



# K2's Effective Automation And Outsourcing

# Description



While outsourcing and automation have been used in multinational corporations, the decline in accounting program enrollment at many universities has made finding qualified entry-level staff more challenging and forced a new conversation about these tools in small and mid-sized businesses. This session will discuss the business environment for outsourcing and review the ethical, regulatory, and practical considerations associated with revealing data and relying on the work of others in your organization.

# Major Topics



- Overview of how firms and businesses currently use automation and outsourcing
- Discussion of the management and regulatory compliance issues with offshore and onshore outsourcing use in small and mid-size organizations
- Review of which tasks are best suited for offshoring, which solutions are best for onshore outsourcing, and which solutions can be solved with technology
- Discussion of specific solution providers which provide solutions for tax and accounting firms as well as internal accounting departments

# Learning Objectives



- Identify at least three business processes that can be made significantly more cost-effective using automation and outsourcing
- Identify at least three tasks that are not appropriate for offshore outsourcing and automation
- Identify at least one service provider or technology solution discussed in the course which provides a solution to a common accounting-oriented task
- List examples of why outsourcing and automation have been used in enterprises and multinationals but have weak adoption in small and mid-sized businesses



# INTRODUCTION - AUTOMATION AND OUTSOURCING

# Long-Term Solutions To Workload Compression And Staffing Issues



**People:** Outsourcing/Onshoring, Recruitment, Reimagining Processes

**Tech Automation:** OCR, Digital Transformation, Artificial Intelligence, etc.

F S  
U T  
T A  
U T  
R E  
E

Current Staffing Shortages

Future Sustainable Model

# CPE Sessions Covering Automation



- K2's Office Scripts: The New Macros (2 hours)
- K2's ABC's of Automation With Microsoft's Power Platform (2h)
- K2's Time to Advance Automation (2h)
- K2's Saving Time With Electronic Forms (1h)
- K2's Harnessing ChatGPT (1h)

*These and many more are available at **store.k2e.com**.*

# Commonly Outsourced Processes



- Accounts payable
- New vendor setup
- Expense reporting
- Accounts receivable
- Payroll and payroll tax prep
- Medical billing (onshore)
- Marketing and search engine optimization
- Technology services
- Tax data extraction/entry
- Tax preparation
- External audit preparation
- Audit fieldwork
- Audit second partner review
- Internal audit services
- Client accounting services
- Sales tax & property tax filings
- State and local licensing





# OUTSOURCING OPTIONS

# PCPS Outsourcing for CPA Firms Toolkit

## Part of the PCPS Transform Your Business Model Resources

- ✓ Information, tools and resources to navigate complexities of outsourcing and offshoring
- ✓ Includes a review of various models with overviews, insights and situational guidance to identify best fit
- ✓ Outsourcing Best Practices
- ✓ Outsourcing Readiness Self-Assessment - What should ask ourselves before we get started?
- ✓ Due Diligence Checklist - What should I ask a potential vendor?
- ✓ Tax/Audit/CAS - Reporting and KPIs

TRANSFORMING  
Talent

Attract. Retain. Develop.



# Outsourcing: Approaches



- Many choices
  - Your office vs. service bureau
  - Your employee vs. hourly rates vs. task billing
  - Onshore (in US/Canada) vs. offshore (rest of world)
  - Your IT infrastructure vs. hosting company
- Many concerns
  - Malpractice and data breach insurance coverage
  - Local and offshore payroll tax and regulatory compliance
  - How to control data and avoid leakage in shared environments
  - Turnaround times may delay projects during peak work periods
  - Not all providers provide all services (e.g., tax, audit support, CAS, etc.)

# Some Outsourcing Considerations



- **Services** - Services offered by the provider
  - Accounting, bookkeeping, audit support, tax prep, payroll, liquidation
- **Turn Around Time (SLA)** - Time taken to deliver the services
  - Can be from 48 hours to 7 business days, but is likely to slip during peak times
- **Skills** - Skill possessed by the accountants
  - Client facing, proposals, RPA, communication, knowledge, application skills, technical review and fractional audit partners
- **Outsourcing**
  - **Onshoring** - Onshore outsourcing, typically in US or UK
- **Security** - Data and information security certification(s)
  - Physical controls, network controls, supervised workspace, work from home, SOC 1/SOC 2, ISO 27001, GDPR compliance
- **Location** - Locations/countries where they operate – common locations are the US, UK, Mexico, India, Canada, Philippines, Australia, and Eastern Europe

# Outsourcing: Services



Outsourcing companies offer many different types of services

- General data entry
- Tax data entry
- Workpaper preparation and reconciliations
- Fixed asset reconciliation and depreciation calculations
- Client accounting services
- Payroll, payroll tax, and sales tax preparation
- Tax preparation with full workpapers
- Internal audit services
- Full CPA capabilities including client contact
- Technology services (hosting, programming, RPA)



# SOLVING STAFFING CHALLENGES AND CREATING EFFICIENCIES WITH A CENTRAL OFFSHORE DELIVERY CENTER



assuranceprep

Unlocking the potential of your practice



# INDUSTRY CHALLENGES



Staff shortages / access to professionals



Increasing costs



Change management and deployment of innovative solutions



Streamlining the client and team experience



Improving audit quality



Empowering the use of data – preparing for the audit-of-the-future

# INDUSTRY TRENDS

Firms are beginning to adopt centralized delivery model outsourcing services supported by cutting edge technologies which solves industry challenges by:

Providing access  
to talent in a low-  
cost jurisdiction

Centralization  
simplifies  
technology  
roll-out

Specialization  
improves audit  
quality

Client and team  
experience  
dramatically  
improved



# WORKING WITH ASSURANCE PREP

Assurance Prep is a leading outsourcing provider with some of the most experienced outsourcing professionals in the industry

We know the change management challenges local offices face when adopting this delivery model, differentiating us from our competitors

Partnering with Assurance Prep will allow your firm to have a focused plan to implement a highly impactful offshore strategy successfully





