and a host of other issues as 2023 rolls on, but numerous surveys show they're not afraid to spend in certain areas to grow their businesses.

In fact, nearly three-quarters of CFOs plan to spend more on sales functions this year, with about half budgeting for 10% or higher increases, according to a Gartner survey.

CFOs aren't just bullish about sales for the near term either: Gartner predicts "sales enablement budgets will increase by 50% by 2027 as a way to address shifting buyer preferences, boost seller effectiveness and drive revenue growth." (Sales enablement, in a nutshell, means training sales reps to better sell.)

Increasing revenue and satisfying buyers' changing needs may be the driving factors in sales enablement and enlargement, as Gartner surmises.

We'd add that execs' desire to grow sales shows:

- CFOs aren't as pessimistic about the economy as many analysts are, and
- they know the only way to keep pace with inflation is to outsell the competition.

Customers may not like having to pay more. But they'll accept price increases for what they value the most. A savvy, well-trained sales force is critical to find and keep those customers. White papers, social media, and digital and print marketing help attract prospects, but they don't make the sale.

Gartner notes companies' sales enablement efforts can fail due to the wrong metrics. Decision makers need to see a clear bottom-line benefit to shelling out more for training and hiring salespeople.

One other factor to consider: If three-quarters of CFOs are investing in sales now, there's a risk in standing pat.

[Read the story online](#) 

---

## The SEC raises the bar on ESG enforcement: Was \$35 million fine warranted?

February 28, 2023

The Securities and Exchange Commission (SEC) just fined a company \$35 million because it didn't maintain adequate disclosure rules for tracking workplace complaints and violated whistleblower protections for departing employees.

The only problem? The SEC admits not a single employee of the company came to the SEC to complain about its practices. And there's no evidence of the company preventing or even dissuading any of its employees from talking to regulators.

Sound like a dystopian nightmare? Nope. It's just the SEC sending a message to publicly traded companies to triple-check procedures, employee handbooks and shareholder communications to avoid the hot water that video game maker Activision Blizzard finds itself in.

This \$35 million SEC fine is the largest yet for violating the "G" portion of the SEC's environmental, social and governance (ESG) oversight. "The size of the penalty is substantial and highly unusual for a resolution without any allegations of materially false or misleading representations," warn lawyers for Akin Gump Strauss Hauer & Feld. "[The \$35 million sends] a clear signal that the SEC is taking an aggressive approach to enforcing workplace-related disclosures."

What likely caught the SEC's attention was a clause in the company's employee separation agreement. Activision Blizzard required departing employees to let it know if they received a request for information from regulators. The SEC concluded the clause "undermined the purpose" of whistleblower protection.

[Read the story online](#) 

---

## Cut costs in this area and it'll send the wrong impression

March 2, 2023

What's one of the first things people notice about a company's headquarters? It's right under their feet – floor surfaces.

That's why even when you're under pressure to keep costs down, you can't afford to scrimp much when it comes to floor maintenance.

Old carpeting or worn-out hard flooring impacts how everyone – employees, visitors, potential clients and investors – views the company.

Companies need to pay attention to these three areas:

### 1. Keep the dirt out

The No. 1 way to preserve flooring and keep the building clean is limiting the amount of dirt tracked in.

While most facilities keep mats at main entrances, they don't always lay mats at secondary entrances. Or they don't replace a worn-out walkoff mat in a high-traffic area.

### 2. Is Housekeeping up to the task?

Some housekeeping vendors and in-house crews don't follow floor manufacturers' recommendations for extra care.

Extra care applies to carpeting (still the most common flooring in commercial facilities). Shampoo and dry foam carpet-cleaning (also known as high-extraction cleaning) pulls out the ground-in dirt and dust that normal vacuuming can't.

### 3. Shiny hard surfaces are a plus – but not slippery ones

Housekeeping or facility management crews should aim to clean hard floors during periods of low or no occupancy if possible. Work carts should be equipped with multiple Wet Floor signs to alert employees and visitors to avoid an area.

People who wander into a marked area can still sue for slip-and-fall injuries, but in most cases, companies significantly reduce their liability using signage and obstacles.

[Read the story online](#) 

---

## Credit is very slow to adopt new technology in this one area

March 7, 2023

B2B credit departments are steadily embracing new technology and automation. But one area where companies are steadfastly sticking to the past is new credit applications.

More than half of credit professionals report 25% or less of their credit applications are online, according to a poll conducted by the National Association of Credit Management (NACM). Just 18% of creditors say their application processes are fully digitized and no longer accept paper applications.

The struggle is getting the system up and running. Like most tech upgrades, it takes time and money to change tried-and-true practices. Getting employees up to speed (and to buy in, in some cases) can also be a challenge.

The NACM podcast [Extra Credit](#) heard from credit managers who still rely primarily or entirely on paper applications but hope to move to the digital realm in the near future.

Among the advantages they look forward to are the ease of looking at an electronic application and not having to decipher sloppy or tiny handwriting on written forms. Also: If an applicant is concerned about privacy, it's possible to redact info like Social Security numbers on an electronic document as opposed to paper.

One reason why some credit managers may be reluctant to go all-digital? Loss of the "human touch" – the opportunity to judge if an applicant is worth taking a risk on or might be fudging the numbers to appear less risky.

Experienced credit managers learn to rely on their gut feelings after they've read hundreds to thousands of manually filled-out credit applications. An electronic process which typically includes automatic fill-in capability for some fields changes the game as it's always been played, for both the creditor and applicant.

As with any tech change in finance, we'll see a migration to all-digital credit applications once it makes too much sense not to!

[Read the story online](#) 

---

## Employees will come up with good ideas & share them if you follow these 5 practices

March 9, 2023

Asking for staffers' input helps increase morale and boosts teamwork. It also leads to great ideas that help companies make and save money.

Not all supervisors remember this on a regular basis. It's easy to get tunnel vision and focus on the daily grind. Whether it's the controller, credit manager or CFO at a company, part of being a leader is developing successful staffers.

Here are five best practices to help spur input from team members and keep the good ideas flowing:

### 1. Offer examples (key: 'small' wins matter!)

Remember to point out times that small suggestions have saved the company money or time, or reduced aggravation. Remember: Thinking small can lead to big improvements.

### 2. Set a deadline

It's not a bad idea to tell people, "Whatever you can come up with, feel free to drop by the end of this week [or any time] and let me know about it."

### 3. Give fast feedback

Keep them updated on the status of new ideas – and whether or not their suggestions are feasible. And finally, always say "Thank you very much for your efforts."

### 4. Keep the back burner simmering

Make sure to keep the suggestions you'd like to see come to fruition simmering on the back burner. When it's time to move, let the folks who advocated for a change know, "I didn't forget about XYZ. We may finally be ready to get the ball rolling."

### 5. Never forget to recognize them

Those who come up with good ideas and take steps to implement them should be acknowledged by name not just at staff meetings, but at company-wide confabs so others at the company can acknowledge them.

[Read the story online](#) 

---

# A/P News Briefs

## Stories You Might Have Missed

### Passphrases secure, but hard to remember: Should they be your password policy?

February 3, 2023

Cybercriminals who are out to steal your company's money are getting smarter. Even a password that uses a capital letter, at least one number and a special character can be cracked by hackers 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.

