

# RESOURCEFUL FINANCE PRO

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## June 2022

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# CFO News Briefs

Stories You Might Have Missed

## Big increase for IRS 2023 HSA, HDHP limits

May 10, 2022

Surging inflation is impacting the benefits you may offer employees in 2023, including health savings accounts (HSAs).

In Rev. Procedure 2022-24, IRS adjusted next year's thresholds for HSAs and high-deductible health plans (HDHPs).

[Read more](#) 

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## Prepare your business for natural disasters now, IRS says

May 11, 2022

Hurricane season's drawing near, and IRS is reminding businesses that they need to have natural disaster preparedness protocols in place for their key financial records and assets should the worst happen.

Besides hurricanes, several other natural disasters impacted companies last year, including winds, flooding, tropical storms, wildfires and winter storms.

[Read more](#) 

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## 2 new rulings: Why supervisors must be aware of FMLA requirements

May 25, 2022

You may want to remind your supervisors how important it is to be compliant with the Family and Medical Leave Act (FMLA) when dealing with absent employees.

Two companies recently received an expensive reminder of this from the Dept. of Labor (DOL).

[Read more](#) 

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## FASB working on accounting rules for climate-related credits

June 1, 2022

Many of your peers at publicly traded companies are mulling over best practices for reporting purchases of climate-friendly credits to build their environmental, social and governance (ESG) portfolio.

If the proposed Securities and Exchange Commission's (SEC) ESG disclosure requirements become final, Finance leaders will need to have a plan when it comes to accounting for carbon offset and/or renewable-energy credits.

[Read more](#) 

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## Will cost of living, inflation impact how your firm sets employee pay?

June 3, 2022

An ongoing battle for your peers continues to be setting salary budgets and whether the cost of living or cost of labor should be considered in their compensation philosophy and strategy.

When COVID lockdowns made remote work mandatory, firms – especially those in the technology industry – started questioning whether employees that relocate to an area with a lower cost of living should continue to be paid at the same rate.

[Read more](#) 

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## Can robotic process automation improve A/R's vendor portal experience?

June 6, 2022

For a while, vendor portals were great because A/R staffers didn't have to spend so much time on the phone with your customers' A/P departments to check the status of invoices or track a purchase order.

However, over time your A/R staff may have accumulated so many login credentials for all the portals they use that it's challenging to keep track of them all. In addition, using multiple A/P networks to send invoices can be an obstacle to creating a standard billing process.

[Read more](#) 

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## Projected Social Security wage base released for 2023 & beyond

June 7, 2022

Heads up: The Social Security wage base is projected to increase next year, according to the annual report from the Board of Trustees of the Social Security Fund.

That means employers will have to shell out more in taxes on wages for highly compensated employees. Be sure to pass this information on to your Payroll pros so they can start planning now.

[Read more](#) 

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# A/P News Briefs

## Stories You Might Have Missed

### Controlling the costs of maverick spending

May 9, 2022

Did you know your company could be losing 10% to 20% of its savings due to maverick spending?

That's according to a study by fintech software provider Basware and The Hackett Group.

A report by B2B software developer Order says maverick spend can eat up as much as \$322,000 of a mid-size (100-999 employees) business's annual supplier spending budget.

[Read more](#) 

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### IRS: Interest rates will increase in Q3 2022

May 25, 2022

Heads up: IRS has announced that interest rates will rise yet again in the third quarter of the year. The new rates are listed in Rev. Ruling 2022-11.

Effective July 1, 2022, the new interest rates will be:

- 4% for corporate overpayments
- 2.5% for the portion of a corporate overpayment that's over \$10,000
- 5% for underpayments, and
- 7% for large corporate underpayments.

[Read more](#) 

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### ACH payments on rise for businesses in Q1 2022

June 1, 2022

ACH payments continue to be a popular choice with your peers for electronic payments, and traffic continues to increase on the ACH network.

The ongoing COVID-19 pandemic has been one of the major drivers for increasing ACH activity. Over two-thirds (68%) of CFOs said that the rise in ACH activity at their companies has been mostly due to the pandemic, according to data from PYMNTS.com and The Clearing House.

[Read more](#) 

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### Proposed rule for sales tax on cloud computing services withdrawn in MS

June 3, 2022

If you're paying for cloud computing services in the Magnolia State, there's good news: The Dept. of Revenue has just withdrawn a proposed rule to make various cloud computing services subject to sales tax.

As written, the proposed rule would've imposed the state sales tax on any Software as a Service (SaaS) solution, as well as any platform as a service or infrastructure as a service solutions delivered via the cloud.

[Read more](#) 

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### Court case could affect sales tax paid for online purchases made pre-Wayfair in MA

June 3, 2022

Keep an eye on any online purchases you've made in the past several years in Massachusetts. They may end up being subject to retroactive sales and use tax pending a state Supreme Judicial Court decision.

The state's high court has accepted an appeal request from an online retailer in a case to define what establishes the "physical presence" guidelines required to establish nexus in a state, pre-*Wayfair*.

[Read more](#) 

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## Sales tax gradually going away on groceries in Kansas

June 6, 2022

Good news for those buying employees food or snacks in Kansas: The governor has signed HB 2106, a bill designed to eliminate the state's sales tax on groceries by 2025.

The sales tax will phase out in stages. It'll decrease from the current level of 6.5% to 4% by Jan. 1, 2023. Then, in 2024, the tax will be 2%. Finally, the sales tax will be 0% in 2025.

[Read more](#) 

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## Arkansas tax assessment shows how easy it is to create nexus

June 6, 2022

Reminder: The location of your independent contractors or remote employees can create nexus for you in various states. One taxpayer learned this the hard way after being assessed for sales tax in Arkansas, according to Allyn Tax News.

Although an employer claimed it didn't have nexus in the state since it had no physical presence in Arkansas, the Dept. of Revenue said otherwise.