# COMMERCIAL AUDIT PROCEDURES

AssurancePrep can perform various tasks for commercial audit engagements. All procedures will follow your firm's methodology and all work will be produced using your firm's technology and preferred templates. Typical audit procedures for commercial engagements includes but is not limited to:

- Engagement Setup – including drafting engagement letters, legal inquiries and confirmations
- Cash and cash equivalents – bank reconciliation testing
- Accounts Receivable Subledger – verifying credit balances, related party amounts and economic dependence
- Accounts Receivable Confirmations – conduct sampling, prepare and track confirmations, conduct alternative procedures for confirmations not returned
- Accounts Receivable Allowance for Doubtful Accounts – identifying accounts not provided for that meet a specific criteria
- Accounts Payable Subledger – search for unrecorded liabilities, expense cut off testing
- Inventory – price testing, inventory test count tie out to the final inventory listing, net realizable value testing, obsolescence testing
- Revenue test of detail and cut off testing



# PENSION PLAN AUDIT PROCEDURES

AssurancePrep can perform various tasks associated with most pension plan engagements which can include:

- Contributions, Eligibility and Payroll testing – tracing various participant data and ensure calculations agree with contributions, deferrals, etc.
- Investment Income Allocation testing – verify investment allocations elected for each participant and confirm rates of return
- Rollover testing – ensure all rollovers were made in accordance to plan provisions
- Non-Discrimination Testing & Analytics – inspect evidence of all relevant IRC compliance testing and analyze plan expenses
- Remittance testing – prepare a summary of schedule of contributions, review and trace findings
- Distribution testing – trace distributions for accuracy and ensure proper taxes were withheld and rollovers documented
- Notes Receivable testing – document that loans were made in accordance to plan provisions



# OUTSOURCING FOR TAX & CAS

The AssurancePrep team can also perform many activities within your firm's tax practice. Examples of these procedures would be:

- Organization of client documentation
- Preparation and completion of:
  - Personal tax returns (1040s)
  - Corporate tax returns (1120s)
  - Partnership tax returns (1065s)
- Support in tax advisory engagements including relevant tax calculations and models

The AssurancePrep team can also be utilized for your firm's Client Accounting Service work including:

- Performing tasks associated with:
  - Outsourced bookkeeping
  - Outsourced functions within a finance department (i.e. AR / AP)



# INTERNAL AUDIT PROCEDURES

AssurancePrep can perform many of the routine tasks associated with most internal audit engagements including:

## Risk Assessment

- Identifying and assessing key risks that may impact the organization's objectives.
- Evaluating the adequacy of the risk management processes in place.

## Control Testing

- Reviewing and testing the effectiveness of internal controls to ensure they are operating as intended.
- Verifying compliance with established policies and procedures.

## Financial Audits

- Examining financial statements to ensure accuracy, completeness, and compliance with accounting standards.
- Reviewing financial transactions and records for anomalies or discrepancies.

## Operational Audits

- Assessing the efficiency and effectiveness of operational processes.
- Identifying opportunities for process improvements and cost savings.



# INTERNAL AUDIT PROCEDURES

## Information Technology Audits

- Reviewing IT systems and infrastructure to assess security and data integrity.
- Evaluating the effectiveness of IT controls and policies.

## Governance Audits:

- Assessing the overall governance structure and practices.
- Evaluating the roles and responsibilities of key stakeholders.

## Performance Audits

- Evaluating the performance of specific functions or departments.
- Benchmarking against industry standards or best practices.

## Follow-up Audits

- Verifying the implementation of recommendations from previous audits.
- Ensuring that corrective actions have been taken.

## Vendor and Contract Audits:

- Assessing the compliance of vendors and contractors with contractual agreements.
- Evaluating the risks associated with external relationships.



# THE RESULTS

OUTSOURCING TASKS TO A CENTRAL PROCESSING CENTER ACCOMPLISHES THE FOLLOWING:

## **Outsource Non-Complex Activities**

Transition engagement preparation and routine procedures into lower cost personnel



## **Better Client Service**

Reduce clients' time responding to queries and improve client experience



## **Increased Operational Efficiency**

Address staffing deficiencies while increasing realization rates



## **Time Savings**

Free up audit staff hours to work on more complex and value added tasks



## **Ensure High Quality**

Standardized data reduces errors and ensures protocols are followed



## **Improve Technology Adoption**

Offload the responsibilities of utilizing the technology your firm has acquired to the AssurancePrep team



# Outsourcing: Service Level Agreement (SLA)



A “**service level agreement**” defines how a service will be delivered, including attributes like:

- The responsibilities of each party and how they communicate
- How the work will be performed and how quality is measured
- What is included and what is not included in the service
- Education, skills, and certifications of the workers
- Applications they will utilize – and some they will not use
- Expected turnaround time from handoff to completion of work

Remember – you don’t get what someone promised you verbally when you were buying – you get what is written in the contracts and the SLA – so pay attention



# Outsourcing: Skills



- Client facing
- Proposals
- Communication
- Knowledge/consultation on technical matters
- Application skills
- Pros of every staff level, from admin & intern up to partner/director
- Technical review / second partner review
- Fractional audit partners

# Outsourcing Strategies – Service Bureaus



- **Providers:** Wolters Kluwer (Xpitax), Thomson Reuters (SurePrep), Booxkeeping, Datamatics Business Solutions, Intuit, IRIS, and many others
- **Business Models:**
  - Task billing/pricing (e.g., prep of this many 1040's)
  - Hourly billing/pricing (e.g., so many hours of a pool of employees time)
  - Dedicated employees (employee is your resource – and when they're out, you may be out of luck until they are replaced)
- Challenges include workload compression, ability to turn work in accordance with their service level commitments, language skills, time zone differences, foreign regulation, and data privacy

# Build Your Global Team and Increase Your Capacity

An integral part of  
Datamatics GROUP of Companies

## DATAMATICS

Established  
**1975**

Turnover  
**\$200Mn**

Staff  
**10,000+**

Clients  
**2,000+**

Global  
Delivery Centers  
**4**

 **Datamatics**  
Business Solutions

Working with  
CPA/Accounting Firms  
**20+ years**

**1,200+**  
Workforce

**150+**  
CPA/Accounting  
Firms

1

**Experienced:**

20+ years working *exclusively* with accounting firms

2

**Trusted:**

150+ firms work with us, ranging from small to large

3

**Comprehensive:**

1,200+ practitioners in the full range of CPA services: tax, audit, CAS etc.  
Experience and expertise with several leading software solutions.

