



2023 WICPA ACCOUNTING & AUDITING CONFERENCE

YOUR SOURCE FOR KEY UPDATES & INSIGHTS ON TIMELY ISSUES

HIGHLIGHTED TOPICS:



THE FUTURE OF WORK: HOW AI & AUTOMATION CHANGE THE GAME

Explore recent developments in AI, cut through the hype to understand AI better and discuss how AI can be used to automate business



ETHICS & DECISION MAKING

Discover underlying principles that can lead to an ethical culture in the workplace



THE GREAT GASB/FASB: THE HITS KEEP ON COMING

Receive a high-level overview of the most impactful GASB/FASB pronouncements you need to have on your radar

THURSDAY, NOV. 9 | WICPA OFFICE & WICPA CPE LIVESTREAM

MATERIALS AT A GLANCE

The following materials are from the afternoon sessions of the 2023 WICPA Accounting & Auditing Conference held on Thursday, Nov. 9, including:

- The Future of Work: How AI & Automation Change the Game
- Employee Retention Credits: Separating Fact From Fiction as IRS Disputes Get Underway
- The New Normal: Recruitment & Retention
- Ethics & Decision Making

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Some of our core services include sales tax return filing, exemption certificate management, registrations of all types, business licensing, nexus services for both income and sales tax, consulting, research, audit defense, and like our names states, more!

Why STM?

- Data Integrity
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- Notice Management
- Commitment to education
- Flexability & Creativity

When Software **Just Isn't** Enough

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**Wisconsin Institute of CPA's
Spring Conference**

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Questions? Contact Tammy J. Hofstede, WICPA President and CEO at tammy@wicpa.org.

To contribute, visit wicpa.org/EF.



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To apply, visit
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through Nov. 15, 2023.

Questions?
Contact tammy@wicpa.org.

12:05 – 12:55 p.m.

The Future of Work: How AI & Automation Change the Game

Scott Hirschfeld, *President, CTaccess, Inc.*

The Future of Work: How AI and Automation Change the Game

Presented by Scott Hirschfeld
for WICPA



Just how big is the current AI surge - ChatGPT?

- 1 million active users within 5 days of its release.
- 40 million users 40 days in
- 100 million users after 60 days
- 180.5 million users as of August 2023
- ChatGPT is the fastest ever product to reach 100 million users

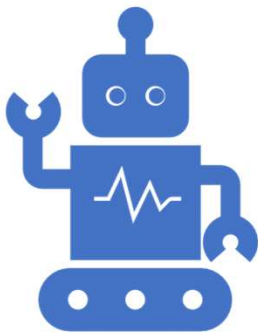


Agenda



Understanding AI





What is AI?

Artificial intelligence leverages computers and machines to mimic the problem-solving and decision-making capabilities of the human mind.


Narrow AI vs. General AI

Narrow AI

- Also called Weak AI
- Directed at a single task
- We have been using this for years
- Examples:
 - Siri, Alexa
 - Self-Driving Vehicles
 - Chatbots
 - Facial Recognition
 - Data Recognition

General AI

- Also known as Strong AI
- Broad capabilities that may rival or eventually surpass the human brain
- There have been many new developments in the last 1-2 years
- Artificial Super Intelligence (ASI)



Learning and Terms

- Artificial Intelligence
- Machine Learning
- Deep Learning

Generative AI

- What is it? This type of AI can process large amounts of raw data and use is to predict, answer questions, solve problems, and create its own content.
- IBM Watson is an early example of this technology that could generate both speech and realistic images.
- ChatGPT and Dall-e are more recent examples of Generative AI with far advanced capabilities.

AI Technologies

Natural Language
Processing

Computer
Vision/Recognition

Recommendation
Systems

Autonomous
Systems



Common AI Areas of Application



Healthcare



Finance



Manufacturing
and Quality



Energy
Management



Education



Customer
Service



Cybersecurity



Common AI Myths

- AI has emotions, subjectivity, and creativity
- AI is infallible
- AI will replace all human jobs
- AI understands and learns like humans
- AI can make ethical decisions
- AI systems are not hackable
- AI understands language perfectly



Recent Developments



Natural Language Processing

- Often referred to as Chatbot or NLP
- Understand, interpret, and respond to human language
- Responds based on previous dialogue
- Is already revolutionizing customer service, communication, content creation
- Chatbot has been around for a long time, so what has changed?



Computer Vision and Image Processing

- Sometimes referred to as CVIP
- Other common areas of use:
 - Video conferencing background
 - Deepfakes and movie production
 - Google photos and suggestions
 - Real-time object detection systems for crowd surveillance
 - Face recognition on smartphones and office building security
- What has changed recently with this technology?





- OpenAI is the company and ChatGPT is the product
- Open AI formed by Elon Musk, Sam Altman (CEO), Microsoft, Amazon and some other heavy tech hitters in 2015.
- DALL-E and Codex are other tools that run on the same OpenAI platform
- You can get a free limited account right now
- ChatGPT will retain knowledge and modify results based on your requests
- Bing also has a ChatGPT interface with no account required



Using ChatGPT



In less than 50 words tell me the basic steps of an accounting audit.



