

RESOURCEFUL FINANCE PRO

Powered by  SuccessFuel

July 2023

Successfully transitioned to electronic filing of information returns11

Undue hardship? Employer's nature, size, operating cost to be considered, SCOTUS rules.....15

CFO: How finance automation is solving your peers' top 3 priorities right now19

FedNow launch is just weeks away

Is Finance ready to process more real-time payments?

RESOURCEFUL FINANCE PRO July 2023

In This Month's Issue




News Briefs

CFO News Briefs	3
A/P News Briefs.....	6
Payroll News Briefs.....	8

Insider Content

 You Be The Judge Ex-staffer claims he's owed money because of FLSA exempt misclassification: Will judge agree?.....	10
 Case Study Successfully transitioned to electronic filing of information returns	11
 Excel Tips New Excel IF functions enable you to make more complex comparisons, boosting efficiency.....	17
 Ask the Auditor Before doing business with an independent contractor, what do we need copies of?	18

Articles

 Banking FedNow launch is just weeks away: Is Finance ready to process more real-time payments?	13
 Payroll Undue hardship? Employer's nature, size, operating cost to be considered, SCOTUS rules	15
 Category CFO: How finance automation is solving your peers' top 3 priorities right now	19

CFO News Briefs

Stories You Might Have Missed

T&E headaches on the rise for finance pros – how can companies nip them in the bud?

June 8, 2023

CFOs love employees who go above and beyond to save their companies money, and never pad their expense reports.

But in the grand scheme of things, we bet most finance professionals would love to do away with travel & expense (T&E) altogether! Consider that 71% of CFOs complain T&E “absorbs too much of the finance teams’ time and attention,” according to a report by CFO Dive commissioned by TravelBank.

Twenty-one percent of the 150 CFOs surveyed don’t think enhanced automation is the answer to reducing T&E headaches either. CFOs and their team members look to employee habits as a major problem.

Whether it’s padding a report with questionable expenses, providing most but not all necessary receipts or booking flights and hotels at the last minute and driving up costs, all of these issues drive up expenses and waste finance staffers’ time. The offending behaviors are frequently against company policies to boot.

T&E could become a bigger problem as business travel and in-person client meet-ups increase. Seventy-three percent of CFOs “agree that violations of T&E policies will become a bigger issue as their companies grow over the next five years.”

The more things change, the more they stay the same: T&E frequently rates as the second toughest operational expense for finance to manage (maintenance and repairs are usually rated No. 1).

According to a recent Deloitte report, 33% of CFOs need to reduce their travel by employee rates by more than 20%. Reason? They’re tasked with reducing greenhouse gas emissions to meet their companies’ sustainability targets.

Forty-four percent of business leaders surveyed by Deloitte say internal meetings and training are “the most replaceable by technology, compared to client rapport building (11%) and client acquisition (7%).”

[Read the story online](#) 

CFOs are bullish on ChatGPT – how much can companies trust AI to handle?

June 13, 2023

The hottest “conversational AI tool” – OpenAI’s ChatGPT – is spurring CFOs to learn more about the burgeoning technology and determine whether to utilize it.

For example, GenCFO polled LinkedIn members on whether ChatGPT has a place in accounting and finance. Sixty-five percent of respondents voted Yes, 25% said “let’s see” while only 9% said No.

Interestingly ChatGPT doesn’t see itself as a replacement for automation software. GenCFO asked ChatGPT if it would replace invoice automation.

Answer: ChatGPT, as a language model developed by OpenAI, is not designed to replace invoice automation. Instead, it is designed to assist and provide information to users. Invoice automation is a technology solution that automates the process of generating, sending, and tracking invoices to improve efficiency and accuracy. ChatGPT can provide information about invoice automation and other related topics, but it is not a replacement for the actual software.

CFOs want ChatGPT for planning & analysis

Hanover Research surveyed financial directors and managers on a number of tech topics, including if and how they expect to utilize ChatGPT.

The top choices:

- financial planning and analysis (47% of CFOs)
- cybersecurity and privacy (44%)
- administrative tasks (36%)
- financial reporting (34%)
- cross or inter departmental communication (29%)
- accounting (29%), and
- forecasting (28%).

[Read the story online](#) 

Is that commercial property a good deal or a money pit? Questions you need to ask first

June 14, 2023

To buy or not to buy commercial space ... it's a question companies and CFOs wrestle with all the time. We predict savvy companies (and investors) will be keyed in on available real estate in the coming weeks and months.

An estimated \$1.5 trillion in commercial mortgages are coming due over the next three years. For many of these properties, the borrowers owe more than the sites are worth. Landlords will be desperate to sell, and suffice to say, some great bargains are sure to be on the market.

If your business is growing or looking to reduce taxes, you may already be mulling a move. And there's always a better deal out there if you know where to look.

Just keep in mind that property owners who get behind on or barely make loan payments may skimp in other areas, especially maintenance and repairs. They'll cut back on areas like cleaning, fixture improvements, security systems, energy efficiency upgrades, and so on.

