



The most current information on how financial professionals can increase cash flow & control costs.

October 12, 2020

KEY FINANCE FIGURES

	Curr*	Lst Mo	Lst Yr
■ Leading Rates %			
Prime Rate	3.25	3.25	5.00
Fed Funds Rate	0.25	0.25	2.00
■ Money Market Rates %			
<i>London Interbank (LIBOR)</i>			
1 month	0.15	0.16	2.01
3 months	0.22	0.25	2.09
6 months	0.27	0.30	2.06
■ Stock & Bond Indexes			
DJIA	27,584	28,654	26,917
S&P 500	3,352	3,508	2,977
NASDAQ	11,118	11,695	7,999
5-Yr T-Bill	0.26	0.28	1.56
10-Yr T-Bill	0.67	0.74	1.69
■ NACM Credit Managers' Index			
Sales	65.8	64.3	64.4
New credit apps	63.4	62.4	60.9
Dollar collections	61.2	62.5	60.0

*As of 9/28/20

The Cumulative Effect of CFO & Controller Alert

With the pace of change accelerating and the competition tougher, what's the best chance to keep up performance and get two steps ahead of the competition? A reliable source of continuous information.

It's the **cumulative effect** that helps, not any one reading. Our unique function is to deliver solid, focused information in your area of responsibility in a fast-read format twice a month to help performance.

The well-intentioned tech move putting data at risk

■ Shadow IT leaving your peers vulnerable

Of course you want your entire finance team – your entire workforce for that matter – to have access to the tech tools they need to do their jobs effectively and efficiently.

But they can't just go rogue and download whatever they want from wherever they want.

That's happening with increasing regularity ... with costly consequences.

Nearly two in three (64%) of employees say they've done just that. But "shadow IT" exposes companies to massive risks. And often firms don't even realize they've been breached, because they don't know employees have the technology in the first place!

Which means not only can't they take steps to protect their own sensitive data, but their customers' info could be compromised as well.

And like just about everything else these days, the COVID-19 pandemic has made this worse.

Take a look at just how rampant shadow IT is today and how your company can minimize its risk.

How widespread the problem is

To give you an idea of just how often this is happening in companies of all sizes, the folks at 1Password

(Please see Tech move ... on Page 2)

Feds revise independent contractor rules

■ New 'economic realities test' to simplify classification calls

You've just been handed new hope that it'll soon be easier to determine whether a worker is truly an independent contractor (IC).

And it comes courtesy of the Department of Labor (DOL).

The DOL has issued proposed new rules to adopt an "economic realities test" for worker classification.

Here's what you need to know.

2 factors most critical now

Under the new economic realities test, two factors will carry the greatest weight in the employee vs. IC question:

1. the nature and degree of the worker's control over the work, and
2. the worker's opportunity for profit or loss based on initiative or investment.

You can also consider things like the amount of skill required for the work and the degree of permanence of the working relationship. But they're secondary considerations.

The rule is open for a 30-day comment period now. We'll update you when it's final.

Info: To read the proposed rules, go to dol.gov/sites/dolgov/files/WHD/flsa/IC_NPRM_092220.pdf

Tech move ...

(continued from Page 1)

conducted a survey. It polled 2,119 American adults who work in an office with an IT department and use a computer for work.

When asked “Have you in the past year signed up for a work-related website or app without your IT department’s approval?” here’s what they admitted:

- 32% had created one account
- 51% had created between two and five accounts, while
- 15% had created more than five accounts.

As for what they’re downloading, it can be anything from project management software to plug-ins that correct grammar mistakes.

Again, all well-intentioned work “upgrades.” But even one has the potential to expose company info.

And with workforces so dispersed during the coronavirus pandemic employees are less likely to reach out to IT to ask for permission. Plus many are scrambling to do their jobs in new ways which means they’re more willing to try anything that can help.

Weak passwords opening the door

Another even more troubling finding in the 1Password survey significantly increases the odds that rogue technology will come back to bite you.

That “worst practice”? Password management. Or rather, password mismanagement.

Just 2% of folks surveyed create a unique password every time they tap a new app or software. A third re-use a memorable password and another 48% rely on a similar pattern of passwords, which can easily be discovered.

So not only are employees leaning on technology not vetted by your IT team – they’re leaving the door wide open for criminals to enter through it.

Your best course of action

So what’s the answer? Ban all shadow IT?

That can backfire – productivity and morale may take a hit if people feel they have no autonomy in how they tap technology to do their jobs.

But you definitely need a shadow IT policy in place.