4

**Streamlined:**

We minimize your time investment overhead (hiring, training & re-training staff, etc.)

5

**Secure:**

All the work is done in your network, so no data is transferred out; SOC, GDPR & ISO certified

Hybrid &  
remote work

Talent crisis  
in the U.S.

Talent surge  
globally

**25%+ of firms in US now outsourcing**

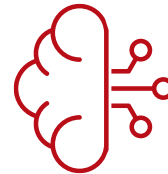
CPA Trendlines Survey 2024



## Global Teams

- Revenue & quality
- True teamwork

+



## Technology

- Implementation
- Process improvement

+



## Culture

- Deeper connections w/ clients & mentors
- Cross-cultural

# WHY GLOBAL TEAMS?



## Success Factors

### Workload Size



### Task Enjoyment



### Firm Culture



### Client Experience



### Revenue Growth

## Before

Stressful workload;  
Difficulty adjusting to peak seasons

Tedious tasks lead to burnout

More project-oriented

Missed commitments  
Infrequent communication

At or near full capacity ->  
Cannot take on new clients

## After

Less stress -> attract & retain talent  
Seasonal scalability as needed

More rewarding tasks:  
Higher-level tasks; client-facing

More client-oriented

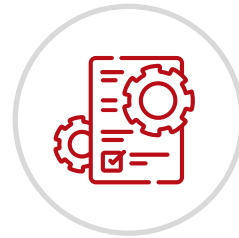
Projects finished early  
More time spent with clients

Able to scale staff team quickly





**Bookkeeping**



**CAS/CAAS  
Accelerator**



**Accounting**



**Tax**

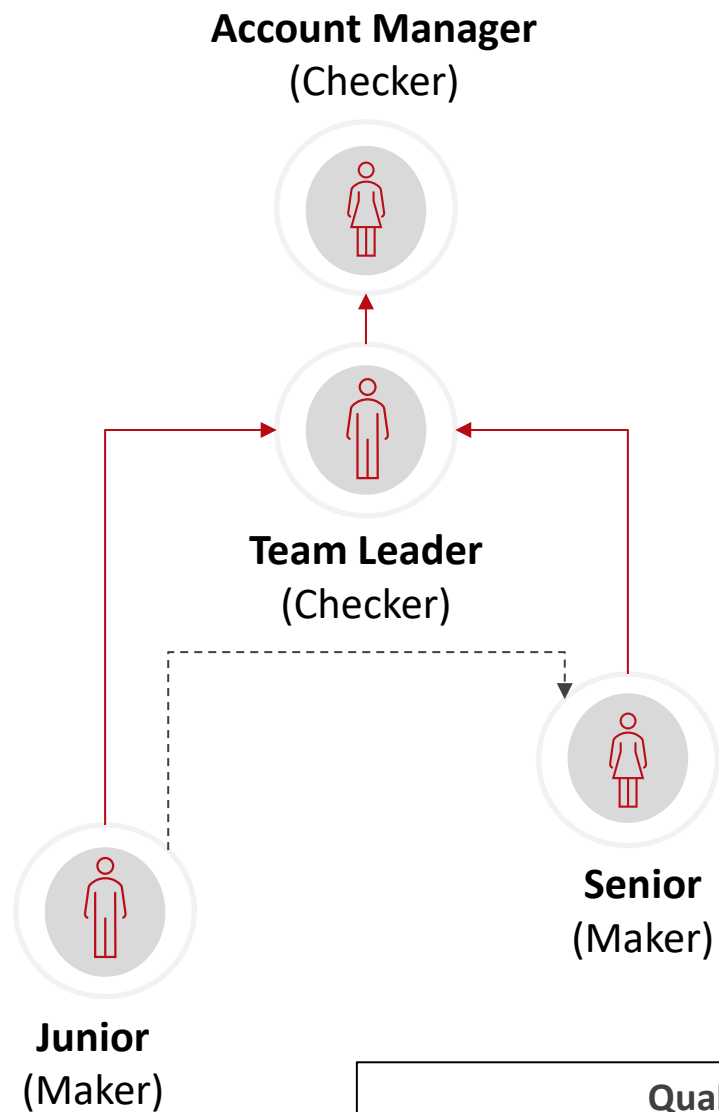


**Payroll**



**Audit**

# MAKER-CHECKER WORKFLOW



University Graduate / Post Graduate in Finance & Accounting  
/ Chartered Accountant in India  
**Minimum 10-12 years experience in US Accounting**

University Graduate / Post Graduate in Finance & Accounting  
**Minimum 5-7 years experience in US accounting**

University Graduate / Post Graduate in Finance & Accounting  
**Minimum 3-5 years experience in US accounting**

University Graduate in Finance & Accounting  
**Minimum 1-3 years experience in US accounting**

Quality Commitment  
In-House Training Academy + Process Excellence  
Team

[datamaticscpa.com](https://datamaticscpa.com)



## YOUR FIRM

## COMMUNICATION FREQUENCY



Partners



Strategic / Business Reviews  
-----  
**QUARTERLY**



President

Practice Leaders



Operations & Process Reviews  
-----  
**MONTHLY**



Account Manager

Managers



Project Reviews  
-----  
**WEEKLY**



Team Leader

Seniors



Task Coordination  
-----  
**DAILY – AS REQUIRED**



Junior/Senior

# Outsourcing - Security



- Look for many third-party audits and compliance statements
  - Rigorous third-party audits
    - SOC 2 Type II – on data center AND on company's operations
    - ISO 27001 - quality audit of information security management system
  - Compliance with stringent data security regulations
    - HIPAA/HITECH (healthcare and employee data, will sign BAAs)
    - FERPA (educational privacy – K-12 and colleges/universities)
    - Gramm-Leach-Bliley, PCI, and FTC Safeguards (financial services)
  - Compliance with stringent privacy regulations
    - GDPR (EU)
    - Privacy Act, PIPEDA (Canada)
    - CA consumer privacy act and emerging state privacy statutes