Your best bets are to:

- Hire an independent building inspector or get your company's facility manager to thoroughly check a property your company wants to buy or lease. Caveat: Some upgrades, like painting and carpeting, are no-brainers before moving in. But dented walls, worn-out carpeting, inefficient or inoperable plumbing fixtures, etc., will add to your costs.
- Factor in the previous tenant's financial picture. There could be problems with the building not easily seen in a casual walkthrough. A facility manager should be able to help you make the call here. If you contract out building services/janitorial, hire someone who'll tell you what you need to know first.
- Don't overlook safety. Foot traffic is way down in cities where crime rates spiked following the George Floyd riots and Antifa mayhem. Believe it or not, only four out of 62 downtowns are busier than before the COVID pandemic started: Salt Lake City; Bakersfield and Fresno in California; and El Paso, Texas.

[Read the story online](#) 

Email & phone tactics that prompt more late accounts to pay their bills

June 20, 2023

More and more businesses are relying on email over phone calls to collect from past-due accounts. Email is faster and more direct than trying to connect with a late payer on the phone.

Of course, people can ignore a collections email as easily as they would a phone call. And they'll almost certainly ignore an email that's not written effectively.

The key is the subject line. Nail that and you'll drive up your reply rate, leading to collections.

Highlight these strategies with your accounts receivable or credit & collections staffers to create a subject line that gets accounts to respond (and pay up):

- **Get specific.** Studies have proven that subject lines with customer account numbers or invoice numbers helps get those emails opened. So try a subject line like: Payment Needed for Invoice Number 1234 or Account Number 1234 Payment Needed.
- **Personalize it.** No one wants to feel like a part of a mass collections email. So get the first name of your A/P contact right in the subject line. The proof it's worth it: The open rate for emails with personalized messages is roughly 6% higher than those without personalization.
- **Stay out of the spam filter.** You and your team know not to use words like "money" or "price," but even things like "check" or "act now" can land you in the junk file.
- **Experiment a little.** What do marketers do? They test multiple approaches to see which ones get the best response. Encourage your A/R staffers to do the same until they hit upon the winning formula.

Of course, should you not get the desired effect from that email, your team will need to pick up the phone and get calling.

Urge your staffers to use the word "what" when they pick up the phone instead of the dreaded "why":

- "What caused you to fall behind with your account?"
- "What happened that's keeping you from paying this invoice now?"

That way, instead of callers putting up a wall because they feel personally attacked, you open the door to answers that give your company inroads to get paid.

[Read the story online](#) 

Noncompete clauses get the ax on Wall Street: Is Main Street USA next?

June 26, 2023

Companies' ability to restrict an exiting employee's job opportunities is in danger. A federal rule is already in the works to eliminate noncompete clauses in workers' contracts. And there's pressure growing from states to end the practice.

Case in point: New York state legislators just sent a bill that bans noncompete clauses to Governor Kathy Hochuli. Democrats crafted the bill and Hochuli is expected to sign it.

New York's law takes it easy on businesses in a couple of ways: Confidentiality agreements are still allowed and companies can insist on non-solicitation deals to prevent outgoing workers from potentially poaching company clients. Employers lobbied for keeping those measures to protect proprietary data or "trade secrets."

Employees in the Empire State currently working under noncompete clauses are out of luck. The bill prohibits future use of noncompete clauses, not current restrictions. That goes for typical one-year restrictions on who an ex-employee can work for, as well as shorter clauses.

"Noncompete agreements are bad for workers, bad for consumers, and bad for the economy," says New York state senator Sean Ryan. "[The law] will also create a lasting positive impact on our state's job market, allowing businesses to hire the best candidates for vacant positions."

Anywhere from a quarter to 40% of employees (somewhere in the neighborhood of 30 million people) are working under noncompete agreements with their employers, depending on which source you want to believe. Many employers won't hesitate to sue if a departing worker goes to work for a company in the same field.

New York joins California, Oklahoma and North Dakota in banning noncompete clauses in their states. California's provision prohibits any contract that restricts an individual from "engaging in a lawful profession, trade, or business."

The Federal Trade Commission proposed to ban noncompete clauses earlier this year.

Finance is one of the top, arguably No. 1, sector where noncompetes are implemented. Many CFOs view noncompetes as a necessary tool to retain talent.

[Read the story online](#) 

Keep cash out of the banks? Why companies are shifting resources elsewhere

June 27, 2023

The Association for Financial Professionals (AFP) reports that companies' cash and short-term allocations toward bank deposits dropped in recent weeks to 47%.

Last year at this time, the deposit rate stood at 55%. According to the AFP's 2023 Liquidity Survey Report, "the current share in bank deposits is one of the lowest recorded in five years [and is] being driven by the [spring 2023] bank failures."

Companies are moving cash and short-term investments to:

- government/Treasury money market funds (up by 4% from a year ago)
- T bills (up by 2%), and
- agencies (also up 2%).

Until the Federal Reserve starts lowering interest rates, more companies are liable to eye T bills as a safe investment. The Fed seems intent on raising rates at least two more times by the end of the year. Investors are bullish on T bills because you don't have to wait long to make a guaranteed profit. For example, the three-year T bill rate is at 5.15%.