[Read more](#) 

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# Upcoming Events

## Free Webinars

Wednesday,  
**June 22th**  
2022

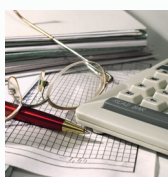


### **Operational Reporting: Trends, Challenges, and the Key to Success**

Increase the speed and accuracy of operational reporting, while minimizing dependence on IT

sponsored by [insightsoftware](#) ..... learn more [🔗](#)

Tuesday,  
**June 28th**  
2022



### **Unlock Value with the Keys to a Faster Close**

Featuring Insights from a Landmark 2022 Survey

sponsored by [sage](#) Intacct ..... learn more [🔗](#)

Thursday,  
**June 30th**  
2022



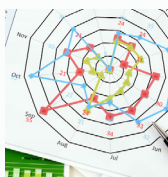
### **Everything You Need to Know About A/P Automation (But Were Afraid to Ask)**

Register today to get solutions for all of your concerns (like the complexity of the project, pacing, impact of the change, etc.) and propel your team towards future success.

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## Premium Webinars

Thursday,  
**June 23th**  
2022



### **Excel Dashboards for CFOs & Finance: Effective Monitoring & Reporting**

In this 100-minute webinar you'll discover how you can create impressive and interactive Excel dashboards to present financial information to decision makers. Effectively monitor key information in a way that anyone can understand.

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# What choices do we have for expense reimbursement?

**Q:** The IRS no longer allows workers to deduct business expenses on their income tax returns, yet they're still incurring expenses to do their jobs. We're re-evaluating whether we should cut back on providing equipment and tools to our remote and hybrid employees and just reimburse them. What choices do we have?

**A:** Because state tax laws vary, the smart first step is to ask your tax consultant and your legal team about what's the best move, said management consultant and compliance auditor Pamela Fagan Shull in the Premier Learning Solutions webinar "IRS Rules for Reimbursing Remote Worker Business Expenses."

Remember, if you have employees working in another state, it's that state's laws that apply to them, she said.

**Reimbursement option 1:** Provide a periodic stipend for anticipated reasonable expenses for remote work. If it makes sense for your firm, allow employees to ask for additional funds if the stipend is insufficient.

**Reimbursement option 2:** Set up a system where employees can request reimbursement of reasonable, necessary expenses along with documentation no more than 60 days from the date of the expense. This is what's known as an IRS accountable plan.

An accountable reimbursement plan also includes a process for refunding the company for any excess advances within a reasonable period (no more than 120 days from the date of incurring/paying the expense). Also, no advances can be made more than 30 days prior to the time of an expense.

The IRS doesn't require accountable plans, but it ensures your business is in compliance with regs concerning deductible reimbursements and reimbursements that are taxable income.

If you go with an IRS accountable plan, consider implementing a policy where a manager must give advance approval for expenses over a certain amount, Shull said.

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

# Streamlining your spend management process



by Brian Bingaman



**T**o stay profitable and grow, businesses like yours need to take advantage of opportunities to become more efficient. However, spend management – which may be hindered by manual processes or cobbled-together financial tech resources – can be an obstacle to that growth.

Over the last half of 2021, travel, corporate card and expense management software company TripActions spent a lot of time talking to Finance pros at small businesses to see how they were managing their spending. Among

the issues your peers said they were concerned about:

- Controlling budgets and ongoing expenses
- Reducing process inefficiencies and time involved in closing the books
- Improving the visibility of spending across the company
- Reducing delays in expense report submissions
- Managing out-of-policy spending, and
- Reducing expense report processing costs.

## Hardest spend to manage

A specific spend management category that involves all the above areas, and has become the most difficult to manage for your peers, doesn't involve payroll, benefits, real estate/leasing or web and software subscriptions.

According to the TripActions survey, a third of your peers said their No. 1 spend management headache is T&E, despite it being only the sixth-largest chunk of company operating costs.

Some top drivers for that frustration:

## Streamlining your spend management process

1. Finance leaders can't get a comprehensive picture of spend until the end of the month.
2. A/P teams have to manually reconcile transactions. (53% of survey respondents said they don't have a dedicated T&E expense management solution.)
3. Managers must approve employee expenses, often without knowing if they were necessary or work-related.

According to the experts at PYMNTS.com, another spend management trouble spot is silos that have come about from different departments and systems used to submit, approve, track and pay for expenses. These silos make it difficult to figure out exactly how much money an organization owes at a given point in time.

Inefficiencies, combined with a lack of spend management control and visibility, mean that employees are getting bogged down with handling paper receipts, card statements, expense reports and invoices.

### Spend management solutions

TripActions found a distinct lack of automated spend management solutions at the businesses it surveyed. For example, just 12% were using a tool for automatically flagging out-of-policy transactions, and an even lower 10% used an automation solution to flag misuse of their corporate cards.

In addition, 18% had automated reconciliation of transactions, and 16% had a tool that freed up Finance staffers from having to handle reimbursements.

To best optimize resources and efficiency, businesses are going to have to at least consider full digitization of paper-based

processes, such as expense forms, and retroactively approving business-related expenses.

Spend management solutions offer companies many beneficial features, such as smart virtual and physical corporate cards with built-in policy controls. They help firms eliminate paper expense reports, and they'll automatically approve employee expenses that aren't flagged. These solutions also automatically reconcile transactions, minimizing the manual calculations required by your Finance team.

### The case for automation

Spend management automation can help save time, cut costs and help Finance leaders build better, stronger companies by using algorithms to track claims, invoices and other forms.

It reduces paper filing and the risk of human error, provides real-time insight into cash flow status, and relieves A/P's duty to police company spending while keeping employees within company policies

When spend management gets automated:

- the CFO gets more visibility into, and better control over, all company spend, therefore gaining better insight for accurate budgeting and forecasting
- accounting teams can cut the time spent on month-end closing
- managers only have to review any expenses that are flagged by the system, thanks to proactive spend policies tailored to your business
- reimbursements happen much faster, and

- employees no longer have to save receipts or manually provide expense report data.

When it comes to specific tools to help streamline your spend management process, PYMNTS recommends something that makes your entire travel and spend management process seamless. "Any solution chosen should be integrated, digital and usable across various departments and payment processes," it said on its website.

