

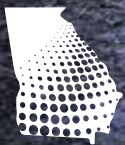
Current Accounts

The Georgia Society of CPAs

NASBA Task Force Considers New Path to Licensure

Why Aren't There
Enough CPAs in the
Pipeline and What Can
We Do About It?

OIG Audits of CARES
Act Provider Relief Funds



The Georgia Society
of CPAs

MARCH/APRIL 2024 Volume XIV, Issue 2





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A New Vision of the Licensure Policies

Many conversations I have when interacting with our various colleagues around the country inevitably revolve around CPA licensure models and pipeline concerns. Trends such as fewer students choosing accounting as a major, increasing numbers of CPAs leaving and/or retiring from the profession, and student concerns about culture and pay are always a part of those discussions. We have had these conversations so many times that many of us have grown weary of the subject, but the facts remain, and our pipeline of candidates continues to be a going, I mean, growing concern. One of the ways the profession collaborates to solve problems is by creating task forces comprised of the profession's various constituencies. And, in late 2023, The National Association of State Boards of Accountancy (NASBA) did just that.

The NASBA Professional Licensure Task Force (PLTF) was formed in 2023 by Stephanie Saunders, CPA, current NASBA chair, to conceive new ideas for the CPA licensure model that could be included in the Uniform Accountancy Act (UAA).

I am excited and humbled to serve with nine of my fellow colleagues on this task force. It is a unique opportunity for Georgia CPAs that allows me to contribute to the new vision of the licensure policies.

One of the critical aspects of serving on the task force is the opportunity to actively participate in discussions that influence the development and refinement of licensure policies. As the group's work unfolds and is communicated, I encourage you to pay attention and share your thoughts with me and other GSCPA leaders; your input is vital to the efficacy of our work.

Significant pipeline opportunities need to be examined and considered, but not at the cost of diminished standards or license mobility. However, we need to face practical realities related to total costs for candidates (particularly higher education costs) and how that interplays with starting salaries. According to the U.S. Bureau of Labor Statistics, accountants' and auditors' average annual salaries lag well behind other professionals' salaries.

In addition to the collaborative nature of the task force, there is a strong emphasis on research and data-driven decision-making. Analyzing trends in the accounting profession, employment patterns and educational outcomes has been an integral part of the process. In addition, we're studying CPA pathways from around the world and looking at other professions and any transformation happening in those spaces.

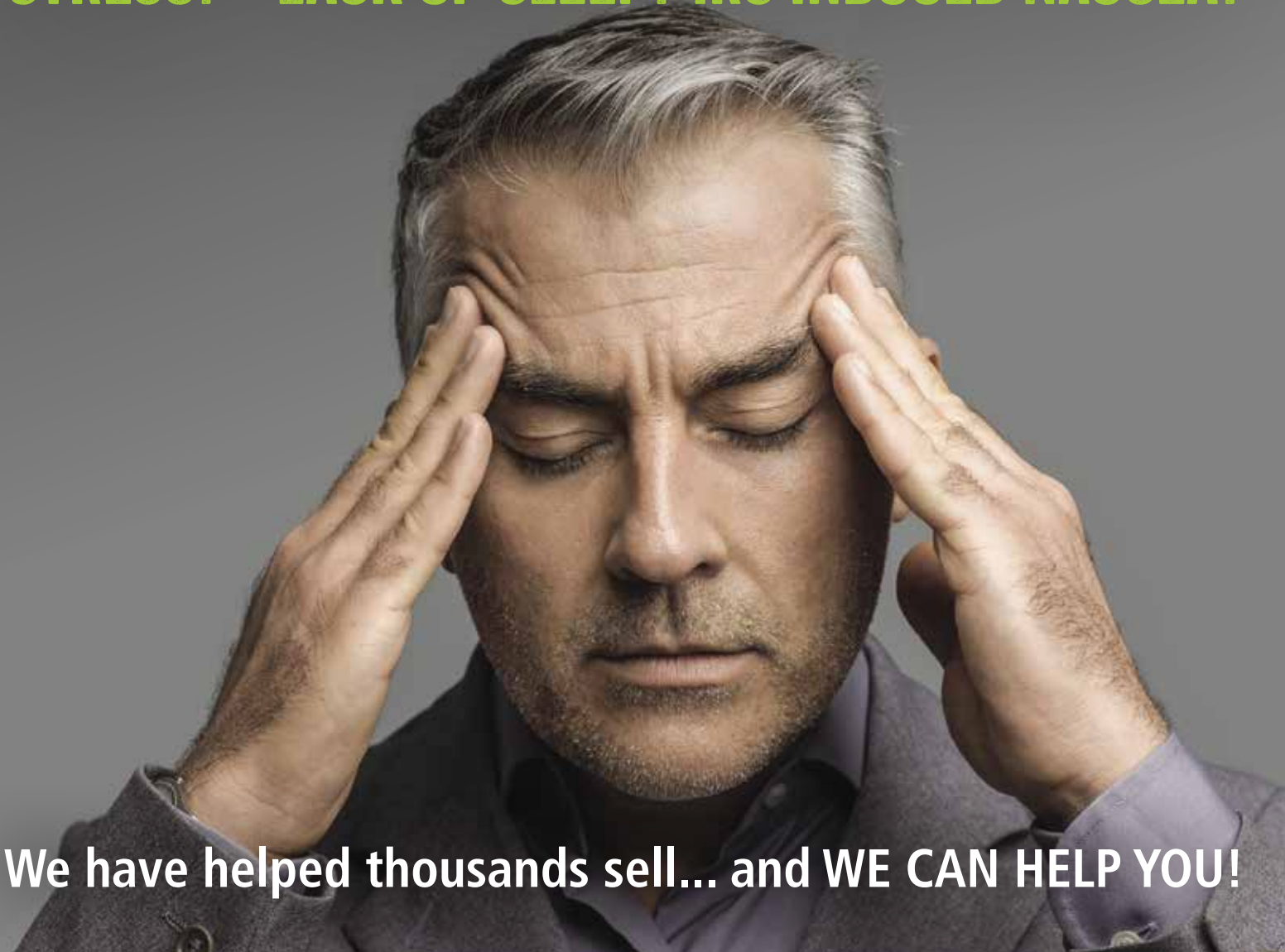
Check out our feature story on page 8 for an in-depth look at the Professional Licensure Task Force through an interview with Stephanie. Under her leadership, the profession is in capable hands. In addition, our second feature on page 12 discusses what the AICPA's National Pipeline Advisory Group is doing to combat the CPA shortage. Working together, these two groups have the opportunity to lead by implementing dramatic change. And, as I said, the conversation has grown tired, and I, for one, am excited for action.

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Small Business is All Business

As I have mentioned in past letters, my father was a small businessman. He owned a Gulf service station for most of my formative years. Since I am quite a bit younger than my brother and sister, they were more aware of some of my father's early challenges as a start-up small business owner. One of which they mentioned to me later in years was that the business unwittingly ran afoul of the Georgia Department of Revenue's Sales and Use Tax Division. As they tell it, it took some time to work through that issue, not to mention all the other challenges a start-up business can face. My brother remembered that in a later year, the business had its best year of operation since opening. Needless to say, he was blindsided by the tax bill.

My father's business was a microcosm of what new businesspeople face on a daily basis in our complex market system. Most of the job creation in our economy comes from small business. One of the blessings of the Gig economy is that it has acted as a force multiplier for the number of businesses that start up each day. These entrepreneurs face the daunting task of navigating the complexity of federal, state, and local regulatory and tax compliance. Most of them are very good at what they do to produce revenue but get lost in the minutia of compliance. All of this creates a drag on their ability to grow their businesses by taking their attention away from what they do best.

Where do they, or should they, turn for guidance? CPAs, of course! With our status as a highly trusted advisor, we are the obvious choice.

But what if the profession cannot be there for them? What if there's more work than people? I know my own office is overwhelmed with opportunity. I certainly do not have the answer to that, but I do know technology will play a central role. People far smarter than me are trying to figure it out and are developing and deploying solutions. Whatever those answers are, I have faith they will get solved; they always have and always will.

Many of us have been forced to refuse clients or do something more often that was once so rare - release established clients for various reasons. This may not be an issue for tax compliance (especially individuals) since there are national preparation houses that can absorb smaller engagement clients. The real issue arises when attestation work that only we can perform cannot be absorbed. There are risks to the professional franchise if we cannot deliver on all of the market's attest and assurance needs. I am reminded of the scene in Jurassic Park when Malcolm says, "Life finds a way." And our markets will "find a way." Because CPAs are uniquely positioned and have proven public trust for over a century, we need to ensure that those ways continue throughout the profession.

Pardon my rambling in this letter; there are so many forces in play and so much at stake, but I hearken back to my dad when I say we should be prudent in our calling. In the beginning, my dad would not have been a profitable CPA client, but that business paid for three college educations and a gateway to the American dream. As a profession, I believe we have a responsibility to the public to continue to nurture the small businesses that provide the possibility and promise of that dream.

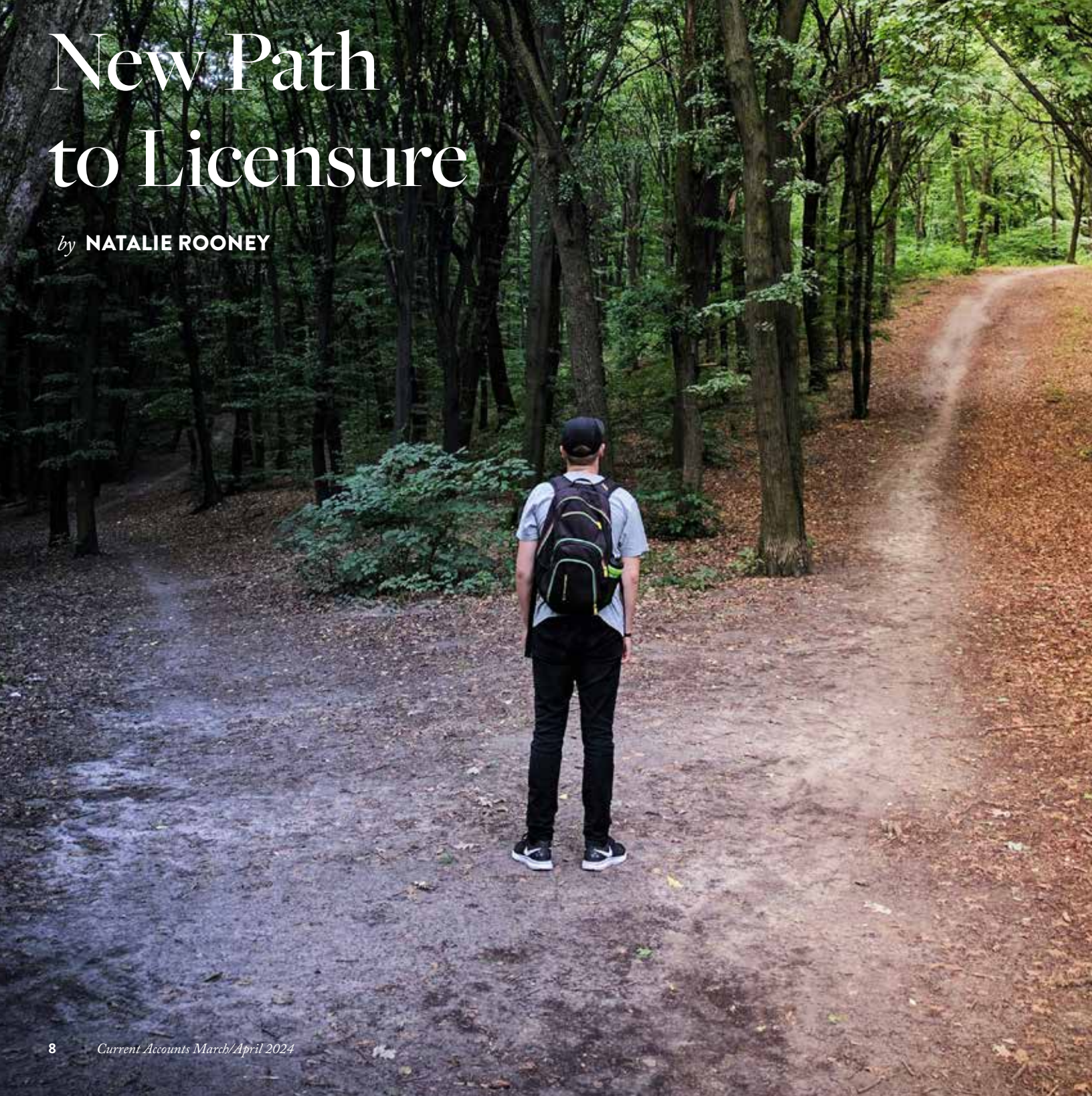
A handwritten signature in dark ink, appearing to read 'Carlton Hodges', with a long, sweeping horizontal line extending to the right.