For a better approach to security, 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"
2. use "leetspeak" letter substitutions in words: one instead of lowercase L, zero for the letter O, the dollar sign instead of S, three in place of E and the "at" symbol replacing A. So the passphrase in the previous example would look like "h0r\$3 b@tt3ry \$t@pl3 c0rr3ct," or
3. have a word intentionally misspelled to throw hackers off.

Managing login credentials with a password manager that creates and remembers unique, long, random passwords for each security domain can also be valuable. Examples include 1Password, LastPass and KeePass (which is free).

In addition, using multi-factor authentication wherever possible, especially when using cloud-based apps or sites, is sound cybersecurity strategy.

[Read the story online](#) 

---

### Prevent cyberattacks by sharing this email cyber security checklist with your team

February 13, 2023

Hackers love attacking via email because of how easy it is to do. That's why an ounce of email cyber security can prevent a ton of fraud mitigation.

Signs of an attempted cyberattack can sometimes get missed because they're hiding in the "From" field of an email:

- Sender addresses that don't belong to someone you know or ordinarily communicate with
- The message isn't related to your job responsibilities
- The message is from someone you haven't communicated with recently and includes an embedded hyperlink or an attachment
- Sender addresses with a suspicious-looking domain, such as @micorsoft-support.com, or
- The sender's a co-worker, customer, vendor or partner, but the email's tone seems out of character (a sign of a social engineering attack).

Your company email cyber security protocols need to kick in immediately if:

- hovering your mouse over a link displayed in an email reveals the link-to address is for a different website than what the links claims to be
- the email only has long hyperlinks with no further information, and the rest of the email is completely blank, or
- a hyperlink has a misspelling of a known website. Here's a sneaky one – bankofarnerica.com. The "m" is really two characters – "r" and "n."

To be on the safe side, flag these as suspicious:

- A time stamp way outside of business hours
- Subject lines that don't match the message content, and
- A message that's a reply to something you never sent or requested.

[Read the story online](#) 

---

## What's holding your A/P team back from becoming best-in-class? 3 areas to evaluate now

February 27, 2023

Because your A/P team is a critical part of your business, it needs to be adequately staffed with qualified and capable employees who enjoy working for you.

But in a tight labor market, where employees expect remote work options, work/life balance and professional growth opportunities, it's necessary to put extra effort into holding on to these valuable members of your A/P team, said Jemiel McKissick, regional sales director of cloud P2P automation provider Yooz.

According to McKissick, these are the three things leading A/P teams are doing:

- Unleashing creativity and innovation
- Exploring automation beyond digital transformation, and
- Creating an "anytime, anywhere, real-time" A/P process.

### Creativity and innovation from an A/P team?

"Creativity has been shown to reduce stress, increase happiness and improve our mental state, all (of) which boost productivity or performance (and) also work satisfaction. It makes your organization very attractive for top talent," McKissick said, suggesting that the key to engaging your A/P team's creativity is eliminating the redundant manual tasks in your P2P process.

### Next-level digital transformation

PwC research found that nearly two-thirds (63%) of companies are changing their processes by enhancing digital capabilities, such as cloud computing, SaaS and cybersecurity, to address labor shortages.

"It's about looking at what works for you and where you may want to go – and also being able to keep up with the initiatives and practices of your accounting department – while bringing it into the more modern era," McKissick said.

### Access whenever it's needed

Because hybrid work will be vital to keeping top performers, being able to process invoices and make payments outside of the office is an important capability.

[Read the story online](#) 

---

## Faster payments mean higher fraud risk: Can your invoice authentication process keep pace?

March 1, 2023

Many companies are turning to even faster payment methods, such as embedded finance solutions and banking as a service products. In fact, according to a PYMNTS report, more than four out of 10 businesses (41%) are using real-time payments to some degree.

But while switching to these faster payment capabilities makes life better by making B2B payments more efficient, improving cash cycle management and potentially opening additional revenue streams, data from the 2022 Association for Finance Professionals (AFP) Payments Fraud and Control Survey indicates that fraud becomes harder to detect and prevent in the process. For example, respondents that reported fraud via ACH debits increased from 34% in 2020 to 37% in 2021.

And it's important to note that real-time payments can't easily be recalled once they're sent, making resolving fraudulent payments extremely challenging. And with the ACH maximum threshold now at \$1 million, there's a lot more money that can be lost to thieves.

The Better Business Bureau recently felt the need to issue a public alert to watch out for bogus invoices for things like office supplies, web services, and even non-existent goods and services. Steps that the bureau said you need to take:

- Take the time to verify all claims for payment
- Don't give in to intimidation tactics used in demands for payment
- Create a process for invoice inspection before payment
- Train your staff on scam awareness and invoice inspection procedures, and
- Encourage employees to communicate any concerns about specific invoices.

Many A/P automation platforms feature enhanced security tools that verify vendors during onboarding and whenever there's a bank account update request. Some software applications are capable of validating banking credentials both in transit and at rest.

[Read the story online](#) 

---

# Payroll News Briefs

## Stories You Might Have Missed

### Costlier penalties in 2023 for violations of these 5 workplace laws

February 3, 2023

High inflation continues to impact businesses. One of the latest examples? Costlier penalties for breaking workplace laws. Several federal agencies released final rules, announcing increased amounts for 2023.

Here's a brief rundown of five of the workplace laws included in these final rules:

#### Law #1: ERISA

If your retirement or health plan is subject to the Employee Retirement Income Security Act (ERISA), the list of penalties is long. They include the following:

- For failure to furnish reports to certain former employees or maintain employee records, the maximum penalty is \$36 per employee (up from \$33 per employee). Penalties apply per plan year.
- Failing or refusing to properly file a plan annual report will cost up to \$2,586 per day. Last year, the amount was \$2,400 per day.
- Each failure to provide the Secretary of Labor requested documentation can run a business \$184 per day. There's a cap of \$1,846 per request. In 2022, those numbers were \$171 per day and \$1,713 per request.
- A fiduciary who fails to make a proper distribution from a defined benefit plan under Section 206(e) of ERISA will face a maximum fine of \$19,933 in 2023 (was \$18,500).

#### Law #2: OSHA

Penalties under the Occupational Safety and Health Act (OSHA) are some of the steepest among workplace laws, and for 2023, the amounts are even steeper.

- For a serious or other-than-serious violation, an employer will pay a maximum penalty of \$15,625 (increased from \$14,502).
- Watch out for repeated violations under OSHA! For 2023, fines can be as high as \$156,259, up from \$145,027 last year.
- Not meeting posting requirements will put a business at risk of penalties that can top out at \$15,625 (was \$14,502).

- Failure to correct a problem means a potential penalty of \$15,625 per day (previously \$14,502 per day).

#### Law #3: FMLA

Under the Family and Medical Leave Act (FMLA), employers must post a notice containing facts such as how to file a complaint. Both employees and job applicants must be able to easily view the poster, so it's worth ensuring that you're prominently displaying your FMLA poster and other posters covering workplace laws.

- Violations of this law will cost up to \$204 in 2023. Last year, the penalty amount was capped at \$189.