### Ask about ...

Because you'll want a solution that will grow with your company, here are some questions to ask your prospective software vendors when shopping for a spend management solution:

- Will your solution work with my existing ERP system?
- What are the solution's auto-categorization, amortization, payment scheduling and general ledger syncing capabilities?
- How would my Finance team members access approvals, receipts and email chains?
- How quickly can users access spend data?
- Because not every employee needs access to the same funds, can I make spend rules specific to certain departments?
- Fraud protection is a top priority, so how secure is the platform?
- How fast is the reimbursement process?
- Are there mobile capabilities for capturing expenses on the go?

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[Read this Story Online](#) 

## On the hook for old backup withholding? What does court say?

A/P Manager Jenn Smith's phone dinged. It was a notification that the gift she ordered for Father's Day had been delivered.

At least there were no supply chain problems with that order, she thought.

"Do you have a second, Jenn?" she heard CFO Jeff Rizzo ask.

"What's on your mind, Jeff?" she replied.

"Plenty! I just opened a letter from the IRS. They're still saying we never sent them backup withholding owed from four years ago, and now we owe money," Jeff said.

### Compensation issues

"We didn't need to do any backup withholding that year," Jenn said. "I straightened everything out as soon as I got the B Notice. I sent the IRS a certified letter explaining how I personally verified each vendor TIN and received new W-9s."

"And when that IRS agent sent us a letter and a CP2100A Notice, you faxed him the info he asked for, right?" Jeff asked.

"Yes, I even included my original letter and the certified mail receipt," Jenn replied.

"Take a look at this letter, though," Jeff said, handing it to her. "They're saying that the info wasn't received by an IRS service center. In their minds, we didn't comply with their order."

Jenn skimmed the letter. "There was nothing wrong with the TIN info we had, and I sent the IRS agent exactly what he asked for."

Jenn's company fought IRS's determination that it owed backup withholding from a previous tax year.

The agency argued the taxpayer didn't have sufficient proof that an IRS service center representative physically received requested documentation, so the info it requested was never officially sent.

When a Tax Court ruled in favor of the Service, the company appealed.

Whose side did a Circuit Court take?

### The decision

The Circuit Court ruled in favor of Jenn's company, and said it didn't fail to provide requested documentation and didn't owe money to IRS.

Tax documents count as being received by IRS when they're received by any authorized IRS official who requests them.



## Were company pay policies in violation of FLSA?

And that’s not limited to receipt by service center personnel, the court said.

Also, Jenn’s company fulfilled its responsibility to IRS by personally verifying that certain vendors had provided correct TINs on Form W-9, so it it wasn’t liable for backup withholding, the court said.

### Analysis: Check your records

This case shows how serious IRS is about backup withholding and filing accurate and complete information returns.

If a Form 1099 payee doesn’t provide you with a TIN, you’re expected to backup withhold on payments. That also goes for if you receive a CP2100 or CP2100A Notice for payees that provide a TIN that doesn’t match IRS records. You must make up to three attempts to get a correct TIN to avoid a penalty.

However, this case is also a reminder that the agency can make mistakes and processing errors sometimes. It’s possible to come out on top in a dispute with the Service if your recordkeeping is as solid as Jenn’s.

For TINs that don’t match IRS records, compare what’s listed on the notice with your business records. If they agree, you’ll need to send the B Notice to the payee.

If you can produce documentation that the info you have on file is correct, and you can demonstrate that you followed IRS instructions to the letter – including the instructions in correspondence – a judge is likely to be understanding.

*Based on Seaview Trading LLC v. Commissioner of Internal Revenue. This case was fictionalized for dramatic effect.*

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



FREE WHITE PAPER FROM GAVITI

## Growing a Rockstar A/R Team with Finance Automation

Who hasn’t dreamed of becoming a rockstar?

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This latest white paper (which you can download for free!) will show you how to transform your A/R team into finance rockstars.

**Want your A/R team to take the center stage of your organization? Download your copy of this free white paper today.**

[get the white paper](#)

# M&A trends: Changes & conditions that affected deals for firms in Q1 2022



by Jess White

## LATEST ON DEALS AND DEVELOPMENTS IN THE FINANCIAL SERVICES SECTOR



**M**ergers and acquisitions (M&A) were a hot topic this past year. Recordbreaking M&A deals occurred in 2021, and analysts thought this trend would continue in 2022. However, several developments in the first quarter of the year impacted this projection.

Here's an overview of what's been happening and what to expect going forward.

### Records set last year

M&A experienced new heights in 2021, according to data from KPMG. Multiple sectors set records, including private equity, financial services, technology/media and manufacturing.

CFOs were optimistic about this trend continuing. In fact, in a KPMG survey conducted at the end of 2021, a third of executives expected deal valuations to increase by at least 10% in 2022. Higher-ups planned to use increasing M&A volume as a strategy to recruit top talent during the Great Resignation.

As part of the survey, execs also ranked the top factors they believed would impact M&A in 2022, and they selected:

- High valuations (61%)
- Economic variables – e.g., overall liquidity (56%)
- Fierce competition for high-value targets (55%), and
- Supply chain factors (52%).

### Developments that impacted M&A

While some of these factors impacted M&A in Q1 2022, other contributing factors weren't

foreseen. And they significantly changed the landscape for M&A.

For starters, the Omicron variant of COVID-19 ushered in the beginning of the year, along with historic levels of inflation not seen in decades. Russia's invasion of Ukraine, combined with increased interest rates from the Federal Reserve, made investors a bit gun shy. So M&A slowed down a bit at the start of this year.

### Closer look at financial services, B2B payments

One area in which M&A growth didn't go as expected was financial services, KPMG said. Banking, capital markets and insurance all experienced significant decreases in Q1 2022 compared to the last quarter of 2021.

Despite smaller growth in other financial areas, however, the payments market did experience significant M&A growth this year. And that could have ramifications for you in Finance.

Payment-related M&A deals were influenced by several different developments, according to KPMG, including:

- Fast growth and adoption of electronic methods of payment
- The need to update outdated payment technologies
- New avenues for growth and diversification for payment providers, and
- Increased demand for electronic services that are user-friendly for consumers.

Business-to-business payments are one of the main drivers of growth in the payments sector. The U.S. lags slightly behind other countries with its B2B payments since it's still primarily using paper checks

for many purchases. But the global value for the B2B payment market is expected to grow by almost 11% each year – and it's projected to reach \$70 billion annually by 2030.

