

# CPA Practice Advisor

Today's Technology for Tomorrow's Firm

**MARCH 2019**

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NUMBER 2



**SALES TAX & COMPLIANCE:**

5 Ways To Fail A  
Sales Tax Audit

**THE 21ST CENTURY ACCOUNTANT:**

How to Make the Most  
of Virtual Meetings

**BRIDGING THE GAP:**

Work Is About Results,  
Not Location

# TIME MAN- AGE- MENT:

*A Critical Element  
of Firm Success*

**PRODUCT REVIEWS:**

Time & Billing Management Systems



### ISSUE FOCUS:

## TIME MANAGEMENT

- 4 Time Management: A Critical Element of Firm Success  
*By Mary Girsch-Bock*

### 2019 PRODUCT REVIEWS

- 8 **TIME & BILLING MANAGEMENT**  
*By Mary Girsch-Bock*

### COLUMNS

- 3 **FROM THE EDITOR:**  
Time Management in the Light of Day  
*By Gail Perry, CPA, Editor-in-Chief*
- 6 **FROM THE TRENCHES:**  
Do Your Best Time Management  
*By Randy Johnston*
- 12 **THE LEADERSHIP ADVISOR**  
Building Sincere Connection in the Workplace is More Valuable Than Ever  
*Amy Vetter, CPA.CITP, CGMA*
- 13 **THE MILLENNIAL ADVISOR:**  
Takeaway: Role Models  
*By Garrett Wagner, CPA.CITP*

18 **THE LABOR LAW ADVISOR:**

Employers: SSN No-Match Letters are Back  
*By Richard D. Alaniz, J.D.*

20 **THE STAFFING & HR ADVISOR:**

The Benefits, Perks and Incentives Workers Want Most  
*By Paul McDonald*

24 **TAX PRACTICE ADVISOR:**

Tax Preparer Due Diligence  
*By Dave DuVal, EA*

26 **THE 21ST CENTURY ACCOUNTANT:**

How to Make the Most of Virtual Meetings  
*By Brian F. Tankersley, CPA, CGMA*

31 **BRIDGING THE GAP:**

Work Is About Results, Not Location  
*By Jim Boomer, CPA.CITP*

### FEATURES

- 19 **APPS WE LOVE:**  
Weather Apps  
*By Gail Perry, CPA, Editor-in-Chief*

### A YEAR IN THE LIFE OF A PAYROLL ACCOUNTANT:

- 16 Payroll Rules When Employees Don and Doff Gear  
*By Maria Tanksi*
- 17 How to Create an Unlimited PTO Policy  
*By Maria Tanksi*

### BUILDING YOUR NICHE PRACTICE: AUTO REPAIR SHOPS

- 14 How to Market Your Firm to Auto Repair Businesses  
*By Becky Livingston*
- 14 4 Keys to Providing Accounting Services to Auto Repair Clients  
*By Stacy Kildal*
- 14 Resources for the Auto Repair Accountant

### SALES TAX COMPLIANCE:

- 22 More States Taxing Streaming Services Like Netflix and Hulu  
*By Gail Cole*
- 23 5 Ways to Fail a Sales Tax Audit  
*By Gail Cole*

21 **THE PROADVISOR SPOTLIGHT:**

QuickBooks Online Advanced Offers a Powerful Solution for Mid-Market Clients

- 27 Avoid the Efficiency Trap  
*By Arianna Campbell*

- 28 Technical Advisor to Consultant  
*By Arianna Campbell*

- 29 **AICPA NEWS**  
AICPA Asks for Additional Penalty Relief for 2018 Taxpayers; New Report Reinforces Importance of Tech Competency for Finance Professionals



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# Time Management in the Light of Day

I READ A lot of time management books and articles. I teach classes in time management, so it's important for me to stay on top of the latest ideas and strategies. And frankly, I'm unimpressed with much of what I read. I see the same tips repeated by many self-described time management gurus, and I feel most of them don't work in the real world. One of my least favorite tips is to get up earlier, add an extra hour at the start of the day so you can get some additional work done.

Craig Jarrow, author of *Time Management Ninja* and the ninja behind the site, [timemanagement-ninja.com](http://timemanagement-ninja.com), lists 10 reasons why you should get up early. *10 reasons!* He says things like, "Those who get up early get a head start before everyone else." "It's quiet in the morning." "Getting a head start on everyone else just feels great."

Laura Vanderkam, author of *Off the Clock: Feel Less Busy While Getting More Done*, states that, "Most people feel more productive in the morning, so turning the TV off earlier turns unproductive evening hours into productive morning hours." But what if you actually want a little unproductive down time in your life? Late evening is a great time to have that, if you ask me.

I'm not a morning person. There's nothing about getting up earlier than everyone else that would feel great to me. Instead of

working by myself, in the dark, when it's cold and lonely, I could be cozy asleep in my bed – now that would feel great!

The fallacy behind the concept of getting up early, in my mind, is that there are still only 24 hours in the day. I can get up an hour earlier, and either sacrifice sleep that I need to stay healthy, or I go to bed an hour earlier in the evening. What does that accomplish? Nothing but a time shift. I don't have any extra time by shifting that hour from the evening to the morning.

Yes, it's possible I would work during that hour in the morning whereas I'm usually relaxing in the evening hours, but frankly, I like having that relaxing time in my life too. If the concept is that I take away an hour of fun, or an hour of sleep, in order to work (when it's

dark and cold and lonely) – I'm just not feeling it.

If I truly need an extra hour to add to my work day, I do it during the work day. I work an hour later at the end of the work day, or I skip a lunch or fitness break (who am I kidding – fitness break?).

But the better method is to streamline my tasks so that I've got the time needed to do that extra work that the ninjas want to do at 5 in the morning. I teach many of these methods in my classes – skills I've honed from many years of taking on too many projects at once, losing important papers in the snake pit of my desktop, staring into space while I postpone starting a task, and employing many more procrastination techniques that I have mastered.

I'll share one of my hacks with

you, and it goes directly to the idea of waking up way too early. (Morning people might think this is absurd, but for those of us who find mornings brutal, here's a simple solution.) Decide in advance what you're going to do tomorrow (I typically plan my week ahead on Sunday, noting on which days I'll do each task). Make a to-do list, schedule it on your calendar, write it on the back of your hand – whatever works for you. Then, before the end of each work day, do that first thing on the next day's list. There you go! You've got a head start on tomorrow, and you can sleep comfortably, knowing that you don't have to wake up pre-dawn because that first task is already finished.

— Gail Perry, Editor-in-Chief

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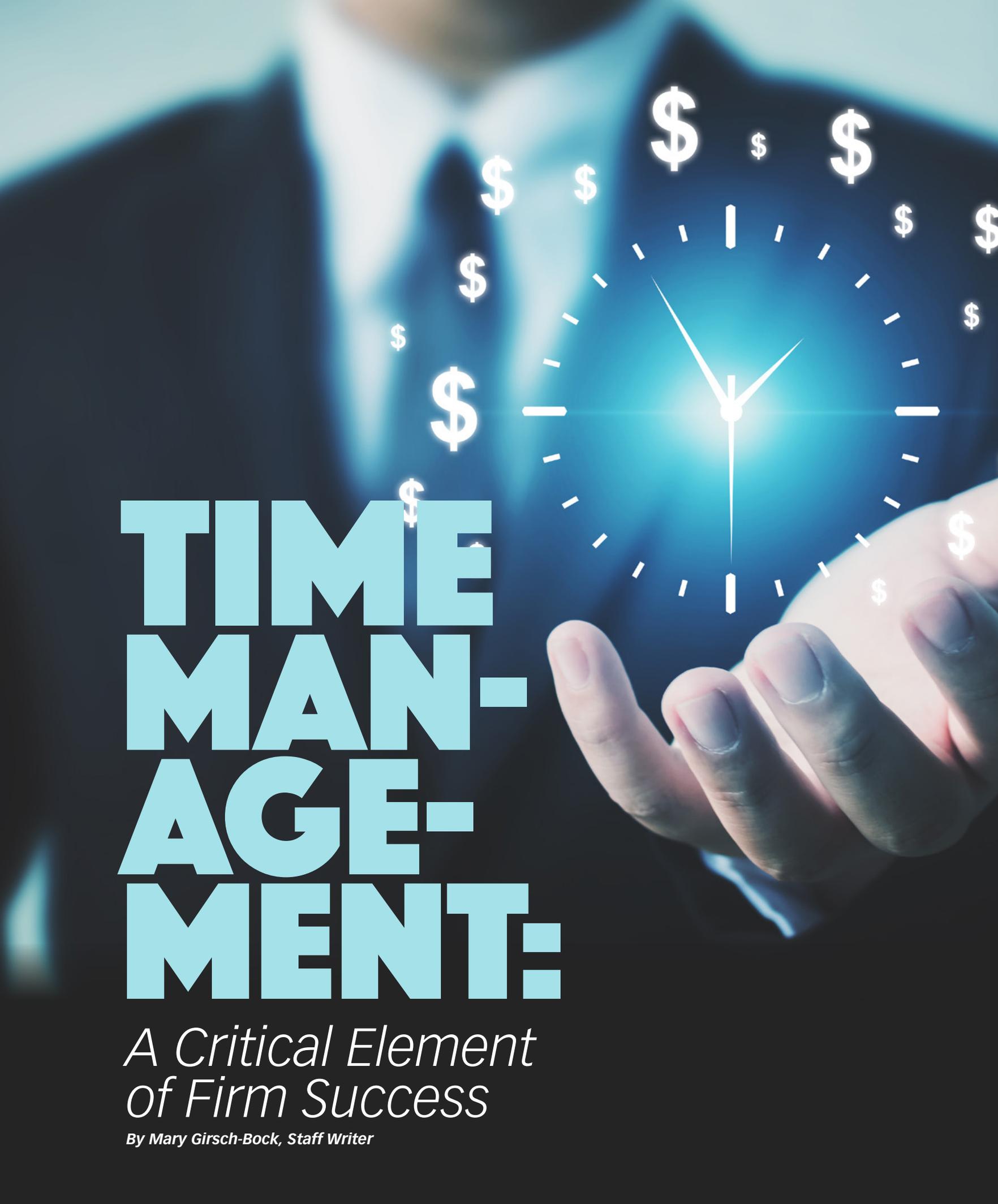
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A person in a dark suit and white shirt is shown from the chest up, holding a glowing, futuristic clock. The clock has a bright blue center and white hands and tick marks. Numerous white dollar signs (\$) are floating around the clock, some appearing to be held or released by the person's hands. The background is dark, making the glowing elements stand out.

# TIME MAN- AGE- MENT:

*A Critical Element  
of Firm Success*

*By Mary Girsch-Bock, Staff Writer*

**ACCURATE TIME MANAGEMENT plays an important role in the success of any professional services firm, including accounting and CPA firms. While time management includes solid time and billing capability, time management is much more than simply recording and billing staff time. True time management also includes a method to determine both client and firm profitability, along with staff productivity.**

Then there's time tracking. It's not uncommon for service firms to believe that accurate time tracking is the life blood of their business, and a necessity in order to ensure that employee time is accurately accounted for, and that clients are billed promptly. If you track staff time, here are three reasons why you need time management software for your service firm:

- **Accurate client billing.** Don't sell your staff or your company short. Instead of just guessing how long it will take to complete a project, tracking the time spent on that project ensures that you will be able to bill your clients fairly and accurately. It will also allow you to determine the profitability level for each project that your firm undertakes. This is particularly important for firms that have multiple staff members working on a single project.
- **The ability to offer accurate estimates.** Tracking staff time over a period of time will give you a much better idea of just how long it takes to complete a specific project. That way, when you do offer an estimate to a client, it's much more likely to be accurate.
- **Better team and firm management capability.** If time is part of your equation, the ability to determine not only the profitability of a project, but of a particular staff member, or even your firm as a whole, can be improved with a solid time management application in place.

Many firms that rely on time tracking as part of their success formula use spreadsheets to track time,

potentially leading to lost revenue as billable time is under-recorded, or not recorded at all. Bill4Time, (reviewed in this issue) has estimated that firms lose 10 percent of billable time if time is recorded once a day, with 25 percent lost if you wait 24 hours to record time. Often employees finish working on a client project and fail to click on their timesheet to record the time.

So how do you encourage your employees to track time?

By making it easy!

That's what many time management applications are striving for in today's market. You may have the most intuitive, comprehensive time tracking application, but it will do no good at all if it's not utilized by employees. This is particularly important in today's workplace, where staff can often be spread out among multiple offices, home offices, or even a hotel room. Individual timers have made it easier to track time, but once again, are of no use if not enabled.

Individual timers can be particularly helpful once employees get into the habit of turning them on. Ideally, your time management application will offer multiple timers, making it easy to continue time spent on client A, but also allow you to record a 20-minute phone call with client B. The use of mobile timers also makes it easier to track time, particularly for staff members who work remotely or at a client's office. There are even programs available that simply track everything you do on your computer throughout the day, and while they probably aren't suitable for everyone,

if you spend a lot of time researching online, they can help immensely with tracking.

The same goes for billing. If you bill by the hour but have no discernable method available to accurately translate time into client invoices, you'll likely leave a lot of billable hours on the table.

What type of billing your firm does also plays a role in determining the best application for your firm. Today, most professional services firms use a variety of billing methods, which include:

- **Hourly Billing** – Clients are billed a set hourly rate for any services rendered.
- **Fixed Price Billing** – Clients are charged a fixed price for a specific service, regardless of the time it takes to complete the service.
- **Value Billing** – Clients are billed on perceived value after the work has been completed.
- **Value Pricing** – Clients are billed on perceived value, with pricing set prior to work being completed.

Many professional services firms today use a combination of these billing types, with hourly billing remaining the most common type of billing used today, though some firms are beginning to introduce alternative billing methods to some of their clients.

Regardless of the method of billing your firm uses, accurate time management remains a necessity. Along with accurate client billing, time management applications can provide you with invaluable insight into your business operation and profitability levels while also increasing employee productivity. So put those spreadsheets away once and for all, and let your staff start managing their time the easy way. ■

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## Do Your Best **Time Management**

AS WE APPROACH basketball's March Madness, the quote, "If You Don't Have Time to Do It Right, When Will You Have Time to Do It Over?" comes to mind. This quote belongs to Hall of Fame basketball player/coach John Wooden. Certainly, in the CPA profession, doing things right is part of the culture. If you haven't thought about time in a while, consider one of the sixty-six quotes at Life Optimizer (<https://bit.ly/2EvSvfE>) by many wise and well-known people.