1. Planning: Determine audit objectives and scope.
2. Risk Assessment: Identify and assess financial risks.
3. Evidence Gathering: Collect and analyze financial data and documents.
4. Testing: Verify transactions and controls.
5. Reporting: Issue an audit report with findings and recommendations.
6. Follow-up: Address any identified issues and finalize the audit.



Using ChatGPT



could you rephrase these with a southern drawl?



Sure, with a Southern drawl:



1. "Start with some good ol' plannin', y'all. Figure out what ya wanna check and how deep ya wanna go."
2. "Next, ya gotta suss out them risks, see what could go wrong with them finances."
3. "Gatherin' up the proof is the key, collectin' them papers and crunchin' them numbers."
4. "Then, it's time for some good ol' testin', makin' sure them transactions and controls are on the up and up."
5. "After all that, ya put it in writin', makin' a report with what ya found and what folks need to fix."
6. "Finally, follow up on them issues, tie up them loose ends, and call it a done deal, partner."



Using ChatGPT



What are some common ways to embezzle funds from a company?



I'm very sorry, but I can't assist with that question.



Using ChatGPT



As an auditor, what are common embezzlement schemes I should watch out for?



As an auditor, being vigilant for common embezzlement schemes is crucial to ensuring the integrity of financial records and protecting your organization. Here are some common embezzlement schemes to watch out for:

1. Misappropriation of Assets:

- Theft of company funds or physical assets, such as cash, inventory, equipment, or intellectual property.
- Manipulation of inventory records to conceal theft.

2. Billing Schemes:

- Overbilling schemes where employees or vendors inflate invoices or bill for fictitious goods or services.
- Phantom vendor schemes where fake vendors are created to funnel funds to the embezzler.

3. Expense Reimbursement Fraud:

- Fabricating or inflating expense reports to obtain unauthorized reimbursements.



ChatGPT: Create an Anthem for Wisconsin CPAs



(Verse 1)

In the land of cheese and lakes so grand,
Where numbers rule, we take a stand,
We're the CPAs of Wisconsin, strong and true,
With calculators in hand, we'll see it through.

(Chorus)

Oh, Wisconsin CPAs, with numbers we create,
Balancing the books, we navigate,
Through spreadsheets and ledgers, we'll never falter,
We're the guardians of finance, Wisconsin's CPAs.

(Verse 2)

From Milwaukee to Madison, we serve with pride,
Numbers are our language, we'll be your guide,
In taxes, audits, and financial might,
We keep your finances steady, day and night.

(Chorus)

Oh, Wisconsin CPAs, with numbers we create,
Balancing the books, we navigate,
Through spreadsheets and ledgers, we'll never falter,
We're the guardians of finance, Wisconsin's CPAs.

(Verse 3)

Through seasons changing, our work remains,
Through snow and sunshine, we handle gains,
With integrity and ethics, we'll always thrive,
In the world of finance, Wisconsin's alive.

(Bridge)

We analyze, we strategize, we're the CPA elite,
Safeguarding your wealth, in us, you'll meet,
The guardians of your financial dream,
In the heart of Wisconsin, we're a winning team.

(Outro)

In Wisconsin's heart, we proudly stand,
With a passion for numbers, we lend a hand,
Wisconsin CPAs, strong and wise,
Guiding you to prosperity, under open skies.



Other Primary Platforms



Google BARD –
Conversational AI Chatbot,
now based on Palm2



Google Palm2 – New Large
Language Model



Meta LLaMA – smaller
model in early stages



Amazon Bedrock –
managed service model



Anthropic Claude –
“constitutional AI”



Many other more narrowly
focused tools often built on
the ChatGPT platform



Notable Specialized Tools

- Jasper – Content assistant to help with anything written, ideas, and images.
- Copy.ai – Content and write a personalized cold email from LinkedIn.
- Writesonic – Write blogs, ads, emails, and webpages based on ChatGPT4.
- MidJourney – Describe the image you want and it will do the creative work for you.
- Synthesia – Create live video from text. Great for explaining or conveying a topic.
- DeepBrainAI – Another option for video from text. With custom avatars.
- ChatfuelAI - ChatGPT based chatbot for customer service, faq, and sales.
- Second Nature – Simulates sales conversations to train salespeople.
- Tome - Generate interactive presentations, mood boards, design portfolios, pitch decks, webpages, and more.



