

# CPA Practice Advisor

NOVEMBER 2017

VOLUME 27  
NUMBER 11

*Today's Technology for Tomorrow's Firm*

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#### FROM THE TRENCHES

Technology Tools for Productivity

#### LABOR LAW ADVISOR

5 Must-Have Workplace Policies

#### THE STAFFING & HR ADVISOR

5 Hiring and Salary Trends for 2018

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Time Management Systems



K2 QUALITY AWARD

# Best New Product 2017

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## ENSURING SUCCESS is Back!

*Top Speakers and 10 Free Hours of CPE!*

I REMEMBER MY first national accounting conference. It didn't take long to realize I had encountered a whole new educational experience. Here were people from all over the country and all sizes of firms, learning from great speakers and presenters, sharing ideas, plotting out the future of their firms, learning about new technology, *connecting* in ways that made you suspend the concept of competition and instead embrace camaraderie and networking and a feeling of *we're all in this together*.

I was so impressed with the speakers, standing up in the front of the room, sometimes in front of thousands of attendees, and passionate about the concepts and knowledge that they were sharing with the audience. And I found myself thinking: Not enough people attend these conferences. For every member of the accounting profession who goes out of the office and attends a national conference in person, there are probably 100 or even 1,000 (unscientific guess) who never leave the office, or who catch some local CPE sessions provided in their town, or who watch webinars or take do-it-yourself CPE from a print-out.

The experience of a national accounting conference is something to cherish. You have the ability to learn from the people who see enough of the profession to know what we should expect, what is impacting the profession, what is going to change in the

foreseeable future, and what we should be doing to better serve our clients and colleagues. Self-study doesn't take the place of in-person conversations and brainstorming, and the experience of being able to ask questions to the experts who actually know the answers can be priceless.

I wanted to find a way to bring this experience to those members of our profession who don't get to go to the conferences or who think maybe the conference experience isn't right for them. I wanted to gather the best-of-breed speakers and the visionaries in an easily accessible setting and use technology to bring this type of conference event to the masses. And so the annual, national conference event now known as Ensuring Success was created five years ago, and it is coming to you on December 7.

Exceptional speakers and farsighted

experts will gather together in Dallas, Texas, for a full day, providing ten 50-minute sessions of continuing education that will be live streamed into your office, your home, your coffee shop, your conference room – wherever you want to watch it. As a member of the remote audience, you'll join thousands of your colleagues from across the country (and even around the world) to participate in the experience of sharing cutting edge concepts and learning from the top speakers in the profession.

Join in the conversation in this one-of-a-kind event through social media and email and we will share your questions and comments with the speakers as they discuss the topics about which they are passionate. Collect up to 10 hours of CPE credit to wind up your year of licensing requirements, without ever having to travel, pay for hotel rooms, eat conference food, or scramble for

a good seat. And we bring this to you at no charge. Yep, it's free. No strings attached.

Don't miss this year's classiest CPE event! On December 7, plan on spending up to 10 hours with us at [www.ensuringsuccess.com](http://www.ensuringsuccess.com).

Tune in for an hour or two, or settle in and spend the entire day with us. Wear your pajamas if you like – we won't judge. Starting at 9 a.m. Eastern time and for the next 10 hours you can collect up to 10 CPE credits, we'll let you know how to contact us live on-screen throughout the day so you can ask questions and join in the conversation, and, best of all, we'll provide outstanding education from some of the most sought-after speakers in the profession. See you there! ■

— Gail Perry, Editor-in-Chief

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## GOOD INNOVATION BUILT WITH HARD WORK AND PERSISTENCE

Software as a Service (SaaS) accounting continues to make progress. Two introductions this fall are of enough note that you should review them now: BQE Software's Core and Zoho One. Both are breakthrough offerings from solid, well-managed publishers.

Let's start with Core. Core includes actionable Business Intelligence including Real-Time Dashboards to performance metrics for Projects, Clients, and Employees. Core empowers business owners and managers to make informed decisions. Imagine what your firm would be like if you were able to make smart business decisions INSTANTLY. Imagine what your day would be like if you didn't have to waste time trying to figure out what's happening or where you should put your attention. Imagine your future if you instantly understood everything that was about to happen - and better yet - be aware of potential problems so you can take proper precautions. These resources might be helpful:

- BQE Core Brochure:
- Some blog posts by Eliza Fisher discussing Core:
  - What's the big deal about dashboards?
  - 10 project performance metrics that keep you on track
  - A game-changer for professional services firms

Another winner is Zoho One. Zoho has been a good company with good products for some time. Some of you

# Technology Tools for Productivity

NEW TECHNOLOGY TOOLS are frequently showcased first at the Consumer Electronic Show (CES) in Las Vegas every January. While many innovative products have been initially introduced during CES, there have been a number of useful hardware and software products introduced later this year. Many of you can benefit by deciding to use these gadgets and software. Clearly, you should make sure that the products fit your business strategy and tactics as well as your IT strategy and tactics.

may recognize Zoho CRM, but many of you don't know that there are 30+ Zoho applications. The Zoho One offering includes all of these applications in one flat rate monthly fee per user. For example, Zoho introduced their accounting application Zoho Books last year and have expanded the functionality to include Inventory, Expense, Subscriptions, Invoice and Checkout. Further, the integrations make for good opportunities to integrate eBay, Etsy, Amazon and for most shipping companies globally. These resources might be helpful:

- Background on Zoho and their applications
- Business Problems Zoho One addresses
- Some background on Zoho One and Applications:
  - Overview
  - Applications in the suite
  - Mobile Applications
  - Extras

In other columns covering SaaS, we have covered a number of products that are innovative. For example, ShareFile has continued to innovate by releasing their Client Request List. Now the product is gaining workflow adding this to other classic features like sync with unlimited storage and eSignature. You'll find this vendor continues to innovate, so you'll need to check back for new features regularly.

Another software innovation has come from Neat. Traditionally, we have known this vendor for a small hardware scanner/software bundle. This year the company strategically

decided to leave the hardware business and focus on the features of the software product. Instead of sourcing a scanner like they had in the past, they partnered with the big suppliers to the profession including Canon, Fujitsu and others. One area of focus for the software is workflow including those for accounting, bookkeeping and tax. For example, Neat interfaces directly to QuickBooks Online today and you can expect more integrations in the near future.

This publication routinely publishes information about apps. Two other software applications that you may not have located yet include: Blockfolio to manage cryptocurrency investments and for connecting applications to each other, I'm also a big fan of If This Than That, <https://ifttt.com/>.

## MORE THAN SOFTWARE

The motivation to write this article came from a vendor discovered at CES, Accell. The surge protection product Powramid Power Center and USB Charging Station has features that make me want to recommend this above competitors:

- 1080 Joules of Surge Protection
- Two USB Charging Ports (2.1A)
- Six Adapter Friendly Outlets
- Heavy Duty 6 Foot Power Cord
- Power Stop Technology - automatically stops conducting power once the Powramid's absorption has reached capacity
- Fireproof X3 MOV Technology
- Green On/Off Switch for White Powramid

- Blue On/Off Switch for Black Powramid
- Safety Switch Cover
- 4 Rubber Feet that Protect Furniture from Scratching

The warranty is notable: 5-Years for Connected Equipment with \$100,000 Limited Warranty. Its adapter friendly design is perfect for placement on top of a desk or a conference room table, providing easy access to multiple power outlets. The dual USB charging ports provide 2.1A charging for power hungry USB powered devices such as mobile phones, tablets or portable music players. Typical surge protectors continue to supply power even after they no longer are providing surge protection, exposing connected devices to potential damage from a power surge.

With its Power Stop technology, the Powramid automatically stops conducting power once the absorption has reached capacity. The Powramid features advanced X3 MOV (Metal Oxide Varistor) technology that provides the safest surge protection by detecting surge conditions and reacts by directing excess energy away from equipment through the electrical grounding system. The MOV's are encased in a fireproof material, fully containing the heat created by the power surge and eliminating the threat of fire. This advanced X3 MOV technology fully protects connected equipment from fire hazard during an abnormal or catastrophic surge event and provides longer protection lifespan than regular MOV.

**CONTINUED ON PAGE 26**



## 2017 Review of Time Management Systems

**TIME MANAGEMENT PLAYS** a vital role in professional services firms, particularly accounting firms. Much more than simply a tracking time, these time management systems help firms manage staff productivity, assess client profitability, while also offering an easy-to-use mechanism for tracking time and billing information, including any related expenses. In many time management systems, users are also able to track task completion, assess work in progress levels, and ensure that billing and invoicing are completed in a timely, accurate manner.

While it's true that time management is about more than time and billing capability, there's no doubt just how important a solid timekeeping program is to professional service firms, particularly in today's firms, where much of the work that ultimately ends up being billed is taking place in a location outside of the traditional office setting. For firms that have a number of staff working remotely, or at a client's location, being able to accurately manage their time is of the utmost importance. Many a staff's lives have been made a little bit easier with the availability of timers that can be started and stopped with the press of a button or the click of a mouse.

There are other things to look at when assessing a time management system. Does the product offer compatibility with mobile devices? Are there a variety of timesheet options

available, or is all time tracking handled in a similar fashion? Does the application also track expenses, which typically go hand-in-hand when tracking time. Does the application produce professional, custom invoices?

Most importantly, are you able to easily produce informative, analytical reports that can provide you with the information you need, such as staff productivity levels and which clients are worthwhile, and which clients are costing your firm time and money each month?

And what about integration? Does the application you're considering integrate with any third-party applications? Is integration even important to you? An important factor when determining which product will suit your needs best?

In this issue, we've reviewed a good selection of time management programs. Some of these programs concentrate solely on time and billing capability, while others offer more complex billing and invoicing capability, as well as workflow management functionality. The products reviewed include:

- AccountantsWorld Practice Relief
- BigTime IQ
- Bill4Time
- BillQuick Core
- Chrometa
- ImagineTime
- TPS Time & Billing
- TSheets

We have also included a series of easy-to-use apps that are perfect for professionals and small business owners who are looking for a quick, simple method to track time, along with a few other features. Available for iPhones and Android devices, there are a few apps that can be used as desktop applications as

well. Here are a few that you or your clients may find useful:

- ATracker
- ClockShark
- Harvest
- Time Camp
- Time Tracker Professional
- Toggl

To make your own assessment of the products a little easier, we've also included two handy charts (one for the products and one for the apps), that display the availability of common features and functions that most users may desire.

Whether your firm is looking for a complete time management application that tracks tasks and completion dates, work in progress and workflow approvals, or a simple time tracking application that provides an easy way to track and bill time spent on client projects, there is likely a solution (or two) that will work nicely in your firm. ■

	AVAILABLE FOR PC	IOS	ANDROID	AUTOMATIC TIME TRACKING	STANDARD TIME TRACKING	INVOICE/BILLING TEMPLATES	MANAGEMENT REPORTING	INTEGRATION OPTIONS
ATRACKER		x	x	x			x	
CLOCKSHARK			x	x	x			
HARVEST	x	x	x	x	x	x	x	x
TIME CAMP	x	x	x	x	x	x	x	x
TIME TRACKER PROFESSIONAL		x		x			x	
TOGGL	x	x	x				x	x

	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
TPS	x		x	x		x	x	x	x	x	x
TSHEETS		x	x	x	x	x	x	x	x	x	x

## AccountantsWorld Practice Relief

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

Practice Relief offers solid invoicing functionality, with users able to generate invoices directly from tasks and expenses entered. Users can also easily invoice clients on retainer, as well as create an invoice for any related business expenses that are

typically billed to clients.

Product support is available via telephone or from the Contact Us option on the AccountantsWorld website, with support available during regular business hours. The website also offers access to product-specific videos, and a newsletter.

Practice Relief, from AccountantsWorld offers excellent time management capability for small to mid-sized accounting firms. Though it can be used as a stand-alone time and billing application, those using other AccountantsWorld applications will reap more benefits using Prac-

★ **4.75** 2017  
OVERALL  
RATING

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

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378271](http://www.CPAPracticeAdvisor.com/12378271)

## BigTime IQ

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

BigTime IQ from BigTime Software is a good fit for professional services firms including accounting and CPA firms. BigTime IQ can be utilized as a stand-alone time and billing solution, or integrated with QuickBooks and Lacerte for a more complete solution. BigTime also offers DCAA compliant time billing and timekeep-

ing capability, useful for government agencies or contractors working with the government.

BigTime IQ is completely cloud based, and also offers a robust mobile app that works with both iPhone and Android devices and even offers mobile time capability for tracking time from any location, with users able to submit both time

and expenses uses their mobile device, with expense details entered automatically into the correct fields. Users can also track time even if offline, and the mobile app offers automatic sync capability with the main application. Recently updated, BigTime IQ includes a new dashboard that displays vital information in real time, and is completely cus-

★ **5** 2017  
OVERALL  
RATING

tomizable, with each user able to display the data relevant to his or her position in the firm.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378254](http://www.CPAPracticeAdvisor.com/12378254)

## Bill4Time

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

Bill4Time is an automated accounting and bookkeeping application that contains solid time and billing functionality. Bill4Time is well suited for small to mid-sized businesses that are looking for a solid financial management solution.

