

RESOURCEFUL FINANCE PRO

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July 2022

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Get the best ROI out of your ERP purchase or upgrade **23**

Business travel: Why employee engagement goes hand in hand with cost savings **26**

Top 5 payroll errors & how to avoid them

RESOURCEFUL FINANCE PRO July 2022

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CFO News Briefs

Stories You Might Have Missed

What Payroll must consider when withholding tax from remote workers' pay

June 9, 2022

Even as many offices across the country reopen, hybrid work has become the norm. There are more remote workers than ever before. Many employees are spending all or part of their workweek telecommuting. And it's critical for Payroll to keep up with the tax implications of these work arrangements.

There are multiple problems companies can encounter with remote workers, as discussed recently in a session at the 2022 American Payroll Association Congress, "Employment Issues Encountered with a Remote Workforce", presented by Rebecca Harshberger, CPP, and Mindy Mayo, CPP.

[Read more](#) 

Latest on fair scheduling laws & how they could impact you

June 14, 2022

Fair scheduling laws are the latest trend employers need to be aware of to stay compliant and avoid big payouts and expensive legal battles.

In response to unpredictable schedules for workers in a variety of industries, including food service, retail and other "essential" professions during the pandemic, laws have been proposed and enacted that require employers to give workers adequate notice before changing their hours.

[Read more](#) 

IRS audits: Watch for these warning letters about your retirement plan

June 15, 2022

Be aware: IRS is starting to send letters to companies asking them to self-examine their retirement plans before selecting them for an audit.

The agency's Employee Plans department recently announced a compliance pilot program beginning in June 2022. Plan sponsors could receive a letter saying that their retirement plan has been selected for review.

[Read more](#) 

Fight turnover & keep 40% of your best employees from resigning

June 17, 2022

You'll need to keep brainstorming with HR about how to avoid the high costs of turnover at your company, since a new survey from Robert Half shows the Great Resignation isn't showing signs of slowing down anytime soon.

Over 40% of respondents to Robert Half's most recent Job Optimism Survey said they'll be looking for a new job during the second half of 2022.

[Read more](#) 

New DOL fines show 3 pay pitfalls companies must avoid right now

June 23, 2022

Recent settlements with companies like yours due to issues related to employee pay can remind your Payroll pros to continue to be cautious.

Here are three recent fines from the Dept. of Labor (DOL) regarding specific situations that could trip up your company – especially your Payroll team.

[Read more](#) 

Competitive compensation strategy: More than good pay needed to attract top talent

June 24, 2022

The ongoing Great Resignation is proof that an update to your compensation strategy may be in order. In fact, a study by Mercer found a majority of employers (70%) are re-evaluating their compensation and benefits because of challenges with attracting and retaining talent.

Your peers are realizing that current and potential employees are looking for more than a paycheck and medical benefits. Even flex-time and remote work are starting to become standard.

[Read more](#)

IRS: Form 941 reporting changes starting with Q2 2022

June 28, 2022

As the tax relief programs implemented by the American Rescue Plan Act continue to expire, it'll have an impact on your Form 941 reporting to IRS starting with the second quarter of 2022.

IRS has released revised editions of:

- Form 941, Employer's Quarterly Federal Tax Return, plus revised instructions
- instructions for Schedule B, Report of Tax Liability for Semiweekly Schedule Depositors

[Read more](#)

How to handle conflicting employee feedback on leaders & supervisors

June 29, 2022

If employee feedback on their managers' performance seems wildly contradictory from one person to another, the problem might not be flawed data.

For example, if some staffers say someone's a micromanager, while others say they need more guidance from that person, it's difficult to take any

info like that and analyze what adjustments or improvements could be made.

[Read more](#)

CFOs have cautious outlook, low optimism on economy this quarter, survey says

June 29, 2022

Your peers are feeling less optimism about the economy as prices stay high this quarter, according to the latest results from The CFO Survey, a collaboration between the Federal Reserve banks in Richmond, VA, and Atlanta, and Duke University.

In particular, the CFO Optimism Index, which measures participants' feelings about the economy on a scale from 0 to 100, is the lowest it's been in three quarters. This quarter, CFOs' optimism is at 50.7 – a significant decline from two quarters ago, when it was at 60.3.

[Read more](#)

Proposed changes to reduce Social Security shortfall: Potential impact on you

June 30, 2022

Your Payroll pros could be seeing some big legislative changes down the road to reduce the Social Security shortfall – especially since certain measures have significant bipartisan support.

In fact, both Republicans and Democrats are mostly in favor of altering the taxable wage base for Social Security benefits and other changes, according to recent data from a survey conducted by the University of Maryland's Program for Public Consultation.

[Read more](#)

Payroll tax violations can also get you in trouble with EEOC

July 5, 2022

It might not just be IRS that comes knocking if you slack off on your payroll tax withholding. A recent court case indicates the U.S. Equal Employment Opportunity Commission (EEOC) can also come after employers for failing to pay their share.

While resolving an EEOC sex discrimination lawsuit against the Detroit-headquartered Sherwood Food Distributors LLC, a federal trial court held the company in contempt of court for failure to pay payroll taxes.

[Read more](#) 

E-filing changes IRS must make soon, new report says

July 5, 2022

IRS needs to make some significant improvements if it wants to boost businesses' rates of e-filing. That's according to the latest annual report from the Electronic Tax Administration Advisory Committee (ETAAC).

Each year, ETACC makes recommendations to the Service for changes it needs to make to modernize operations and make tax filing smoother for both individuals and businesses. Increasing e-filing rates has been an IRS priority for years, and the agency must make key updates if it wants this to happen.

[Read more](#) 

Why flexibility is critical for productivity & retention right now

July 6, 2022

Ever since the pandemic caused a shift to remote work, more employees value flexibility than ever before.

And that's caused some new productivity trends to take shape that you should know about.

[Read more](#) 

Survey shows why you & Payroll should track remote workers' hours carefully

July 8, 2022

Are you making sure you and Payroll are accounting for all the time your people spend working, especially for your remote workers?

You may think you know how many hours employees are working each day in the office and at home based on the hours they're typically scheduled to work. However, you might want to take a second look, based on the results of the most recent BLS American Time Use Survey.

[Read more](#) 

A/P News Briefs

Stories You Might Have Missed

Heads up: IRS makes rare move to increase standard mileage rate midyear

June 9, 2022

Tell A/P and Payroll to update their records now: In a rare move that hasn't happened in over a decade, IRS has just announced a midyear change to the standard mileage rate.

The cost of fuel has skyrocketed across the country due to numerous factors, including the war between Russia and Ukraine, along with rising rates of inflation.

[Read more](#) 

New study says almost 1 in 10 invoices are double-paid: Here's help

June 10, 2022

New research shows nearly 1 in 10 invoices are duplicates, meaning your A/P department might be double-paying vendors without even realizing it. That's an issue that negatively impacts your cash flow, and it must be resolved ASAP.

After reviewing \$500 million of its customers' invoices over a 12-month period, A/P automation provider OpenEnvoy found that 8.5% of the invoices companies received were duplicates.

[Read more](#) 

Definition will change for a taxable 'digital product' in Maryland

June 15, 2022

HB 791 updates the definition of a taxable "digital product" in Maryland. And good news: Computer software and other services your company may purchase won't be taxable once the bill's in effect.