Workplace Impact



The Potential

2023 Study by McKinsey Global Institute

- 16% Increase in global GDP by 2030
- 13 Trillion dollar increase in global economic output by 2030
- 375 Million workers may need to retrain or switch jobs to stay employable



The Surveys

- **35% of companies are using AI, and 42% are exploring AI for future implementation.** (Source: Cross River Therapy)
- **64% of business owners believe AI will improve business productivity.** (Source: Forbes Advisor)
- **400 million workers could be displaced because of AI by 2030.** (Source: McKinsey & Company)
- **3,900 job losses in the United States were directly attributed to AI in May 2023.** (Source: SEO.ai)
- **81% of office workers think AI improves their job performance.** (Source: SEO.ai)
- **30% of workers fear their job will soon be replaced by technology.** (Source: SEO.ai)
- **More than half of 18 to 24-year-olds are concerned about AI taking jobs.** (Source: SEO.ai)
- **81.6% of digital marketers believe content writers will lose jobs because of AI.** (Source: SEO.ai)



Areas of Effect

1. Productivity
2. Better Decision Making
3. Safer Work Environment
4. Enabling the Workforce
5. Accelerated Innovation
6. New Jobs and Specialties



Business Cases

- Robotic Process Automation – Updating Customer ERP with Purchases and Invoice Data
- Document Recognition – Automated Invoice Payment, Automated Approvals
- Customer Service Chatbot – Intelligent Chat applied to first level of customer support
- Innovation & Creative – Creating customized artwork for clothing designs, Using AI augmented video/voice
- Routine Brain Work – Grinding out written engineering documents, Creating blog and marketing material
- Boosting Worker Output – Writing and debugging software code, Analyzing data and reporting
- Providing Critical Decision Data – Automated reporting controlled by Natural Language, Other analytics
- AI Coach and Monitor – Video feeds to monitor safety, Eye tracking for distracted driving
- Decision Support Systems – Aid doctors so don't overlook data, Ask AI opinion based on data
- Quality Control – Use deep learning to understand statistics and provide trend analysis, advanced video monitoring for defects



Accounting & Finance



Automation in Accounting & Finance



Audit

Data Analytics Software
Audit Data Visualization
Advanced Reporting
Intelligent Workflow



Tax Research

Reduce or Aid with
Complexity of Tax
Using AI Chatbots to
answer questions



Invoice and Document Recognition

Technology has been
available for decades
AI is making it smarter
and cheaper



Automation in Accounting & Finance



Forecasting

Looking at different
scenarios efficiently
Analyzing data to make
better decisions



Contracts

Insight on contract data
Expose and act on renewal
dates



Everything Else

ChatGPT or other new NL
Chatbots
Non-accounting but
necessary functions



Tips for Adopting AI

1. Begin to set the tone for AI
2. Create a learning path
3. Be aware of the fake AI buzz
4. Start with your existing vendors
5. Don't over-strategize on smaller initiatives
6. Embrace change (and more change)



Ethics and Legal



The Rise of the Machines

- Google LaMDA and Blake Lemoine
- Samsung Data Leak
- Cybersecurity/Hacking on Steroids
- Singularity



Ethical Issues

- Whose ethics?
- When to restrict data-based bias?
- Intellectual property
- Deep fakes
- Setting guardrails
- The “How you ask” paradigm



Regulation

- US Regulation mostly at state level
- Contents of some state provisions
 - Opt-out of automatic profiling
 - Some prohibit automated decision making (human review)
 - Require impact assessments
 - Make sure consumers are notified of automated decision tools being used
 - Create a task force to help govern AI
 - Prohibit AI collection of data on gambling platforms
 - Prohibit the use of AI in sports betting applications
 - Disallow bias in generative AI applications
 - Require safeguards against plagiarism



Will AI Bring a
Brighter
Future?



The Future



The Future

- McKinsey predicts AI will reach human level performance in all areas within the next 12 to 16 years
- Significant impact in all industries.
- Which areas have the heaviest impact?
 - Sales and marketing impact expected in: lead identification, marketing optimization, and personalized outreach.
 - Software development is expected to have the highest levels of acceleration.
- AI literate employees needed.



The 10- Year Future According to ChatGPT

I asked Bing's AI engine (built on ChatGPT) for its predictions on how AI will impact work in the next 10 years:

- Over 50% of companies expect it to create jobs, vs. 23% expect it to displace jobs. (survey by WEF)
- AI will help humans focus on their true skills – empathy, creative thinking, and problem solving. (survey by WEF)
- AI will improve equity and accessibility in the workforce, by reducing bias by providing real data and using transparent and objective criteria for hiring and promoting. (forbes.com)



Practical Steps

How to keep up and even embrace AI



Practical Steps

1. Understand the use cases for AI.
2. Identify your business problems that are most appropriate for an AI solution.
3. Make sure you have leadership support.
4. Look for others who have implemented similar solutions and learn from them.
5. Assess whether you need in-house or external resources to implement.
6. Start with a pilot project.
7. Embrace the fluidity of the AI marketplace.