Be sure it spells out a clear procedure to have apps and software approved by IT (with a reasonable expectation set for how long an answer will take).

Another option: Survey employees on the types of add-ons they’re looking for most often. Then let IT vet them and push out two or three approved choices. That way employees still have control over their preferences, and your techies know your company isn’t being put at risk.

Info: For more survey results, go to blog.1password.com/challenges-of-shadow-it

Sharpen your JUDGMENT

This feature provides a framework for decision making that helps keep you and your company out of trouble. It describes a recent legal conflict and lets you judge the outcome.

■ She sued under the ADA after firm docked her pay

“Hi, Kerry, have a seat,” CFO Bill Keeper said to Payroll Manager Kerry Peterson as she entered his office.

“Sure. What’s going on, Bill?” Kerry said.

“Jenny Morrison is suing us for discrimination and retaliation under the Americans with Disabilities Act (ADA),” said Bill.

“What?” Kerry said. “We docked her final paycheck because she asked for time off, but then we realized she didn’t have enough time accrued.”

‘Not enough PTO’

“Yes. She had to take some paid time off (PTO) to care for her mom, who was sick. Then she took a few more days off because she thought her dad might need some surgery.

“But when she got her final paycheck, it was one-third of her usual pay. When she asked her supervisor about it, she said she didn’t have enough PTO to take all those days off,” said Bill.

“Our policy is to reduce wages if a worker doesn’t have PTO available,” said Kerry. “We’ve borrowed against future accruals before so there wasn’t such a big hit in one paycheck, but this was her final one.”

“Her lawsuit says we violated the ADA by docking her pay to care for a sick relative,” said Bill.

Did Bill’s company win the lawsuit?

- Make your decision, then please turn to Page 6 for the court’s ruling.

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Is Payroll prepared to report FFCRA payments on W-2s?

■ You have three different options for Box 14, IRS explains

Year-end is fast approaching. And like just about everything else in 2020, it's going to look a bit different.

Information reporting included, thanks to the Families First Coronavirus Response Act (FFCRA).

Is your payroll team confident it knows how to account for FFCRA payments on W-2s?

During its August Payroll Industry Call, IRS offered clarity. It confirmed it's possible for an employee to have received payments for all three types of leave, and that'd be reflected in Box 14.

3 types of FFCRA leave payments

The agency said employers can come up with their own abbreviations

for the three categories of FFCRA leave (as long as employees understand what they mean).

Whether you include the info in Box 14 or a separate statement, here's IRS's suggested language:

FOR MORE ...

For IRS's original announcement on how to handle information reporting for FFCRA leave, go to cfoandcontrolleralert.com/irs-guidance-on-w-2s-and-ffcra-leave

- "sick leave wages subject to the \$511 per day limit" (for example, if a healthcare provider had advised an employee to self-quarantine)
- "sick leave wages subject to the \$200 per day limit" (for example, if the employee was caring

for a child with COVID-19), and

- "emergency family leave wages" (for example, if an employee couldn't work because of a school closure).

Time to review these types of T&E policies

■ Change/cancellation terms becoming more traveler-friendly

Chances are you revisited your own organization's T&E policies since the coronavirus pandemic hit.

Many of your peers started requiring additional approvals, forbid hotel gym usage, ok'd more takeout options, etc.

But now's a good time to take a new look at other business travel policies: those of your T&E suppliers.

Are your carriers keeping pace?

The travel industry has been decimated by the global pandemic.

But many have been making slews of changes – some we never thought we'd see – in an attempt to

woo customers back.

One important area to look at in your existing supplier agreements: the change/cancellation terms and conditions (T&C).

Many companies have shifted gears dramatically on everything from how much notice you must give to any penalties they'd charge.

If your current preferred suppliers aren't keeping pace, it's time to renegotiate or look elsewhere.

Adapted in part from "Top Tips for Travel Managers: How Can You Minimize Cost and Risk Caused by Disruption to Your Travel Program?" at amexglobalbusinesstravel.com

ECONOMIC OUTLOOK

■ Decision 2020 and the minimum wage

Will you have to allot more money for compensation due to a bump in the minimum wage?

Depends on who wins that first Tuesday in November.

In addition to the presidential race, there are eleven governor spots open.

For smaller businesses a minimum wage hike could put additional stress during an already-tough financial time.

So what are your odds? Exclusive data from Resourceful Compliance handicaps your odds for you.

Possible changes ahead

First, you can see where both Donald Trump and Joe Biden — and their running mates — stand on the minimum wage issue. (Libertarian and Green parties are included as well.)