Effective July 1, 2022, the following applications are specifically not subject to sales and use tax, per the bill:

- A product with electrical, digital, magnetic, wireless, optical, electromagnetic or similar capabilities where the customer holds a copyright or other intellectual interest in the product, as long as the customer uses it solely for commercial purposes (including marketing or advertising), and
- Computer software or cloud-based applications purchased or licensed solely for commercial purposes in an enterprise computer system, including operating programs or application software exclusively for the enterprise software system, that are housed or maintained by the customer on a cloud server. (The software can be hosted by the customer, a software vendor or another third party.)

[Read more](#) 

Updated regs on marketplace facilitators & sales tax in Oklahoma

June 16, 2022

Sales tax may be soon be collected by marketplace facilitators during more purchases in the Sooner State. Here's why: SB 1339 updates the definition of what's considered a marketplace facilitator.

As of Jan. 1, 2023, the new definition says that a marketplace facilitator is now a person that facilitates the sale at retail of a marketplace seller's product. Previously, the language in the definition was more narrow, stating "tangible personal property."

[Read more](#) 

Marketplace facilitators & sales tax in Indiana: Latest government guidance

June 23, 2022

There's new guidance on marketplace facilitators and what transactions they're required to collect taxes for in Indiana under SB 382.

The Dept. of Revenue recently released an updated Information Bulletin #89 on sales tax, effective July 1, 2022. This replaces the bulletin released in June 2019.

[Read more](#) 

Electronic payment update: PayPal makes 2 changes that impact businesses

June 23, 2022

PayPal is making some updates to its business accounts that your A/P and A/R teams need to know about if you're using the service to make and receive electronic payments with vendors and customers.

Here's a rundown of the changes.

[Read more](#) 

Time to re-evaluate your A/P software? 7 areas to check

June 27, 2022

Will the A/P software suite you have in place be able to meet your company's payment volume, compliance and security goals for this year and beyond?

If you're not sure, it may be time to huddle with IT and your CFO to assess whether what you have will be adequate or if it's time to take a look at newer A/P software.

[Read more](#) 

Online training platform was primarily educational & exempt from tax in Texas

June 30, 2022

If your firm provides employees with training directly through an online platform affiliated with a college or university, the fee for accessing the platform isn't subject to sales tax in the Lone Star State.

That's according to a recent private letter ruling from the Texas Comptroller of Public Accounts. In Private Letter Ruling No. 20210419122306, a healthcare company wanted to know if the purchase of a cloud-based online platform to provide nursing students and other healthcare pros with continuing education courses that involve various clinical care simulations was taxable.

[Read more](#) 

7 keys to optimizing your vendor contract management system

July 1, 2022

It's up to A/P to double-check vendor contract terms to make sure everyone's sticking to them, as well as to handle the renegotiation of contracts.

In order to be able to easily access contract documents, and not waste time hunting down misplaced pages or sections, strong contract organization is essential.

[Read more](#) 

Guidance sheds light on taxability of 'enterprise computer systems' in Maryland

July 8, 2022

The Maryland Comptroller of the Treasury has provided businesses with additional clarity on some of the tax changes made by HB 791, which recently updated the definition of a "taxable digital product."

In the latest revision of the state's Business Tax Tip #29, the comptroller states what an "enterprise computer system" includes, since these systems are specifically exempt from sales tax under the new bill – but the bill itself didn't define what they are.

[Read more](#) 

For paperless A/P, these internal control best practices must be in place

July 8, 2022

Many of your peers learned from the pandemic that a paperless A/P department can benefit every level of the organization, putting the focus on individual transactions instead of clusters of documents.

But as consultant, author and former CFO Carl L. Young said in the Premier Learning Solutions workshop "A/P Internal Control Best Practices: Going Paperless," a paperless transformation in the current work-from-anywhere environment many businesses have right now makes it more challenging to control expenses and cash – along with waste, fraud and misuse of company funds.

[Read more](#) 

5 ways A/P managers can help stop fraud

July 11, 2022

Your A/P leaders have an important role to play in keeping company cash out of the hands of criminals.

According to the Association of Certified Fraud Examiners' report "Occupational Fraud 2022: A Report to the Nations," there's a lot of cash being lost. The global average loss case amount just from internal fraud is estimated to be more than \$1.7 million. More than half (54%) of businesses in the U.S. and Canada that have been victimized haven't been able to recover anything that was lost.

[Read more](#) 

Upcoming Events

Free Webinars

Wednesday
July 20th
2022



Everything You Need to Know About A/P Automation (But Were Afraid to Ask)

sponsored by learn more 

Wednesday
July 27th
2022



How Finance Leaders Fight Inflation by Optimizing Working Capital

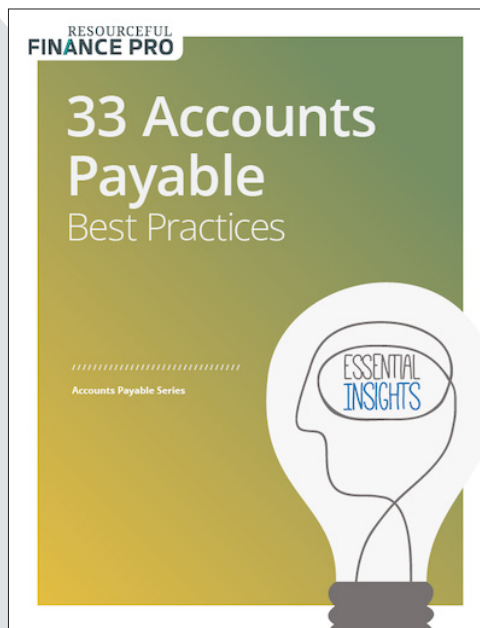
sponsored by learn more 

Thursday,
July 28th
2022



Becoming a Finance Ninja: Leveraging Data to Excel Finance Team KPIs

sponsored by learn more 



Exclusive Finance Pro Guide

33 Accounts Payable Best Practices Part of the Accounts Payable Series

A/P is traditionally seen as a cost center, but there's potential for significant savings - while keeping compliance high - by employing some key best practices.

Chances are your procedures are already solid. That's why this report delivers 33 road-tested ideas, techniques and best practices to help you take it even further.

It will help you save more time, **more money and avoid costly errors** - all without having to bust your budget or completely rework your existing processes.

get the guide 

Discrimination protection: Another reason why worker classification matters

When company lawyer Eric Hughes strolled up to the entrance to A/P Manager Jenn Smith's office, she noticed his suntanned face right away.

"Hi, Eric. Did you just get back from vacation?" Jenn asked.

"Yeah, but I'm hitting the ground running today," he replied. "I have a quick, but important, question for you. Was Rachelle Richardson an employee or an independent contractor?"

"Rachelle was officially an independent contractor," Jenn said. "Her contract was for two years, with an option to extend it."

"You're 100% sure she was a contractor?" Eric asked.

"Let me guess – she's taking us to court," Jenn said.

Discrimination & worker classification

"Yes, and she's claiming racial and sex discrimination, hostile work environment and retaliation," Eric said. "But if she's an independent contractor, she has no case."

"Oh that's right – Title VII covers employees, but not contractors," said Jenn. "Those accusations really don't look good, though."