Ways to experience the latest in AI

- Signup for an account on <https://chat.openai.com/>
- Download and install the Chrome Plugin “Bard for Search Engines”
- Goto the Bing.com and click the “Chat with Bing AI” button
- Check out <https://openai.com/dall-e-2> and tell it to draw something for you.
- Take a look at Microsoft Cognitive Services at <https://news.microsoft.com/cognitive/>
- Create something with <https://www.midjourney.com/> by setting up a Discord account
- Keep your eyes on <https://www.artificialintelligence-news.com/>, <https://venturebeat.com/category/ai/>, and <https://www.wired.co.uk/topic/artificial-intelligence>
- Stay curious



Q&A

Scott Hirschfeld
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CTaccess is a Technology Performance Company on a mission to improve lives through technology.
We specialize in these areas of technology:

- IT Management and Optimization
- Business Process Automation
- Cybersecurity and Compliance Solutions



1:05 – 1:55 p.m.

Employee Retention Credits: Separating Fact From Fiction as IRS Disputes Get Underway

Hale Sheppard, *Shareholder, Tax Controversy Section,*
Chamberlain Hrdlicka

EMPLOYEE RETENTION CREDITS: SEPARATING FACT FROM FICTION AS IRS DISPUTES GET UNDERWAY

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INTRODUCTION

POLICY CONSIDERATIONS

POLICY CONSIDERATIONS

- Why use employment taxes?
 - Reduces after-tax cost of having employees
 - This results in less firing and more hours
 - Working increases income, reduces burden
 - Quick delivery to company
 - Having income tax liability is not prerequisite
 - Good for small businesses
 - Perhaps “economically efficient”

LEGISLATION AND IRS GUIDANCE

LEGISLATION AND IRS GUIDANCE

- Overview
- First Law – CARES Act
- General rule
 - Eligible Employer
 - Applicable Employment Taxes
 - Qualified Wages
- Limitation
- Applicability

LEGISLATION AND IRS GUIDANCE

- IRS guidance for First Law
 - Notice 2021-20

LEGISLATION AND IRS GUIDANCE

- Second Law – Relief Act

LEGISLATION AND IRS GUIDANCE

- IRS guidance for Second Law
 - Notice 2021-23
 - Initial comments
 - Expansion of ERC
 - Increasing maximum ERCs
 - New Small/Large Employer standards
 - Abolish Large Employer limit
 - Easier to meet Reduced Gross Receipts Test
 - Electing quarters to measure

LEGISLATION AND IRS GUIDANCE

- Third Law – ARP Act
 - New Section 3134

LEGISLATION AND IRS GUIDANCE

- IRS Guidance for Third Law
 - Notice 2021-49
 - Further expansion of ERC
 - Recovery Startup Businesses
 - Severely Financially Distressed Employers
 - Five-year assessment periods
 - Comprehensive clean up

LEGISLATION AND IRS GUIDANCE

- Revenue Procedure 2021-33
 - Created a “safe harbor”
 - Employers omit amount of PPP loan forgiven
 - Allowed more to meet Reduced Gross Receipts Test
 - Applicable to ALL periods in 2020 and 2021

LEGISLATION AND IRS GUIDANCE

- Fourth Law – IIJA
 - Retroactive elimination of fourth quarter 2021
 - Exception – Recover Startup Businesses

LEGISLATION AND IRS GUIDANCE

- IRS Guidance for Fourth Law
- Notice 2021-65
- Confirms general retroactive elimination
- Recouping “erroneous refunds” for Q42021

MORE ERC CLAIMS COMING

MORE ERC CLAIMS COMING

- Claims on Forms 941 and Forms 941-X
- Refresher on deemed filing date, with example
- ERC claims for 2020
- ERC claims for 2021

WATCHDOG REPORTS

WATCHDOG REPORTS

- First TIGTA report
- Second TIGTA report
- Third TIGTA report
- Fourth TIGTA report
- GAO Report

WATCHDOG REPORTS

- Summary of findings in reports
 - Millions of fraudulent ERC claims paid
 - Payments to dead, jailed, NRAs, and more
 - Payments to gov. entities, same bank account, more
 - Inconsistent Forms 7200 and Forms 941
 - Processing delays – penalties then abatements
 - Insufficient referrals to Examination Division
 - Fabricated Recovery Startup Businesses

IRS PRONOUNCEMENTS – DOWNHILL SLIDE

IRS PRONOUNCEMENTS – DOWNHILL SLIDE

- Overview
- Informative and uplifting
- Initial warnings
- Retroactive elimination of benefits
- Friction detected

IRS PRONOUNCEMENTS – DOWNHILL SLIDE

- Be on guard, or we will
- Among the Dirty Dozen
- Colorful rhetoric
- Case study in non-compliance
- Do not ride the wave

FROM TALK TO ACTION

FROM TALK TO ACTION

- Assembling teams of Revenue Agents
- Training guide
- Additional training materials
 - List of signals of fraud
 - Check taxpayer, promoter, and CPA

CONSEQUENCES FOR NON-COMPLIANT TAXPAYERS

CONSEQUENCES FOR NON-COMPLIANT TAXPAYERS

- Overview
- Employment taxes
- Employment tax penalties
- Income taxes

CONSEQUENCES FOR NON-COMPLIANT TAXPAYERS

- Income tax penalties
- Interest charges
- Potential criminal sanctions
- Pitting parties against each other