It's a good bet more CFOs will drain deposit accounts further in coming months. The AFP survey finds "38% of treasury professionals ... plan to continue increasing cash allocations to money market funds into the next year." Just 8% of respondents expect to pull back from investing in funds.

Overall 27% of financial execs say their companies will put more money in the bank, while 25% plan to decrease their deposits. Bottom line is, CFOs are just about split down the line when it comes to confidence in the banks.

The three primary objectives of CFOs for their organizations in 2023 are:

- safety (cited by 63%)
- liquidity (33%), and
- yield (4%).

[Read the story online](#) 

A/P News Briefs

Stories You Might Have Missed

Unclaimed property update: Deadlines approaching in a few states, WA makes changes

June 23, 2023

Unclaimed property reporting can easily trip businesses up, landing them in the audit crosshairs of state governments and possibly leading to penalties and interest.

In addition to all 50 states, Washington D.C., Puerto Rico, Guam and the U.S. Virgin Islands also have statutory-required reporting of unpaid financial assets, such as wages, refunds, uncashed checks, overpayments, gift card balances, securities, etc., that are due to their residents.

California's unclaimed property reporting and remittance period wrapped up a few short weeks ago. Meanwhile, the big deadlines for Michigan and Texas are coming up July 5, 2023. In most years, that deadline date would be July 1, but it falls on a weekend this year.

Massachusetts' June 30 deadline for reporting tangible property abandoned during the previous year is coming up even faster.

New York has a complex, rolling unclaimed property reporting and payment schedule. A few upcoming deadlines to note:

- First business day in July: vehicle and traffic law refunds
- July 10: collateral loan brokers, and
- September 10: insurance companies, including life insurance companies (most states have a May 1 deadline for life insurance companies) and public assistance.

Washington's deadline remains October 31. However, the Evergreen State enacted a Revised Uniform Unclaimed Property Act this year. Here are the important things to know:

- Due diligence letters must be sent out to owners of any unclaimed property valued at \$75 or more, and what you put in your letter (and email correspondence if they've given consent to receive email from you) matters.
- If you have multiple addresses for a property owner, the state with the most recent address may take custody of the property. If the most recent address is temporary, the state with the next most-recent non-temporary address may take custody. The law has a new definition of "domicile."
- In the fall of 2023, property held by government agencies and courts, with last activity dates between July 1, 2020 and June 30, 2022, is due to be reported on or before October 31, 2023.
- The deadline for insurance companies is now April 30.
- The broker and account numbers for reporting unclaimed securities and mutual funds have changed.

[Read the story online](#) 

Be suspicious of emails containing a QR code

June 30, 2023

Because your A/P staff is so good at keeping important bills paid, it unfortunately makes them a prime target for payment fraud email campaigns.

Official-looking notices can arrive in their inboxes warning that you're about to lose customers because your company domain name or trademark is expiring. The email goes on to offer help, with a link to a payment page to supposedly take care of the renewal fee. But it turns out to be payment fraud.

Similar scams are out there that involve notices of software license or service subscription renewals.

Staying away from phishing payment fraud

Before A/P takes any action on these domain renewal notices, the sender needs to be checked out. The domain renewal sender's address should match the domain registrar company represented in the email, and not be a third party. When in doubt, search the database at *Whois.com/whois* or check with IT.

Even if the email appears to be on the level, stay away from any links and instead go directly to your registrar's verified website to pay the renewal fee.

Also to avoid payment fraud, double check the senders of any emails asking for payment for trademark monitoring services, registration with U.S. Customs and Border Protection or a private registry, or renewal of trademark registration.

Unless these emails are from your company attorney or the U.S. Patent and Trademark Office (look for an @uspto.gov sender address), you should assume they're fraudulent.

In addition, be skeptical of messages warning that a third party is about to register your trademark as a domain in another country (a ".cn" address in Canada, for example) and offering you the opportunity to buy the domain first. This is also an attempt at payment fraud.

And before deleting these phishy emails, don't forget to bring them to IT's attention.

Be suspicious of emails containing a QR code

Because QR code usage has skyrocketed in recent years, cybercriminals have been busy blasting out batches of image-based junk emails with embedded QR codes. They're often able to successfully bypass security protections.

According to the security firm Inky, the emails instruct employees to resolve a security issue, such as a missing two-factor authentication enrollment, or to change a password. Using the tried-and-true tactic of fear, the crooks warn about the "consequences" if the person doesn't act.

Those who click on the QR code go to a site that looks real, but captures the user's passwords and sends them to the hackers.

Recipients of these emails get lulled into a false sense of authenticity because the messages are from someone in the company. But that's because the co-worker's email account has been accessed through a business email compromise attack.

[Read the story online](#) 

Payroll News Briefs

Stories You Might Have Missed

Form 941 and 941-X: An IRS update for the second quarter and beyond

June 9, 2023

The latest revision date for the 941 as well as its instructions is March 2023. Check for that date when you're working on second quarter forms. That's the version Finance pros used to report their first quarter federal employment taxes, too.

Meanwhile, Form 941-X has a more recent revision date: April 2023. Final versions of the form and its instructions were posted in May, IRS said during its June Payroll Industry Call.