While thinking about the time management theme of this issue, I believe my favorite quote about time was used by my Mum: "We all have the same amount of time in the day, and we have the choice of how we use it." While I know that's not quite true because of the amount of sleep required by different people or having enough financial resources to have free or flexible time, the sentiment of making our own choices is the key. Many of us are frustrated by time management. Those of us who were lucky enough to learn techniques to manage time early in our lives and careers have benefited from learning so soon.

People frequently ask me how I get so much done in a day, and the answer for me is simple. Like Fred Rogers, I try to slow down to reflect on what is most important and focus every day on the most important

things first, which to me are always people, particularly young people. Certainly, one of my biggest shortfalls is not saying "no" often enough, but whenever I say "yes" you can plan on it being so without a contract.

I reflected on sharing time management techniques with you in this column, but there are so many well-known professional resources, I concluded that was not a wise use of your time today. While I don't agree with many of the most popular authors or experts in the time management arena for several reasons, I'm going to assume that you're bringing your own style of time management to our conversation. And now it's time for several other experts to disagree with me.

While I'm a proponent of value billing, I'm not a proponent of throwing away the time sheet. While keeping track of fractional hours isn't

a great use of professional time, knowing how you spend your time helps you understand the cost associated with an activity. Then you can reflect on the benefit and profit from that activity. I can readily look up the amount of time I've spent in reading and research, writing, speaking, consulting, travel, or with clients for the last 10+ years. These facts have helped me choose the things I do for both strategic and tactical reasons. For me, it is about doing the right thing all the time. While I don't think this is a function of getting older, I can't recall a time when I've seen the right thing done less than now. But I do have to remind myself that the right thing for me or my spouse or my children or my clients is not the same. Everyone decides their own "right thing."

Finally, we choose where we invest our time. While people enjoy



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watching television, participating in sports, social media or many other activities, each one takes time. If you reflect on the time investment of one activity versus another, which is the best choice for you?

### SO, SHOULD I MEASURE TIME?

I leave the answer to that question up to you. For me, it is yes. Further, I prefer to keep a list of the most important things to do next and I need an easy way to manage multiple priorities. I've found that it is easier for me to review my main priorities multiple times per year. I sort the key items to the top daily. Major items are blocked on my calendar with an appropriate amount of time assigned to complete the task. I've gotten better through the years at estimating the right amount of time for a task, but every once in a while, I still make major errors in my estimates.

At other times I make errors in prioritizing items or choosing to do the wrong thing first, but with the daily review of the list, that doesn't happen too often. While Exchange/Outlook can help with blocking the calendar, the Outlook task list is only marginally effective at keeping track of things that need to be done.

While an "app" will rarely make you more effective, certain apps like Wunderlist, can certainly make keeping and prioritizing a list easier which is why it is one of the best apps I've seen for this task. Other options



include: Todoist, Trello, Things, Google Keep, Omnifocus, Habitica, Remember the Milk, as well as Zoho Workerly, Slack, Microsoft OneNote or Evernote.

Remember in this area, less is more and for years, I simply used OneNote because it was one of first available and the integrations to the Microsoft Office suite proved valuable to me. Because most of us need to

work with others to accomplish an engagement or project, coordination tools like Slack, Trello and other project management tools have become much more popular. Because of coordination with my Network Management Group, Inc. team, I keep my primary task list in a Professional Services

Automation software tool called ConnectWise, which unfortunately won't work for many of you. On the other hand, many of you choose to use Microsoft Office 365. With the maturing of Microsoft Teams, we are beginning to conclude that using Slack and other popular tools makes less sense.

In last month's column, I suggested it is best to manage your actions in a system. As a reminder, practice management solutions include: APS, STAR, Practice Engine, CCH Practice Management, CCH Axxess Practice, Thomson Reuters Practice CS, TPS, OfficeTools, BillQuick Core, and other similar products which are the most popular places for CPA professionals to record and bill time. For clients, apps like Intuit's TSheets, BigTime, TimeSheets, Toggl, Journyx, HubStaff, and ClickTime may be a better fit.

## **"To every thing there is a season, and a time to every purpose" - Ecclesiastes**

While software and applications don't create more time, they can help you use time effectively. You still need to choose to do the right thing at the right time. If you are managing a team, you need to encourage

everyone to move the same direction on the same initiatives. When you have a team of people with a common mission, this is a very powerful tool for client service.

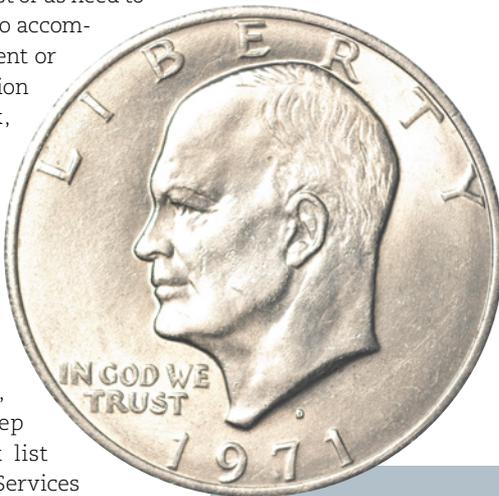
As many of you know, I'm from Kansas and historically have been pleased to say I'm from the "Great State of Kansas." While some public figures from Kansas as of late certainly don't represent my values, one native son certainly did: Dwight D. Eisenhower. He used the Eisenhower Decision Matrix to make decisions, noting that what is important is seldom urgent and what is urgent is seldom important. While authors like Stephen Covey may have popularized this method of decision making and time management, they certainly didn't create the technique. You'll

need to ask me about my Stephen Covey story sometime... You may already be familiar with the **Eisenhower Decision Matrix**: <https://www.eisenhower.me/eisenhower-matrix/>.

As some time managers say: What is urgent and important? As some life managers say: what is important? Be like Ike and choose the important tasks. If you need an app for that you could choose Eisenhower.

What is most valuable to you and your team members? Family? Clients? Friends? Integrity? Money? Power? This column is not trying to provide guidance in these areas, but you should consider the impact of time on the most important things to you.

We are all only given a certain amount of time on this earth, and it is probably best we don't know exactly how much. However, my hope for you is that you are choosing to do the right thing with your time every day. ■



### Do

*Crises, Deadlines, Problems*

### Schedule

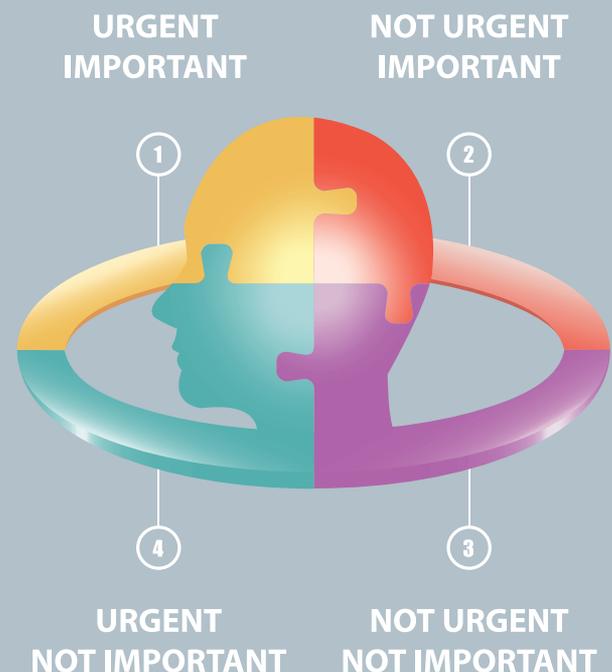
*Relationships, Planning, Recreation*

### Ignore

*Time Wasters, Pleasant Activities, Trivia*

### Delegate

*Interruptions, Meetings, Activities*



## Determine Profitability Levels

ARE YOUR EMPLOYEES able to log into your system remotely to do their job, but still using a spreadsheet to record their time?

If so, you're not alone. Firms can lose significant revenue every year in billing opportunities due to under-reporting of employee time, resulting in an under-billing of clients. Spreadsheets may not longer be the best way to track employee time (<https://bit.ly/2EtMttE>). For their part, employees are often reluctant to access their spreadsheet after each task that they complete, yet, the only way to record time accurately is to do that exact thing.

And while many professional firms are moving to a flat-rate or value priced billing, you still need to track employee time to determine

profitability levels for that employee, or for your firm in general. After all, how will you accurately estimate the amount that a client is billed if you have no insight into how long staff worked on their particular file? How will you know if employees are using their time wisely or spending most of it visiting non-work-related sites on their computer? And how will you know if a client is making money for your firm, or if you're losing money by taking on their work?

You won't, unless you have a solid time management application in place. More than just a timesheet, time management applications allow

you to keep a handle on staff time, manage workflow, determine staff productivity levels, and view project profitability.

In this issue of *CPA Practice Advisor*, we reviewed a variety of Time Management/Time & Billing applications, which include the following:

- AccountantsWorld Practice Relief
- BigTime IQ
- Bill4Time
- BQE Core
- Chrometa
- ImagineTime Time & Billing
- Practice Engine
- TPS Time & Billing
- TSheets by QuickBooks

The level of features found in these products varies widely, but all offer solid time tracking and client invoicing capability. Advanced features and functionality are found in several of these applications as well. Here are some of the features we took a close look at:

- Ability to track time in a variety of ways, including tracking time for multiple projects or multiple clients.
- Does the product offer a mobile app? This can be particularly important for staff members who work remotely or travel frequently.
- Can related expenses be tracked along with time? If your business frequently incurs expenses related to

a specific job such as travel expenses, copying expenses, or even phone calls, it's important for you to be able to track these add-on expenses along with staff time.

- Are you able to easily invoice clients directly from the application? Is integration with your accounting/practice management application important?
- Does the application offer good reporting options that enable you to view client and firm profitability levels?

Of course, each firm's needs will vary. One firm may be looking for a complex time management application that includes advanced functionality, while the next may be looking for a simple way to record employee time.

But whatever your needs are, it's likely that there is a time management application that can fulfill those needs. So, head on over to our reviews and start looking for the best product for your needs. ■

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	ON-PREMISE DEPLOYMENT	CLOUD-DEPLOYMENT AVAILABLE	MOBILE APPS	MULTIPLE TIME TRACKING METHODS	TIMESHEET TEMPLATES	TIMERS AVAILABLE	EXPENSE TRACKING	INVOICE/BILLING TEMPLATES	MANAGEMENT REPORTING	INTEGRATION OPTIONS	SUPPORT OPTIONS
ACCOUNTANTSWORLD PRACTICE RELIEF		X	X	X		X	X	X	X	X	X
BIGTIME IQ		X	X	X	X	X	X	X	X	X	X
BILL4TIME		X	X	X		X	X	X	X	X	X
BQE CORE		X	X	X		X	X	X	X	X	X
CHROMETA	X	X	X			X			X	X	X
IMAGINETIME	X	X	X	X	X	X	X	X	X	X	X
PRACTICE ENGINE		X	X	X			X	X	X	X	X
TPS PRACTICE MANAGEMENT	X	X	X	X		X	X	X	X	X	X
TSHEETS BY QUICKBOOKS		X	X	X	X	X	X	X	X	X	X

# TIME & BILLING MGMT SYSTEMS: REVIEW

## AccountantsWorld Practice Relief

[www.accountantsworld.com](http://www.accountantsworld.com)  
Practice Relief, from AccountantsWorld, is part of their Power Practice System. Practice Relief, like all AccountantsWorld applications, is best suited for small to mid-sized accounting firms. Practice Relief can be used in conjunction with other AccountantsWorld applications or as a stand-alone application.

Practice Relief is completely cloud-based, with users able to use both PC

and Mac desktop systems to access the product. The product also works with mobile devices such as smart phones and tablets. Practice Relief makes it easy to get started, preconfiguring the system with common tasks, projects, and expenses used in accounting firms, though users can also add additional items if desired. Up to 10 default rates can be set up for each system user, reducing the amount of data entry that is necessary, and the easily navigated user interface makes it easy to access

time, billing, and invoicing functions found in the application. Conveniently, managers can assign system access levels to each employee during the product setup process, providing and restricting access levels as needed.

Managers have the ability to change time entries submitted on employee timesheets, and can also override any billable time totals that are entered on the timesheet. Along with time tracking, users can also track additional billable expenses.

★ **4.75** 2019  
OVERALL  
RATING

Practice Relief is currently priced at \$495.00 per year, with a 30-day money back guarantee.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12441575](http://www.CPAPracticeAdvisor.com/12441575)

## BigTime IQ

[www.bigtime.net](http://www.bigtime.net)

BigTime IQ Time and Billing Software is best suited for small to mid-sized professional services firms, including accounting and CPA firms. BigTime IQ is a scalable application, with three versions of the application available, making it suitable for even the smallest firms. BigTime IQ works as a stand-alone time and billing application, though users would reap additional benefits if coupled with QuickBooks or Lacerte applications. BigTime IQ also offers DCAA Timekeeping, making

it a good solution for firms that deal with government agencies on a regular basis.

BigTime IQ is a cloud-based system, and offers a solid mobile app that works with both Android and iOS smart phones and tablets. The mobile app offers offline time entry capability that automatically syncs once online access is available. The mobile app also offers timers as well as manual time entry capability, and uses a responsive design that adjusts to the size of the device used. The cloud version of

BigTime IQ offers completely customizable timesheet entry, with unlimited timers available. Both daily and weekly timesheet views are available, with users able to create a user-defined work week if necessary. Time can also be entered manually if necessary.

BigTime IQ: Express, which is designed for 5 users and offers time tracking and mobile access, and currently runs \$5.95 per user, per month; Pro, which is a 10-user system and includes budget and expense tracking, and currently runs \$17.00 per user, per

★ **5** 2019  
OVERALL  
RATING

month; and Enterprise, also a 10-user system that includes extended, priority support, and unlimited data retention and is currently priced at \$28.90 per user, per month. Those interested can visit the BigTime IQ website to download a free 14-day trial, with no credit card required.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12441579](http://www.CPAPracticeAdvisor.com/12441579)

## Bill4Time

[www.bill4time.com](http://www.bill4time.com)

Bill4Time is a web-based time and billing application well suited for small to mid-sized businesses. Bill4Time was originally designed for legal professionals, but has expanded its product lineup to include other professional services firms including accounting professionals and CPA firms.

Along with solid time and billing capability, Bill4Time offers complete practice management and project management capability designed specifically for legal firms. The product also includes an online payment option, client portal, and a mobile app that can be used with a variety of devices including iPad,

iPhone and Android.

Bill4Time is completely cloud-based, with the product offering a desktop widget that allows users to enter time whether connected to the Internet or not, later syncing the information with the application once a connection is available. Syncing is also available for mobile devices.