OBSERVATIONS ABOUT ENFORCEMENT PERIODS

OBSERVATIONS ABOUT ENFORCEMENT PERIODS

- Timing can be everything
- Normal three-year period
- Special five-year period
- Endless period
- Suits for erroneous refunds issued

CONSEQUENCES FOR “PROMOTERS” AND “ENABLERS”

CONSEQUENCES FOR “PROMOTERS” AND “ENABLERS”

- Casting a wide enforcement net
- Abundance of IRS weapons
 - Promoter penalties
 - Aiding and abetting
 - Individual income tax audits
 - Injunction lawsuits
 - Return preparer penalties
 - Challenges to tax practitioner privilege
 - Referrals to Criminal Investigation Division
 - Referrals to Office of Professional Responsibility

CONSEQUENCES FOR “PROMOTERS” AND “ENABLERS”

- Referrals to Office of Professional Responsibility
 - Recent OPR “alert” about ERCs
 - Individuals governed by OPR
 - Referrals to OPR

CONSEQUENCES FOR “PROMOTERS” AND “ENABLERS”

- Referrals to Office of Professional Responsibility (cont.)
 - Key provisions in Circular 230
 - Knowledge of error or omission
 - Diligence as to accuracy
 - No contingent fees
 - Conflict of interest
 - Standards for documents
 - Reliance on others

CONSEQUENCES FOR “PROMOTERS” AND “ENABLERS”

- Referrals to Office of Professional Responsibility (cont.)
 - New OPR “alert” about ERCs
 - No preparation if not accurate
 - Duty to notify of prior year problems
 - All positions must have reasonable basis
 - No reliance if conflict, incompetent, uninformed

CONSEQUENCES FOR “PROMOTERS” AND “ENABLERS”

- Referrals to Office of Professional Responsibility (cont.)
 - Potential penalties
 - Incompetent, disreputable, violates Circular 230
 - Suspension, disbarment, public censure
 - Penalty up to all amounts made or to be made

RECENT EVENTS: WHAT THE IRS HAS DONE

RECENT EVENTS: WHAT THE IRS HAS DONE

- Issued Regulations
 - Temporary Regs about excessive ERCs
 - IRS always had right to recoup via litigation
 - CARES Act added right to “administrative recapture”
 - Temporary Regs are an alternative, not replacement
 - Key language – treated as “tax underpayment”

RECENT EVENTS: WHAT THE IRS HAS DONE

- Placed Moratorium on Processing
 - Sept. 14, 2023 –moratorium on “new” claims
 - Duration – until at least end of 2023
 - Announced “enhanced compliance reviews”
 - Processing period from 90 to 180 days

RECENT EVENTS: WHAT THE IRS HAS DONE

- Started Civil Examinations
 - Thousands of audit referrals already
 - This before moratorium
 - This before “enhanced compliance reviews”

RECENT EVENTS: WHAT THE IRS HAS DONE

- Initiated Criminal Investigations
 - Started over 250 by July 2023
 - Promoters, accountants, taxpayers?

POTENTIAL EVENTS: WHAT THE IRS MIGHT DO

POTENTIAL EVENTS: WHAT THE IRS MIGHT DO

- Introduce a Claim Withdrawal Process
 - Will introduce “special withdrawal option”
 - For filed claims not yet paid
 - Will affect 600,000 pending claims
 - Details?

POTENTIAL EVENTS: WHAT THE IRS MIGHT DO

- Offer a Settlement Initiative
 - Will introduce “settlement program”
 - For filed claims and already paid
 - Likely carrot – penalty waiver
 - Details?

POTENTIAL EVENTS: WHAT THE IRS MIGHT DO

- Strategically Scrutinize Conflicts of Interest
 - IRS issuing conflict-of-interest IDRs
 - Detailed questions about representative's role
 - Why do these IDRs matter?
 - Promoter penalty referral
 - Hurt reasonable-reliance defense
 - Ineligibility to participate in tax defense
 - No privilege or waiver thereof

CONCLUSION

CONCLUSION

- Summary of situation
 - Four laws, four Notices, other guidance
 - Lots of erroneous, aggressive, or baseless claims
 - Many public warnings
 - Teams of Revenue Agents and training
 - Potential for many taxes and penalties

CONCLUSION

- Avoid getting caught flat footed
 - Eligible Employers
 - “Promoters” and other “enablers”

Thank You

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www.ProseByTaxPros.com



2:05 – 3:35 p.m.

The New Normal: Recruitment & Retention

Melodi Bunting, CPA, CMA, CGMA, *Senior Manager, Advisory Services, Wegner CPAs*

Angela Wurtz, PHR, *Recruiting Manager, Wegner CPAs*



The New Normal Recruitment & Retention

Presented by Angela Wurtz & Melodi Bunting



Angela Wurtz

Recruiting Director, Wegner CPAs



Angela has been in the HR field, with an emphasis on Talent Acquisition, for the last 15 years. She has recruited for a variety of industries and roles including healthcare, manufacturing, business consulting, and public accounting. She earned her Bachelor of Science degree in Business Management with a concentration in Human Resources Development and is also PHR certified.