CARLTON HODGES, CPA, CGMA

NASBA Task Force Considers

New Path to Licensure

by NATALIE ROONEY



The times they are a-changing, and now, a new NASBA task force is examining how CPA licensure may need to change, as well.



When Stephanie M. Saunders, CPA, shareholder of Saunders & Saunders, PC, stepped into her role as the 2023 – 2024 chair of the National Association of State Boards of Accountancy (NASBA), she had been pondering about the possible need for changes to the CPA licensure model. “I recommended to NASBA leadership that now is the appropriate time to create a task force to examine the subject,” she says. “The AICPA had already formed their National Pipeline Advisory Group (NPAG) to study and provide solutions to the CPA pipeline issue, so the timing was right.”

During her inaugural address at NASBA’s 116th Annual Meeting, Saunders announced the formation of the Professional Licensure Task Force. The group’s charge is to consider new concepts for CPA licensure that may be included in the Uniform Accountancy Act (UAA) in order to update the current licensure model.

WHY NOW?

Central to the timing of the licensure discussion is the CPA pipeline crisis. “State Boards of Accountancy, State CPA Societies, and academia are all actively discussing the pipeline. The mainstream media are reporting on it,” Saunders points out. “We need to understand why students are choosing majors other than accounting and why CPAs are leaving the profession in record numbers.”

Saunders considers work-life balance the number one reason behind decisions to enter and leave the profession. Data also shows the 150-hour education requirement, starting salaries that aren’t commensurate with the additional education, and the image of the profession in general as additional barriers to entry.

“Five years of college can be a financial challenge for students,” Saunders says, referring to the 30 extra hours needed to meet the 150-hour requirement. “If we want to increase the pipeline and have a more diverse profession, it needs to be more affordable for people to obtain the extra, flexible 30 hours.”

Saunders says NASBA is unable to fix the current work-life balance demands, starting salaries, or the current image of the profession, “but Boards of Accountancy provide direction, as regulators, to their state legislatures on the licensure model via statutes and rules. And I wanted a task force comprised of different stakeholders to ask what we can do to pass muster.”

Whatever the solution, Saunders emphasizes that it must be a collective effort.

Several state societies and state boards have already discussed reverting to 120 hours of education and two years of experience. Concerned about how such moves would impact substantial equivalency, mobility, and reciprocity, Saunders was part of a group that met with leaders in those states. “We really want to work with these states,” she says. “It took us 20 years to reach consensus on the 150-hour education requirement and become substantially equivalent. Now, we could be facing potential problems, including the loss of CPA Mobility.”

A TASK FORCE OF STAKEHOLDERS

In addition to Saunders, who is chairing the Professional Licensure Task Force, nine members were chosen for their knowledge of the profession and representation of various stakeholder groups, including the NASBA Board of Directors, the AICPA, member Boards of Accountancy, and State CPA

New Path continued on page 10

the concept

The goal is to create a long-term, flexible plan that can offer a path to licensure that would not be on an accredited transcript but is still defined in great detail. It would include an education and experience component to measure competency to become a licensed CPA and would be considered equivalent to the current 150-hour pathway as defined in the UAA as an alternative to the flexible 30 hours needed for licensure.

THE CONCEPT FEATURES:



Cost Effectiveness – Students graduate with a bachelor's degree with an accounting concentration and get right to work earning money



Establishes an Equivalent Pathway in the UAA to meet the flexible 30 hours component



Protects the Public Interest



Allows for Quick Pivots in the Future – not reliant on universities to change their curriculum



Larger Accounting Firms May Already Have Programs in Place that meet the requirements

Societies. Ken Bishop, President and CEO of NASBA has been added as an observer to the Task Force.

“Each of the Task Force members were extremely enthusiastic to be part of the process,” Saunders recounts of approaching the potential members. “Everyone was on board and excited about it.”

The Task Force includes:

- Bob Cedergren, Chair, Minnesota Society of CPAs
- Susan Coffey, CEO of Public Accounting, AICPA
- Megan Durst, Accountancy Board of Ohio
- Steven Grice, Alabama Board of Accountancy
- Nicola Neilon, NASBA Director-at-Large and UAA Committee Chair
- David Noble, Chair, South Carolina Association of CPAs
- Boyd Search, CEO, The Georgia Society of CPAs
- William Treacy, Executive Director, Texas State Board of Accountancy
- Ken Bishop, Task Force Observer and President and CEO, NASBA
- Daniel Dustin, Task Force Staff Liaison and VP, State Board Relations, NASBA

Just two weeks after Saunders began her term as chair, the Task Force held its first meeting to review the concepts and determine their focus.

WHAT'S ON THE TABLE... AND WHAT'S NOT

Right off the bat, Saunders was very clear about what the Task Force would be considering as solutions and what it would not be considering. While the Task Force is open to looking at many different options for pathways to CPA licensure, Saunders explained that the current licensure model of 150 hours, one year of experience, and the CPA Exam would remain intact.

“I explained that since the 150 hours is currently in discussion among the states, it was not what this Task Force would touch upon due to the importance of mobility,” Saunders says. “We have to look at what we can fix, and the Task Force agreed.”

The Task Force's first meeting covered the history of the current education model, the education required under international Mutual Recognition Agreements, and NASBA's Experience, Learn and Earn (ELE) and experiential learning models that were introduced in 2023.

Task Force members agreed that the general principles adopted for ELE – cost-effectiveness, a rigorous education component, and scalability to firms and employers of all sizes – should apply to the development of a structured professional program.

The Task Force narrowed its discussions to focus on:

“...a structured experiential learning program that would provide for education, documented experience, and other elements that would provide an equivalent path to licensure without the need for a fifth year of education to complete a 150-hour education program on an accredited transcript. This additional path, to be defined in greater detail, would include both an education and experience component to measure a candidate's competency to be licensed as a CPA and would be considered equivalent to the current 150-hour pathway defined by the Uniform Accountancy Act. The development of a structured professional program would require legislative and rule changes in some states, which may impact interstate mobility in some states until all states have adopted the new equivalent path.”

The Task Force held a webinar to gather input from an even larger group of stakeholders. The expanded group of invitees included current members of State Boards of Accountancy, state board executive directors, task force members, and NASBA UAA committee members. Attendees received an update on the Task Force's efforts to date and were encouraged to ask questions, which Saunders says was critical to the process. “We need accountancy boards to thoughtfully consider and agree this direction makes

sense because they are the ones that will need to support any necessary changes to the statutes and rules in their jurisdictions.

The result of the additional feedback was a Concept Exposure document, which was sent to the stakeholder group for review and feedback in late December 2023. The comment period ends March 31, 2024.

FLEXIBILITY FOR STATE BOARDS

Saunders says the goal is to create a long-term, flexible plan that avoids a patchwork of efforts around the country. “We must ask ourselves if we can offer a path to licensure that would not be on an accredited transcript but is still defined in great detail,” she explains. “It would include an education and experience component to measure competency to become a licensed CPA and would be considered equivalent to the current 150-hour pathway as defined in the UAA as an alternative to the flexible 30 hours needed for licensure.”

State boards could create their own programs that would contain key elements and competencies. It would allow individuals to go right to work in the accounting profession and begin building those key competencies. NASBA, state boards or other third parties would approve an individual at a firm or organization, who would ultimately ensure the competencies were met and oversee the testing, review, and evaluation.

Saunders says the Concept ticks a lot of important boxes:

- Cost effectiveness – students graduate with a bachelor’s degree with an accounting concentration and get right to work earning money
- Establishes an equivalent pathway in the UAA to meet the flexible 30 hours component
- Protects the public interest
- Allows for quick pivots in the future – not reliant on universities to change their curriculum
- Larger accounting firms may already have programs in place that meet the requirements

Deep dive details—like will the experience window be longer or will there be a

minimum number of hours—have not been developed yet. That step will be challenging, Saunders acknowledges. “But the big picture goal is a model that can keep up with the pace of change and can be reviewed as needed.”

For any solution generated, there may be a transition period, much like what took place for the change from 120 hours to 150 hours of education. Some states will face bigger challenges because 150 hours is hardwired into their state statutes. Saunders says once the Concept is agreed upon, the Task Force will address how state boards can work with their state legislatures.

There’s a long, tough road ahead, but Saunders describes herself as an eternal optimist. “Many professionals embrace 150 hours and say their firms continue to seek out and hire those individuals,” she says. “But when there is a lack of people entering the profession, you need to act accordingly because, based on an AICPA study, in 15 years, 75 percent of current licensees will be gone.”

WORKING TOWARDS THE GREEN LIGHT

“As long as the State Boards of Accountancy tell us to continue, our goal is to bring the development of the Concept to the June Regional Conferences where board members from the 55 U.S. accounting jurisdictions will receive more information and have additional opportunities to provide comment,” Saunders says.

If the state boards give the green light after the June Regional Conferences, the language to update the UAA would go through an exposure process led by the Joint AICPA/NASBA UAA Committee.

“The Concept will be vetted by all stakeholders, and if all goes well, we hope that in the fall, it will be presented to and voted on by the NASBA and AICPA boards of directors to update the UAA language for states to adopt,” Saunders says.

It’s an aggressive but necessary timeline. “One of our Task Force members related our situation to a train that has already left the station,” Saunders says. “We don’t

want to jump too far ahead until we feel everyone is on board, but right now, some states lack the number of CPAs to perform government audits. Time is not on the profession’s side right now.”

EMBRACING CHANGE

For those who are not in favor of changing the way CPAs are licensed, Saunders emphasizes the need to continually evolve the profession. “The world is changing so quickly,” she says. “Think about our financial markets. We’re in a global economy. Other countries are also dealing with this type of situation. It will become a larger problem if we do not have the necessary accounting experts.”

Saunders feels the pressure from the pace of change every day in her own practice. “As a CPA, I can tell you I am not performing the same services as I did 40 years ago or even five years ago. Our small practice is incorporating artificial intelligence into much of what we do. CPAs encounter change all the time through pronouncements, tax law, and technology. The model must continue to evolve; otherwise, we lose the trusted advisor accounting space.”

Circling around to the ‘train has left the station’ analogy, Saunders asks, “Who is going to be the conductor here? I want it to be the State Boards of Accountancy because, at the end of the day, it is their legislatures that are going to adopt the rules.”

Two states already have legislation in the works to revert to 120 hours, with more states planning to introduce similar legislation in 2025. “It’s out there,” Saunders cautions. “These discussions are currently happening among state boards and state societies. So, we need to do this together with open, honest conversations while we build future relationships for the profession and the public.”

NATALIE ROONEY is a freelance writer from Colorado but has written for CPA societies for more than 20 years. She can be reached at nrooney@centurytel.net.

Why Aren't There Enough CPAs in the Pipeline and What Can We Do About It?

by **LEXY KESSLER, CPA, CGMA**

Parents, guidance counselors, and schoolteachers typically steer young students toward careers that offer job security, the ability to earn a competitive income, and careers that are in demand. On the other hand, students often find themselves looking for a career that delivers security and income but is also personally rewarding, offers flexibility, and is culturally in line with their values.

Accounting meets these career requirements: a stable career, attractive long-term compensation and work that makes a difference. Unfortunately, that message isn't getting through to students, as evidenced by a 2023 study by Wiley of college graduates that showed that only 1 in 8 business majors graduate with an accounting degree. But this failure to attract more business majors is not only a messaging disconnect. There are real issues we collectively must address to attract more people to a career in accounting and have them go on to obtain a CPA license.

NATIONAL PIPELINE ADVISORY GROUP (NPAG) TAKES ON THE PIPELINE SHORTAGE

We are experiencing a shortage of new candidates entering the pipeline, while the rate and type of turnover among those already in the profession have become a starker concern. There are many contributing factors to a shrinking pipeline, ranging from demographic shifts to economic and business model transformations. And there are potentially hundreds of solutions. The

challenge is to identify and develop the right combination of solutions, unify the key stakeholder groups, and marshal the resources of our entire profession to execute solutions and grow the pipeline. This is the focus of the National Pipeline Advisory Group (NPAG).

Convened by the AICPA in July 2023, the 22-person NPAG's goal is to create a national strategy for strengthening the accounting pipeline. By engaging professionals throughout the profession and exploring a wide range of topics, the NPAG is working to develop a data-driven strategic plan draft by May 2024. To get there, the NPAG is working with independent facilitator Jennifer Wilson and her team at ConvergenceCoaching, LLC, and has also engaged a third-party firm to manage a national survey.

The NPAG is among several initiatives working to build a sustainable accounting talent pipeline, including the National Association of State Boards of Accountancy (NASBA)

Professional Licensure Task Force (see page 8 for more information on this task force) and a joint effort by the American Accounting Association (AAA) and the National Association of Black Accountants (NABA). As the NPAG's chair, I often say we're all in this together, and we'll need to work together to address issues affecting our profession. We all want the same thing – a strong accounting pipeline.

UNDERSTANDING PIPELINE “LEAKS” CAUSING THE SHORTAGE

The accounting pipeline crisis is especially complex because of the many root causes inside and outside the profession. Before meaningful solutions can be identified and addressed, understanding where the problem stems from is essential.

