

disclosures

THE OFFICIAL MAGAZINE OF THE VIRGINIA SOCIETY OF CPAs

FALL 2022

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Ways to solve the capacity crisis



+

- Sustainability reporting
- Adjunct professorships
- The CISA credential



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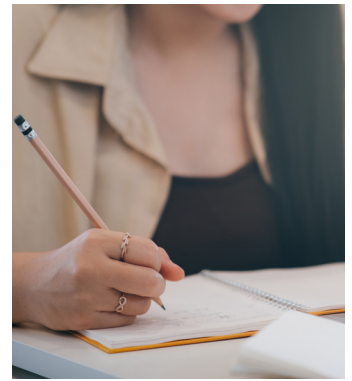
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Your solution for business insights

As the world of work rapidly changes, we're hearing from more of you that your organizations need strategic help. While "change management" might sound like a business buzzword, the truth is that we're all changing — the VSCPA included.

As we've responded to new ways of hybrid work, developed task forces to respond to current drivers of change, and more, we realized we can assist you, too. Our new service, VSCPA Strategic Insights, can help firms or businesses align their strategies, work cultures and leadership to prepare themselves to meet the future of work.

What this looks like will be different for everyone. Some organizations need help reviewing and realigning goals with the company's mission; some may need a mission and vision overhaul. Others may be reinventing their corporate culture and need help navigating changing demographics. With so many factors influencing the accounting profession (increased automation, rapidly changing regulations, and outsourcing and offshoring, to name a few), *now* is the time to prepare for the future.

Why us? We are constantly reviewing and staying on top of current trends and what's affecting the accounting profession to bring you this cost-effective member service. We're positioned to bring you expert knowledge to help your firm or company succeed, and we are also well-attuned to issues affecting businesses in Virginia in particular.

VSCPA experts can offer a variety of services, either in person or virtually, to guide you with action items you can implement immediately. Service options include:

- **Strategic planning:** Bring your team together in a meeting or retreat to create a road map and envision your organization's next steps.



- **Workshops:** Leadership consultation can focus on drivers of change, innovation, or any other strategic topic needed.
- **Data collection:** We can survey stakeholders and help you monitor your team's perception of progress on key initiatives.
- **Facilitation:** Need an interactive approach to meeting facilitation? We've got leaders who are experts at engaging attendees.

Developing solutions to tackle the challenges ahead is an ongoing task. We're continuing to brainstorm new ways to help solve your problems. Find more info on VSCPA Strategic Insights at <https://www.vscpa.com/VSCPAStrategicInsights>. Contact me anytime with questions. Got a problem you want us to help solve? We're all ears! ■

Stephanie Peters, CAE, has served as VSCPA's president and CEO since 2007.

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INNOVATIVE SOLUTIONS: New *resources* and toolkits

As the world of work changes at a lightning-fast pace, the VSCPA is bringing you updated and comprehensive resources to help you succeed. A variety of resource centers and toolkits released this year provide you the guidance to tackle capacity challenges, career changes and more. Find them all at <https://www.vscpa.com/resources>; here are a few:

Capacity Resource Center: If your firm or organization is overwhelmed with the amount of work and lack of staff, this hub includes CPE, articles and more to provide you with options.

2022 Virginia Accounting Student Insights Toolkit: These downloadable materials can help you recruit high-quality college graduates, based on survey data from VSCPA student members.

Future of Work Resource Center: Technology, the changing physical and virtual workspaces, and generational shifts in the workforce are just a few of the factors affecting the future of work. Find help in crafting the future of work that's right for your organization.

Student & Educator Resources: Now redesigned, these hubs make it easy for students and educators to quickly find information, including CPA Evolution content, scholarships and more.

Tax Conformity Resource Center: This redesigned center contains updates on our efforts to pass rolling conformity in the Virginia General Assembly. See page 11 for more information.

Knowledge Hub: Visit vscpahub.com for a wide variety of whitepapers, reports and guides on topics like technology, firm management and many others.

WHAT'S THAT MEAN?

Social token

A social token is a type of cryptocurrency that can be utilized by an online community or an influencer. Tokens can be used as an exchange for engagement, to gain voting powers, or to act as a ticket to specific content or events.

SURVEY SAYS: Change is coming

The accounting profession faces a sea change, both positive and negative.

The 2021 AICPA Trends report, which investigates statistics surrounding accounting education, the CPA Exam, and public accounting firms' hiring of recent grads, found a downward trend in the number of accounting graduates during 2019–2020. In turn, there was also a decrease in 2020 hires of those grades — by 10%. Hiring in general is shifting at CPA firms — 42.7% of new hires were not accounting grads.

But there's encouraging news on the diversity front. More firms now focus on diversity-related initiatives, and that's reflected in the numbers. Diverse hiring of accounting grads has increased by almost five percentage points. Additionally, women are increasing at the partner level substantially. The 2021 Trends report found women hold 39% of CPA firm partnership positions, up from 23% only two years ago.

The CPA Evolution initiative is one way the accounting profession is responding to data like that revealed in the report. As the profession evolves and with fewer university student enrollments overall translating to fewer accounting grads, the CPA Exam competencies are changing, too. Find more at cpaevolution.org.

TICKER

70

The percentage of finance decision-makers in business and industry offering higher wages.

65

The percentage of those decision-makers planning for inflation-related salary increases in 2022.

258

The number of Virginia companies on the Inc. 5000 list.

20

The number on the list of the highest-ranked Virginia company: Richmond-based IT staffing firm Summit Human Capital.

97

The percentage of CEOs planning to heavily invest in artificial intelligence.

63

The percentage of CEOs who don't see the metaverse as a key technology for their organization.

3

Virginia's ranking among CNBC's best states for business, slipping from No. 1 last year. North Carolina took the top spot.

10

Virginia's ranking among states for most expensive infant care, where the median worker must spend two-thirds of earnings to afford care for one child.



Curious and creative: The new *accountant* traits

If you think adventurous, curious and creative aren't adjectives accountants would normally use to describe themselves, think again. Research from Caseware International finds that many accountants and auditors believe they exhibit these traits. Nearly half (47%) say they are adventurous when it comes to trying new technology and 37% place a high value on creative problem-solving. Read more about the study from CPA Practice Advisor at <https://tinyurl.com/Boring-No-More>.

Nonprofit guides now available

In honor of CPA Week this September, we released newly updated nonprofit resource guides. CPAs have in-depth knowledge on the important financial issues nonprofits face. The guides, written by CPAs, were most recently updated by the Not-For-Profit Team at Newport News-based firm PBMAres. Topics include budgeting, income tax issues, responsibilities and risks, and auditing. Find them all in our Nonprofit Resource Center at vscpa.com/nonprofit-resources and feel free to share them with clients and groups you know or work with. They are free and downloadable.

Updates to *Virginia* tax legislation

After a difficult year passing a state budget, the Virginia General Assembly finally implemented tax changes.

A variety of legislation was passed by the Virginia General Assembly this year. The below items all went into effect on July 1, 2022, unless otherwise noted. For a full report on all the changes, as this list is not all-inclusive, read the “2022 Legislative Summary” from the Virginia Department of Taxation, available as a PDF at tax.virginia.gov.

CONFORMITY OF VIRGINIA'S TAX CODE TO THE INTERNAL REVENUE CODE

Thanks to fairly quick passage this year, fixed-date tax conformity was signed by Gov. Glenn Youngkin and became law on Feb. 23, 2022. HB 971 was passed by the Virginia House on Feb. 4 and then the Senate on Feb. 17. The bill advanced Virginia's date of conformity with the Internal Revenue Code (IRC) from Dec. 31, 2020, to Dec. 31, 2021.

The legislation includes full conformity to the American Rescue Plan Act, including the Restaurant Revitalization Fund, and allows full deductibility of expenses paid with Paycheck Protection Program (PPP) and Economic Injury Disaster Loans (EIDL) for tax years beginning on or after Jan. 1, 2021. The bill also includes a technical amendment to allow fiscal year filers to take advantage of the \$100,000 deduction for forgiven PPP loans and Rebuild Virginia grants received in calendar year 2020. Additionally, the final legislation did NOT include an increase in 2020 PPP deductibility to \$1 million.

Virginia will continue to deconform from:

- Bonus depreciation allowed for certain assets under federal income taxation.
- Five-year carryback of certain net operating losses (“NOLs”) generated in Taxable Years 2008 and 2009.
- Tax exclusions related to cancellation of debt income.

- Tax deductions related to the application of the applicable high yield debt obligation rules.
- The suspension of the federal overall limitation on itemized deductions.
- The reduction in the medical expense deduction floor.

PASS-THROUGH ENTITY TAX

The VSCPA successfully helped get HB 1121 and SB 692 passed by the 2022 Virginia General Assembly with several technical amendments, and Gov. Glenn Youngkin signed the bills April 11, 2022.

The bills adopt the ability to pay entity-level taxes for qualifying pass-through entities (PTE), i.e., the workaround for the State and Local Tax (SALT) cap. We also sought amendments to the bill to address the out-of-state credit (OSC) disallowance highlighted by the Virginia Department of Taxation's (TAX) Dec. 28, 2021 (PDF), ruling. The OSC will be effective for tax years beginning on and after Jan. 1, 2021, but only with the ability to pay an entity-level tax after-the-fact for 2021 returns because programming cannot be completed in time for the current filing season. That will be available for the 2022–2026 seasons.

ELECTRONIC PAYMENT REQUIREMENT FOR CERTAIN INDIVIDUAL INCOME TAX PAYMENTS

Certain taxpayers who pay estimated taxes must make all income tax payments on or after July 1, 2022, electronically if those payments exceed \$1,500 or if their total tax liability exceeds or can reasonably be expected to exceed \$6,000.

STANDARD DEDUCTION INCREASE

For taxable years beginning on or after Jan. 1, 2022, the standard deduction was increased from \$4,500 to

\$8,000 for single filers and from \$9,000 to \$16,000 for married filing jointly.

INDIVIDUAL INCOME TAX REBATES

Effective June 17, 2022, individual Virginia taxpayers will receive up to a \$250 tax rebate and married filing jointly up to \$500. A refund is allowed only up to the amount of the taxpayer's tax liability after the application of any deductions, subtractions or credits to which the taxpayer is entitled.