# Outsourcing - Security



- Two factor authentication required of all users at all times
- Offshore/remote employees use Citrix/remote desktop services and cannot download or print documents
- Hard drive encryption and business-grade IT environment
- Advanced security analytics and AI-based threat detection
- 24x7x365 monitoring and incident response
- Primary and secondary/failover data centers, Tier II or higher
- All traffic protected by encryption at all times

## Who we are

- Founded in **2001**, Cloud from the beginning
- Rated **Top Hosting Provider** for CPA Firms
- **Private company**, veteran-owned
- Headquartered in **D.C. Metro area**
- Datacenters in **Sterling, VA & Denver, CO**
- **Security is our #1 priority; customer service excellence is our passion**





# What We Do

## Custom Cloud Hosting Solutions

- Full-service IT solutions designed for CPA firms
- US-based senior-level support 24x7x365
- Deploy advanced threat security solutions - cloud & local networks
- Perform multiple daily backups
- Perform scheduled updates to hosted software
- End-to-end network monitoring & troubleshooting
- Employee education and training
- IT strategy, security, planning, etc. - Virtual CIO



# Our Core Values





# Cetrom's Advanced Cybersecurity Defense System



Ransomware Detection & Remediation  
Next-Generation Antivirus Technology  
Forensics-level Detection & Response



Multiple Back up Solutions Onsite & Offsite  
Data Encryption at Rest & In Transit  
Email Attachment & Link Scanning



Two-factor Authentication  
Adopt Least Privilege Model  
Employee Cybersecurity Recurring Training



Patch Management  
Email Encryption  
Standard Antivirus

# Security Methodologies

- Inbound/Outbound Geo Lockdown
- Perform & maintain two offline data backups using separate technologies
- Replicate your data backup to an independent SOC audited datacenter
- Leverage intrusion detection & prevention
- Proactive monitoring of hardware & software
- Two-Factor Authentication for everything
- Regularly perform security audits and patch management of our systems
- Work with two leading security firms to validate our security methodologies
- Deploy two separate AI-based security technologies





# AI Security Defense Solutions

- Intrusion Detection Systems
- Threat Response
- Human Augmentation
- Lightweight and Does Not Impact Performance

## Real World Cetrom Client Combated Threats:

- ❖ *In the past 90 days - **51 detected threats were neutralized***
- ❖ *Clients average **33 phishing emails per month** that were flagged as potentially malicious*



# Compliance

- SOC 2 Type II compliant (since 2012) – Company & Data Centers
- HIPAA compliant (since 2013)
- FIPS 140 -2 compliant hardware and software (since 2001)



## Experts in Hosting Accounting Applications



And more...

# Outsourcing Strategies – Recruiting For *Offshore Offices*



- **Providers:** Many independents, some medium and large firms
- **Business Models:**
  - Recruiters who bill based on a percentage of annual employee pay
  - Some operate as service bureau and allow firms to hire offshore employees after a period working through a service bureau
  - Some work as consultants to help firms set up joint ventures between offshore accounting firms and local firms
- Challenges include the volume of qualified talent available offshore, how to handle untimely turnover, language skills, time zone differences, foreign regulation, privacy/data leakage, and concerns about how contracts will be enforced in the other country

# Outsourcing Strategies – Recruiting For *Remote Employees*



- **Providers:** Many independents, some medium and large firms
- **Business Models:**
  - Recruiters who bill based on a percentage of annual employee pay
  - Some operate through a service bureau and allow firms to hire offshore employees as remote employees after a period of time (and a payment)
  - Some firms go it alone to recruit employees through job boards and set up these remote employees on their infrastructure
- Challenges include privacy, ability to validate education and experience, employee's remote home work environment, how to handle untimely turnover, language skills, time zone differences, foreign regulation, privacy/data leakage, and concerns about how contracts will be enforced in the other country





# Hire CPA candidates across your US offices

- MS in Accounting (STEM) grads from top US universities
- Average work experience of 3+ years
- Immediately available (No VISA sponsorship needed)
- Near-zero attrition





# Problem Statement: Shortage Of Accountants



# Accountant Shortage Is Projected To Worsen

▶ **72,923** ◀

Accounting graduates every year

▶ **53,577** ◀

Expected shortage of accountants every year



▶ **126,500** ◀

Openings for accountants & auditors  
are expected each year



Can we solve using the **tech playbook**?

➤ **And leverage the power of**

**STEM**



# Can We Solve Using The **Tech Playbook**?

## The Power Of Stem And The Talent Pool From India



### The Power of STEM

Over the last few decades, hundreds of thousands of computer science undergrads from India have pursued MS Computer Science/ Business Analytics at US universities leading to a 3-year OPT (full-time work) on their student F1 visa. Beyond the 3 years, organizations often sponsor H1Bs for the high-performing folks who want to continue working in the US.

However, MS Accounting has been non-STEM with only a 1-year OPT.

That's where Miles comes in! We are working with top US universities to integrate analytics into their MS Accounting curriculum (plus, of course, update the CIP code!) so that these programs are now STEM-certified. And with the power of STEM, accountants now have the same 3-year OPT as engineers!