At the onset of the NPAG's discussions, identifying and learning about the root causes of the pipeline shortage was instrumental. Through the data-driven process, we identified several root causes and market forces, including but not limited to:

- Shifting demographics and lower birth rates
- Under-representation of certain diverse groups and minorities
- The cost and time of college and university education and questions about the return on investment
- Lagging starting salaries and concerns over workplace culture

Basic demographics have a lasting impact on the labor market. Data from the Federal Reserve Bank of Kansas City (Lower Labor Force Participation Rates and Slower Population Growth Pose Challenges for Employers, March 2022) notes slowing population growth over the past seven decades, with several states experiencing population declines, with even more pressure seen recently as the retirement of baby boomers was accelerated during the pandemic.

In light of the demographic shifts in the population, it is more important than ever to focus on high school and college initiatives, to encourage more students to consider accounting as a profession and to find new ways to support students through graduation and on into the workplace.

NOW IS THE TIME FOR THE PROFESSION TO UNITE AND TAKE ACTION

The NPAG is made up of members from academia, the regulatory community, business and industry, accounting firms of all sizes, and CPA state societies, with the intent of representing a diverse set of perspectives and insights into the complex talent shortage issue. However, the solution will require the awareness and participation of accountants, CPAs, academics, and others from throughout the profession on a broad scale. We all have a role to play.

In partnership with state CPA societies and AICPA, the NPAG gathered 1,600 poll results from around the country. The results indicate that many people feel an accounting career is more challenging than other professions due to a perception of a high volume of work and long hours. Poll results also reveal concerns over the impact of salaries, the difficulty of the CPA Exam, and the requirements for CPA licensure, including inconsistency over the additional 30 hours required. Polling also indicated that pipeline solutions should prioritize high school, college and the graduation journey.

The NPAG is conducting a national survey of those in the profession and an additional survey of students to help prioritize potential strategies. The NPAG's website, AccountingPipeline.org, should be your first stop for information, and you can make sure that your voice is heard by participating in the national survey. It will take 7-9 minutes to complete and will give the NPAG valuable feedback about the issue and potential solutions.

The accounting pipeline shortage has reached a critical point, and now is the time to act. In the coming years, the accounting profession will benefit from positive changes in areas including academia, the workplace, licensing and government oversight – and the NPAG is hoping you'll join in shaping this next chapter.

LEXY KESSLER, CPA, CGMA, *is the chair of the National Pipeline Advisory Group. She is the Mid-Atlantic Regional Leader for Apris and is a member of the board of directors of the Association of International Certified Professional Accountants.*



The New Standards for Tax Services

by **ART AUERBACH, CPA, CGMA**

AICPA members and other tax preparers should know that the AICPA has adopted revised Statements on Standards for Tax Services (SSTSs). The new standards were effective January 1, 2024. The AICPA SSTSs serve as the ethical framework for tax professionals and are enforceable tax standards for AICPA members. Many states also adopt the AICPA Standards to cover licensees who prepare tax returns or render tax services.

The revised SSTSs introduce a new structure to organize the standards by type of work performed. They also include three new standards on data protection (Section 1.3 of SSTS No. 1), reliance on tools (Section 1.4 of SSTS No. 1), and representation of clients before tax authorities (SSTS No. 4).

The existing interpretations and FAQs have also been updated to reflect the reorganization of the revised tax standards with updated citations.

Other than some housekeeping for existing standards, there are three new standards: data protection, use of tools and representation services.

DATA PROTECTION STANDARD

This new standard explains a preparer's responsibility to protect taxpayer data. The standard is primarily common sense and recommends what most good practitioners are already doing to safeguard client records. Remember you answered yes to the question about having a WISP (Written Information Security Plan) when you renewed your PTIN. The standard requires preparers to make "reasonable efforts to safeguard taxpayer data, including data transmitted or stored electronically" and consider "applicable privacy laws when collecting and storing data." This continues our professional responsibilities of client confidentiality and external requirements in the Code, Treasury regulations and court decisions to protect taxpayer information. Protecting taxpayer data is clearly an essential consideration in a flash-drive, online world where data can be copied and easily hacked or scammed.

Further amplification of the standard recommends using security software, encryption for saved and transmitted data, secure networks, use of passwords, firewalls, and secure data sharing and collaboration platforms. The explanation of the standard allows preparers to continue using external tax return preparation, with proper notification to the client regarding outsourcing and other software but says that preparers should make reasonable efforts to be sure that information is appropriately protected. Preparers are to take the following appropriate steps:

- Limit client confidential information maintained in their files, and documenting retention policies are recommended.
- Consider a contingency plan in case of a data breach.

- Consider various privacy laws and should have a general knowledge of the security expectations of the IRS, FinCEN and other regulatory agencies.
- Make reasonable efforts to ensure that all personnel are trained and informed about privacy protection, particularly as the result of those working remotely.

Most preparers already consider these items and take reasonable steps to protect data, but reading the standard may trigger some new ideas.

The standard is flexible, with "reasonable" appearing numerous times in the explanations section. Reasonable is a relative term described in the standard's explanation: "Actions or behaviors considered reasonable may differ over time, among preparers and from firm to firm based on size and resources."

RELIANCE ON TECHNOLOGY TOOLS

This new standard guides preparers in relying on tools to provide tax services, including return preparation, consulting services and taxpayer representation. Tools are broadly defined to include, but not be limited to, "tax preparation software, tax research publications (paper and electronic), tax-related calculation aides, tax planning software, state and local tax aids, online data search engines, data analytics, statistical models, artificial intelligence and relevant professional publications and resources."

The standard requires preparers to exercise professional care when using a tool, something that is already covered in the AICPA Code of Professional Conduct and in court decisions requiring CPAs to exercise "due professional care." Preparers must also exercise "appropriate" professional judgment when using a tool. Practitioners can reasonably rely on tools used for providing tax services. Still, that reliance does not prevent practitioners from fulfilling their professional obligations under the AICPA "or other applicable ethical standards."

The most significant use of this standard will be in using artificial intelligence (AI) for tax research and writing. AI queries various databases known or unknown to the practitioner; sometimes, results need to be more accurate. Occasionally, AI makes things up, depending on the query and the databases consulted, extrapolating from other information it analyzes. In a case this past summer, two New York attorneys blamed ChatGPT when they were sanctioned by a U.S. judge for submitting a legal brief with six fictitious case citations. The SSTS encourages the use of tools to improve efficiency and client service but says that a practitioner "should take reasonable steps to determine that the tools are appropriate for the intended purpose." However, it does not state how this should be done, leaving it to the practitioner's professional judgment in using professional care. This vagueness may be intended to set a standard



in flexible terms that might provide cover for CPAs who could say that they met the standard of reasonable care and professional judgment.

SSTS 1.4., Reliance on Tools

NEW STANDARDS

Section 1.4.3. A member should exercise appropriate professional judgment and professional care when relying on a tool.

Section 1.4.4. A member may reasonably rely on tools used in providing tax services to a taxpayer. Use of the tool does not absolve the member of their professional obligations under AICPA or other applicable ethical standards.

CPAs rely on technology to provide services more today than ever in history. That trend will likely continue with the introduction of artificial intelligence, data science, quantum computers, and other developing technologies. However, tax professionals do not have written standards allowing them to place a degree of reliance on these tools when providing services. The task force identified the need for a standard that protects members by defining when they may reasonably rely on tools used to perform tax services.

SSTS Section 1.4. applies to a broad range of tools, including but not limited to tax preparation software, tax calculation tools, and tax research tools. Members can reasonably rely on tools if they use appropriate professional judgment and professional care in selecting and using that tool. For example, it would generally not be reasonable for a member to assume a tax return prepared using a standard tax compliance software package was complete without reviewing the prepared tax return. The member should also employ a standard tax return review process, such as confirming that taxable income computed by the tax return software matches the expected taxable income from the taxpayer's trial balance.

In the case of tools used for tax research, the practitioner may

not be able to confirm the accuracy of a specific source directly. Instead, the practitioner should consider the source of the research. For example, documentation obtained from a prominent subscription-based tax research software vendor may have more weight than opinion articles from independent internet sources. The standard does not, however, prevent a practitioner from using an opinion article in developing a position; a practitioner should use professional judgment to apply sound tax principles in applying the opinion put forward in that article.

The task force believes most practitioners already follow the proposed standard, exercising diligence in selecting tax tools and their use. This standard will assist those practitioners when working through an issue arising from software errors. Although reliance on software alone will not constitute an adequate defense, the task force believes this standard establishing principles for the reliance on tools will be overwhelmingly beneficial to practitioners (see, e.g., "Reliance on Tax Software Does Not Let Taxpayer Off the Hook," *Tax Insider*, August 3, 2017, discussing a Tax Court case where the taxpayer was denied relief when asserting reliance on personal tax preparation software).

To implement this standard, firms should review their current tool selection process to ensure it meets the essence of the standard. For many widely available and relied-upon tax software packages, practitioners may find that a fundamental review of a new software vendor's offerings is sufficient to demonstrate that reliance on the tool is appropriate.

However, practitioners should also remember that using a tool does not absolve the practitioner of professional obligations under AICPA or other applicable ethical standards. Therefore, practitioners should consider implementing a general technical review process to ensure the work product is accurate.

PROVIDING TAX REPRESENTATION SERVICES

New SSTS No. 4 is largely a collection and update of prior standards of compliance services, recognizing that practitioners have expanded tax representation services. It requires practitioners to become competent in the tax practice and procedures of the taxing authority and technical competence in controversy. The practitioner must "take appropriate steps to comply with applicable professional and regulatory obligations in connection with representing the taxpayer." Practitioners are to "act with integrity and professionalism in dealings with the tax authority," including timeliness of responses. The practitioner must consult the AICPA Code of Professional Conduct regarding the treatment of confidential client information in responding to any request from a taxing authority. When an examination is completed, the practitioner should discuss the results with the taxpayer and the consequences of agreeing to the exam conclusions, consistent with any terms of the engagement.

If a practitioner becomes aware of fraudulent or criminal conduct, the practitioner should consider continuing the professional

Tax Services continued on page 16

or employment relationship and may also recommend legal consultation.

In the explanations of this standard, preparers are to consider:

- Whether the representation might constitute the unauthorized practice of law and for this, CPA practitioners who are not attorneys might consult an attorney,
- Whether the representative is licensed in the relevant jurisdiction representation,
- Whether a power of attorney or other taxpayer authorization is required for the representation,
- Whether the practitioner has any conflict of interest in the matter and
- Whether there is an adequate engagement letter detailing the engagement's objectives, the services to be performed, the taxpayer's acceptance of its responsibilities, the practitioner's responsibilities and any limitations on the engagement.

Additional guidance in the form of interpretations and FAQs is being updated to reflect the reorganization of the revised standards. This updated guidance will be published soon.

SSTS 4, Standards for Members Providing Tax Representation Services

NEW STANDARDS

Section 4.1.3. The member and any individuals working with or for the member should have or take steps to obtain technical competence in the subject matter. This includes competence in the technical tax area involved as well as the tax practice and procedures of the taxing authority. For this purpose, competence follows the definition established in Section 10.35 of [Treasury] Circular 230 [Regulations Governing Practice Before the Internal Revenue Service (31 CFR Part 10)].

Section 4.1.4. When representing a taxpayer, the member should take appropriate steps to ensure compliance with all relevant professional and regulatory obligations.

Section 4.1.5. The member should act with integrity and professionalism in all dealings with the taxing authority. This includes not unduly delaying or impeding the taxing authority.

Section 4.1.6. With taxpayer approval, information requested by the taxing authority should be provided by the member on a timely basis unless there is a good-faith belief that the information is privileged.

Section 4.1.7. The member should consider if the taxpayer's conduct may be fraudulent or criminal in nature. If so, the member should advise the taxpayer to retain legal counsel and refrain from further representation.

Section 4.1.8. Upon completion of the examination by the taxing authority, the member should review any documents or computations detailing the examination results for correctness and discuss with the taxpayer the consequences of agreeing to these conclusions.

The SRTPs, predecessors to the SSTs, were drafted at a time when tax practices primarily only prepared tax returns. Since then, tax practices have expanded to provide various services, including tax representation. The task force believed the continuing growth in the number of CPA firms providing tax representation services obligated the development of a standard.

While developing the standard, both the task force and others raised the question of whether a separate standard was necessary, given the breadth of guidance provided by Circular 230. Upon discussion of the issue, the task force agreed that Circular 230 does provide significant guidance to anyone involved in the representation of a taxpayer before a taxing authority. However, that guidance applies only to the representation of federal tax clients. Therefore, task force members felt it important to develop one set of standards that would apply to all members providing tax services, regardless of tax jurisdiction. SSTs 4 is not intended to override other regulatory standards but rather to supplement existing standards and serve as basic standards where a lower or no standard otherwise exists.