Bill4Time offers users an easily navigated interface where time details can be quickly entered. Both billable and non-billable time details can be entered manually, or users can utilize one of the multiple timers that are included in the applications. Timers can be accessed simultaneously, and users can enter any time related

expenses when recording time. Users can also convert recorded appointments directly into the application if necessary. Bill4Time also includes an expense tracking feature that allows users to snap a photo and upload it directly to the application. Both clients and projects can be added into the application on the fly, and the product also allows users to bill monthly fees on a recurring basis or use the batch entry feature to process multiple bills simultaneously. Bill4Time supports flexible billing rates in addition to custom activity types, and users can set up billing rates at the client level, project level and activity level. Users can also create custom lists such as

★ **4.75** 2019  
OVERALL  
RATING

custom activities with individual rates.

Bill4Time's Time and Billing plan is currently \$27 per user per month when billed annually, and includes accounting, reporting, a client portal, payment processing, mobile and desktop apps, invoicing, automatic updates, and encrypted backup. There are also two additional plans available that are designed for legal offices. A free 14-day demo is available for those interested in the application.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12441576](http://www.CPAPracticeAdvisor.com/12441576)

# REVIEW: TIME & BILLING MGMT SYSTEMS

## BQE Core

[www.bqe.com](http://www.bqe.com)

BQE Core from BQE Software offers time and expense tracking, along with billing, accounting, and project management capability. Launched in July 2017, BQE is a good fit for small to mid-sized professional services firms including accounting and CPA firms.

BQE Core is cloud-based with a mobile app available that works with both iOS and Android smart phones and tablets. The mobile app offers extensive functionality, including

a navigational dashboard, time and expense management, project management, and complete billing applications. Users can also access master lists vendor bills, and to-do management capability directly from a mobile device as well.

BQE Core allows users to enter time using a variety of methods, and offers a Time Card entry method that uses a grid-view and is offered in daily and weekly views. Those with a set schedule can prefill the timecard if desired.

Users can also track PTO/Comp time, with the product able to track overtime hours as well. The time entry option provides employees with a fast way to record tasks as they occur, and the product includes an unlimited number of timers, so users can track time for multiple projects simultaneously. Once a timecard has been completed, users can submit the timecard to the assigned approver directly.

BQE pricing levels are role-based, so users only pay for the features they

★ **5** 2019  
OVERALL  
RATING

require, with current pricing starting at \$7.95 per user, per month for those interested in the Time and Expense option, with pricing for other user types available upon request. A free-15-day trial is also available for those interested in trying out the application.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12441574](http://www.CPAPracticeAdvisor.com/12441574)

## Chrometa Time Tracking

[www.chrometa.com](http://www.chrometa.com)

Chrometa Time Tracking is well suited for professional services firms including accounting and CPA firms. Chrometa bills itself as a passive time-keeping system, putting a unique spin on time tracking by tracking all system time automatically without any user input necessary.

Chrometa is designed to work on both Mac and PC operating systems, and also includes a mobile app that can track phone calls and texts on iOS

and Android smart phones and tablets, with users sending the billable time entries from their phone directly to a timesheet, invoice, or billing system

Users can start to use Chrometa by simply installing the application to any device(s) that they wish to track time on. Once the application is installed, any activity that takes place on the device is automatically recorded once the user is logged into the system. Any activity is automatically recorded on a timesheet, which can be customized to

suit the needs of the user.

Chrometa currently offers both Solo and Team Plans, with Solo Standard running \$19 per user, per month, Solo Plus running \$29 per user, per month, and Solo Premium running \$49 per user, per month. The Standard and Plus plans work with up to six connected devices, with the Premium plan offering connectivity with an unlimited number of devices. Team Standard, Team Plus, and Team Premium plans are also available at the

★ **4.5** 2019  
OVERALL  
RATING

same cost as the Solo plans, with the Team plans including shared client, matter, and project capability. All plans include one hour of personal training time.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12441571](http://www.CPAPracticeAdvisor.com/12441571)

## ImagineTime Time and Billing

[www.imaginetime.com](http://www.imaginetime.com)

ImagineTime Time and Billing is part of the Imagine Time suite of practice management applications. ImagineTime is well-suited for professional services firms of any size. ImagineTime is available in both a desktop and a cloud-based application for those that want anytime/anywhere access.

Along with cloud access, ImagineTime also offers a mobile app for Android and iOS smart phones and tablets that allow complete mobile timekeeping capability. Recently added

to ImagineTime is the ability for iOS app users to email invoices to clients directly from their device.

ImagineTime is easily navigated, using a ribbon style menu that can be customized for each user role. The product has also retained its legacy menu, so users can choose between the two interface options when setting up the product.

Staff time can be entered in ImagineTime using the After-the-Fact time entry option, which is typically used in firms where a single employee enters all recorded time for multiple

employees. Users can choose to enter time immediately after a task has been completed, though users can also enter time prior to completing a task, or even weeks after a task has been completed. The product contains separate tabs for chargeable and nonchargeable time, with an option to enter additional expenses as well. The product also offers unlimited timers, with users able to use multiple timers simultaneously. When using the timers, users will be prompted to save any time accrued on the timer to the Saved Slip Timer option.

★ **5** 2019  
OVERALL  
RATING

Prices vary for ImagineTime, with the desktop version starting at \$295 for a single user, with annual support starting at \$200. ImagineTime Cloud starts at \$30 per user per month. Both options offer add-on modules that are priced separately.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12441577](http://www.CPAPracticeAdvisor.com/12441577)

Read all reviews for TIME & BILLING MGMT SYSTEMS online at: [www.CPAPracticeAdvisor.com/12441550](http://www.CPAPracticeAdvisor.com/12441550)

## Practice Engine

[www.PracticEngine.com](http://www.PracticEngine.com)

Practice Engine is a full-featured practice management application that offers excellent time and billing functionality. Completely browser-based, Practice Engine also includes complete practice management capability, including a Scheduler, Workflows/Job Tracking, CRM (Contact Management), Budgeting and Expense Management capability. Practice Engine is best suited for very large professional services firms, including accounting

and CPA firms that are looking for complete practice management and time management capability.

Completely browser based, Practice Engine also offers mobile capability, with the user accessing the identical interface that is accessed via a desktop or laptop.

Practice Engine offers users multiple ways to track time, including the mobile application for time entry. Users will receive an automatic reminder to enter time once logged into their com-

puter or device, and can copy previous time entry when entering time. Timers are available as well, with users able to round time automatically based on system settings established during the setup process. Time can be entered for each client project using the included timesheet. The system also automatically generates an email to any staff member that has not entered time. The system also assigns an index number to every time entry made for easier time tracking history.

★ **5** 2019  
OVERALL  
RATING

Practice Engine pricing for 2019 is \$390 per user per year, with all staff in a CPA considered product end users. Users can also contact the vendor to schedule a product demo if desired.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12441568](http://www.CPAPracticeAdvisor.com/12441568)

## TPS Software Time and Billing

[www.tpssoftware.com](http://www.tpssoftware.com)

TPS is a practice management/time and billing application designed specifically for accounting professionals. Best suited for small to mid-sized firms, TPS also offers excellent client management capability, along with good project management.

TPS is available as on-premise application, but has recently released a cloud-based application, TPS Cloud Access. Cloud Axis is available in four editions, including a free version ideal

for startup accounting firms or sole practitioners. TPS also offers a mobile app that supports remote time entry. New features found in TPS include improved program loading time, a payment transfer option, and the addition of a Client Quantities report and due date calendar. For those who sign up for the free version of TPS, the account will be created by TPS, and TPS will send you an email once the account is created. Once an account is created, users can utilize the wizard to setup

information such as employees, work codes, clients, and firm details in the system.

The introduction of TPS Axis Cloud allows those interested to choose from two deployment options. Axis Cloud is available in four versions: Startup, which is free, Entrepreneur, which is \$10.00 per month, Pro, which is \$15.00 per month, and Ultimate, which is \$20.00 per month. With the exception of the free version, all other versions include unlimited licenses.

★ **4.75** 2019  
OVERALL  
RATING

The on-site version of TPS is currently priced at \$450.00 per year for the first seat license, with subsequent licenses running \$205.00 each. It's important to note that TPS on-site licenses are for the number of employees whose time is actively tracked.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12441573](http://www.CPAPracticeAdvisor.com/12441573)

## TSheets by QuickBooks

[www.tsheets.com](http://www.tsheets.com)

TSheets is a time tracking application well suited for small to mid-sized businesses of any type. While TSheets can also be used to track job and project hours, it works best as a straightforward time tracking application. TSheets is completely web-based, and offers good integration with a variety of third-party applications. Users can record time using a variety of input options including desktop and laptop systems as well as iOS and Android smart phones and tablets.

TSheets offers multiple time entry options and offers a spreadsheet interface that allows users to enter hours worked. Employees can also

allocate time entered to a specific project or campaign if desired. There is also an online punch card option, which works well when simply tracking hours worked. Users can also use GPS technology to enter time, or can choose to use Twitter. For those without cell-phone access, there is also a dial-in option available.

A Chrome app can also be downloaded onto any device which allows employees to clock in and out when needed. The app can also be used to edit a timesheet or access a project. Users can also later sync any time entered into the Chrome app with TSheets. A kiosk option is also available to track time for onsite employees.

A scheduling option is also available in TSheets that allows employers to schedule employee time if needed.

In addition to tracking time, users can also create billable expenses such as meetings, telephone calls or even research time on any specific job. TSheets is DCAA/DOL compliant, making it a good solution for businesses that actively work with the federal government.

TSheets is scalable, offering three plans including a free plan that is suitable for very small businesses. The 2-99 user plan currently runs \$4.00 per active user per month, with a \$16.00 base fee per month; and the 100+ user plan is also priced at \$4.00

★ **4.5** 2019  
OVERALL  
RATING

per active user, per month and has an \$80.00 base fee per month. All plans include detailed reporting capability, access to third-party integrations, the time clock kiosk option, an optional scheduling feature, payroll and invoicing capability, mobile apps with GPS tracking technology, overtime alerts, and PTO tracking capability, as well as unlimited customer support. Those interested can download a trial version of TSheets.

**Read the full review  
for this product online at:**  
[www.CPAPracticeAdvisor.com/  
12441570](http://www.CPAPracticeAdvisor.com/12441570)

## Building **Sincere Connection** in the Workplace is **More Valuable** than Ever

TECHNOLOGY HAS MADE the modern work environment at once ultra-connected and increasingly lonely. In every profession, even if you work in a bustling office amid a clamor of people, the interpersonal disconnect we experience is a strange side-effect of communicating from behind computer screens and consuming media of all kinds. This combination of feeling lonely and overwhelmed can quickly lead to the mental exhaustion known as burnout.

And dealing with loneliness at work can have serious implications for your health and wellbeing. Aside from common problems like low energy, decreased productivity, and depression, loneliness has even been associated with early mortality risk. One of the topics I'm most passionate about is how to use technology mindfully. All too often, we implement new technology in the workplace without thinking twice about the humans using the tech, or how it might impact the workday. In our profession — and in any business for that matter — we have to begin placing equal value on human connection and the gift of technology. More importantly, we have to be intentional about the processes we build around it.

### COMBATING ISOLATION AT WORK

The levels of loneliness we deal with at work are influenced by how we engage with the environment

around us. While technology makes it easy to create limitless connections with others and collaborate more easily from afar, using it in excess, or as a substitute for closer human connection, is a mistake.

How often do you send a message to someone you could easily speak with face-to-face? Could the way you use technology be hindering your connectedness with those around you? Your decided mode of communication could absolutely be a contributor to your level of loneliness at work. Future Workplace's 2018 Global Work Connectivity study of more than 2,000 managers and employees showed that nearly half of their day was spent communicating via technology and not in person. Slightly more than half felt lonely "always" or "very often" as a result. The study suggested that this type of communication was detrimental to the wellbeing of workers and made them less productive.

It would be near impossible to

replace in-person communication in all of our day-to-day work, but it's best to be aware when you're making the decision between connection and convenience. Now, that's easier said and done, which is why I recommend these simple tips to ward off isolation at work and start fostering the balance that might be the missing ingredient to a more happy, healthy life.

### THE THREE-TO-ONE RULE

Speaking with someone in person and hearing their voice is an invaluable aspect of being human, and can often be a much different experience than speaking with them via text or direct message. The three-to-one rule challenges us to pick up the phone or visit someone in person for every three digital messages you send. This practice has been very useful for me and my productivity and connectedness with others. For every three emails I send, I try to make one call, initiate a video chat (if one of us is remote), or set up an in-person meeting.

### SOCIAL HOURS

Even if you're not the type to ask a colleague out for happy hour or an after-work event, it's important that colleagues create connections outside the confines of work. Getting to know one another in a new environment will foster a more friendly culture, and can create a healthy team that works together well. Lead by example by setting



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Mindful Technologist &  
Keynote Speaker  
@AmyVetterCPA

up social events. By showing your willingness to get to know the team, you will empower others to do the same. And if you're less of a spontaneous leader, it's fine to schedule it out. Great leaders can reinforce the culture of togetherness by creating regularly occurring events for the entire team.

### VIRTUAL GATHERINGS

Even if you're on a remote team, technology can help connect you in a meaningful way when used with the right intentions. To help create more personal connections with your team, try sending your remote employees a coffee shop or restaurant gift card and ask them to invite one of their other remote colleagues to a virtual meetup over video chat to get to know each other better. The connection you build with your coworkers is paramount — so find ways to make it happen remotely whenever possible.

Technology is truly amazing, and we have the power to decide to use it in smart ways, and in ways that don't get in the way of the important relationships we have with those around us. Making small changes like getting up to talk to a colleague in person or introducing yourself to someone new can ensure you're not inadvertently becoming isolated at work. By becoming more mindful of how you adopt communication systems at your workplace, you can help your team become more engaged with one another, more focused, more present, and more productive. ■





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## Takeaway: **Role Models**

**NO MATTER WHAT** generation you identify with, no matter your age, I want you to consider a thought exercise. Stop for a moment and think about where you are today in your life. Are you happy in your life? Do you enjoy your job? Are you surrounded by ineffective managers or bad bosses? Unless you are part of the fortunate 30% of people who love their jobs, according to the American Psychological Association, you want and deserve a change. What if one pivot in your life could help increase that statistic and make a positive impact on people working in the accounting profession. Wouldn't you want to make that pivot?

In a prior article ([www.cpapracticadvisor.com/12437204](http://www.cpapracticadvisor.com/12437204)), I wrote about bad bosses and the negative impact these bad bosses' behaviors have on the entire organization and not just millennials. In this article, I want to continue the thought of changing behaviors and moving past being bad bosses. Let's focus on being the opposite, being a positive role model to others in the workplace. Because if you can be a positive role model to millennials, you can take a major step forward in understanding the millennial mind and turning them from what you may perceive as entitled to engaged.