The instructions explain that you can use the new version of the 941-X for past years, provided the statute of limitations on corrections hasn't expired. But you should supplement the 941-X instructions with the 941 instructions that correspond to the quarter you're correcting.

During the Social Security Administration's Spring 2023 Wage Reporting Community Meeting, IRS commented on how Form 941 does (or rather, doesn't) fit into its new electronic filing regulations.

As a reminder, the regs lowered the e-filing threshold from 250 individual returns to 10 returns in aggregate.

The list of forms to add up is long and – as in the past – includes Forms W-2. However, the following forms shouldn't be included in the tally to determine if you've met the 10-return threshold:

- 940
- 941
- 943
- 944, or
- 945.

You still have time to prepare for the new regulations, as they come into play for tax year 2023 – i.e., forms Payroll will submit during the 2024 filing season.

[Read the story online](#) 

Were payments received under health insurance policy taxable? Yes, and here's why

June 16, 2023

IRS told one employer that payments made to employees under its fixed-indemnity health insurance policy were subject to federal income, FICA and FUTA taxes.

The policy was optional, with comprehensive health coverage provided through its group health insurance policy.

Both policies qualified as accident and health plans under Sec. 106 of the Internal Revenue Code, IRS pointed out in Chief Counsel Advice 202323006.

As such, the company could offer the fringe benefits to employees as part of a Sec. 125 cafeteria plan.

The good news was *contributions* to the plans weren't subject to taxes.

But when it came to *payments* made to employees, that's where the plans differed. After all, to be an excluded benefit, among other things, payments or reimbursements have to be for medical expenses. While the group health insurance policy could pass that test, the fixed-indemnity health insurance policy couldn't.

Here's a closer look at the company's arrangement and the insight provided by the IRS Office of Chief Counsel.

The premiums for the fixed-indemnity insurance policy cost enrolled employees \$1,200 per month. They paid the premiums through salary deductions on a pre-tax basis.

Then, the insured plan paid \$1,000 per month to employees who participated in certain health or wellness activities.

Such activities included using preventive care under the comprehensive health plan. That plan offered reimbursements for the cost of flu shots and other vaccinations – and there was no cost for covered individuals.

Meanwhile, the fixed-indemnity health insurance policy also provided benefits at no additional cost. They included wellness counseling, nutrition counseling and telehealth benefits. Furthermore, the policy provided hospitalization coverage.

As for the \$1,000 wellness indemnity payments, they'd need to be included in an employee's gross income if that person had no unreimbursed medical expenses related to the payment, IRS concluded.

That could occur if the:

- activity that triggered the payment didn't cost the employee anything, or
- cost of the activity was reimbursed by other coverage.

What's more, the payments were wages for employment tax purposes, as explained in the IRS guidance to the employer that requested it.

Action step: If your company makes payments to employees for wellness measures they take, consider the possible tax implications.

Are payments or reimbursements for medical expenses?

If not, Payroll may need to withhold federal income and FICA taxes from the wellness payments, and your company may have to pay its portion of FICA tax and also pay FUTA tax on the amounts.

[Read the story online](#) 

Pressure to protect sensitive information as part of an acquisition

June 23, 2023

Finally, you've completed the acquisition. As you move forward, don't forget about this potential vulnerability: employees' personally identifiable information.

Otherwise, you may run into legal trouble.

Here's what happened to one employer:

After it acquired a company, it became a victim of a ransomware attack. Cybercriminals hacked into the employer's internal, administrative system and obtained current and former employees' Social Security numbers (SSNs). That occurred in 2020.

The employer didn't communicate with employees about the breach until 2021. In the meantime, an employee who'd worked for the original company found out pandemic unemployment assistance claims had been filed in his name, using his SSN.

That's when he learned the data breach linked back to the employer that'd acquired the company where he'd previously been on the payroll and where he'd long ago shared his confidential information.

The acquiring company should have done more to protect his SSN and other personally identifiable information, he claimed in a lawsuit he filed.

Initially, in *Ramirez v. The Paradies Shops, LLC*, a federal district court dismissed the case. However, the Eleventh Circuit Court of Appeals recently reversed that decision.

The former employee accused the employer of negligence. While the employer argued that, under Georgia law, it didn't owe him a duty to safeguard his data, the federal appeals court disagreed.

Action step: Make sure sensitive data you may obtain during an acquisition is protected through encryption or other means.

[Read the story online](#) 

Ex-staffer claims he's owed money because of FLSA exempt misclassification: Will judge agree?

CFO Bill Keeper waited for Payroll Manager Kerry Peterson to look up from her monitor screen, then asked, "Can you call up Josh Wilkinson's pay info for me?"

"Josh Wilkinson? I thought he quit a few weeks ago," Kerry said.

"He did, but now he's trying to shake us down for more money with a lawsuit," said Bill. "That's a pet peeve of mine when salaried employees think they're owed back overtime pay."

"Is he trying to claim he was misclassified? That he was wasn't Fair Labor Standards Act (FLSA) exempt?" Kerry asked. "That could really get us in trouble."

Additional complaints

"Oh this is just a disgruntled ex-employee making trouble," Bill replied. "He's also trying to get away with saying we didn't sufficiently reimburse him for mileage and cell phone use."