Along with time and expense

tracking, billing & invoicing, Bill4Time offers accounting and client management capability and document management capability. The product also offers a QuickBooks Connector, which allows users to import data from Bill4Time directly into QuickBooks Online or QuickBooks Desktop.

Bill4Time is a cloud based appli-

cation, with a desktop widget available that allows users to utilize the application even when they're not online. The application can also be used with a variety of mobile devices including iPad, iPhone, Android, and Blackberry devices, with users able to access all major functions from their mobile device. Users can use the application on their mobile

★ **4.75** 2017  
OVERALL  
RATING

device at any time, with information later syncing with Bill4Time once a connection is available.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378256](http://www.CPAPracticeAdvisor.com/12378256)

## BQE Core

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

Launched in July of 2017, BQE Core is a complete business management application designed for professional service businesses. Core is particularly well suited for small to mid-sized firms. Completely cloud-based, Core offers time and billing functionality along with accounting, scheduling and project management capability.

Users can access the system from any location at any time. The product also offers mobile apps for both iOS and Android smart phones and tablets, with users able to enter time data, attach receipts, create and send invoices, and run reports using their mobile device.

Users can enter time using a variety of methods which include utilizing the Time Card, which offers

weekly view, and allows users to enter an engagement, task, description of work completed, as well as hours for each day of that week. Users can also opt to use the Time Entries screen if desired, which provides an option for recording tasks and the related time as they occur. Core also offers an unlimited number of timers that users can access when needed, with the ability to

★ **5** 2017  
OVERALL  
RATING

use multiple timers simultaneously if necessary. Once time is recorded, the timesheet can be auto-populated to display all activities and projects from the previous week.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378277](http://www.CPAPracticeAdvisor.com/12378277)

Read all reviews for REVIEW NAME online at: [www.CPAPracticeAdvisor.com/12378244](http://www.CPAPracticeAdvisor.com/12378244)

# REVIEW: TIME MANAGEMENT & BILLING

## Chrometa Time Tracking

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

Chrometa is a time-tracking product that is well suited for small professional firms including accounting firms. Different from most of the other products reviewed, Chrometa uses passive timekeeping that is designed to automatically track all activity, without any input needed.

Chrometa works by recording all activity that occurs on either a

desktop computer or a mobile device. Chrometa offers apps for both iOS and Android smartphones and tablets.

To begin using Chrometa, users simply download and install the product on any device or devices where time tracking will take place. Once installed, the application automatically records all activity that occurs once a user logs onto their

computer or device. As a passive timekeeping application, Chrometa does not use traditional timesheets or timers, as the product automatically tracks any activity without the user needing to add any additional information in order to record time. Once time has been recorded, users can go to the time summary feature to review all recorded time, which includes standard computer usage,

★ **4.5** 2017  
OVERALL  
RATING

emails, and even web browsing. Chrometa records every minute that a user spends on their device, making it difficult to miss any activity.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378261](http://www.CPAPracticeAdvisor.com/12378261)

## ImagineTime Time and Billing

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

Well suited for both accounting firms and legal firms of just about any size, ImagineTime Time and Billing can be used as a stand-alone time and billing application or in conjunction with other ImagineTime applications for a complete practice management solution.

ImagineTime is available as a traditional desktop product, or users can choose to access the application via the cloud. Mobile apps are also available for both iOS and Android devices, with users able to easily access client information from anywhere. Users can also email invoices directly from iPhones and iPads as a

PDF. Similar functions for Android devices are coming soon.

Firms can choose to utilize the pared down ImagineTime Lite menu, which offers basic menu options for firms with less demanding needs, or use the standard menu, which offers access to the complete menu of ImagineTime features and options.

★ **5** 2017  
OVERALL  
RATING

Both menus utilize a ribbon style menu, with the menu completely customizable as well.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378280](http://www.CPAPracticeAdvisor.com/12378280)

## TPS Time & Billing Software

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

Designed specifically for accounting firms, TPS offers excellent practice management capability including a comprehensive time and billing function. TPS is best suited for small to mid-sized firms. Along with time and billing, TPS also offers excellent client management capability as well, providing users with the ability to categorize clients and prospects,

as well as inactive clients.

TPS is installed on local computers, and there is an SQL version available for larger firms that offers better performance. TPS now offers a mobile app that works with both iPhone and Android smartphones and other devices which allows users to enter time from any location, though other program features remain inaccessible remotely. New features for 2017 include a day plan-

ner time entry function that can be used to enter time in what looks like a day planner with the ability to see what they did at what time of the day. It also helps to see how many interruptions they had. Also new, a client log that records Outlook-based emails sent to a client – and users can email directly from an icon in TPS. It can also be used to record phone calls, fax, courier and e-filing.

While users can enter clients

★ **4.75** 2017  
OVERALL  
RATING

directly into TPS, the vendor suggests that importing a client list from Microsoft Outlook or QuickBooks is much easier. Data conversion services are available for those using other third-party applications.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378266](http://www.CPAPracticeAdvisor.com/12378266)

## TSheets

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

TSheets is best suited for small to mid-sized businesses that need a way to track and schedule employee time, though it also offers the ability to track hours to specific jobs and projects for client billing if desired. TSheets offers excellent integration capability with a wide variety of third-party applications as well.

TSheets is completely web-based, and offers numerous ways to track time. Apps are available for both iPhone and Android smartphone and tablet users, with all features in TSheets available using the mobile app as well. There is even an option to track time via text.

TSheets offers numerous ways for employees to clock in and

out, with managers able to create an automatic clock in/clock out reminder for all employees. Employees can track their time using an online punch time card. A manual time card entry option is also available, which uses a simple spreadsheet, making this a good option for salaried employees that need to track their hours to specific

★ **4.5** 2017  
OVERALL  
RATING

programs, such as nonprofits.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378265](http://www.CPAPracticeAdvisor.com/12378265)



# TIME MANAGEMENT & BILLING APPS: REVIEW

## ATracker Time Tracking App

[www.wonderapps.se/atracker](http://www.wonderapps.se/atracker)

Available as an iOS or Android app, ATracker allows you to start and stop time with a single touch. Limited setup is needed prior to using the app, so you'll only need to enter a task or a list of tasks to

start using the app. Once a task is entered, simply click on the that task when desired, which starts the automatic timer.

ATracker is available in a variety of languages, and works with iPhone, iPad, and Android devices. There is a

support portal available for users to access that offers FAQ's for both iOS and Android users, along with the ability to request support or access the user community. Great for those handling multiple tasks daily, ATracker offers a

★ **4.5** 2017  
OVERALL  
RATING

free, limited version of the app as well as a full version which runs \$4.99.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378290](http://www.CPAPracticeAdvisor.com/12378290)

## ClockShark - Time Tracking App

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

ClockShark is designed for niche industries such as construction and other trades that can find it difficult to track time accurately. ClockShark is cloud-based, and works with mobile devices including iPad, iPhone, Windows Mobile, and Android. ClockShark also

allows those in the office to quickly clock in and out using the Web Punch Clock.

Users have easy access to ClockShark's support page, which offers a Knowledge Base, Getting Started instructions and guidance, and a video library that provides short instructional videos that cover basic tasks. Phone sup-

port is available during regular business hours, with phone support available to U.S. and Canadian customers only. ClockShark pricing includes a base price, which is \$20.85, plus \$4.17 for a single user. The price per user drops as more uses are added. Users also have the option to pay for the service annu-

★ **4.75** 2017  
OVERALL  
RATING

ally, with a slight cost savings offered.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378297](http://www.CPAPracticeAdvisor.com/12378297)

## Harvest - Time Tracking App

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

Harvest is a time tracking app that is designed to work with desktop systems or smartphones. Harvest allows you to easily track time as you work using the

included timers, or you can enter time after a task has been completed.

Harvest is available in a free version, the Solo version, which is \$12.00 and supports one user and unlimited

projects, and Team, which is \$12.00 per person, per month, and also supports unlimited projects. Users can try Harvest free for 30 days before purchasing.

★ **4.75** 2017  
OVERALL  
RATING

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378265](http://www.CPAPracticeAdvisor.com/12378265)

## Time Tracker Professional App

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

Designed for Mac desktop systems, Time Tracker Professional is a good fit for freelancers or independent contractors. Once installed, Time

Tracker Professional works in the background, automatically tracking whatever you're working on, so users don't have to worry about forgetting to start a timer. Time Tracker Profes-

sional tracks both active applications as well as the documents inside the application in most cases.

Time Tracker Professional works with OS x 10.7.5 or later and is avail-

★ **4** 2017  
OVERALL  
RATING

able from the App Store for \$9.99  
Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378286](http://www.CPAPracticeAdvisor.com/12378286)

## TimeCamp - Time Tracking App

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

Time Camp is a time tracking and time management app ideal for professional service companies and consultants. Time Camp can be used as a desktop application, or with iPhone and Android

devices. Time Camp offers visual time tracking, with a graphical timesheet that integrates with your calendar, though a regular timesheet is available as well.

Time Camp Solo is free for one user

and includes time tracking capability only. The Basic version is \$5.25 per user, per month and offers add-ons and integration capability, along with billable time and budgeting. A Pro version is available for \$10.00 and includes invoic-

★ **5** 2017  
OVERALL  
RATING

ing, priority support, and timesheet approvals.

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378302](http://www.CPAPracticeAdvisor.com/12378302)

## Toggl - Time Tracking App

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

Unlike many other apps, Toggl offers an app for desktop systems such as Windows, Mac, and Linux, along with apps for both iPhone and Android devices. To get started, users simply click the button to start the timer, and stop the

timer when the task is completed. Users can also connect the Toggl timer to a variety of web tools and resources using browser extensions that allows easy time tracking from anywhere on the web.

Toggl integrates with Asana, Basecamp, Freshbooks, Teamweek,

and GitHub, and a Toggl Button Chrome Extension is offered as well. Pricing ranges from free to \$49.00 for the Enterprise version of Toggl, which includes access to all special features offered, as well as business intelligence and advanced reporting options.

★ **4.5** 2017  
OVERALL  
RATING

Read the full review  
for this product online at:  
[www.CPAPracticeAdvisor.com/  
12378284](http://www.CPAPracticeAdvisor.com/12378284)

This month's focus is on value and how it is measured - what you need to know about time management and value pricing. In addition to the lead article on value pricing, we reviewed many time management and billing systems and apps. You'll also find resources that can help you with specific time management issues, and, sprinkled throughout this issue, there are tips and tools to improve time management and productivity in firms.

## The Diffusion of Value Pricing in the Profession

By Ronald J. Baker, CPA

**EACH OF US should realize that one possesses within oneself the formidable capacity to construct an explanatory system of the world and along with it a machine for rejecting all facts contrary to this system.**

— Jean-François Revel [1924—2006], French philosopher, author, journalist, politician, *The Flight from Truth*, 1991.

There are two theories that are killing our profession: Pricing by the hour and maintaining timesheets. They are stifling growth, wealth creation and innovation, inhibiting customer service, destroying morale and the quality of life, not to mention making the accounting profession less attractive to potential students.

The billable hour—a direct descendent of the labor theory of value—was falsified in 1871, so why has it had an uninterrupted era since at least 1919? Even though there are more firms today operating under an alternative business model, the “We sell time”

theory predominates.

I believe it is because we are not simply talking about a technology change, or a business model change. Instead, we are talking about diffusing a new theory. Professions, like most of society's institutions—except business enterprise—are designed for protecting and preserving the status quo.

Consider, as evidence, germ theory—the idea that diseases are transmitted by specific germs, or microorganisms. This idea dates back to the 16th century where it was generally ignored until Jacob Henle revived it in 1840. Still, it remained

on the fringes of medical science until 1865, becoming conventional wisdom by 1914. It is one the most significant ideas that bettered the human condition yet it took 75 years to be widely accepted.

### A RADICAL IDEA

I've been on a similar quest since 1990: To bury the billable hour and timesheets across all professional firms. Why? Because the billable hour has nothing to do with what customers buy, as it measures efforts and activities, not outcomes. Since there are only so many hours in any one person's life, it is an artificial ceiling on the income potential of our profession.

As for timesheets, who became a CPA to bill the most hours and become a galley slave on the SS Billable Hour? It is a form of degradation for a knowledge worker's efficaciousness and value to be measured in six-minute increments, making modern day accounting firms redolent of the sweatshops of yore.

There are approximately 100,000 accounting firms in the English-speaking world and approximately 7-10% of them are successfully utilizing some form of Value Pricing (quoting fixed prices up-front to the customer, utilizing Fixed Price Agreements, Change Requests, and offering a Value Guarantee). Less than five percent of firms have gotten rid of timesheets. Why haven't these ideas diffused quicker within the accounting profession?