M&A in the B2B payment market will primarily focus on firms attempting to extend their reach into profitable payment technologies, including real-time payments. Real-time payments are especially popular with businesses since they allow funds to be instantly transferred with no wait time.

As Finance departments migrate away from paper checks, real-time payments are growing more popular for A/P and A/R staff. That's a significant part of what's spurring current growth for the real-time payments sector. By 2030, the global market for real-time payments is expected to be over \$193 billion.

More financial institutions are expected to make deals as the market for real-time payments expands. Banks and credit card companies will likely drive M&A activity in this sector so they can grow their payments business and offer more businesses, merchants and individuals access to real-time payments. And this development should create more payment options for your Finance team to present to vendors and customers.

Another finance-related area where deal-making is expected to grow is Bitcoin. In 2021, M&A deals in cryptocurrency increased astronomically in both volume and value compared to 2020.

This trend is expected to continue as tech developments make it easier to use Bitcoin for real-time payments, KPMG said, particularly the rise of the "lightning network," a decentralized payment network that uses blockchain technology to pay recipients immediately.

### Other key trends

Along with growth in the payments sector, several other trends are poised to impact M&A throughout 2022, such as:

- **Private-equity activity.** Acquisitions by private-equity firms rose in 2021, and they should still be a significant driver of M&A for the rest of this year.
- **Tighter liquidity.** Now that the Federal Reserve has raised interest rates, it may affect how eager investors are to make deals.
- **Digital transformation.** With the pandemic continuing to speed up digital transformations at companies, the scale of these projects will pave the way for M&A across multiple sectors.
- **ESG initiatives.** More execs are making M&A moves based on their environmental, social and governance (ESG) goals. Sustainability and adaptability will be key in decision-making this year since many businesses are looking at creating a more positive footprint in their communities.

Smart execs should be rethinking their strategies after seeing how deals played out in Q1 2022, keeping these developing trends at the forefront of their decision-making.

The data doesn't lie: While current conditions may create some additional risks and challenges, there are still gains to be had by going for M&A opportunities this year, particularly in fast-growing sectors.

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[Read this Story Online](#) 

# Handy Excel shortcuts you may not have heard of

Here are three helpful spreadsheet tips from the *LearnExcelNow.com* workshop “Microsoft Excel: The Basics and Beyond for Today’s Top Professionals.”

- 1 Expanding the formula bar.** If you’re working with a long formula in Excel, the skinny formula bar might not be enough to view it in its entirety. There’s another way to expand it besides clicking on the downward arrow on the right side of the formula bar. If you hover your cursor at the bottom of the formula bar, a vertical double arrow appears. Click on it and drag the formula bar space down until you have the expanded space you need.
- 2 Quick navigating through sheets.** If you have a workbook with multiple sheet tabs, and you need to get to a certain one quickly, you don’t have to click through using the left and right arrows on the bottom-left side of Excel. Right click in the space where those arrows are and an “Activate” box appears with a drop down menu that lists all the sheets in the workbook. Just click on the one you need.
- 3 Viewing a total without using an extra formula.** You don’t have to type out a formula to see the total of a certain block of cells, such as a column list of numbers. Highlight the desired block of cells with the white plus cursor, and then look at the status bar at the very bottom of Excel (where the layout options and zoom in/out control are). On the right side of the status bar, it’ll show the total you’re looking for as a “sum.” It will also show the average of your highlighted block of cells and the “count,” which is how many cells you have highlighted. If you right click on a blank area of the status bar, a menu pops up. On that menu, you can ask Excel to show or hide the average, count, sum, minimum, maximum and numerical count. Being able to see these numbers on the status bar is a good way to double-check that your formulas are correct.

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



*New processes,  
software designed  
to ensure compliance  
with updated regs*

## CFO Accounting

# Latest on lease accounting: How to streamline adherence to new standard



by Jess White

**T**he new standard for lease accounting from the Financial Accounting Standard Board (FASB), ASC 842, has been in place for about six months now, taking effect for fiscal years beginning after Dec. 15, 2021.

Companies that have been dragging their feet on compliance will want to hop on the bandwagon ASAP – especially since more changes could be coming soon.

### **New lease accounting standard**

Under ASC 842, all of a company's leases must now be accounted

for on the balance sheet. The change was designed to “increase transparency and comparability among organizations” by disclosing key financial info about leases and related transactions.

Since the FASB implemented the standard, it's created an additional administrative burden for Finance departments in terms of tracking details about leases. To make sure all your leases are accounted for during the transition, experts at accounting firm Friedman LLP recommend that you:

- Identify all your company's leases (including those for equipment and real estate)

- Summarize all important lease terms
- Calculate and review initial and subsequent accounting for each lease, and
- Summarize any info that's needed for footnote disclosures.

If the leases are material leases, it's key to separate any related party operating leases from third-party leases on your balance sheet.

It's critical to get information on your leases from departments across your company – and not just those involved directly with Finance. Along with A/P, who has information about your supply chain and what

## Latest on lease accounting: How to streamline adherence to new standard

sorts of equipment you may be leasing, it's key to speak with IT and your legal department to ensure nothing's fallen through the cracks that'll need to be disclosed later.

Also, when disclosing info about your leases on your financial statements, you must now include details about any leases that are planned, but not yet in effect; elections related to your short-term leases; gains and losses related to leases; and discounts and remaining terms.

### Importance of lease accounting software

While a spreadsheet may be an adequate method of sorting this info for companies with very few leases, companies with multiple locations and leases will likely want to invest in lease management software. Lease management solutions can simplify lease accounting by helping you track all leases and related info together in one place.

Plus, tools in the software ensure you're compliant with ASC 842 with less effort on your part. These tools automatically generate the reports and disclosures necessary to meet the guidelines of the standard.

By automating your lease accounting process, you can cut down on reporting errors that occur due to manual data entry, and it can help make the transition smoother for everyone in Finance.

### Dealing with financial challenges

Lease management software can help with other challenges related to lease accounting, as well –

particularly those that impact your bottom line.

Shortly before the FASB implemented ASC 842, senior accounting and finance professionals were asked about their biggest issues with their lease accounting process. And almost 80% of respondents said they've experienced negative impacts due to problems with their lease controls.