REFUNDABLE EARNED INCOME TAX CREDIT (EITC)

Virginia residents can claim a refundable EITC equal to 15% of the federal EITC they claim for the same taxable year. Only one credit may be claimed in a taxable year by an eligible household. ■

MEMBER RESOURCES

- Don Farmer's tax seminars: Visit [vscpa.com](https://www.vscpa.com) and search for Don Farmer in the course catalog.
- CCH and Wolters Kluwer publications (25% off): cchcpelink.com/vscpa
- Tax Conformity Resource Center: <https://www.vscpa.com/taxconformity>
- Pass-through Entity Tax Resource Center: <https://www.vscpa.com/pte-tax>
- VSCPA positions and comment letters: <https://www.vscpa.com/positions>

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Capacity challenges are No. 1 professional *issue*, CPAs say

The 2022 VSCPA Future of Work Survey reveals how CPAs and their organizations are preparing today for the workplace of tomorrow.

In the past two years, the professional world has transitioned into multiple stages: the COVID-19 lockdown and fully remote work, the distribution of vaccines and hybrid work, and now fewer masks and in-office work for many companies.

Although the VSCPA can never exactly predict the future, we like to try. The 2022 VSCPA Future of Work Survey reveals more than 350 of your opinions on technology, remote work and capacity.

“What this year’s Future of Work Surveys shows there is no turning back to “normal.” The future of work is constantly changing. With this data, we’ve found that hybrid work will be continuing, salary isn’t the most important benefit, and firms are open to change,” said VSCPA President and CEO Stephanie Peters, CAE.

Key findings of the report include:

- **CPAs are open to change and embracing innovative practices:** 86% of respondents said that the leaders in their organizations are open to change. Companies are quickly adopting new technology, enhancing work flexibility options, and prioritizing certain lines of business to meet their core business goals.
- **The most significant challenge to CPAs is understaffing and overwork:** More than half of respondents confirm that capacity challenges are constant in their firms and organizations — and workforce recruitment/retention is the most critical professional challenge.
- **The hybrid workplace will be around for another year:** Last year, respondents were unsure about the future of remote work. Because of different coronavirus variants, respondents

are in the same place again. About a quarter of organizations plan to maintain a hybrid workplace for the next year.

- **Flexibility trumps salary:** As employers search for new staff, CPAs say these benefits were most important, in this order: flexibility, salary, a benefits package, vacation and sick leave, and remote work.
- **Newer CPAs want larger salaries:** While most account professionals in executive positions are satisfied with their salaries, newer staff members would like to see an increase in pay. 49% of executives are satisfied with their pay, while only 28% of staff are.
- **CPAs are implementing new technologies but also concerned about security.** 62% of respondents said they are ready to invest in new technology: advanced cybersecurity measures, artificial intelligence, workflow software, robotic process automation, and enterprise resource planning. Regardless of workplace, CPAs are concerned about cybersecurity threats. Additional challenges include training staff on new tech, high costs, and adequate IT support. ■

Download the full report in the Center for Innovation Resource Center at <https://www.vscpa.com/CenterResources>. More tools and info are also available in the Capacity Resource Center at <https://www.vscpa.com/Capacity>.

Let's mobilize!

We need all VSCPA members to help us get rolling income tax conformity passed.



For the past few years, we've introduced the concept of rolling tax conformity to Virginia legislators and worked behind the scenes to educate lawmakers and their staff on how it can benefit taxpayers. We are ramping up efforts even more in the 2023 Virginia General Assembly session — and we've made it easy for you to help.

Getting rolling income tax conformity passed should be a priority for *all* Virginia CPAs. Legislative victories demonstrate our ability to effectively advocate for high-impact issues. This crucial legislative change will significantly enhance tax preparers' abilities to do their jobs.

Here's how you can help:

- **Do a little homework.** We know explaining tax conformity can be difficult, especially to a policymaker with little experience in finance.

We've distilled conformity into easy-to-use talking points that illuminate how tax conformity is convenient, easy, certain and familiar. Find the talking points and a whitepaper in the Tax Conformity Resource Center at <https://www.vscpa.com/taxconformity>.

- **Educate your staff.** If you're in a leadership position at your firm or company, share with your colleagues in tax and finance, as well as your senior executives, how tax conformity can benefit them and encourage them to get involved. A PowerPoint template on rolling conformity is available at <https://www.vscpa.com/taxconformity> for you to use and remake with your own branding.
- **Tell us who you know.** If you have a relationship with a legislator in your district, we want to know! Or, are you willing to get to know a representative? Tell us that, too. Fill out a super-quick form at [votervoice.net/VSCPA/Relationships](https://www.votervoice.net/VSCPA/Relationships).
- **Take one minute to send an email.** When legislation needs support or a vote, we will ask you to contact your personal representative and urge them to sign. We do the hard work and write the text for you; you just need to personalize, sign and send. Those campaigns will be available at [vscpa.com/voter-voice](https://www.vscpa.com/voter-voice).

Questions? Want to help even more? Contact VSCPA Vice President, Advocacy Emily Walker, CAE, at ewalker@vscpa.com. ■

CISA: Take your internal *audit* career to the next level



By Kristy M. Scott,
CPA, CISA, CIA

Internal audit departments serve a crucial role in many organizations of varying sizes and purposes in both the private and public sector. The International Professional Practices Framework (IPPF) is the conceptual framework providing authoritative guidance from the Institute of Internal Auditors (IIA). The IPPF states internal audit's mission as "To enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight."¹

It's no secret to anyone who has worked in or continues to work in internal audit: the achievement of this mission is largely supported by maintaining and continuing to grow the department's knowledge and skill set. For internal audit departments to fulfill this mission and be impactful with their work, continuing professional education and development are key. Skill sets within an internal audit department may be accompanied by professional certifications including, but not limited to: Certified Internal Auditor (CIA), Certified Public Accountant (CPA), Project Management Professional (PMP), Certified Risk Management Assurance (CRMA), Certified Fraud Examiner (CFE), and Certified Information Systems Auditor (CISA).

WHAT IS CISA CERTIFICATION?

With the pace and scope of technological change and its effects on organizations, the CISA certification and its areas of focus have been gaining more attention in recent years, with employers and the IT and audit communities recognizing its value. The certification is offered through the Information Systems Audit and Control Association (ISACA), which cites more than 151,000 certification holders with an average U.S. salary of more than \$149,000.² See Table 1 for the domains covered by the CISA examination.

TABLE 1. CISA examination content³

Information systems auditing process	21%
Governance and management of IT	17%
Information systems acquisition, development and implementation	12%
Information systems operations and business resilience	23%
Protection of information assets	27%

In order to obtain the CISA certification, applicants must:

- Demonstrate required minimum work experience.
- Successfully pass the CISA examination.
- Adhere to the ISACA Code of Professional Ethics and Continuing Professional Education Policy.
- Comply with Information Systems Auditing Standards.⁴

Applicants can register online for the CISA certification exam, which can be completed either remotely with virtual proctoring or in person at a testing center.² A variety of different exam preparation resources are offered by ISACA and other organizations, such as instructor-led courses, self-study courses, answer and explanation databases, manuals, and online forums.

THE VALUE-ADD FOR YOUR ORGANIZATION

In addition to professional advantages, such as enhancing one's résumé and opportunities for salary increases, auditors committed to obtaining and maintaining the CISA certification can add value to both their internal audit department and organizations in a variety of ways.

The position of the internal audit department affords it the unique vantage point to consider risks not only within an individual department, but holistically for the entire organization. Pairing the department's position with audit staff knowledge and experience required by the CISA promotes thorough information technology (IT) and security considerations during the audit process and as the department serves in other roles for its organization (see page14).

As internal audit departments recognize the benefits of having a CISA(s) as part of the team, other ways to continue to enhance IT audit test work may emerge. This may include a CISA partnering with specialists, when deemed necessary, to perform more technical test work and reviews. Additionally, a CISA(s) may find chances for the internal audit department to network with IT professional organizations to stay informed of emerging risks and trends. ►

BE THE FIRM THEY FIND

Yes, you have Indeed and LinkedIn, but those posts are going to *anybody* who *might* be a fit. You don't want anybody — you want qualified talent who's eager to contribute to your company. Right now, **over 300 individuals** are actively looking for an accounting job on our Career Center. Let's help them find you.

■ To post a job or learn more, go to careercenter.vscpa.com.



BENEFITS OF THE PRESENCE OF CISA(S) IN INTERNAL AUDIT DEPARTMENTS

- 1. Risk assessment:** CISAs can promote a more in-depth exploration and discussion of IT and security during risk assessments to develop audit plans for the department and as part of brainstorming activities related to identifying key risks, controls, and potential for fraud.
- 2. Audit planning:** When gaining an understanding of an audit area, a CISA's experience and knowledge can guide discussions with management to establish a more extensive understanding of the integration of IT and security into the relevant business processes and functions. This understanding can support more effective audit planning by identifying key IT risks, and then collaborating within the internal audit department to determine how to scope audits to address these risks.
- 3. Audit execution:** The professional experience of a CISA facilitates the performance of field work, communication of related IT audit requests and inquiries, and identification of potential issues.
- 4. Audit reporting:** A CISA can provide perspective on how to explain IT concepts and test work within audit reports, to communicate the IT work performed and results in new and different ways to the department's intended audiences.
- 5. Communication:** The CISA's knowledge base allows for familiarity with IT terminology, concepts, and relevant standards, laws, and resources to engage with management and to convey questions and concerns.
- 6. Trusted advisor:** The growing recognition of the CISA as a respected IT credential may encourage management to consult with the internal audit department as a trusted advisor on the organization's IT and security activities and enterprise risk management program.
- 7. Education:** A CISA can serve as a resource to other members of the internal audit department, providing learning opportunities through on-the-job training and exposure to other available educational resources.

Pursuing and maintaining the CISA certification requires dedication and an interest in IT and security concepts and topics, but this dedication is rewarded by the advantages it provides to an internal auditor's organization, as well as to the individual professionally. The cadence of change for IT is not slowing, and these days no organization or process appears to be exempt from the impacts of it.