SSTS 4 generally follows familiar concepts for experienced tax practitioners. First, members can represent taxpayers with an issue they do not have direct experience with. Still, they are expected to take steps to obtain technical competence as part of that representation engagement. Second, members must comply with all other relevant professional and regulatory obligations in providing representation services, such as Circular 230 and the AICPA Code of Professional Conduct (the AICPA Code). Third, members must maintain integrity and professionalism in dealing with tax authority representatives. Fourth, members are expected to, with taxpayer approval, respond in a timely manner to tax authority requests for information. Fifth, members are advised to refer any situations where there may be fraudulent or criminal taxpayer activity to legal counsel and withdraw from further representation. Sixth, members are expected to review documents or computations from an examination for correctness, discussing the results with the taxpayer.

Application of this standard will generally require little action for most preparers who already know and abide by Circular 230 and the AICPA Code. It is recommended that preparers read through and familiarize themselves with the new standard, identify any parts of their practice to which the standard is relevant, and ensure that current practice is in line with the new standard.

ART AUERBACH, CPA, CGMA, is a special consultant to *Asbury Law Firm, Tax Counsel*, specializing in tax consulting for individuals, practitioners and closely held businesses.

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The Four Horsemen of the Incurred Cost Audit

by **TOM MARCINKO** and **DONNA DOMINGUEZ**

Under the Allowable Cost and Payment clause (52.216-7), contractors with cost reimbursement, time and materials, or incentive-type contracts are required to submit an annual final indirect cost rate proposal known as an incurred cost submission, which is the precursor to the government's incurred cost audit. One of the primary purposes of an incurred cost audit is to ensure the contractor has not included any unallowable costs in their indirect cost pools.

The noted sports journalist Grantland Rice once famously compared four Army football players to the four horsemen of the apocalypse. If Grantland were alive today and covering government contracting, he might have used his colorful language to describe the four horsemen of the incurred cost audit: consulting fees, automobile expenses, executive compensation and bonuses. These cost elements, considered "low-hanging fruit" by the Defense Contract Audit Agency (DCAA), represent the lion's share of the indirect costs disallowed in the typical incurred cost audit. Though short of apocalyptic, cost disallowances in these areas, occasionally reaching millions of dollars, can be financially traumatic for the contractor.

There is nothing wrong with incurring an unallowable cost. Most large Department of Defense contractors knowingly exceed the executive compensation ceiling. These contractors book the amount above the compensation ceiling to an unallowable account, so those costs are not billed to the government.

The problem arises when contractors charge the government for costs deemed unallowable years later during the incurred cost audit. This introduces the risk of a Civil False Claims Act violation, which will entail penalties and interest in addition to refunding the cost. In addition, the cost

disallowances and any penalties and interest are reflected in the contractor's books for the current year, which means the current management team is taking a financial hit for unallowable costs incurred and billed years ago. Conversely, the financial reports for the year in which the unallowable costs were incurred, based on the assumption that they were allowable, presented an overly rosy picture of the contractor's profitability.

In some cases, costs are, without question, unallowable. However, otherwise allowable costs are disallowed in many cases because the contractor failed to prepare or retain adequate supporting documentation. This article provides practical tips contractors can use to ensure fees paid to consultants, automobile expenses, executive compensation, and employee bonuses will be deemed allowable. Alternatively, to make an informed decision to incur an unallowable, unbillable cost, knowing it will result in a reduction to the company's profit for the year. The article concludes by describing some less common incurred cost audit issues and what can be done to prevent them.

CONSULTING COSTS

The allowability of fees paid to a consultant is addressed in FAR 31.205-33 "Professional and Consulting Service Costs." Professional and consultant services are defined as services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the contractor. Consulting services are generally acquired to obtain information, advice, opinions, alternatives, conclusions, recommendations, training or direct assistance, such as studies, analyses, evaluations, liaison with Government officials, or other forms of representation. [1]

Consulting costs are generally allowable if supported by evidence of the nature and scope of the service furnished. The cost principle defines the required evidence to be:

- An agreement with the consultant that includes a detailed scope of work, the compensation rate and the other expenses to be reimbursed.
- Invoices submitted by the consultant with sufficient detail as to the time expended and the services provided; and
- Consultant's work products, such as trip reports, meeting minutes, and other deliverables.

Consulting costs are frequently deemed unallowable solely because the contractor did not produce or retain the required documentation. Consulting costs incurred under a verbal agreement will almost certainly be unallowable. Consulting agreements with abbreviated scopes of work, such as "business development support" or invoices that merely state "for services rendered," are also problematic. DCAA has changed its audit guidance to stress that the substance of the documentation is important, not the title [2]. This change offers a contractor more flexibility in supporting consulting costs, though the safest approach is to develop the required supporting documentation exactly as described in the cost principle. Such documentation should include a fully executed consulting agreement featuring a detailed scope of work, a performance period, compensation rates, and a termination provision.

To be considered allowable, payment of the consulting fees cannot be contingent on recovery of the costs from the Government. Out-of-scope services, services performed outside the performance period, or fees exceeding the consulting agreement rates are unallowable. This means the consulting agreement may need to be amended as the work progresses to reflect any scope, period, or rate changes. Also, the costs of consulting services that violate a law or regulation will never be allowable.

A consultant's invoice should describe the work accomplished for the period. In most cases, a descriptive paragraph on the invoice will suffice. Deliverables, such as reports, presentations, meeting minutes, etc., can be included with the invoice or referenced on the invoice and submitted separately. The contractor should also have evidence that the consultant was qualified to provide the services and that the fees were reasonable.

In addition to generating documentation when the consulting services are obtained, the contractor must be able to produce it many years later during the incurred cost audit. To consistently develop the required documentation, retain it, and produce it during the incurred cost audit requires implementing a formal process backed by a written policy and procedure.

AUTOMOBILE EXPENSES

It is common for contractors to provide their key executives with automobiles or at least an automobile allowance. It is almost as common to see automobile expenses questioned during an incurred cost audit. The allowability of automobile expenses is addressed in two cost principles. FAR 31.205-6, Compensation for Personal Services, states the "portion of the cost of company-furnished automobiles that relates to personal use by employees (including transportation to and from work) is unallowable..."

FAR 31.205-46, Travel Costs, states the "Costs of contractor-owned or leased automobiles...include the costs of lease, operation, maintenance, depreciation, insurance, etc. These costs are allowable, if reasonable, to the extent that the automobiles are used for company business."

These cost principles are easy to reconcile if the automobile expense is solely for business or personal use. However, in many cases, the automobile is driven by the employee for both business and personal reasons. Therefore, the employee must maintain a log of all business use, including mileage and the business purpose or the trip. In addition, all related expenses, such as maintenance, must be documented. If, at year-end, the log shows that the automobile was used half for business and half for personal use, then half of the costs must be charged to an unallowable account. If a log is not

maintained, DCAA will be within its rights to question the entire cost of the automobile, even if it is likely that at least some of the use was for business.

However, demonstrating the extent of business use and maintaining records are not the only requirements for the allowability of automobile expenses. The travel cost principle also limits the allowability of reasonable costs. Per the FAR, "A cost is reasonable if, in nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business." [3]

Though not reflected in any published audit program or guidance, DCAA has taken the position that automobile costs exceeding the cost of the best-selling mid-size sedans in the U.S. are unreasonable and, therefore, unallowable. Though likely popular with the taxpayer, this position is inconsistent with the FAR's definition of a reasonable cost. Based on the traffic in Washington D.C., few prudent businesspeople in competitive businesses drive Toyota Camrys or Honda Accords. That said, when DCAA takes this position, it can be difficult to argue that the taxpayer should reimburse the contractor's Mercedes or BMW. When a company car is provided to an employee, the company would be well advised to calculate the cost of providing a Fusion or Camry because any costs over that amount might be disallowed.

EXECUTIVE COMPENSATION

Contractors are required to report their executive compensation on Schedule B of the incurred cost submission. The fact that executive compensation has its own schedule shows it is an important part of an incurred cost audit. This is especially true for principals in closely held firms.

The allowability of executive compensation is addressed in the "Compensation for Personal Services" cost principle. An analysis of all potential compensation components is beyond this article's scope, but salary and bonus will be included. The cost principle holds that allowable executive compensation will be the lesser of the statutory ceiling, currently \$619,000, or the amount DCAA determines to be reasonable.

However, setting executive compensation at less than the statutory ceiling is not

necessarily a safe harbor, as DCAA can still find the compensation unreasonably high. DCAA will make this determination by comparing the actual compensation to salary surveys. This comparison usually involves three salary surveys and at least three variables: the size, type, and sometimes location of the company, mapping the contractor's job title to the salary survey categories and the applicable percentile of the salary survey. DCAA will take the average total compensation derived from the salary surveys and add a 10 percent "fudge factor." Compensation exceeding the salary surveys' average plus 10 percent will be questioned.

This calculation is inherently subjective, and contractors can push back. For instance, in some cases, an argument can be made that the position is not mapped correctly to the salary survey based on the job description instead of the position title. DCAA also defaults to the 50th percentile. DCAA will use the 75th or 90th percentile if the contractor can prove, through verifiable financial ratios, that their performance far exceeds the industry average. It is also possible that the contractor can cite a salary survey not considered by DCAA that is more supportive of their position.

The weakness of this reactionary approach is that the contractor has allowed DCAA to set the parameters of the debate, and the contractor must prove DCAA is wrong. DCAA, like most organizations, does not like to be proved wrong. There is a better way to maximize the allowability of executive compensation. During an incurred cost audit, the contractor will be asked to describe the process used to establish the amount of executive compensation. A response like "Our HR Director is very experienced with the labor market in this area" is not a process. Nor is it likely to be documented.

Ideally, contractors will mimic DCAA's approach to justify their executive compensation. Prior to determining the year's compensation, contractors should use salary surveys or compensation consultants and any other pertinent information to demonstrate that the executive compensation is within industry norms. This analysis may show some semantic

Audit continued on page 20

disconnects that can be resolved by revising job titles or descriptions to reflect the executive's duties more accurately and closely align with the pertinent, read desirable salary survey position. This process and the resulting analysis should be documented and provided to DCAA when requested. This shifts the debate by 180 degrees. Now, DCAA will have to prove that the contractor's analysis is wrong. Contractors have a much better chance of winning that argument.

BONUSES

Bonuses are part of executive compensation for the purpose of exceeding the overall statutory and reasonableness requirements. However, even if the executive compensation is deemed allowable, the bonus element can still be questioned based on other requirements.

The Compensation for Personal Services cost principle states that bonuses are allowable provided the awards are based on an employment agreement executed before the services were rendered or pursuant to an established plan or policy followed consistently by the contractor. Therefore, absent specific employment agreements, contractors will need a written bonus plan for bonuses to be allowable. The bonus plan must address who is eligible to receive a bonus, when the bonus will be paid and how the amount will be calculated.

The basis of the bonus award must be supported in writing for each employee receiving a bonus. Though some subjectivity is acceptable, bonuses should be based on the achievement of measurable objectives to the greatest extent possible. Contractors cannot turn profit into a cost by distributing it to employees. While contractors may make bonuses contingent on the company turning a profit, contractors must be careful not to tie the actual bonus calculation too specifically to profitability.

DCAA will question the entire bonus if the contractor does not have a written bonus plan, the basis of the award is not documented, or if DCAA believes the bonus represents a profit distribution. This is true even if DCAA has determined that the overall executive compensation, including the bonus, is reasonable.

ICS AUDIT TRENDS

Though the above costs have historically accounted for most incurred cost audit

findings, other cost areas have received more attention. Three findings we have seen recently are described below.

TIME AND MATERIAL INVOICES

Auditors have recently reviewed whether employees billed on a time and material contract met the required labor category qualifications. Per FAR 52.232-7 "Payments under Time and Material and Labor Hour Contracts," contractors are required to retain documentation, such as employee resumes, that demonstrate every employee billed on a time and material contract met the minimum qualifications for their labor category. Please note that the government does not have to prove the employee was unqualified; the contractor must prove the employee was qualified. Therefore, any contractor performing time and material contracts must create and maintain documentation that shows every employee billed on a time and materials contract met the labor category qualifications. Failure to do so risks disallowing those charges, even if the employee was qualified.

FIXED PRICE CONTRACTS

Fixed price contracts are another, arguably more surprising, subject to the incurred cost audit. Fixed Price contracts do not contain the Allowable Cost and Payment clause, which means an incurred cost submission is not required and normally means the fixed price contract would not be part of an incurred cost audit. However, when contractors have both cost reimbursement and fixed price contracts, especially for similar work, an incentive exists to charge the cost reimbursement contract for work that should have been charged to the fixed price contract. The government takes the position that, in these circumstances, the audit can include a review of the fixed price contract.

This means that contractors must clearly inform employees what work is to be charged to the fixed price contract versus the cost reimbursement one and be prepared to justify each hour charged to the cost reimbursement contract. Contractors must be extra vigilant in cases where the same employees work on fixed price and cost reimbursement contracts.