But beyond the federal level, you could experience a bump in the minimum wage on the state level. States with gubernatorial races this fall:

- Delaware
- Indiana
- Missouri
- Montana
- New Hampshire
- North Carolina
- North Dakota
- Utah
- Vermont
- Washington, and
- West Virginia

Multi-state employers will need to watch these especially closely.

You'll find a state-by-state breakdown at resourcefulcompliance.com/minimum-wage-survey#state-candidates

Debunked! 2 concerns about latest same-day ACH developments

■ Higher dollar limit not leading to more fraud attempts

Back in the spring, the latest enhancement to same-day automated clearinghouse (ACH) payments kicked in.

Admittedly, you probably had many other things consuming your attention in mid-March.

But the new higher per-transaction threshold definitely offers you new e-payment flexibility. It also opened the door to several concerns.

Who better to put these fears to rest than your peers who have already been taking advantage of same-day ACH?

Nacha recently conducted an informal member survey. And the findings can put your mind at ease.

'No one's going to use it'

Little point to having a four-times higher limit if no one is going to take advantage of it! Turns out that couldn't be farther from the case.

Nearly 70% of survey respondents said they have trading partners who regularly initiate transactions above the previous \$25,000 limit.

So that's a capacity you definitely do want – if not for now then for the future.

'We're at greater risk for fraud'

But will quadruple the dollar amount being cleared so quickly quadruple your company's exposure to fraud?

Not according to your peers who already tap same-day ACH on the regular.

Not a single one found any fraud attributable to the higher dollar limit. And that's in their capacities as both the originating and the receiving sides of the transaction.

Info: nacha.org/news/same-day-ach-new-dollar-limit-not-fraud-vector

Fixing your close needn't require big bucks

■ Targeted investments and closer collaboration pay dividends for your peers

Does it feel like Finance gets left behind when your organization plans technology investments? Well, a new survey by Forrester and Trintech says you're not alone.

Tech investments tend to focus on IT's needs, according to 336 finance and IT decision makers, leaving Finance with outdated systems, frustrated teams and lagging skills.

Trouble with the close

That imbalance shows up in many places, but this may be familiar: Nine out of 10 flagged the financial close as the biggest problem area.

Accurate, real-time financial info

is critical to deal with the pandemic's impact on your business model.

But without your input, skewed investment priorities can increase delays as you do without needed upgrades.

Meanwhile, you don't need a massive investment. Your peers are solving specific issues – fragmented data, inconsistent processes, and out-of-date information, not pushing for a complete ERP replacement.

And, they suggest, push for real collaboration with your CIO to build cross-functional teams that understand all your resources: people, processes and technology.

Info: tinyurl.com/closefix590

MANAGING FOR RESULTS

■ Lead with empathy: Why it is more important than ever

How empathetic are you? Are you in tune with your team? Empathy, which has been considered such a vital leadership skill, became the focal point of Michelle Obama's Democratic National Convention speech in August.

In case you missed it, she said, "Empathy ... the ability to walk in someone else's shoes, the recognition that someone else's experience has value, too ... It is not a hard concept to grasp. It's what we teach our children ..."

Simple 3-step process

But most leaders, unfortunately, are doing a poor job of being empathetic and listening to employees, according to a Leadership IQ study. So how can you practice being more empathetic with your team? It's a simple three-step process, says Mark Murphy, author of *What Great Managers Do Differently*:

- **Step 1:** Say, "I want to make sure I really understand what you're saying."
- **Step 2:** Restate what you heard someone say. Remember, empathy doesn't necessarily mean you agree. It's about helping that person know they're being heard.
- **Step 3:** Say, "Did I get that right?"

Michelle got it right, says Murphy. Empathy isn't a hard concept to grasp. It just needs to be practiced more often, he says. And here's the bottom line: The top 10 companies in the Global Empathy Index outperformed the bottom 10 by 50%.

(Adapted from "Michelle Obama's DNC Speech Hid a Secret Lesson For Every Leader And It's Only 13-Sentences Long," at forbes.com)

Our subscribers come from a broad range of companies, both large and small. In this regular feature, three of them share success stories you can adapt to your unique situation.

1 Pandemic a chance to go more paperless

In the past, our company had talked a lot about going paperless ... as a long-term goal.

However, when many of us began working remotely to prevent exposure to the coronavirus, we discovered how inconvenient paper documents and processes truly were.

More reliance on digital

One good thing to come out of the pandemic was the opportunity to start

using as many electronic versions of tax and financial documents as possible.