### CPA talent pool from India

**Miles is India's largest CPA review with 80%+ market share. That's the talent pool all set to pursue MS Accounting (STEM) at top US universities.**

16,000+

Miles Annual Enrollments  
(Accounting)

55,000+

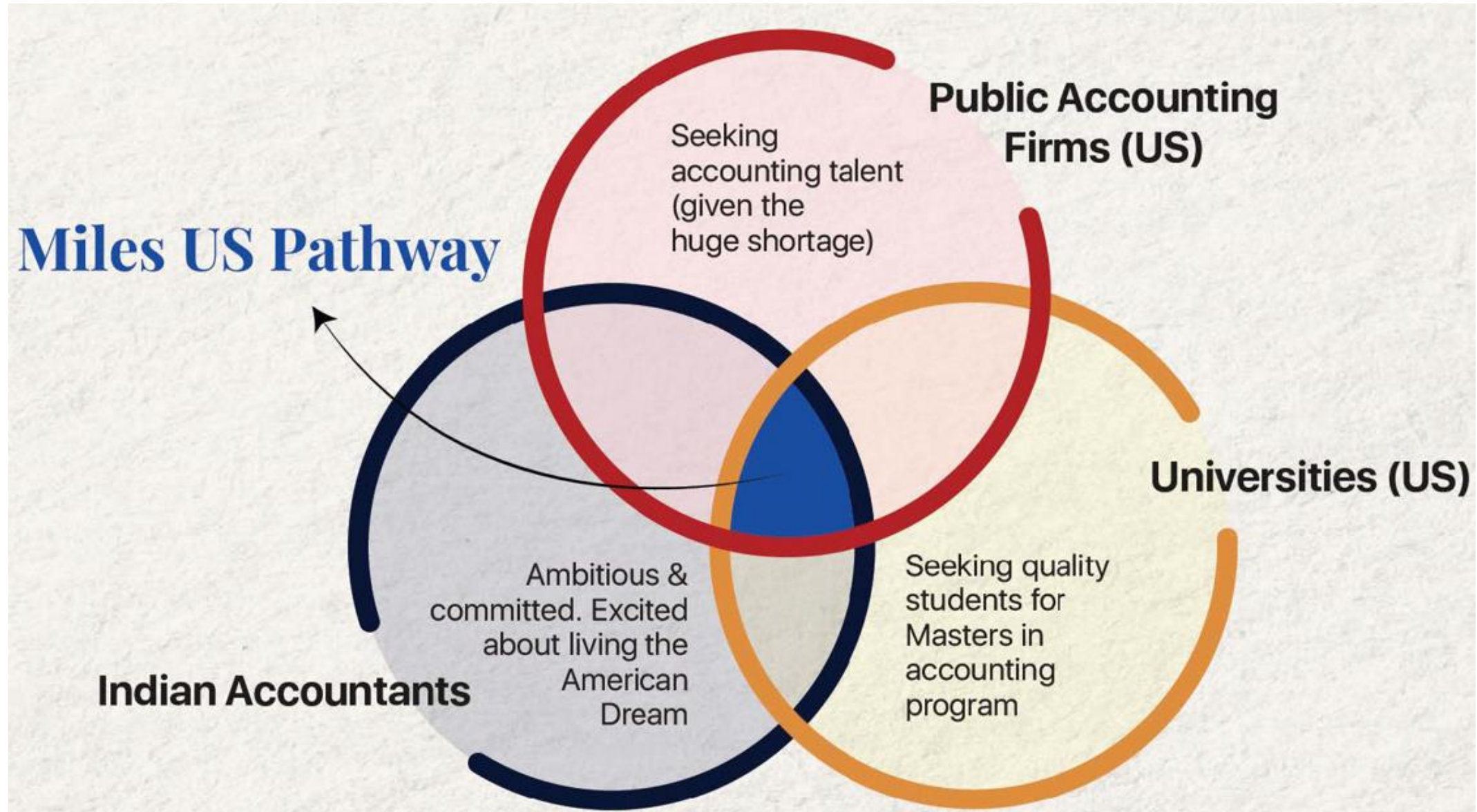
Miles Alumni Base  
(Accounting)