Advanced Notification and Consent 52.244-2 requires cost reimbursement

contractors to provide advance notification and obtain the contracting officer's consent. In a recent audit, the incurred cost submission reflected significant subcontractor costs. The auditor requested evidence that the contractor had provided the advance notification and obtained the contracting officer's consent before awarding the subcontracts. When the contractor could not provide such evidence, the auditor questioned all the subcontractor costs charged to the contract. This example illustrates the importance of obtaining the contracting officer's consent to award the subcontract when required and retaining documentation showing it was obtained.

CONCLUSION

Too often, incurred costs audits are full of bad surprises and become a painful, money-losing exercise for the contractor that could have easily been avoided with a little foresight and preparation. There is no good reason for disallowing consulting costs and bonuses due to the lack of relatively easy-to-prepare documentation. On the other hand, there may be good business reasons, such as recruiting and retention, to incur unallowable automobile costs and executive compensation. The results of the incurred cost audit should not be a surprise to the contractor who plans and prepares.

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TOM MARCINKO is a director in Aprio's Government Contract Services Group with over 25 years of government contracting experience. He is responsible for providing clients with a broad variety of pre and post-award support. His expertise includes proposal development, contract and subcontract administration, FAR compliance, small business programs and government audits.

DONNA DOMINGUEZ has more than 20 years of experience providing a wide range of financial compliance advisory services to government contractors. She is experienced in FAR, CAS, ICS, DCAA cognizant audit support, provisional billing rates, establishing or revising indirect rate structures, and cost proposal support. Donna works with government contractors to help them grow their businesses while keeping their accounting systems adequate and their billing systems current and relevant.



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OIG Audits of CARES Act Provider Relief Funds

by **MEGAN K. KNIGHT, CPA** and **ALESIA L. WARE**

Let's take a quick trip back to March 11, 2020, when we saw the World Health Organization declare the outbreak of COVID-19, a novel strain of coronavirus. In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law on March 27, 2020. One provision of the CARES Act was the establishment of the Provider Relief Funds (PRF), administered by the U.S. Department of Health and Human Services (HHS). These funds were distributed to nationwide health centers to help support the fight against COVID-19. According to HHS, health centers, commonly referred to as providers, are defined as community-based and patient-directed organizations that provide affordable, accessible, high-quality primary health care services to individuals and families.

Here is where the HHS Office of Inspector General (OIG) comes in. The mission of the OIG is to protect the integrity of the HHS programs, including the well-being of the beneficiaries of said programs. The mission is completed through a series of audits, investigations and inspections carried out by the following counterparts: Office of Audit Services, Office of Evaluation and Inspections, Office of Investigations, and Office of Counsel to the Inspector General.

As of the date of this article, the OIG has published four reports detailing different audits that have been completed related to the PRF, and we will briefly summarize the scope, purpose, and findings of each one below:

OIG PRF AUDIT #1

Report in Brief dated September 2022

- Scope: Approximately \$48 billion in PRF payments were disbursed to 323,498 Medicare providers between April 10, 2020 and December 17, 2020.
- Purpose: Determine whether HHS and the Health Resources & Services Administration (HRSA) had appropriate controls to help ensure providers received the correct payment amounts from the Phase 1 General Distribution.
- Random Sample: 45 providers
- Findings: Although HHS and HRSA did have controls in place that were designed to ensure providers received the correct payments, some of the controls could have been improved upon. The OIG provided five recommendations to HRSA, which included performing post-payment quality control reviews, seeking repayment of any overpayments from providers, and conducting a cost-benefit analysis for manual review of providers.

OIG PRF AUDIT #2

Report in Brief dated May 2023

- Scope: Approximately \$2 billion in supplemental grant funding
- Purpose: Determine whether the selected health centers used the COVID-19 supplemental funding received in accordance with program requirements and grant terms.
- Random Sample: \$70,305,389 awarded to 30 selected health centers.
- Findings: It was determined that 17 out of the 30 selected health

centers did not or may not have used a portion of their COVID-19 supplemental funding in accordance with program requirements and grant terms, with 10 health centers charging unallowable costs, and 13 health centers not properly allocating salary and fringe benefits costs (total is greater than 17 due to 6 health centers having more than one deficiency).

OIG PRF AUDIT #3

Report in Brief dated September 2023

- Scope: Approximately \$2 billion in COVID-19 funds to 1,387 health centers.
- Purpose: Determine whether HRSA had an effective process to identify and monitor high-risk health centers that received COVID-19 funding.
- Sample: 37 high-risk health centers and 33 moderate and minimal-risk health centers
- Findings: It was determined that HRSA had effective processes to identify and monitor high-risk health centers that received COVID-19 funding. Specifically, the OIG agreed with the risk ratings for the 37 health centers that HRSA identified as high-risk and the 33 health centers that HRSA identified as less than high-risk.

OIG PRF AUDIT #4

Report in Brief dated October 2023

- Scope: Approximately \$39 billion in automatic PRF payments were disbursed to 319,468 providers.
- Purpose: Determine whether HHS ensured that Phase 1 General Distribution automatic PRF payments were: 1. properly calculated and 2. disbursed only to eligible providers.
- Sample: 100 percent of the population.
- Findings: It was determined that nearly all providers received the correct amounts of the automatic PRF payments from the Phase 1 General Distribution. However, approximately \$2.16 billion (5.5 percent) of the \$39 billion automatic PRF payments were miscalculated. Specifically, when calculating the Round 1 automatic PRF payments, HHS did not consistently:
 1. Apply a two percent sequestration reduction amount.
 2. Exclude managed care claim amounts.
 3. Include pass-through per diem totals for Part A hospital inpatient providers.
 4. Include beneficiary coinsurance liability and deductible amounts when calculating Part B hospital outpatient providers' 2019 Medicare FFS reimbursements.
 5. For the calculation of Round 2 automatic PRF payments, HHS did not calculate payments for renal dialysis providers as intended and did not identify certain providers with data irregularities in their cost reports, resulting in higher automatic PRF payments than intended. HHS also disbursed approximately \$247 million in payments to ineligible providers. OIG recommended that HRSA recoup any overpayments provided.

PERSPECTIVE FROM THE PROVIDER SIDE

If we go back again to the start of the pandemic in March 2020, providers began to see the following effects on their business operations across the nation: elective surgeries ceased, visitor foot traffic discontinued, staffing costs at historical highs and a desperate need for personal protective equipment (PPE). When the \$46 billion HRSA Phase 1 and 2 general distributions, \$41.9 billion and \$4.5 billion, respectively, were made to providers nationwide, providers were experiencing plummeting net patient service revenues and abnormal staffing, infrastructure, and PPE expenditures. Although the Phase 1 and 2 distributions were made quickly between April and December 2020, expenses were incurred even quicker. Therefore, providers' management teams were responsible for following HRSA's guidance for financial management systems and internal controls related to allowable, allocable, and documented costs under the ever-changing terms and conditions of the award. Phase 1 and 2 distribution periods of availability for expenses were January 2020 to June 2021 and December 2021, respectively. Management utilized HHS' guidance as follows:

- Allowable expenses could include expenditures used to prepare for, respond to, or prevent the spread of COVID-19 and/or
- Lost revenues utilizing one of the following allowable computation models: 1) budget to actual, 2) actual to actual, or 3) any reasonable methodology determined by management.

Not only were providers managing the effects of COVID-19 operationally and clinically, but in many cases, this was also the first fiscal year they received and expended federal awards greater than or equal to \$750,000, the threshold that triggers a Uniform Guidance Audit, is commonly referred to as a single audit. A single audit is an audit of the financial statements and compliance with the appropriate and applicable federal award requirements performed by an independent auditor that is submitted to the Federal Audit Clearinghouse (FAC) within nine months of the fiscal year's end. Single audit materiality thresholds are significantly lower than those of a financial statement audit. If any known or likely questioned costs (i.e., costs that may not be allowable or are not supported by adequate documentation) over \$25,000 are identified during the audit, the auditor is required to report them to the awarding agency.

So, what does the OIG audit process look like? Imagine just getting through the Phase 1 and Phase 2 single audit while continuing to mitigate and manage the COVID-19 effects and then receiving an email from the OIG with a notification that your organization has been selected for another audit. Below, we will recap the experience of some of the providers who were selected for these first-round OIG audits. The OIG selected these providers based on their geographic location, financial risk and grant award amounts to learn more about how providers used the PRF payments received to prevent, prepare for, and respond to COVID-19, as well as reporting requirements associated with the use of the funds, and any challenges that facilities encountered in assessing and using the funds. Some items requested by the OIG included invoices and personnel-level details submitted for expense recoupment, lost revenue calculations and interviews with provider members.

The first series of interviews included chief executives, administrators, or staff responsible for accepting, using, or reporting on the use of PRF, with the expectation that invoices, calculations, and other support would be provided to support the use of the funds (either before or during the interview). Although not required, it was also recommended

for providers to include their independent auditors in this interview, especially if the single audit of Phase 1 and 2 funds had been completed and the report was submitted to the FAC. The second OIG interview was conducted with facility staff, and the third was held with the resident/facility council representative.

See below for an example of questions providers had to be prepared to answer:

1. How has the COVID-19 pandemic affected staff, patients, or residents?
2. What experiences or challenges has the provider had accessing or using PRF payments?
3. How did the provider spend the PRF payments? Were the payments used for staffing, supplies, lost revenue, or in other ways?
4. To what extent has the provider complied with the terms and conditions associated with the PRF payments? What challenges, if any, have they experienced with using the funds in accordance with those requirements?
5. To what extent did the provider think the payment amounts and the methods used to determine were they fair and accurate?
6. What guidance did HHS/HRSA provide the provider about its goals, expectations, and allowable uses for PRF payments?
7. What actions has HRSA taken to help the provider overcome challenges related to PRF use and reporting requirements?

WHAT PROVIDERS SHOULD BE DOING NOW

The major audit findings included providers using PRF for unallowable costs and incorrectly allocating salary and fringe benefit costs. While the OIG continues to conduct audits of the remainder of the PRF distribution phases, providers should work closely with their independent auditors and external consultants to ensure:

- Lost revenue calculations are completed accurately and are well documented if an alternative approach was utilized,
- Expenditures complied with the applicable period of availability timeframe and within allowable cost perimeters prior to satisfying the reporting requirement and
- Supporting documentation is available and remains assessable for all expenditures and calculations.

These steps will help ensure a smooth audit if your facility is selected.

MEGAN K. KNIGHT, CPA, is a director in FORVIS' (formerly DHG) Healthcare Group and has over thirteen years of experience in public accounting and providing assurance services to non-profit organizations. Megan's experience spans the spectrum from large, fully integrated regional health systems to single-facility community hospitals. Megan also has experience performing Single Audits under the Uniform Guidance and Government Auditing Standards, as well as various types of other compliance audits, attestation engagements, and consulting projects.

ALESIA L. WARE is a senior associate at a top 10 public accounting firm, FORVIS LLP, in Atlanta, Ga. She has been with the firm since the Fall of 2017 and has served a wide range of financial statement and governmental audit clients in the healthcare industry, ranging from multimillion-dollar healthcare systems to small rural hospitals across the firm's footprint. When Alesia is not helping clients achieve their goals, she can be found mentoring younger staff and supporting firm inclusion and diversity initiatives.



Harnessing Generative AI: A CPA's Guide to Navigating the Digital Future

by **CHRIS JENKINS, CAE, CISSP, CCNA, MCSE**

'If I could clone myself!' is a familiar refrain for those of us seeking to squeeze just one more task into our busy days. In a quest to replicate my professional efficiency, I turned to Artificial Intelligence (AI) for answers. While a literal clone remains science fiction, the journey led me to a team of virtual assistants, courtesy of Generative AI, proving valuable. This experience underscores the transformative force of AI, particularly for professionals like Certified Public Accountants (CPAs). AI is not just a futuristic vision; it's an indispensable tool in our present toolkit.

THE RISE OF AI AND GENERATIVE AI

AI has long ceased to be a novel concept, with its roots stretching back to the 1950s. Today's buzz centers around a specific AI subset: Generative AI. This technology goes beyond traditional AI models, which are typically designed for tasks like classification or prediction. Generative AI stands out for its ability to create new, original content – from text to images and even music or code. This leap in AI capability has broad implications, extending from the creative arts to technology development and, notably, into the realm of accounting and finance.

GENERATIVE AI IN ACCOUNTING

For CPAs, the implications of Generative AI are profound. It's not merely about automating tasks but revolutionizing them. This AI can generate intricate financial reports, build predictive models, and simulate diverse financial scenarios for risk assessment. Moving beyond the confines of accounting, Generative AI also finds application in general business functions – from crafting marketing strategies to managing schedules. If there's a repetitive task, chances are, Generative AI can automate it, enhancing both efficiency and strategic insight.

Yet, as with any groundbreaking technology, challenges abound. The accuracy of the outputs from Generative AI hinges on the input data quality and the sophistication of the underlying models. Concerns about over-reliance on AI-generated results are valid, particularly in areas demanding professional judgment. Securing client data and preventing unintentional public disclosure of confidential information is also paramount.