"I know," Eric said. "The EEOC gave her a right-to-sue letter, so I need to interview the people here that Rachelle interacted with to make sure the company didn't directly control her work or her schedule. Otherwise, a judge could declare her an employee, and we'll be in big trouble with these complaints she made."

Was Jenn's company successful in getting the worker's lawsuit dismissed?

The decision

Yes. The judge dismissed the suit on the grounds that Rachelle was working as an independent contractor, and therefore wasn't protected by Title VII of the Civil Rights Act.

However, the court is allowing her time to file an amended complaint, so it's not over just yet.

Using a 13-prong test – including level of supervision and control of the work schedule – the judge ruled that



Discrimination protection: Another reason why worker classification matters

the worker failed to demonstrate an employer-employee relationship and wasn't entitled to damages.

For example, the contract with the extension option "suggests, but does not establish" the worker's status as an employee, the court said.

Analysis: Worker classification makes all the difference

Title VII of the Civil Rights Act protects employees from discrimination based on race, sex, religion or national origin. However, the employer in this case dodged a bullet because the law doesn't extend to independent contractors.

If the worker in this case could've shown that the job assignment had no

set end date, or that she was provided with employee benefits, or assistants or equipment to help do her job, the outcome could've been different. If that had happened, the lawsuit would've continued as-is.

Even with that reprieve, the company isn't quite out of the woods. So this legal headache is a reminder of the need to train company supervisors about avoiding workplace discrimination. And although employers have less liability with independent contractors, it's good business sense to treat them respectfully.

Based on Mwangi v. Passbase Inc. This case was fictionalized for dramatic effect.

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

PREVENT EXPENSIVE MISTAKES WITH **WAGE AND HOUR COMPLIANCE**



CFO Payroll

Top 5 payroll errors companies make now & how to avoid them

 by Jess White

Even the most careful employers can make payroll errors that could cost them big bucks, as outlined in a recent presentation at the 2022 American Payroll Association Congress.

Between the Fair Labor Standards Act (FLSA) and state-specific wage and hour laws, it gets tricky to stay in compliance with all the regs out there. In fact, 70% of companies aren't in compliance with the FLSA in some way, according to the Dept. of Labor (DOL). And there's likely many issues with state laws, too.

Payroll errors lead to lawsuits

The possibility that employers could end up embroiled in an expensive

lawsuit due to payroll errors is high. From 2009 to 2019, wage and hour related class-action lawsuits vastly outnumbered any other type of workplace legal cases.

And "we didn't know it was happening" isn't always a valid defense. The DOL could charge an employer with a "willful" violation of the FLSA if the agency felt it should have known about the violation, yet did nothing to correct it.

During the presentation, Daniel Messeloff, Esq., a partner at Tucker Ellis, LLP, highlighted the top five reasons why employers end up entangled in wage and hour lawsuits.

Here are the most common reasons for Payroll-related lawsuits – and how you can prevent issues with your Payroll team.

1 Not paying nonexempt employees for all time worked

While it may seem like a no-brainer that you need to pay employees for the hours they work, the waters have gotten murkier on what's considered time worked in recent years – especially with the rise of teleworking and technology that allows employees access to emails and company systems at all hours.

Bottom line: If someone's performing work tasks, they need to be paid for that time. Nonexempt employees may be working during nights and weekends outside of their scheduled hours, which can easily lead to overtime violations if that time isn't tracked correctly.

Top 5 payroll errors companies make now & how to avoid them

To avoid issues with paying for all hours worked, make sure supervisors are trained to spot signs of any off-the-clock work (e.g., emails received at off-hours) and talk with the employee to see whether they're working any extra hours that aren't being accounted for in their pay.

2 Miscalculating overtime

Your Payroll team knows the basics of calculating the regular rate of pay for overtime purposes. However, it can sometimes be tricky to determine what types of compensation should be included in the regular rate. And that can be a significant cause of payroll errors.

Here's a good guideline to follow from Messeloff: Any payment an employee receives that's based on or measured by the person's hours worked, production or efficiency should be included in the regular rate of pay. This includes commissions, shift differentials, certain bonuses and other incentive payments.

Payroll should ask themselves: Would an employee's knowledge of this payment persuade the person to work additional hours? If so, then it should be included in their calculations.

3 Deducting for meal breaks

The FLSA doesn't specifically require meal breaks for employees. But multiple state employment laws do mandate meal breaks, and nine states require both rest breaks and lunch breaks.

Employees haven't always gotten the memo. Only about one in five

workers leave their desks for lunch. Many employers automatically deduct time from pay for meal breaks – which becomes an FLSA violation if they're spending that time working.

With that in mind, it's important to make sure your people are taking their breaks as legally required. If a nonexempt employee spends their lunch break working at their desk, they'll need to be paid for that time. Supervisors need to hammer home the importance of taking meal breaks and not working through lunch.

It's also key for Payroll to avoid automatically making meal break deductions whenever possible. It may take more time now, but it could avoid big violations due to payroll errors later.

4 Misclassifying employees as exempt

Close to 8.6 million American employees are misclassified as exempt, which means worker classification is an issue for many companies.

The current salary threshold for exempt employees is \$684 per week (or \$35,568 a year). Various exemptions exist under the FLSA. Common ones used by employers include the executive exemption for supervisors and the administrative exemption for employees performing office work.

Often, employers assume that positions with "manager" in the title are automatically exempt. That's not always the case. Duties matter, and each exemption comes with specific tasks the employee must regularly complete to be eligible.

Job descriptions tend to shift and change over time, so workers may end up doing tasks as managers

that can actually make them eligible for overtime pay. Regularly asking "what does this employee actually do?" and evaluating their current duties will help you avoid inadvertent FLSA violations. Keeping job descriptions updated and accurate is also important.

5 Failing to keep accurate time records

Recordkeeping is tedious and can trip up even the most seasoned Payroll pros. Time records for nonexempt employees need to contain specific elements, per the FLSA, including:

- When the employee's workweek begins
- Daily hours worked for each employee
- Total hours each employee worked during the workweek
- The basis on which employees are paid (e.g., hourly, weekly)
- Total earnings (which includes all additions or deductions), and
- The date of each paycheck and the dates covered by the pay period.

Manual processes, including paper recordkeeping and data entry, make tracking all this necessary data even more difficult, so automation is key. Software solutions can help you avoid payroll errors. These programs can automatically double-check that all info is saved, accurate and easily accessible to employees – as is required by many state wage laws.

[Read this Story Online](#) 

Newly added Excel text functions that increase efficiency

One of the newest Excel text functions that can save you time is Flash Fill, which combines text data without needing to create a formula.

When you type Excel text in a cell that combines text from different columns – for example, a person’s first name that’s in one column and that person’s last name in another column – and hit Enter, Excel may sense that there’s a text pattern you might want applied.

When you start typing in the next new cell, an overflow list of possible entries that fit the pattern may appear. If this is the pattern you want applied in the column, hit Enter to complete the entries. If you click into any of those cells, it won’t be a formula that appears in the formula bar – it’ll be straight text.

In the LearnExcelNow workshop “Excel Updates: New Formulas You Need to Know,” presenter Mitzi Katz said Flash Fill has one important rule: “The column that you’re combining the data in cannot be separated from the source columns by a blank column. You can split them apart later, if you want.”