### **WHY MILLENNIALS WANT A ROLE MODEL**

The concept of a role model has not changed for the millennial generation; instead what has changed is their desire for a role model at work. While the negative stereotype states that millennials are lazy, they actually have a huge drive to be successful in their job. Part of that drive to be successful is wanting role models at work to understand what their future can look like, providing them with the leadership they are looking for in their growth, and believing in them.

When millennials work at a job where they do not have or see any positive role models, it is a big deal to them and a major factor in their dissatisfaction and disengagement. Millennials want to be successful at their jobs and want to have strong role

models to help show them the way. Unfortunately, when they look around at their current firm and organizations they don't see any positive role models. They understand that their chance to improve at their job is low, and they don't see a future.

Stop the negative trend, and learn how to be a positive role model inside your organization to attract, retain, and engage the millennial mind.

### **BEING A POSITIVE ROLE MODEL**

Step one is to stop being a bad boss. We've already covered that one, so let's dive into the action steps you can take to make the pivot. Take note that the items listed below don't involve money or compensation. Too often firms try to attract millennials by increasing compensation, but that isn't the problem and it is a topic for another article.

If you want to be seen as a role model to the millennial generation, follow these three steps and I promise you will understand the millennial

Drive the success of your organization by building an engaged workforce through your actions as a positive role model.

mind and improve your organization at the same time.

### **SHARE YOUR PASSION**

When you interact with millennials, don't be afraid to venture into conversations with them about what happens outside the four walls of your office. Let the people you work with know you as a person, starting with sharing your passion outside of work. No matter what it is, share it with those in your office. Industry thought leader John Garrett is constantly reminding people to share their unique passion outside of work, and he created an entire podcast (<https://bit.ly/2SmFjxv>) focused on highlighting those green apples.

### **MASTERS OF KNOWLEDGE**

Make sure that you are providing insight and knowledge to millennials as they go through their workday. Great role models are also great teachers, that help impart millennials with the knowledge they need to not just do their jobs, but to be great at their jobs. When sharing this knowledge with millennials, a great way to better connect the dots in their millennial mind is to start at the end and work backwards when explaining a topic/process/concept. While this may seem counterintuitive, millennials are very result focused, so starting at the end result and working back to the impact allows you to speak their learning language.

### **BELIEF**

One of the greatest roles any role model can play in someone's life is to believe in them. As accountants, we are not naturally people who talk about feelings very often. I'm not suggesting you need to start having deep emotional conversations with your team, but what you need to start doing is to build upon the first two steps and become that role model that believes in millennials. Support them in what matters to them. If they are really interesting in getting their valuation certificate or just first passing their CPA exam, support them in that quest. Instead of viewing their dreams as unrealistic and dismissing their desires, stop for a moment and think how you can support them. If you take a step to support their dream, you will be amazed at how quickly you will pivot into being seen as a role model to them.

Make 2019 the year that you become a role model to those around you by better understanding the point of view of the millennial generation. Drive the success of your organization by building an engaged workforce through your actions as a positive role model. Understand why millennials are looking for role models in the workplace, and follow the three steps to fill that role. Nothing is holding you back from making this pivot. Engage the millennial mind and empower them to make an impact at your organization. ■

Each month we explore the advantages and intricacies of developing and growing a niche practice.

This month we're examining what it takes to serve the niche of auto repair businesses.

## How to Market Your Firm to **Auto Repair Businesses**

By *Becky Livingston*

**ONE OF THE** first things marketing professionals learn is to think like the customer. That too can be applied to accounting professionals looking to increase their book of business with auto repair shops.

With over 175,000 mechanical automotive repair shops in the U.S., of which 60 percent are family-owned businesses[1], it may be a good market to expand your firm's industry lines.

Here are five marketing tips to help you put the pedal to the metal and to connect with this target market.

■ **Step into their shoes.** When do auto repair shop owners have time to read, watch, interact, or simply digest information? More than likely in the early morning, at lunch, or in the evening when they are not working in

their shop(s). Consider ways you can engage with them during those times, such as sending email campaigns, text messages, and video tips during those less-than-busy times.

■ **Content and Images.** Keep the content short, relevant, and easy to share. For example, you might share a blog post or video about travel or office expenses and mileage deductions they can and cannot claim. Images of the auto repair industry rather than corporate images will resonate more effectively.

■ **Video How-To's.** According to

Omnicores[2], 62-percent of YouTube users are male and fewer than one percent of total certified automotive technicians are female[3], that means video is a great way to reach this market. Leverage humor and role playing in short, 15- to 30-second spots. Focus on one pain point per video to answer. Then, create a YouTube channel to house all your how-to videos for easy access by members of this market. QuickBooks and accounting software tips are good topics to help get you started. Once the video is created, tag it accordingly with automotive keywords; then share it on social media and in email or text campaigns for clients.

■ **Hashtags.** In addition to using common finance and accounting hashtags in

### RESOURCES FOR THE AUTO REPAIR SHOPS ACCOUNTANT

- V12: A Look at Trends and Statistics in the Automotive Aftermarket Industry: <https://bit.ly/2SDtnwt>
- Intuit QuickBooks: Workshop Software for Auto Shop: <https://intuit.me/2N593Og>
- Shop Owner Magazine: How Your Previous Year's Taxes Will Affect the Sale of Your Shop This Year: <https://bit.ly/2EcqLwJ>
- Shop Owner Magazine: Get the Most Out of Your Shop's Point-of-Sale Software: <https://bit.ly/2SOOTxo>

## 4 Keys to Providing Accounting Services to **Auto Repair Clients**

By *Stacy Kildal*

**ONE OF MY** favorite types of businesses to work with, as a bookkeeper, is auto repair shops. Since the first client of Kildal Services was a repair shop - and actually still IS a client - I have a special place in my nerdy accounting heart for them. It's been so rewarding to go from picking out the first computer he bought for the shop and helping him choose a credit card processor to helping him opening a second location, develop a profit sharing program and get financing to purchase a building for a possible third.

We do all the day to day bookkeeping tasks for him: move sales from his shop software to his accounting program, all of his accounts payables, process payroll, assist in sales and payroll tax compliance and work with his tax preparer at year end. Heck, I've even stopped to pick up parts and once bought him a printer on my way out to his shop!

This is a fantastic industry to focus on - none of the shop owners I know want anything to do with the books, and there are plenty of them that can use our help. I think there are a few key areas where I accounting professionals can take on

that coveted advisory role, and we'll go over them here.

### INVENTORY

**To track or not to track?** About two-thirds of the shops we work with are small (they average 2 bays per shop), so holding inventory isn't really an option because they don't have the physical space to store it so they don't track quantity on hand. Most of shops that are larger and do have the space have chosen not to track inventory as well - they expense out most of the stuff that they use on a regular basis: filters, clamps, hose, etc.

Almost everything else is ordered from their part suppliers and can be delivered same or next day.

About a third of our shops do track inventory and are divided into two types: The first are larger shops with 5+ bays and have a higher volume of vehicles coming through and room to store parts, so they order larger quantities to get better pricing and want to keep track to manage cost and reorder points. The second is the specialty shops that work on performance/racing, foreign or off road vehicles (ie: dune buggies - we have big sand dunes here in Michigan.) The parts have a longer lead time, can be harder to find, and cost more, so tracking quantity on hand is a necessity.

### SOFTWARE

**Making sure the shop has the right shop management tool for them.** One of my shops only uses QuickBooks Online. He's a one man band with a small garage with one hoist and at the moment, he doesn't need the bells and whistles that a full

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your social media posts, leverage the ones in their industry, including #autorepair, #carrepair, #mechanic, #autoshop, #bodyshop, #collisionrepair, #automechanic, #autoservice, #autobody, #autobodyshop, #oilchange, and #mechaniclife.

■ **Non-Office Hours.** When part of owning a business is physically

working in that business, it's hard to get away for a meeting. Consider ways you can have happy hours, breakfast meetings, or events that won't interfere with your clients' day-to-day activities. A good way to do that is to create a group of people in the same industry, with the same challenges, to meet monthly or

quarterly to discuss pain points, software challenges, and business trends and tax changes they need to know.

If you're stumped for content ideas, here are some common accounting topics for the auto repair shop industry:

- How to create an expense checklist or cash-flow budget
- Bookkeeping and payroll service tips or software
- Tax-planning strategies
- Business entity formation
- Vehicle and equipment financing
- Recession survival strategies
- Document retention
- Section 179 expensing
- Monitoring and controlling sub-contractor costs
- Capital gains considerations

■ Seasonal, part-time, and full-time employee status

■ Choosing the right accounting method

■ Succession planning

By creating a valuable experience and content, your clients will look to you more as a business advisor than as simply their accountant. But, creating that environment and building that trust takes time, effort, and energy.

Do you have what it takes to get this show on the road and to offer bumper-to-bumper service for these clients? ■

[1] <https://www.infographicportal.com/automotive-repair-statistics/>

[2] <https://www.omnicoreagency.com/youtube-statistics/>

[3] <https://www.infographicportal.com/automotive-repair-statistics/>



blown shop management solution will offer. It's easy to know where he is with WIP when he can only get one vehicle in the shop at a time! Most auto repair shops are going to need something tailored to their industry.

Across the board, each of our clients using a shop management solution says these are must haves: national job guide database access, estimating, vehicle maintenance history, Technical Service Bulletins and parts ordering integration. Other things to look for are reporting (both for you and your client!) time tracking, scheduling and integration with accounting and marketing apps.

This is where a needs analysis is a great service to offer; meet with the owner and each employee to find out where their pain points are, then take that information to find a better software solution, or find ways to improve current processes to better use the

software they have in place. I'm not going to make any specific software recommendations here, however I will say there is some shop software out there that I absolutely love, but the accounting integration for them is abysmal, so for a few clients we still - GASP! - manually enter sales summaries.

## RETURNS AND CORES

**Get them a system!** For any parts that are wrong/defective, your shops will need to return them. Each vendor will have its own process, and once it's ready for return, you'll need a system in place for getting them back to the vendor. We suggest each supply house has a designated area; the techs include any paperwork required for the return, and they log it via a google form, then keep copies of the paperwork in a wall file above the vendor area. We can track everything

against vendor bills or credits, the hard copies and google form at the end of the month.

You'll also have to deal with cores - they're similar to bottle deposits. You pay the store a deposit for the bottle, then get it back when you bring the bottle back. We set up a process similar to returns for cores, to make sure the shops are getting the correct core credit. Our google form is set up for the techs to choose whether they're adding a return or a core. Make sure you always get a receipt from the vendor, and remember that dealerships will (more often than not) have to be reminded to come pick them up. You'll want to verify the slips from the driver against the google form and any statements at month end.

## TRENDS

**This is one of my favorite things to do for my shops - review trends.** Our clients either access their own financial reports or have us send them on a set schedule, but at least once a quarter, I take a look at their financials and send them a quick analysis. We look

for anomalies - why are parts costs so high compared to revenue? Is this normal for this time of year? Why, yes, it is - same thing happened this time last year: a government contract customer has open invoices and it's close to their fiscal year end. When do sales jump? Is school just getting out and customers are getting their cars ready for their summer road trip - it's easy to create a chart.

When it comes to auto repair shops, I think the most important thing to keep in mind is that you want to have access to the shop management solution. While setup and troubleshooting are a huge bonus, you need to at least be able extract reporting from it to verify hours, to reconcile credit card batches, and in the case of a now ex-client, make sure that all of the cash being taken in is actually making it to the bank! ■

*Stacy Kildal is a bookkeeper and QuickBooks expert from Michigan. She likes snowmobiling, hiking, listening to Rush and discussing how cute her cats are with her husband and two kids.*

# Payroll Rules When Employees **Don** and **Doff** Gear

By **Maria Tanksi, Content Specialist, Patriot Software**

**DEPENDING ON THE type of business and work environment, employers might require employees to wear uniforms or protective gear. To follow federal and state laws, employers must know the regulations of employees putting on and taking off work-related gear and clothing, otherwise known as donning and doffing.**

In this article, you will learn about donning and doffing, common types of businesses that require it, and whether the business is obligated to pay employees while they are donning and doffing.

## WHAT IS DONNING AND DOFFING?

Donning and doffing is the practice of employees putting on and removing work-related protective gear, clothing, and uniforms. Donning refers to putting on work clothes, gear, and equipment, while doffing means removing them.

Businesses that typically require specific attire for workers have employees who don and doff. Police officers, nurses, and security guards are just a few examples of workers who wear uniforms to perform work duties.

Generally, uniforms and other clothing worn by employees while donning and doffing includes protective gear. For example, firefighters wear fire

resistant jackets, trousers, and boots to stay protected from flames.

## EMPLOYEE COMPENSATION LAWS FOR DONNING AND DOFFING

Compensating your employees for donning and doffing depends on your type of business, company policies, and whether or not you have an agreement or contract. Check out laws pertaining to employee compensation for donning and doffing below.

## DETERMINING PRELIMINARY VS. POSTLIMINARY ACTIVITIES

Before you can determine if donning and doffing is compensable, you must understand preliminary vs. postliminary activities.

Preliminary activities include activities done before employees begin their principal work activities. On the other hand, an employee's postliminary activities include tasks done after principal work activities are completed. Employees' principal work activities include what employees are responsible for during work.

During preliminary and postliminary activities, employees may be required to don and doff clothing. If so, employers can choose to compensate employees for time spent donning or doffing outside of principal work activities.

## INTEGRAL ACTIVITIES

Typically, unless the donning and doffing is considered an integral part of an employee's job, you do not have to compensate them.

Integral parts of a job include necessary activities to perform job duties. For example, if an employee must wear a hazmat suit to complete work-related assignments and duties, the employee is required to don and doff gear and clothing.

As an employer, you determine if donning and doffing is an integral part of an employee's job. If you do consider it to be an integral activity, compensate the employee for time spent donning and doffing.

## FLSA

The Fair Labor Standards Act (FLSA) guidelines for donning and doffing have varied throughout the years. Initially, the FLSA required mandatory pay for any employee donning and doffing.

In recent years, the Department of Labor determined that donning and doffing is considered "changing clothes." FLSA regulations allow employers to exclude time spent changing clothes from being considered compensable work.

Ultimately, an employer can determine whether or not to compensate an employee for donning and doffing.

You can review the FLSA's donning and doffing regulations on the Department of Labor website.

## PORTAL-TO-PORTAL ACT

The Portal-to-Portal Act is an amendment to the FLSA that specifies whether or not time spent doing preliminary or postliminary activities is considered compensable work. The Portal-to-Portal Act clarified that certain activities, such as donning and doffing, are not compensable working time.

The Portal-to-Portal Act specifies that employers are not required to pay employees for time spent on preliminary or postliminary activities (e.g., traveling to or from work).

