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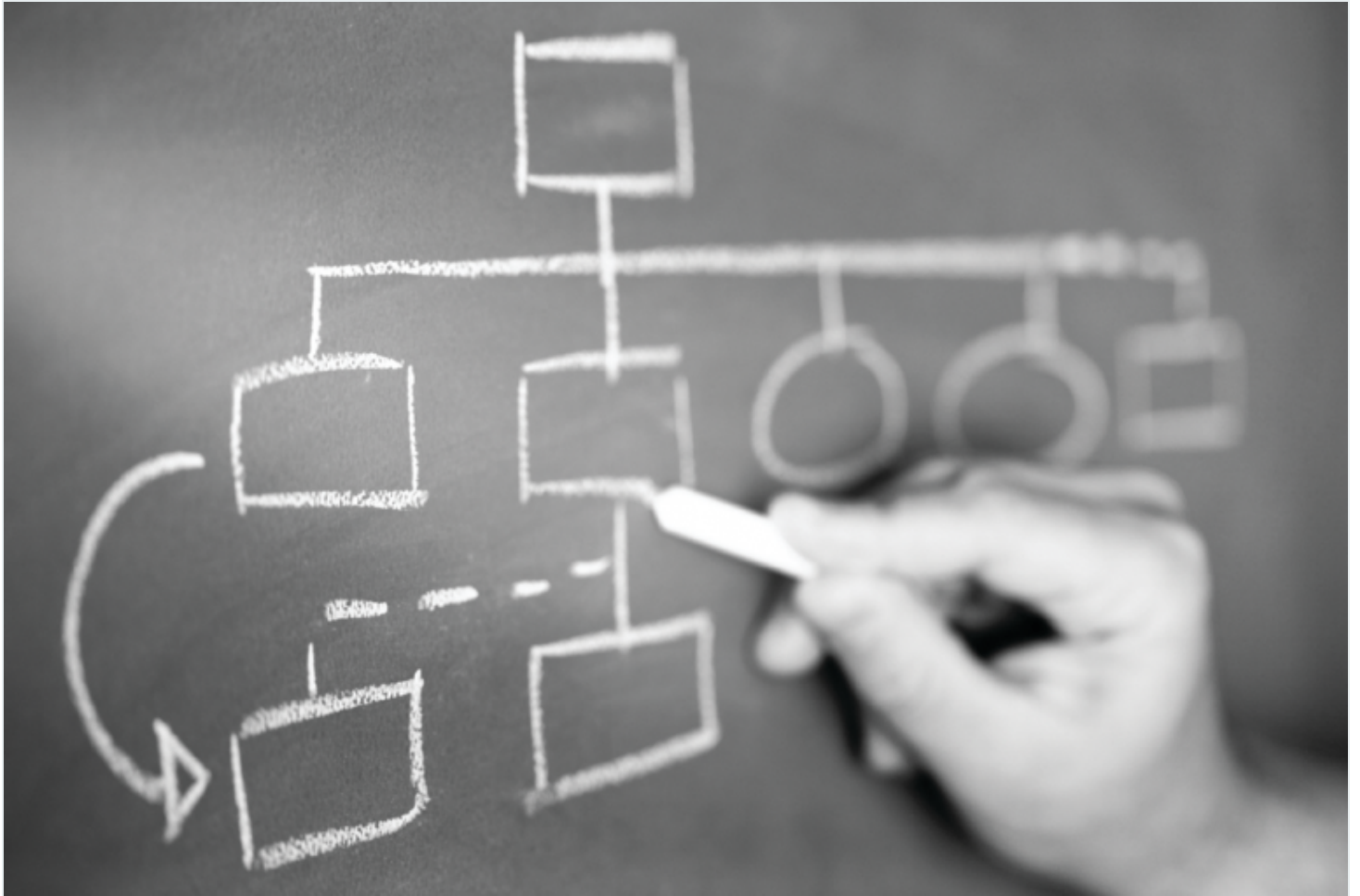
FIRM MANAGEMENT

The Top 6 Workflow Challenges in Tax, Accounting and Bookkeeping Firms, and How to Overcome Them

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Most owners, partners, shareholders and IT professionals would agree, improving workflow and efficiency in the firm is a challenge and perhaps an ever-present goal.

Moving your firm from where you are today to a more productive and profitable operation starts by identifying and resolving the catalysts that challenge workflow. Forcing processes or software to resolve these catalysts is not an end-all long-term workflow and efficiency solution. There must be buy-in, firm-wide, to processes and solution(s). Your firm is a living breathing entity; software, people and processes may change or need to change. Consider workflow and efficiency to be an evolution of continuous process improvement.

In this article learn how to resolve six of the top catalysts causing workflow and inefficiency in tax, accounting and bookkeeping firms.

1) Prepare and review process is not standardized and/or enforceable

Not everyone is using the same processes to prepare and review returns. Lack of standardization will result in more errors, increased difficulty onboarding new staff and less efficient processes due to the lack of routine functions.

Some of the most common prepare and review processes can be standardized. For example:

- Require staff to work from digital copies of tax slips versus allowing some staff to work from paper tax documents while others work from digital copies.
- Require reviewers to review digital documents, versus paper.
- Require reviewers review to the tax return versus information located in tax software.
- Require preparers to provide a standard list of information for reviewers.

How to resolve this challenge? First, assemble a project team tasked with creating a standardized prepare and review process for your firm. Second, enforce the standardized process. When this procedure is enforced by your document management software (DMS), you are guaranteed all staff and partners follow every step of the firm-defined process. If the software you are using for DMS does not force a standardized process, investigating DMS software that does, is advised.