Professionally, the CISA provides an avenue for an internal auditor to demonstrate a level of IT audit education and experience for the individual to be competitive within the job market. Additionally, required continuing professional education and the related work experience challenges the internal auditor to think critically about IT and security as the threat and vulnerability landscape continues to evolve. This in turn adds value to the audit process, which impacts the internal auditor's organization by providing timely and meaningful feedback on IT and security controls through audits and consulting.

Consider taking your internal audit career to the next level by pursuing the CISA certification! ■

Kristy M. Scott, CPA, CISA, CIA, is a principal auditor at the Virginia Retirement System in Richmond.

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¹ "The IPPF: The Framework for Internal Audit Effectiveness" and "Mission of Internal Audit" from International Professional Practices Framework (IPPF) | The IIA

² "CISA" from CISA Certificate | Certified Information Systems Auditor | ISACA

³ "CISA Job Practice Areas" from CISA Job Practice Areas | CISA Certification | ISACA

⁴ "Get CISA Certified" from Get CISA Certified | Earn CISA Certification | ISACA



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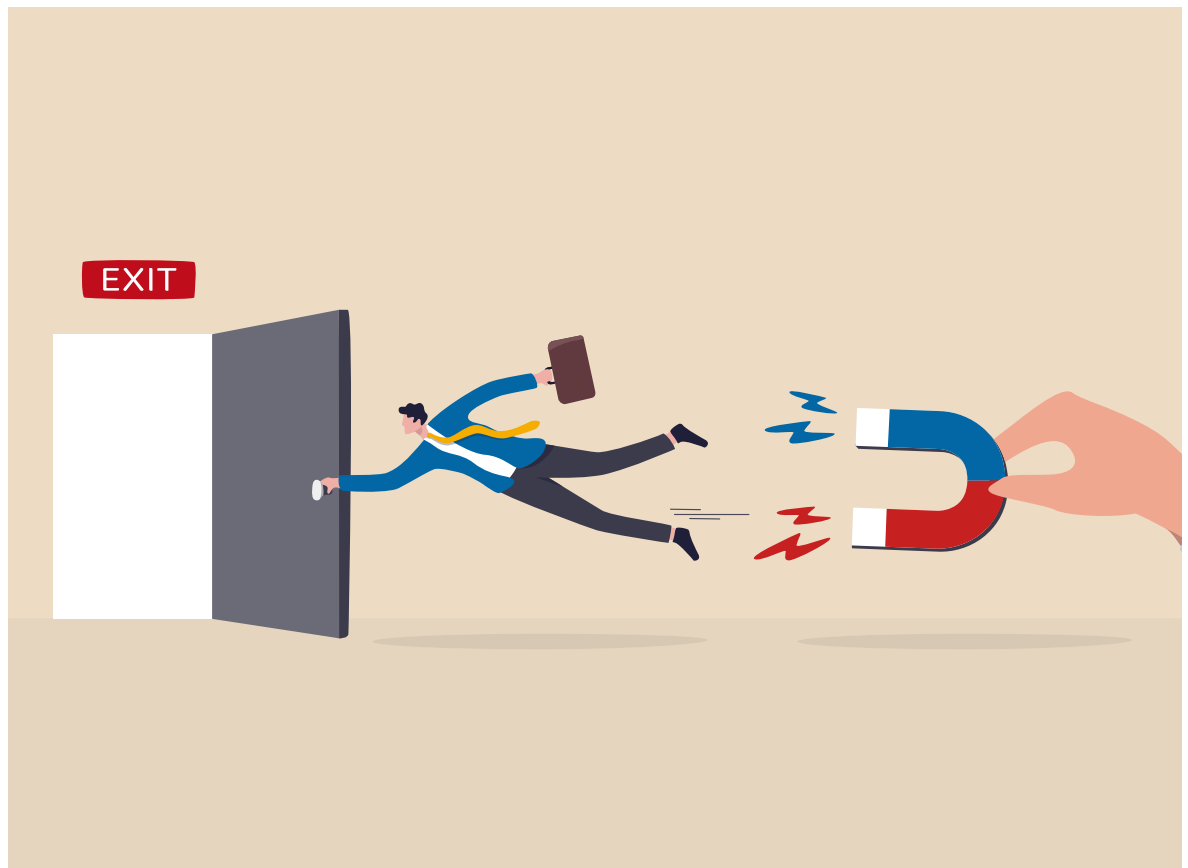
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Innovative ways to *create* capacity

As organizations struggle to retain and recruit talent, there are ways to increase capacity by focusing on new strategies and internal improvements.



By Natalya Yashina,
CPA, DASM

Turnover in public accounting is not a new phenomenon. Before the pandemic, accounting firms, on average, experienced a turnover rate of up to 25% a year.¹ The biggest issue for large accounting firms per the Accounting Today 2021 “Year Ahead” Survey is recruiting and retaining good talent. Small and mid-sized firms also noted that talent recruitment and retention was one of their big issues.² These findings are echoed in the VSCPA 2022 Future of Work Survey (see page 10). The Great Resignation began in late 2020 when a higher-than-usual number of people began leaving

their jobs; by 2021, the number of people leaving their jobs started to reach record numbers.

To try and mitigate this trend, many firms are increasing their employees’ salaries and benefits while offering a more flexible work environment. Salary increases are not driven only by retention initiatives but also by rising inflation and the cost of living. In the Washington, D.C., metro area, for example, the average low-end salary for a senior associate in public accounting working for a mid-size firm was \$91,000 in 2021.³ Back in 2019, the average low-end salary for the same senior associate

was \$84,000.⁴ Using the same data source, the average salary increases from 2019 to 2021 for public accounting professionals across all firm sizes and employee functions was 9%. At the same time, professionals in corporate accounting across all levels, functions and companies experienced at least a 20% salary increase from 2019–2021. These numbers don't account for bonuses and other incentives.

Accounting firms typically hire more accounting talent than other companies, where a relatively small team of accountants can accomplish the necessary accounting tasks and required reporting. Continuous salary and benefit increases as the means of competing with the industry for talent may not be a sustainable option for all accounting firms in the long run. How can accounting firms provide their clients with the best customer service amid the Great Resignation? Perhaps, in addition to benefits and perks, focusing on other strategies like offshoring and outsourcing, streamlining internal business operations, increasing teams' productivity, and better defining flexibility for employees may help alleviate the talent strain.

OUTSOURCING AND OFFSHORING TALENT

There are two types of outsourcing talent: offshoring and hiring independent local contractors, or outsourcing. Both can help alleviate strain caused by the Great Resignation. Offshoring or hiring a professional overseas to perform certain tasks or an entire job function is becoming more prevalent among accounting firms. It helps with cost reduction and can solve some of the workforce issues.

Typically, accounting firms offshore less complex and more routine work that doesn't require professional judgment. This allows the firms' professionals to focus on higher level and more complex work and the firm doesn't need to hire another employee locally to perform lower-level tasks. While offshoring can be a very cost-effective method, it most likely requires a third-party service provider to help locate, match and vet professionals. You'd also need to determine what qualifications and training requirements they must have to ensure that work function or assigned tasks are performed by individuals with the right level of expertise and knowledge. Also, if you want talent that is overseas instead of U.S.-based, there may be additional tax and other legal and regulatory implications of hiring such professionals.⁵

When we think about the freelancing industry, accounting (especially public accounting) rarely comes to mind. In the past few years, more accounting professionals are becoming

interested in offering their services as self-employed independent contractors in the United States. These are experienced professionals, and they can provide complex advisory, audit and tax services as they may have even worked for accounting firms earlier in their careers. As a result, some larger firms are partnering with freelance management solutions companies to be matched with these professionals.

Freelance management solutions companies offer a platform for U.S.-based self-employed professionals and companies to work together while staying compliant with laws and regulations.⁶ Self-employed professionals often look for short-term, project-based work, but some may be interested in long-term projects as well. For example, an accountant may be interested in working one busy season a year and then move on to another project with another company. Nonetheless, this is a win-win situation for both the firm and the self-employed professional.

Partnering with a third-party freelance management company comes with certain costs that may be out of reach for small firms. Finding independent contractors through networking, internet searches, and reaching out directly may be a better and more cost-effective option for smaller firms.

In addition to costs associated with hiring a freelance management company, hourly rates for independent contractors are higher than for employees who receive standard company benefits. Independent contractors must pay self-employment tax and income tax⁶, thus firms need to be prepared to pay more per hour or per project to hire them. As independent contractors don't receive any benefits and, usually, are hired only for a specified length of time, the benefits typically outweigh costs.

STREAMLINING BUSINESS OPERATIONS

Have you recently reviewed your client base and found it to be in alignment with your firm's mission and vision? If your client base is reflective of your firm's mission and vision, then you are well positioned to reach your firm's goals, including financial goals. However, if you find that your firm is struggling to recover from the pandemic effects or if your client base isn't reflective of what you imagine it to be, revisiting your firm's mission and vision may help your firm with your going-to-market efforts when identifying future clients.

Streamlining business operations, including reviewing your contracts' profitability and determining whether it makes business sense to renew them, is another way to gain ►

efficiencies. The review process may also help reduce strain on your employees and potentially improve retention. If you have a contract that is continuously under-performing over several years and is negatively impacting your firm's bottom line, maybe it's time to reassess whether there is truly a strategic value in maintaining the client.

BETTER TEAMWORK, INCREASED PRODUCTIVITY

Public accounting firms have a high-performance culture that is focused on developing employees. Teamwork is as important, if not *more* important, than taskwork. Research demonstrates that focusing on and improving teamwork through training has a positive impact on team performance. In the current market, retaining talent comes at a lesser cost than hiring or even outsourcing new talent. Providing appropriate and just-in-time training that helps employees develop necessary project management, leadership and teamwork skills, while prioritizing client-related work, can lead to increased efficiency and productivity.

As employees gain new skills that help them manage their schedules and improve collaboration, they'll be able to better manage overtime hours and resolve conflicts more effectively, all of which can lead to improved morale and possibly retention. If your audit teams are looking for quick ways to improve productivity while focusing on quality, check out "3 Quick Ways to Boost Audit Quality" from the summer 2022 issue of Disclosures magazine, available at <https://www.vscpa.com/disclosures>.