"OK, here's what you're looking for," Kerry said. "Cell phone use reimbursement was \$50 a month. And like everybody else, Josh also got the IRS mileage rate between travel destinations and our nearest regional office. Maybe he has a problem with us using the nearest regional office for calculation?"

"Compensation's what I really need to know," said Bill. "There's a salary base threshold for FLSA exemption."

"Looks like his gross pay was \$1,000 a week, even for weeks when he took time off," Kerry said.

Josh moved forward with his lawsuit, insisting he wasn't FLSA exempt, and that Bill's company should've paid him overtime compensation for weeks when he worked more than 40 hours. Did a judge agree that he was improperly classified?

The decision

No. The judge dismissed the case.

When the court reviewed the ex-employee's guaranteed base salary, which must be at least \$684 per week regardless of hours worked to qualify as FLSA exempt, it determined the former employee was classified correctly because he was guaranteed \$1,000 per week. Therefore, he wasn't entitled to overtime.

Another FLSA exemption test is if an employee works "in a bona fide executive, administrative or professional capacity." This also applied in this case.

The judge also said that the company's reimbursement for business expenses



Ex-staffer claims he's owed money because of FLSA exempt misclassification: Will judge agree?

was adequate and that the former employee was unable to show that the amount paid wasn't sufficient to provide full reimbursement for necessary actual expenses.

Do employees know what FLSA exempt means?

Because FLSA exempt/nonexempt disputes are common, this case is a reminder to consider performing periodic FLSA compliance audits.

To prevent expensive and frivolous lawsuits, it's good strategy to coach HR and/or your supervisors to sit new hires down during the onboarding process and spell out what their FLSA status is and what it means regarding T&E, meal breaks, overtime pay, etc.

Based on Willis v. Koning Associates, No. 21-CV-00819-BLF, U.S. DC N.D. California, 5/19/23. Dramatized for effect.

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



Case Study

Successfully transitioned to electronic filing of information returns

I was aware of the electronic filing option for Forms 1099, but because we only needed to file a small handful of these information returns each year, it made more sense for us to fill out and send in the paper forms.

But then our tax software didn't update like it was supposed to and we had to get to the bottom of what it was all about.

That's when our vendor reminded us that the IRS was going to be lowering its electronic filing threshold for information returns. They recommended that we acquire a five-digit transmitter control code (TCC)

for IRS's Filing Information Returns Electronically (FIRE) system.

While we were setting up a new *ID.me* account and using it to fill out the TCC application at *irs.gov*, we still had a pressing 1099 filing deadline to meet.

Created a temporary Form 1099

Due to the software update failure, we were unable to print out paper 1099s for IRS for the tax year. I ended up creating a specially-formatted, printable PDF template in Adobe by scanning a document, inserting text boxes and



Successfully transitioned to electronic filing of information returns

ensuring they were blank. Everything went smoothly and the returns were filed on time, but the usefulness of the template would be short-lived.

When we switched to using the FIRE system, the continuous-use 1099-MISC and 1099-NEC forms don't have a specific tax year marked on them. It meant no longer using those paper forms.

All the while, we needed to be on the lookout for a possible electronic filing requirement.

Electronic filing on FIRE, with an eye on IRIS

It was a good thing that we got electronic filing credentials and prepared for the switch. Instead of a gradual threshold decrease, IRS dropped a bombshell that electronic filing for a whopping 45 information returns – including the W-2 and 1095 series – would be mandatory for as few as 10 returns starting in 2024.

We called a Finance meeting right away to come up with a plan, because the new rule meant that if we file 10 of any of the information returns on the list, all of our affected information returns would have to be filed electronically.

During the meeting, someone suggested that we consider using IRS's brand new, free Information Returns Intake System (IRIS). We're evaluating whether enrolling in this platform will simplify our filing process because it'll involve applying for another TCC.

Year-end will have to start a little early this year to make sure we have all I's dotted and T's crossed, so to speak. But it'll be worth it to stay in compliance – and hopefully have a paperless process that's more efficient.

(Ashley Risseuw, Accounts Payable Manager, York General Hospital, York, NE)

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

TIME TO START
TALKING TO BANKING
PARTNERS, STAFFERS
AND VENDORS
ABOUT **REAL-TIME
PAYMENTS**



A/P Banking

FedNow launch is just weeks away: Is Finance ready to process more real-time payments?



by Brian Bingaman

Compared to the rest of the world, the U.S. has lagged behind in rapid B2B payments technology, but that's about to change. The Federal Reserve's FedNow service is coming soon!

The Fed says its more modernized payment infrastructure will launch in July (a specific date has not been announced), operating alongside the Clearing House's Real Time Payments network. Different enhanced capabilities (no word yet on what those will be) will be deployed in phases, depending on industry demands and tech developments, the Fed said.

FedNow will allow financial institutions of every size across

the country to provide what the Fed describes as safe and efficient payments in just seconds. As a result, businesses will be able to send and receive invoice payments in real time, around the clock, 365 days a year regardless of bank holidays.

It's a potential game-changer for cash flow. Having full access to receivables funds immediately means avoiding late fees and more financial flexibility for making payments to vendors and other payees.