2) The ability to control deadlines

Your work is deadline driven; happy clients will remain happy when the work you do for them is handled on time. You will remain in control of deadlines when you know where every project is at all times. Running your firm in this way ensures attention is given to the right projects at the right time; deadlines are not missed and costly penalties are avoided.

How to resolve this challenge? Staying on top of various due dates based on return type can be easy with the right software. The software you use for DMS should have extensive reporting capabilities and automate due dates for statutory compliance to ensure your firm meets statutory timelines while allowing manual input deadlines for non-statutory requirements. For example, it is critical to ensure your tax deadlines for 1040, 1041s, T-1s, T-2s and all other types of returns are managed. Automation of due dates is important in these cases, also when dealing with hard due date (e.g. personal returns) or calculated due date based on an event (e.g. period ending).

If you do not have these reporting capabilities in your existing DMS, an option to consider is the implementation of DMS and workflow software – that works seamlessly with your tax, audit and bookkeeping software – with features and functions that insulate the firm from the risk of missing deadlines. Automated due dates can be created for each type of tax return or users can manually set due dates

when warranted. Furthermore, DMS software with extensive reporting capabilities allow for simple review of all upcoming due dates by partner, manager or by a tax manager who may have overall responsibility for all tax assignments. Ultimately, this provides advanced notification for all potential issues which allows the firm to address potential issues before they become a problem.

3) Balance and status of workload

Balancing the workload of all employees and being aware of the status of projects greatly impacts workflow and efficiency. It is easy and common for some employees to be assigned too much or too little work. When multiple projects of different types are underway, access to real-time updates and reporting on the status of all projects raises awareness of deadlines, due dates in jeopardy and provides the ability to proactively resolve bottlenecks before work stoppage occurs.

How to resolve this challenge? Your firm would benefit if your DMS and workflow software would budget time for each task enabling you to record actual time spent for each task. Monitoring and reporting on the work left to complete for each task enables you to balance workload before bottlenecks occur. Furthermore, when a secure connection through your DMS or mobile app enables you to work from anywhere using any device to access real-time updates, work can be managed, moved along and workload can be balanced if needed.

4) Lack of system to handle emergencies as they arise

Working in a profession where deadlines rule, stalls happen and emergencies will be created; 20 percent of your files will become problematic. These situations have the potential to wreak havoc on emergency situation files *and* the remaining 80 percent of your work. One problem, not dealt with when it arises, can jeopardize due dates for many projects and cause projects to go over budget.

How to resolve this challenge? With the right software emergency instances should be handled before they arise. For issues that cannot be dealt with in advance, it is essential to minimize disruption to workflow. When emergencies arise the software you use for DMS and workflow should enable you to adjust priority and effectively communicate the adjustment(s) to the team.

For example, when a deadline changes due to client needs, the priority of the project and the due dates can be changed. Additionally, notes attached to the project should be visible to all potential staff who will work on the project. Furthermore, when the

software you use for DMS provides reporting of “At Risk” deadlines based on a number of conditions, the firm can efficiently and effectively follow-up on projects needing attention before the situation becomes an emergency.

Everyone who touches or may touch the project should be proactively aware of changing due-dates, projects that have stalled, escalated priorities or projects that are over-budget. This level of communication, *when done effectively*, increases awareness of time-sensitive information while also helping to mitigate risk.

Because risks change throughout the year, being able to define risk daily, if needed, is important. For example, risk to the firm on April 13th is very different than risk on January 13th. Software that allows you to report on risk daily will help the firm avoid the disruption emergencies cause. Ultimately, addressing a problem before an emergency occurs results in an efficient and profitable operation.

5) Documents trickling in

Clients send documents to you at various times; it is your job to gather and store these documents until they are needed. This scenario plays out the same way in firms of all sizes regardless of how good you or your clients are, forcing staff or partners to start/stop work on a file, setting the file aside waiting on the needed documents to arrive. This factor is a major catalyst to inefficiency; this is highly disruptive.

How to resolve this challenge? You cannot control clients’ actions of sending documents at various times. You can insulate your firm from inefficiency created by this scenario when software your firm uses for DMS and workflow enables you to operate this way:

- When a client uploads a document to the client web portal, you are notified via email of the document’s arrival.
- The client’s file – or any documents – are located in your system within five seconds or less.
- When a file is re-opened you know instantly where you stopped work.
- When a file is reopened it is instantly apparent what tasks are finished and not finished.

6) FIFO controls workload

In this profession deadlines are more than promises to clients; many deadlines are mandated by tax law. Workflow and deadlines are in jeopardy when firms place too much reliance on FIFO to control the work for each employee or there is no real

method to control workload and workflow. The obvious negative ramifications for missing deadlines are financial and penalties for clients with the added risk of losing a client when this happens.

FIFO is not always the most effective way to control workload. Additional ineffective ways include allowing staff to choose what they want to work on, or selecting a folder based on any random criteria such as top of pile, or choosing a file based on its thickness.

How to resolve this challenge? Getting control of any assignment and communicating deadlines to anyone who has the potential to work on the file is a necessity. Deadlines may be dictated by due date, priority and age of a file, revenue, scheduling, and more.

When everyone working on a file knows, in real-time, project deadlines and priorities, they are best positioned to work on files they should be working on to ensure deadlines are met. For example, a preparer or reviewer who touches the file needs to be aware of real-time deadlines, potentially at the project and task level, as set by manager or partner as well as the age of the file. With this information easily and readily available, people working on a file can determine which files should be worked on.

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