Also keep in mind Flash Fill is case sensitive.

What happened to CONCATENATE?

Flash Fill can be used in place of the old, built-in Concatenate formula.

According to Microsoft, the formula-based CONCATENATE Excel text function is supported for now, but is being phased out in favor of CONCAT in the Excel “Text” function library.

Unlike CONCATENATE, CONCAT can combine Excel text from multiple ranges and/or strings as well as individual cell references. CONCAT automatically ignores empty cells, but isn’t as useful if you need a common delimiter, such as a space or comma.

To join many values with a common delimiter, you’ll need to use TEXTJOIN from the “Text” function library. TEXTJOIN can do everything CONCAT can, but has the options of applying a delimiter and either ignoring empty values or accepting them as “TRUE.”

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

Ready for future business disruption? 3 key change management areas to assess



by Brian Bingaman



MAKING CHANGE READINESS PART OF YOUR CULTURE

More than 70% of your peers are “very” or “extremely” confident in their organization’s ability to quickly handle a variety of business disruptions – including data breaches, labor shortages, supply chain issues, natural disasters and major changes in the competitive landscape.

That’s according to the Ceridian 2022 Executive Survey.

These business leaders may be thinking that if they survived COVID,

they can survive anything. However, the survey also reveals that organizations need to be making additional investments to become truly resilient when facing business disruption in the future.

Becoming business-disruption proof

A panel discussion in the Ceridian webinar “Not Quite Disruption-proof: Survey of 2,000 Leaders Reveals Gaps in

Workforce Change Readiness” concluded that to navigate business disruptions, employers will need to have a skills development strategy to maintain top talent, enable their workforce to adapt and build a culture of learning.

Panelist Alexandra Levit, a Wall Street Journal columnist, author and consultant, cited research by LinkedIn that indicates the skillset for the average job, regardless of industry, has changed 25% since 2015.

Ready for future business disruption? 3 key change management areas to assess

A skills development strategy can involve internal training programs (e.g., reskilling, upskilling or cross-skilling for adapting to evolving job roles), job shadowing and mentorships, promoting highly skilled employees to higher impact roles and/or investing in technology to track skills gaps.

"If they develop their (human) resources, their resources are retained, and they have less cycles of going to the market and paying a competitive dollar or a current market rate dollar," said panelist Genaro Baez, director of HR operations, learning and development and talent acquisition of Milwaukee County, WI.

Levit recommended starting with a baseline training program toolbox that helps workers develop:

- soft skills (interpersonal communication, emotional intelligence, good judgement)
- hard skills for doing specific jobs
- applied technology skills (training on relevant software to help employees do their jobs proficiently)
- institutional knowledge (how to handle different scenarios on the job), and
- growth and adaptable mindsets.

The value of succession planning

Not having an effective succession plan is risky. What if a pool of your company's managers wins the lottery and they don't have to report for work anymore?

Here's evidence: 68% of survey participants said they were concerned about key roles being unfilled. The survey also found that almost half (43%) of key leadership roles remain vacant for four months or longer. It's not the kind of situation you'd want if a crisis suddenly strikes your business.

Although most organizations hire external candidates for senior leadership roles (74%), it might be wise to consider taking a skills inventory of your existing talent. "Organizations can benefit from increasing their investment internally to fill those roles faster and minimize disruption," said the authors of the survey.

Baez added that managers coming from outside the organization are on a learning curve and lack the "native knowledge" of your operations that would be critical to have should a significant business disruption occur.

Levit noted that there are AI-enabled job intelligence software solutions that use algorithms to objectively evaluate relevant skills, experience and attributes among the people within your organization. Eliminating human bias, an internal candidate for leadership succession who would otherwise get overlooked can emerge.

"If somebody has experience, let's say, in strategic planning, how easy would it be if that person doesn't currently have the leadership skill of budgeting ... to train the person in the budgeting skill so that they have their full suite of capabilities that they need to become a leader?" she said.

DEI & change readiness

Almost half (46%) of survey respondents reported that they implemented Diversity, Equity and Inclusion (DEI) strategies specifically to be ready for change. More than a third (35%) said that the different perspectives from having a variety of ages, genders, ethnicities, religions, etc. in their workforce allows their organization to be more innovative.

"Diverse, empowered teams working in inclusive, equitable environments can create products that appeal to a wider range of customers," said Donnebra McClendon, Ceridian's global head of DEI, adding that "significant financial investments" in DEI strategies will be necessary to make initiatives impactful.

At the same time, only 33% think that DEI progress is being made in their organization, and 19% said that they're not seeing DEI impact on company culture.

Levit believes this is because the person or team in charge of DEI at many organizations lacks adequate resources, tools and clear key performance indicators (KPIs).

"Look at sentiment data. I think this is something we all have available at our disposal. Do people feel psychologically safe? Do they feel like they belong in your organization? And surveying different groups in different geographies and then slicing and dicing the data in different ways can give you some tremendous insights that you can then go and follow up on it in focus groups or through advocacy groups," she said.

[Read this Story Online](#) 

Supplier stops production for nonpayment: Breach of contract?

"Bill, we have a big problem," A/P Manager Jennifer Green began.

CFO Bill Keeper groaned. "Not what I wanted to hear a week before I go on vacation," he replied.

"Read this email from Old Grove Industries," Jennifer said.

"Our No. 1 supplier?" Bill asked.

He read the message on Jennifer's laptop and his jaw dropped open. The company's biggest supplier was giving 30 days' notice that it was terminating its contract due to nonpayment.

To make it worse, if the outstanding amount wasn't paid in full by 60 days, the supplier would cease production of important materials and wouldn't provide "transition support" manufacturing after ending the contract. The business disruption could be significant.

What does contract say?

"Oh, I see what's happening," Bill said. "They're telling us to pay up on those invoices we didn't approve because we're disputing the amounts."

"So they're punishing us even though we paid every single undisputed invoice?" Jennifer asked. "That can't be allowed by our contract – I have it right here for you to look over."

"Yeah, this is definitely breach of contract," said Bill, skimming through the agreement. "They're also trying to say they don't have to continue production because 'transition support' can mean they'll help us obtain equipment to do the manufacturing ourselves."

Even though Bill's company was still formally disputing the invoices, the supplier immediately halted production on all orders. So the company sued, asking for a preliminary injunction to resume production. Did a judge grant the injunction?

The decision

Yes. A judge said the supplier for Bill's company was obligated to maintain production as outlined in the contract, regardless of the dispute over the invoices.

The supplier argued that the contract language mentions "transition support"



Supplier stops production for nonpayment: Breach of contract?

services that can be provided as an alternative to temporarily continuing manufacturing goods for the company.

The court disagreed, pointing out that the contract says termination of the agreement for nonpayment doesn't apply to disputed payments. The judge also said that the supplier agreed to "continue to manufacture and supply products" and that, if anything, the "alternatives" are additional services.

Also, considering the "balance of hardships" for both businesses from a preliminary injunction, the judge said that Bill's company would fare much worse from being cut off by a critical supplier

Analysis: Have a supplier backup plan


Courts tend to pay close attention to the wording in contracts, so it's top priority to get that right and then have your legal team double-check.