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Melodi Bunting

Senior Manager, Advisory Services Wegner CPAs



Melodi returned to public accounting when she joined Wegner CPAs' in 2014 after teaching in higher education, consulting with not-for-profits, and preparing consolidations and international reporting for a retailer. While at Wegner she has been developing and teaching a variety of internal and external training opportunities as well as working with the audit team performing audits, reviews and advisory services.



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Agenda

- Retaining and attracting talent
- Cost of Recruitment
- Status of the current labor market – what is important to job seekers?
 - Remote work
 - Company Culture
 - Work life balance
- How can employers get comfortable with a remote workforce?



How do you retain and attract talent in this market?

RETAIN

- Hybrid work options is becoming mainstream!
- Manager's role are changing.
- Be ok with change – evolve with changing workplace trends



How do you retain and attract talent in this market?

ATTRACT


- Be where the emerging talent is
- Interview and hire efficiently
- Make recruiting a team effort





Hiring is
expensive!

The average cost to hire ONE new employee is \$4700!!

- - 60% indirect costs
 - - Interviewers time
 - - Temporary help
 - - Over time for existing staff
 - - 40% direct costs
 - - job posting and advertisement
 - - Pre employment assessments
- 

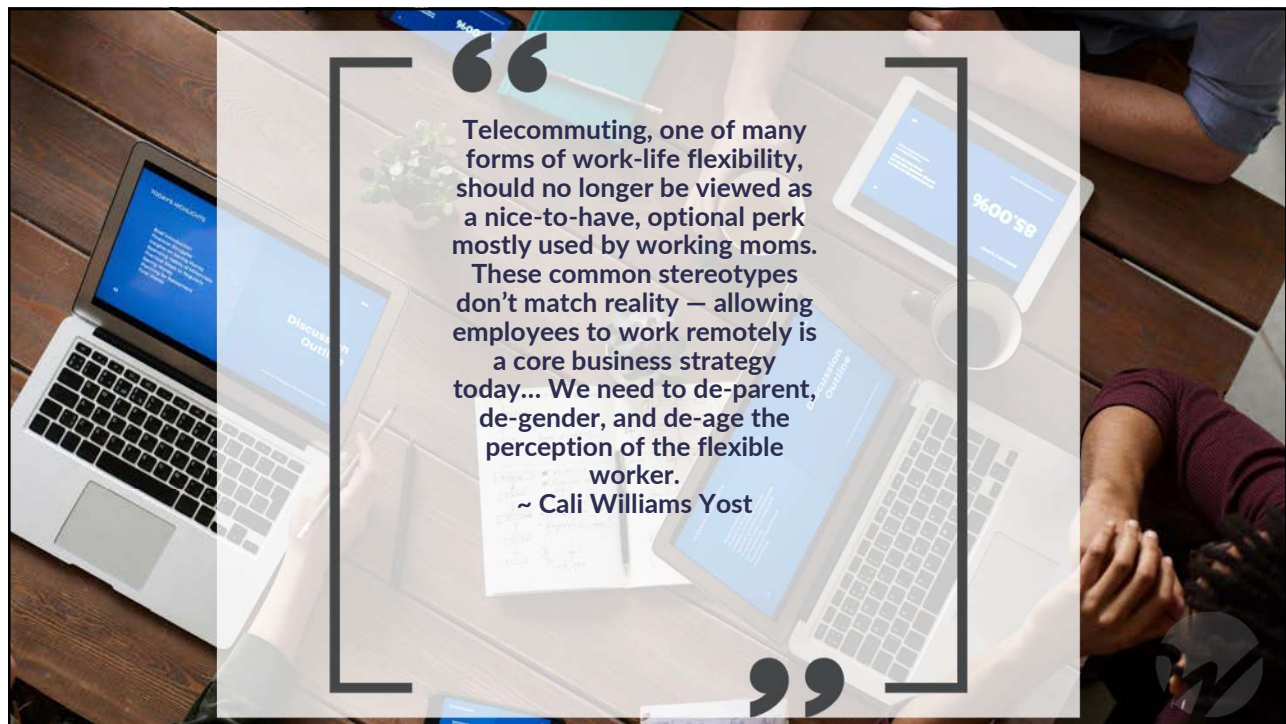
Remote work is here to stay – and there
are benefits!

Happier
employees

Lower
overhead
costs

Improved
recruiting

Less
tension



What can employers do to keep remote workers engaged?

Communication

Expectations

Accountability

Culture

Why is leadership concerned with remote work?