Under the Portal-to-Portal Act, compensable workdays consist of

principal work activities including:

- Duties performed as part of a regular work day
- Activities that are an integral part of or are indispensable to employees' regular duties

Even though the Portal-to-Portal Act determines most time donning and doffing is uncompensable, the Supreme Court interprets the Portal-to-Portal Act to require compensation for time spent on integral and indispensable additions to the employee's principal activities. So, in some cases, employers may be required to pay employees while donning and doffing.

For example, when an employee changes clothes before or after work, it is not typically considered compensable working time. However, say an employee's job involves toxic materials and he or she is required to change into a hazmat suit for work. Since the employee must wear the suit for protection to perform the job, the employer must compensate the employee since the donning and doffing is an integral and indispensable part of the job.

## SUMMARY OF DONNING AND DOFFING LAWS

In most cases, employers can opt not to pay employees for donning and doffing. However, there are a few exceptions.

As a brief review, employers can choose to compensate employees for donning and doffing unless:

- Time is considered hours worked according to an employment contract (e.g., collective bargaining agreement or union contract)
- Employer treats the time as hours worked according to the business's rules or handbook
- It's an integral part of the employee's job ■

*This article first appeared on the Patriot Software blog.*



A Year in the Life of a PAYROLL Accountant is sponsored by



# How to Create an **Unlimited PTO** Policy

By **Maria Tanksi**

Offering paid time off (PTO) is a benefit many small business owners extend to employees. Although the Fair Labor Standards Act (FLSA) does not typically require PTO, many business owners provide paid vacation and personal days. And, some employers may even offer unlimited PTO policies. Have you or your clients considered creating an unlimited PTO policy?

## WHAT IS AN UNLIMITED PTO POLICY?

Unlimited PTO allows employees to take as much time off as they would like for sick leave, vacation, or other types of time off. However, unlimited PTO must not interfere with business operations and tasks.

Companies that offer PTO or vacation time to employees have the option of providing unlimited PTO policies. According to one source, one to two percent of employers provide unlimited PTO. But, more employers are beginning to accept the idea of unlimited PTO.

Consider the following questions when creating your unlimited PTO policy:

- How do you prevent employees from abusing unlimited PTO?
- How will you keep track of unlimited days used?
- When will unlimited PTO be available to a newly hired employee?

unlimited PTO. Specify if employees must take at least a certain number of days off per year.

Consider requiring a minimum time for PTO. Minimum PTO helps ensure employees take PTO and avoid exhaustion.

Include whether or not employees can accrue time off. And, mention if employees can receive compensation for unused leave.

## PROCEDURE

Having a solid process ensures fairness and a more efficient unlimited PTO system.

- Include requirements for employees to follow such as:
- Communicating with their team about when they plan to take PTO
  - Postponing and managing tasks and projects according to when workers take time off
  - Notifying supervisors and managers in advance (e.g., two weeks)

Include procedures for approving requests, the maximum time you can authorize, and reasons you might reject a PTO request.

## DISCIPLINE

Although every business is different, some employees may abuse the unlimited PTO policy.

Lay out disciplinary actions (e.g., warnings or write-ups) for employees who take advantage of unlimited PTO.

## IMPLEMENTING UNLIMITED PTO

Implementing unlimited PTO has many advantages, such as improved retention, business culture, and budget. Weigh other unlimited PTO pros and cons before implementing a policy.

A challenge of offering unlimited PTO is ensuring employees take advantage of the opportunity in a healthy way (e.g., not going on weekly vacations). Before implementing an unlimited PTO policy, determine whether or not your business can handle it. Some businesses, such as retailers or restaurants, might not benefit from unlimited PTO.

If you decide to implement unlimited PTO, set an example. Your employees should feel comfortable taking PTO while also not taking too much time off.

After you create your unlimited PTO policy, add it in your employee handbook or other new hire paperwork. ■

*This article first appeared on the Patriot Software blog.*



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WHAT TO INCLUDE IN AN UNLIMITED PTO POLICY	
Introduction	2
Policy requirements	3
Procedure	7
Discipline	9

## WHAT TO INCLUDE IN AN UNLIMITED PTO POLICY

Unlimited PTO policies can vary. Consider including these sections while creating your unlimited PTO policy.

## INTRODUCTION

Introduce employees to your unlimited PTO policy. Explain what employees can use the unlimited PTO for (e.g., vacations or illnesses) and how to take time off.

Explain when employees can begin using unlimited PTO (e.g., 90 days after hire). Also, be sure to include how being a full-time or part-time employee impacts unlimited PTO.

## POLICY REQUIREMENTS

Be sure to include specific requirements about using



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## Employers: SSN No-Match Letters are Back

MANY EMPLOYERS STILL recall opening a letter from the Social Security Administration (SSA) informing them that the name or Social Security number (SSN) reported on a recent wage report does not match a name or SSN in the SSA's records. At times the letter listed numerous individuals with a mismatch. The question for employers was what to do and when to do it. The answers were not always clear.

### THEY'RE BACK

For the past seven years, no mismatch letters have been issued by the SSA. Unfortunately, they are soon to be in the mail again to many employers. In July 2018, the SSA notified employers that it was resuming the practice effective January 2019. Stopping those letters was an area the Trump administration cited as the government failing to enforce immigration laws. Reviving the policy goes hand in hand with the dramatically increased use of Notices of Inspection (NOIs), otherwise known as I-9 audits, that we have seen in recent months. They are both, along with renewed workplace raids by Immigration and Customs Enforcement (ICE), integral parts of the administration's all-encompassing focus on illegal immigration.

### WHAT CAN BE DONE IF YOU GET A LETTER

So, the question of what to do and when upon receiving a no match letter will again arise very soon. The guidance on what an employer must do is provided in the SSA's Frequently Asked Questions (<https://faq.ssa.gov/en-US/>) about no-match letters. What must be done is relatively clear. The first step is to try "to confirm that a reporting or input error is not the cause of a no-match." To do this the employer, in conjunction with the employee, should try to confirm that the name and SSN submitted correctly reflect the employee's name and SSN. This can be accomplished by a brief meeting with the employee to review the relevant documents. If no error in the information is apparent, the employer should refer the employee to the local SSA office to attempt to resolve the no-match. The step of attempting

to confirm apparent errors in name or SSN should occur relatively quickly after receipt of a no-match letter. While no specific time frame is mandated, an employer wants to act reasonably to such a government notice in case questions arise later regarding the employer's conduct in and whether it employed someone that was not authorized to work.

The question of how long an employer should wait for final resolution of the no-match notice before taking action is more difficult. As the SSA guidance notes, there are no regulations that set out any specific time frame or define what would be a reasonable period of time to address and correct information or otherwise resolve the mismatch. The SSA does note that in the E-Verify context, SSA can provide a continuance of 120 days for a tentative non-confirmation of work authorization. That would therefore seem to be the outside limit that might be considered reasonable. When no-match letters were arriving on almost a monthly basis many employers used a ninety (90) day rule of thumb as a reasonable period for lack of more definitive guidance. There are no reported cases where that was deemed to be an unreasonably long period.

### WHAT CAUSES AN SSN MISMATCH

One of the more frequently asked questions involving such letters is what causes a mismatch. There are a variety of possible causes, including simple reporting errors by an employer or employee. The error may merely be transposed numbers, missing numbers, name errors or typing errors. In some

cases the mismatch results from input errors by SSA staff. It may also be the result of serious misconduct such as identity theft or fraud. A name change by the employee, usually because the employee recently married, is usually a common cause of a no match letter. Employees that have hyphenated last names also seem to receive no match letters more frequently. Ultimately, the discrepancy must be resolved.

If it is a simple incorrect recording error the employer can correct its records and submit Form W-2c, a Corrected Wage and Tax Statement. Sometimes employees merely quit or fail to respond when confronted about the mismatch by the employer. On some rare occasions an employee will admit to being unauthorized to work. The only reasonable employer response at that point is immediate termination. And in some cases an employee may claim that after checking with SSA, he or she is unable to explain the discrepancy. Here an employer can either risk continuing to employ the individual or terminate employment and hope that no viable legal complaint is raised. Neither option is the ideal response and probably warrants consulting with counsel or other professionals on immigration matters before taking action.

### A NO MATCH LETTER IS NOT EVIDENCE THAT AN EMPLOYEE LACKS WORK AUTHORIZATION

It is clear that a no-match letter, in and of itself, cannot constitute "constructive knowledge" of lack of work authorization. Only the Department of Homeland Security (DHS) can make such a legal conclusion, which usually involves a

totality of the circumstances review. If an employer were to rely upon the no-match letter as a basis for taking adverse action against the employee at issue, it could violate the anti-discrimination rules of the Immigration and Nationality Act.

### CAN YOU REDUCE THE CHANCE OF GETTING A LETTER

The SSA guidance does suggest at least one proactive step that employers might want to take to try to minimize receiving a no-match letter. It would involve the employer using the Social Security Number Verification Service (<https://www.ssa.gov/employer/ssnv.htm>). This is a free online service available to employers to verify the name and SSNs of employees using SSA file records. There is also available to employers an automated telephone service, Telephone Number Employer Verification (TNEV) that is similar to the SSNVS. These two verification services can only be used for confirming wage reporting issues, not to verify work authorization. Such improper use could be deemed illegal. Use of either of these information confirmation services would permit the employer to correct any obvious errors and thus reduce the likelihood of their wage reports being flagged.

### CONCLUSION

If you receive a no-match letter in 2019 or thereafter, it is best to be as responsive as possible since you will be under the scrutiny of two agencies of the federal government, SSA and IRS. Neither is fun to deal with! ■



IT'S THAT TIME of year when we (at least those of us in the snowy states) eagerly look out the window each morning to check for signs of spring. Or, if we're not looking out the window, we're checking apps to see whether that groundhog made an accurate forecast. We surveyed the **CPA Practice Advisor** community this month to find out which apps our friends use when they're trying to stay on top of the weather.

**Michelle Walsh**, vice president of client services at XCM uses **AccuWeather**. "It is spot on for accuracy and tells you by the minute what is happening outside."

**Randy Johnston**, CEO and founder of Network Management Group, Inc., and executive vice president of K2 Enterprises, recommends **Ventusky** (small fee), "The best weather app for wind and current conditions at all levels," and **NOAA Weather** from the National Oceanic and Atmospheric Administration.

**Samantha Mansfield**, director of professional development & community at CPA.com, recommends the **Weather Channel** app. "The redesign took getting used to, but it's easy to use and there are many options to look at the forecast."

**Stacy Kildal**, founder of Kildal Services, introduced us to **Weather Kitty**. "You can even add your own cat pics as background. It has a great interface for forecast too. (There's a **Weather Puppy** app too!)"

**Caleb Jenkins**, EA, CQP, uses a combination of

Weather Channel and AccuWeather on his phone. "I love the alerts on my phone letting me know when it is predicted to rain during the day, and they also have pretty accurate estimates of the expected rainfall on any given day."

**Sandra Wiley**, president of Boomer Consulting, is also a fan of the Weather Channel app. "I just love everything about it from notification to changing in various areas that I am in. It moves with me."

**Roman Kepczyk**, director of firm technology strategy at Right Networks, added, "TheWeatherChannel is my quick look at conditions and provides great summary information." In addition, he uses **MyRadar**. "It has been one of the applications I have personally used the longest to see a moving weather forecast when I'm in stormy conditions. It lets you see the progress of large storm masses towards your location which can have me delay a bike ride or change travel plans such as going to the airport earlier."

**Rick Richardson**, CPA.CITP, CGMA, managing

partner at Richardson Media & Technologies, told us, "I have just one weather app. It's the **Yahoo Weather** app. I love the 'feel' of it. They nailed an elegant user interface and it's easy to set up favorite cities around the world."

We've had a couple of recommendations for **Dark Sky**, and, based on reviews, it appears that its usefulness depends on where one is located. **Daniel Vidal**, head of business development at Expensify, said, "Living in Portland, it starts raining... a lot. On top of a great UI and normal weather app functions, Dark Sky is great for giving you predictions to the minute of when it will start raining/snowing etc."

**Blake Oliver**, CPA, accounting technologist at FloQast, concurs. "I'm a big fan of Dark Sky. It doesn't rain much here in Los Angeles, but when it does, we all really want to know when and where! Dark Sky is a 'hyperlocal' weather app that uses your location to tell you exactly when the rain will start or stop, right where you're standing, not just by zip code."

My personal favorites are **WeatherBug** and **Weather Underground** (although now I have many new apps to try!). I like Weather Underground because you can go backwards and see the weather conditions for the past two days. It sounds crazy, but sometimes you need that information. WeatherBug has some really nice map overlays, so I can see storms, lightening, satellite imagery, and much more. ■



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## The Benefits, Perks, and Incentives Workers Want Most

**ACCOUNTING MANAGERS UNDERSTAND** the persuasive power of a competitive salary when wooing top talent. But it doesn't stop there. Benefits, perks and incentives can also be deal-makers. Highly skilled accountants and auditors want a well-rounded package when weighing job offers, and, in a tight hiring market, they know they're in good position to get what they want.

But employers and workers aren't always in sync on what constitutes an attractive compensation package. You may be offering what you believe are exceptional perks, yet your ideal candidates could seek something different. This disconnect can cause hiring headaches and negatively affect your chances of hiring and holding on to top performers. So what benefits, perks and incentives do professionals seek most? A Robert Half survey looked at the extras workers value and what companies offer. Here's what the research for the 2019 Robert Half Salary Guide for Accounting and Finance Professionals uncovered.

### BENEFITS

These are typically noncash and help with the essentials, usually given to all workers and not linked to job title or performance. In this area, employers mostly meet workers' expectations.

#### What workers want

1. Health insurance (69 percent)
2. Paid time off (67 percent)
3. Retirement savings plan (48 percent)
4. Dental insurance (37 percent)
5. Vision insurance (16 percent)

#### What employers offer

1. Health insurance (88 percent)
2. Paid time off (80 percent)
3. Dental insurance (71 percent)
4. Vision insurance (60 percent)
5. Disability insurance (58 percent)

Although not listed among the five most common benefits from employers, more than half of organizations in the survey, 52 percent, offer retirement savings plans. The takeaway for firms is to publicize the programs they provide in this area.

### PERKS

These are the privileges that help with areas like work-life balance and contribute to employees' overall wellness. Perks usually aren't financial, though they may be tied to job performance and/or seniority. Popular ones include:

- Flexible work schedules (88 percent)
- Compressed workweek (66 percent)
- Telecommuting (55 percent)
- On-site amenities (38 percent)
- Paid time off for volunteer activities (31 percent)

Unlike benefits, employers don't often offer the perks that professionals seek in a workplace. Here are the most common among the companies surveyed:

- Flexible work schedule (62 percent)
- Employee social events (44 percent)
- On-site amenities (23 percent)
- Paid time off for volunteer activities (21 percent)
- Compressed workweek (17 percent)

The option for remote work — wanted by more than half of workers — ranked last on the list of what employers offer. This should be a wake-up call for managers who are

having trouble recruiting or keeping top talent.