Some of the most common issues they've encountered are:

- An inability to respond to changes brought on by the pandemic (34%)
- Missed options to extend a due date/deadline (28%)
- Miscalculating the costs of their leases (28%), and
- Forgetting to update unfavorable/unwanted lease terms (28%).

Not only can lease management software help Finance pros with these problems, but it can also help you be more cost effective with managing your leases overall. Having all the data you need on invoices in one spot allows you to easily evaluate lease terms and options, displaying any opportunities you might have to save money.

Saving money is essential in the current economic climate. In fact, 61% of senior Finance pros surveyed said they fell behind on rent during the pandemic – and 37% of them are still behind today. With costs of everything rising, it's becoming harder to catch up on past-due payments.

Even with these financial difficulties, only 10% of Finance pros surveyed use Excel for lease accounting. Many have invested in solutions for lease

management that can help them better visualize and manage the costs associated with their leases to regain some financial ground in this uncertain economy.

### Changes to leases for government entities

Solutions to manage lease accounting may become even more essential for certain entities if the Federal Accounting Standards Advisory Board (FASAB) has its way.

The FASAB, which controls lease accounting standards for federal government agencies, has just proposed new amendments to its Statement of Federal Financial Accounting Standards (SFFAS) designed to clarify existing guidance about leases.

The amendments would give additional insight into the FASAB's original intent for discounting lease liabilities and receivables so the board can apply its lease-related requirements more consistently and accurately. Proposed amendments would also offer clarity on intragovernmental sale-leasebacks and any applicable disclosure requirements.

While clearer guidelines are helpful, software may be necessary to ensure the new guidelines are being followed correctly. Affected stakeholders can comment on these changes until July 8, 2022.

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## Were company pay policies in violation of FLSA?

CFO Bill Keeper and his business owner friend Ben Hackett were walking out the door after attending a workshop on the Fair Labor Standards Act (FLSA).

"I thought I was being pretty good to my employees. But after seeing that presentation, I'm not so sure now," Ben said.

"What are you worried about?" Bill asked.

"I've been hearing that some of my technicians, and even a few supervisors, are talking to a lawyer," he replied. "They're saying I owe them money for training time and that I shortchanged them on overtime."

### Compensation issues

"What's the overtime problem?" asked Bill.

"If the techs are working at a jobsite more than 60 miles from the shop, they get an extra \$2 per hour as a 'per diem,'" Ben said. "I figure that's fair if they're doing all that extra driving."

"That's a nice thought, but it's not typically how a per diem works," Bill said.

"Anyway, the guys are upset I'm not including that extra pay in their overtime rate," Ben replied.

"I'm pretty sure you need to talk with Payroll about all this," said Bill. "How come you're not paying for their training?"

"The time they spend in training isn't recorded on their timesheets like their work hours, so we can't pay them for it," Ben said. "They signed off on that when we told them they had to attend the training."

The technicians and supervisors at Ben's company collectively sued to recover payment for what they said was uncompensated work.

But because those employees have different duties and rates of pay, the company tried to block the certification of a collective action under the FLSA. Was it successful in persuading the judge?

### The decision

No. The court allowed the case to proceed as a collective action under the FLSA.

Regardless of the differences in job duties and pay scale, the employees at Ben's company were similarly situated because they all allegedly performed work-related tasks that weren't properly compensated and their "work environments appear to be substantially similar," the judge said.

Still to be determined is whether the employer:

- failed to properly compensate employees for overtime hours worked because it didn't include the hourly "per diem pay" when calculating their regular rate of pay, and



## Were company pay policies in violation of FLSA?

- required employees to sign agreements to complete mandatory training off-the-clock without being compensated.

### **Analysis: If it's work-related, you have to pay**

This case is a reminder that one of an employer's most important responsibilities is properly compensating its employees for their work.

When it comes to calculating the regular rate of pay for overtime purposes under the FLSA, it generally includes all payments made by the employer to, or on behalf of, the employee (except in specific cases).

Under the FLSA, employee training time always needs to be compensated, except when all of the following apply:

- attendance is outside the employee's regular work hours
- attendance is voluntary
- the training isn't directly related to the employee's job, and
- the employee doesn't perform any productive work during attendance.

Other circumstances when training may be excluded from hours worked are when employees:

- decide on their own to attend college or trade school after work hours, or
- attend training outside of work hours that's provided and paid for by the employer, and corresponds to courses that are offered by educational institutions.

*Based on Heeg v. United Electrical Contractors Inc., No. 1:21-CV-796, US D.C., W.D. Michigan, 5/10/2022. Dramatized for effect.*

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

## Featured Story

CFO Accounts Payable / Fraud

# FBI: Beware of customer support scams



by Brian Bingaman



## HOW CRIMINALS TRY TO TRICK EMPLOYEES

**W**ith business communication becoming less face-to-face and more virtual, criminals could contact your firm disguised as a customer support specialist from one of your vendors.

According to a recent press release from the FBI Internet Crime Complaint Center (IC3), 2021 saw an increase in the number of complaints about the impersonation of customer support pros.

These crooks tell your team they're from a well-known company's customer support department and that they've been asked by someone

in your organization to resolve a serious issue. Examples include a compromised email or bank account and computer viruses.

IC3 reports that many victims of customer support scams are directed to make wire transfers – typically to overseas accounts – or pay using prepaid cards. Fraudsters are also stealing from businesses via their cryptocurrency accounts.

Here are some of the ways criminals are attempting to steal company money, access your files, install malware, harm your network and damage your business.

### What the scams looks like

**Tech support scammers:** They call your staffers and, mentioning a lot of technical terms, try to convince them there's a technology problem that doesn't actually exist. They may ask your people to open some files or run a scan on their computer. Then, they'll ask you to purchase services you didn't need, such as renewing a software license or security subscription, or enrolling in a worthless warranty program.

**Travel industry scammers:** Your road warriors need to be on their guard. Crooks are impersonating

## FBI: Beware of customer support scams

customer support personnel from rental car, airline and hotel companies, and offering a “great deal” or taking fake reservations. Payment is usually requested by prepaid card. Victims arrive at the reservation counter to find there’s no car, hotel or flight reservation under their name.