#### Law #4: FLSA

The Fair Labor Standards Act (FLSA) is among the oldest workplace laws, dating back to 1938, and businesses are still running into compliance problems with this one in 2023. Check out these maximum fines:

- For not following the requirements of tip regulations, employers can end up paying \$1,330 (was \$1,234).
- Repeated or willful violations of the minimum wage and overtime provisions of the FLSA mean even higher penalties – \$2,374 (up from \$2,203).
- Child labor violations are capped at \$15,138. In 2022, that number was \$14,050.
- Child labor violations that cause serious injury or death have strict consequences – \$68,801 (previously \$63,855). That's doubled if the injury or death was caused by willful or repeated violations – \$137,602 (an increase from \$127,710).

#### Law #5: IRCA

The Immigration Reform and Control Act (IRCA) establishes penalties related to hiring individuals who aren't authorized to work in the U.S. Here's a brief overview of some of the fines:

- For the unlawful employment of aliens, first order, the minimum penalty is \$676 (up from \$627) and the maximum penalty is \$5,404 (up from \$5,016).
- For the unlawful employment of aliens, second order, the minimum fine is \$5,404 (was \$5,016)

and the maximum penalty is \$13,508 (an increase from \$12,537).

- For the unlawful employment of aliens, subsequent order, the minimum penalty is \$8,106 (previously \$7,523), and the penalty is capped at \$27,018 (up from \$25,076).
- Paperwork violations under IRCA have increased for 2023. The minimum is \$272 (was \$252) and the maximum is \$2,701 (\$2,507 in 2022).
- Failure to notify an individual that you've received a final nonconfirmation regarding his or her employment eligibility can lead to fines. For 2023, they range from \$942 to \$1,881 (the range had been from \$874 to \$1,746). That's per individual.

[Read the story online](#) 

---

### Thinking about switching to earned wage access? You may want to offer pay cards as well

February 6, 2023

Earned wage access, also known as on-demand pay, is being leveraged by your peers as a key recruitment and retention tool for workers who may be strapped for cash right now because of the high prices of gas, energy bills and groceries.

Potential benefits of adopting earned wage access include:

- slashing company payroll costs involved with cutting paychecks and/or direct deposit
- saving employees money on overdraft and ATM fees, payroll lending, and credit card interest and late fees, and
- reducing employee absenteeism caused by financial stress, such as childcare or transportation costs.

Also, consider that many younger workers prefer not to rely on traditional banks and have digital-driven preferences, including mobile money management tools. In fact, research by ADP found that 91% of Millennials and 82% of Gen Z workers said it's important for their employer to offer earned wage access.

[Read the story online](#) 

---

### Retirement plans: Secure 2.0 Act changes requirements for notices, statements

February 10, 2023

Among the many provisions of the Secure 2.0 Act, several deal with the paperwork responsibilities that fall on retirement plans.

The Secure 2.0 Act, which became law on December 29, 2022, amends some sections of the Employee Retirement Income Security Act (ERISA) that deal with notices and statements.

Section 320 of the new law acknowledges that some of the currently required paperwork is "unnecessary," such as certain notices which go out to unenrolled participants.

Only minimal notification must still be provided. The law requires retirement plans to send eligible individuals:

- annual reminder notices of their eligibility to participate in the plan and any applicable election deadlines, and
- any required documents that unenrolled participants request that they otherwise would have received.

The annual reminder notice should be sent in connection with your annual open enrollment period. If you don't have such a period, then the notice should be provided within a reasonable period before the beginning of the plan year.

The annual notice should inform the unenrolled participant of his or her eligibility to participate in the retirement plan. Key benefits and rights under the plan must also be included in the annual notice. Be sure to focus on:

- employer contributions, and
- vesting provisions.

Section 320 is effective for plan years beginning after December 31, 2022.

The Secure 2.0 Act contains another provision affecting paperwork requirements for retirement plans. It's Section 338.

This provision addresses paper statements and is effective for plans years after December 31, 2025.

For **defined contribution plans**, at least once every year, the benefit statement must be provided on paper – unless the participant elects otherwise.

For **defined benefit plans**, at least once every three years, the benefit statement must be provided on paper – unless the participant elects otherwise.

Look for the Department of Labor (DOL) to update its regulations and guidance to account for Section 338 of the Secure 2.0 Act.

First, the DOL has been instructed to revise its regulations under ERISA, covering electronic delivery. The DOL regulations must explain that retirement plans need to give each participant a one-time initial notice on paper before delivering any pension benefit statements electronically. The initial notice to the participant should explain that he or she has the right to request that documents be provided on paper, rather than electronically.

Second, the Secure 2.0 Act requires the DOL to revise its guidance. The law says the following five elements must be included in the guidance to retirement plans that disclose required documents or statements electronically.

- 1) Participants can request that any disclosure required to be delivered on paper instead be delivered electronically.
- 2) Each paper statement affected by the amendment should include:
  - an explanation of how to request that statements and other documents required under Title I of ERISA be delivered electronically, and
  - the plan sponsor's contact information, including a telephone number.
- 3) A retirement plan can't charge any fee to a participant for the delivery of paper statements.
- 4) Documents provided through electronic delivery need to include an explanation of how to request that documents be provided on paper.
- 5) A retirement plan that furnishes paper benefit statements can furnish a duplicate electronic statement.

The DOL is required to update its regulations and guidance by December 31, 2024. We'll keep you posted.

[Read the story online](#) 

---

## What do these 2 laws mean for employees working remotely? Guidance explains

February 17, 2023

Finance pros with lingering compliance concerns about employees working remotely will find insight, albeit limited, in new guidance.

In Field Assistance Bulletin 2023-1, the Department of Labor (DOL) discussed the implications of two laws for employers with teleworkers.

The laws are the:

- Fair Labor Standards Act (FLSA), and
- Family and Medical Leave Act (FMLA).

The FLSA doesn't *require* break times for most employees during a workday. However, according to DOL regulations, when short breaks are provided, they must be paid.

As the new guidance states, that applies to someone working remotely, too.

But how about activities like walking the dog, starting a load of laundry or helping the kids with their homework? While the DOL guidance doesn't get into specifics like that, it does make clear that for breaks of 20 minutes or less, nonexempt employees should remain on the clock – if they're in the workplace or working remotely.

Field Assistance Bulletin 2023-1 also considers what compliance with the FMLA looks like for businesses that have employees working remotely.

Specifically, employers may be uncertain about one of the eligibility requirements: having 50 or more employees within 75 miles of the worksite.

As the guidance lays out, employees' personal residences or other telework locations aren't worksites for FMLA eligibility purposes. Rather, their worksites are the offices to which they report or from which their assignments come.

Although Field Assistance Bulletin 2023-1 covers only the FLSA and FMLA, there are plenty of other federal, state and local laws to consider if you have a remote workforce.

Don't forget about ongoing requirements such as displaying workplace posters as well.

[Read the story online](#) 

---

## Reduced schedule FMLA leave: Correct calculation of available hours per year?

February 24, 2023

For employees on reduced schedule FMLA leave, 12 workweeks will get converted into days, hours or minutes. But that can trip up employers, new guidance shows.

The Department of Labor (DOL) just released an opinion letter focused on reduced schedule leave. It's worth noting this is the first opinion letter employers have seen on the FMLA since 2020.