If you allow people to work from home, even if just one day a week, you could improve your ability to hire and retain staff. These perks don't negatively affect your budget and could go a long way toward boosting loyalty, as employees realize how rare this privilege is.

### INCENTIVES

Public accounting firms tend to have bonus plans and other cash-based incentives that are directly related to an individual's or team's performance.

#### What workers want

1. Annual or biannual bonuses (77 percent)
2. Profit-sharing plan (49 percent)
3. Sign-on bonuses (49 percent)
4. Retention bonuses (41 percent)
5. Spot bonuses (32 percent)

#### What employers offer

1. Annual or biannual bonuses (44 percent)
2. Profit-sharing plan (33 percent)
3. Spot bonuses (22 percent)
4. Sign-on bonuses (19 percent)
- 5 (tie). Deferred compensation plan (12 percent)
- 5 (tie). Retention bonuses (12 percent)

What employers offer is close but doesn't quite match workers' expectations; the differences lie in the percentages and suggest organizations have some catching up to do to woo top performers. For example,

while more than three-quarters of professionals want annual or semi-annual bonuses, fewer than half of employers offer them. Having such a bonus program in place can differentiate your firm from another in the eyes of candidates.

### USING THE DATA

How does your public accounting firm stack up when compared to the survey results? Make sure you talk to employees regularly, such as in one-on-one meetings, team discussions and online surveys, about what they prioritize. Relay the feedback you receive in these discussions, as well as from job candidates, about what workers value most to senior management and human resources, who may be able to update your firm's options.

More than nine in 10 CFOs in a recent Robert Half Finance & Accounting survey reported experiencing challenges finding skilled job candidates, and the talent shortage isn't expected to ease up any time soon. Now is the time to benchmark — and, if necessary, upgrade — your firm's compensation offerings. ■

# QuickBooks Online Advanced Offers a Powerful Solution for Mid-Market Clients

**BIG THINGS ARE** in store for QuickBooks Online (QBO) Advanced. At the beginning of 2019, Intuit added Client Overview for accountants to its feature set and announced that four more important features – expanded custom user permissions, enhanced custom fields, batch invoice creation and the ability to add up to three accountant users – would begin rolling out in March.

QBO Advanced includes everything in QBO Plus, including the ability to track by class, along with exclusive features such as reporting powered by Fathom, batch invoice import and custom user permissions. Intuit created this new version of QuickBooks for mid-market customers who have more complex needs than the average small business. These 1.5 million businesses have, on average, 10 to 100 employees, spend twice as much time in QBO as the average user and have twice the data, or total transaction lines, compared to smaller businesses. They also have more users, an important distinction for QBO Advanced because it accommodates up to 25 users (not including time tracking, accountant users and reports-only users) with full and simultaneous access. That's five times more than any other QBO plan.

"With QBO Advanced, accounting clients won't need to conform to their accounting solutions; their accounting solution will conform to them," said Christine Byrne, group manager of business operations for QBO Advanced. "QBO Advanced is designed for the client who has outgrown QBO Plus, but wants to continue to maximize their productivity in the cloud."

## CURRENT FEATURES IN QBO ADVANCED

QBO Advanced was released in August 2018, and at QuickBooks Connect in San Jose, Calif., Ariege Mishergli, leader of the Accountant Segment within Intuit's Small Business Self-Employed Group, said it would continue to evolve.

"Feedback from accounting professionals has been core to QuickBooks' development for decades and we are extremely grateful for all your comments and recommendations for this new product," she said.

To date, QBO Advanced includes all of the features in QBO Plus, along with the following:

- **Put the right information in the right hands** – With custom user permissions, your clients can manage user access to one or more of several specific areas in QuickBooks, including bank deposits, sales transactions, expense transactions, sales reports and expense reports.

- **Gain deeper insights to make better business decisions** – Through smart-reporting powered by Fathom, users can track their business performance at a glance with smart, customizable visual reporting on select data and key performance indicators, or KPIs. With these insights, clients can analyze profitability, cash flow and other KPIs with new tools and metrics. Fathom typically costs \$39/month and is included in the cost of QBO Advanced.
- **Skip repetitive tasks** – Your clients will increase their productivity by importing hundreds of invoices created outside of QuickBooks all at the same time. Gone are the days where you have to import invoices one by one into QBO.
- **All Priority Circle benefits** – A single point of contact with a Customer Success Manager is available to route support questions, suggest online training and make QBO product recommendations. In addition, users receive Priority Care, where QuickBooks technical support calls are routed toward the front of the line and to Intuit's top agents for quick resolution of issues.
- **Complimentary Online training** – Users have access to five self-paced online QuickBooks training courses, a \$2,000 value.

## FOUR IMPORTANT FEATURES RECENTLY ANNOUNCED

In addition to Client Overview for accountants where you have the ability to quickly look at a prospect's books to assess their performance and to be able to price your services, four more features help users be even more productive:

First, **additional custom user permissions** will be available to help customers delegate specific sales transactions such as invoices and estimates. Simple data entry tasks like invoice creation can now be delegated with greater confidence so that delegated users have access to do just that and no more. "This gives the highest level of granularity to help manage books and ensure the right people are seeing and editing the right things in their books," said Byrne.

Second, **enhanced custom fields** offer the next

level of customization for companies. Users can create whatever fields they want, which are translated to reporting throughout the books.

"Custom fields have traditionally performed well in QuickBooks Desktop, and have been a top ask from QBO customers," said Byrne. "With enhanced custom fields, we are bringing the power of customization paired with the efficiency of tracking and reporting to QBO Advanced."

Third, **batch invoice creation** is a feature that is exclusive to QBO Advanced. "You can now enter multiple invoices at one go without having to go through the hassle of individually creating each invoice," she said. "What's more, for businesses that need to send the same invoice to multiple recipients, batch invoicing capability will enable the same via a single click, thus saving valuable time and effort for our customers."

Finally, QBO Advanced users will soon be able to **add up to three accountant users** (other versions of QBO enable only up to two). This exciting new benefit will help accounting professionals be better positioned to meet the many needs of their more complex clients.

## SIGNING UP YOUR CLIENTS FOR QBO ADVANCED

For a limited time through May 31, 2019, accounting professionals can offer their new and existing wholesale billing clients a 30 percent discount off the current list price of \$150 per month for the life of the subscription. That's \$105/month instead of \$150/month. Note the pricing does not apply to clients currently using QBO who are not receiving a wholesale discount.

Also, accounting professionals who are members of the QuickBooks ProAdvisor Program can now earn points for active QuickBooks Online Advanced subscriptions. A QuickBooks Online Advanced client will add 75 points to a ProAdvisor firm's point balance. If any of the firm's clients upgrade from QuickBooks Online Plus to Advanced, then you'll earn 75 points for that QuickBooks Online Advanced subscription.

Visit <https://quickbooks.intuit.com/accounting/advanced/> for more information, or go here to take QBO Advanced for a test drive: [https://qbo.intuit.com/redir/testdrive\\_us\\_advanced](https://qbo.intuit.com/redir/testdrive_us_advanced) (Fathom and Priority Circle are currently not included in the test drive). ■

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# More States Taxing Streaming Services Like Netflix and Hulu

By Gail Cole

**ON JANUARY 1, 2019, sales of streaming service subscriptions became subject to tax in Iowa, Washington, D.C., and the Canadian provinces of Québec and Saskatchewan. These areas join a growing list of jurisdictions now taxing the sale of content consumed through Amazon, HBO, Hulu, Netflix, Spotify, and other streamed service providers.**

Fewer North Americans tune into traditional television and cable these days, and it's harder to find an American or a Canadian who doesn't stream at least some shows or movies. Likewise, despite the vinyl revival,



there's a rising generation for whom music exists solely via apps and the internet.

This shift has caught the attention of legislators and tax authorities, many of whom are eager to cash in on the trend. Or rather, stop the bleeding: Digital goods and services are generally subject to tax when sold in their non-digital forms, so the change in consumer habits has a real impact on tax revenue.

Yet although sales tax rates, rules, and regulations change frequently, sales tax law is often slow to respond to major economic shifts. Sales of services generally outpace sales of goods these days, but most services

are still exempt in most states in the U.S. Similarly, though digital goods and services such as Software as a Service (SaaS) and streamed music and movies are making up an ever-larger portion of the market, laws often fail to address them.

Furthermore, there's usually resistance to taxing previously untaxed goods and services, even those that are new to market. Thus, in 2015, then Canadian Prime Minister Stephen Harper made a mock horror movie about how his opponent Justin Trudeau wanted Canadians to "pay more for Netflix, YouTube, and other digital streaming services" and insisted, "We are 100% against a Netflix tax." Once elected, Prime Minister Justin Trudeau also stressed his opposition to "imposing the sales tax on foreign digital platforms."

Some provincial governments appear to be of a different mind. In March 2018, Québec caused an uproar when it became the first Canadian province to tax non-resident (foreign) providers of digital services to Québec consumers (the tax took effect January 1, 2019). Yet there was little fanfare when a similar tax took effect in Saskatchewan on the same date — perhaps because no one knew it was coming.

According to *The Globe and Mail*, "Saskatchewan's approach was far more low-key, leaving consumers to discover the change this month as they receive

their Netflix bills." The government made no announcement, calling it "basically a housekeeping item in the legislation." James Parker, a spokesman for the Saskatchewan cabinet, emphasized that this isn't a new tax but rather one that "brings Netflix [an American company] in line with other streaming services that collect PST (provincial sales tax) from their Saskatchewan customers."

Down in the United States, the District of Columbia and Iowa join Florida, North Carolina, Pennsylvania, and Washington in taxing sales of streamed content. These sales are also subject to some local taxes, as in Chicago, Illinois, several cities in California, and Loveland, Colorado.

Maine came close to adopting a "Netflix tax" in 2017 but opted against it. Kentucky tried to tax streaming services but was blocked from doing so, while a proposal to tax a variety of services died in Louisiana. Some lawmakers in Virginia want to tax streaming services, but more don't. And both Arizona and Missouri banned the taxation of services, including streamed services, not already subject to tax.

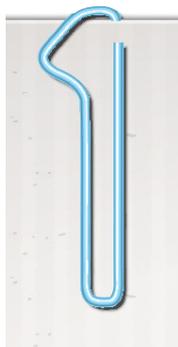
Taxing streaming services remains somewhat contentious in Canada and the United States, but they're being taxed in a growing number of countries, including India and South Korea. And the more people rely on streaming services to satisfy their entertainment needs, the more they'll come under scrutiny for taxation. ■

*Gail Cole began researching and writing about sales tax for Avalara in 2012 and has been fascinated with it ever since. She has a penchant for uncovering unusual tax facts, and endeavors to make complex sales tax laws more digestible for both experts and laypeople.*

# 5 Ways to Fail a Sales Tax Audit

By Gail Cole

ALL BUSINESSES RELISH a good sales tax audit. After all, what's not to like? And did you know it's possible to spend more time, money, and resources than absolutely necessary during an audit? It's true. Simply follow the five tips below and you'll dramatically increase your chances of having to pay those coveted audit penalties.



## GIVE THE AUDITOR A HARD TIME

Spare no inconvenience. Send the auditor on coffee runs. Set the auditor up in your most cramped and unappealing space then make the auditor sort through the messiest records. First impressions matter when it comes to audits, so make

yours a terrible one. The harder the experience for the auditor, the more likely that auditor will help you spend more money, resources, and time.



## ASSUME YOU DON'T NEED TO COLLECT TAX

This is a high-risk move. If you have nexus in a state, you're required to collect and remit sales tax; and while nexus used to refer primarily to some sort of physical presence, that's no longer the case.

On June 21, 2018, the Supreme Court of the United States ruled physical presence is not a requisite for sales tax collection. Since the decision in *South Dakota v. Wayfair, Inc.*, more than 30 states have broadened their sales tax laws to include a business's "economic and virtual contacts" with the state, or economic nexus. That trend is likely to continue until all states with a general sales tax impose a sales tax collection obligation on remote sellers.

If you want to ensure you run afoul of auditors, just keep on not collecting in states where you make significant sales: Tax authorities are looking for you; they'll likely find you.



## PUT YOUR EXEMPTION CERTIFICATES IN A BOX IN THE WAREHOUSE

This gives you two advantages. First, it forces the auditor to dig through a potentially rat-infested box for the records needed, thus wasting more time. Second, it increases your chances of

losing certificates to flood, fire, or vermin. If you don't have a complete certificate that proves a customer is exempt, you'll owe the state for the sales tax you didn't charge — plus bonus penalties and interest.



## KEEP INCORRECT RECORDS

You want to fail a sales tax audit? Make sure your records don't match your bank accounts. If you have more or less money in your account than shows up on your sales tax records, you're begging for an audit penalty.

If incorrect records are too blatant for your taste, strive for incomplete records. Don't stress about recording every cent

of sales tax charged to your customers. Scribble sales tax records down on a sheet of paper so you'll never know where to find them when you need them. The auditor will linger as long as there's a clear discrepancy between how much you collect and how much you record.



## PAY LESS THAN YOU OWE

This one's about your overall method. You can drastically increase your risk of penalties during an audit by manually managing sales tax. Paying less sales tax than what your business owes will substantiate incorrect record-keeping, shoddy certificate storage, and

(purposeful) ignorance about nexus. Plus, think of all of the other opportunities for error that await when you manually manage the following:

- State and local jurisdiction rate changes
- Filing methods and schedules for each taxing jurisdiction
- Changing product taxability rules

## BUT SERIOUSLY

We know you don't actually want to waste time, money, and resources. So, hopefully these tips give you some ideas of what not to do. The right technology can turn sales tax management from painful and risky to easy and more accurate. ■

[From the *Avalara* blog.]

The right technology can turn sales tax management from painful and risky to easy and more accurate.

# Tax Preparer Due Diligence: More than Checking the Boxes

By Dave DuVal, EA

FOR MOST TAX professionals, conducting due diligence is second nature, an automatic reflex much like breathing. When a function becomes this automatic, some practitioners may be lulled into a routine of “checking the boxes” and relying on information and knowledge gleaned from taxpayers in the past to prepare current year tax returns.

Circular 230, found in Title 31 of the United States Code, contains the minimum ethical requirements tax practitioners are required to follow. Circular 230 §10.34(d) states tax practitioners must exercise due diligence when determining the correctness of a tax position, whether that position is presented orally or in writing. It also states that practitioners may generally, “rely in good faith without verification upon information furnished by the client.” However, this does not mean practitioners may take the word of the taxpayer without using prudence and discernment.