But this case also demonstrates how important it is to avoid putting all your eggs in one basket when it comes to suppliers.

It's a smarter strategy to cultivate a network of backup suppliers in case something goes wrong. For example, what would happen if a key manufacturing plant gets destroyed by a natural disaster?

In addition, relying on a single supplier, or being locked into an exclusive contract with a supplier, is way too risky in today's unstable supply chain climate.

Based on The Avon Company v. Fareva Morton Grove Inc. and Fareva S.A., No. 22 Civ. 4724 (AKH), US D.C. S.D. New York, 6/21/22. Dramatized for effect.

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Unpaid interns: New case shows how employers can avoid wage & hour lawsuits



by Jess White

Following federal guidelines for internships keeps companies in compliance



Many employers welcome a fresh-faced crop of interns each summer, and often, they're unpaid interns.

A recent court case illustrates why you and your Payroll team should be careful when dealing with interns this summer and beyond.

What courts say after unpaid intern sues

In *McKay v. Miami-Dade County*, a woman in Florida had signed up for an autopsy forensic photography training program sponsored by the county. She decided to participate in the program to train in the field without the need for additional schooling. The county's six-month program was free of charge, and interns weren't paid.

As part of the program, interns received training and completed assignments under varying levels of supervision from staff. The woman participated in the program for about five months, then quit before finishing it.

Early the next year, she filed a lawsuit against the county, alleging that she should've been paid minimum wage and overtime for her time worked under the Fair Labor Standards Act (FLSA). Particularly, she said the county abused the training program and used interns to "save ... labor costs."

Ultimately, the employer won in this case, and the 11th Circuit upheld

Unpaid interns: New case shows how employers can avoid wage & hour lawsuits

the district court's decision on a recent appeal. The woman was clearly an intern, not an employee, because she was the party who benefited most from the relationship.

Although the employer did receive free labor, the intern pursued the program instead of obtaining formal schooling for forensic photography. Completing the program would've saved her money and time, so the internship was mostly for her benefit.

As the district court said, the woman's "free internship allowed her to develop skills in forensic photography over a short period of time, imparting a significant benefit to her."

Feds' latest criteria for internships

To affirm the district court's decision, the 11th Circuit used the "primary beneficiary" test endorsed by the Dept. of Labor (DOL). This test can help employers determine if the college student who's working for the summer or the semester is an employee entitled to wages under the FLSA or an unpaid intern.

The test contains seven elements that you should consider with your internship program, especially if you have unpaid interns. Look closely at the extent to which the:

- Intern and the employer understand the internship is unpaid. If an employer promises an intern compensation, either directly or indirectly, this suggests the intern is actually an employee under the FLSA.
- Internship provides training that would be similar to what an intern would receive in an educational environment. This includes hands-on training that's often provided by various

colleges, universities and other educational institutions.

- Internship is tied to the intern's formal education. If an intern's receiving course credit for participating in the internship, or if it's directly tied to their coursework, they're typically the primary beneficiary.
- Internship accommodates the intern's academic commitments. An internship that's tied to the intern's school calendar (e.g., if it only lasts for the summer or for an academic semester/quarter) likely benefits the intern more than the employer.
- Internship's duration is limited to the period where it provides the intern with beneficial learning. If the internship is shorter and designed to give interns direct experience in the topic they're studying, this may further prove it's for the intern's benefit.
- Intern's work complements the work of paid employees while providing the intern with benefits. Unpaid interns can't be used for cheap labor. It's best if they're working with employees as they learn, instead of doing tasks employees should be doing on their own.
- Intern and the employer understand that there's no guaranteed paid job at the end of the internship. While you're free to hire interns that have potential after their internship ends, promising them up front that you'll do this can imply that there's an existing employer/employee relationship.

Other exemptions apply here, too, the DOL said. The FLSA does allow people to volunteer for state or local government agencies and be unpaid for certain services. The same is true for nonprofit food banks.

And having unpaid interns who volunteer their time to a nonprofit organization for charitable, civic, humanitarian or religious purposes is generally allowed under the law.

Employers *can* benefit

Also of note: Even if an employer does benefit from hosting an internship program, that doesn't necessarily mean that interns should automatically be paid.

As the district court said in its decision with McKay, "there is nothing inherently wrong with an [employer] benefiting from an internship that also plainly benefits the interns." Unpaid internships should primarily benefit the interns – not solely.

Ultimately, as long as you can prove your company's internship program for unpaid interns and students meets the DOL's requirements and interns benefit the most, you'll be protected against costly wage and hour lawsuits like McKay.

You might need to work with Payroll and HR to see if your unpaid interns' job responsibilities align well with the above-mentioned factors – and to determine whether you should be paying interns if you aren't already.

And if your interns are paid, it's vital to make sure you're following the overtime and minimum wage requirements of both the FLSA and your specific state/locality – especially if you're employing students who are under 18, since there are also child labor laws to consider. These Payroll issues can trip up even the most careful employers.

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Found spend management, automation solutions that unlocked working capital

The Procurement and Finance teams of one of our clients needed more spend and payment visibility to make better decisions.

Some vendors were halting delivery of goods and merchandise because they hadn't received a paper check. In other cases, the opposite was true, with vendors being paid in less than 10 days and us not leveraging payment terms.

We looked into why this inconsistency was happening and realized the business had a fragmented P2P cycle that struggled to make payments to vendors while also observing complex payment agreements.

While there was optical character recognition to automatically capture data from paper invoices, we were still relying on error-prone manual account coding and expense report reconciliation.

After taking a step back to make a holistic assessment of the company's P2P process, it looked like automating it end-to-end was the best way to move forward.

Needed spend management component

A few of the must-haves we needed from our automation partner to make things more seamless:

- Automated three-way invoice matching
- Automated invoice validation
- End-to-end invoice traceability
- Full mobile access, and
- Adequate controls to prevent fraud.

Quite a few fintech vendors could tick off those boxes. So to narrow down the field, we decided the platform we chose had to include a spend management module.

That was the much-needed, common "single source of truth" that A/P, Procurement and our CFO could access to see how much preapproved cash in the budget there was to work with. We now have the total visibility we need to control and guarantee spend compliance, and reduce spend leakage. An unexpected feature of



Found spend management, automation solutions that unlocked working capital

the automation platform that we didn't realize we needed was one-step vendor onboarding. Vendors that we're realistically only going to use once don't want to deal with a complicated onboarding process. The simplified onboarding saves us time and makes us more attractive to potential vendors.

Next steps

Because of automation in A/P, we met our goals of faster, more accurate invoice processing, digitizing most of our payments and reducing the days to close. With most of the repetitive, manual tasks being handled by the software, that freed up our staffers to focus on projects like identifying where savings for the company could be hiding.

Our team started analyzing the vendor contracts and discovered several that could stand to have their payment terms renegotiated for optimizing our days payable outstanding (DPO).

We also realized that a lot more vendors are accepting credit cards these days because they can't afford to lose out on the revenue. Since we had corporate cards and virtual cards connected to our spend management software, we learned we could make more big-ticket purchases while deferring payment and get some nice cashback rebates on top of it.

Now we're strengthening valuable vendor relationships, leveraging payment discounts, bringing in a new source of cash via card rebates and maximizing DPO in an effort to optimize cash flow.