FMLA 2023-1-A addresses one employer's situation involving:

- how intermittent or reduced schedule FMLA leave should be calculated, and
- whether employees' schedule limitations would be "better suited" for reasonable accommodation under the Americans with Disabilities Act (ADA).

The employer that requested the opinion letter had workers on the clock 24 hours a day, so to make scheduling run smoothly, shifts typically ran longer than eight hours.

But for several employees, an eight-hour shift was all they could handle. They'd produced medical certification of serious health conditions, explaining that after completing an eight-hour shift, they'd need to take reduced schedule FMLA leave for the remainder of the shift.

The employer approved the FMLA leave, but the arrangement posed some challenges. So, the company asked the DOL for its assessment.

The opinion letter, released February 9, 2023, points out that the employer incorrectly assumed an employee's annual 12 workweeks of FMLA leave would convert to 480 hours when calculating intermittent or reduced schedule leave.

Indeed, 480 hours would be accurate for someone who's regularly scheduled to work 40 hours per week. But what if someone works more or less than that? Here are some examples of how workweeks would be converted into hours:

- 12 weeks X 37.5 hours per week = 450 hours
- 12 weeks X 40 hours per week = 480 hours
- 12 weeks X 50 hours per week = 600 hours.

For employees using FMLA leave in small increments, it's possible that their FMLA leave will continue year after year – "indefinitely," as the DOL puts it. Alternatively, they might exhaust their available leave in the course of a year. Then they'd have to wait until the following year to request leave again and, at that time, the employer would consider their FMLA eligibility.

As for which law – the FMLA or the ADA – better applied to the employees' needs, the DOL explains in FMLA 2023-1-A that the two laws don't cancel each other out. Rather, these laws along with all other applicable federal and state laws should be taken into consideration to determine what best benefits the employee.

In fact, someone may be covered by both the FMLA and the ADA simultaneously. That person would maintain his or her rights under both laws, the DOL makes clear.

Here's how all this could play out in a workplace:

Let's say someone with a disability is seeking the reasonable accommodation of switching to part-time work. That person would lose his or her employer-provided group health insurance coverage, in a situation where only full-time employees are eligible for coverage. Perhaps that employee is also requesting FMLA leave due to a serious health condition. For the duration of the FMLA leave, that person would maintain the employer-provided group health insurance coverage.

Under the FMLA, leave doesn't need to be paid, so intermittent or reduced schedule leave is fairly straightforward when you're dealing with nonexempt, hourly employees who don't have any paid time off available.

But what about someone who's been classified as exempt from the minimum wage and overtime requirements of the Fair Labor Standards Act (FLSA)? According to FLSA regulations, that person must be paid on a salary basis – and that means you can't make deductions for partial-day absences. But there's a caveat to that: In the case of an exempt employee who's taking intermittent or reduced schedule FMLA leave, partial day absences are allowed.

[Read the story online](#) 

## Company, state clash over use tax bill: Whom will the courts side with?

CFO Bill Keeper couldn't believe his eyes when he saw the Notice of Final Determination from the state department of revenue. The state was rejecting the company's use tax manufacturing exemption claim and was assessing hundreds of thousands of dollars in sales & use tax, plus a 10% penalty and interest.

"What is the matter with these people?" Bill muttered to himself. "We sent them invoices, an exemption explanation and everything. There's no way we should be paying this."

It took a series of phone calls to the revenue department for Bill to finally connect with Ashley Campbell, the department's secretary for compliance and collections.

"Mr. Keeper, as my letter explains, your company purchased tangible personal property. Even though it was an out-of-state purchase, it's still subject to use tax because you're using that equipment here," Ashley said.

"I understand how that works," Bill replied. "But the use fits the state's criteria for the manufacturing exemption, so it's not necessary for us to self-assess use tax."

### 'Use tax exemption doesn't apply'

"I can appreciate that you're trying to save money," Ashley said. "But your company's NAICS code and business practices are not those of a manufacturer, so we can't grant you the manufacturing exemption."

"This seems extremely arbitrary to me," Bill said. "I sent your office documentation that the tools, parts and equipment we purchased are being used to convert raw materials into a new product. That's the very definition of manufacturing."

The state department of revenue and Bill's company had a hearing before an administrative law judge (ALJ), who ruled in favor of the company. Then the state appealed. Was it able to get the ALJ's decision overturned?

### The decision

No. A superior court judge upheld the ALJ's decision that the business didn't owe use tax to the state.

According to the judge, the state tax code doesn't do a good job of specifically defining what a manufacturer is in order to qualify for the use tax exemption.

As a result, the judge examined state supreme court sales & use tax cases for



## Company, state clash over use tax bill: Whom will the courts side with?

guidance. Because of what Bill's company was using the purchased tools, parts and equipment for, it qualified for the manufacturing exemption, the court said.

### **Analysis: Be able to defend your tax exemptions**

Sales & use tax exemptions should be leveraged wherever possible, so you don't have to pay more taxes on goods and services than necessary.

But before claiming an exemption, make sure you re-read the wording of the applicable tax law, run it by your legal team to double-check that you're interpreting it correctly and have the necessary documentation to stand up to a legal challenge.

If a purchase is indeed tax-exempt, an exemption certificate or statement must be kept on file.

This case is also a reminder that it's possible to successfully challenge a taxing government and that a tax assessment isn't necessarily the final word.

*Based on North Carolina Department of Revenue v. FSC II LLC, No. 22 CVS 5410, S.C. North Carolina Business Court, 1/30/23. Dramatized for effect.*

---

[Read more You Be The Judge in your Membership Dashboard](#)

# SAFEGUARDING ACCOUNT INFO LIKE IT WAS YOUR OWN



## A/P Finance Technology

# Vendor bank accounts a high-risk target for payment fraud: What you can do about it



by Brian Bingaman

**W**ith remote work here to stay, A/P has to work harder to verify crucial information, such as vendor bank account numbers.

Unfortunately, fraudsters are also working hard. They've been busy exploiting dispersed Finance teams' increased reliance on email for routing invoices for approval, getting payments approved and collecting vendor bank account info.

An easy-to-miss attack for stealing from businesses like yours is hijacking unencrypted email threads to request switches from vendor bank accounts to fraudulent ones. And there are various business email compromise breach tactics being deployed.

According to the Association for Financial Professionals (AFP), an alarming 71% of all organizations were targets of fraud attacks in 2021.

In addition, 58% of A/P leaders surveyed by IOFM said their fraud risk has increased since 2020 and 40% of all A/P departments have experienced multiple payment fraud attempts in the past year.

"Before the pandemic, fraud was already at an all-time high. And today, nothing has changed," A/P thought leader Marc Brousseau commented during the IOFM webinar "How to Reduce the Risk of Payment Fraud through the Automatic Verification of Bank Account Ownership."

## What Finance can do right now

AFP identified three common strategies that your peers are effectively carrying out to take quicker proactive action against fraud:

1. Standardizing processes across payment modalities (e.g., 60% of organizations are using positive pay to protect against check fraud and ensure ACH transactions are legit)
2. Developing controls for remote working, and
3. Reconciling payments daily with the help of A/P automation.

## Vendor bank accounts a high-risk target for payment fraud: What you can do about it

And believe it or not, your supplier onboarding and registration process can also be leveraged to mitigate the elevated risk of financial loss, along with possible compliance, business reputation and litigation risks.