Reasonable inquiries should be made if the information received appears to be incomplete and/or inaccurate. This additional inquiry is where some practitioners may be falling short. Circular 230 contains the minimum ethical requirements we are required to follow. For some areas of practice, this minimum is not enough and following it may cause dire consequences. This is especially true when preparing income tax returns that claim the Head of Household filing status and certain credits.

Through IRC §6695(g), the IRS has placed special, more stringent due diligence requirements on certain credits; among them are the Earned Income Tax Credit (EIC), Child Tax Credit (CTC), Additional Child Tax Credit (ACTC), and the American Opportunity Tax Credit (AOTC). The refundable component to these credits makes them susceptible to a high incidence of fraud. IRC §6695(g) requires tax practitioners to meet additional due diligence requirements when preparing tax returns that contain these credits.

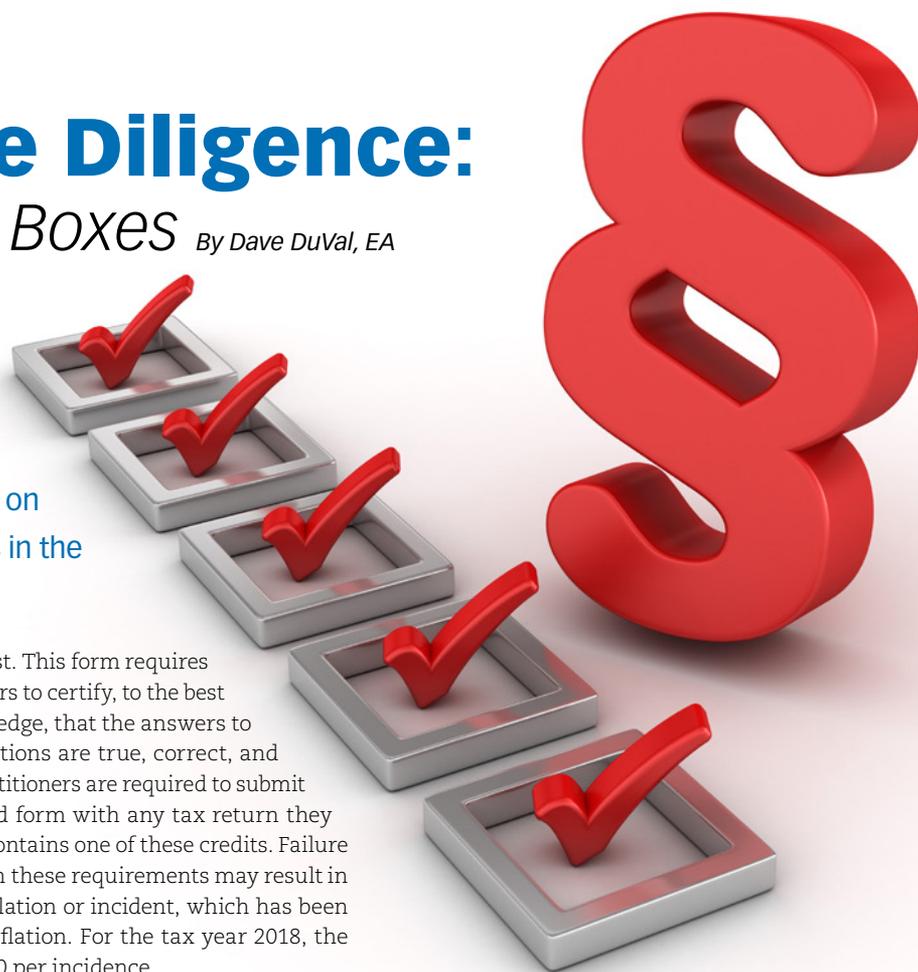
To facilitate these due diligence requirements, the IRS created Form 8867 Paid Preparer’s Due Diligence Checklist.

This form requires tax practitioners to certify, to the best of their knowledge, that the answers to the form questions are true, correct, and complete. Practitioners are required to submit this completed form with any tax return they prepare that contains one of these credits. Failure to comply with these requirements may result in a \$500 per violation or incident, which has been indexed for inflation. For the tax year 2018, the penalty is \$520 per incidence.

In other words, if a tax practitioner prepares a return that contains the Child Tax Credit, Earned Income Tax Credit and American Opportunity Tax Credit, the tax practitioner could be fined for three \$520 penalties if the IRS determines there was insufficient due diligence in determining if the taxpayer qualified for these credits. For tax returns filed in 2019, the penalty is \$530 per incident.

The Tax Cuts and Jobs Act of 2017 expanded the IRC §6695(g) due diligence requirements to include the new Family Credit or Other Dependent Credit (ODC) and the Head of Household filing status. Form 8867 has also been updated to incorporate these additional due diligence requirements. Although tax practitioners use Form 8867 as a guide to performing due diligence, it was not until the IRS released Treasury Decision 9842 on November 5, 2018, (which contains Treasury Regulation §1.6695-2(b)) that practitioners had a clear definition of what qualifies as due diligence with regard to IRC §6695(g). Practitioners must meet four conditions in order to satisfy the due diligence requirements and avoid a penalty. The four conditions are:

- The preparer must complete and submit Form 8867, Paid Preparer’s Due Diligence Checklist, and this form must be completed “based on information provided by the taxpayer to the tax return preparer, or otherwise be reasonably obtained or known by the tax return preparer.”
- The preparer must compute the credit(s) by either completing the worksheets included with the form instructions for Form 1040 and/or Form 8863, Education Credits (American Opportunity and Lifetime Learning Credits) based on information obtained by the taxpayer or otherwise record how the credit was computed.
- The preparer must have knowledge. The tax return preparer must not know or have reason to know that any information used to determine the taxpayer’s eligibility for one of the credits or the Head of Household (HOH) status is incorrect.
- The preparer must retain the records involved in the determination of the credits or Head of Household status, including a copy of the Form 8867, any worksheets or calculations used to determine the amounts, and a record of how and



when the information used to complete Form 8867 was obtained. This includes the name of the person(s) who provided the information and copies of any documents provided by the taxpayer. These documents must be maintained for a minimum of three years after either the return or claim for refund is filed, or the due date of the return without regard to extensions, if that is later.

Treasury Reg. §1.6695-2(b) provides extensive guidance on the knowledge condition in the form of eight examples of what the IRS considers “knowledge.” Examples One, Three, and Five illustrate that simply relying on the taxpayer’s answers to standard questionnaires or tax organizers, with no other backing data, is insufficient to establish due diligence. In the absence of additional information or supporting documents from the taxpayer, the practitioner must make additional “reasonable inquiries” to determine if the taxpayer is eligible for the credits or Head of Household status.

In Example Six, the practitioner knows the taxpayer from prior social interactions. The taxpayer has never been married and their niece and nephew, who lived with them the entire year, did not provide over one-half of their own support. This would, to many practitioners, meet the standard under Treas. Reg. §1.6695-2(b)(1) as information reasonably known or obtained by the preparer. However, Example Six goes on to state that to meet the knowledge requirement, the practitioner must make the same inquiries and collect the same documentation as if they do not know the taxpayer on a social level.

Fortunately, the examples in the revised regulations do provide that if a preparer has made sufficient inquiries to verify a taxpayer is eligible in one year, they do not need to verify this again in a subsequent year. How long a practitioner can rely on previously provided information is unclear. However, it is assumed that documents that do not change do not have to be collected again. An example of this would be a birth certificate. Information that can change needs to be verified each year.

The regulation does not address what types of documentation the IRS will expect practitioners to provide in the event of an audit beyond generalities regarding worksheets and copies of the taxpayer-provided information. The tax practitioner still needs to make a judgment call on what and how much information they need to obtain; however, in the event of an audit, this still

may not be sufficient to prevent the imposition of a penalty. In an audit situation, the IRS has the benefit of 20/20 hindsight and may have access to information that the practitioner did not have during the time the return was prepared. A good documentation guideline might be to refer to the documents the IRS requests on Form 886-H-DEP, Supporting Documents for Dependency Exemptions, Form 886-H-AOC, Supporting Documents to Prove American Opportunity Credit, Form 886-H-HOH, Supporting Documents to Prove Head of Household Filing Status, and Form 886-H-EIC, Documents You Need to Provide So You Can Claim the Earned Income Credit on the Basis of a Qualifying Child or Children. Copies of these Forms are available on the IRS website, [www.irs.gov](http://www.irs.gov).

It is clear the IRS is looking for complete and detailed information as to how a practitioner determined that a taxpayer qualified for the EIC, CTC, ACTC, AOTC, ODC, and Head of Household filing status. To arm themselves, practitioners should keep detailed and contemporaneous



notes on the questions and answers they ask their clients. Based on the examples in the final regulations, merely documenting a taxpayer response or stating awareness of the taxpayer’s circumstances based on prior interactions, may not be enough to escape the Due Diligence Penalty.

For a minimum of three years, practitioners need to maintain detailed records such as:

- A complete copy of submitted Form 8867.
- Any applicable worksheets, or other worksheets, prepared in regard to any of the credits claimed.
- Copies of any documents that were provided by the client which were relied upon in determining eligibility for and the amount of the credits claimed and to determine Head of Household filing status.

- A record of who gave the preparer the information used in completing Form 8867 and any associated worksheets.

- A record of any additional questions asked (other than the questions listed on Form 8867) along with any of the answers that are given.

In the frantic rush of tax season, it may be expedient to rely on tax software to automatically answer all the questions on Form 8867, but this may end up being a costly mistake. The IRS does conduct Due Diligence audits, and tax professionals have been fined thousands of dollars for violations. In addition to due diligence audits, the IRS is sending out Letter 5025 to practitioners who may have filed returns that claimed credits without meeting the due diligence requirements. This is considered a “soft notice” as the IRS does not require a response. However, the notice does make it clear that the practitioner is on the IRS’s “radar” and will be monitoring future returns submitted by the practitioner.

For many practitioners, the due diligence requirements may seem excessive and intrusive. However, until the rules and regulations are changed, practitioners are being held to these requirements. Failure to perform the proper due diligence not only may drain your bank account, but it may also cause a loss of reputation. The IRS may audit all your client returns that contain any one of these credits or that claimed the Head of Household filing status. If they conclude the taxpayer does not qualify for either the credit(s) claimed or Head of Household filing status, the taxpayer will owe additional tax, interest and possibly penalties. Furthermore, your clients may be prevented from claiming these credits in the future. Before the filing season becomes too hectic, it may be worthwhile to review a copy of Letter 5025, which is available on the IRS website. Additionally, the IRS has an online toolkit for tax practitioners that contain a “Due Diligence Training Module.” As the saying goes, “An ounce of prevention is worth a pound of cure.” ■

*Dave Du Val is the Chief Customer Advocacy Officer for TaxAudit. At TaxAudit, he ensures that the entire team is on the forefront of tax education, research, best practices, and audit representation. He is an Enrolled Agent and federally authorized tax practitioner, who has prepared thousands of returns during his career and has trained and mentored hundreds of tax professionals. He is a member of the National Association of Tax Professionals, the National Association of Enrolled Agents, and the California Society of Enrolled Agents. He is a frequent guest speaker for the California Society of Tax Consultants, the California Society of Enrolled Agents, and the National Association of Tax Professionals.*

## How to Make the Most of **Virtual Meetings**

THE INTERNET HAS brought many changes to our office work environment, and one of the most significant areas where I see firms not ready to meet client expectations is being ready to participate in effective virtual meetings. Virtual meeting platforms can be used by any firm – from solo practitioner all the way up to the Big Four – to interact with team members and clients anywhere. While there is still no substitute for face to face human contact, proper use of digital meetings can help you solve more problems and reduce the time you (or your clients) spend traveling every week. Major areas to consider include the meeting platform, the available internet bandwidth, your computer, and your meeting work environment.

The meeting platform is the foundation for your virtual meetings, and you must pick a platform that's reliable for both you and your clients. Some of my favorite platforms for virtual meetings include GoToMeeting, Skype for Business, Google Hangouts, WebEx, Join.me, Zoom, and Zoho Meetings. You will need to determine your firm's needs – does each partner/manager need his or her own virtual meeting room (or subscription), or will you share a limited number of accounts across your entire staff? There are a wide range of plans and options available to meet different needs, and some of the platforms, like GoToMeeting and WebEx, do very well when working with people outside your organization, while others, like Skype for Business and Google Hangouts, excel at facilitating internal events and discussions.

Your meetings can only use as

much bandwidth as your network will support, so you will need to consider your internet connection and the other demands on your network. The bandwidth you have is divided into two categories – upstream and downstream. Downstream bandwidth (e.g. downloads) is the speed of your internet connection receiving data from the internet, while upstream bandwidth is the speed at which your network can send data to others. Many ISPs have different speeds for uploads vs. downloads – for example, one of my internet connections in my office has a download speed of up to 200 megabits/sec, while the upload speed on this connection is only 10 Mb/s.

If you are conducting many virtual meetings with HD video, have voice-over-IP telephony, and are hosting remote access for employees, this upstream bandwidth can be used up quickly. Road warriors will quickly

learn that hotel internet speeds are generally anemic at best, so they should be prepared to use the hotspot on their smartphone if the hotel's internet is not adequate. Cisco Webex has a guide to help you determine how much bandwidth will be needed for virtual meetings at <http://bit.ly/vmbandw>.

You need to have the right equipment in your office or conference room to accommodate your needs, which will include one or more of the following:

- A high-quality integrated or external webcam (1080p or higher resolution), with a USB 3.0 or faster connection. You may also want to get a dedicated professional setup like a Marantz Pro Turret or a Google Jamboard to improve the audio/video quality in your office or conference room.
- You may need some focused lighting to help you and your team put your best face forward, and possibly a custom backdrop to conceal clutter or activity around you. Don't forget to evaluate the lighting in your conference rooms at different times of the day, and purchase blackout curtains or blinds if you need to reduce the incoming light.
- An unobtrusive USB headset with a mute button, a volume control, and a good quality mic with a wind screen – because the client shouldn't have to listen to you breathe throughout the conversation due to a bad microphone. I avoid full-sized



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gaming headsets, as they are often very large, and may have designs that don't fit the image your firm wishes to project - camouflage full sized headphones may be OK when you're playing Fortnite, but it looks strange when you're discussing GAAP or tax issues.

- While Wi-Fi may be OK if it's all you can get, you can get more reliable bandwidth usually over a wired internet connection, which should provide fewer dropped frames and audio interruptions.