(Ulrika Haug, Senior Director of Product Marketing, Coupa, as presented in the IOFM webinar "Futureproof Your Financial Health")

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Get the best ROI out of your ERP purchase or upgrade



by Brian Bingaman

STEPS TO TAKE TO OPTIMIZE EFFICIENCY, PRODUCTIVITY



An ERP (enterprise resource planning) system can be the catalyst for optimizing operations for your organization.

According to Panorama Consulting, 95% of businesses experienced an improvement in their processes after implementing an ERP system. In addition, research by The Aberdeen Group says small businesses experience a 36% reduction in the time it takes to make decisions because of ERP software.

But is an ERP purchase or upgrade worth the initial investment of money, time and effort that's involved in deploying and using it?

Time to make the ERP change?

If you answer "yes" to any of these questions, it's a sign it may be time to consider an ERP system – or an upgrade – to improve efficiency:

- Are your teams using spreadsheets to keep track of similar data?
- Is too much time being spent compiling data for client reports?
- Is it often unclear how much inventory you have and how much you need to reorder?
- Do team members often book

orders, but then discover the items aren't in your warehouse?

- Is your company having any other difficulties meeting customer demands?
- Are metrics such as productivity levels difficult to track down and monitor?
- Is it difficult to retrieve customer-specific financial information?

When communication breaks down between siloed departments or core business processes that depend on each other, it can hurt your bottom line. An ERP should remedy that by integrating functions, eliminating

Get the best ROI out of your ERP purchase or upgrade

duplicate processes and organizing important operations data. For instance, when a new sales order gets processed, the software should automatically prompt interaction with your inventory, Finance and shipping departments.

With all the supply chain disruptions since COVID, having supply chain processes linked to an ERP can improve visibility and contribute to faster decision-making, leading to flexible sourcing and a more connected supply chain network that can better respond to customers' needs and prevent setbacks.

In addition, implementing or upgrading an ERP system is a key step to take in automating time-consuming manual processes in A/P, A/R and general ledger accounting. ERPs reduce the risk of data entry errors, since information only has to be entered once into the centralized system.

Where to begin

The time and money saved by streamlining and/or automating business processes, maximizing workflow efficiency and improving communication can lead to lower operational costs that drive business growth and profitability.

However, because exploring something as complex as an ERP system can seem overwhelming, here are some good first steps to take:

- Meet with your employees and major stakeholders to find out what operational challenges they're experiencing from using multiple systems or an older ERP.
- Perform an audit on your current processes and systems and analyze how a new ERP purchase might specifically improve your workflows. Do you need a system that's designed for a specific industry, such as manufacturing, retail or health care?
- Go to *BetterBuys.com* for a free ERP Vendor Comparison Guide featuring reviews on over 50 ERP software solutions.
- your organization's functional requirements
- the number of user licenses and their access levels (since not everybody in your company will need to access all system features and functions)
- costs related to customization, like how many modules or third-party add-ons you may need
- costs involved with change management and training (keep in mind that implementation could take as long as several months to a year), and
- the type of technical support contract you choose.

Some experts recommend dedicating at least two to four months to researching and evaluating the systems on the market to find the one that's the best fit.

Some metrics to capture to fairly compare an existing system (or systems) to your next one:

- time and labor cost/savings
- amount of waste and scrap
- factory, warehouse and production efficiency
- general operating costs
- data management and analytics, and
- compliance and safety expenses.

How much is it going to cost?

Up-front costs are lower than they used to be, thanks in large part to the emergence of subscription model, cloud-based software. But the cost of the platform you choose will depend on a lot of factors, such as:

And if you're favoring a subscription pricing model, will the total cost be affected by your frequency of payments (e.g., monthly, quarterly, annually) or the length of the contract?

Also consider: If you're only going to realistically use half of a system's available features, you may be able to make an arrangement to just pay for what you need when negotiating with the software vendor. It might be worth asking the vendor if it would consider a pay-as-you-go license.

You also might be able to save money by having your IT team or developers configure and customize an ERP solution that best meets your needs. But keep in mind that any mistakes can be expensive to fix, so you'll need to evaluate if your tech people have the right skillset to take on customization projects.

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What needs to be in the contract of an independent contractor?

Q: We're having to hire more gig workers than we did before. Because we don't want to get in trouble with the IRS or Dept. of Labor, what should be in their contracts to make it crystal-clear that they're independent contractors and not employees?

A: There are quite a few areas to watch for in contracts with gig workers, and maybe some you hadn't considered.

Tricia Richardson, CPP, SPHR and SHM-SCP, had these must-haves on her checklist during the Premier Learning Solutions online workshop "FLSA Compliance Update: Avoiding Wage Nightmares:"

- Clear identification that the worker is an independent contractor
- A description of the work and the expected completion date
- A note that the worker is performing the work with no direction given by the company
- A note that no tools or equipment will be provided by the company (If you provide access to a laptop, for example, that could trigger reclassification as an employee.)
- Identification of the separate business location of the independent contractor (could be their home address)
- A note certifying that the worker has any license required by law to do the work
- A note certifying that the worker has their own workers' compensation and liability insurance (since some state and local laws require a minimum amount of coverage for certain occupations)
- Identification of any penalties for voiding the contract ("If an employee quits, you don't get to charge them for work that you thought they were going to do, and didn't do," Richardson said.)
- Identification of the total costs being paid to the contractor, and
- The worker's signature, including on any amendments that are made to the contract along the way.

Richardson recommended steering clear of reimbursing expenses for an independent contractor. That could change their status to employee and trigger back income tax withholding and Social Security and Medicare tax contributions, as well as for penalties for misclassification.

For example, if you pay a speaker to make a presentation to your employees, and then also reimburse their airfare, that could make the speaker an employee of your company in the eyes of the feds. Any independent contractor worth working with needs to be able to assume the risk of financial loss, said Richardson.

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HOW TO KEEP TRAVELERS MINDFUL OF COST SAVINGS WHILE KEEPING THEIR MORALE HIGH

A/P Accounts Payable / Cost Control

Business travel: Why employee engagement goes hand in hand with cost savings



by Jess White

T&E is one of a company's biggest costs. While you want to keep these expenses under control, many employees see business travel to exotic locales as one of the perks of their jobs, so it can be a tough balance to achieve.

As the pandemic eases and summer weather emerges, more people may get the travel bug and will eagerly go on business trips. In fact, research from TripActions shows that the number of travelers booking flights at companies has recently increased 16% for enterprises and 17% for midmarket companies compared to bookings shortly before the pandemic.

Smart companies will leverage that feeling to keep morale high with their people, especially as the Great Resignation continues to influence employees to seek out greener pastures.

And while they're capitalizing on this increased desire for travel, it's a good idea for companies to partner with their employees to make sure they're active participants in controlling business travel costs.

The goal is to get them to see it as a beneficial compromise: Employees get to continue traveling if they agree to be mindful of price increases and do their best to keep expenses compliant and under control.

Here's an effective game plan employers can use to keep their business travelers' morale high while saving money.

Strategy to tackle business travel

For starters, it's important for managers and execs to lead by example. If the top brass are cost-effective travelers, other employees will follow suit.