### OBSTACLES TO DIFFUSION

**DNA.** The accounting profession learned the billable hour from the legal profession in 1919, long enough to become part of the molecular structure of every CPA. When I entered the profession in 1984 I was told “You sell



time” and it took me over five years to challenge this assertion. How can we sell something the customer doesn’t buy?

**Metrics.** Peruse any Management of an Accounting Practice (MAP) survey, read any trade journal, attend any seminar, listen to almost any consultant, or read any book on the profession, and you will find metrics related to billable hours, realization and utilization rates, revenue per hour, etc., ad nauseam. It’s the wrong device to measure value, similar to plunging a ruler into an oven to determine its temperature.

**No burning platform.** Accountants aren’t starving, and they certainly are not being threatened by any significant existential threats, at least in the short run. Indeed, the more complicated the tax code and regulations become, the more accountants earn. Technology such as AI, Deep Learning, bots, blockchain, etc., is certainly a disruptive threat, but I am optimistic that the firms that change their business model will embrace these technologies and move up the value curve by focusing more on customer transformations and the relationship.

**Partnership structure.** Margaret Thatcher was fond of saying “Consensus is the negation of leadership.” Whenever a new idea is introduced, inevitably one (or a few) partner(s) will rise and assert, “We tried that idea during the Truman administration and it didn’t work.” Then and there, the initiative dies.

**Lack of leadership and vision.** Embracing a new business model requires leadership and vision. It requires knowing you are doing the right things, not just doing things right. It requires focusing the firm on the external value it creates for the customer and simultaneously building the type of firm people are proud to be a part of and contribute to—the sort of organization you would want your son or daughter to work for. It requires a sense of dignity and self-respect that you are worth every penny you charge, and you will only work with customers who have integrity, whom you enjoy, and respect. It requires an attitude of experimentation, not simply doing things because that is the way it has always been done. It requires less measurement, less fear, and more trust. It requires boldness and risk-taking—there has yet to be a book written titled Great Moderates in History.

**Disdain of theory.** Pick up any book and one of the first things you’ll read is, “This book is not based on ivory tower theory, but practical steps you can implement Monday morning.” Beware,

you are about to learn nothing of lasting value. All lasting learning starts with theory. We are ruled by our theories; it keeps planes in the air, along with bridges and buildings standing; and, by the way, is the reason you price by the hour and maintain timesheets.

**Truth is not determined by popular vote.** Doctors used to think ulcers were caused by “stress,” but two doctors in Perth, Australia had a better theory—that ulcers were caused by bacteria in one’s stomach, for which they won a Nobel price in medicine. Unfortunately, it took them approximately 20 years to diffuse this new theory into the medical profession. If a supposed scientific and evidence-based profession is this slow to change, what chance do CPAs have to move away from the discredited labor theory of value—the modern-day equivalent of bloodletting? Truth is not defined simply by voting, seniority, or popularity. You can be alone and still be right.

**Consultants.** This obstacle is perhaps the most disconcerting because consultants are usually the “change agents” in the population spreading new ideas. Yet, some of the most mind-numbing opposition I get is from this sect, arguably today’s Luddites. Simply put, they are keeping the profession mired in the mentality that measuring efforts and activities is correlated with results and wealth creation. IBM’s Watson is not being priced by the hour.

### NOT FINAL WORDS

For a profession to be truly innovative, it must not only do new things, it must stop doing old things. It is not possible to create tomorrow unless one first gets rid of yesterday. The human body has an automatic mechanism to discharge waste but it appears the profession does not.

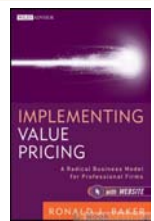
I remain a paranoid optimist: The death of the billable hour and timesheet may not be within reach, but it is certainly within sight. There is light at the end of our tunnel vision.

The billable hour and the

timesheet are ideas from the day before yesterday, and they are gradually—albeit at an accelerated pace—being eliminated in firms around the world. Good ideas and theories may be neglected, but they seldom die. My only hope is to live long enough to see it happen. ■

Ronald J. Baker started his CPA career in 1984 with KPMG’s Private Business Advisory Services in San Francisco. Today, he is the founder of VeraSage Institute — the leading think tank dedicated to educating professionals internationally—and a radio talk-show host on the [www.VoiceAmerica.com](http://www.VoiceAmerica.com) show: *The Soul of Enterprise: Business in the Knowledge Economy*.

He has been an instructor with the California CPA Education Foundation since 1995 and has authored fifteen courses, and seven best-selling books, including: *The Firm of the Future*; *Pricing on Purpose*; *Measure What Matters to Customers*; *Mind Over Matter*; *Implementing Value Pricing*; and *The Soul of Enterprise: Dialogues on Business in the Knowledge Economy*, co-authored with Ed Kless.



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## 5 Must-Have Workplace Policies

TODAY'S EMPLOYERS HAVE an increasingly regulated and overly litigious landscape to navigate in managing their workplace. The continued growth of federal, state, and even local regulatory protections for employees, coupled with an overabundance of lawyers, has made virtually every workplace decision a potential lawsuit.

Most large employers have experienced, professional human resource staffs to enforce comprehensive and up-to-date employment policies usually contained in an employee handbook. They also often have the support of in-house or outside legal counsel to help with the more difficult decisions. But what about the small or medium-sized employers who generally do not have a human resources department and where most decisions regarding employees are made by the owner or plant manager?

While some guidance and best practices are often available through their industry or business associations, their potential exposure to legal challenges on employee-related decisions remains significant. However, by implementing or updating as needed, and consistently enforcing five practical and well-known workplace policies, most employers can dramatically decrease the potential that a workplace decision involving an employee will result in a successful legal challenge. These policies should ideally be contained in more comprehensive employee handbook if possible. The five "must have" policies and how they provide protection are discussed below.

### 1] NO HARASSMENT POLICY

Under federal law, Title VII of the Civil Rights Act, the American With Disabilities Act as amended, and the Age Discrimination In Employment Act, as well

as related state laws, harassment based upon a protected status is unlawful. Sexual harassment, the type that has received the greatest attention, is based upon gender and is equally unlawful. The law is now well-established that it is applicable to same sex harassment as well. Bullying is clearly another form of harassment, and with the ubiquitous presence and use of social media, has also become a common workplace problem. If based upon a protected status, bullying goes from workplace misconduct to unlawful discrimination.

Without an all-encompassing no harassment policy that is posted or otherwise widely disseminated, an employer will find it difficult to defend against Equal Employment Opportunity Commission or similar state agency discrimination charges and possible lawsuits alleging unlawful harassment. In fact, the first document requested by investigating agencies in such a case is a copy of the employer's no harassment policy. Having such a policy in place and consistently enforcing it will help provide a reasonable defense against some of the most frequent claims made in today's workplace. Lack of a policy may lend support to a prima facie case of discriminatory harassment.

### 2] EQUAL EMPLOYMENT OPPORTUNITY POLICY

One of the most fundamental of all employment policies

is the one assuring all applicants and employees that any decisions affecting them will be made without regard to race, gender, religion, national origin, age, disability, or sexual orientation, as well as any other protected status. All job advertising should and generally does include such a statement. It should also appear on the face of any employment application utilized. In short, equal opportunity should be second-nature for anyone in management making any decision that affects an employee. And no company is too small to have such a policy.

### 3] COMPLAINT POLICY AND PROCEDURE

Employee problems and concerns are endemic to the workplace, irrespective of size or specific industry. Having a well-known and structured process through which employees can have their concerns fairly addressed, and hopefully resolved, will help avoid potentially more serious repercussions. Too often business owners, especially of smaller companies, rely upon the fact that they have an open door policy permitting employees to raise any concerns or complaints directly with them. Sometimes the practical effect of such a policy results in what some experts have called "hiding behind the open door". Employees are sometimes reluctant to enter the manager's office for fear



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of the consequences. Perhaps they will be found to be at fault. Or even if not, that nothing can be done about their problem. While the door may be open, it may not be used.

If employees are provided a formal, structured process whereby they can verbally or in writing bring an issue of concern to management, they will use it. Ideally, it should start with taking the matter to the employee's own supervisor, and escalate it up the management ranks as needed until the matter is fully addressed. Employees should also be free to raise the matter with anyone in management with whom they are comfortable. Sometimes the problem is one involving their own supervisor. Some employees may be more open in speaking to someone of their own gender. The goal of the process is to solve the problem irrespective of how the issue is brought to the attention of management. The complaint and all actions taken to address it should be well-documented.

### 4] PROGRESSIVE DISCIPLINE POLICY

Virtually all employee disciplinary actions, especially involving termination, are subject to being second-guessed by some governmental agency or lawyer. This often occurs in the context of a formal charge or complaint filed with a state or federal agency.

**CONTINUED ON PAGE 26**

# Summary of Current Penalties for Employer Reporting Errors *By Renee Poirer*

All in an effort to minimize filing fraudsters, the IRS has accelerated major information form filing. And to drive home their emphasis, the IRS has drastically increased penalties in the past year.

Examples of affected forms include: Forms 1099, 1098, W-2, W-3 and W-2G.

The amount of the penalty is based on when you file the correct information return or furnish the correct payee statement. The penalty for not filing a correct information return is separate from the penalty for not providing the correct payee statement. For example, if you don't file a correct Form 1099-MISC with the IRS and don't provide a correct Form 1099-MISC statement to the payee, you may be subject to two separate penalties.

## THE RULES: Pre-2016

In the old days (pre-2016), to avoid a penalty, businesses, including tax-exempt and government entities, had to send Copy A of Forms 1098, 1099, W-2G and other information returns to the Internal Revenue Service with transmittal Form 1096 by:

- The last day of February of the following year if filing by paper; or
- March 31 if filing electronically.

Employers were also required to send Copy A of Form W-2 to the Social Security Administration with transmittal Form W-3 by:

- The last day of February of the following year if filing by paper; or
- March 31 if filing electronically.

In addition, employers filing 250 or more information returns had to (and still must) file electronically unless granted a waiver by the IRS.

Since 2016:

- Employers must send Copy A of Forms

W-2 and W-3 to the Social Security Administration by January 31 of the following year for both paper and electronic forms.

- Employers must furnish Copy B and any other applicable copies of information returns to the employee by January 31 of the following year.
- Businesses, including tax-exempt and government entities, must send Copy A of Form 1099-MISC to the IRS by:
  - January 31 of the following year when you're reporting nonemployee compensation payments in Box 7
  - February 28 if filing by paper when you're **NOT** reporting nonemployee compensation in Box 7; or
  - March 31 if filing electronically when you're **NOT** reporting nonemployee compensation in Box 7.

## THE PENALTIES

The penalty rates and maximums for not filing correct information returns and/or not furnishing correct payee statements, including inflationary adjustments if applicable, are reflected in the following table (\* – as adjusted for inflation):

### GOVERNMENT ENTITIES AND LARGE BUSINESSES WITH GROSS RECEIPTS OF MORE THAN \$5 MILLION

Time returns filed/furnished	Returns due 01-01-2011 thru 12-31-2015	Returns due 01-01-16 thru 12-31-2016	Returns due 01-01-17 thru 12-31-2017
Not more than 30 days late <small>(by March 30 if the due date is February 28)</small>	\$30 per return/ \$250,000 maximum	\$50 per return/ \$529,500* maximum	\$50 per return/ \$532,000* maximum
31 days late – August 1	\$60 per return/ \$500,000 maximum	\$100 per return/ \$1,589,000* maximum	\$100 per return/ \$1,596,500* maximum
After August 1 or Not At All	\$100 per return/ \$1,500,000 maximum	\$260* per return/ \$3,178,500* maximum	\$260 per return/ \$3,193,000* maximum
Intentional Disregard	\$250 per return/ No limitation	\$520* per return/ No limitation	\$530* per return/ No limitation

Continued online at [www.CPAPracticeAdvisor.com/12375862](http://www.CPAPracticeAdvisor.com/12375862)

Renee Poirier is product manager, Eagle View Filing Solutions, a division of Tenenz, Inc., in Minneapolis, Minnesota. Visit [www.eagleview-filing.com](http://www.eagleview-filing.com) for more information about online filing 1099s and W-2s.

## THIS MONTH'S TOP TAX SOCIAL MEDIA POSTS

- Are You Using Fake News for Your Tax Research? **Bloomberg BNA Tax Blog.** <http://bit.ly/2iB94OH>
- 8 Tax Changes for 2018. **CNBC.** <http://cnb.cx/2y3Wm1S>
- Estate and Gift Tax Limits for 2018. **Forbes Tax.** <http://bit.ly/2yRh0l6>
- 6 Tips to Prepare Your Firm for Tax Season. **Wolters Kluwer Tax Blog.** <http://bit.ly/2xnx0HO>
- Form 433-A Due Diligence Checklist. **Canopy Tax Blog.** <http://bit.ly/2yMaB8R>

## LATEST TAX NEWS

### Standard Deductions and Exemptions

**Increase for 2018.** More than 50 IRS income tax provisions are being adjusted for inflation in 2018, including the tax rate schedules and other tax changes. [www.cpapracticeadvisor.com/12375788](http://www.cpapracticeadvisor.com/12375788)

**2018 Retirement Plan Dollar Limits.** The IRS has announced the 2018 cost-of-living adjustments (COLAs) with respect to retirement plan limits. [www.cpapracticeadvisor.com/12375787](http://www.cpapracticeadvisor.com/12375787)

### 70% of Tax Pros Expect Tax Reform in

**Next 6 Months.** The survey also found that most concerning to international tax professionals was the potential increase in disclosure, reporting and transparency requirements. [www.cpapracticeadvisor.com/12374387](http://www.cpapracticeadvisor.com/12374387)

### IRS Warns of Hurricane, Wildfire and

**Vegas Shooting Tax Scams.** Following hurricanes and other disasters, the IRS urged taxpay-

ers to be on the lookout for schemes stemming from these recent events.