1.4 MM

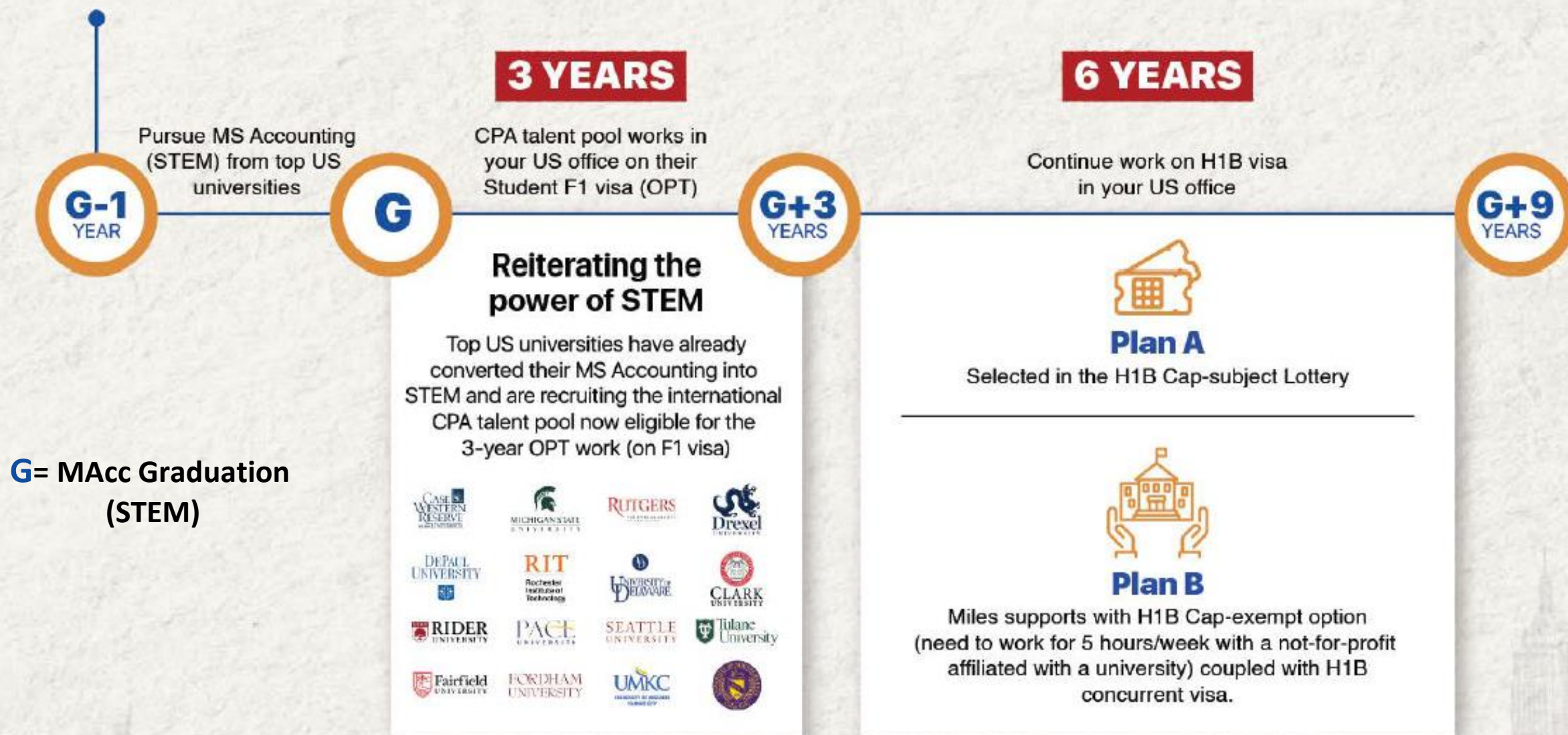
Miles Accounting  
Community in India



# An Interesting Solution - The Miles US Pathway



Candidates start their  
CPA journey at Miles





# A Proven Record of Success

**Fall 2023 & Spring 2024**

# 405

Candidates recruited from India for  
**MS Accounting (STEM)** across **14 schools**.  
Average prior work-experience of **4.3 years**.

## Top schools:



## Top employers:

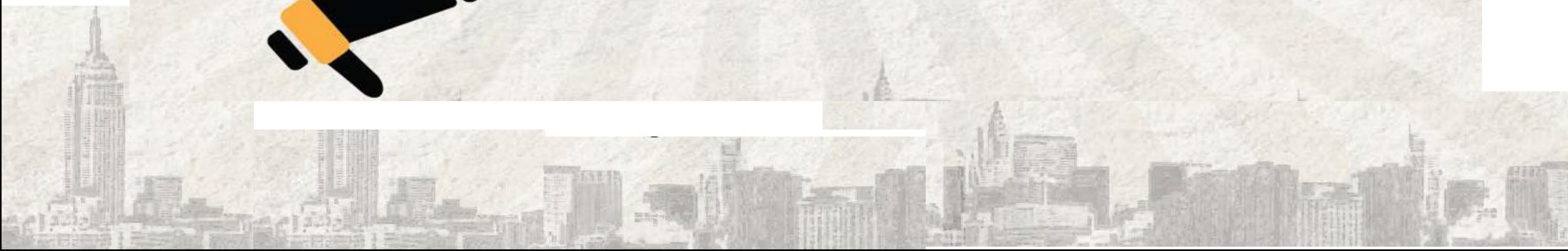




And we're scaling up

**2,000+**

**Indian accountants** expected to arrive in the US in **2024**  
via the **Miles US Pathway** - to pursue **MS Accounting (STEM)**  
across **40+ universities**



# Bottom-line: We Now Have **Indian Accountants Eligible To Work In The US**

## Fall 2023 cohort

Start Masters  
in Accounting

AUG  
2023

Receive Offers  
for Jun 2024

FEB  
2024

Graduate &  
Start OPT

MAY  
2024

JAN  
2024

MAY  
2024

DEC  
2024

## Spring 2024 cohort



# How's This A Game-Changer?



## Better & more committed talent pool

- **Increased talent pool** of CPA candidates
- Skilled in **tech & analytics** [STEM]
- Avg. prior work-ex in India of **4.3+ years**
- **Extremely hardworking** & hungry to prove/grow
- DNA of accounting **[focused!]**



## At reduced cost

- **Salaries lower than domestic talent since prevailing wages do not apply for OPT.** Fresher talent (no work ex) can be hired as Articled Assistants at \$50K+ (for 1st year only). For experienced talent, expected pay \$60K+
- **No FICA taxes**  
[employer payroll tax savings of 7.65% per year = 22.95% over 3 years]
- **No VISA formalities.**  
Also, OPT training program can be supported by Miles



## A large pool & immediately available

- **Fall 2023** cohort  
[200+ candidates]
  - Hire for Summer 2024
- **Spring 2024** cohort  
[200+ candidates]
  - Hire for December 2024
- **Fall 2024** cohort  
[target = 2,000+ candidates]
  - Hire for Summer 2025

# Other Considerations



- Time zone differences
  - What is the time difference with the outsourcing site
  - Do offshore employees work during your business day or their business day
- Stability of government and political strife
  - Conflicts in Ukraine and Gaza have made it all but impossible for employees there to do knowledge work – disrupting firms worldwide
- Reliability of communications and electricity
  - While US outages are relatively rare, they are more frequent and last for long periods of time in some parts of the world

# Companies Offering Outsourcing Services to Accountants



- QXAS
- TOA
- Datamatics
- AssurancePrep
- Cloud Infosolutions
- Wolters Kluwer (Xpitax)
- BooXkeeping
- Frontline Accounting
- Outbooks Global
- KMK & Associates
- AdvanceTrack
- SAPRO
- Thomson Reuters (SurePrep)
- IRIS
- OHI
- Genpact
- Tata
- MindSpace
- SAM
- Taxfyle
- Fraction
- CapActix
- Intuit Proconnect

# Request Outsourcing Provider List

[brian@k2e.com](mailto:brian@k2e.com) or [randy@k2e.com](mailto:randy@k2e.com)