### Cryptocurrency support impersonators:

They call, text or email to “alert” you about a security problem with the company crypto wallet. To fix it, they either need access to the wallet, or to transfer currency to another wallet to “safeguard” the contents. Also, fraudsters create fake support sites to entice crypto-owners to contact them directly and convince them to provide login information.

### Utility company scammers:

Someone impersonating a utility or internet provider company representative claims your company has an unpaid bill that A/P must pay immediately to avoid discontinuing service. An alternate version of the scam involves a rep calling to offer “great savings” for your business.

### Banking support impersonators:

When calling or texting to report a fake issue with a company account, they’ll try to trick a staffer into providing access to their credentials to correct the issue. The scammer then uses the access to make transfers from the account and other accounts associated with it.

## Warding off bogus customer support

Because cybercriminals are experts in exploiting human nature, your team members could use some key security reminders:

- Legitimate customer, security or tech support teams don’t initiate contact out of the blue. (You may want to share this

fact with your customers and clients, as well.)

- If you don’t know the person, or can’t easily verify who they are, they shouldn’t be given remote access to devices or accounts.
- Avoid using customer support contact information obtained via an internet search. Phone numbers that pop up in a “sponsored” search results section are likely there as a result of boosted search engine advertising. Instead, use the contact info listed on the company’s official website.
- Resist being pressured to act fast. (It’s a go-to criminal tactic.)
- Ensure that all antivirus, security and malware protection is up to date.

In addition, you may want to huddle with IT about possibly installing ad-blocking software to reduce popups and “malvertising,” which is online advertising intended to spread malware. The Federal Trade Commission (FTC) has some examples of what that looks like on its website.

## In case of a breach

If a leak of sensitive data may have happened, IC3 says to:

- call a trusted contact at your financial institutions immediately to stop/reverse fraudulent transactions and protect your accounts
- let IT know what’s going on because they may have to check your company network for problems
- update your security software and run a scan to check for potentially malicious software installed by scammers

- change all device passwords that may have been compromised
- be on the lookout for additional fraud attempts by other scammers (they often share their victim database information), and
- file a complaint at [www.ic3.gov](http://www.ic3.gov).

When contacting IC3, they’ll want as much info as possible, such as:

- identifying information of the criminal and company, including websites, phone numbers, email addresses and phone numbers
- the account names and financial institutions where funds were supposed to be sent, even if no funds were actually lost (e.g., bank account number, wire transfers, prepaid card payments or cryptocurrency wallets)
- description of the interaction with the criminal, and
- any email, website or link that caused a pop-up or locked screen.

The FTC also may be able to help. Visit [ReportFraud.FTC.gov](http://ReportFraud.FTC.gov).

It’s a good idea to hold onto any original communication documentation from scammers, including emails, faxes and communication logs.

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## Documentation, due diligence keys to navigating unclaimed property

One of our biggest sources of unclaimed property was uncashed check payments to vendors.

Although it didn't make sense that any organization would leave money that belongs to them sitting unclaimed, there were usually valid reasons for it.

A good example of this is when we cut and issue a check to a municipality for a special permit we might need for a project, but then circumstances change and the permit is no longer needed. If that check is never cashed, and nobody follows up, officially putting the payment "on hold," it can cause havoc behind the scenes.

Besides possibly becoming unclaimed property that we'd have to submit to the appropriate state, if an uncashed check on a closed project gets canceled, and is never reissued, that can cause a problem in our accounting software.

That's why I started reviewing our company bank records more frequently. If a check still hasn't been cashed after 60 days, I proactively reach out to the vendor and contact whoever requested the payment. The person that requested the payment is the most likely candidate

to know if the payment is still due.

We also created a "check maintenance form" to send to vendors in case an outstanding check has aged 60 days. This way, if the payment's no longer due, we'll have a statement on that in writing. The key is having documentation for every check we have to stop payment on, whether we're reissuing it or not, and why.

### Due diligence on potential unclaimed property

Checks for final project payments to subcontractors were another potential unclaimed property headache.

A common reason they'd go uncashed is because the subcontractor was expecting more money. Payment disputes that trigger mediation or turn into lengthy litigation can put a high-dollar check on hold indefinitely.

To stay out of trouble with state auditors, we'd send a check maintenance form with a letter to the subcontractor, formally asking them, "Is this money owed to you? Why has the check not been cashed?" We use their response as proof to state authorities that we did our due diligence.



## Unclaimed expense reimbursements

Besides vendors and subcontractors, former employees are big culprits for not cashing checks.

After they'd leave the company, they sometimes wouldn't realize they had business expense reimbursements that were still due to them.

We decided to follow a similar policy for uncashed vendor checks that are 60 days old. Before voiding a check and reissuing a new one, we first send a form and a letter to the ex-employee explaining that our records show that we owe them money.

We spell out what the money is owed for, based on the data in our T&E system, and ask if the funds are still due to them. We request that they fill out the form and send it back to us. Otherwise, we have to report the money as unclaimed property.

In all three instances of uncashed checks, having records of written correspondence and completed forms from payees generally keeps us in compliance with unclaimed property laws.

*(Jackie Wolfe, A/P Manager, Skanska USA Building Inc., Parsippany, NJ)*

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# Watch out for 10 bad boss behaviors that impact employee retention



by Jess White



**Y**ou've heard it time and time again: People don't leave companies; they leave bad bosses.

And turnover is extremely expensive for companies. The cost of replacing just one employee can be astronomical, between recruiting, hiring and onboarding the person's replacement. The more employees who leave, the bigger impact turnover has on your profitability and the bottom line.

To keep your best and brightest staffers around – and to recruit new talent – you need to make sure managers across the company are performing effectively. That means reviewing their management styles to see if they're being the best bosses they can be, in the Finance department and otherwise.

It also means you should be on the lookout for behaviors that

employees typically see in bad bosses to keep people from becoming disengaged, disconnected and jaded.

### Top 10 traits of a bad boss

Bamboo HR surveyed over 1,000 employees to find out what they consider bad boss behavior. From that data, it came up with a list of the top 10 characteristics found in bad bosses.