[www.cpapracticeadvisor.com/12374375](http://www.cpapracticeadvisor.com/12374375)

**Chicago Repeals New Soda Tax.** The Board of Commissioners voted in mid-October to repeal the controversial penny-an-ounce tax on sweetened beverages.

[www.cpapracticeadvisor.com/12374442](http://www.cpapracticeadvisor.com/12374442)



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Senior Executive Director  
Robert Half

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# 5 Hiring and Salary Trends for 2018

**DEMAND FOR ACCOUNTING professionals remains high, while unemployment for accountants and auditors remains low, below the national average. This is putting pressure on and intensifying hiring competition for accounting firms.**

According to the 2018 Robert Half Salary Guide for Accounting and Finance Professionals, an acute talent shortage is causing public accounting firms to tap every hiring and staffing tool available. Here are five additional trends affecting how firms recruit and retain employees.

**1 A focus on retention:** In a Robert Half survey, 45 percent of CFOs reported concerns about their ability to retain staff in the next 12 months. Companion research suggests executives are right to be worried – and perhaps the others should be, too. More than four in 10 workers – nearly seven in 10 ages 18 to 34 – said they’re likely to look for a new job within the year.

Firms are responding by enhancing the compensation and perks they offer. As part of their efforts, businesses now place greater emphasis on programs to help employees improve their work-life balance, such as telecommuting, flexible schedules and compressed workweeks. Many workplaces also are relaxing dress codes for their accounting teams.

Employee development has leapt to the forefront, as well. Talented accountants prize training and growth opportunities and commonly make it a top consideration

when evaluating a job offer. To hire and retain top performers, firms need to invest in professional development and identify career paths for candidates and current staff alike.

**2 Demand for technology skills:** Big data is increasingly a fundamental element of accounting and auditing. Using analytics allows companies to better manage risk and to derive strategic insights. Businesses also seek professionals with expertise in areas such as enterprise resource planning systems, the cloud and Excel.

Heightened demand for these skills does not make them easier to find. On the contrary, a dearth of accountants possessing sought-after technology proficiency persists. Firms are offering higher salaries to attract candidates with this expertise and can provide advanced training to get their teams up to speed.

**3 Chasing students and ‘boomerang’ employees:** To attract talented workers, employers must do more than upload job postings and wait for applications to roll on in. Firms increasingly go on-campus

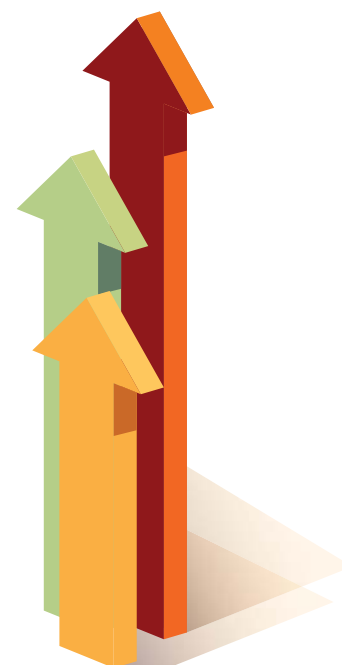
and recruit undergraduates and offer them salaries above what is considered standard for entry-level accounting positions.

Organizations also are trying to lure back former staff. Boomerang employees who left on good terms already fit with the corporate culture and don’t require as much onboarding time.

**4 Adjusting expectations and hiring for fit:** Accounting firms are finding they must become more flexible regarding their list of required and preferred skills.

For instance, rather than waiting to find a candidate who checks every technical-expertise box, firms can hire an accountant who possesses excellent nontechnical skills and meshes well with the corporate culture, and then train the new employee in areas of need.

**5 Working with project professionals:** Interim professionals offer firms a number of benefits. In addition to helping during periods of peak activity and employee absences, they are bridging staffing gaps while firms conduct full-time hiring searches and can be brought in on



temporary-to-hire arrangements, allowing managers to evaluate potential hires firsthand. In addition, accounting firms are tapping consultants for their specialized knowledge, subject matter expertise often unavailable in-house.

The United States is enjoying low unemployment rates in many fields, including accounting. This is good news for job seekers but creates challenges for firms, which find they must not only vie for workers but also enhance compensation packages and employee programs to retain star performers. By staying on top of hiring and salary trends, however, you can know what it takes to compete in a crowded field – and come out on top. ■



# Mobile Payments

BEING ABLE TO keep up with key business functions even while traveling around town or across the country is a major benefit that mobile apps and computing have given us.

From tracking KPIs or managing client communications, or even digging them out of a financial hole while cruising at 35,000 feet, these business apps keep busy professionals tuned into their firm and client needs, which definitely helps productivity.

There are also apps that focus on making (or accepting) mobile payments. Whether for business or personal bills, or simply shopping for the holidays, these mobile payment apps have become a staple of most on-the-go professionals. We asked members of the CPA Practice Advisor community which mobile payment apps they rely on, and why.

**Dawn Brolin, CPA, CFE, Powerful Accounting, LLC:** Of course, I love Intuit Merchant Services for mobile credit card processing, and I use it for my accounting business as well as my rental property to take rent payments from renters. I love to go to the property and swipe debit or credit cards and not worry about not getting paid by them!

**David Cieslak, Arxis Technology:** Venmo. All the kids are doing it, so I had to get on board!

**Daniel Vidal, Expensify:** Venmo - while I can't speak to business transactions, Venmo has changed the way people interact with money by making it incredibly easy to send or requests the funds with people.

**Scott Hoppe, Hoppe Tax:** Google Wallet

**Randy Johnston, K2E Enterprises:**

- Apple Pay
- Android Pay
- Square
- Venmo
- PayPal
- Facebook Messenger
- LoopPay
- Dwolla

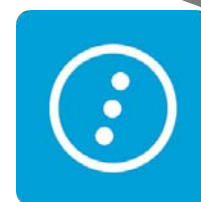
There are others to consider

- Blockchain
- Intuit GoPayment
- Verifone Sail
- Tilt
- Tab
- LevelUp
- PayAnywhere

**Michelle Walsh, XCM:** Venmo and Apple Wallet

**Rick Richardson, Richardson Media & Technologies:** Mobile payments for me is Apple Pay.

**Garrett Wagner, Thaney & Associates CPAs:** For mobile payment apps on the business side, Square is one of the best. On the personal side I love Google Wallet.



**Joshua Lance, Lance CPA Group:** I am a big fan of Square. It is such an easy app to get setup to collect payments with and it's very robust with all of the additional features it provides.

**Gary Boomer, Boomer Consulting:** Bill.com because it improves the experience for vendors and employees.

**Elizabeth Pittelkow, Arrowstream:** Venmo is one of the easiest ways to send and receive payments, and transactions are encrypted and fast. It is also free. I use it with my friends to send and receive money for shared expenses.

**Caleb Jenkins, RLJ Financial Services:** PayPal: It is very simple to collect/send a payment to anyone by phone number or email address. For Business, QuickBooks Payments. I love how it simplifies payments. Send an invoice via email through QuickBooks and allow your customers to pay via Credit Card or ACH and QuickBooks takes care of the Receive Payment and Deposit in QuickBooks without requiring you to manually enter anything from that point forward. ■

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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 Architecture and Engineering Firms.



Building Your Niche Practice is sponsored by Intuit QuickBooks.



## Engineering Marketing for the Accounting Firm Go-Getter

By Becky Livingston

Marketing to engineers is hard – really hard. Difficulty, however, shouldn't stop you from trying to increase your engineering client base. As Winston Churchill once said, "The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty." Which will you be – the pessimist or optimist?

According to the IEEE Globalspec 2017 Digital Media Use in the Industrial Sector report, 50 percent of engineers spend six or more hours per week on the Internet, while 39 percent spend more than nine hours per week. That's good news. The bad news, however, is where do they spend the time? The study also points out that Google and other major search engines were the most visited, followed by vendor websites. Social media, ironically, was near the bottom of their list.

So, what's an accounting firm to do when it comes to marketing to engineers? Here are some key elements to consider.

### FIRST – YOUR WEBSITE

Is your site structured in a way that makes

sense to new and returning visitors? You can get the answer by reviewing your analytics behavioral statistics, specifically the behavior flow. Review how visitors are moving through the site and where they are dropping off. If you find a consistent drop-off point that you had hoped would be a conversion point, that's something to take a closer look at. Also notice the flow from one page to another; again, if you had a plan in mind when developing the pages, but the report shows something different, it's time to consider a change.

Do you have high-profile content linking to secondary content – also known as backlinking – to help drive traffic to more pages within the site? That strategic goal is to create an opportunity to increase

a visitors' exposure to your content, while increasing conversions, such as downloads, video plays, podcast clicks, and more.

As a risk-averse group, engineers like to know that what they are looking at is safe. Therefore, having an SSL Certificate on your site will help in a couple of ways. First, it demonstrates to the search engine that you've put additional security measures in place to protect visitors from spam and hacks, which increases your search ranking. Second, it shows the searcher that your site is secure – a green lock will show up next to the website URL.

Are the pages within the site optimized with engineers in mind? You may have more than one industry vertical. Creating content specifically for the engineering industry will help you to convert more engineering visitors than simply providing generic content to the masses. Optimizing that content for the engineering field will help your content to surface

## Architecture and Engineering Firms Can Use Tax Strategies to Free Up Cash

By David Keith

Architecture and engineering firm CFOs have many responsibilities to their firms and owners — one of which is identifying ways to minimize income taxes and free up cash flow for growth, debt reduction, distribution to owners, and other operational uses.

When working with your external tax and financial advisors, try to identify ways beyond the normal cash management of the firm operational expenses, owner compensation, and bonuses to accelerate the timing of deductions. Using strategies like bonus depreciation, expensing qualified equipment, or cost segregation studies on owned buildings or significant leasehold interests can provide strategic tools for your firm. The goal is to improve the present value of the post-tax cash flow to the firm and its owners.

In conjunction with traditional tax planning, several specialized tax strategies apply to architecture and engineering

firms and can provide tax deductions or tax credits. Whether a firm and its owners can utilize these strategies depends on a number of factors, including the type of projects and clients the firm has, the level of unique design processes the firm employs, the type of contracts the firm has with its clients, and whether the firm practices internationally.

In addition to the tax benefits, these strategies encourage energy efficiency, sustainability, improved building performance, and innovative, unique, and functional design. The following is a general overview of some of the opportunities available.

### COMMERCIAL ENERGY EFFICIENCY STUDIES FOR GOVERNMENT BUILDINGS (SECTION 179D DEDUCTION)

The Section 179D deduction (currently expired with prospects of renewal) is available to the primary designer of the technical specifications for certain energy efficient building systems placed in service in the renovation or new construction of government-owned buildings.

Building systems that qualify include:

- Interior lighting systems
- HVAC
- Building envelope

The governmental entity, which is not a tax-paying entity, must assign the tax benefits in writing to the firm that designed the building systems.

Independent testing must be done using approved U.S. Department of

during search engine requests. A quick way to determine the best engineering keywords to use are a combination of content topics and engineering terms.

**Example:** Let's say your firm created an eBook outlining the benefits of engineering firms outsourcing payroll and CFO responsibilities. You've created the content and landing page with a lead-generation form to collect names of those interested in downloading the information. On the landing page, you would include SEO keywords, such as payroll services, corporate payroll, engineering payroll, accounting firm, cfo, payroll outsourcing services for engineering firms, and cfo outsourcing services for engineering firms.

## SECOND – CONTENT

Creating content is a great way to draw in new readers and to gain leads. In fact, according to a recent survey, 89 percent of engineering marketers were using content as part of their overall strategy.

However, if you're not paying

Energy modeling software to certify the energy efficiency as measured against a base building using ASHRAE building standards. If certified, a tax deduction ranging from \$.45-\$.1.80 per building square foot is available to the architecture and engineering firm designer, depending upon the energy savings achieved.

## RESEARCH AND DEVELOPMENT (R AND D) TAX CREDIT STUDIES

Many firms engaged in systematic research may be able to claim a tax credit generally ranging from 14 - 20 percent of qualifying wages, consumed supplies, and contractor costs above a certain threshold that are associated with qualifying activities of research and experimentation on unique design processes or products.