DEFINING FLEXIBILITY

Most of us have worked remotely at some point during the pandemic. While we can certainly accomplish much of our work remotely, it's more challenging to manage teams and build team cohesiveness without face-to-face interactions. Perks such as flexible work options are one way of attracting potential new hires and keeping the morale up among current employees. That said, when we communicate that we offer flexible schedules, what do we really mean by that? Do we mean remote work options but 24/7 availability to answer emails and field phone calls, including weekends? Many people report they end up working more hours at home remotely versus in the office or at a client site. Thus, the "flexible" work arrangements buzzword is starting to lose its appeal.

Dialogue is essential for understanding our employees' needs and what they really see as flexible work arrangements. To have a true dialogue we must leave our opinions, experiences and biases behind us. Prepare talking points about what flexible work arrangements your firm offers and address any reservations that arise from current and perspective employees' experiences to tackle the stigma associated with remote work.

SUMMARY

The Great Resignation has brought a lot of havoc into every business. In today's tight talent market, it's more important than ever for accounting firms to explore available options and find a combination that works for them. If offshoring or outsourcing are not viable options at this time, focusing on retention strategies that go beyond increases to salary, benefits and perks may help strike the right chord and give employees more motivation to stick around longer. ■

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HELP REALLY, *really* WANTED

How professional recruiters can help your company
solve talent pain points.





By Brandon Pope,
CPA

Frustrating, surprising and hopeless are all words used to describe today's talent market. It's no secret the market for good talent is tighter than it's ever been. Another year of an inverted relationship between the decreasing number of accounting graduates and the increasing talent needs across almost all industries highlights an ominous reality for hiring managers looking for a reprieve from this candidate-driven environment: The talent market isn't changing any time soon.

It's not all bad news, though — you're not alone, and misery loves company. But in all seriousness, companies and firms are finding an effective way to overcome the woes of today's talent market: professional recruiters. You may be (or someone at your company is) a business-savvy hiring manager who has worked with recruiters in the past and needs best practices in the process. Or you may be wary of reaching out to a professional search firm. Regardless, your organization can benefit from understanding what professional recruiters bring to the table, what to expect when working with them, and what makes paying for their services a smart investment.

It's a simple question with a bit more complicated answer. Hiring managers find themselves in a candidate-driven market that's fueled largely by two factors: low unemployment and increased talent needs. Regarding the general economic outlook, as of June 2022 the current U.S. unemployment rate was 3.6%; Virginia's rate was even lower at 2.7% (as of July 2022).

CPAs face an additional factor in the gloomy market perspective: Many studies show that at a collegiate level, hiring needs aren't going away — but accounting graduates are. The AICPA's recent 2021 Trends Report noted that, "of firms that hired one or more accounting graduates in 2020, 74% expect to hire the same number or more in 2022 as compared with 2021. Eighty-nine percent of all U.S. CPA firms expect to have the same number or more CPAs on staff in 2022 in comparison with 2021."

Further, a recent PwC Pulse Survey of CFOs and finance leaders found that "83% of respondents indicated hiring and retaining talent is very important to growth." The same CFOs indicated a lack of optimism that talent shortages will ease by the end of 2022: Only 23% think that's likely, compared with 31% of all executives.

Remote work has also affected the current talent market. Since the beginning of the pandemic in

2020, an unprecedented number of companies have shifted their workforce to remote accommodations. Many of those companies have benefited from increased productivity, lowered business costs, and reduced turnover.

However, some companies who either refuse to accept remote work or struggle to implement remote accommodations have fallen prey to their own employees lured away by higher paying, remote roles. Many of those same companies will handle the search for talent independently and post local ads, hoping to find a quick remedy to their need. However, much to their dismay, these ads largely only attract "active" job seekers who regularly check job postings, while the talent many managers are looking to hire are more "passive" in their search — wanting to only be made aware of opportunities that fit their personal criteria, such as jobs that could be provided by a professional recruiter they've connected with to advocate on their behalf.

WHAT DOES A RECRUITER DO, EXACTLY?

Professional recruiting firms offer many valuable services, but many companies don't fully understand their daily activities and responsibilities. The process usually starts with an initial outreach to a client, whether that's through a valued referral, a database compiled over years of actively networking with accounting talent, or a targeted contact.

After establishing the qualifications for a particular recruiting assignment, recruiters identify prospects to inquire about their background, interest in a new opportunity, qualifications, technical expertise in specialized industries, accomplishments, financial expectations, and career goals. More in-depth interview questions are usually conducted to further assess the candidate's qualifications and overall suitability regarding the client's expectations and to ensure a long-term match. After this interview and with the permission of the candidate, the candidate's background and résumé are submitted to the client for review.

Other candidate-related duties include reference checks, résumé formatting, client interview preparation and debriefing, as well as post-placement check-ins. Many recruiters also maintain active schedules outside the office, attending different networking and community service events. ►

SPECIFYING THE TYPE OF ROLE IS IMPORTANT

Recruiters often engage in both traditional direct hire services — hiring a full-time controller, say — and also interim project consulting. Many companies initially want to hire a candidate to be their own full-time employee, but if an independent search is unsuccessful, it's imperative to choose another route. Hiring and firing is an expensive cost of doing business, and there are many benefits to project consulting.

Clients can engage recruiters on projects in seasons of excessive demand and when they need specific expertise, which is a tremendous value. Seasonal or project-based recruitment doesn't overburden or burn out employees during peak times, allows them to access specialty skills on an as-needed basis, supports the company's growth, and gives project professionals an opportunity to contribute in a way that fits their lifestyles. There are many talented workers who enjoy project consulting and seek out different opportunities throughout the year.

Recruiting firms' consultants benefit, too, as project work gives them high work-life balance on engagements that are meaningful for clients. Sometimes that leads to positions with companies they serve, and sometimes they will find positions through the traditional direct hire process if they decide that is best for their career. Often, the compensation, flexibility and variety of experiences that project work provides is attractive to candidates and fits meaningful portions of their professional experience.

Though hiring remains strong, the increased use of consulting and interim solutions will continue. The pandemic created more choices for professionals, and now more than ever, those professionals are choosing the idea of flexibility and balance. When help is needed immediately, regardless of services needed, many recruiters recognize the last thing hiring managers want is a steady stream of semi-qualified candidates waiting to devour their time. Many recruiters work to turn ordinary searches into extraordinary experiences.

WHAT CLIENTS CAN EXPECT FROM RECRUITERS

Chances are, many accounting and finance professionals have been contacted by numerous recruiting firms in the past, and hiring managers may not be familiar with what recruiters bring to the table. However, it's critical to an

organization's success that they select and work with the right firm.

Many recruiters claim to know what hiring managers are looking for, but the value of actual first-hand accounting and finance experience is undisputable. Strong recruiting teams should have recruiters with backgrounds as industry veterans from premier CPA firms and Fortune 500 companies. Good recruiters will seek to thoroughly understand a company's need and, while they will always remain respectful and supportive, they will also provide clear and realistic expectations.

For example, a company may ask a recruiter for a former Big 4 CPA with 10 years of experience for a role that is completely onsite and a compensation package that is significantly below market average. A recruiter will provide realistic feedback to the client to manage their expectations.

With the market as hot as it is, it might be expected that recruiters are working on many different roles simultaneously, and that's true. It's important to ask recruiters how a particular role can get the most attention.

Further, many recruiting firms offer two types of searches: contingent and retained. Clients opt for contingency searches when speed is key. It's a quick and affordable way to gain access to a vast network of talented professionals. To streamline the process, contingency search recruiters often rely on a carefully cultivated and curated pool of candidates. From there, they select the most qualified candidates for the position. While exclusivity may provide greater attention for a particular role, some hiring managers may opt to work with multiple search firms to augment their overall recruiting efforts. It's both respectful and professionally courteous for hiring managers to be transparent about their intentions throughout the search process and let recruiters know if multiple firms are working on the hire.

In a retained executive search process, however, the search firm operates on an exclusive basis — they're the only team conducting the search, and their goal is to procure and present the very best candidate for the company. Retained search is a high-touch and comprehensive process that includes detailed client and cultural interviews, original candidate research, and extensive outreach, as well as screenings, assessments, background checks, and negotiations. Retained executive search professionals work in consultation

with clients to develop a mutually agreeable search methodology and strategy.

Confidentiality is also a critical expectation to develop early in the recruiting process. While some companies have positions they want any and all professionals to be made aware of, some roles are more sensitive in nature. Recruiters are frequently asked to help on searches for positions that are currently occupied but soon-to-be empty, whether voluntarily or involuntarily. Given these types of circumstances, discretion can be very important, so hiring managers should be sure to discuss any issues in early conversations.

Expectations don't just go one way. Hiring managers should be prepared to provide recruiters with timely responses, thorough answers to qualifying questions, and adherence to any non-solicitation outside the scope of a particular agreement.

It's equally important to look for what a prospective recruiter doesn't do as well. The horror stories hiring managers have of some recruiters can be hard to comprehend. Characteristics that may describe a bad recruiter include a lack of candidate consent/confidentiality (job seekers beware: make sure express approval is given before your information is sent anywhere), no follow-up communication after an initial call or meeting, a combination of overpromising and underdelivering, as well as an overall mismanagement of expectations.

Finally, clients can expect that recruiters will negotiate a rate for their services. While a retained search professional may be paid a pre-arranged fee up front, the price for a direct hire is usually negotiated as a percentage of that hire's salary. A consultant hired through a professional recruiting firm is usually billed by the hour and the recruiter retains a portion of the hourly rate.

HOW COMPANIES CAN BENEFIT FROM RECRUITERS

While many companies say their employees are their most valuable asset and consequently, finding good talent is inherently critical, some hiring managers need more convincing of what justifies the cost of utilizing recruiters.