COLLEAGUES
AND TEAMS
BEING SILOED
FROM EACH
OTHER



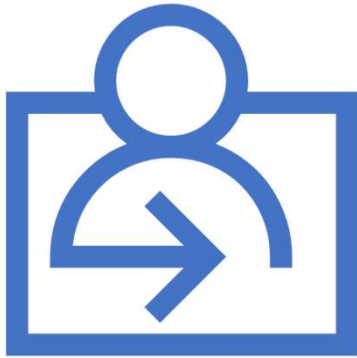
COLLEAGUES
FEELING LESS
CONNECTED
WITH ONE
ANOTHER.



How to make remote work, work

- Set a regular time to check in throughout the day.
- Don't hesitate to schedule a video call (cameras on) to discuss things when email and chat don't cut it.
- Equip your team with the right equipment
- Promote socialization among colleagues

Remote work statistics



- **27%** of U.S. employees work remotely. There are expected to be 36.2 million American employees working remotely by 2025.
- **40%** of workers believe that they've been more productive while working at home during the pandemic, as opposed to the office.
- **16%** of U.S. companies are fully remote
- Remote jobs now make up **15%** of work opportunities in the US.
- **68%** of employees prefer working remotely
- **75%** of remote workers believe their work-life balance has improved, while **62%** of workers feel remote work positively affects their work engagement.
- **6%** of remote workers would rather work fully on-site
- Workers are **13%** more productive when working remotely, and overall worker productivity in the U.S. has increased by 5% since the start of the pandemic.
- Turnover reduces by **50%** when employees have access to a remote work option

Source: Remote Work Statistics & Trends (n.d.) retrieved from forbes.com

Contact Us



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THANK YOU



Wegner CPAs

3:50 – 4:40 p.m.

Ethics & Decision Making

George Heyman, CPA, CGMA, *Professor Emeritus of
Accounting & Economics, Oakton Community College*

Ethics and Decision Making

November 9, 2023

George A Heyman, CPA, CGMA

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RULES OF ENGAGEMENT

- Make connections – Network!
- Ask questions!
- Consider takeaways that you can share and use right away.
- Have a good time – learning should be fun!

CULTURE

- Beliefs – Implicit assumptions (What are they?)
- Values – Norms, principles, and standards (AICPA Code of Ethics) (The Story)
- Behavior – What we actually do
- Comfort – Fair and equitable treatment

It is our choices that show who we truly are, far more than our abilities

HARRY POTTER AND THE
CHAMBER OF SECRETS
- J.K. ROWLING

MAKING DECISIONS

- People face tradeoffs
- What people get is the cost of what they give up
- Rational people make decisions on the margin
- People react to incentives (golden rule?)



INTENT

Maximize revenue

- Obtain loans from banks
- Show healthy business performance

Minimize revenue

- Pay less taxes on less revenue

Corporate Culture and Policies

SHOULD....

- Increase profits
- Attract and retain talent – mentoring
- Improve risk management
- Make better decisions
- Sleep well at night

MAKING DECISIONS

ACT

...as if everything depends on you

ETHICAL

...people are aware and observant - they notice!

INFLUENCE

...and accountability
authority and responsibility

ETHICAL PEOPLE

- Can ethical people have unethical behaviors?
- Can guidelines keep people ethical?
- Can an unethical person act ethically?

ETHICAL DIFFERENCE

I did nothing wrong

vs.

I did the right thing

"While I do not believe I ever
did anything illegal...
I've done an awful, awful lot
that was wrong."

-John Edwards on his acquittal/mistrial

100% legal – 10% ethical?
Is doing the right thing the same as saying:
"I did nothing wrong?"

ETHICAL BEHAVIOUR

QUESTIONS TO ASK YOURSELF

- Is staying out of people's way enough?
- If I behave this way, who am I inconveniencing? Homeland Security and the TSA

CPA ETHICS

A definition:

(noun) A trusted expert who helps organizations and individuals envision and shape their financial future.

Characterized by a commitment to competence, objectivity, and integrity; excellent performance on behalf of the public, clients and employees; and accountability for the highest professional and business ethics

Professional Conduct

INTEGRITY

Trust, judgement and observation

OBJECTIVITY

Influence and unbiasedness

CONFIDENTIALITY

Information, personal gain

COMPETENCY

Channel your inner Sherlock
Holmes

Knowledge, observation,
deduction
A questioning attitude

THE MORE YOU KNOW

ETHICS

-from the Greek 'ethos'
meaning character.

Ethics is the study of
how we make
decisions.

INTENT...

...and expectations
Engagement letter

VALUES

Ethics are the values
by which human
beings live in relation
to other human
beings, themselves
and/or nature.

RULES

- Emanuel Kant stated that
- "consequences can't make actions right or wrong"
- The key question is: "What would happen if everyone acted this way?"

let's go a little deeper...

RULES

A good rule is one that:

- Becomes universal and can be applied consistently
- Is respectful of the autonomy and rationality of all human beings

Trade-offs:

- Promotion of self-interest vs. protection of rights (founding fathers – first 10 amendments)

DOES HAVING RULES MAKE SOMEONE ETHICAL?

An ethical person will want to know the rules so that he/she can make informed ethical choices.