Qualifying activities include the search for new engineering solutions, prototyping, and testing. This includes

attention to engineers' "hot buttons," you may be missing opportunities. What are they reading about? What's important to them as professionals and consumers, e.g., "going green"? How do they consume media? Do they enjoy humor; if so, what kind?

Firms with best-practice techniques are researching and writing about new facts or perspectives where they can contribute their insights to the industry. They also share information that is hard to find elsewhere – not trade secrets per se, but juicy information engineers love. Finally, they not only promote the content on their own website and social media platforms, they seek the help of influencers and paid distribution to increase reach and conversion.

This doesn't mean you have to write more posts and distribute more content. What it does mean is that you should focus on high-profile pieces that will generate the leads you want and get you the online attention you seek. It boils down to quality over quantity.

systematic trial and error coupled with success or failure testing that works to eliminate uncertainty. "Uncertainty" means the information available to you does not establish the capability or method for developing or improving the product or appropriate design of the product. The research doesn't have to be unique and new to the world, just unique and new to you.

Although this is available on lump-sum and fixed-price client contracts, the IRS has repeatedly disallowed "cost plus time and materials" contracts, and guaranteed maximum price contracts.

Recent legislation permits the R and D credit for eligible small businesses to offset the Alternative Minimum Tax (AMT), and for certain qualified small businesses, it may offset payroll taxes.

Both the R and D credit and the 179D deduction can free up cash to be used for growth and debt reduction, and the savings can then be converted

## THIRD – MEDIA

Video is king – right now. If you can say the same thing in an entertaining and concise video that you could write in 2,000 words or less, then make a video.

Here's a best practice I've often used.

- Create a blog post, which is broken into sections;
- Use that post as the video script;
- Find images that correlate to the blog content;
- In a slide creation or movie creation tool, create a series of slides using the images and add snackable bites from the content to the slide;
- Once the deck is created, do the voiceover;
- Export the slide/voiceover file as a video;
- Post the video on your firm's YouTube channel; and then
- Share the video link in email, social media, website, email signature lines, and more.

Now that you have the three main ingredients, you have to put it

into dividends or distributions. The result provides owners with cash at a significantly lower effective tax rate than compensation. Both can also be retroactively claimed through amended return filings.

## INTEREST CHARGE-DOMESTIC INTERNATIONAL SALES CORPORATION (IC-DISC)

An IC-DISC is a great way to create a permanent tax savings of 20 percent or higher for the owners of an architecture and engineering firm on a portion of the firm's international activities. An IC-DISC is a separate "paper" corporate entity established by a U.S.-based architecture and engineering firm or some of its owners that has no impact on the way the firm does business (the owners of the IC-DISC do not have to be the same owners of the architecture and engineering firm).

IC-DISC benefits apply to qualifying engineering and architectural services

all together. Here are several ways to generate interest in your firm's engineering services.

- Buy text ad space on Google's search;
- Invest in search engine ad placements on engineer-specific website, such as engineering.com, engineeringworld.com, crazyengineers.com, and Engineer Knows Best (video placement);
- Create landing pages and content for lead generation;
- Locate and engage influencers to share your content; and
- Create a multi-pronged marketing distribution plan, including email, social media, ad buying, and more.

Monthly measurement will be part of your success. Paying attention to the best practices and procedures will help you to reach victory.

Marketing to people in technical fields is not easy. But, when you focus your efforts on a few great pieces throughout the year, you might be surprised on the positive return on investment. ■

performed outside the United States, such as:

- Site preparation
- Equipment installation
- Erection, expansion, and major repair of buildings, roads, dams, canals, bridges, tunnels, pipelines, and railroad tracks

With an IC-DISC, the architecture and engineering firm pays tax deductible commission expense to the IC-DISC (subject to certain dollar limitations). The IC-DISC pays no tax on the commission income received, and it distributes earnings to its shareholders taxed at qualified dividend tax rates. These benefits are only available after the IC-DISC is established.

Continue reading at  
[www.CPAPracticeAdvisor.com/12380037](http://www.CPAPracticeAdvisor.com/12380037)

David Leith is a principal at CliftonLarsonAllen.



## BORED AT WORK

Hours per week employees say they're bored at work:



Hours per week managers think employees are bored at work:



2 in 5 employees would quit if they felt bored at work.



The main reason employees are bored, according to managers:



(Top responses shown)

The time of year workers are most bored\*:



39% of managers say employees have too much to do in their jobs.

OfficeTeam

## Workplace Boredom Kills Productivity

By Isaac M. O'Bannon, Managing Editor

IF YOU'VE EVER had a case of the blahs at work, you're not alone. According to a survey from staffing firm OfficeTeam, professionals admit they're bored in the office an average of 10.5 hours per week. That's more than a full day a week, or the equivalent of 68 days a year! Senior managers interviewed acknowledged the doldrums do exist but estimated their staff is likely disinterested about six hours each week.

And this is nothing to snooze at: Two in five employees (40 percent) said it's likely they'd quit their job if they felt bored at work.

Employees were also asked what they do when they're bored in the office. In addition to browsing the internet, checking personal email and social media, and chatting with coworkers, here are some of their more creative activities:

- "Have rubber band battles with coworkers"
- "Make grocery lists and cut coupons"
- "Learn another language"
- "Do crossword puzzles"
- "Play ping pong"
- "Doodle"
- "Make videos"
- "Pay bills"

- "Watch TV or movies online"
- "Work on the book I'm writing"
- "Play online games"
- "Daydream"
- "Act like I'm interested in the work and meetings"
- "Clean my desk"
- "Ask for more work"
- "Look for other jobs"

"Let's face it, the workday isn't always filled with excitement. Managers can regularly check in with staff to ensure they're engaged, but the onus is also on employees," said Brandi Britton, a district president for OfficeTeam. "When boredom strikes or there's a lull in activity, individuals should proactively ask to help with projects that challenge and interest them."

### ADDITIONAL FINDINGS:

- Of all respondent groups, male workers and those ages 18 to 34 are bored the most per week (12 hours and 14 hours, respectively).
- Men (46 percent) and employees ages 18 to 34 (52 percent) are also most likely to leave their current position if bored.
- More than one-quarter of senior managers (28 percent) think the main reason boredom strikes is because employees don't feel challenged by assignments.
- While 45 percent of professionals are equally bored throughout the year, another 28 percent said work is most tedious during the winter.
- In general, nearly four in 10 senior managers (39 percent) believe staff have too much work to do in their jobs.

### ABOUT THE RESEARCH

These surveys of workers and senior firm managers were developed by OfficeTeam. They were conducted by independent research firms and include responses from more than 380 U.S. workers 18 years of age or older and more than 300 senior managers at U.S. companies with 20 or more employees. ■

## U.S. Businesses Not Capturing Accurate Payroll Data

By Isaac M. O'Bannon, Managing Editor

NEARLY 34% OF America's employees are not required by their employers to track their hours worked. This is according to the 2017 "Getting Paid In America" survey conducted by the American Payroll Association (APA) during National Payroll Week in September.

While employers are not required to track hours for many of their employees, that may change soon.

Even though a regulation that would have increased the Department of Labor's "white-collar" overtime exemp-

tion threshold was invalidated by a Texas federal district court on August 31, 2017, the DOL has signaled that it will revise the regulations. Many of those businesses not tracking employees' hours could be out of compliance if their employees become eligible for overtime if the threshold is increased.

"It's troubling that so many employers still continue not to track

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## 2018 Minimum Wage Changes - State-by-State

By James Paille, CPP

### SEVERAL STATES AND localities have announced minimum wage changes for 2018.

Twenty-seven states — plus Washington, D.C. — index their minimum wages to rise automatically with the cost of living. More states will index minimum wage increases annually, starting in the following years, like: Minnesota (2018), Michigan (2019) and Vermont (2019).

The following charts show the state minimum wage changes and proposals for 2018. This list changes frequently and many states have local differences, so make sure you stay up to date.

Several other localities have pending legislation for minimum wage changes, so watch for more increases. Remember that the charts above are regular minimum wage rules — many states have tipped employee minimum wage rules and amounts that are lower. One notable exception is California, which does not have a lower minimum wage for tipped employees. The restaurant industry is definitely one to watch — across the country, more restaurants are eliminating tips and increasing wages for staff to state regular minimums.

Minimum wage rules are a moving target, so it's always a good idea to check for changes that affect your

and your clients' businesses.

Want more resources? Thomson Reuters myPay Solutions payroll services for accountants keeps clients in compliance with these rates and provides accurate payrolls, so you and your client don't have to worry about it. ■

*James Paille CPP is the Director of Operations for Thomson Reuters myPay Solutions. He has been an executive manager in the payroll service industry for more than 30 years, specializing in managing multi-location offices. Jim is President of the American Payroll Association as well as a member of the National Speakers Bureau and chair of the CPP Certification Review Panel.*

### STATE MINIMUM WAGES FOR 2018

STATE	DATE	STATE	DATE	STATE	DATE	STATE	DATE	STATE	DATE
AK	\$9.84 (1/1/18)	FL	\$8.25 (1/1/18)	ME	\$9.00; \$10.00 (1/1/18); \$12.00 (2020)	NY	\$9.70; \$10.40 (12/31/17); \$11.10 (12/31/18); \$11.80 (12/31/19); \$12.50 (12/31/20)	TX	\$7.25
AL	Fed	GA	\$5.15 (state has lower minimum wage than FED, but FED prevails)	MI	\$8.90; \$9.25 (1/1/18)	OH	\$8.15, \$7.25 (<\$299,000 gross sales); \$8.30 (1/1/18), \$7.25 (<\$305,000 gross sales)	UT	\$7.25
AR	\$8.50	HI	\$9.25 (2017); \$10.10 (2018)	MN	\$9.50; \$9.65 (1/1/18); \$7.75 (<\$500,000 gross sales)	OR	\$10.25	VA	\$7.25
AZ	\$10.00; \$12.00 (2020)	IA	\$7.25	MO	\$7.70	PA	\$7.25	VT	\$10.00; \$10.50 (2018)
CA	\$10.00 (<25 employees); \$10.50 (1/1/18); \$10.00, \$10.50 (>25 employees); \$11.00 (1/1/18)	ID	\$7.25	MS	Fed	PR	\$7.25	WA	\$11.00; \$11.50 (1/1/18); \$12.00 (1/1/19); \$13.50 (1/1/20)
CA	Computer Professionals Overtime: \$10.00; \$10.50 if more than 25 employees; \$11.00 (1/1/18)	IL	Chicago: \$11.00	MT	\$8.15; \$8.30 (1/1/18)	RI	\$9.60; \$10.10 (1/1/18); \$10.50 (1/1/19)	WI	\$7.25
CO	\$9.30; \$10.20 (1/1/18); \$12.00 (2020)	IN	\$7.25	NC	\$7.25	SC	Fed	WV	\$8.75
CT	\$10.10	KS	\$7.25	ND	\$7.25	SD	\$8.65	WY	\$5.15 (state has lower minimum wage than FED, but FED prevails)
DC	\$12.50 (7/1/17)	KY	\$7.25	NE	\$9.00	TN	Fed		Current federal minimum wage is \$7.25 — proposed minimum wage is \$9.50/\$10.10
DE	\$8.25	LA	Fed	NH	\$7.25				
		MA	\$11.00	NJ	\$8.44; \$8.60 (1/1/18)				
		MD	\$9.25 (7/1/17); \$10.10 (7/1/18)	NM	\$7.50				

all of their employee hours worked,” said Dan Maddux, executive director of the American Payroll Association. “These results show that nearly a third of American Businesses were narrowly saved by the court in Texas from significant compliance concerns.”

Beyond compliance, accurately tracking all hours worked by employees is an important metric for businesses, according to Bob DelPonte, vice president and general manager of Workforce Ready Group, Kronos.

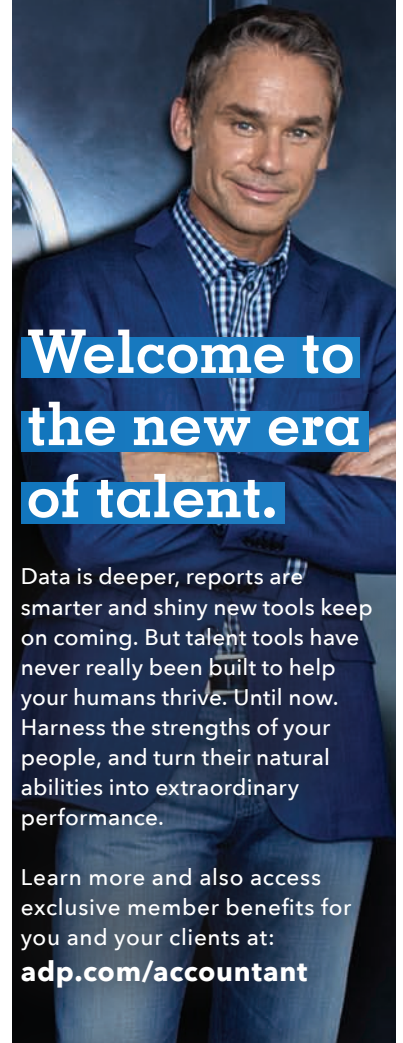
“Employee compensation is only as accurate as the data used to generate payroll each pay cycle. Organizations that fail to capture an accurate look at their employees’ complete work hours will struggle to pay employees what they have earned and risk undermining their own employee engagement initiatives.”