Execs should be up front about any accommodations they're making to save money when taking business trips (e.g., foregoing first-class flights or staying with local friends/colleagues instead of booking

Business travel: Why employee engagement goes hand in hand with cost savings

hotels). Then, other employees will follow their lead. And they'll feel better about making more cost-effective decisions because they know the folks at the top are also making them.

It's also a good idea to be honest with employees about how their travel decisions impact the company's bottom line. If they're aware of how their choices affect the company's general financial health, they'll be more likely to hop on the bandwagon. Transparency is important.

Another good way to encourage employees to save costs is by offering them incentives. Perhaps the person who saved the most money on a business trip in a quarter could receive a gift card. Or there can be rewards for teams/ departments that make cost-effective travel decisions.

Giving employee visibility into how much their decisions can save their companies money can be beneficial here. If you provide them with clear data on travel expenses and budgets, they'll know the company's objectives and will be able to align their spending decisions with your budgeting goals.

Using an expense management solution can assist with this visibility and help employees stay on top of their travel expenses. The solution will automatically track what they spend on business trips and make sure they stay within established spending limits. Some solutions can even tell them which expenses are eligible for reimbursement and which ones aren't, saving your A/P department some hassle.

Travel's impact on engagement, morale

Be aware: There's more than just the hard costs of travel expenses to watch for here. While many employees will enjoy getting out in the world and traveling to different locations, business travel may exhaust some of them. And that can create burnout that negatively impacts morale – and in turn, productivity and retention.

Employees' well-being should be taken into account when planning business trips since work/ life balance has become more important to most people, especially after the pandemic.

And if employees are regularly expected to take business trips over the weekend and return on a red-eye flight to immediately come to work on Monday, they'll start to think the company doesn't place much value on their personal time – and they'll make moves to find work at a company that does.

Some aspects of business travel that might hurt employees' morale and engagement are:

- Number of nights and weekends away from home
- Lengthy flights
- Red-eye travel (especially crossing time zones)
- Multiple connections, and
- Long layovers between flights.

However, there are ways to monitor these factors and whether they'll impact your business trips. Advanced travel solutions have

features that can automatically point out planned business trips with one or more of these elements so you can work with employees to resolve any issues before burnout sets in.

Some solutions even have dashboards specifically designed to highlight conditions that can negatively affect workers' well-being on business trips. These dashboards give managers visibility into business travel arrangements and itineraries, allowing them to make changes that'll improve employees' well-being.

Tools like these dashboards can help employers strike the delicate balance between improving T&E cost savings and boosting employee morale. If a flight is slightly cheaper, but it involves multiple layovers, it might be more cost-effective in the long run to choose the more expensive option.

After all, you don't want any potential cost savings to be outweighed by lost productivity from tired employees – or the costs of hiring someone new when a burned-out employee gives their notice.

Flexibility is the name of the game here. If you're willing to work with employees' preferences and comfort levels when booking business trips, and make decisions that keep them from being stressed and burned out, they'll be more eager to help you keep travel costs as low as possible.

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Are we allowed to offer cryptocurrency 401(k) investment options?

Q: Some of our younger employees have been asking if our 401(k) administrator can invest part of their portfolios in cryptocurrency. Are we able to do so, or does Employee Retirement Income Security Act (ERISA) prohibit us from doing that because of crypto's notorious instability?

A: Although ERISA doesn't specifically permit an asset class to automatically be labeled "imprudent," it should be noted that the U.S. Department of Labor (DOL) has strong reservations about cryptocurrency as a prudent investment option, namely:

- crypto's speculative and volatile nature
- vague valuation
- custodial and recordkeeping concerns (since cryptocurrency is code held in a digital wallet that can be easily lost in the event of a lost password or cyberattack), and
- the lack of a regulatory framework.

The DOL advised plan fiduciaries considering offering crypto investment options in their retirement plans to

"exercise extreme care," and also warned that the feds could investigate retirement plans that offer investments in cryptocurrencies – including access to crypto through brokerage windows beyond your 401(k) plan's core investment fund lineup.

If you're still considering crypto, or products tied to crypto, part of your risk assessment should be to determine whether you'd be liable for any transaction made through a brokerage window, not just cryptocurrency transactions. The DOL views offering a brokerage window as a fiduciary decision that requires monitoring.

If you do decide to offer cryptocurrency as an investment option, it's critical to document specific reasons why the investment was considered an appropriate plan investment because you'll need to be prepared to answer questions if the DOL comes knocking.

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Are all gifts to employees taxable fringe benefits? IRS says ...



by Jess White



How to handle incentives & holiday gifts while staying in compliance

It's common for managers to give employees small gifts as incentives and rewards for a job well done – or as part of an employee appreciation or holiday celebration. But these gifts count as taxable fringe benefits in many cases. And your Payroll team needs to know about them ASAP so they can withhold tax appropriately.

Here's a rundown of how you should treat gifts to employees from a tax standpoint to stay in compliance with IRS regs, as presented in "Taxable and Nontaxable Fringe Benefits, Part 1" by Fred Basehore, CPP, at the 2022 American Payroll Association Congress.

Guidelines for *de minimis*, taxable fringe benefits

In general, gifts to employees should always be included in their income, and tax should be withheld from the value of the gift appropriately – unless they qualify under the *de minimis* fringe benefit exclusion.

Typically, *de minimis* fringe benefits have a fair market value that's too small to account for easily. Per IRS, this includes such gifts as:

- Occasional money for cab fare/ food
- Discounted meals at a company-operated cafeteria
- Occasional company parties, and
- Holiday gifts of turkeys or hams.

However, you'll have to be careful when you're giving out those holiday gifts – they don't count as *de minimis* fringe benefits if certain criteria aren't met.

What to watch for with holiday gifts

IRS issued a technical advice memorandum regarding holiday gifts with some tricky areas you should watch for, according to Basehore.

The memorandum discusses an employer that once provided employees with a turkey, ham or gift basket as a holiday gift each year. One year, the employer decided to change the program a bit due to various factors, such as workers' dietary restrictions and the inconvenience of delivering the gifts.

Instead of food items, the employer started giving employees a gift coupon that had a face value of \$35. The coupon was approximately equal to the value of the previous gift, and it still could be exchanged for a turkey, ham or gift basket, but it could also be used toward other items.

The coupons resembled bank checks with the employer's name and the value of the coupon printed on them. When the employer first started giving out the coupons, they listed four food stores where they were redeemable (several with multiple locations). The following

Are all gifts to employees taxable fringe benefits? IRS says ...

year, the coupons listed 23 different stores where employees could redeem them.

There were restrictions on the coupons. They couldn't be used toward the purchase of alcohol, tobacco or pharmacy goods. They could only be used once, and they were only redeemable between the time period of November 15 and January 31.

Because of how the program was restructured, IRS said the value of these coupons should count as taxable income to employees. The coupons worked essentially the same way as a cash fringe benefit such as a gift certificate. And it was easy to account for the value of the coupon because it had a clear face value of \$35. So, IRS said, it was essentially the same as giving workers cash.

The employer argued that since the coupons weren't directly redeemable for cash, they shouldn't be considered as taxable fringe benefits. However, there's nothing in tax law saying that a cash-equivalent benefit had to be easily converted to cash – just that it operates the same as cash.