American businessman Harvey Mackay once famously said: "Time is free, but it's priceless. You can't own it, but you can use it. You can't keep it, but you can spend it. Once you've lost it you can never get it back." Simply, time is money. CPAs and professional services firms know it best through

the billable hour. Hiring managers' time is best suited focusing on operating and growing their business, not going through numerous job applications, reviewing résumés, interviewing countless individuals, continuously writing follow up emails, and answering calls. Engaging with people consistently all day, every day is not only time-intensive, it's also exhausting. Many accounting and finance professionals don't like the idea of networking, let alone dedicating their days to maintaining high energy levels and interacting with prospective candidates.

Companies can also find solace in their recruiter's hiring decisions when a guarantee is in place. Many recruiting firms note if the hired candidate resigns or is terminated during the initially agreed-upon timeframe, a replacement will be made without any additional fee.

As mentioned above, many recruiters are industry experts and have valued relationships with candidates predicated on trust. Candidates seek out recruiters' advice on what companies' cultures are like and overall market information, and they look for someone who can advocate on their behalf to find a genuine match. Some candidates appear to be technically competent and seem like a perfect fit on paper. However, good recruiters know that a good culture fit is imperative for both the candidate and company's long-term success. The easiest and most effective way to gain access to the niche skillsets, specialized backgrounds, and passive talent pool is through professional recruiters

While the current talent market shows no sign of improving, not all is lost. When faced with increased talent needs, hiring managers have a decision to make. Will they burden their current staff and continue taking on additional responsibilities of finding the right solution on their own, or will they recognize the valued services that professional recruiters offer? The stakes are high and stakeholders, decision makers, and supporting staff have all made it clear: Help is wanted; help is really, really wanted. ■

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THE NEW FRONTIER OF *sustainability* REPORTING

Standard-setting bodies around the world are proposing authoritative rules.





By Louis P.
Le Guyader, CPA

As of now, no mandatory environmental, social and governmental (ESG) reporting rules exist for entities in the United States under either SEC regulations or in U.S. Generally Accepted Accounting Principles (GAAP). But changes are coming; in 2022, regulators across the globe acted to make sustainability reporting rules authoritative.

The new 2022 actions include new disclosure rules from the SEC, a new European Union (EU) law mandating more rigorous ESG reporting methodologies and scope, and a new regulator, the International Sustainability Standards Board (ISSB) created under the umbrella of the International Financial Reporting Standards Foundation to formalize ESG reporting rules. The regulators were motivated to act for several reasons:

- In the United States, there were increasing numbers of ESG frauds and ESG investor losses, resulting in enforcement actions under general and well-established rules to protect markets.
- The EU felt the twin effects of economic slowdown from the COVID pandemic and the shock to food supplies due to the Russian “special military action” in Ukraine. EU parliament discovered that most of its climate change goals had not been met and decided to respond by expanding ESG reporting and making certain elements mandatory.
- The United Nations continued to emphasize its 17 sustainability goals and the international reporting community, acting through the IFRS Foundation, responded by forming the ISSB.

ESG reporting rules are set to further evolve from a widely accepted set of voluntary guidelines to a more formal, authoritative, and presumably mandatory reporting regime, with explicit roles of the profession. This article summarizes these 2022 changes.

WHAT IS ESG REPORTING?

ESG topics relate to “risk” — the likelihood that an ESG event can lead to a loss, whether a corporate loss born by shareholders, an investment fund loss suffered by investors, or a societal loss shared by a broader constituency. The three pillars of reporting, as explained in U.S. Financial Accounting Standards Board (FASB) concepts statements, are measurement, recognition and disclosure. Since

there are rarely debits and credits for “risk,” ESG reporting is mostly disclosure.

Reporting companies around the world, the users of capital, most often use a combination of these ESG documents: the 17 UN sustainability goals, the 77 Sustainability Accounting Standards Board (SASB) standards, and format guidelines of the Global Reporting Initiative (GRI). This article focuses on reporting companies who use these items.

Sustainability, or ESG, reporting addresses three major topics with varying degrees of topical specificity, uniformity, and depth: E for environment, S for Society and G for Governance.

Where financial reporting is “value reporting,” ESG reporting is “impact reporting.” Financial statements are reports on performance measured through earnings and cash flows and authenticated using legally binding GAAP rules and auditing regulations. An ESG report discloses the ESG losses a company may be responsible for causing, reports positive impacts the company uses to manage those losses, and is sometimes authenticated by reference to ad hoc ESG reporting frameworks with those reports sometimes verified by professional assurance reports (see below).

Technical issues

Two technical reporting topics are attracting the spotlight in ESG reporting: metrics and taxonomy. Metrics have been used that often require specialized scientific or legal knowledge. They are the kind of variable that cannot be directly presented in financial statements in a “debit and credit” system. Often such variables, if disclosed in U.S. GAAP reports or SEC filings, would be non-GAAP (Regulation G) measures.

Taxonomies and technical glossaries have been published or mandated to address the growing ESG reporting technical jargon. Just as in mainstream GAAP reporting, the specificity provided by jargon creates transparency challenges.

Other background issues

Sustainability reporting is relevant to capital users, or reporting corporations, and capital providers and their intermediaries, ranging from credit rating agencies to various equity and debt funds. The major rating agencies incorporate ESG tags into their debt

ratings, ESG indices are used to describe funds and attract ESG-sensitive capital, and public companies issue stand-alone ESG reports that rival SEC 10Ks in length and complexity. The setting is ripe to involve regulators of varying kinds to formalize the reporting guidelines by making them authoritative and mandatory. Some topics have been brought into the ESG setting from long-established reporting rules ranging from labor regulations to corporate governance laws. Labor issues are centered on traditional topics such as “decent” pay, health, education and retirement. But the labor spotlight is often attracted by difficult topics such as slavery and human trafficking. Governance issues are as wide-ranging as board governance, bribery and insider trading. If anything, the number of topics presented as “ESG” continues to grow.

ESG REGULATORY ACTIONS AROUND THE WORLD

Regulators took three major regulatory steps affecting ESG reporting in 2022 in the United States, the EU, and more globally from the setting of the IFRS Foundation in London.

United States

The SEC has proposed Release No. 33 – 11068, Enhanced Disclosures about [ESG] Investment Practices, “to create a consistent, comparable, and decision-useful regulatory framework for ESG advisory services and investment companies to inform and protect investors while facilitating further innovation in this evolving area of the asset management industry.” The SEC borrowed metrics and taxonomy from the ESG space. The final rule should be issued by year-end 2022.

The SEC is fighting moral hazards that accompany ESG reporting: greenwashing. This is a fraud based upon a lie about how an entity has achieved ESG impacts. SEC ESG enforcement actions date as far back as 2008. The SEC has created the Climate and ESG Task Force within the Division of Enforcement to “*identify ESG-related misconduct consistent with increased investor reliance on climate and ESG-related disclosure and investment.*”

European Union

The EU parliamentarians believe the existing EU limited scope and quasi-voluntary Non-Financial Reporting Directive (NFRD) did not have the intended

impact on helping the EU achieve its goals for a sustainable economy, so the NFRD will be upgraded to the Corporate Sustainability Reporting Directive (CSRD). The draft agenda was agreed upon by the EU council in summer 2022 and goes to a full EU parliament vote this fall. Under EU regulations, once a law is passed by the EU parliament, it must be adopted into law by each of the EU member countries. The principal provisions of the CSRD include:

- An expansion of scope from the largest 11,000 EU companies to nearly 50,000 by making the rules applicable to all large EU companies and all companies listed on regulated exchanges.
- The issuance of new reporting standards by the European Financial Reporting Advisory Group. The certification of reports by an accredited independent auditor or certifier using certification standards issued by the EU.

It's of great importance to U.S. companies that the rules will apply to non-European companies that have both EU revenue over €150 million and at least one subsidiary or branch in the EU. A U.S. company that is subject to the CSRD rule would need to prepare a report that is certified by an EU auditor or an established auditor of another country (see the section on verification below).

Global community

The IFRS Foundation created the ISSB in early 2022 to issue ESG reporting rules. The ISSB is a sister organization to the International Accounting Standards Board (IASB), which issues IFRS financial statement rules. The IASB's IFRS model is an alternative reporting model to the FASB's U.S. GAAP model. Currently, there is no U.S. alternative to the ISSB.

Effective Aug. 1, 2022, the IFRS Foundation completed its consolidation of the Value Reporting Foundation. This means that the 77 standards of the SASB, the IFRF Integrated Financial Reporting Framework, and other related reporting initiatives will be overseen by some combination of the IFRS Foundation, the ISSB, and the IASB. For the moment, users of the SASB's are encouraged to continue using them.

The long-term setting is less certain. The IASB created a “subscription system” for the United States of IFRS. To use IFRS, a reporting entity would need to be a

“citizen” of a country or political jurisdiction that enacted a law to adopt IFRS, and that jurisdiction would need to have executed an intellectual property agreement with the IFRS Foundation. Currently, use of the SASB or Global Reporting Initiative is voluntary and does not include any of these two “subscription” steps. The uncertainties around the use of these pre-existing voluntary ESG regimes and other ISSB products under the IFRS Foundation include:

- Will the voluntary protocol to issue ESG reports “in accordance with” these voluntary frameworks now require more formal “subscription”?
- Will the use of the ISSB suite of reporting standards carry with it the obligation to adopt IFRS?

REPORTING FORMALITIES

These formalities represent significant differences between ESG and financial reporting.

Verification

The ESG reporting community has relied upon voluntary “certifications” of ESG reports. For a U.S. audience, these certifications are not audit opinions. They are statements of assurance as understood under AICPA attestation rules.

In the United States, GRI reports prepared “in accordance with” the GRI principles may meet suitable criteria identified in the AICPA attestation standards. GRI recommends that reporting entities engage experts, including CPAs who adhere to the AICPA’s standards, to issue an external assurance report on ESG reports. See more in the GRI Universal Standards 2021 FAQs. GRI’s recommendation is not an endorsement of the AICPA process, and it’s also not a requirement. Like so much else in ESG reporting currently, it is a voluntary step.

Materiality

Materiality is a major concern in the ESG reporting community. It is a conceptually and technically difficult topic. For ESG purposes, an organization asserting that a report is issued “in accordance with” the GRI principles is required to identify material topics along two dimensions: the significance of the organizations impacts and the organizations’ influence

on the assessments and decisions of stakeholders.