BUILDING A LEARNING STRATEGY FOR GENERATIVE AI

Adopting Generative AI effectively requires a structured learning strategy. The first step involves understanding its capabilities and

limitations. A fundamental aspect of this is mastering the art of prompt engineering – the skill of crafting precise, detailed queries to guide AI towards more accurate and relevant outputs. For example, a basic query like, "How do I find outliers in a dataset?" might evolve into a more detailed instruction, ensuring nuanced and actionable AI responses.

A better-written prompt might be:

"How can I use MS Excel to locate outliers in large data sets? I want the final output in a whisker plot graph. Please provide instructions with formulas. Please explain it to me using simple examples."

Critical evaluation of AI-generated content is crucial. AI, designed to provide answers, might occasionally fabricate convincing yet incorrect information. It's essential to cross-reference AI outputs with professional expertise and verifiable sources.

For example, this prompt may return a correct or very close answer. It could also provide a very convincing wrong answer. There have been several news articles about professionals being led astray by AI. In these cases, the human part of the partnership failed, and the over-reliance on technology certainly created a red-faced moment:

"Act as a CPA using the AICPA AU-C professional standards and FASB ASC guidance auditing a not-for-profit entity. Please write a footnote for the financial statements for the year ended December 31, 2022, about contribution revenue recognition policy in accordance with FASB ASC 606."

Data security is another key area. When using AI, especially with sensitive financial data, one must be vigilant about data privacy and integrity. Sanitizing data before inputting it into AI models is a best practice to avoid unintentional data leaks. Depending on your AI tool, your data may be added to the training materials

and, theoretically, be recovered by another user as an answer. A best practice is to sanitize your data before using it in any prompts.

EXPLORING GENERATIVE AI TOOLS

Several Generative AI tools are reshaping the landscape. OpenAI's ChatGPT, Microsoft Bing Chat, Google Bard, and Anthropic's Claude are at the forefront. Each tool has its strengths, and understanding their specific applications can be immensely beneficial. ChatGPT, for example, excels in generating draft documents and creative content, while Claude shines in data analytics and summarization.

This is a technology that advances daily, not annually. Continual learning and staying abreast of advancements in Generative AI technologies are vital. Engaging with these tools regularly, exploring their updates, and understanding their evolving capabilities ensures that CPAs remain equipped with the most efficient and effective tools.

AI IN USE AT SCACPA

Incorporating Generative AI into the South Carolina Association of Certified Public Accountants has enhanced our staff's knowledge and led to the development of innovative tools. Most notably, creating a custom GPT bot that consumes, analyses, and answers questions about the South Carolina Practice Act. This tool extends staff knowledge and is available to the SCACPA membership for real-time queries 24/7.

We've seen enough success to build a staff team from the various Generative AI tools we use.

- Gertrude P. Turner (Chat GPT) is skilled in content creation and revision tasks. She generates and populates social media campaigns, drafts emails, creates summaries, builds CPE marketing copy, and helps generate outlines for CPE programs. Not bad for an annual salary under \$250.00.
- Claude (Claude.AI) can read, analyze, and summarize files of various types. He's great at getting the point and saving us time when researching. He's also underpaid at \$250.00 annually.
- Elle can assist you for under \$5.00 per month. Using this tool from ElevenLabs.io, you can quickly clone your voice to provide audio content without ever stepping in front of the microphone. Best of all, she comes with hundreds of friends.
- Antoine is one of the stock voices employed by ElevenLabs.io, and we utilize him to ensure we maintain a brand voice during various audio and video productions.
- Chuck is my (GitHub copilot); he works by my side when writing code in Visual Studio. Having a copilot installed in Visual Studio doubles my output when writing code, and I couldn't imagine working without it.
- When I need an answer, Barney (Bing Chat) is my go-to for internet searches. Rather than a list of pages that might have the answer, Barney serves up and cites the answer. Not bad for an unpaid intern!
- Then there is Bard (Google Bard), another unpaid intern. Bard was slow to start, but I've found him more valuable in the last few weeks. Bard also integrates with all of Google's services, like Gmail, Docs, and Sheets.

GETTING STARTED

Ready to get started and build your team? The good news is that it's not a difficult process. Nearly all the tools we've mentioned have free versions and limited trials. I'll be very honest: you may not see great value in some free versions, but they make for a great playground, and you'll be well ahead of the curve when you upgrade to the paid versions.

Here are some quick tricks I wish I would have known.

1. Focus on learning the best way to create prompts. Using a free tool like GPT-3 to help me generate the right prompt was very helpful.
2. Have AI analyze your writing style. Feed the AI some of your writings as samples and get the analysis. Use this within custom instructions or prompts to obtain output that mimics your writing style.
3. Use different tools; tools are updated daily, and results can change dramatically. If a tool isn't responding well, move to a different one; it's likely the tool and not you causing the problem.
4. Keep at it, and don't dismiss the value. Having bad experiences and giving up on the tech can be easy. Trust me, keep at it. The value exists. You need to find it.
5. Work with a team or a friend and share your learning. It builds excitement and gets you up to speed faster.

Remember, adopting AI is as much about a mindset shift as it is about technological change. It's about being open to innovation, ready to adapt and eager to explore AI's potential.

CONCLUSION

Remember, adopting AI is as much about a mindset shift as it is about technological change. It's about being open to innovation, ready to adapt, and eager to explore AI's potential in accounting. AI isn't designed to replace the professional; it's here to assist, create efficiencies, and help you claw back time for higher-priority tasks. Who will join your AI team?

SUMMARY

AI is here to stay, and the benefits can be enormous for tax practitioners who use it responsibly. Improved efficiency, accuracy, and client service are all possible if you implement artificial intelligence in your tax practice! And, with almost nonexistent barriers to entry, what's holding you back?

CHRIS JENKINS, CAE, CISSP, CCNA, MCSE, is the CEO of the South Carolina Association of CPAs (SCACPA). Prior to joining SCACPA, Chris served as the chief information officer at the Ohio Society of CPAs (OSCPA). During his 17 years with OSCP, he created strategies to best leverage emerging technology trends and solutions to benefit the organization. Chris also served as the vice president of Compuents, a technology consulting and training firm that created, planned and implemented small business technology solutions.

AICPA Releases 2023 MAP Survey Results: How Does Georgia Compare?

by **JAMIE ETZBACH**

The National MAP Survey dates back to the 1990s and is the largest benchmarking survey on accounting firms' financial results and practice management approaches. The survey is fielded every two years, though there were three years between the 2018 and 2021 surveys due to the COVID-19 pandemic.

The data provides firm leaders with an honest look at where their firm stands in relation to the profession and similarly sized practices while spotlighting industry trends, areas of concern and potential opportunities.

Forty-three Georgia firms took part in the 2023 National MAP Survey.

Responses were gathered from May through July, reflecting the financial results of the firm's fiscal year 2022.

Beyond the national results, the statistics are further broken down by regions: West, Northeast, Midwest, and South. For the 2023 survey, the South region was top in participation at 32 percent.

In addition to Georgia, the South region includes:

- Alabama
- Arkansas
- Delaware
- Florida
- Kentucky
- Louisiana
- Maryland
- Mississippi
- North Carolina
- Oklahoma
- South Carolina
- Tennessee
- Texas
- Virginia
- West Virginia

REPORT FORMAT

Data from the 2023 MAP Survey analyzed

information into five major categories:

- Key Performance Indicators (KPIs) – detailed calculations that provide valuable results and insight into how a firm is performing.
- Firm Information – geographic data on firms completing the survey and general demographic information on the firms, including the number of years in business, location, service lines and more.
- Financial – detailed income and expense data, breakdown of fee sources and billing protocol statistics.
- Staffing and Compensation – all the details on staffing, billing rates, utilization and compensation.
- Cyber Liability and Security – details on cyber liability programs, coverage and practices.

Data was then broken into brackets according to firm revenue.

ANALYZING THE RESULTS

Financial

The report's executive summary concludes that accounting firms showed resiliency and resolve during the COVID-19 pandemic. Like other businesses, many firms dealt with sudden shifts to all-remote work and had to adjust to a new reality of safety concerns and economic shocks.

For all firms, median net client fees in fiscal 2022 jumped to almost \$1.1 million, 9.1 percent higher than in fiscal 2021. In Georgia, the change was slightly under the national growth at 8.86 percent.

The median firm in the 2023 survey posted bottom-line growth and top-line gains. Upward revenue movement was seen across all seven size ranges tracked by the MAP Survey.

The survey further indicated that all firms' median net hourly billing rate rose 16

percent, which covered the 6.1 percent rise in average annual base salary for professionals recorded by all firms in 2022. Hourly billings accounted for a median of 65 percent of revenues for firms that provide that pricing option. Hourly-based billing accounts for 45 percent of the total revenue for Georgia firms falling under the national average.

Salary expenses (excluding owners) as a percentage of net client fees stayed flat at 32.6 percent. Georgia's salary expenses were slightly higher than the national average at 33.5 percent.

Staffing and Compensation

The accounting profession faces pipeline challenges, which the AICPA and NASBA seek to address by forming the National Pipeline Advisory Group (see page 12 for more information). The 2023 MAP Survey reports an official turnover rate of zero percent for all firms.

The survey found a median turnover rate of 6 percent for firms with annual net client fees of between \$1.5 million and \$5 million. Firms in the \$5 million to \$10 million range reported a median turnover rate of 10 percent, while the largest firms (\$10 million and up) saw their median turnover rate hit 14.25 percent.

In Georgia, smaller firms' turnover was nearly zero (in fact, the numbers are so small, they show as zero percent on the report), while firms with more than \$1.5M in revenue showed a 12.3 percent turnover rate.

Among all firms that reported voluntary turnover, 30 percent had a team member accept a position at another firm, and 28 percent had a team member leave the profession entirely. Those percentages were up from 79 percent and 20



numbers to note

43

GEORGIA FIRMS

took part in the 2023
National MAP Survey

\$1.1M

MEDIAN NET CLIENT FEES FOR ALL FIRMS

which is 9.1% higher than fiscal
2021. Georgia's grew by 8.86%.

32.6%

SALARY EXPENSES AS A PERCENTAGE OF NET CLIENT FEES

with Georgia's slightly higher than
national average at 33.5%

12.3%

TURNOVER RATE FOR GEORGIA FIRMS WITH \$1.5M+ REVENUE

with smaller Georgia firms'
turnover nearly zero.

\$57,500

AVERAGE ANNUAL COMPENSATION FOR NEW ACCOUNTING PROFESSIONALS IN GEORGIA

putting Georgia higher than the national
median average at \$50,000.

85%

FIRMS WITH CYBER LIABILITY INSURANCE NATIONALLY

with Georgia below national curve at 79%.

percent, respectively, in the 2021 survey. The percentage of firms hit with retirements increased to 19 percent from 15 percent two years ago.

Voluntary turnover for Georgia firms was 42 percent for team members accepting positions at other firms; 48 percent left the profession entirely, and retirements were 23 percent.

According to the U.S. Bureau of Labor Statistics' recent National Occupational Employment and Wage Estimates, accountants' and auditors' average annual salary lags well behind other professionals' salaries. The 2023 MAP Survey found that the median average compensation for new accounting professionals was \$50,000 per year in fiscal 2022, up from \$45,000 in fiscal 2020. New accounting professionals in Georgia average \$57,500 annually, putting Georgia higher than the national average and the South region average of \$54,703.

Cybersecurity and Liability

Cybercrime threats are increasing, and with

AI gaining momentum, accounting firms are a target as they have a considerable amount of sensitive client information.

Results indicated that 85 percent of respondents said they purchased cyber liability insurance, and another five percent said they didn't have cyber liability coverage but planned to secure coverage in 2023. These results are up from 82 percent in 2021.

Georgia is below the national curve with cyber liability insurance. In the 2023 survey, 79 percent of firms said they had already purchased. Only 17 percent said they had yet to purchase. The remaining three percent said they plan to purchase this year.

For the South Region, the results were:

- Yes: 83 percent
- No: 16 percent
- No, but plan to purchase this year: 6 percent

TO LEARN MORE

PCPS members who participated in the survey can access and instantly download

detailed information on the platform. ALL survey participants, PCPS or Non-PCPS, can download their FREE personalized report from the platform.

The 2023 Survey Executive Summary is available and open to all (PCPS members and non-members who participated in the survey or not) at www.aicpa-cima.com/professional-insights/article/national-map-survey

JAMIE ETZBACH is the director, publications and marketing for The Georgia Society of CPAs. She ensures all member communications, both print and electronic, provide member value and strategically meet the needs of the Society's membership.

Member News



PROMOTIONS & NEW POSITIONS

Smith, Adcock and Company, LLP, one of the leading accounting firms in Athens, is pleased to announce the promotion of **Jeremy Burch** to the position of partner effective January 1, 2024. Burch, a native of Newton, Ga., joined Smith, Adcock and Company in 2019, and his excellent work led to his rapid rise at the firm. Within three years of joining the company, Burch earned a promotion to manager, and his promotion to partner followed less than two years after that.