It can also be a valuable tool for speedily handling unforeseen supply chain needs and large disbursements up to \$500,000 related to contingencies.

Who can use it?

FedNow is supposed to be flexible enough to potentially serve a broad range of business, consumer and government use cases.

In addition to streamlining payments to suppliers, customers and employees, the Treasury Department's use of FedNow could lead to faster tax return processing.

How FedNow will work

For the time being, FedNow will only be available for making domestic payments. Think of it as an open-loop clearing and settlement platform using the ISO 20022 request for payment

FedNow launch is just weeks away: Is Finance ready to process more real-time payments?

standard, where payments are routed between financial institutions on a shared network. Necessary information for debiting and crediting accounts is instantly exchanged.

When bills are due, A/P receives immediate confirmation that the payment has been accepted (or that the payment failed). A/R also receives immediate confirmation when payments have been sent.

Financial institutions participating in FedNow can opt into different services within the system. They might, for example, choose to receive funds only. They can also opt into settlement service transfers, where funds are transferred between their FedNow account and Federal Reserve master account to ensure they can continuously process real-time payments.

Additional options include requests for payment capability and tools to support participants in their handling of payment inquiries.

Because FedNow participation isn't required, now's the time to touch base with your banking partners to see if they're opting in or if they're standing by to see how it pans out for the early adopters. If their strategy is wait-and-see, direct them to the FedNow Community to stay up to date.

What it means for your Finance team

Back office benefits of FedNow include more efficient tracking and posting of incoming funds and payments, with fewer errors.

But if your financial institution opts into FedNow, you'll need to make sure that Finance has a ledgering system that can adequately handle and track instant B2B and B2C payments. Recording and reconciling those transactions has to happen without delay and you may need to consider an automation solution.

Because settlement happens in real time, and fraudulent transactions will be nearly impossible to reverse, it's also going to be necessary to have thorough internal controls in place, such as know-your-customer and anti-money laundering policies.

What about fraud risk?

It should be noted that the National Consumer Law Center is skeptical about whether FedNow will have enough fraud safeguards in place. Therefore, extra security readiness for FedNow will be crucial.

Some best practices for fraud prevention include:

1. Examine your risks using the Fed's Fraud Classifier Model
2. Huddle with I.T. to assess your current tools and processes: Do you need to make adjustments? Do you need to add new tools, such as digital identity solutions or behavioral biometrics? In addition, check out the fraud prevention services on the Fed's Service Provider Showcase page.
3. Check out informative resources from the Fed, such as FedNow Explorer, the Synthetic Identity Fraud Mitigation

Toolkit and guide to mitigating authentication fraud

4. Review your organization's process for handling fraud if it arises
5. Collaborate with your vendors on ideas to help mitigate fraud risk
6. Define what role your banking partners will play in minimizing fraud and ask if they've seen the FedNow requirements
7. Consider dual approvals, requiring two authorized users to approve transactions above a certain threshold
8. Train your team members to verify the source of a payment request (e.g., a supplier or biller) and any changes to payment accounts by calling a trusted contact's phone number, especially if they're using an unfamiliar device or IP address or using a channel or payment type that they don't regularly use
9. Educate team members on the irreversibility of real-time payments
10. Educate team members on protecting login credentials and ensuring credentials are strong and unique, and
11. Educate team members about the risk for potential fraud and scams.

[Read this Story Online](#) 

Payroll

Undue hardship? Employer's nature, size, operating cost to be considered, SCOTUS rules



by Jennifer Weiss

NEW STANDARD FOR **RELIGIOUS** **ACCOMMODATIONS**



The Supreme Court has raised the standard on whether an employer can claim undue hardship in response to a religious accommodation request.

For decades, if the cost of an accommodation was more than *de minimis*, an employer could deny a request.

But the court's unanimous decision on June 29, 2023, changed that.

Now, employers have to show that approving a religious accommodation under Title VII of the Civil Rights Act of 1964 would result in "substantial increased costs in relation to the conduct of its particular business," the Supreme Court of the United States (SCOTUS) said in *Groff v. DeJoy*.

The High Court stated that when an employer makes a decision about undue hardship, all relevant factors must be taken into account. Those factors include:

- the particular accommodations in question, and
- their practical impact when considering the nature, size and operating cost of the employer.

Title VII requires an employer to reasonably accommodate an employee's religious practice, but not if doing so would create an undue hardship.

Since 1977, the undue hardship standard has been based on

Undue hardship? Employer's nature, size, operating cost to be considered, SCOTUS rules

another Supreme Court case – *Trans World Airlines Inc. v. Hardison*. That case contains a phrase that lower courts and employers have repeated many times since then: “more than a *de minimis* cost.”

As noted in the more recent SCOTUS case, *Hardison* also makes reference to overlooked phrases such as “substantial additional costs” and “substantial expenditures.” That weighed into the court’s decision to raise the standard above a trivial cost.