ESG and financial reporting settings use different notions of materiality. Materiality will challenge the ability of reporting entities to raise ESG reporting to the same standards as financial reporting. Attempts to incorporate ESG reporting into audited financial statements will be problematic for the same reason.

SUMMARY

ESG reports are disclosure reports on ESG risks. At present the most widely used sustainability reporting rules are the GRI and the 77 SASB rules — all voluntary. And this setting is changing rapidly. The EU is moving to make ESG reporting mandatory under its new Corporate Sustainability Reporting Directive. The European Financial Reporting Advisory Group will also issue new reporting standards. In the United States, the SEC is moving to make ESG disclosures mandatory for asset management activities, a source of capital. The IFRS Foundation has moved to coalesce the voluntary pre-existing frameworks into what may become a “subscription” basis framework like IFRS managed by both the IASB and ISSB. The relation between IFRS Foundation entities and EUFRAG is unclear. Whether the SEC and the FASB will initiate new U.S. GAAP disclosure rules is also unclear.

Throughout these rapid changes, the principal opportunity for members of the U.S. accounting and auditing profession is to participate in and lead the creation of ESG disclosures and reports and to verify them through attestation engagements. The opportunity seems vast and rapidly evolving as ESG rules become authoritative and ESG reporting becomes mandatory. ■

Louis P. Le Guyader, CPA, is an accounting professor at Southeastern Louisiana University. He began his academic career after earning his Ph.D. at Columbia University, and this followed two decades on Wall Street at PriceWaterhouseCoopers and BNP-Paribas. His first transaction as an investment banker after graduating from the Darden MBA program was an early form of sustainability financing — the tax-exempt financing of pollution control facilities at a fossil fuel power plant in Louisiana.

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BACK *to* CLASS

CPAs find adjunct professorships are a great way to reach students and complement their own careers.



Harold Martin, CPA



Hope Cupit, CPA



By Tori Smith

Harold Martin, CPA, played guitar at an AICPA conference. Jessica McClain, CPA, is a season ticket holder for the Washington Commanders. Jonathan Saad, CPA, enjoys playing golf and tennis in his free time. Hope Cupit, CPA, has a son whose football games air on ESPN. But you'd never know that from their syllabi.

Harold, Jessica, Jonathan and Hope are all adjunct professors and also full-time CPAs.

Adjunct professorships provide a way for accountants to teach skills gleaned from their real-world experiences to interested college students — all while keeping their full-time positions at CPA firms or in other finance roles.

As the number of accounting students declines and fears grow about keeping the pipeline full of CPA candidates, and as the number of full-time accounting professors also declines, adjuncts are key to enticing students to pursue accounting careers when they graduate.

Here, four VSCPA members share their journeys to the classroom, demonstrating how teaching

can fit into a variety of circumstances and careers, from teaching one online class to creating a post-retirement teaching career.

LECTURING FROM A LAPTOP

Jessica has been entranced with the idea of accounting ever since elementary school. When she saw a substitute teacher who was also an accountant with money in her purse, she knew she wanted to enter the profession.

Jessica graduated from Towson University with a degree in business in 2006 and then saw the vast career opportunities the accounting profession can provide. So, she graduated with her master's in accounting shortly after earning her bachelor's degree.

Since then, Jessica has worked at a Big 4 Firm, public accounting firm, nonprofit and various other companies. She is currently the CFO of Girl Scout's Nation's Capital in Washington, D.C.

Although being an adjunct professor wasn't at the top of her priority list, she kept it in the back



Jessica McClain, CPA



Jonathan Saad, CPA

of her mind during the pandemic. While on the AICPA Student Recruitment Committee, she gave presentations to high school and college students about the CPA profession.

“Eventually, someone reached out to me on LinkedIn and asked me if I was interested in applying for an adjunct position,” she said. Because she had just given birth to her second child, it wasn’t the right time. But six months later, another ping on LinkedIn led to an application.

There was an opening at Nichols College for the class “Current Issues in Accounting.” Jessica went through the application process and secured her position as an adjunct for the fall 2021 semester.

Because Nichols College is in Massachusetts, Jessica was able to teach the class remotely.

“What was appealing to me was that the course was already created. Of course, they gave me the opportunity to change things. But for someone coming in and teaching for the first time — the quizzes were already created and the questions on the assignments were already there. It worked out for me great,” said Jessica.

Jessica believes that as a professor and a CFO, if you can take the time to teach, delegate and mentor, young people will benefit and be empowered.

“Even as a senior manager, I would sit next to the new associate. That has been a great benefit on

the professor’s side, taking the time to have offline conversations and explaining the course material to them. Or even talking about the accounting profession.”

There is a need for professors who have actual experience, Jessica said.

“Those that have experience in these areas benefit our students and our pipeline. We’re doing more than just being an accountant and having many titles at all the different organizations that we work for. We need to show that.”

CARE IN THE CLASSROOM

Jonathan earned his master’s in accounting from DePaul University in 2009 before starting his career in public accounting at Groupon. He is now self-employed.

Jonathan said he remembered this about working for other people: “I was working late and trying to go above and beyond. I realized if I left the office at 8 p.m. or came in on a day off, I was still going to make the same amount of money. I always wanted a direct correlation to the engagements and hours I put in.”

It seemed everyone around Jonathan — friends, brother, cousin — were creating businesses.

“One of my friends created their own travel agency. I thought, ‘If they can do it, why can’t I?’ I’m just as capable as anybody. That was the trajectory for the business.” ►

When Jonathan was working at Groupon, he noted that it was not the day-to-day work he enjoyed the most – it was the interaction. “We had whiteboards in the office, and I drew on it and talked with them. We were challenging and teaching each other, and I got really energized by that.”

In his business now, he handles taxes for individuals and small businesses while also working as a fractional CFO.

Jonathan also decided to reach out to people on LinkedIn to find an adjunct professorship.

“I’ve never harassed more people for a job than that,” said Jonathan. “It was not George Mason specifically, it was everywhere. I looked at every accounting school dean and every university within an hour of Virginia.”

Jonathan met with the dean of George Mason University and was offered a 7–10 p.m. class in the business school: ACC 303, Accounting for Non-Accounting Majors. He has now taught four semesters since his position first started in 2018.

Jonathan is one of the younger adjuncts, which he thinks gives him an edge.

“They force you to learn things like journal entry by hand; but accounting software does all of that for you. There are times we don’t need to know this, but we have to learn it,” said Jonathan. “They appreciate that sort of honesty. I can talk to students about what I know and I’m closer to their position that is newer in the workforce.”

Even though prioritization and good work ethic is important to Jonathan, having empathy and care for students plays into the position as well.

“You’re a support person for them. I love giving them advice about public accounting versus private. Obviously, you’re not going to give them the ‘right’ answer, but instead poking and prodding to find out what’s important to them. You need to have empathy and care for your students,” said Jonathan.

Jonathan knew he was meant to be an adjunct when he felt so excited to talk about it.

“I felt the most energized after my 10 p.m. class. I looked forward to my Thursday nights. I would come

home and want to tell my wife about it. It felt like a really good fit for me,” Jonathan said.

COMMUNITY COLLEGE CLASS LEADER

Ever since Hope Cupit took a bookkeeping class, she knew she wanted to be involved in accounting.

Hope, a Virginia native, eventually went on to her master’s degree in accounting. She has worked in a school setting, a hospital, and is now the president and CEO of the Southeast Rural Community Assistance Project, a nonprofit that works with environmental issues, social justice, and workforce development.

Hope has always had a goal of becoming a professor. One day, Hope decided to take a few steps into the dean’s office at Virginia Western Community College to see what she could offer. That was in May. By August, she was teaching a class.

“I just spoke with the dean and said, ‘Hey, I want to teach accounting.’ Then, she gave me the book,” said Hope.

Hope teaches ACC 211, Financial Accounting. While originally the class was one night a week on campus, it’s now entirely virtual.

“When COVID-19 hit in 2020, I had a live class and we had to shut everything down and figure out how to use those online resources,” said Hope. “The technology was always there; there were just a few of us seasoned employees.”

Hope says that she’s grateful that the class remained virtual because her full-time role is very busy. And the VSCPA has been helpful to her as well; the educator community helps keep her connected to trends and training opportunities.

“What I take from a part of my CPA affiliation is real-life situations, when we talk about fraud and embezzlement, I can bring those back into my classroom,” Hope said.

Hope is happy and honored to be a part of student’s lives. She said she enjoys interacting with the students, being a reference, helping them find jobs, and sitting down and mentoring them.

“This is a two-way street,” she said.

For other CPAs that are considering becoming an adjunct, Hope says that you need passion for teaching and open time.

"I teach on Mondays, and Tuesdays I'm starting to prepare for the next class. The students know if you don't prepare. You want to have their confidence," said Hope.

Hope knows personally what it can be like as a student who has a discouraging teacher.

"I had a professor tell me I couldn't do this career because I didn't do all that well in school and was very young," said Hope. That didn't stop her from continuing and having a successful career anyway.

"I could've gotten really depressed over her comment, but I took it as an action plan for myself. For anyone that's working in this field, do not

underestimate a student's feelings. Don't judge a book by its cover."

A POST-RETIREMENT PLAN

Harold, a partner at Keiter in Glen Allen, started working on a litigation project early in his career by happenstance. Since that time, he has continued to focus on providing litigation consulting and expert witness services, as well as financial investigation services in his professional practice.

As an adjunct, Harold may have an edge compared to other CPAs — he's got the writing skills he earned from his undergraduate English degree.

"Most accounting majors are very technical, so they definitely don't have in-depth writing courses. The further up you go in any organization, the more important your written and oral skills are. I'm ►

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constantly writing for internal and external uses,” said Harold.

Harold has been interested in teaching since obtaining his undergraduate and graduate degrees. His interest was also piqued when he was given advice early in his career from an experienced professional regarding becoming a good expert witness at trial.

“I was told, ‘Harold, if you want to become a good expert witness, one of the best things you can do is teach,’” Harold said. “When you teach something, you learn it inside out.”