We found that choosing available digital documents:

- saved paper and storage space
- supported sanitary working conditions, decreasing COVID-19 infection risk
- improved security of sensitive or private data, and
- made documents easier to access, better preparing us for any potential audits.

Because we could finally

see all those benefits in action, we knew paperless was the way of the future.

We still offer “contactless” pick-up and drop-off in our front entryway for paper document exchanges.

But avoiding these less efficient exchanges is one of the reasons employees and others we work with have embraced the shift from paper to electronic processes.

(Kayla Spillman, Payroll Supervisor, Schuring & Uitermarkt CPA, Pella, IA)

**REAL PROBLEMS
REAL SOLUTIONS**

2 Centralizing approvals saved time and money

One office within our company handles the accounting and payments for three different businesses located across the U.S. With one department handling these duties for three locations, sometimes they have a hard time getting the proper signatures and documentation to get invoices paid.

There are a few key people from each department who will always bring up packing slips and invoices to our team in A/P.

I am always sure they'll hand in the

right paperwork to that department on time and filled-in properly.

Designated signers

I knew I could leverage their reliability, so they have become designated signers. We were able to centralize this task to save on time and energy – and we've done so by choosing people who have a proven track record of being reliable so we don't ever have to worry that something will fall through the cracks.

They know we rely on them, and

they're keen to be noticed for their extra efforts.

We can count on them to ensure that every invoice gets a signature. And for our remote offices, we scan invoices and send them directly to the person who needs to sign them. They can scan and send them right back.

This process saves a lot of time not having to chase for signatures and ensures that payments are received as quickly as possible.

(Bernadette Carney, A/P Manager, Kenwal Steel Corp, Dearborn, MI)

3 We've paid off \$528K of staffer student debt

As we sought to address the evolving nature of benefits due to the pandemic, one challenge we encountered was how to handle the accumulating paid time off (PTO).

Fortunately, the Student Debt Relief Program we launched in 2019 with Fidelity Investments was the perfect solution. It helped employees use some of this accrued PTO to help tackle their student debt.

Monthly student loan payments can leave employees struggling to

contribute to other important savings benefits, such as 401(k)s.

Carry-over PTO

Beginning in their first year, full-time employees receive 28 days of PTO. Each year, they can carry over up to five days of unused PTO. In some cases, carry-over PTO days go unused, leaving money on the table.

The Student Debt Relief program allows employees to transfer up to 40 hours of carry-over PTO into a student debt payment. Because people aren't traveling under the stay-at-

home orders, we anticipate carry-over PTO will have greater importance at year's end.

This has the potential to create even more opportunities for our employees to help pay off their debt.

We're giving our workers more choice in how they use their benefits.

To date, we've paid \$528,000 in student debt on behalf of 428 workers, broken down into \$1,250 per person.

(Carl Gagnon, Assistant VP, Well Being and Retirement Programs, Unum, Chattanooga, TN)

Experts give their solutions to difficult workplace problems

Finance professionals like you face new questions every day on how to deal with everything from accounting and tax regulations to management and employment law issues. In this section, experts answer those real-life questions.

Electronic child support payment options

Q: We're looking at streamlining several of our payroll processes by making them electronic.

Is there any way we can submit employees' child support payments electronically?

A: Employers have several options if they want to start sending in child support payments electronically, according to the Office of Child Support Enforcement.

You can set up your own payroll software to submit child support payments to state agencies as ACH credits through the Federal Reserve banking system, similar to direct deposit.

Many payroll service providers can also send child support payments electronically on an employer's behalf.

In addition, several state child support agencies have set up their own web-based payment services, and employers can sign up to participate by contacting the agency directly.

Another option that may not be intuitive: Sign up for your bank's online bill-paying service and use it to transmit child support payments.

More info: bit.ly/epayments608

Increasing productivity and staying motivated?

Q: As we return to work, there's been a lot of focus on numbers,

goals and targets. Our employees are struggling to hit their targets and really don't seem motivated to keep trying.

What can we do to mitigate this?

A: Well, when an organization is more centered on transactions than on impact, staff won't feel like they're a vital part of the

Have a solid communication plan in place.

team, says Courtney Cordero, Assoc. Director of Annual Campaigns at YMCA of San Diego.

There are a few small steps you can take to ensure every staff member feels like they're necessary.

Starting, simply, by rewarding good work with a mention or email.

You'll also want to have a solid communication plan in-place to keep employees engaged and aware of what's happening in the business.

These small steps can help up productivity without taking up a lot of time or resources to do so.