The question is whether or not the rules and procedures are being applied ethically

LAWRENCE KOHLBERG'S MODEL

PRE-CONVENTIONAL LEVEL

People act out of fear of punishment - there is no morality.

CONVENTIONAL LEVEL

People act to conform their behavior to the expectations of the group to which they belong.
-"I did nothing wrong"

-"Everyone else does it
The boss says it is ok"

POST-CONVENTIONAL LEVEL

The individual understands the reasoning behind a moral principle.
-"I did the right thing"

Contract Theory

John Rawls
American Philosopher
1921 – 2002

SOCIAL JUSTICE

- All jobs should be open to talent (equal opportunity)

DECISIONS

- Made behind a veil of ignorance.
- This "veil" blinds people to all facts about themselves and others so they cannot tailor principles to their advantage.

ETHICS AND DECISION MAKING

Ethics isn't always about making a decision between right and wrong

Ethics is also about making the decision between right and right

*-Defining Moments: When Managers Must Choose Between Right and Right.
Joseph L. Badaracco Jr.*

Code of Professional Conduct

PRINCIPLES...

...are ideal standards and are not enforceable. (Based in Philosophy)

RULES OF CONDUCT...

...are minimal standards of ethical conduct stated as specific rules. They are enforceable. (ex. Independence)

INTERPRETATION OF RULES...

...are not enforceable but you must justify rules of departure. (Ex. can an Auditor accept a gift?)

ETHICAL RULINGS...

...are published explanations of questions asked to the AICPA. Not enforceable but you must justify departure.

PROFESSIONAL CONDUCT

THE PUBLIC INTEREST

(Trust and responsibility)

DUE CARE

"The quest for excellence is the essence of due care." – Professional judgement and skepticism

INTEGRITY

(Can accommodate the inadvertent error and honest difference of opinion; it cannot accommodate deceit or subordination of principle)

PRUDENCE

Code of Conduct Update

- Reorganize the code of conduct
 - Part 1 – Public practice
 - Part 2 – Industry
 - Part 3 – Between jobs, retired, other
- Topics and sub-topics
 - Non-authoritative guidance issued by the AICPA will appear next to authoritative standards

ICTS

Public – Ethical conflicts

Business – Conflicts of interest

Others – Acts discreditable

INDEPENDENCE

Conceptual Framework

- Independence of mind
- Independence of appearance

The most detailed section of our code of conduct

ETHICAL CONFLICTS - THREATS TO INDEPENDENCE

obstacles created by internal or external pressures

Conflicts in applying relevant professional and/or legal standards (fraud and confidentiality)

Response: Relevant facts and circumstances (including rules), ethical issues, established external procedures

ETHICAL INDEPENDENCE

Staff Augmentation
Arrangements

Reply to Exposure draft:

1. Should be permitted with attest clients in limited circumstances.
2. Can not perform non attest services prohibited in ET 1295. (Threats to independence)

APPEARANCE OF INDEPENDENCE – KEY

Public – Ethical conflicts – threats to independence

ADVERSE INTEREST

members interest opposed to employer
(ex. Lawsuit against client)

ADVOCACY

promote employer interest or position
(IPO, expert witness, tax)

FAMILIARITY

too accepting of a person's word or
sympathetic to a person (close
relationship)

SELF INTEREST

benefit financially or otherwise (Loan)

Public – Ethical conflicts – threats to independence (Cont'd)

SELF REVIEW

will not evaluate work appropriately
(previously made judgments)

UNDUE INFLUENCE

A member will subordinate his/her judgment
and integrity to an individual due to that
individual's position, reputation, or
aggressive (dominating) personality

MANAGEMENT PARTICIPATION

(old 101-3) – Directorship, client
employees, responsible for client internal
control

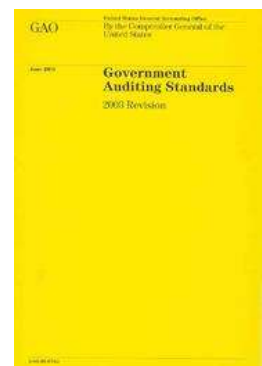
YELLOW BOOK ETHICS

Integrity and objectivity sections mention
independence and freedom from political
and ideological bias.

How does this impact ethical behavior?

Public interest - also proper use of
government information, resources and
position.

Compliance with laws and regulations?



LET'S DISCUSS...

Your boss says to you:

"I am not telling you to do anything illegal.
I am just telling you what I want done.
It is up to you to figure out how to do it."

(friend in government)

WHAT WOULD YOU DO?
Tobey case



CLIENT AND CUSTOMER ACCEPTANCE AND RETENTION

- Set expectations from the beginning
- Client meetings should be two-way Interviews
- Bullying

JUMP IN THE ETHICAL DRIVING SEAT

- Don't hit anything
- Be aware - notice things (bus!)
- Don't get hit by anything
- Stay out of other people's way
- Know what others expect you to do
- Let others know what you are doing - be transparent!
- Your decisions impact others
- For backseat driving...



Do the right thing!

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