### Can vendor bank account authentication be automated too?

When vendor self-service and vendor relationship management SaaS applications company Financial Operations Networks (FON) asked A/P pros to identify where their greatest risks in vendor onboarding are, one area really stood out:

- 70% said fraudulent vendor bank account info
- 15% said accidentally onboarding a business or individual that's sanctioned by the U.S. government/on the OFAC watchlist
- 5% said incorrect Taxpayer Identification Numbers (TIN), and
- 10% said something else.

A poll of webinar attendees revealed that almost half (49%) of your Finance pro peers believe their vendor onboarding process has become riskier over the last two years.

During the webinar, FON founder and CEO Phil Binkow said that manual verification of vendor details – including time-consuming internet searches and phone calls, and paper forms – is one of the biggest fraud risks that Finance needs to shore up. “You could almost categorize it as a built-in exception item for every

single bank account that they want to pay electronically,” he commented.

FON research found that 72% of businesses manually onboard their vendors. Perhaps they're unaware that verifying vendor bank account details and other supplier information can be done automatically with software solutions that are on the market that integrate with master vendor files and enterprise resource planning systems.

With vendor verification automation, the following information gets authenticated in real time:

- Account name
- Street address
- Bank account number (and that the account is open and in good standing)
- Routing number, and
- TIN.

“And then, if there actually is a discrepancy, there's the opportunity – and it's available – for further review, but much, much faster and much more thoroughly than ever before,” Binkow said.

Meanwhile, 40% of organizations reported they were planning to deploy a solution to automate validation of their vendor bank account details within the next 18 months.

“What we're seeing now is more and more companies are prioritizing upgrading their onboarding and their verification due to the increased awareness by senior management (of) fraud,” Binkow said. “And there's so much technology being driven into making payments more cost-effective, more

timely, more efficient, that the fraud issue is a part of that discussion.”

### Next step

With automation of verifying vendor bank account ownership now a reality, the potential reduction of data entry workflows is particularly welcome news for companies facing potential staffing shortages in Finance.

But you may get more bang for your buck if the platform you use is augmented with an online vendor portal, which makes it easier for vendors to electronically submit W-9s or W-8s, while also providing the vendor with increased visibility into invoice and payment status and their onboarding status.

Vendors will also appreciate that portals are more secure than email for submitting their precious bank account information.

Portals are something 40% of organizations already have, and another 40% plan to get one within the next 18 months, according to FOM.

“They're a hot topic these days,” Brousseau noted. “(Portals) can also securely archive the information and serve it up to decision makers, so they're able to get suppliers onboarded faster.”

For your peers that say portals are expensive, hard to use and difficult to implement, Binkow said, “That probably was true four or five years ago, maybe three years ago. Today, it's not so true anymore.”

---

[Read this Story Online](#) 

## Leveraged A/P automation to streamline audits, reduce CPA costs

We were using an outside accounting firm to perform our financial audits, but we were spending a lot of money on that because of how time-consuming it was. For example, in addition to poring over payroll, A/R, A/P, sales, purchasing and inventory records, the auditing CPA needed to be brought up to speed on our company's internal controls.

To reduce those costs, we set a goal for changing our audit process so that most of the up-front work would be handled in-house, then getting a CPA involved just for final review of documents. This was going to be a long-term goal, however, because to pull it off we needed the right people in Finance with the right accounting knowledge – especially the latest tax code info.

### Acquired talent, tech

While HR was handling finding the knowledgeable and skilled talent for our Finance team, I took on the project of digitally transforming accounts payable (A/P).

While researching A/P automation products, I discovered that the software that's on the market could help us achieve our in-house audit goal by:

1. Tracking the entire history of how and when invoices are processed. This

makes it easy to examine purchasing information.

2. Eliminating audit risk from non-compliance with regulations in different geographical regions.
3. Providing easy access to transaction-related data by storing digital copies of invoices, purchase orders, contracts and other documents in the cloud. These documents identify what was purchased, prices agreed before purchase, discounts and the actual receipt of goods. These are audit essentials, particularly if unusual transactions come up, like a large amount paid to a vendor or repeat payments made to the same vendor in a short period. And because all that info's stored in one place, an auditor doesn't have to look in multiple files or locations, or locate misplaced paper documents.
4. Preventing and detecting fraud by enabling advanced payment controls, such as dual approvals – which was one of my must-haves because of the extra layer of security. A/P automation also enables segregation of duties, which ensures that the same people approving invoices aren't also approving the payments, and
5. Checking for duplicate payments. When a payment is made, it gets posted and applied to a corresponding



## Leveraged A/P automation to streamline audits, reduce CPA costs

invoice number and vendor name in the system. Plus, the automated system closes out a transaction after it's completed.

After a search process, we found a vendor that was the right fit for us. The important box to check for me was adequate support for implementation and conversion of P2P processes, because people still need to be able to do their everyday job duties while all this is going on.

The magic really started to happen once we added the right pros to Finance and assigned workflows accordingly.

### Seamless internal audits

Automating A/P saved us a ton of work – for example, automatically cleaning up journal entries. But what really brought the ROI home was the valuable tools that enabled our enhanced Finance team to take on in-house audits and spot any inconsistencies or areas for improvement.

Then when we sent our documentation off to the accounting firm, they confirmed our audits were accurate. And because it wasn't spending so much time looking over our books, it meant we didn't have to pay as much.

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

---

[Read more Case Studies in your Membership Dashboard](#) 

# Spring B notice season's coming: Stop problems, penalties before they start

KEY IS TO  
MONITOR  
VENDOR TIN,  
NAME  
ACCURACY



by Brian Bingaman

In March and April, some of your peers will receive CP2100/CP2100A notices from IRS that will require them to mail out B notices notifying vendors and contractors that they need to update their Form W-9, or else payments will be noticeably smaller due to 24% backup withholding.

Right now your A/P team is collectively holding its breath, hoping these forms don't come, because it'll mean the Service found vendor/contractor Taxpayer Identification Number (TIN) errors on an information return.

Tricia Richardson, CPP, SPHR, SHRM-SCP, offered some tips on how to avoid B notice hassles during the Premier Learning Solutions on-demand workshop "TIN Verification and B Notices: How to Avoid Costly Mistakes and Penalties."

## Use the TIN matching site regularly

To save time and headaches for your A/P pros, Richardson recommended registering with the IRS TIN matching system

online and using it to periodically audit all vendor/contractor TINs.

But there are some important things to know before using it:

- The site won't let you create a login specifically for your company, so the Finance staffer that registers will have to use their personal tax information to do so. This is to prevent fraud and misuse of TINs, she said.
- IRS will let you use an *ID.me* account to sign in. If you don't have one, the TIN matching site

## Spring B notice season's coming: Stop problems, penalties before they start

has a link to click on to create it, and

- After clicking the "Access SOR" (Secure Object Repository) button, there are two ways to submit TINs: the interactive option, where you send up to 25 TINs and get results back in five seconds, or bulk matching by uploading a text file with up to 100,000 TINs. The results for that come back within 24 hours.