Key details of *Groff*

Here’s what happened in *Groff*: Gerald Groff began working for the United States Postal Service (USPS) in 2012. He was an evangelical Christian who believed that he should devote Sundays to worship and rest, not work. As a postal employee, he had Sundays off until USPS began facilitating Sunday deliveries for Amazon. Transferring to a more rural location bought him some time, but eventually, that location began making Amazon deliveries as well.

He explained to his employer he couldn’t work on Sundays due to his religious beliefs. USPS assigned the Sunday work to his co-workers, which created morale problems, and at times, even the postmaster had to step in to deliver mail. Meanwhile, Groff received progressive discipline for his failure to work on Sundays. Eventually, in 2019, he resigned, thereby avoiding termination.

Later, he sued under Title VII, saying his employer failed to accommodate his Sunday Sabbath practice.

Both the federal district court and the Third Circuit Court of Appeals granted summary judgment to the employer. The Supreme Court, though, reached a different conclusion. In addition, SCOTUS sent the case back to the lower courts, to put its newly clarified hardship standard into action.

Undue hardship under other laws, regs

Both parties in *Groff* had hoped the Supreme Court would go further than it did, in terms of elaborating upon the standards they sought.

Groff had asked the High Court to use language from the Americans with Disabilities Act (ADA), which defines undue hardship as that which requires “significant difficulty or expense.” Not only that, Groff thought the lower courts should be instructed to draw upon ADA caselaw to inform them on the issue of undue hardship under Title VII.

The government, which relied upon the Equal Employment Opportunity Commission’s (EEOC’s) regulations, wanted the Supreme Court to endorse the EEOC’s understanding of *Hardison* as basically correct.

Those suggestions went too far, explained Justice Samuel Alito who delivered the court’s opinion.

Impact on co-workers

As an additional point, the court clarified that when considering an accommodation, the focus should be the impact on “the conduct of the employer’s business.” Co-workers may be affected, but that’s only relevant

to the extent that the business is ultimately affected.

So, let’s say you may need to ask someone’s co-workers to switch shifts to provide a religious accommodation. A decrease in employee morale alone wouldn’t be enough to prove undue hardship. You’d have to show how that flowed over into the conduct of your business.

Furthermore, the court provided examples of what wouldn’t be an undue hardship. They included employee animosity to:

- a particular religion
- religion in general, or
- the very notion of accommodating religious practice.

[Read this Story Online](#) 

New Excel IF functions enable you to make more complex comparisons, boosting efficiency

Excel's IF functions are an essential tool for analysis.

A statement in an IF formula helps you make logical comparisons between a value and what you expect, and can have two results. The first result is if your comparison is True. The second (if needed) result, separated from the first result by a comma and a space, is what happens if your comparison is False. So for example, an IF formula of `=IF(C2="Yes", Within budget, Over budget)` means that if C2 contains the word "Yes," then it returns the text "Within budget" to the desired cell, and if not it returns the text "Over budget."

SUMIF allows you to add the values in a granular range according to criteria that you specify. Suppose you want to add up only values larger than five in a range. The formula might look something like `=SUMIF(B2:B25,">5")`, meaning Excel will add only the cells with numbers greater than five within B2 through B5.

COUNTIF is for finding a number of instances of something. In the LearnExcelNow workshop "Excel Updates: New Formulas You Need to Know," presenter Mitzi Katz gave the practical example of identifying how many people from company ABC are signing up to attend a conference. The formula `=COUNTIF(C3:C20, "abc")` counts the number of people from ABC that signed up in that particular section of the C column.

COUNTIF can also be used to identify the frequency of certain number values. `=COUNTIF(D3:D10, ">20")` will tell you how many times a value greater than 20 pops up in D3 through D10. It also works if you need a specific cell reference as criteria. The formula `=COUNTIF(D3:D6, "<="&E3)` will find the number of times anything less than what's in E3 appears in D3 through D6.

New IFS in Excel

The plural IF functions in the newer versions of Excel (2019 and later) expand the analysis criteria and are worth checking out:

- **IFS:** Generally, the syntax is `=IFS(something is true1, do this if true1, something is true2, do this if true2, something is true3, do this if true3)`.
- **SUMIFS:** It adds all arguments that meet multiple criteria. Broken down, the syntax is `=SUMIFS(sum_range, criteria_range1, criteria1, criteria_range2, criteria2)`.
- **COUNTIFS:** It applies criteria to cells across multiple ranges and counts the number of times all criteria are met. The syntax is `=COUNTIFS(criteria_range1, criteria1, criteria_range2, criteria2)`.
- **AVERAGEIFS:** It calculates the average of a range based on one or more True or False conditions. The syntax is



New Excel IF functions enable you to make more complex comparisons, boosting efficiency

=AVERAGEIFS(average_range, criteria_range1, criteria1, criteria2).

“AND” and “OR” still come into play with IFS if you need multiple conditions to be met. For example:

- =IFS(AND(something is true, something else is true), do this if true, do this if false), and

- =IFS(OR(something is true, something else is true), value if true, value if false). Katz emphasized that when using OR in a nested formula, if any of the tests are True, it returns a True result.

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



Ask the Auditor

Before doing business with an independent contractor, what do we need copies of?

Q: What documentation from independent contractors must we have, besides Form W-9, before they do any work for us? We don't want any surprises about owing back taxes, benefits or penalties.