Harold initially began his teaching career by serving as an instructor of professional courses for the AICPA and VSCPA. His opportunity to teach as an adjunct instructor at the university level resulted when a former colleague, who had accepted a position as the assistant dean for the master’s of accountancy program at The College of William and Mary, contacted Harold regarding a teaching course in forensic accounting. The request originated as a result of students in the program requesting an elective course in this subject. As none of the current professors at the College possessed experience in this field, the assistant dean reached out to Harold. He was hired as an adjunct professor at William and Mary in 2005 and has now taught there for 17 years.

Harold believes his real-life experiences give him a unique perspective.

“Students love learning about cases I’ve conducted and talking about the actual concepts we’ve learned in class. I’m able to add that additional knowledge of an actual case to illustrate the point,” Harold said.

In addition to his own experiences, he also invites guest speakers in related fields to speak to his students, including an FBI agent, an attorney, and an expert in related forensic accounting disciplines, including forensic lexicology, behavior detection, and facial mapping.

Harold had already earned a master’s degree that qualified him to teach as an adjunct instructor at the university level. However, he noted that universities’ requirements vary and CPAs may be qualified to teach as an adjunct based on their undergraduate accounting degree, CPA license, and professional experience.

“Other than the technical qualifications, it is very helpful to have the prior experience of teaching in other venues,” Harold said. “When you’re in a classroom, you want to have interaction with the students, and you must be able to carry the ball for a large block of that time. If you’ve done it before, you’ll know ways and techniques to make things more interesting.”

Harold plans to transition to teaching full time when he retires.

INTERESTED IN ADJUNCT? START HERE.

Adjunct professorships can supplement your career or also be a way to dip your toe into higher education before making a permanent career move. Schools all have different requirements to teach adjunct; some may require a master’s or Ph.D., depending on the class or program.

An article from The CPA Journal breaks down teaching opportunities in depth. Find it at tinyurl.com/AccountingAdjuncts. ■

Tori Smith is the VSCPA 2022 communications intern. She is a journalism student at Ball State University.

✉ tsmith@vscpa.com



INDEMNIFICATION: QUESTIONS TO ASK BEFORE SIGNING AN *agreement*



CPA firms are experiencing an uptick in clients trying to embed indemnification and hold harmless clauses in various agreements with the firms. Many of the clauses are inappropriate for CPA services or overly broad, even to the point of shifting all liability to the CPA firms.

CPAs are being pressured more by their clients to take on the “indemnitor role” and to agree to such language in engagement letters, nondisclosure agreements (NDAs), and other agreements that may be executed between CPAs and their clients.

It’s important that before you contractually bind the firm to an arrangement of this significance, take the time to understand all the implications of the legalese in the agreement. Make sure you are comfortable with the agreement and the expectations that will fall on the firm — and ask the following questions before agreeing to any indemnification and hold harmless clauses:

INDEMNIFICATION HIERARCHY OF RISK

Who is asking you to indemnify them?

Most often you will be asked by your clients to indemnify them. Sometimes a third party may ask.

Why are you being asked to indemnify?

Determining the answer may provide information in order to suggest an alternative that is acceptable to all parties.

What exposure is the subject of the indemnification request?

It is almost never appropriate to agree to indemnify your client or third party for exposures directly related to the client’s obligations to you. For example, any request that provides indemnity for your client’s failure to accurately and timely inform you of information necessary to complete your work is very risky and not appropriate. On the other hand, client requests for indemnity for exposures unrelated to your professional services is far less risky. For example, clients may ask for indemnity for risks arising as a result of your personnel being in the client’s offices (e.g., slip and fall, damage to property, etc.).

Is the indemnity request limited?

A broad blanket indemnification, again, is almost never appropriate. Remember, unless specifically limited, an indemnification does not require you to be negligent in order to trigger your duty to indemnify. On the other hand, indemnification agreements limited to exposures in which you are judicially found negligent, and the sole cause of the loss, create very little additional exposure to you.

What insurance issues need to be considered?

By far the most important insurance issue to consider is the impact of your acceptance of indemnification on your professional liability insurance. Before you agree to any indemnification, check with an attorney in your jurisdiction or your insurance company. The other insurance issue to consider is the extent to which you can protect against the indemnity risk through other insurance. If you cannot insure against the risk created by the indemnification, you must consider fee/exposure leverage. If the indemnification exposure is much greater than your fees, risk increases, and the reward is limited. ■

CAMICO, the VSCPA’s preferred provider of professional liability insurance, is the nation’s largest CPA-directed program of insurance and risk management for the accounting profession. Visit vscpa.com/camico to learn more.

Congrats to the VSCPA's newest Virginia CPA licensees

Sara Ali, CPA, Columbia, Md.

Rasheedah Al-Mahdim, CPA, Alexandria

Rhytham Arora, CPA, Ashburn

Cassie Barkman, CPA, Arlington

Christina Benvenuti, CPA, Gainesville

Karl Berman, CPA, Toano

Steven Bobbitt, CPA, Virginia Beach

Gilbert Carey Jr., CPA, Virginia Beach

Yun Cheng, CPA, McLean

Lawrence Crews, CPA, Fredericksburg

Victoria Destefano, CPA, Arlington

Clark Gaden, CPA, Springfield

David Garcia, CPA, Troutville

Susan Grais, CPA, Arlington

Allison Hamelman, CPA, Rockville, Md.

Mark Harris, CPA, Lafayette, La.

Michael Jarreau, CPA, Charlottesville

Melissa Kennedy, CPA, Gainesville

Joanna Koh, CPA, Chantilly

Wan Kuo, CPA, Washington, D.C.

Tara Lauderdale, CPA, Fairfax Station

Jennie Ledesma, CPA, McLean

Shiyang Liu, CPA, Rockville, Md.

Shannon Lochbaum, CPA, Herndon

Kenneth Lynch, CPA, Arlington

Yadira Maldonado-Colon, CPA,
Germantown, Md.

Stanley Matters, CPA, Bethesda, Md.

Daniel Minger, CPA, Alexandria

Daniel Nah, CPA, Rockville, Md.

Meetra Najrabi, CPA, Manassas

Connor Nunnaley, CPA, Falls Church

Vernon Ragland IV, CPA, North
Chesterfield

Pradipti Rajbhandari, CPA,
Germantown, Md.

Brittany Rice, CPA, Herndon

Terrance Roys, CPA, Hastings On
Hudson, N.Y.

Daniel Schwartz, CPA, McLean

Jesse Shaffer, CPA, Falls Church

Tsering Sherpa, CPA, Vienna

Brendan Smedley, CPA, Ashburn

Augustus Spotts V, CPA, Glen Allen

Joann Stout, CPA, Stanley

Qier Tan, CPA, Vienna

Morgan Turner, CPA, Alexandria

Marissa Vahlkamp, CPA, Broadlands

Neil Wagner, CPA, Markham

Kevin Whitley, CPA, Clifton

Amber Williams Taylor, CPA,
Inwood, W.V.

Yusheng Xia, CPA, Glen Allen

*List from May 1, 2022, through
July 31, 2022.*

IN MEMORIAM

Joanne Barnes, CPA, 93, a Life member from South Daytona, Fl. A graduate of George Washington University, she was an equity partner in Bruner, Kane & McCarthy in Alexandria, which ultimately became Larson Allen. She was an expert in estates and trusts and worked at the firm until her retirement in 2016 at age 87. She was a pioneering CPA as a female partner in the 1970s and promoted the profession as a career opportunity for women.

Robin Johnson, CPA, 57, a sole proprietor from Powhatan. A graduate from Virginia Commonwealth University and Auburn University, she was director of accounting for the Virginia Tech Foundation before starting her own firm.

Ted Lieland, CPA, 94, a Life member from Virginia Beach. A U.S. Marine who served in the Korean War, he was a graduate of Old Dominion University. He ran a CPA firm and served on several VSCPA committees in the 1970s and 1980s, including the Board of Directors from 1985–1986. He volunteered with the Boy Scouts of America and the Military Aviation Museum.

Members win awards from Virginia Business

Several VSCPA members received accolades over the last few months from Virginia Business magazine. Congratulations to everyone!

VIRGINIA CFOS OF THE YEAR

Small business category

- **Cynthia Macturk, CPA**, Fahrenheit Advisors, Richmond (winner)
- **Joel Flax, CPA**, Cohen Investment Management Co., LLC, Norfolk (nominee)
- **Ana Gomes, CPA**, CFO at Wilbanks Smith & Thomas Asset Management LLC, also in Norfolk (nominee)

Small nonprofit category

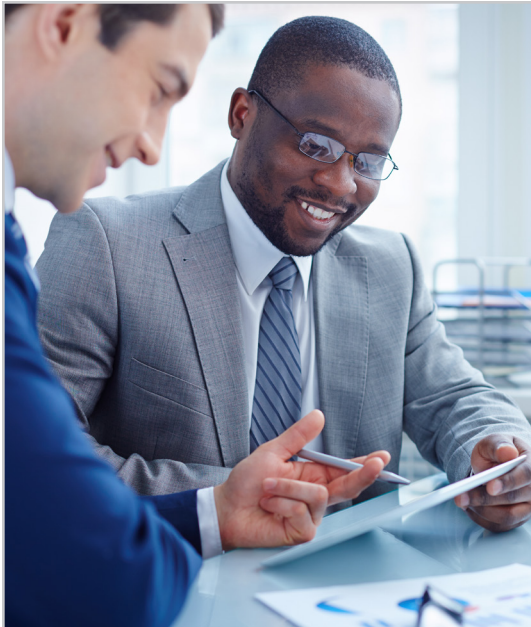
- **David Argabright, CPA**, Feeding America Southwest Virginia, Salem (winner)

WOMEN IN LEADERSHIP AWARDS

- **Jen Flinchum, CPA**, partner, Keiter CPAs, Glen Allen

VIRGINIA 500 2022 POWER LIST

- **Jeremy Blank, CPA**, partner, Deloitte, McLean
- **Timothy Gillis, CPA**, partner, KPMG, Washington, D.C.
- **Jason Hartman, CPA**, CEO, Brown, Edwards & Company, LLP, Roanoke
- **Harvey Johnson, CPA**, CEO, PBMares, LLP, Newport News
- **Russ Moore, CPA**, partner, PwC, Richmond
- **Scott Moulden, CPA**, partner, Yount, Hyde & Barbour, PC, Winchester
- **Kevin Virostek, CPA**, partner, Ernst & Young, Tysons
- **Gary Wallace, CPA**, partner, Keiter, Glen Allen
- **Greg Wallig, CISA, CGEIT**, principal, Grant Thornton



Resources to Help Year-End Finish Strong

Preparing and planning for year-end can be a burden for you and your clients. Check out our **Accountant Year-End Reference Center** for helpful resources and tools:

- Year-end reference guides with versions for you and your clients
- Up-to-date information on deadlines, forms, and laws
- Year-end checklists and more

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Congratulations to the following *members!*



Pictured left to right: Greg Miller, CPA, Megan Meador, CPA, Staci Henshaw, CPA, Milly Ikundi, CPA, Ryan Kirtner, CPA, Julia Lafferty, CPA, Melissa Galasso, CPA, Jill Mitchell, CIA, MS, MEd

NEW HIRES

At FORVIS, **Rob Hartnett, CPA**, has joined as partner in Tysons, and **Greg Miller, CPA**, has joined as director of the

public sector group in Richmond.