The IRS TIN matching site assigns the following codes to vendor/contractor TINs that you upload:

- 0 - no error, vendor name and TIN match IRS's records
- 1 - TIN is missing or it's not a nine-digit number
- 2 - TIN doesn't exist
- 3 - vendor name and/or TIN doesn't match IRS's records
- 4 - invalid TIN matching request
- 5 - duplicate TIN matching request
- 6 - if you're matching a TIN against a Social Security Number (SSN) and the TIN code is 3, "a matching TIN and name control is found only on the NAP DMI database"
- 7 - if you're matching a TIN against an Employer Identification Number (EIN) and the TIN code is 3, "a matching TIN and name control is found only on the EIN/NC database," or
- 8 - if you're matching a TIN against an EIN and an SSN and the TIN code is 3, "a matching TIN and name control is found only on both the EIN/NC and NAP DMI databases."

Unfortunately, the codes don't give you any guidance about what you need to do to correct the error.

If you get a CP2100/CP2100A and the TINs in question come back as matching IRS's records on the site, reach out to the agency and tell them the numbers were verified and correct. However, if there's a discrepancy, and you've double-checked that a data entry error wasn't made, notify the vendor ASAP that they need to submit another W-9.

"Create a process how you're going to handle this," said Richardson, adding that letters informing vendors/contractors of inaccurate W-9 info should:

- Explain the IRS backup withholding requirement
- Let them know the mismatch with IRS records could affect their tax returns, and
- Provide a deadline to give you a corrected W-9.

To ensure vendors and contractors open your B notices, be sure to clearly mark the mailing envelope with "Important tax information enclosed" or "Important tax return document enclosed," per IRS guidelines.

Also, because a contractor may put their Social Security Number on a W-9 instead of a TIN - which can trigger a B notice, or even a contractor/employee classification audit - *IRS.gov* has a Social Security Number verification service on its TIN Tools page.

### What's in a name? Plenty

Besides getting the TIN right, the vendor/contractor's name matters. A contractor "doing business as ..."

can trip up Finance and inadvertently cause B notice problems because the name on the pay-to line on their checks doesn't match the name on the contractor's 1099.

"You may have a vendor ... or a contractor that wants you to make the check payable to ... a name they're doing business as. It's important, especially in that case, to maybe have the conversation: 'What name is associated with (the official taxpayer) ID number you're giving me?'" Richardson said.

Sometimes contractor businesses change their names mid-year because of a merger or other business decision, she added.

### B notice, backup withholding prevention

The best way to avoid having to send B notices to vendors is proactive prevention. For example, consider putting a W-9 requirement in your contracts.

In addition, Richardson suggested implementing a formal contractor onboarding process with A/P and Payroll that includes completing a W-9 as well as providing documents that prove they meet all contractor requirements under state law.

The reason Payroll needs to be involved? "You might have some payments being issued on a 1099-NEC, some on a [1099-MISC], some on another type of 1099 ... and you might ... have two different types of 1099s going to the same person. So you want to make sure your payment types are mapped to the correct 1099 and the correct 1099 box," Richardson said.

---

[Read this Story Online](#) 



# Time-saving features for Excel tables

Excel tables are very handy when you're working with long lists and you need to highlight specific data sets in different ways.

In the [LearnExcelNow](#) workshop "Excel Features No Accountant Can Live Without," CPA David Ringstrom broke down why the Excel table feature is one of his favorite parts of the program.

To create a table, instead of clicking Insert on the ribbon, then the Table command, there's a keyboard shortcut. Select a cell in your list, then press Ctrl, T and Enter to get the Create Table box to appear.

Ringstrom said that from there, Create Table automatically figures out the range of list coordinates without you having to manually highlight what you want in your table. However, you shouldn't click OK before double-checking that your list has a lead row with headers. That's because of the default checkmark in the Create Table "My table has headers" checkbox.

"There's an unwritten rule that (in) any column heading, any list in Excel, the first row should be made up of unique titles," he said.

## Keep the filter buttons from disappearing

In your new table field, the column letters at the top of the worksheet get replaced by a row of header titles. Each header title has a down-arrow filter button to assist with data analysis. But if you click on a cell outside of the table, the column letters come back.

To lock your headers and filter buttons in place, select View in the ribbon, then Freeze Panes.

## Slicer feature

Instead of using the filter buttons, all versions of Excel from 2013 to the present come with something called a slicer.

Select any cell within a table, and under the Table Design tab in the ribbon, choose Insert Slicer in the Tools section. In the Insert Slicers menu you can select one or more header fields to focus on. After you click OK, you'll get a slicer menu or menus for subcategories to focus the filter even more.

If you scroll and lose track of the slicer menus, you can click Undo in the upper-



## Time-saving features for Excel tables

left corner. To avoid this, keep your cursor and slicers near the top of your list.

### Adding a total row in an Excel table

Instead of creating a sum formula from scratch for the columns in your new Excel table, click the Total Row checkbox under the Table Design tab. It automatically tallies up the last column.

The keyboard shortcut for turning on the Total Row is Ctrl, Shift and T.

Your new total row comes with a series of down-arrow dropdown menus where you can tell it to compute a column's sum, average and count, among other functions.

---

[Read more Excel Tips in your Membership Dashboard](#) 

# Report: Fewer sales tax changes, but many tax rates are rising



by Brian Bingaman

## SALES TAX TRENDS TO TRACK THIS YEAR



**T**he 2022 End-of-Year Sales Tax Rates and Rules report by tax technology solutions provider Vertex Inc. has both good news and bad news for your finance team.

First, the good news: The overall number of sales tax rate and rule changes impacting businesses is the lowest it's been in eight years, with 542 changes at the state, county, city and district levels (down from 606 in 2021).

However, that's mainly because of a decline in new district taxes. After a five-year stretch, during which an average of 180 new district-level taxes were created each year, that number fell to 115 last year (down from 197 in 2021).

According to Vertex, at the district level, tax decreases outnumbered increases 50-13.

Finance departments had to adapt to one new taxing county and 49 new taxing cities (down from 51 in 2021) during 2022.

But while the total number of transaction tax changes across the U.S. declined last year, the bad news is most taxing jurisdictions continued to raise their rates.

Your team faced 235 city sales tax rate changes, according to Vertex. Of those city sales tax changes, 200 were increases and 35 were decreases. At the county level, there were 55 rate increases and 23 decreases.

## Report: Less sales tax changes, but many tax rates are rising

Bottom line: If this trend continues, there's a good chance A/P and A/R will need to make payment and collection adjustments to accommodate sales tax rate hikes in the taxing jurisdictions you do business in.

### What's behind it right now

In a statement, Vertex's vice-president of tax content and Chief Tax Officer Michael Bernard said there are a couple of factors playing a part. "Governments need to fill budget gaps as federal COVID-related funding will begin to run dry, as borrowing becomes more expensive and overall inflationary pressures on labor, services and consumables continue," he said.

"On top of these economic factors, sales tax is generally more efficient to impose and administer relative to property and income taxes, making it a more resilient revenue source for governments, particularly in times of economic distress."

### What it means going forward

The report also identified these trends that you'll need to keep in mind:

#### **The feds are paying close attention to all the post-Wayfair sales taxes and may take measures to get it under control.**

The General Accounting Office recently encouraged Congress to work with states "to establish nationwide parameters for state taxation of remote sales" for several reasons, including the headaches remote sellers experience while trying to comply with "a complex

patchwork of requirements ... governing the taxation of remote sales." Also, the U.S. Senate Finance Committee conducted a hearing to examine the impact of the *South Dakota v. Wayfair* decision on small businesses and remote sellers.