Competitive analysis outsourced providers-US-K2 No Label • Saved to this PC

File Home Insert Page Layout Formulas Data Review View Automate Developer Add-ins Help Data Streamer Inquire Acrobat Power Pivot Script Lab

Comments Share

16

	A	B	D	E	F	G	H
1	Outsourcing support providers						
2	<b>Services</b>	<b>QXAS</b>	<b>TOA</b>	<b>DataMatics</b>	<b>AssurePrep</b>	<b>Cloud Infosolutions</b>	<b>Outsource to India</b>
3	Accounting	✓	✓	✓	✓	✓	✓
4	Bookkeeping	✓	✓	✓	✓	✓	✓
5	Audit support	✓		✓	✓	✓	✓
6	Tax preparation	✓		✓	✓	✓	✓
7	Payroll	✓	✓	✓		✓	✓
8	Liquidation	✓					
9	<b>Turn around time(SLA)</b>						
10	48 Hours	✓	✓	✓		Small projects	✓
11	2-4 Business days	✓	✓	✓			✓
12	7 Business days			✓		CAS, big projects	
13	Outsource projects (hourly)			✓		✓	
14	Outsourced employee			✓		✓	
15	<b>Skills</b>						

Analysis Sheet1 Terms used and explanation



# **RULES AND REGS ON OUTSOURCING**



# Rules & Regs On Outsourcing



- Tax
  - US – primary issues surround handling of taxpayer information by those regulated under Circular 230
    - IRS - IRC §7216 ([IRS info center](#))
    - IRS Rev Proc 2013-14
    - [Rev Ruling 2010-04](#) & Rev Ruling 2010-05
      - Civil and criminal penalties are described in Rev Rule 2010-4 (felony)
- AICPA Ethics guidance related to outsourcing include
  - AICPA ET 1.300.040 – Due professional care
  - AICPA ET 1.700.040 – Disclosure of confidential info to third parties

# Rules & Regs On Outsourcing



- Canada – accounting data must be stored in Canada (PIPEDA, CPA Canada, and CRA regs)
  - The Canadian Federal Privacy Commissioner [PIPEDA page](#) includes documentation of provincial statutes that may require more stringent actions, including [those enacted by Alberta, British Columbia, and Quebec, which may supersede PIPEDA](#) as well as health information statutes in New Brunswick, Nova Scotia, Ontario, Newfoundland and Labrador
  - Illustrative privacy policy disclosures [available from CPABC](#)

# Examples Of Engagement Letter Language For Domestic Outsourcing



- “We may, from time to time, and depending on circumstances, use certain third-party service providers and transmit information to them in serving your account. For example, such transmissions might include, but are not limited to, tax software providers for electronic filing, technical assistance, automated processing of tax forms, online backup services, and file-sharing services. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information.”
- (Source: [PICPA Blog by McGowan Pro Insurance](#))

# US IRS Regs On Outsourcing



- Covered by IRC § 7216 and IRS Regs § 301.7216.3 (Rev Proc 2013-14)
  - Must have a separate document granting voluntary client authorization to disclose information to a third party – some requirements include
    - Separate written document is required on 8 ½"x 11" or larger paper, 12 pt+ type
    - If authorization handled electronically, consent **must** be separate from the general engagement letter authorizations and must meet additional requirements in Rev Proc 2013-14



# US IRS Regs On Outsourcing



- Specific language examples are included in Rev Proc 2013-14, §5.04(e), including:
  - *Federal law requires this consent form be provided to you. Unless authorized by law, we cannot disclose your tax return information to third parties for purposes other than the preparation and filing of your tax return without your consent. If you consent to the disclosure of your tax return information, Federal law may not protect your tax return information from further use or distribution*
  - *You are not required to complete this form to engage our tax return preparation services. If we obtain your signature on this form by conditioning our tax return preparation services on your consent, your consent will not be valid. If you agree to the disclosure of your tax return information, your consent is valid for the amount of time that you specify. If you do not specify the duration of your consent, your consent is valid for one year from the date of signature*

# US IRS Regs On Outsourcing



- Specific language examples (continued)
  - *If you believe your tax return information has been disclosed or used improperly in a manner unauthorized by law or without your permission, you may contact the Treasury Inspector General for Tax Administration (TIGTA) by telephone at 1-800-366-4484 or by email at [complaints@tigta.treas.gov](mailto:complaints@tigta.treas.gov)*
  - *This consent to disclose may result in your tax return information being disclosed to a tax return preparer located outside the United States*

# US IRS Regs On Outsourcing



- Covered by IRC § 7216 and IRS Regs § 301.7216.3
  - Clients **cannot** consent to the disclosure of the social security number to preparers outside the US on Form 1040 UNLESS there are adequate safeguards to the information See Rec Proc 2013-14 for examples, but may include US Commerce Safe Harbor, AICPA/CPA Canada Privacy Framework, Foreign laws like GDPR, relevant financial institution standards, IRS Publication 1075, or others.
    - Exception exists allowing such disclosure – *“Social security numbers may be disclosed to tax return preparers located outside the United States if taxpayer consent is obtained and both the sending and receiving tax return preparers maintain adequate data protection safeguards defined in Revenue Procedure 2013-14, section 5.07.”* ([Sec 7216 FAQ, Q15, retrieved on 3/13/2024](#))

# US IRS Regs On Outsourcing



- Covered by IRC § 7216 and IRS Regs § 301.7216.3
  - *If this exception is used, must also [add this language](#) to the engagement letter:*
    - *This consent to disclose may result in your tax return information being disclosed to a tax return preparer located outside the United States, including your personally identifiable information such as your Social Security Number (“SSN”). Both the tax return preparer in the United States that will disclose your SSN and the tax return preparer located outside the United States that will receive your SSN maintain an adequate data protection safeguard (as required by the regulations under 26 U.S.C. section 7216) to protect privacy and prevent unauthorized access of tax return information. If you consent to the disclosure of your tax return information, federal agencies may not be able to enforce United States laws that protect the privacy of your tax return information against a tax return preparer located outside of the United States to whom the information is disclosed.*





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



# Our Leadership

## Leadership and Board of Advisors

ACE's board of advisors comprises of some of the top thought leaders of the accounting profession. We leverage their expertise and foresight to help us stay ahead of the curve. Our collaboration with these experts ensures that we keep updated with the latest industrial developments and best practices to offer you the best customer experience.