If you have a question you'd like our experts to answer, email it to Jennifer Azara at jazara@cfodailynews.com

COMMUNICATION KEYS

■ The 'eyes' have it when mouths are covered

Face masks may be necessary in the office these days, but they're an invitation to misunderstanding and misinterpretation.

To replace the visual cues folks are missing when mouths are covered, be sure to smile extra broadly so that it travels all the way up to your eyes.

Info: futura.org/face-mask-smiling-emotions-2396152

■ Next-level ice breakers to keep your team connected

Chances are your team knows each other pretty well. But that doesn't mean some team building isn't important, especially while staffers are more dispersed than usual.

The usual ice breakers won't cut it, but you can try these during your next meeting to keep connections strong:

- What artist did you last search for on your music streaming service?
- What was something odd that frightened you as a child?

Info: fastcompany.com/90506101/12-road-tested-team-building-activities-that-work-for-real-life-remote-teams

■ What Stephen King wants you to do to that memo

You don't want your business writing to be a horror show, but you probably still want to take this advice famed author Stephen King once got:

After you finish writing, cut down your text by 10%. More than that and you might lose your meaning. But that much will cut the fluff.

Info: positivityblog.com/stephen-kings-top-7-tips-for-becoming-a-better-writer

Recent developments that can help your business stay ahead

Feds extend remote I-9 checking yet again

Your company has 90 additional days to keep checking I-9 employment documentation remotely.

The U.S. Immigration and Customs Enforcement (ICE) just announced employers now have until Nov. 19 to use the interim COVID-19 policy.

One key distinction this go-around: If any employees are physically present at the worksite, you must do an in-person physical inspection of the I-9 documentation.

Will this be the final extension? We'll keep you posted.

Info: [ice.gov/news/releases/ice-announces-extension-i-9-compliance-flexibility](https://www.ice.dhs.gov/news/releases/ice-announces-extension-i-9-compliance-flexibility)

New budget benchmarks: Salary increases in 2021

As your company sets its salary budgets for the coming year, new data can help guide you and keep you competitive.

Salary.com just released its annual *U.S. and Canada National Salary Budget Survey*.

The average merit increase for 2021? 2.6%. That's a boost over this year's 2.3% increase, but down from 2.8% in 2019.

If your salary budget number isn't moving much, you're far from alone. For the 10th consecutive year, median salary increase budgets should remain consistent at 3%.

Info: For more, go to [tinyurl.com/2021salaryincreasepredictions](https://www.tinyurl.com/2021salaryincreasepredictions)

IRS grants tax relief to Oregon wildfire victims

Companies impacted by the devastating wildfires in the west will receive temporary tax relief.

IRS just announced that affected businesses will now have until Jan. 15, 2021 to file returns and pay any taxes that were originally due from Sept. 7 on. The new deadline also applies to quarterly payroll tax returns normally due on Nov. 2.

Info: IR-2020-215, 9/17/20

Key year-end test dates released for FIRE system

If you plan to file your company's 1099s electronically this year-end, you'll want to get these dates on Finance's collective calendar ASAP.

IRS just released the dates for the FIRE Test System in *Publication 1220*:

- Oct. 26 - Nov. 2: system down for updates
- Nov. 3 - Dec. 4 at 6 p.m. ET: system available
- Dec. 4 at 6 p.m. ET - Jan. 4, 2021: down for updates, and
- Jan. 4 2021 8:00 a.m. ET - date TBD: available.

Info: [irs.gov/pub/irs-pdf/p1220.pdf](https://www.irs.gov/pub/irs-pdf/p1220.pdf)

Lighter side: You gonna eat that?

Most companies struggle to get employees to clean out the communal refrigerator. Whose old lunch has been sitting there for *weeks*?

How about 60 years? That's how long an Illinois man has kept a half-eaten sandwich.

Though that sandwich was half-eaten by Richard Nixon in 1960.

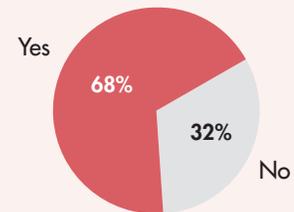
The sandwich has brought Steve Jenne some notoriety over the years, including an appearance on the Tonight Show with Johnny Carson.

Though it's probably unlikely Kiersten in Marketing's old Thai food will land her on the late night circuit.

Toss it!

MEASURE UP

Will the strategic role of treasury increase in importance over the next 3 years?



Source: 2020 AFP The Strategic Role of Treasury, [afponline.org](https://www.afponline.org)

So what competencies will be most critical for treasury teams in the coming months and years? 1. communication, 2. the ability to collaborate and 3. being a strategic thinker, says the Association for Financial Professionals.

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