A: In addition to a fully-completed and signed Form W-9 – the equivalent of Form W-4 for independent contractors – they should be able to show you any certifications or licenses that are legally required for the scope of the work they're doing. This includes any state- or locally-required licenses, said Tricia Richardson, CPP, SPHR and SHRM-SCP.

She offered this example during the Premier Learning Solutions on-demand workshop “FLSA Compliance Update: Avoiding Wage Nightmares”: “If you have someone doing electrical work, don't let them do it if they don't have a license.”

Check if they're legally required to have workers' compensation and/or liability insurance for the work being performed. If they are, ask to see proof of insurance. “Every state's going to be a little bit different (about what kind of coverage is required/not required). If they're one person doing the work, they may not have workers' compensation (insurance), but they will have general liability (insurance),” Richardson said.

And if you have proof that the same type of work by the independent contractor is being advertised to other businesses in the form of marketing materials like a website, pamphlet, request for proposal, business card or references, that also provides protection against classification scrutiny.

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

CFO Budgeting and Forecasting

CFO: How finance automation is solving your peers' top 3 priorities right now



by Brian Bingaman

AUTOMATION PLATFORMS *have more capabilities than before*



If a recent survey by payables fintech provider Tipalti is any indication, finance automation is top of mind for most of your CFO peers.

According to Tipalti's CFO, Sarah Spoja, when respondents were asked what they cared about most in the face of future-proofing for dramatically unpredictable world events and a challenging economic environment, three priorities were "uniformly at the top":

1. Automation and digitization of the office of the CFO
2. Managing cash flow, and
3. Cost reduction.

A frequently cited reason for wanting to automate/digitize the office of the CFO was increased visibility into finance processes for better decision-making and planning thanks to access to data on the latest trends and patterns, as well as cash flow insights.

"By the time (businesses) receive an invoice, they need to pay it. They have contracted for a good or service and they can't not pay their invoices. But they want to be able to have controls on the front end before they commit to that spend," she said.

Webinar moderator Dovi Frances, the founding partner of venture capital company Group 11, added that CFOs may also be feeling the need to digitally evolve because they're noticing a growing

population of Millennial and Gen Z finance pros around them. He estimated that 75% of the workforce will be comprised of these digital-native workers by 2025.

By 2030, Spoja predicted finance automation penetration among mid-market businesses would be 30% to 50%, especially as modules for virtual card payments and employee expense reimbursement continue to roll out. That's a lot more CFOs who will have finance automation platform home screens constantly open, along with their other home screen essentials: internet browser, enterprise resource planning, project management, customer relationship management, etc.

Emerging cash flow tools

Spoja said that a specific trending demand among your peers is increased visibility into purchase orders (PO) and procurement, so there can be more up-front control keeping purchases in line with the budget.

"After payroll, for most companies, invoice backpend is going to be the No. 2 item within the P&L (profit and loss statement)," she said.

As a result, the newest cutting-edge finance automation platforms have built-in purchase order and procurement management modules. Cash forecasting becomes easier and more accurate, and big-ticket invoices won't be catching A/P off-guard as often.

These capabilities become a game changer because Finance is "able to accrue for invoices, even when they haven't arrived, because you know that they're coming, because you have a PO process in place," said Spoja.

Finance automation and cost control

A big cost cutter for Finance can be utilizing finance automation to reduce the time and resources being spent on manual tasks. Spoja mentioned a common complaint among CFOs that she talks to: "On the accounts payable side, I'm making invoice-backed payments through my A/P team. It's maybe a few hundred invoices a month, and I'll have multiple people working on this. It's really time-consuming, it's filled with mistakes, and approvals and a whole bunch of other steps (are necessary). ... It's very manual."

She reported that companies can usually reduce their manual workloads in Finance by 80%, freeing team members up to tackle more strategic projects like financial planning and analysis, supplier relationships and researching untapped opportunities in the market.

And of course Tipalti uses its own product to streamline financial operations. Spoja said that her company's monthly close gets done within two days because the software's automatic reconciliation treats every day like it's month-end close time.

Some of your peers are trying to save money right now with hiring freezes or layoffs, while also trying to improve back office functions. "CFOs can't say: 'OK, all of you guys, go reduce your teams, but ... I'm going to keep growing my team,'" Spoja said, noting that because finance automation streamlines the inefficient manual work, it can save on labor costs and enable Finance to do more with fewer people.

At the same time, finance automation keeps team members "happy and engaged and working on the right stuff," according to Spoja.

Global growth

More and more, companies need to be prepared to do business on an international scale, which may involve many different types of currencies and subject-to-change tax compliance requirements of other countries.

Because few finance pros have that kind of expertise, or the time to become that much of an expert, leading finance automation solutions on the market have that knowledge built in, and is updated accordingly.

[Read this Story Online](#) 

RESOURCEFUL about FINANCE PRO

Powered by 

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.



Scott Ball

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



Jennifer Weiss

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

Get In Touch

Phone:
484-207-6329

Email Customer Support:
support@resourcefulfinancepro.com

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

About

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



Not a  **RINSIDER** yet?

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

become an Insider 