Symphona, LLP is pleased to announce the addition of **Joshua M. Wells, CPA**, to the partner group as of January 1, 2024. Joshua (Josh) has been an instrumental member of the firm since 2011. He is a member of the firm's Tax and Business Solutions Group, which provides tax compliance and consulting services. Josh enjoys working with clients, focusing on those in the construction, health care, self-employed, and farming professions. Josh began his career with Symphona in the banking department.



IN MEMORIAM

Broadus L. Smith, Griffin, Ga.
Richard D. Yelton, Jr., Decatur, Ga.

Further Your Professional Development



At GSCPA, our number one priority is serving our members. And we need your help! As a member of the profession, you are familiar with the needs of CPAs in our state—and you probably have some fantastic ideas about how current needs can be better met and how to anticipate and prepare for future needs in an evolving profession.

A great way to help shape GSCPA policy and programming is to serve on one of our committees, task forces, advisory councils or chapter officer roles. Various opportunities are available for those who can give only a small amount of time and those who can provide more. With many meetings held virtually, we make participation easy for members throughout the state. Are you interested in serving the Society at a higher-level governance capacity in the future? In that case, membership on a committee, task force, advisory council or acting as a chapter officer is a great place to start.

Serving in a GSCPA volunteer capacity is also an excellent way to network with professional colleagues and learn from the inside about the operation of a statewide 501C-6 nonprofit organization. Volunteering allows you to share ideas and best practices and further your professional development. GSCPA has a committee to suit almost any interest and skill set. If you are considering volunteering for a specific committee but would like more information, we can provide the staff liaison contact or a current committee member.

If you want to learn more about the Society's volunteer opportunities, please visit our website at www.gscpa.org/content/volunteer.aspx and fill out a volunteer interest profile. If you have further questions, contact the Member Services Department at memberservices@gscpa.org or 800-330-8889, extension 2986.

First CPA Certificate Gifted to GSCPA

Joel Hunter, CPA, was the holder of Georgia CPA certificate number one, and he is rightly regarded as a pioneer in the profession. He served as secretary from 1907-1913, when he became the second president of The Georgia Society of Certified Public Accountants (GSCPA) and served from 1913-1915.

Hunter was also the first chairman of the Georgia State Board of Accountancy.



at Emory University for 34 years. During his tenure, he served as area coordinator of accounting for the business school and chaired the MBA and BBA Program Committees at various times. Jim is a former GSCPA life member and the recipient of GSCPA's 1992 Outstanding Service Award and the 1998 Accounting Educator of the Year Award.

Toward the end of Jim's teaching career, a woman came to his office with Joel Hunter's certificate. It is uncertain how she came into possession of the certificate, but she knew it was important and wanted to ensure that it was in the hands of someone who would see it preserved. The Gentry Family researched Joel Hunter to return the certificate to his family; however, they were unable to locate anyone. Jim's daughter, Jamie, a past GSCPA member, knew the certificate would be in good hands with the organization Joel helped organize over 100 years ago.

The Society is honored to receive this piece of history, which is now displayed in the GSCPA office in Atlanta. Thank you to Jamie Nelson and Jim Gentry for taking good care of the certificate and considering GSCPA as its recipient.

Citations

Georgia Society of Certified Public Accountants, "Georgia Society of Certified Public Accountants, Inc.: History, 1888-1948; History, 1888-1948" (1949). Publications of Accounting Associations, Societies, and Institutes. 182.
https://egrove.olemiss.edu/acct_inst/182

The Georgia Society of CPAs, Current Accounts May/June 2005.

Indicative of his leadership not alone in local matters pertaining to the new profession, Hunter was elected vice president of the National Association of CPA Examiners from 1909-1910. Before 1931, CPA certificates were signed by the Board members, including Hunter, to indicate their approval of the successful candidates. Still, the issuance of the certificates was a function of the executive department of the State, and they were valid only when signed by the Governor of Georgia. Following the changes in the law in 1935, the Board members conducted the examination and issued the certificates over their signatures.

In May 1915, Joel wrote a book on how to pass the CPA exam, *General Information of the Georgia CPA Examinations and Typical Questions*, which was replicated in 2005 to commemorate the 100th anniversary of GSCPA.

The Constitution, Georgia Society of Certified Public Accountants, was published in November 1926. Besides the constitution, this small book included the by-laws adopted in 1925. The committee of Joel Hunter, W. L. Chaffee, and Charles Seeger drew up the constitution and the by-laws.

Recently, GSCPA was gifted Joel Hunter's CPA certificate from the Gentry Family. Jim Gentry was an accounting professor



Support Your Profession by Joining GSCPA's 100% Membership Program

Having all of our professional staff, including non-CPAs and CPAs, as members of GSCPA is something Smith, Adcock and Company has sought to achieve over the past decade. So when the 100% membership program came out, we were more than happy to enroll. Emily Smith, our GSCPA liaison, is a great resource when you need a question answered; no matter what the question involves, she ensures we are taken care of. Don't miss out on this program's concierge benefits – sign up!"

BETH MARTIN, Smith, Adcock and Company, LLP

The Georgia Society of CPAs (GSCPA) is honored to serve as your professional association. Your GSCPA membership benefits the CPA profession now and in the future. The Georgia Society is privileged to serve as your partner in creating value for you as members, promoting the value and importance of the CPA credential and helping you meet the challenges created by the ever-shifting landscape CPAs now face. Your GSCPA membership is a critical part of a successful career in the accounting profession.

ELIGIBILITY & REQUIREMENTS

- Firms or Companies with ten or more CPAs
- Must agree to have every CPA as a member of GSCPA
- Must be enrolled in Firm/Company Billing (free program)

PARTICIPANT BENEFITS

- Unique 100% Membership logo for use on company website and marketing
- Recognition on the GSCPA website
- Recognition in various GSCPA publications
- 100% Membership logo in GSCPA's "Find A CPA" directory
- Recognition display for office
- Concierge staff contact
- Discount on job postings for GSCPA's career center
- Free membership until the next membership year (June 1) for any new members added
- Complimentary Professional Issues Update
- Access to "Legislative Update" conference calls

QUESTIONS?

Contact Emily Smith at esmith@gscpa.org or 404-504-2947.



Join GSCPA in St. Augustine for the 2024 Annual Convention

The Georgia Society of CPAs Annual Convention will be held June 9-12, 2024, at Embassy Suites by Hilton St. Augustine Beach Oceanfront Resort. The convention is a family-friendly, fun-filled, four-day event, allowing attendees the opportunity to mix and mingle and meet new friends.

CPAs can take advantage of the approximately 12 hours of CPE on various topics, including professional issues, leadership development and more. On Tuesday, June 11, plan to participate in the GSCPA Annual Business Meeting, where you will hear what your Society has accomplished over the past year and the plans for the upcoming year.

EMBASSY SUITES BY HILTON ST. AUGUSTINE BEACH OCEANFRONT RESORT

This oceanfront hotel is steps from the sand, with balcony views of St. Augustine Beach. Downtown attractions like Castillo de San Marcos are 10 minutes away. Water sports, family-friendly activities, cabanas, and a bar for poolside sipping are available.

RESORT RESERVATIONS

The GSCPA room block is currently open. The group rate for run of house rooms is \$269++ with a \$22 resort fee. To secure your reservation, please visit the resort website: <https://www.hilton.com/en/attend-my-event/2024gscpaannualconvention/>

PLEASE NOTE

This link will only work for select room types and the actual dates of our event - Sunday check-in and Wednesday check-out. You may need to adjust the dates at the top of the booking page. To modify your reservation to possibly include more nights, please contact Callie Hammond at chammond@gscpa.org with your confirmation number. Requests are not guaranteed and will only be made through email. We thank you for your patience and understanding. As with all room blocks, space is limited.

CONVENTION REGISTRATION

Registration information will be available soon. In the meantime, if you have any questions as you make your travel arrangements, please contact Callie Hammond at chammond@gscpa.org. As a friendly reminder, all travel costs will be on your own.





conference details

APRIL 17-18, 2024

Virtual Attendance or In Person
GSCPA Learning Center
Atlanta, Georgia

Live Stream Code: LS13005
In Person Code: 13005

16 hours of CPE

pricing

EARLY BY 3/27

\$479 GSCPA Members
\$579 Non-Members

STANDARD

\$539 GSCPA Members,
\$639 Non-Members

LATE AFTER 4/14

\$579 GSCPA Members
\$679 Non-Members

GSCPA's Decision Makers Conference

Managing the strategic and financial direction of a changing workplace is challenging. Continual developments require you to have the most up-to-the-minute knowledge, skills, and techniques. Discuss critical issues that corporate finance professionals undertake to enhance your career development and benefit your company. To register, visit www.gscpa.org, search event code in Event Catalog or call 404-504-2985 or 800-330-8889, Opt. 3.

DAY 1 TOPICS

- **Courage-Ready Culture**
Candace A. Doby, The Can-Do Company, Atlanta, Ga.
- **2024 Accounting & Auditing Update for Decision Makers**
A.J. Hurst, CPA, Frazier Deeter, Atlanta, Ga.
- **State of Financial Markets and Trends**
Mary Ann McDaniel, Goldman Sachs, Atlanta, Ga.
- **2024 Tax Update for Decision Makers:**
An Ever-Changing Landscape
Jonathan Tucker, MAcc, Principal, KBKG, Atlanta, Ga.
- **How to Get Started with the Corporate Transparency Act**
Jonathan Wilson, CPA, FinCEN Report Company, LLC, Atlanta, Ga.
- **Charting Financial Leadership: A 2024 CFO Panel Discussion**
Moderator: Matt D. Clark, Veritas CFO, Atlanta, Ga.
Panel: Tracy Tan, Primerica, Atlanta, Ga.;
Linda Philip, Universal Turbine Parts, Atlanta, Ga.;
Scott Haygood, Curant Health, Atlanta, Ga.

DAY 2 TOPICS

- **AI Revolution: Unleashing Opportunities and Navigating the New Frontier**
John Higgins, CPA, CITP, Higgins Advisory LLC, Rochester, Mich.
- **State of Insurance Market**
David Morgan, Zurich, Atlanta, Ga.
- **An Exclusive Economic Update for CFOs and Accounting Professionals**
Daniel A. Morgan, Synovus Personal Trust, Atlanta, Ga.
- **Navigating the Intersection: DOL Regulations on Independent Contractor vs. Employee**
Art Auerbach, CPA, CGMA, Atlanta, Ga.
- **ChatGPT Hands-On Bootcamp for Decision Makers**
John Higgins, CPA, CITP, Higgins Advisory LLC, Rochester, Mich.
- **Employee Law Update for Executive -Level Accounting Professionals**
Todd Stanton, Principal, Stanton Law, Atlanta, Ga.



GSCPA Presents: 2024 CFO Series

Looking for additional educational opportunities for decision makers? Attend one or several events in GSCPA's CFO series of seminars focused on the evolving skills needed for those in financial leadership positions. To register, visit www.gscpa.org, search event code in Event Catalog or call 404-504-2985 or 800-330-8889, Opt. 3.

CFO SERIES: CHIEF REVIEWER

October 17, 2024 | Event Code: LS10001
8 a.m. - 3:30 p.m.

Instructor: Steve Boussem

Credits: 2 Information Technology - Technical; 2 Tax - Technical; 4 Auditing - Technical

This presentation focuses on one key role we all share – being a reviewer. Every financial professional must review. We review; processes, systems, test results, performance, taxes, financials, timelines, and progress. The spotlight is to enhance our skills as a reviewer. Are we great at listening, and asking the right questions? We will also discuss a high-level overview of taxation and the newer skills needed to be an effective financial leader. At every level, we are responsible for reviewing and improving ourselves, a responsibility that never ends. We cannot fall behind in an ever-changing, dynamic environment. Technology is always moving forward, just as we should.

CFO SERIES: ADVANCED PROFIT ENHANCEMENTS

October 25, 2024 | Event Code: LS10002
8 a.m. - 3:30 p.m.

Instructor: Brian Maturi

Credits: 2 Auditing - Technical; 2 Business Management & Organization - Non-Technical; 4 Finance Technical

This course focuses on three separate, proven tactics to increase profitability, including cost reductions, revenue enhancements, reducing investment, avoiding waste, and

taking a more integrated look at avoiding risk. We also look at methods to optimize the return from the marketing function. The focus is simple – getting the most bang for the buck with proven approaches to increase profitability and to improve the organization.

CFO SERIES: EMPLOYEES TODAY AND TOMORROW

November 12, 2024 | Event Code: LS11001
8 a.m. - 3:30 p.m.

Instructor: Jane Mims

Credits: 2 Personal Development - Non-Technical; 6 Business Management & Organization - Non-Technical

The war for talent is ongoing. We review four topics, concentrating on today's employment realities, getting the most from your team, how to attract and retain talent, how utilizing the employment life cycle can deliver better performance, and how re-invigorating careers (yours and others) can make our professional role easier and deliver better financials. The cost of 'mismanagement' is huge, and we discuss tactics to help you and your colleagues improve. You and your team can do better, and we will discuss how?