The annual “Getting Paid In America” survey by the APA asked, “How do you input the hours you work at your place of employment?” Nearly 34 percent of respondents indicated they are not required to document their time spent on the job. Another 14% of respondents stated they are still using antiquated time cards and timesheets to document their hours worked.

The “Getting Paid In America” survey is held annually during National Payroll Week (NPW) by the APA. More than 34,000 employees responded to the survey, providing insight into various payroll and time and attendance trends impacting the American workplace. Visit [nationalpayrollweek.com](http://nationalpayrollweek.com) to view full survey results. ■

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Leading Expert on Talent at Work  
Co-Head, ADP Research Institute®



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## 2018 Retirement Plan Dollar Limits

By Tom Long

The IRS has announced the 2018 cost-of-living adjustments (COLAs) with respect to retirement plan limits. Many limits, which are adjusted by reference to Code Sec. 415(d), are changed for 2018 since the increase in the cost-of-living index met the statutory thresholds that trigger their adjustment. However, others remain unchanged. Certain dollar limit changes keyed to Code Sec. 1(f)(3) have also increased.

### THE FOLLOWING PLAN LIMITS ARE INCREASED EFFECTIVE JAN. 1, 2018:

- Elective deferrals. The Code Sec. 402(g)(1) limit on the exclusion for elective deferrals described in Code Sec. 402(g)(3) increases from \$18,000 to \$18,500. This limitation affects elective deferrals to Code Sec. 401(k) plans, Code Sec. 403(b) plans, and the Federal Government's Thrift Savings Plan.
- Defined contribution plans. The limit on the annual additions to a participant's defined contribution account under Code Sec. 415(c)(1)(A) increases from \$54,000 for 2017 to \$55,000 for 2018.
- Defined benefit plans. The limitation on the annual benefit under a defined benefit plan under Code Sec. 415(b)(1)(A) increases from \$215,000 for 2017 to \$220,000 for 2018. For participants who separated from service before Jan. 1, 2018, the 100% of average high-three-years' compensation under Code Sec. 415(b)(1)(B) is computed by multiplying the participant's compensation limitation, as adjusted through 2017, by 1.0196.
- Annual compensation limit. The maximum amount of annual compensation that can be taken into account for various qualified plan purposes, including Code Sec. 401(a)(17), Code Sec. 404(l), Code Sec. 408(k)(3)(C), and Code Sec. 408(k)(6)(D)(ii), increases from \$270,000 for 2017 to \$275,000 for 2018.
- ESOP 5-year distribution period. The dollar amount under Code Sec. 409(o)(1)(C)(ii) for determining the maximum account balance in an employee stock ownership plan (ESOP) subject to a 5-year distribution period increases from \$1,080,000 to \$1,105,000 for 2018, while the dollar amount used to determine the lengthening of the five year distribution period increases from \$215,000 to \$220,000 for 2018.
- Government plans subject to the grandfather rule. The annual compensation limitation under Code Sec. 401(a)(17) for eligible participants in certain governmental plans that, under the plan as in effect on July 1, '93 allowed COLAs to the plan's compensation limit under Code Sec. 401(a)(17) to be taken into account, increases from \$400,000 for 2017 to \$405,000 for 2018.
- Government, etc. deferred compensation plans. The limit on deferrals under Code Sec. 457(e)(15), concerning deferred compensation plans of state and local governments and tax-exempt organizations, increases from \$18,000 for 2017 to \$18,500 for 2018.
- Gratuitous transfers of employer securities. The limitation under Code Sec. 664(g)(7) concerning the qualified gratuitous transfer of qualified employer securities to an employee stock ownership plan increases from \$45,000 for 2017 to \$50,000 for 2018.
- Control employee. The employee compensation amount used in the definition of "control employee" for purposes of the auto commuting rule of Reg. §1.61-21(f)(5)(i) increases from \$105,000 for 2017 to \$110,000 for 2018. ■

Continued online at  
[www.CPAPracticeAdvisor.com/12375787](http://www.CPAPracticeAdvisor.com/12375787)

*Tom Long is Managing Editor for the Federal Tax News Group with Thomson Reuters Checkpoint within the Thomson Reuters Tax & Accounting Business.*

### THIS MONTH'S TOP PAYROLL SOCIAL MEDIA POSTS

- Social Security Wage Base Increases to \$128,700. **Pay News Now Blog.**  
<http://bit.ly/2zCLvby>
- Securing Payroll Data in a Cloud Environment. **Bloomberg BNA Blog.**  
<http://bit.ly/2z5nUUZ>
- President Issues Executive Order Pushing HRA Expansion. **Wolters Kluwer News.**  
<http://bit.ly/2xmEuuG>
- What to Do When You Can't Make Payroll. **SurePayroll blog.**  
<http://bit.ly/2zOm8EI>
- 2017 Tech Trends in Payroll. **Symmetry Blog.**  
<http://bit.ly/2gl28yY>

## LATEST PAYROLL NEWS

**Federal E-Verify Law Would Mean Major Changes for Employers.** Only a handful of states require all employers to screen workers to make sure they are in the country legally, but that could change soon.

[www.cpapracticeadvisor.com/12374445](http://www.cpapracticeadvisor.com/12374445)

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[www.cpapracticeadvisor.com/12375209](http://www.cpapracticeadvisor.com/12375209)

**6 Ways to Control Stress Sweat.** When the body is reacting to an emotion, like anxiety, stress or excitement, apocrine sweat is released from apocrine glands.

[www.cpapracticeadvisor.com/12375852](http://www.cpapracticeadvisor.com/12375852)

**How Much Can You Really Withdraw in Retirement?** In the face of continued market volatility and expected lower returns, many financial advisors have "adjusted" the 4 percent rule.

[www.cpapracticeadvisor.com/12375853](http://www.cpapracticeadvisor.com/12375853)

**Tennessee Payroll Provider Gets 8 Years for \$15.8 Million Fraud.** Two other executives accused of profiting from that 3-year scam committed suicide with the span of a week before they could be charged.

[www.cpapracticeadvisor.com/12376595](http://www.cpapracticeadvisor.com/12376595)



# Credit for the Past, Capital for the Future

**ACCESS TO CAPITAL** is a big problem for small business owners, especially in their early years. According to the Federal Reserve, 70 percent of businesses in their first five years in operation say they need funding to grow, but only 23 percent are able to access the money they need. Intuit recognizes this pain point and is specifically working on new innovations in the lending space to help small businesses get more money. Intuit's new lending product, QuickBooks Capital, is designed to remove friction from the lending process so that new small business owners can thrive.

New small businesses are the engine of the economy, but they face serious challenges accessing the funding they need to grow," said Rania Succar, business leader, QuickBooks Capital, Intuit. "QuickBooks Capital is delivering powerful results for small businesses – getting capital into the hands of so many credit-worthy small businesses that otherwise felt stuck."

With QuickBooks Capital, small businesses are empowered to "get credit" for their whole story by using their QuickBooks data to highlight business performance, both historical and ongoing. While most lenders won't consider loaning to a business that's been around for less than two years, QuickBooks Capital is able to deliver funding to businesses as young as six months. That's because many small businesses typically sign up for QuickBooks Online very early in their journey, giving Intuit the ability to understand business performance from "day one." By loaning to small businesses earlier, QuickBooks Capital helps them build their business credit for future credit they may need.

"From the moment a business signs up for QuickBooks Online, we are giving people the ability to track every data point so that they can

see the direction and trend of their business and how they compare to similar businesses. As a result, we're able to give small businesses credit for their past and capital for their future," said Succar.

QuickBooks Capital will also help accountants bring high-value solutions to their clients. Small business owners often look to their accountants to determine if a loan is the right one for them or if they should take it. This allows accountants to help their clients ensure they're in a position to grow, and then help them tap into the availability of loans. QuickBooks Capital is designed to provide feedback on a business' strong areas, as well as those that need improvement. Accountants can, and should, sit down with their clients to review the outcome and discuss what it would take to be ready for a loan next time.

QuickBooks Capital uses advanced data science techniques to give small businesses the ability to demonstrate their credit-worthiness in ways that were not previously possible. For example, Intuit is able to give small businesses the ability to get credit for future profits by looking at things such as open invoices. Using machine learning, Intuit is able to predict when those

invoices are likely to be paid, thereby providing an extremely detailed picture of a business' cash flow.

"Lenders are able to see a business' quarterly profitability, but they don't have insight into every transaction a business processes, so they never see the true profitability of the business. While others make their decisions based only on credit card statements, we are able to understand risks in an automated way and can give credit to really young businesses," said Succar.

The lending process can be very stressful and anxiety-prone for many business owners. In addition to the fear that they won't get approved, many business owners also do not always get transparency into the process and associated fees. The application process alone can often take up to 35 hours, and leave many with no funds to show for their time or hidden fees that make the loan costlier than they can afford. With QuickBooks Capital, the entire process is totally transparent. There are no hidden fees, and Intuit uses the data that already exists within QuickBooks to quickly make a decision on a business' eligibility for a loan.

QuickBooks Capital is designed to "right size" the loan for customers, so they don't take out more than what they can pay. The credit model used for QuickBooks Capital looks at this data, such as customers, sales trends, most popular items, most profitable months and more, to determine the likelihood that a small business can pay back a loan, as well as how much they can afford to pay back. QuickBooks Capital will lend small dollar working capital loans up to \$35,000 for a period of three to six months. Once the loan has been paid off, customers are welcome to apply for a new loan.

"The last thing we want to do is saddle a small business with more debt than they can pay back. Our full picture allows us to make sure that the amount we give them is an amount they can pay back," said Succar. "We know that many small business owners mix their personal credit with business credit. This hurts them down the road when they want to get a mortgage or business loan. However, if they can start taking business debt out early on in the first six months of their business, it not only increases their likelihood they will get approved in the future, but it also decreases the negative impact on their personal credit."

Intuit launched a beta pilot of QuickBooks Capital in February of this year and has spent the months since learning more about small businesses' capital needs. To date, 90 percent of those customers are using those funds to invest in their business' growth. A recent survey found that 99 percent of their beta customers were satisfied with the loan they acquired through QuickBooks Capital. Forty-six percent of the small business owners who have taken out a loan with QuickBooks Capital had never taken out a loan before, and 60 percent of QuickBooks Capital customers wouldn't have qualified for a loan under other lenders' guidelines.

QuickBooks Capital is rolling out this month to current QuickBooks customers in the U.S. Visit [www.quickbooks.com](http://www.quickbooks.com) for more information. ■

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## 5 Topics Every Accountant Should Address with Clients

By Matt Fuller and Dean Pearson

THE START OF a new year is the perfect time to touch base with your clients or reach out to new ones. Don't limit your discussion to traditional tax issues. Take the time to ask existing and prospective clients about their business plans overall. This is a good opener to uncover any activities they may have in the works that could impact them financially. It also helps them see you as a whole-business consultant—a trusted advisor who can assist them with more than just filing tax returns.

Here are five key business issues that should be part of that dialogue.

### COMPANY GROWTH:

If your clients are planning any major changes to their business, it could affect their valuation—and their taxability. Counsel your clients of any liabilities or changes in status that could affect them. These include:

- Expanding into new locations;
- Adding or making changes in staffing;
- Merging with or acquiring companies;
- Positioning the business for acquisition or sale.

### FINANCIAL PLANNING.

Budget tops the agenda for most companies going into a new year. But what about other financial issues that could impact the business? Now is a great time to do a portfolio review and talk to your clients about their financial future. Topics to cover include:

- Strategic decisions that could be made to improve cash flow;
- Getting up-to-date with their retirement planning and wealth management;
- Any major investments, gifting or charitable giving planned;

### RISK MANAGEMENT.

Close to 75% of small businesses don't have a plan in place to protect their business from operational disruptions—either planned or unplanned. Broach the topic with your clients to ensure they understand the importance of continuity planning and how to mitigate risk in their business. Questions to ask include:

- Are insurance policies up to date?
- Are stringent compliance, security and privacy standards being met?
- Is the company protected against fraud?
- What internal controls are in place to protect the business

### INVENTORY:

For businesses that deal in the sale or resale of goods, keeping on top of sales tax rules and regulations is critical—and challenging. Many states now have nexus rules related to where businesses warehouse inventory or fulfill orders. Advise your clients to do a thorough assessment of their order process and cross-check that:

- Restocking and ordering processes are maximizing cash flow;

- Unsold inventory is properly accounted for on the balance sheet;
- Sales tax is being collected everywhere the company has nexus.