#### **Tax policy has a lot to do with economic and fiscal conditions.**

Although inflation tends to be headed downward, it remains high and is unlikely to return to pre-2022 levels any time soon. Many economists say there's going to be a recession this year, even if it's only a moderate one. As high debt-servicing costs sustain or increase, state and local jurisdictions may feel the need to make some moves to satisfy their revenue needs amid higher prices and labor costs.

#### **Shrinking sales tax bases may lead to more taxation of services and digital goods and services.**

The sales tax base has shrunk significantly in the past two decades, according to Vertex's research. State sales tax bases "are narrowing," according to the Tax Foundation, "forcing states to either raise rates or shift to other sources of tax revenue." These sources include a growing number of digital taxes and could soon extend to professional services, such as accounting and other B2B offerings.

#### **Sales tax increases are connected to property and income tax revenue declines.**

State legislature activity and ballot initiatives in 2022 reflected a growing desire to limit income tax rate increases. And as you're probably aware, commercial office space values are declining due to permanent hybrid work models. This will result in lower property tax receipts in 2023 and beyond. Because property taxes, income taxes, and sales and use taxes represent the top three

funding sources for state and local governments, you need to be prepared for the possibility of higher sales tax rates.

### By the numbers

Some fun facts for Finance:

- The average state sales tax rate in 2022 was 5.6255% (compared to 5.6281% in 2021).
- The average county tax rate last year was 1.7721% (1.7622% in 2021).
- In 2022 the average city tax rate was 1.7703% (an increase of .0088% over 2021)
- At the district level, the average tax rate was 1.0123% (up .0103% from 2021)
- The average combined sales tax rate was 10.1802% (vs. 10.1237% in 2021)
- Puerto Rico has the highest state sales tax rate at 10.5%. Indiana, Mississippi, Rhode Island and Tennessee are the second-highest at 7%.
- Kodiak and Wrangell, Alaska, and Winter Park, Colorado, have the highest city sales tax rate at 7%.
- Close behind are Hoonah, Klawock and Selawik, Alaska at 6.5%, and
- Sterlington, Ouachita Parish with the Sterlington Economic Development District No. 1 in Louisiana has the highest combined sales tax rate of 12.95%.

---

[Read this Story Online](#) 



# Our state's considering a pay transparency law: What should we do?

**Q:** It looks like our state is discussing pay transparency legislation that could require us to disclose salary ranges for filled and available jobs. I think there's a chance this will get passed into law. What actions do we need to do to prepare to be in compliance?

**A:** It's good that you're asking about this proactively because the trend of regulations aiming to establish equal pay for equal work among employees is gaining momentum.

For example, employers in New York state with four or more workers will have to follow a pay transparency law that goes into effect in September 2023.

But according to a blog post written by attorneys Abby Warren and Kayla N. West of the firm Robinson+Cole, which has offices in eight states and Washington DC, "these laws vary significantly in terms of where, when, how, and to whom necessary disclosures must be made, as well as the specific information that must be disclosed."

They advise huddling up with HR, recruiters that you use, and your compliance and legal teams to:

- Identify any employees you have in states and localities with pay transparency laws – including California; Cincinnati; Colorado; Connecticut; Jersey City, New Jersey; Ithaca, New York; Maryland; Nevada; New York City; Rhode Island; Toledo, Ohio; and Westchester County, New York
- Identify any relevant obligations related to pay disclosure, notice of promotion or transfer, and/or job postings in those areas, then read over the obligations in the proposed statute, and
- "Review and revise applicable hiring and employment documents, materials, procedures and processes."

Depending on what the proposed requirements in your state would be, that last step could include reviewing pay factors for current and vacant positions, confirming salary ranges and analyzing whether pay ranges are consistent across gender and race.

"A pay equity study is incredibly helpful," Warren said in a Zoom interview. "There is software you can run, consultants that you can hire, there are law firms that do



## Our state's considering a pay transparency law: What should we do?


pay equity studies. ... Some of the statutes say that if you run a pay equity study, and there's some issue down the line, but you're trying to actually resolve the problem, that that could act as an affirmative defense."

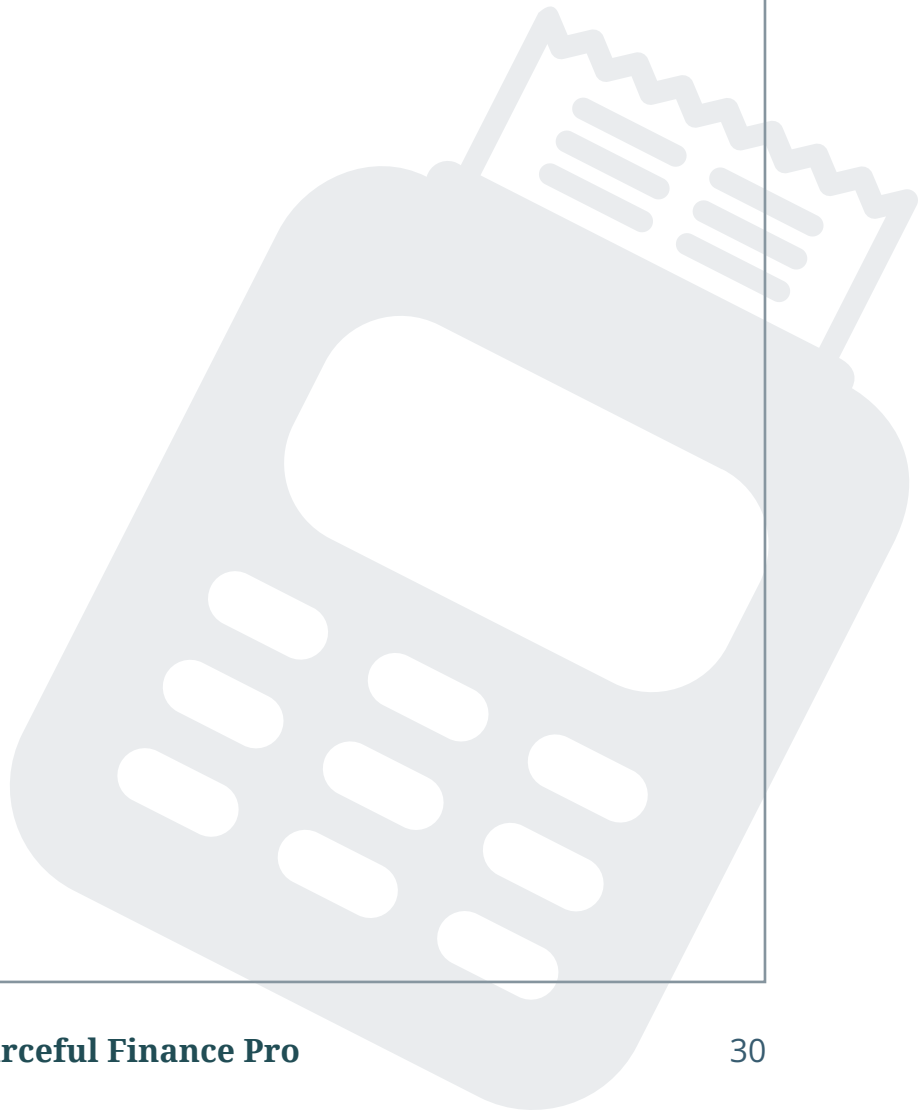
If the bill becomes law, and it becomes illegal to limit or take adverse action for discussions about pay, you may want to consider training for your managers about how to appropriately respond to employees who want to discuss their pay.