In addition, the employer said that the coupons had a low value, so they should've been considered *de minimis* fringe benefits. It argued the

Service often used a \$75 threshold when determining if other awards, such as length of service and achievement awards, were taxable, so that should apply here.

IRS replied that there's no such threshold in place for *de minimis* fringe benefits. The only requirement is that the value should be small and difficult to account for – and that's not the case with a coupon that has a clear cash value printed on it.

So be wary: If you're giving employees gifts that function in a similar manner to cash, with few restrictions, they're likely taxable fringe benefits.

Another exception

There are exceptions besides the *de minimis* rule here. Any gifts given to employees who are retiring would count as length of service awards, and they'd be excludable from income as long as the following rules apply:

- If the award is made from a nonqualified plan, the value of the award to one person can't exceed \$400.
- When awards are made from a qualified plan, the cumulative

monetary value of any awards given to a person can't exceed \$1,600 in a year. The average value of each award can't exceed \$400. To calculate the average cost, divide the total cost of the awards for the employee by the number of awards the person's received.

Handling gifts at your company

Bottom line: Gifts to employees are typically taxable fringe benefits – especially if there's a cash value attached that's relatively easy to track. Along with actual cash, this includes gift certificates, gift cards, vacation vouchers, vouchers for dinners and any similar awards.

Make sure your managers and your A/P team are aware of these guidelines, as well as your Payroll pros. A/P may receive reimbursement requests from supervisors for gifts they've given to employees – and if Payroll doesn't receive that info, the gifts can't be taxed appropriately, leaving room for the Service or other organizations to come calling.

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Errors happen: How we made sure they didn't upset employees

As much as our Payroll team tried to avoid them, mistakes sometimes happened with workers' checks, especially when dealing with wage garnishments and other unusual deductions or payments.

The worst thing would be dealing with angry employees after they discovered the error. It would be hard to calm down an upset person who was wondering why their pay wasn't the amount they expected.

We didn't want any errors to impact employees' trust in Payroll, and we also wanted to keep people's emotions from getting out of hand once they discovered an issue.


Being honest and direct

So Payroll made it a point to start being proactive about any mistakes they discovered before workers received their checks. If any issues happened,

Payroll went to the worker immediately, took the blame, apologized and let the person know what they were doing to fix the mistake.

Employees really appreciated the up front and direct approach. In almost every case, they were understanding about it. Being honest right away reduced the stress about correcting errors, which made it easier to do so.

(Adapted from "Managing Multiple Garnishments and Determining Priority," presented at the American Payroll Association's Virtual Congress)

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Finance, operations 2 key areas ripe for automation



CFO Finance Technology / Strategy

The workflows businesses are turning over to automation and why



by Brian Bingaman

A significant majority of your peers (90%) agree that intelligent automation will help them overcome post-COVID business challenges, such as workforce shortages, supply chain disruptions, controlling costs, boosting revenue and maintaining a competitive advantage. That's according to the 2022 Intelligent Automation Benchmark Study by software provider Kofax.

But where you, your fellow C-suite leaders and other pivotal stakeholders may not be seeing eye to eye is where to start deploying automation in your business. Here's some data that can help bring your top-priority areas into focus.

In the survey, 800 business leaders in 21 different industries identified the high-value workflows they believe are ready to be automated:

- Accounts payable (85%)
- Transaction processing (84%)
- Bank statement processing (83%)
- Document security management (83%)
- Invoice automation (82%)
- Onboarding (78%)
- Digital mailroom (77%), and
- Claims processing (77%).

It's worth noting how many Finance functions are at the top of that list. Automation saves time and increases accuracy by reducing the risk of human error and payment errors, such as duplicate or fraudulent payments. It allows invoices, receipts and bank statements to be immediately listed and stored in a cloud database, making them easier to track.

Driving the shift to automation

More than 90% of your peers say the chief driver behind pursuing automation is improving customer relationships – acquiring them, keeping them and engaging them. Call forwarding systems, chatbots, customer portals and centralized staff ticket management systems are some examples of valuable applications.

Also at the top of company wish lists when it comes to digital business transformation are:

- Running the business/streamlining operations (93%)
- Maximizing the value of IT investments/getting the most out of our existing tech (93%)

The workflows businesses are turning over to automation and why

- Ensuring compliance, data management and security/ making better decisions from documents and data (83%)
- Enhancing employee productivity and satisfaction (82%), and
- Transforming back-end office operations (77%).

Implementing automation

However, an understandable concern with automating workflows is what if the major shift away from business as usual is too difficult to manage at scale – particularly with a dispersed hybrid workforce?

“The intelligent automation platform can’t be a closed system. It has to work with all of a company’s key systems,” Kofax Chief Strategy Officer Chris Huff commented in the survey.

To keep a smooth data flow to support key processes, it’s going to take strong links between your various systems, data and applications that need to work side-by-side. Some of the most commonly-cited applications that surveyed executives said must be connected include:

- Customer-facing applications (96%)
- Business intelligence systems (95%)
- Enterprise business applications (95%), and
- Information systems (90%).

It’s also going to require data intelligence of some kind to collect, analyze, extract and classify large amounts of information from the web (e.g., pricing data, product info), your internal systems (e.g.,

customer relationship management and enterprise resource planning [ERP] systems, and spreadsheets) and documents (e.g., invoices, forms, applications, customer claims), and then apply it all to your firm’s automation needs.

Then, once an automated system is up and running without any hiccups, what kind of ongoing orchestration of automated processes will be needed to keep systems running smoothly, especially if the rules that govern your industry are subject to change? Your fellow executives said their key processes will require ongoing updates to:

- ensure smooth, efficient and impactful organization among employees, robotic workforce, systems and data (96%)
- ensure the process is compliant with a code or regulation (95%), and
- accommodate updates to a process when business requirements change (95%).

It’s going to be up to the automation software vendors to demonstrate and break down in an easily understandable way how their product’s integration, data intelligence and upkeep processes will fulfill your needs.

Shopping for solutions

After huddling up with your tech team for recommendations on solutions to automate key processes, and conducting an informal internal audit to determine the most reasonable options based on your budget and needs, you’ll need to decide if an end-to-end platform or multiple targeted solutions make the most sense.

To make an informed choice between your automation finalists,

the experts at the Carson Group capital market company came up with some questions for discovering who has the edge.

Ask the vendors if their tech solution:

- is being used by other companies in your specific industry
- needs a short time or lot of time to install
- is updated regularly. How will you be notified about updates?
- is backed by a support team. What are the service standards, including maximum response time?
- has an outline you can review of the vendor’s plan of action for how the product or solution will evolve over time
- has a service-level agreement
- has a security review process. What is the data security policy? Where is the data hosted?
- has an open application programming interface (API) for integrating with your other systems. What type of API is it (Rest, SAML, etc.)? What’s the process for providing API access? Is the API bidirectional? What outside API integrations are currently offered?
- has a process for adding new features and API endpoints
- provides data conversion as a service, and
- can be customized for any special needs that you have.

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Resourceful 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.



Jess White

Jess covers business and finance topics such as payroll, cash flow, fraud, accounts payable, and sales and use tax. Jess also edits business software articles for *BetterBuys.com*. Throughout her career, Jess has worked for several different print and online publications, and she brings over 16 years of experience to the *Resourceful Finance Pro* team.



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.

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