### TAX COMPLIANCE.

State-imposed taxes can be just as onerous on your clients' time as federal taxes. Ask them if they feel confident that they have adequate processes in place to comply with regulations. Discuss any new tax laws with your clients that could affect their business and how to implement changes to address them. Advise them to:

- Collect and file W2s and 1099s for any contract staff;
- Ensure exemption and resale certifications are collected and stored properly;
- Update their taxability practices to comply with online sales and nexus rules;
- Conduct an internal review to look for any red flags that could trigger a sale tax audit.

Now is also a great time to reinforce a few best practices. Advise clients to keep business and personal finances separate and to ensure all transactional records are complete, organized and easy to access. Recommend automating any manual processes to save time and money and reduce risk. The sooner you can start the dialogue around long-term financial planning and compliance, the sooner they (and you) can start seeing bottom line results. ■

*Matt Fuller is a partner at FGMK where he leads the State & Local Tax practice. Dean Pearson is a Director in FGMK's State and Local Tax practice and exclusively handles multi-tax issues.*

# A Step Into the Future of Cloud Accounting

By Kenji Kuramoto

**AS A CLOUD-BASED accounting firm, we are major proponents of using modern technology to better serve our clients and build a stronger business. Peering into the future of the accounting industry and anticipating its potential impacts is an important part of our job description but, to be honest, we genuinely enjoy geeking out about it.**

In fact, we recently had the opportunity to discuss this very topic with other thought leaders in the cloud accounting space – Stuart McLeod from Karbon, Steph Hinds from Growthwise, and Chris Hooper from Accodex – during a webinar, Beyond the Cloud – The Future of Accounting. Here are a few of the highlights and what the future of accounting could mean for business owners like you:

## 1) THE DEATH OF COMPLIANCE

This is a major theme in the accounting industry today. Some are predicting that machines will take over all compliance-related tasks – which may be true in some ways, but this is a bit of a misnomer. Plain and simple – compliance is not going away. The accountant of the future may be taken off standard annual reporting, but organizations must accept commoditization of compliance and make some changes internally to prepare. Business owners will reap the reward of faster data entry, yet the growing complexity of compliance will ensure the future need for experts in the field.

“We’re probably not going to see our govern-

ment become less greedy in the U.S. any time soon. That’s why we need a compliance alarm in the first place. If anything, there will be more need for compliance and for specialists in the field in the future.” – Kenji Kuramoto

## 2) TRIPLE ENTRY ACCOUNTING

Today, distributed ledgers are a known and trusted source of transactions. In the future, there may be a major shift towards triple entry accounting – a system in which all accounting entries involving outside parties are cryptographically sealed by a third entry. Blockchain technology would allow all entries to live in a public ledger, promoting trust and transparency while eliminating bogus financial statements and the need for costly audits. Revenue and expense transactions could never be falsified and the need for all second party entries would be obsolete – two major time-saving benefits for businesses of the future.

The value inherent with automating so much of this process is incredibly powerful. It allows us to move up the value chain while lowering prices for our clients.

## 3) THE TRUE MEASURE OF SUCCESS

With the rise of recurring revenue and SaaS-based companies, accountants will need to find a way to rise to the challenge of evolving business needs. Today’s businesses are looking for firms that can work WITH them and are willing to get creative to leverage the metrics that are most relevant to their business. While it can be difficult for accountants to embrace metrics beyond the

trusted balance sheet, income statement and cash flow metrics, it will be necessary for firms of the future looking to deliver true value and remain competitive.

Just because a metric doesn’t appear on a client’s tax return doesn’t mean it isn’t incredibly valuable.

## 4) THE HUMAN IMPACT OF TECHNOLOGICAL CHANGE

Thanks to the rise of cloud accounting technology, more and more firms are transitioning to a virtual workforce. While it can be a scary jump to make, the advantages are undeniable. Transportation, especially here in Atlanta, is a huge time suck. In a way, this headache has forced us to adopt virtual work as a means to stay competitive – we’re glad we did.

Firms that embrace this trend will rise, those who don’t will experience considerable difficulty in attracting and retaining top talent. The challenge, of course, of being spread out (across eight states here at Acuity) is maintaining a strong company culture. Cloud technologies help us communicate effectively and stay connected. The benefits for business owners are obvious – happier, more productive employees with more time to provide true value to customers and clients. So, why does this matter to you?

These coming changes in cloud accounting span a wide range of industries, and business owners of every kind will sooner or later (we’re guessing sooner) face the major impact of this shift. In the near future, access to on-demand, actionable business data won’t be a distant wish, but an everyday reality. Business owners will no longer be logging into an accounting system to request reporting from their bookkeeper – this intelligence will be readily available via real-time dashboards, SMS notifications or even voice command. This will ultimately empower business owners to make smarter decisions, faster and with confidence. ■

**This article first appeared at <https://acuity.co/future-of-cloud-accounting/>.**

*Kenji Kuramoto is the founder and CEO of Acuity.*





## Veteran Business Owners Thriving, Extremely Upbeat on Economy

By Isaac M. O'Bannon, Managing Editor

Optimism among veteran small business owners is outpacing the nation's small businesses as a whole, according to this year's Allstate/USA Today Small Business Barometer.

The annual index study released new data ahead of Veterans Day showing that veteran entrepreneurs' optimism is at a resounding 99 out of 100 — which the Barometer found is a reflection of veterans' overall success in areas such as business performance, hiring and growth.

In fact, nearly three-quarters (73%) of veterans say there's never been a better time to own a small business. And while the numbers are high among all small business owners — 64% say the best time to own a business is now and 92% report high optimism — veterans' positive views of the small business climate are consistent across the board.

"Being in the military challenges you to become your best self, and some of the skills it teaches — respect, organization, discipline and loyalty — are exactly the kind of traits it takes to successfully run your own small business," said Steven James, an Allstate agency owner for the past nine years and a 10-year military veteran. "Owning two small businesses also allows me to continue pursuing my passion for giving back and serving the community I call home."

The Small Business Barometer, in its second year, combines a national survey of nearly 2,800 small-business owners with federal economic data to provide a comprehensive profile of the sector across the United States and in 25 of its largest cities. For the first time this year, the Barometer oversampled veteran business owners to get a pulse of this influential group.

The U.S. Small Business Administration's Office of Veterans Business Development says there is approximately one veteran-owned firm for every 10 veterans; veterans are 45% more likely than nonveterans to be self-employed; and more than one-third of veteran business owners say that while on active duty, they learned skills that directly transfer to the business world.

More findings from the Small Business Barometer:

- 70% of veteran business owners say their business is doing well (64% for small-business owners overall).
- 64% have experienced recent growth (55% overall).
- 57% have experienced more growth this year than last year (49% overall).
- 51% plan to hire this year (42% overall).

The survey shows that nearly half (45%) of all small-business owners employ veterans, and more than a third (35%) have veteran hiring practices. Why is that? Respondents gave a number of reasons, but a few stood out: 51% said they have veteran hiring practices because it's the right thing to do; 46% said it's because of transferable traits and skills; and 41% of all small-business owners said they value veterans' teamwork skills.

In addition to selling business insurance products, Allstate works with a network of more than 10,000 small businesses across the country who use veteran-friendly hiring practices. Through its Joining Forces for Good Licensing Program, for example, Allstate provides veterans and their spouses with the necessary tools to translate their skills into a career as a licensed sales professional for an Allstate agency owner — and with bonuses for passing their property and casualty licensing test, even if they don't end up in an Allstate agency. The classes are offered online and in person.

Allstate's long history of supporting veterans and organizations includes hiring and community involvement. As part of its relationships with businesses run and owned by veterans, the company last year spent more than \$50 million with over 500 veteran-owned vendors.

For more information on the Small Business Barometer, including veteran-specific data, visit [allstate.com/barometer](http://allstate.com/barometer). For more information about Allstate's veteran hiring and insurance sales licensing program, Joining Forces for Good, visit [allstateveterans.com](http://allstateveterans.com). ■

### THIS MONTH'S TOP SMALL BUSINESS SOCIAL MEDIA POSTS

- 5 Steps for Entrepreneurs with an Idea, But No Funding. **Bplans Blog.** <http://bit.ly/2zPqLhT>
- Should Businesses Act More Like Sports Teams? **ADP Boost blog.** <http://bit.ly/2yVzLEd>
- 5 Deadly Online Marketing Mistakes. **Forbes Community Voice.** <http://bit.ly/2zFVvkv>
- U.S. Has Second-Most Competitive Economy. **MoneyTips blog.** <http://bit.ly/2hckTHE>
- 12 Tech Tools To Boost Ecommerce Profits. **Avalara blog.** <http://bit.ly/2lkrEvp>

## LATEST SMALL BUSINESS NEWS

**Defining Reasonable Compensation for Business Valuation Purposes.** Many variables can make providing a defensible, rational estimate of reasonable compensation extremely challenging. [www.cpapracticeadvisor.com/12375785](http://www.cpapracticeadvisor.com/12375785)

**Crowdfunding Sites Help Raise Millions for California Fire Victims.** Hundreds of people whose lives were uprooted by the Northern California wildfires are seeking financial help on crowdfunding sites. [www.cpapracticeadvisor.com/12376933](http://www.cpapracticeadvisor.com/12376933)

**New Full-Service Digital Bank Alternative for Small Business.** The challenges small business owners face with their banking services can have a real impact on their business. [www.cpapracticeadvisor.com/12375729](http://www.cpapracticeadvisor.com/12375729)

**Banking a Hurdle for Cannabis Entrepreneurs.** What sort of issues crop up when your industry is locally legal yet federally prohibited, as is the case with marijuana businesses? [www.cpapracticeadvisor.com/12374636](http://www.cpapracticeadvisor.com/12374636)

**Business Travelers Enjoy Being on the Move.** The survey suggests that business travelers rely on premium travel services to help mitigate the nuances of travel. [www.cpapracticeadvisor.com/12373646](http://www.cpapracticeadvisor.com/12373646)

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# FROM THE TRENCHES

## CONTINUED FROM PAGE 5

But surge protection is just one of many product lines. From display adapters to cables to mobile accessories to power this vendor tries to cover your key accessory needs. One final example might be the inclusion of USB-C adapters.

Of course, the fall saw the introduction of new cell phones. Examples include:

- Apple iPhone 8 and 8 PLUS
- Apple iPhone X
- Apple Watch 3
- Samsung Galaxy S8 and S8+
- Samsung Galaxy S8 Note with S-Pen
- HTC U11
- OnePlus 5

■ Moto Z2 Play

■ LG V30

Besides these mainstream products, there are small devices like the Kingston DataTraveler microDuo 3C, The Dash Pro Bluetooth headset from Bragi, or the Beoplay H5 from Bang & Olufsen Group.

## OTHER KEY THINGS TO LOOK FOR?

It is enjoyable to teach CPE sessions with our K2 organization that include technology innovations for the Internet of Things (IOT), gadgets or technology in general. As each year ends and a new one begins, we reflect on the state of

technology and the innovations to come. There are many leading and bleeding edge technologies that need to be explained and clarified in the coming months including but not limited to: Machine Learning, Artificial Intelligence, Blockchain, Cognitive Computing.

But sometimes, simple tools that just work have more value than complex systems. It is my commitment as a columnist to you that I will continue to look for innovative products that I believe are safe to use and fulfill my personal mission statement: to help as many people as I can use technology in the way that benefits them and their clients the most. ■

# THE LABOR LAW ADVISOR

## CONTINUED FROM PAGE 12

Whether an investigation or a lawsuit, the most common questions are whether the employee was on notice of their unacceptable performance or conduct, and whether they were subjected to escalating discipline when they failed to improve. An employer's inability to demonstrate such steps through a well-publicized and consistent policy of progressive discipline will likely find their action, especially a termination, will be ruled to be improper. Frequently, the penalty is reinstatement and backpay for the employee involved.

The most common progressive discipline policies are comprised of a four step process. A verbal warning escalates to a written warning, which then goes to a final warning, sometimes including a 3-day suspension. Every step in the process should be well documented. The process finally culminates in termination. It is generally a good practice to "suspend pending termination" to provide the opportunity to review the

entire disciplinary record and related documentation before taking that last critical step. Consistency in applying progressive discipline is crucial. Exceptions will undermine the policy and jeopardize the action taken.

## 5] ABSENCE AND TARDINESS CONTROL POLICY

As mundane and routine as an absence control policy sounds, it is unfortunately one of the most frequently relied upon employment policies to support a termination decision. It is also a policy that many employers, especially small ones, are lacking, at least in a written form. While leave policies mandated by either federal or state government continue to proliferate, regular employee attendance at work remains a significant problem for many employers. Some might point to the work/life balance that reportedly is so important, especially to millennials, as a reason. However,

attendance problems cut across all age groups of employees as well as all types of workplaces.

Most attendance policies involve a set number of points or instances of either tardiness, absence or both within a set time period that, when exceeded, results in escalating disciplinary action, including termination. Without a policy that is uniformly enforced and well-documented, an employer may be unable to show that a termination was in fact for excessive absences rather than because of a protected status as alleged by a disgruntled employee.