If you have employees in more than one jurisdiction with a pay transparency law, you'll have to decide how to align the statutes with your procedures, always keeping the strictest law in mind.

Warren said you "may take an approach where it sort of depends where the employees are working, and another (employer) might say: 'I just want to reach to the high water mark - whatever the strictest laws are in a state where we're doing business, we're going to comply across all our facilities.'"

---

[Read more Ask the Auditor in your Membership Dashboard](#) 



# A monthly financial close in 5 days or less? Here are some strategies to help you get there

ALIGN YOUR  
**PEOPLE,  
PROCESSES,  
POLICIES, TECH.**



by Brian Bingaman

**D**espite how important monthly financial close is, many companies still struggle to close their books within one workweek, according to a survey by the American Productivity & Quality Center (APQC).

APQC data found that the median number of days an organization needs to complete monthly financial close is six. Some take as many as 10, which in today's business climate can put a company at a disadvantage.

Organizations that take too long to complete their monthly consolidated financial statements risk missing key opportunities for analysis and identifying potential

cash flow problems. Now more than ever, you need timely, accurate numbers – preferably without involving a bunch of legwork from Finance.

But before firing up your Finance team to reach for faster close cycle times, it's important to talk to your people first to drill down into where bottlenecks are occurring in the monthly financial close process. Then it's time to align your people and processes with your policies and technology.

### **Financial close management efficiency**

Depending on the size of your organization, Finance may be

spending more time than necessary trying to, for example, leverage multiple general ledgers or financial planning systems. If this is the case, standardizing and centralizing your reporting process as much as possible needs to be a mission-critical goal.

APQC pointed out that standardization and centralization of your monthly financial close is particularly beneficial for your chart of accounts because:

- Setting uniform standards for key data elements ensures consistency and continuity
- It can keep the volume of general ledger entries from getting out of control, and

## A monthly financial close in 5 days or less? Here are some strategies to help you get there

- Finance can think holistically about how exceptions will be handled.

The experts at enterprise software company Oracle NetSuite offered these strategic tips for standardization and centralization, and recommended getting input from the folks who are regularly involved with your monthly financial close:

- **Map out your practices:** Determine your accounting and finance processes, including revenue recognition, purchasing and expensing events, closing activities, and relevant governance, risk management and compliance assumptions. Using visual tools like flowcharts can be helpful.
- **Evaluate your IT needs:** Should you be prioritizing features like document management, collaborative tools and/or cloud-based capabilities?
- **Plan for the future:** Consider your organization's growth plans if you're evaluating a centralized system, and
- **Consider global requirements:** Will you need multi-language and multi-currency support?

### Tech tools

Switching from manual data collection using spreadsheets to cloud-based tools can also speed up monthly financial close. Did you know that automation software solutions on the market can:

- Identify transactions
- Enter transactions into a journal

- Post transactions to the general ledger, including foreign currency
- Reconcile bank accounts
- Create adjusting journal entries that eliminate artificial profit and loss
- Post and consolidate subsidiary-level accounts
- Manage revenue recognition standards, and
- Provide variance analysis that allows you to take action even while reconciliation and close activities are still in progress.

To decide where to start automating, you'll need to identify what's taking the most time, and where the most errors are occurring – A/R, A/P or the general ledger.

Also, to resolve issues from a lack of integration between systems, cloud-based enterprise resource planning (ERP) tools provide company-wide visibility so you can hold department managers accountable for any delays in preparing their financial statements. In addition, these tools automatically update and share data across multiple systems, which helps to prevent the errors and delays that happen when manually preparing financial statements.

Even though implementing these tools requires a commitment of time and resources, Gartner found that more than three out of four (78%) CFOs "will increase or maintain enterprise digital investments through 2023 even if inflation persists."

Perhaps it's because vendors are able to demonstrate that using fintech to shorten monthly financial close time can also help achieve

other valuable business goals, such as supporting digital sales channels and improving vendor relations.

A good place to start exploring is the ERP system reviews page at [BetterBuys.com](https://www.betterbuys.com).

### Prepare your people

Before rolling out a new tech tool for completing monthly financial close, you'll want to get a feel for how much time staffers will realistically need to adjust to the resulting changes in their workflows. If your teams don't have enough time to complete accruals, deferrals, adjustments or other key accounting activities, you'll have missing or incomplete information.

Consider providing training (the software vendor you choose should be prepared to help) and resources like a close playbook that describes each step in the new streamlined process. This guide should delineate a detailed schedule and state who's responsible for completing what. This should help resolve accounting resource conflicts and troubleshoot any constraints.

### Additional insights

If it's your reconciliations in particular that could use some streamlining, set aside an hour of your day for the [ResourcefulFinancePro webinar "Un-wreck Your Recs: How Not to Wreck Your Reconciliations"](#) with SkyStem Head of Sales and Support Nancy Wu, the author of "From Weeks to Days: Boarding the Mid-Market Financial Close Bullet Train."

[Read this Story Online](#) 

# RESOURCEFUL about FINANCE PRO

Powered by 

**R**esourceful Finance Pro, part of the SuccessFuel Network, provides the latest news, best practices and proven strategies for financial professionals. But we don't stop there.

Our editors read and vet hundreds of sources and hand-select the most relevant, practical content. Then we add our seasoned perspective and deliver actionable insights to help you understand what today's trends mean for your business.

## Meet Our Editors



### Brian Bingaman

Brian researches and writes about accounts payable, Finance technology and CFO management trends. Brian brings nearly 20 years of journalism experience to the *Resourceful Finance Pro* team.



### Scott Ball

Scott is a Senior Staff Writer for *Resourceful Finance Pro* with more than 20 years of experience writing for business professionals. He wrote for the trade publications *CFO & Controller Alert*, *Facility Manager's Alert* and *Environmental Compliance Alert*.



### Jennifer Weiss

Jennifer keeps readers current on Payroll news, covering topics such as employment taxes, fringe benefits and the Fair Labor Standards Act. She brings over 20 years of experience to the *Resourceful Finance Pro* staff.

## Get In Touch

**Phone:**  
484-207-6329

**Email Customer Support:**  
[support@resourcefulfinancepro.com](mailto:support@resourcefulfinancepro.com)

**Mailing Address:**  
660 American Avenue, Suite 203  
King of Prussia, PA 19406

## About

At *SuccessFuel*, we equip professionals to do great work with news and analysis, online workshops, step-by-step training guides, digital newsletters, and much more. Our sister brands include:



Not a  **RINSIDER** yet?

This monthly newsletter is just one of the benefits of being a Resourceful Finance Pro INSIDER. Find out more at [www.resourcefulfinancepro.com/join-insider](http://www.resourcefulfinancepro.com/join-insider)

become an Insider 