CFO SERIES: THE EFFECTIVE CFO

December 13, 2024 | Event Code: LS12001
8 a.m. - 3:30 p.m.

Instructor: Rob Berry

Credits: 2 Business Management & Organization - Non-Technical; 2 Finance -

Technical; 2 Accounting - Technical

Whether you are a seasoned CFO or a staff professional, we all want to enhance our skills and become more effective. We discuss four methods to improve, including getting the most from the sales function, how CFOs can (and should) deliver much more value, new skills to develop, and how to find the time to do this? We also review the value of sustainability, ESG reporting, and measurement. A newer technique that adds value to our role so we can become even more effective. Each of these four topics will help you truly deliver more value.

CFO SERIES: MANAGEMENT SUPERPOWERS

December 18, 2024 | Event Code: LS12002
8 a.m. - 3:30 p.m.

Instructor: TBD

Credits: 2 Personal Development - Non-Technical; 6 Business Management & Organization - Non-Technical

We all aspire to be great managers, even with management superpowers. We will discuss how, specifically what, you can do to improve your management skills. The best leaders have a never-ending passion to improve and acquire useful knowledge. Management skills can be learned, but only if one is willing to do the work. If you aspire to be a more valued, trusted, credible leader – these four sessions of two hours each will help you become a first-class manager. Learn what makes the best managers – the best.

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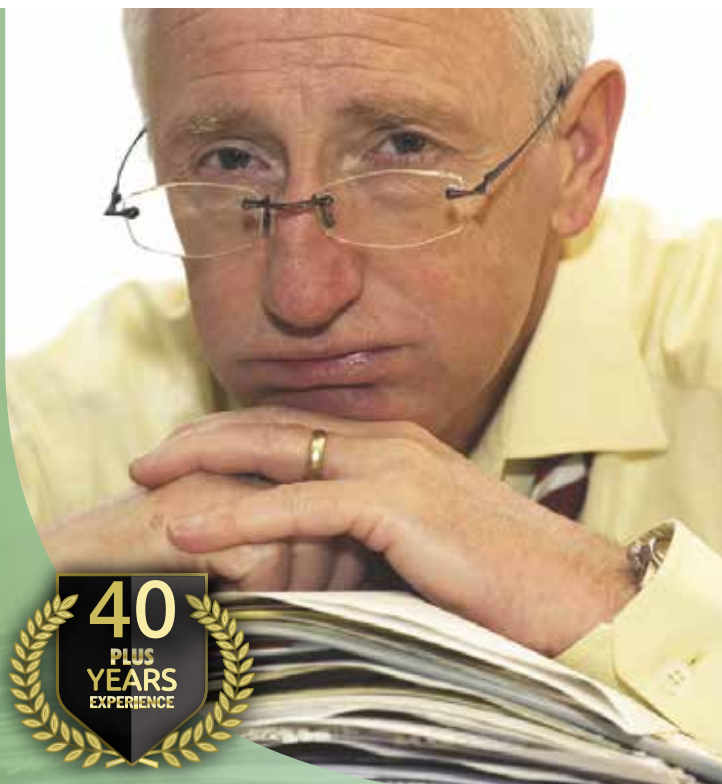
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4. Complete the test and click “Submit” when you are finished.
5. Print the confirmation page for your records.

PRINT INSTRUCTIONS

1. Detach this page from *Current Accounts*.
2. Take the test, recording your answers on the answer sheet by filling in the appropriate circle.
3. Complete the registration and payment information. Payment must be submitted with the test. Print clearly.
4. Email this page to the CPE Department at cpe@gscpa.org or mail this page along with your payment to:

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Current Accounts Self-Study Test
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Atlanta, GA 30328

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TEST RESULTS

Upon completion of the test, your answers will be graded and within two business days you will either receive an Event Acknowledgement stating you passed the test along with certificate of attendance or an email stating you did not pass along with a link to retake the test.

QUESTIONS

If you have any questions about this test, please contact the CPE Department at 404-504-2985.

ATTRIBUTION

The self-study test is developed and written by Lowell Mooney, CPA, Ph.D., professor of accounting at Georgia Southern University.

MARCH/APRIL 2024 TEST NO. CA240304

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NASBA TASK FORCE CONSIDERS NEW PATH TO LICENSURE

1. According to the article, what is the number one reason behind decisions to enter and leave the profession?
 - A. The salaries
 - B. The 150-hour requirement
 - C. The profession's image
 - D. The work-life balance
2. NASBA's Professional Licensure Task Force, which includes GSCPA CEO Boyd Search, is charged with examining which of the following options for addressing the CPA pipeline crisis?
 - A. The 150-hour requirement
 - B. The current education model
 - C. The one-year experience requirement
 - D. The CPA Exam
3. The Professional Licensure Task Force is exploring "a path to licensure that would not be on an accredited transcript but is still defined in great detail." Select the INCORRECT statement from the following:
 - A. In the envisioned path, students would enter the profession upon completion of a bachelor's degree in accounting (or its equivalent).
 - B. Students could meet the additional 30 hours by completing a State Board of Accountancy approved "equivalent pathway."
 - C. Universities would compete with firms to provide programs to meet the equivalent pathway.
 - D. The current 150-hour pathway as defined in the UAA would be eliminated.

WHY AREN'T THERE ENOUGH CPAs IN THE PIPELINE AND WHAT CAN WE DO ABOUT IT?

4. Which of the following is NOT a root cause of the accounting pipeline crisis?
 - A. Challenging but rewarding work
 - B. Under-representation of certain diverse groups and minorities
 - C. The cost and time of college education
 - D. Lagging starting salaries
5. According to a joint AICPA/State Society/NPAG poll, many people feel an accounting career is more challenging than other professions due to
 - A. High volume of work and long hours.
 - B. Difficulty of the CPA Exam
 - C. Requirements for CPA licensure
 - D. All of these

THE NEW STANDARDS FOR TAX SERVICES

6. Select the INCORRECT statement concerning the three new standards for tax services discussed in the article.
 - A. The new standards became effective at the beginning of 2024.
 - B. The new representation services standard is needed because Circular 230 applies only to the representation of federal tax clients.
 - C. Under the new data protection standard, external tax return preparation is now prohibited.
 - D. Under the new use of tools standard, using a tool does not absolve the practitioner of professional obligations under AICPA or other applicable ethical standards.

THE FOUR HORSEMEN OF THE INCURRED COST AUDIT

7. Select the INCORRECT statement concerning incurred cost audits.
 - A. Consulting costs and bonuses are frequently deemed unallowable solely because the contractor did not produce or retain the required documentation.
 - B. The portion of the cost of company-furnished automobiles that relates to business use (including transportation to and from work) is allowable.
 - C. Executive compensation set below the statutory ceiling of \$619,000 can still be deemed unreasonably high.
 - D. Contractors cannot turn profit into a cost by distributing portions of the profit to employees.

OIG AUDITS OF CARES ACT PROVIDER RELIEF FUNDS

8. Select the CORRECT statement concerning the Office of Inspector General (OIG) audits of Provider Relief Funds.
 - A. The OIG wanted to determine whether HHS (Health & Human Services) and HRSA (Health Resources & Services Administration) had appropriate controls to help ensure providers received the correct payment amounts.
 - B. A significant number of the health centers did not or may not have used a portion of their COVID-19 supplemental funding in accordance with program requirements.
 - C. Nearly all providers received the correct amounts of the automatic PRF payments from the Phase 1 General Distribution.
 - D. All of these are correct.

HARNESSING GENERATIVE AI: A CPA'S GUIDE TO NAVIGATING THE DIGITAL FUTURE

9. Select the INCORRECT statement concerning Generative AI.
 - A. Auditors can use AI to generate intricate financial reports, build predictive models, and simulate diverse financial scenarios for risk assessment.
 - B. A challenge for beginning AI users is mastering the art of prompt engineering – the skill of crafting precise, detailed queries to guide AI towards more accurate and relevant outputs.
 - C. Auditors can always trust AI generated results because computers can't lie.
 - D. When it comes to data security, a best practice is to sanitize your data before using it in any prompts.

AICPA RELEASES 2023 MAP SURVEY RESULTS. HOW DOES GEORGIA COMPARE?

10. The National MAP Survey enables us to see how Georgia stands in relation to the profession and other states. Select the CORRECT statement:
 - A. At 33.5 percent, Georgia's salary expenses (excluding owners) as a percentage of net client fees were higher than the national average.
 - B. Voluntary turnover for Georgia firms was 42 percent for team members accepting positions at other firms; 48 percent left the profession entirely, and 23 percent retired, all three measures higher than their national average counterparts.
 - C. Georgia is below the national curve with only 79 percent of respondents reporting that they had cyber liability insurance.
 - D. All of these are correct.

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Why We Make CPA Day at the Gold Dome a Priority

by **JOSUE ROSALES, CPA**

Please Note: The views and interpretations reflected below are those of the author and do not necessarily reflect an expression of opinion on the part of The Georgia Society of CPAs.

As CPAs, we are stewards of financial integrity, guardians of fiscal responsibility and advocates for sound economic policies. In today's dynamic legislative landscape, our presence and voice are more crucial than ever. Hence, we as CPAs must actively engage in advocacy efforts, such as The Georgia Society of CPAs CPA Day at the Gold Dome.

As part of our firm's 'Strategic Growth Strategy,' we mark The Georgia Society of CPAs CPA Day at the Gold Dome as a must-attend event for our firm's leadership. CPA Day at the Gold Dome provides our team with vital information to add to our firm's FY 2024 Strategic Plan. We can engage with policymakers, legislators, and stakeholders on issues that impact our profession, businesses, clients, and communities.

We would like to take this opportunity to share our testimonial as to why we think every CPA in Georgia should mark their calendars and participate in this essential event year after year.

Demonstrate Professional Leadership

As trusted advisors and financial experts, we occupy a position of influence and leadership within our communities. By actively participating in CPA Day, we demonstrate our commitment to civic engagement, public service and the advancement of our profession. Our involvement sends a powerful message about the value of ethical leadership, responsible stewardship and active participation in shaping the future of our state and nation.

Influence Policy Decisions by Voicing Issues and Potential Solutions

As CPAs, we possess unique insights into the intricate workings of the economy, taxation and financial regulations. We understand many of the pain points our clients are dealing with, or have dealt with, through their respective lenses as auditors, consultants, and various professional services roles. As such, CPA Day at the Gold Dome provides a great environment to speak with legislators, state department commissioners and even the Governor on areas of concern and potential solutions.

Stay Informed and Educated

The legislative landscape constantly evolves, with new regulations, policies, and compliance requirements regularly emerging. During CPA Day, we learn of new, up-to-date information, insights and resources essential for navigating the complexities of regulatory compliance and staying abreast of industry trends. On the most recent CPA day, we heard from Georgia Department of Revenue Commissioner Frank O'Connell, who shared his insight on improvements the DOR makes to provide taxpayers with real-time information about tax credits. By staying informed and educated, we can better serve our clients, mitigate risks and adapt proactively to regulatory changes.

Meet Strategic Partners in a 'Safe Environment'

Most networking events aim to build relationships with potential clients that will hopefully lead to new or maintain current business. However, CPA Day is a unique event, a 'safe environment' where CPAs from different industries and sizes collaborate on common issues, unique solutions and emerging opportunities. Building strong relationships within the profession enhances our collective impact and strengthens our ability to advocate effectively for meaningful change.

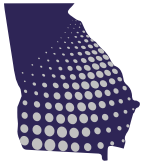
Encourage a Diverse Group of Future CPAs

CPA Day always puts a smile on our faces as we are glad to see how the CPA industry is growing in representation from new generations of accounting students and professionals from different cultural backgrounds. We have also had the pleasure of meeting over 50 students beginning their journey in the accounting world. We can give the new generation unique insight and perspective into how they may succeed in this ever-changing industry filled with new technologies and regulations. Building strong relationships with veteran and new professionals enhances our collective impact and strengthens our ability to advocate effectively for meaningful change.

In conclusion, GSCPA's CPA Day at the Gold Dome is not just an event—it's a cornerstone of our profession's commitment to advocacy, leadership and public service. By participating in CPA Day, we can amplify our voices, offer ourselves as a valuable resource, influence policy decisions and champion our profession's and communities' interests. As Michael Enzi so poetically mentioned, "If you're not at the table, you're probably on the menu." As such, together, let's seize this opportunity to continue to make a meaningful difference and shape a brighter future for all of Georgia and beyond!



JOSUE ROSALES, CPA, is a principal for Rosales Financial Group (RFG), where he leads the firm's Organization Structure and Growth Strategy. With more than 11 years of experience, he has served various clients in the Private and Public sectors, including the health, insurance, financial services, energy and government. Josue is also an advisor and board member of non-profit and for-profit institutions championing education, learning and healthy lifestyles.



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