By having in place and consistently applying the five common sense policies cited, an employer will be well prepared to effectively address and perhaps even avoid the vast majority of workplace issues that arise. When employees know that policies are in place that are intended to assure fair treatment for all employees, it is surprising how few problems actually develop. ■



# Accounting Firm Cybersecurity:

## Training Your Staff and Protecting Your Business

By Christina Wiseman, Thomson Reuters

It probably won't surprise you to hear that tax identity theft is on the rise. In response to this increase in tax-related ID theft, last year the IRS rolled out new security requirements that recommended multi-factor authentication (MFA) for tax and accounting software.

While MFA has shown to be an effective tool in combating fraud, there's an equally important supplemental strategy that all tax and accounting firms should employ: educating their staff.

That's because humans — no matter how well-intentioned — remain the weakest link in the data security chain, as proven when a recent cybersecurity report revealed that approximately 95% of security breaches are caused by human error. So let's take a look at some of the changes that tax and accounting firms are making to improve awareness among employees.

### EMPLOYEE TRAINING: SIMPLE, INEXPENSIVE, IMPACTFUL

In 1794, Voltaire said, "Common sense is not so common." Today, we could update that quote to read, "Network security common sense is not so common." That's why it's imperative that your staff is trained before they interact with your information systems.

It's good practice to update your training regularly to include new and evolving data security challenges. Luckily, there's no need to design a training program from scratch. Most information security companies have great presentations written and ready to go, or white papers that identify points to cover in employee training. You can even go to the Department of Homeland Security and IRS Awareness Campaign websites and download their cybersecurity training resources.

Since every single employee in your firm is a potential source of a security breach, everyone in the firm should go through security training, from the firm owners to the frontline employees — including the IT staff. Due to the ever-evolving nature of cybersecurity threats, experts recommend at least annual training (although more often is always good).

### AWARENESS IS KEY

Hackers thrive on ignorance — they want everyone to assume that life is safe and no one's out to get them. So it's a good idea to periodically ask your employees questions including — but not limited to — the following, to help them remain aware of potential security vulnerabilities.

- Do you have company email or other company data on your mobile device or portable drive?
- If so, do you have appropriate security precautions in place, such as data encryption and multi-factor authentication?
- How many of you are aware whether all the devices in the organization have the most recent updates for operating systems and security software?
- At work, do you lock your computer when you walk away from it, or do you leave it open and accessible to others?
- Could your passwords' security access questions be easily deduced from a look at your social media?

While this is only a start, it's an important one. Use the tools and resources mentioned above to educate your staff and close the door to hackers. We can work together to take steps to improve security in our industry. ■

*Christina Wiseman serves as product manager of Web Services & Mobile Technologies for Thomson Reuters Tax & Accounting. Article reprinted with permission from the Thomson Reuters blog.*

## THIS MONTH'S TOP FIRM MANAGEMENT SOCIAL MEDIA POSTS

- CPA Salary Averages from the AICPA. **AICPA Insights blog.** <http://bit.ly/2z9tHsi>
- Be an Advisor, Not a Robot. **CPATrendlines.** <http://bit.ly/2lj9p9X>
- The Right LinkedIn Strategy for Accounting Firms. **The Outsourced Accountant blog.** <http://bit.ly/2yOuEDH>
- How to Use Low-Touch Methods to Find New Clients. **Firm of the Future blog.** <http://bit.ly/2i5H9CA>
- 9 Facts that Can Make or Break Your Firm's Future. **AICPA Insights blog.** <http://bit.ly/2gPjYjr>

## LATEST FIRM MANAGEMENT NEWS

### Accounting Firm Cybersecurity: Training Your Staff & Protecting Your Business.

It's good practice to update your training regularly to include new and evolving data security challenges. [www.cpapracticeadvisor.com/12377102](http://www.cpapracticeadvisor.com/12377102)

**Friedman LLP Launches #GivingTuesday Campaign.** #GivingTuesday is a social media movement aimed at spurring charitable donations, and will culminate on Nov. 28 this year.

[www.cpapracticeadvisor.com/12377055](http://www.cpapracticeadvisor.com/12377055)

### KPMG Professors-in-Residence to Research Audit Innovation.

Two accounting professors are working with KPMG LLP as the first-ever professors-in-residence.

[www.cpapracticeadvisor.com/12374201](http://www.cpapracticeadvisor.com/12374201)

### Millennials Make Up Largest Segment of Workforce.

While they're still catching up to the national average when it comes to wages, their wages are growing fast.

[www.cpapracticeadvisor.com/12374155](http://www.cpapracticeadvisor.com/12374155)

### Account Management Customer Service: A New Light on Loyalty.

The cost is 10 times more to win a new client than to keep an existing one. Once you win them, what maintains their loyalty? [www.cpapracticeadvisor.com/1237392](http://www.cpapracticeadvisor.com/1237392)

### AICPA Announces 2017 Leadership Academy Class.

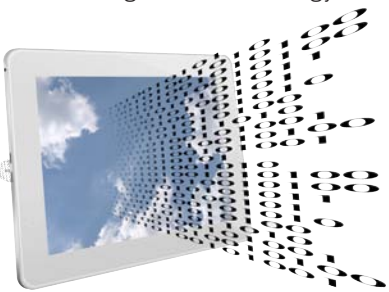
These 38 future leaders of the accounting profession participated in a rigorous four-day program in Durham, North Carolina in early October.

[www.cpapracticeadvisor.com/12375851](http://www.cpapracticeadvisor.com/12375851)

## 73% of CFOs Trust the Cloud for Financial Data

By Isaac M. O'Bannon, Managing Editor

Just three years ago, according to CFO respondents in the Adaptive Insights CFO Indicator report, only 33% trusted the cloud for financial data. Today, 73% of CFOs trust the cloud for financial data, reflecting a significant technology shift for Finance, one of the last



functions in the enterprise to embrace cloud technology. The report explores the confidence levels of today's CFOs relative to data, technology, and their efforts to implement a "single source of truth" (single system for accurate

financial and operational data) in their organization.

"The cloud enables a level of data access that Finance teams need in order to meet the demand for accurate, real-time information from across the enterprise," said Robert S. Hull, founder and chairman at Adaptive Insights. "This quarter's report validates that CFOs are embracing cloud technology for their financial data. However, despite this shift, the majority of CFOs still do not have a single source of truth for their organization, delaying decisions. This lack of agility results in documented losses in revenue and business opportunities."

The report shines a light on the continued challenges CFOs face as they take a greater role in data governance for their organizations.

Key findings in the report show that:

- **CFOs expect an increase of 25% to 50% in data volume, on average, over the next five years.**

Stakeholders will look to Finance to track down an increasing number of data points to make their decisions, and many of those data points will reside outside of Finance.

- **Only 35% of CFOs are confident they have access to the financial and operational data they need to make critical business decisions in a timely manner.** Reliance on legacy technologies like spreadsheets results in siloed data that must be manually collected and aggregated. This creates distrust in the numbers and leaves little time for the analysis. This involves sales data, and a host of operational data from critical HR and customer data to supply chain, facilities, and external market data.
- **One in five CFOs (21%) are not currently working on a single source of truth, and this is up from 17% two years ago.** CFOs cited expense, legacy solutions, and data sources as reasons, but without a holistic view of the organization, CFOs will be challenged to deliver the business insights expected from Finance.

The Adaptive Insights CFO Indicator is an ongoing report that highlights what is top of mind for chief financial officers (CFOs), as well as unveils key attributes that define the strategic CFO. This report surveyed 255 CFOs across the globe online over a period of 19 days ending August 28, 2017. ■

### THIS MONTH'S TOP ACCOUNTING & AUDITING SOCIAL MEDIA POSTS

- The Top 7 Skills for Financial Planning & Analysis. **Tom Hood, via LinkedIn.** <http://bit.ly/2uExudS>
- Preventing Accountant Embezzlement. **Thomson Reuters blog.** <http://tmsnrt.rs/2lghRXr>
- The One Business Mentality All CPAs Need. **AICPA Insights blog.** <http://bit.ly/2xprMeF>
- 5 Reasons to Move to the Cloud. **Wolters Kluwer Blog.** <http://bit.ly/2gFTu0k>
- Accountability in the Information Age. **David Taylor via LinkedIn.** <http://bit.ly/2iBLUYE>

## LATEST A & A NEWS

### Eric Hansen Elected Next Chair of AICPA.

Hansen, a CPA and CGMA, was elected to the volunteer post by the AICPA governing Council.

[www.cpapracticeadvisor.com/12376543](http://www.cpapracticeadvisor.com/12376543)

### 5th Annual Accounting Firm Operations & Technology Survey Now Open.

The AFOT Survey will remain open through January 15, 2018.

[www.cpapracticeadvisor.com/12376526](http://www.cpapracticeadvisor.com/12376526)

### AICPA Collaborates on Blockchain.

The working group model is designed to provide a forum for experts to share information, guide advocacy and technical efforts and create broader educational opportunities.

[www.cpapracticeadvisor.com/12376088](http://www.cpapracticeadvisor.com/12376088)

### Alerts Warn of Risks in Upcoming Audit Cycle.

The Center for Audit Quality has published two new alerts to help public company auditing

firms address potential risks during the upcoming 2017 audit cycle.

[www.cpapracticeadvisor.com/12374202](http://www.cpapracticeadvisor.com/12374202)

**Complying with Sata Reporting Under the New FASB ASC 606.** While the new rule is valuable for investors, it has created headaches for companies.

[www.cpapracticeadvisor.com/12376090](http://www.cpapracticeadvisor.com/12376090)



**JIM BOOMER, CPA, CTP**  
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## Is the Password Dying?

THINK OF ALL of the passwords you manage right now. How many of them are written down? Do you use the same password for multiple websites? We know these actions put our data at risk, but we do them anyway because otherwise, we couldn't possibly remember the hundreds – if not thousands – of passwords we'd need to memorize for all of the apps, devices and websites we use in our personal and professional lives.

It's not hard to see why people don't like passwords. We share a lot of sensitive personal information with companies, including Social Security numbers, health records, and bank account and credit card numbers. Even password managers don't eliminate the risk but they do have features that will help you to minimize it.

No matter how careful you are with your passwords, your data is

increasingly vulnerable to hackers. Accenture's recent report Digital Trust in the Internet of Things Era polled 24,000 consumers in 24 countries and found that less than half (46%) feel confident in the security of their personal data and 77% indicated they're interested in using password alternatives to protect their information. Just a few years ago, those alternatives were rare and expensive to adopt, but today

the shift away from passwords is accelerating. So let's take a look at the options out there.

### MULTI-FACTOR AUTHENTICATION

I covered multi-factor authentication in detail for this space recently. While multi-factor authentication often uses passwords, it also requires one or two additional pieces of information. Strong authentication requires two or more of the following:

- Something you know. A password, PIN or answers to previously established security questions.
- Something you have. A physical object in your possession, such as a token or text-enabled phone.
- Something you are. Biometric features such as a fingerprint.

### BIOMETRIC AUTHENTICATION

I touched on biometric authentication above, but it involves much more than just a fingerprint. Facial, voice recognition and iris scanners are the most popular methods after fingerprints. But companies are experimenting with many more biometric authentication methods to replace passwords, including heartbeat recognition, vein recognition, hand and finger geometry.

### ONE-TIME PASSWORDS

One-time passwords (OTP) are an authentication mechanism that

uses non-persistent passcodes that are valid for only one session. For each login attempt, a passcode is generated and sent to the associated phone number or email address. The user has to enter the passcode to access the account, and it is only valid for the duration of one session. Subsequent logins require a new passcode.

### PICTURE PASSWORDS

Microsoft introduced an alternative to traditional passwords with Windows 8. With a touchscreen PC, you can use a finger to doodle on the Windows wallpaper. That doodle becomes your password.

For example, suppose your wallpaper has a picture of a road leading into the mountains. You might trace the sides of the road with your finger, then circle the highest mountain peak. Those gestures become your password. To log into the computer, you simply perform the same doodle, in the same sequence and direction as they were originally performed.

While each of these technologies has their own benefits and pitfalls, almost everyone agrees that passwords alone are too insecure for modern use. Our digital world requires more privacy and security than passwords can provide. We'll likely see a decline in password use in the next few years as alternatives supplement or replace them. ■





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- December 1: National Pie Day 
- December 4: AICPA Digital CPA Conference 
- December 7: Pearl Harbor Day
- December 7: [www.ENSURINGSUCCESS.com](http://www.ENSURINGSUCCESS.com)!! Free CPE
- December 10: Dewey Decimal System Day
- December 12: Hanukkah Begins
- December 13: MACPA CPA Summit 
- December 13-15: Winning is Everything Conference

## YOUR TO DO LIST:

- Learn something new:  
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- Support a Worthy Cause:  
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- How to Take Care of Yourself at Work:  
[www.womenworking.com/how-take-care-yourself-work](http://www.womenworking.com/how-take-care-yourself-work)

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