Per the survey, a bad boss:

1. Takes credit for someone else's work
2. Doesn't trust or empower employees
3. Doesn't care if employees are overworked

4. Doesn't advocate for employees when it comes to their salaries
5. Focuses more on employees' weaknesses instead of their strengths
6. Hires and/or promotes the wrong people
7. Micromanages employees
8. Refuses to support employees in disputes with clients or customers
9. Doesn't give people the proper direction on their roles, projects or assignments, and
10. Doesn't set clear expectations.

Almost half of those surveyed said that a bad boss was the primary reason they left a job, citing issues with the person's:

- Management style (37%)
- Condescending attitude (30%)
- Bad temper (30%), and
- Lackluster interpersonal communication skills (26%).

In addition, 24% left a position because their boss openly harassed employees.

### Prevent issues with communication, praise

While the most egregious of these behaviors are relatively easy to spot

## Watch out for 10 bad boss behaviors that impact employee retention

and avoid, some may inadvertently creep into your Finance department.

Few people are naturally good at being managers. In fact, Gallup estimates that only about 1 in 10 people inherently have the talent necessary to manage, according to its State of the American Manager report.

That means the rest of us must work hard to develop our leadership skills and manage people.

And especially with all the hard facts and data Finance has to keep track of, softer skills like communication and support may fall by the wayside. It can happen with other departments, too.

Being up front with staffers about their roles and responsibilities is critical for both new hires and seasoned employees. It's not only important to make sure they clearly understand expectations, but it's also essential to provide them with the tools they need to succeed, whether it's updated software or additional personnel during crunch times like year-end.

Remember that communication is a two-way street. You also want your staff to freely discuss their challenges with their managers, as well as any suggestions they may have for improvement.

Also, managers should regularly take time to discuss the positive aspects of their job performance. Too often, praise is solely reserved for an employee's annual performance review. Supervisors can be quick to criticize an

employee, but they may not think to offer positive feedback in the moment.

So, if an employee is going the extra mile to help process invoices or make a holiday Payroll deadline, including staying after hours or taking on additional tasks, managers should let them know ASAP that their effort is noticed and appreciated.

### Other strategies to be a better leader

Along with open communication that highlights the positives, here are five additional keys to being a boss who makes your people want to stay around, according to Gallup:

- 1. Motivate and engage employees with your firm's mission and vision.** Engaged employees are more productive. They're also likely to stay with your firm, especially if they support the company's mission. If your people know how the work they do directly connects to the firm's success, and they feel like valued members of the organization, it's easier to retain them.
- 2. Be assertive to help your people overcome obstacles to the company's desired outcomes.** The best bosses make sure employees have all the tools they need to do their jobs well. They advocate for their staff when necessary and do their best to give employees

the resources necessary to work around roadblocks preventing them from success.

- 3. Make personnel decisions based on employees' productivity, not politics.** When looking at salaries and workloads, for example, changes should be made based on each worker's capability at his or her job, without any unrelated factors coming into play.
- 4. Create a culture of accountability.** Accountability goes both ways. Just as employees need to be accountable for their responsibilities and results, managers should be accountable to them, as well. If managers make promises to employees, they need to keep them. This can be as simple as following up on an email or finding out the answer to a question an employee has.
- 5. Build professional relationships based on trust and openness.** Being honest with your people goes a long way, even if the news isn't necessarily what they want to hear. Employees are more likely to stick around if they can trust their bosses to be up front with them. Encouraging transparency and maintaining an open dialogue are vital to forging strong professional relationships with employees.

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# What CAA health plan transparency requirements are we responsible for?

**Q:** As a self-insured employer, what do I need to know about the new health plan requirements put in place by the Consolidated Appropriations Act of 2021 (CAA)?

**A:** According to Julie Athey, director of compliance for The Miller Group in Kansas City, MO., the CAA requires the following actions on the part of self-insured employers:

- Group health plan sponsors are required to obtain info about the compensation paid to brokers and others that provide consulting services to the plan. This applies to medical, dental and vision coverage offered by either fully insured or self-insured employers. While many brokers and consultants may provide the required disclosures as a matter of course, it's ultimately your obligation as a fiduciary of the plan to request them if they do not.
- Another new requirement under the CAA is that group health plans must conduct a detailed analysis of their compliance with requirements to meet detailed parity requirements in the coverage they provide for mental health services as compared to other health conditions. This info must

be provided to the Dept. of Labor (DOL), state regulators and any plan participants that request it. Self-insured employers should work with their broker or attorney to determine the best way to do so. Third-party administrators (TPAs) may be able to help, and there are also vendors that will conduct the analysis for you.

- Group health plan insurers and plan sponsors aren't allowed to enter a provider network agreement that contains a "gag clause" regarding the cost of services and quality of care offered by healthcare providers in the network. Plans will also be required to file an annual attestation with a federal agency – either the DOL or Dept. of Health and Human Services – that they aren't subject to a gag clause. Self-insured employers will likely be responsible for filing this attestation, but some TPAs may be willing to take on that responsibility.

At the moment, the attestation requirement has been delayed, pending new regulations. But it's a good idea to check with your TPA now to confirm who's going to handle the attestation.

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# EMPLOYEE BENEFITS TRENDS



## CFO Benefits / Policy And Culture

# Socially responsible 401(k) options show employers take DEI seriously



by Stephanie Ashton and Monem Salam, Finance Expert Contributors

**L**ately, senior management at businesses like yours has been feeling the need to get serious about diversity, equity and inclusion (DEI) and other socially responsible policies and practices.

In a post on HRMorning.com, experts Stephanie Ashton and Monem Salam said this is how they're putting their money where their mouth is:

One way for employers to demonstrate that diversity and social impact matter is through the investment choices in employee retirement plans, such as a 401(k).

Over the years, as the U.S. workforce has become younger

and more diverse, expectations around the issues and values an investment should address have shifted – and there are more socially responsible and sustainable investment options to cater to this shift.

Socially Responsible Investing, or SRI, is a term that is often used somewhat interchangeably with “ethical investing,” “impact investing” and “sustainable investing.” These concepts all reference the core idea that companies that demonstrate stronger performance in the areas of environmental, social and governance (ESG) criteria make more desirable investments based on ethical principles, financial

measures, or a combination of the two.