Finally, don't forget to dress professionally for your meeting, and check the background area behind you for distractions and confidential information that may be leaked (e.g. whiteboards, flipcharts). You may want to keep an extra shirt near your work area so you can quickly upgrade to a more formal look on a moment's notice. Remember that your first impressions are made quickly, so do everything you can to help you and your staff look the part every time they represent your firm.

Virtual meetings are a very effective way to work with your team and clients, but many firms have not given their teams the tools they need to make the most of videoconferencing. By picking the right platform, internet connection, video and audio hardware, and meeting room layout, you can change the way your team and your clients see you when meeting online. ■



# Avoid the Efficiency Trap

By Arianna Campbell

TRANSFORMATION IS A favorite topic of conversation at accounting industry conferences and in CPA communities. At this point, firms know why they need to make changes. The challenge isn't convincing them they need to automate compliance work, modernize processes and become more consultative for their clients. The challenge is making the time to transform while you perform.

We're in the midst of another busy season and chances are, billable work is taking up the majority of time for you and your staff. So how do you find the capacity to transform your firms and reach your goals?

## THE EFFICIENCY TRAP

For years, we've helped firms improve their efficiency and effectiveness with Lean Six Sigma. We've seen firms realize amazing results with improved client service, client satisfaction and benefits to their bottom lines.

But in some respects, efficiency has become

a buzzword in the profession. When you improve processes and invest in technologies to support efficiency, are you being efficient for efficiency's sake? Are you processing tax returns faster so you can work on more tax returns each year? That's a short term view.

The real opportunity that comes with Lean processes isn't doing more of the same. It's elevating our thoughts beyond efficiency so we can take those gains in efficiency and quality, increase our capacity to transform while we perform and add higher level, value-added services to the traditional firm business model.

## CONTINUOUS IMPROVEMENT = INCREASED CAPACITY

Remember, Lean isn't a one-and-done effort. It's an organizational structure for continuous improvement.

A firm may start their Lean journey with a process improvement project over individual tax returns, then move on to business returns, audits and client accounting services. But Lean isn't just for compliance services. It's for client onboarding, billing, business development, advisory and consulting – in short, anything your firm does that is process driven.

The firms that have focused on continuous improvement in these areas already have the capacity to transform their service offerings.

If your firm hasn't started gaining efficiency using Lean Six Sigma, you need to get on board. Efficiency and quality at the compliance level isn't a strategic advantage anymore – it's a given. And we've seen first hand the power that comes from firms who use those gains in efficiency to transform their firms.

One large regional accounting firm with 80 employees used Lean to free up over 2,200 hours in their individual tax practice. They took the capacity they created and are now working on building out specific consulting niches.

Another Top 30 firm with more than 750 employees was able to create so much capacity among their admin team that they started pushing more administrative tasks that had been handled by professionals down to the admin team, allowing their professionals to concentrate more on value-added work for their clients.

Efficiency may be a buzzword now, doing more with less is the new normal. Just make sure you're not using the additional capacity you've created to do more of the same. While that might boost your bottom line in the short-term, it's not a strategy for long-term relevancy and success. Take advantage of this opportunity to develop strategies and game plans to transform your firm and better serve your clients. ■



## Technical Advisor to Consultant: Making the Transition Internally

By Arianna Campbell

DISCUSSIONS ON THE future of the accounting profession place a lot of emphasis on the transition from technical advisor to consultant for client-facing roles. Have you considered how your internal roles can make the same transition?

At Boomer Consulting, we have several team members with a Project Manager role. These team members are very technically adept in their client management roles, but it doesn't end there. They're a tremendous asset to our consultants because they know what's valuable to us and look for solutions to address our pain points. Sound familiar?

So how can you help your technical resource experts transition into more consultative roles internally? It starts with an understanding of the firm of today versus the firm of tomorrow.

providers, consultants and project teams. Others are being automated to self-service support tools and automated workflow technologies.

### FIRM OF TOMORROW

What remains in the firm after outsourcing and automation is a diamond structure composed of strategists and thinkers/analysts.

The strategists are now your consultants, advisors and business developers. Thinkers and analysts are the administrators, project managers and business analysts.

This elevation of roles requires that we equip our people with the

driven. There's no way around it: everyone on your team needs to possess strong relationships skills. Building these skills may feel quite foreign to some people since educational experiences and even on-the-job training often focuses primarily on the technical areas of development. But a consultant is valued not just for having sound expertise but also for how they present that expertise and the effectiveness of the relationship over time.

Look for opportunities to develop these skills in your internal team:

■ **Communication.** This includes active listening and the ability to communicate ideas to others. Internal consultants need to know how to ask open-ended questions, paraphrase and use verbal and nonverbal signals to engage others. They need to be able to convert facts into feelings and share information through storytelling and analogies. This will help to develop internal relationships and build trust.

■ **Collaboration.** The ability to work with other people to complete a task with the end results being stronger due to collective thinking. Understanding and valuing the roles other team members play and the unique contributions each people makes.

■ **Continuous learning.** The pace of change is accelerating faster and faster. Internal consultants need to be aware of what is going on and then adjust accordingly. The firm of

tomorrow requires proactive rather than reactive learning.

■ **Simplicity.** Finding simple and practical ways to cut down on complexity. When you add new software and technology, ensure you've aligned and updated processes. This improves efficiency and improves quality of work as well.

Many leaders in the profession, including the AICPA and state societies, recognize the core skills gap we're facing and have developed training programs to bridge the gap. The most successful firms view training as an excellent investment with significant cultural and financial returns. Look for opportunities to skill up not just your client-facing team members, but your internally focused team members as well. Seek outside perspectives, join a peer network, and encourage a learning culture firm-wide.

When you develop your people to be more consultative internally, they can be more anticipatory to your client-facing advisors, consultants and business developers. This is what differentiates the firm of today from the firm of tomorrow. ■



### FIRM OF TODAY

The firm of today is a pyramid structure, composed of strategists (partners), relationship builders (managers/senior managers), thinkers and analysts (senior staff), and doers (preparers).

Outsourcing and automation are chipping away at the bottom corners of the triangle. Many of the functions currently performed by your internal team are being outsourced to managed service

skills, knowledge and confidence to be successful in the firm of tomorrow.

### SKILLS OF TOMORROW

As a technical advisor, your people may be adept in areas such as time management, attention to detail, being trustworthy and knowing the rules. Those skills still have value, but they're not enough to carry us into more consultative roles.

Consulting is relationship-

As a director for Boomer Consulting, Inc., Arianna Campbell helps accounting firms challenge the status quo by leading process improvement initiatives that result in increased profitability and client satisfaction. She also facilitates the development and cultivation of future firm leaders in The P3 Leadership Academy™. Internally, she blends concepts from Lean Six Sigma and leadership development to drive innovation and continuous improvement within the company. Arianna also enjoys the opportunity to share knowledge through regular contributions to the Boomer Bulletin and other industry wide publications, as well as public speaking at industry conferences.





## AICPA Asks for Additional Penalty Relief for 2018 Taxpayers

The American Institute of CPAs (AICPA) recently wrote to the U.S. Department of the Treasury and the Internal Revenue Service to ask for additional and more extensive penalty relief to taxpayers for the 2018 tax year for underpayments and late payments due to changes resulting from the Tax Cuts and Jobs Act (TCJA).

While expressing the AICPA's appreciation for the underpayment penalty relief provide in IRS Notice 2019-11, Annette Nellen, CPA, CGMA, Esq. and chair of the AICPA Tax Executive Committee expressed concern about the millions of taxpayers who were unable to accurately calculate their tax liability for 2018 and may have inadvertently under-withheld taxes.

In its letter to the Treasury, the AICPA recommended that:

- Taxpayers receive relief from underpayment penalties if they paid at least 80 percent of the tax due for the current year or they paid 80 percent (100 percent if their adjusted gross income (AGI) exceeds \$150,000) of amount of tax shown on their U.S. income tax return for the prior year.
- Taxpayers receive relief from late payment penalties if they make a timely request for an extension of time to file their income tax return and pay at least 80 percent of the taxes owed with the request.
- IRS establish an expedited process to grant individuals' payment penalty relief for reasonable cause due to the considerable uncertainty surrounding the TCJA.
- IRS identify specific circumstances for which providing automatic relief of penalties for the 2018 taxable year is appropriate, thus relieving taxpayers of the administrative burden of requesting a waiver of penalties.
- IRS provide businesses and tax-exempt organizations relief from underpayment and late payment penalties. ■

## NEW REPORT REINFORCES IMPORTANCE OF TECH COMPETENCY FOR FINANCE PROFESSIONALS

A new report released by the AICPA underscores the importance of tech competency. The report stated that a majority of global finance leaders believe that core competencies must change significantly in order to keep up with changing technology. Areas such as data analytics, cyber risk management, and business models will lead the way as workers learn new skills in order to keep up with the level of change.

The report also included the following findings:

- 61 percent of finance professionals expect over 20 percent of finance tasks will be automated in next 3 years.
- Over half (55 percent) have already seen a move toward 'somewhat' automated processes.
- Yet hindsight reporting, for instance, still makes up 65 percent of a finance team's report outputs.

The report studied more than 5,500 finance professionals across 2,000 organizations in 150 countries, and was conducted by the Association of International Certified Professional Accountants (the Association), the global member organization formed by members of the AICPA and the Chartered Institute of Management Accountants (CIMA). The complete report can be downloaded at [cgma.org/future-finance-white-paper](http://cgma.org/future-finance-white-paper).

The AICPA offers a library of learning tools and resources designed to help finance professionals develop the skills they need for the future including the following:

- The updated Chartered Global Management Accountant (CGMA) Competency Framework, which helps employers and



professionals identify needed skills and competencies. The revised framework now includes digital skills along with the core knowledge areas of technical, business, leadership and people skills.

- The CGMA Finance Leadership Program, which is an on-demand program that helps finance professionals develop mastery of technical, business, leadership, and people skills. The program will be updated later in 2019 with digital skillsets added.
- The Go beyond+ disruption learning series, which offers certificate programs in cutting edge technology such as blockchain, data analytics, cybersecurity, artificial intelligence, robotics process automation and more.
- The Human Intelligence Series, which offers a new e-book and library of videos for professionals designed to help finance professionals develop core competencies. ■

# IN THE APRIL 2019 ISSUE OF

# CPA Practice Advisor

<b>MONTHLY THEME</b>	Not-for-Profit Accounting
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<b>SPECIAL SECTION</b>	Readers' Choice Awards, Who's Who



MARCH 12: GIRL SCOUTS DAY

MARCH 14: NATIONAL PI DAY (3.14)

MARCH 15: **IRS DUE DATE FOR FORMS**  
1065, 1065B, 1120S, 2555, K1

MARCH 17: ST. PATRICK'S DAY

MARCH 20: EARTH DAY

MARCH 31: **E-FILE FORMS W2, W2G**



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Cloud and mobile technologies have catapulted us into an anytime/anywhere work environment. We're no longer bound by the four walls we call an office to check things off our to-do lists. It's a significant shift because it means work is now entirely about *what* you do, not *where* you do it.

### TRENDS IN REMOTE WORK

How does this shift impact you and your firm? It's driving a number of trends in our profession that will have lasting impacts.

■ Virtual accounting firms. We're seeing more firms (and businesses in general) give up their brick-and-mortar locations altogether and move to virtual offices. Two factors are driving this shift.

First, as the Baby Boomer generation retires, we're backfilling with professionals who are tech-savvy and don't accept many of the traditional barriers to working remotely. They aren't motivated by money or the status that comes from a corner office. They are driven by freedom and lifestyle.

Second, as traditional accounting services become more commoditized, clients are seeking advisors beyond their physical location. This means firms must embrace remote platforms to remain relevant. As remote environments become the norm, fewer firms see a benefit to paying for physical office space.

■ Lower barriers to entry. The cloud has lowered the barriers to entry for new accounting firms. In the past, an accountant looking to go out on

# Work Is About Results, Not Location

THE FIRST THING many people do when they wake up is reach for their smartphone. In fact, your smartphone probably is your alarm clock. But we also use it to send and receive email, check our calendar and so much more. Before we officially sit down at a desk, we may get some work done on another device, like a tablet or laptop.

his or her own faced huge up-front expenditures for technology. Today, nearly anyone can get a subscription to a cloud accounting solution and start onboarding clients the next day.

### BENEFITS AND CHALLENGES OF REMOTE WORK

Shifting away from thinking of work as a physical location requires new mindsets for workers and their organizations. Each can enjoy some unique benefits if they successfully address the challenges inherent in measuring work in terms of results rather than "face time."

#### BENEFITS

##### To workers

- Flexible schedules
- Ability to focus – limited interruptions
- Geographical freedom
- Spend time with family
- Reduced or no commute

#### CHALLENGES

##### To workers

- Turning work off
- Isolation/loneliness
- Effective collaboration/communication
- Distractions at home
- Staying motivated
- Time zone changes

##### To organizations

- Increased productivity
- Retain talent, knowledge and investment
- Tools for recruiting/retention
- Larger talent pool
- Reduced real estate requirements

##### To organizations

- Maintaining a strong culture
- Communication/connection
- Managers actually have to manage
- Cost of travel for face-to-face
- Potential security threats
- Training/onboarding challenges

### REMOTE WORK BEST PRACTICES

Many firms getting started with remote work make a crucial mistake: they believe remote work is all about getting the right technology. While technology is important, trust is really an essential factor.

Managers simply have to be better managers in a virtual work environment. Employees must be self-sufficient and focused. Competent to do the work, motivated by the right things. Committed to making the work, themselves, the clients and the firm a success. Here are a few best practices to help that happen.

### ESTABLISH GOALS

Individual goals must align with and support the firm's vision and strategic plan. Set SMART goals for both technical and core skills that are specific, measurable, attainable, realistic and timely.

Meet with individuals for formal goal setting and review three to four times a year, but informal check-ins and coaching will be ongoing – weekly or even daily during certain projects or times of the year.

### COMMUNICATE TRANSPARENCY

This loops back trust. You need a way to share your individual work plans weekly with your team and there should never be a time when you wonder what they're *really* doing.

Our team uses a combination of video conferencing, instant messaging, and social tools designed for remote teams to replicate an on-site team as much as possible. Isolation can be a problem if you're not intentional about communication and connection.

Remember, you don't have to turn into a 100% virtual firm overnight – or at all. But to keep the best talent and clients, you need to get comfortable with thinking of work in terms of people do, not where they are. If you're just getting started, let people try one day a week, then two, etc. It doesn't have to be all or nothing, and you don't have to "stay the course" if it is not working for one person. Just don't punish everyone. Your goal should be to find ways to make it work. ■

### DEFINE EXPECTATIONS

People can't live up to expectations they don't know have been set for them. Think about, plan for and manage their success. Remove all doubt about who is doing what by assigning ownership to everything in your firm and putting your expectations in writing.





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