Jill Mitchell, CIA, MS, MEd, is now a lecturer in the U.Va. McIntire School of Commerce in Charlottesville.

Stephanie Nerantzis, CPA, has joined the Claude Moore Charitable Foundation in Fairfax as grants manager.

PROMOTIONS

Thompson Greenspon in Fairfax announces the following promotions:

Nick Bilyeu, CPA, to audit supervisor; **Brandon Davis** to tax senior; **Eric Goble, JD, EA**, to tax manager; **Mike Ioffredo, CPA**, to tax manager; **Steve Phillips, CPA**, to audit senior; **Alex Scott, CPA**, to tax manager; **Allison Swanberg, CPA**, to tax supervisor; **Agnes Tajat, CPA**, to audit supervisor; and **Andrew Venzke, CPA**, to tax supervisor.

Harris, Hardy & Johnstone, PC, in Richmond, announces two new principals: **Pam Leonard, CPA**, and **Brian Minor, CPA**.

Doug Sulanke, CPA, is now CFO of Hardywood Park Craft Brewery in Richmond.

Promotions at Meadows Urquhart Acree & Cook, LLP, in Henrico, include **Marcie Hertz** to manager and **Steven Green** to in-charge accountant.

Megan Meador, CPA, is now a partner at Brown Edwards in Bristol.

APPOINTMENTS AND AWARDS

Gov. Glenn Youngkin has made the following appointments: **Steven Clemons, CPA**, a retired member from Salem, to the Board of Funeral Directors and Embalmers; **Aubrey Layne, CPA**, chief of staff at Sentara Healthcare in Norfolk, as new

chair of the Virginia Port Authority Board of Directors; and **Kelli Meadows, CPA**, partner at Meadows Urquhart Acree & Cook, LLP, in Henrico, to the Christopher Newport University Board of Visitors.

Amy Ginn, CPA, audit manager at BSB, LLC, in Fairfax, is treasurer of the board at ArtsFairfax.

Richard Harpe, CPA, principal at Matthews, Carter & Boyce, PC, in Fairfax was elected as treasurer on the Fairfax County Park Foundation Board of Directors.

Valarie Hayden, CPA, an accountant at Dobson & Evans, CPAs, LLC, in Burgess, is serving a three-year term on the Rappahannock Foundation for the Art Board of Directors.

Virginia Auditor of Public Accounts **Staci Henshaw, CPA**, received the distinguished service award from the National State Auditors Association.

Two members were selected to attend the AICPA Leadership Academy: **Milly Ikundi, CPA**, a finance specialist at McKinsey & Company from Aldie, and **Ryan Kirtner, CPA**, an accountant at WellsColeman in Richmond.

Julia Lafferty, CPA, partner at Councilor, Buchanan & Mitchell, PC, in Bethesda, Md., was elected to the executive committee of the Greater Washington Society of CPAs.

Jessica McClain, CPA/CITP, CISA, CGFM, was named to the 2022 40 Under 40 list by Washington Business Journal. She is CFO at the Girl Scouts Nation's Capital in Washington, D.C.

Bryan Newlin, CPA, CISA, CITP, a principal at Yount, Hyde & Barbour, PC,

in Winchester, was named to Shepherd University's 2022–2023 Finest Under 40 class.

Two members have been named 2022 rising stars by the Construction Financial Management Association: **Matthew Smith, CPA**, audit principal at Yount, Hyde & Barbour, PC, in Winchester, and **David Sheaffer, CPA, CCIFP**, director at Brown Edwards in Lynchburg.

Kevin Sheehan, CPA, a sole practitioner from Farmville, was appointed to the boards of BCC Bankshares Inc. and the Bank of Charlotte County.

PUBLICATIONS

Melisa Galasso, CPA, CGMA, president & CEO of Galasso Learning Solutions in Charlotte, N.C., has released a book, *Money Matters for Nonprofits*, to help board members understand basic accounting and financial statements.

FIRM NEWS

Congratulations to the following firms for their rankings on the 2022 INSIDE Public Accounting Top 100 Firms list:

- 30. **Kearney & Company**, Alexandria
- 72. **Aronson LLC**, Rockville, Md.
- 73. **Brown Edwards & Company, LLP**, Roanoke
- 77. **PBMares LLP**, Newport News

Kimble CPA in Richmond has merged with Alexandria-based **KWC**.

Aronson LLC in Rockville, Md., and **The McGruder Group CPAs** and **Thompson Greenspon**, both in Fairfax, were named 2022 Best of Accounting® firms in client satisfaction by ClearlyRated. **Chazin & Company** in Rockville, Md., won the award in the employee satisfaction category.

These three firms were named to The Washington Post's 2022 Top Workplaces list: **Aronson LLC** in Rockville, Md., **Cotton & Company** in Alexandria, and **Thomson Greenspon** in Fairfax.

GOT NEWS TO SHARE?

Let us know! We're happy to print your staff news, including promotions, accolades and new hires. For space reasons, we do not print new degrees or designations. Send an email to disclosures@vscpa.com, and feel free to send headshots. All pictures must be high-quality JPG or TIF files of 300 dpi.

Staff news

ANNIVERSARIES

Oct. 29: **Julia Henderson**, membership & marketing director, nine years

Nov. 13: **Linda Newsom-McCurdy, CAE**, senior director, learning, 15 years

Dec. 1: **Stephanie Peters, CAE**, president & CEO, 25 years

COMINGS & GOINGS

Ben Munford, finance assistant & facilities coordinator, and **Doris Pennington**, member services assistant, have left the VSCPA. We wish them luck!

CONGRATS

President & CEO **Stephanie Peters, CAE**, was named to the Virginia 500 2022 Power List by Virginia Business magazine.



Stephanie Peters, CAE,
Celebrating 25 years

Linda Newsom-McCurdy, CAE
Celebrating 15 years

FIND OUR FINANCIALS ONLINE

The VSCPA and VSCPA PAC financials for the 2021–2022 fiscal year are now online. Visit vscpa.com/annual-report-financials to find the Statements of Financial Position, Statements of Activities, full audited statements, and information on the state of the VSCPA.

Ghana native makes his *mark* in Virginia

VSCPA student member Jeffrey Kum is pursuing accounting and information systems degrees.



Jeffrey Kum, a Ghana native, is earning an accounting degree so his mother will listen to his financial advice.

As a child, Jeffrey would give financial guidance to his mother regarding her restaurant in Ghana — which she often ignored. The solution? Become the expert. In 2023, Jeffrey will graduate with a degree in accounting from Virginia Commonwealth University (VCU).

Although Jeffrey first earned his bachelor's degree in agricultural business and management from the Kwame Nkrumah' University of Science and Technology in Kumasi, Ghana, he took a few accounting classes and enjoyed them. He decided to pivot and pursue accounting paired with a degree in information systems. In 2022, he was awarded with the YHB Scholarship from the VSCPA Educational Foundation.

One of Jeffrey's goals after graduation is to work in public accounting. He also has an interest in becoming an auditor.

"I like to travel and all the opportunities that come with it," Jeffrey said.

Jeffrey's largest goal is to go back to Ghana so he can help his mother's restaurant and teach accounting in Ghana.

At VCU, Jeffrey is the president of accounting honor society Beta Alpha Psi, where he was instrumental in a community-based

project that delivered school supplies to young students.

With that project and connection to the Virginia Society of CPAs, Jeffrey was able to secure a spot on the as a student member of the VSCPA Diversity, Equity & Inclusion Advisory Council.

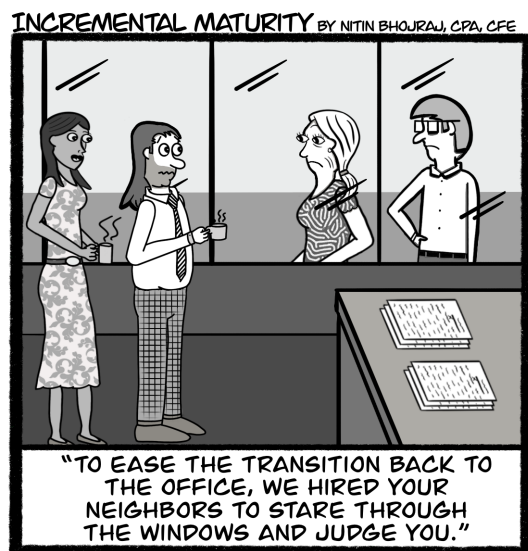
"I am a part of this group because I know that I can give back more," said Jeffrey. "I'll know what I'm talking about and can tell others 'I've been in your shoes.'"

Jeffrey has had a passion for business since a young age and he shows that with his fascination to help other people and their companies.

"I loved the way accountants were the heart of every business and that they were the persons behind the many key decisions of any organization," Jeffrey wrote on his scholarship application.

Jeffrey wants other students that are in the same situation to know that they are not alone.

"Other kids that are like me from different countries, that are trying to find places for themselves and their families, it's hard in the beginning," said Jeffrey. "But making those connections and making your way through, it will give you the experience to advocate for this complex country that we live in." ■



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6

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