Though SRI traces its roots as far back as the 18th century, there are some persistent myths about it. The process of moving a company's 401(k) to a more sustainable option can be tricky, but it's achievable. It also demonstrates a true alignment of your company's mission and values. Here are four myths about SRI and the reality.

### Myth 1: SRI is niche or fringe

Although SRI has been sometimes regarded as a niche market or a fad,

## Socially responsible 401(k) options show employers take DEI seriously

the number of investors adopting ESG strategies suggest otherwise.

In the five years between 2014 and 2019, a Morningstar report on the landscape of U.S. sustainable funds showed the number of mutual funds branded as sustainable increased by over 140%. The Forum for Sustainable and Responsible Investment (US SIF) found that as of 2020, one out of every three dollars under professional management in the U.S. was managed according to sustainable investing strategies. Most fund managers have at least one – if not a whole menu – of different socially responsible or sustainable funds to choose from.

Among institutional investors – insurance companies, pension plans, and other major players on Wall Street – a 2019 survey from Morgan Stanley found that 57% envision a time when they will only allocate investments to managers with a formal sustainable investing approach. Their recent Sustainable Signals research on individual investors shows the demand for sustainable investing is even greater:

- 50% of investors, and 73% of millennials, made changes to their investment portfolios or plan to within the next 12 months in response to social justice issues.
- 79% of all individual investors, and 99% of millennials, are interested in sustainable investing.
- 76% of investors cite performance concerns as the biggest barrier to investing sustainably.

### Myth 2: SRI investing delivers lower returns

The myth that sustainable investing delivers lower returns to investors has been hard to shake. But researchers at New York University's Stern Center for Sustainable Business found improved financial performance due to ESG becoming more noticeable over a longer time and that ESG can provide downside protection to investment portfolios, particularly during social or economic crises.

Morgan Stanley found that US sustainable equity funds outperformed traditional peer funds by a median total return of 4.3% and reduced investment risk during the first wave of coronavirus in 2020. And though outperformance can be challenging to predict, sustainable funds tend to favor higher-quality investments that, according to Kenneth Lamont of Morningstar Europe in a July 2021 Financial Times article, “may reasonably be expected to outperform the market over long periods.”

But the persistence of the myth of lower performance is precisely why socially responsible and sustainable options are so hard to find in employer-sponsored retirement plans. The Plan Sponsor Council of America found in 2019 that 2.9% of 401(k) plans had even one ESG or sustainable fund as part of the menu.

### Myth 3: ERISA doesn't allow SRI investments

The fiduciary standards an employer must abide by when selecting appropriate investment

options for employees is a high standard to clear.

But the Department of Labor says “ESG factors, and climate change issues in particular, pose financial risks that plan sponsors should consider as prudent fiduciaries.”

Academic research and industry experts alike point out that sustainable funds perform just as well – if not better – than other funds, a view shared in the Institutional Shareholder Services survey in 2021.

### Myth 4: DEI and SRI investing are separate issues

There's a final angle to consider about adding SRI options to a 401(k) menu: Adding socially responsible and values-based options to your retirement plan menu can be an actionable, meaningful DEI initiative that demonstrates an employer's commitment to equity and inclusion.

This can help employees recognize that your commitment to sustainability and social justice goes beyond lip service and may inspire greater loyalty to the company – as well as greater participation in the company's 401(k). And even just one SRI option may cover a lot of ground.

It may also be worth surveying your staff to see how many wish to have these options in your plan.

In the end, a values-based approach to retirement savings might be more than just a way of retaining and engaging employees. It could help attract new talent as well.

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# Put a straightforward process in place to follow in case an employee passes away

In the unfortunate event that an employee passed away, there were several practical factors to consider, including paying their final wages and handling any associated benefits payable after death.

No one really wanted to think about it happening, but we knew it was best to be proactive and put a process in place to handle wages for deceased employees before we experienced it firsthand.

That way, we could handle all the grief and emotions that came into play while still fulfilling our obligations to the deceased worker and his or her family.

## Coordinated roles with checklist

We knew the process needed to be a team effort between Benefits, HR, Payroll, A/P and our legal team. And we didn't want to miss a step. So, we created a checklist to make sure we covered everything.

The checklist covered everything we needed to handle the death internally, including breaking the news to management and employees who worked closely with the person, notifying IT about deactivating their building/system access and arranging for packing of the person's belongings.

In the checklist, we also specified the steps that each department needed to take after an employee passed away.

For example, Payroll needed to update the system with the termination info, suspend and reverse any pending direct deposits, check to see if the worker had any uncashed paychecks and determine the amount of any final payments to be made in the year of death and any following years.

It was also on Payroll to review state laws to see if any additional rules applied to payments before they were issued, notify the appropriate agencies about any involuntary deductions like child support and other wage garnishments, and check whether any unique earnings codes were necessary for tax purposes, retirement plan reporting or Form 1099 reconciliation.

Plus, A/P had to work closely with Payroll to obtain any necessary Forms W-9 from the decedent's family to process the pending payments. Benefits had to reach out to the beneficiaries and any associated third parties (e.g., disability insurance, workers' comp insurance, retirement plan administrators).

HR would also reach out to the family, offering condolences and letting them know about any forms they might need to complete related to life insurance, COBRA and other benefits.



## Put a straightforward process in place to follow in case an employee passes away

And we made sure to coordinate with each department to combine our efforts to contact the employee’s family when possible. We didn’t want to reach out to them any more than we needed to, since we knew they had a lot on their plates and were grieving.

### Being proactive works

In addition, we included proactive steps to make sure this process was as seamless as possible. That included making sure Benefits reminded employees every year that they needed to keep the beneficiary forms we had on file up to date with current, accurate info.

Because the steps are written down on our checklist, it’s made handling the tragic occurrence of an employee’s death much more manageable. We’re staying in compliance and handling everything necessary legally while still being sensitive to the needs of the person’s family, which is the best outcome we could hope for in this situation.

*(Adapted from “Calculating Deceased Wages Correctly,” by Linda Dailey, CPP, and Stephanie Ernsting, CPP, at the 2022 American Payroll Association Payroll Congress and Expo, Las Vegas)*

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## 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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