To know more about our advisory board visit:

[www.acecloudhosting.com/our-leadership/](http://www.acecloudhosting.com/our-leadership/)



**Vinay Chhabra**

CEO



**Doug Sleeter**

Advisor



**Geni Whitehouse**

Advisor



**Dr. Sangeeta Chhabra**

Director



**Joanie Mann**

Advisor



**Randy Johnston**

Advisor

# About ACE

Ace Cloud Hosting is an Intuit Authorized Commercial Host recognized by the accounting industry for providing best-in-class cloud solutions. They offer customized solutions for all versions of QuickBooks Desktop 2020

– Pro, Premier, Enterprise, Accountant, and POS, according to the application and data requirements. We are also a QuickBooks Solution Provider that provides QuickBooks products at the best prices

- 99.999% Uptime
- 100-day Rolling Backup
- Always-on Support
- QuickBooks Private Server
- 200+ Add-on Integrations
- Decade Of Experience







## Data Center Partners

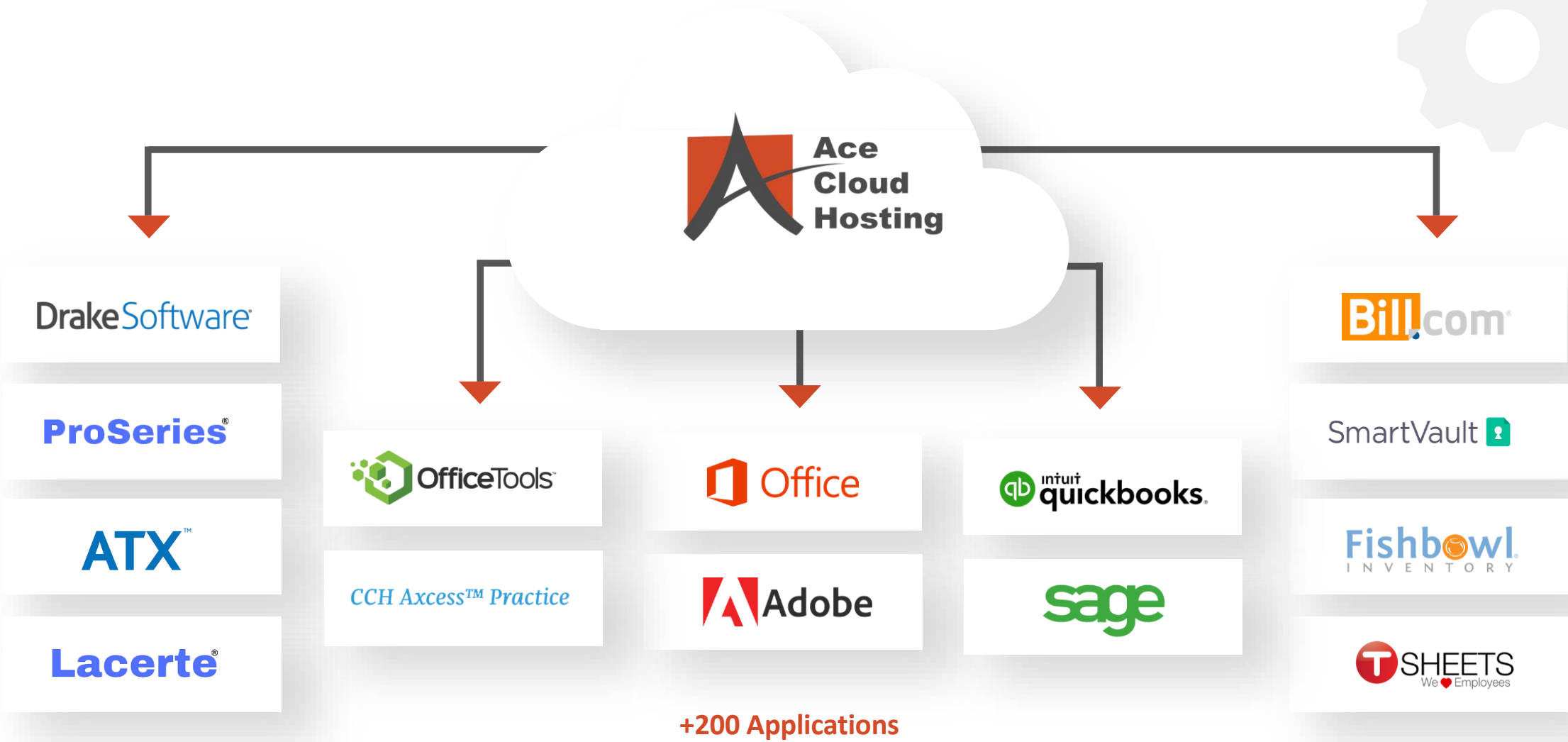
ACE aims at providing top quality customer service and advanced cloud features with an extensive channel that delivers services across more than 40 countries. Their servers are hosted in SSAE-16 Compliant Tier III & IV data centers with state-of-the-art infrastructure that deploy advanced security standards and multi-redundant equipment.

Ace Cloud Hosting has partnered with the global leaders of the data center industry to offer you advanced cloud solutions.





# Products and Services



# Why Ace Cloud Hosting



## High-Performance Computing

ACE unlocks the power of High-Performance Computing (HPC) to deliver an agile and speedy accounting experience on the cloud with features like:

- Low Expense, High Efficiency
- <2 Seconds of Load Time
- 99.999% Uptime Guarantee
- SSD-based Storage



## Solutions Experts at ACE

Our experts work hand-in-hand with you to help you build the whole cloud experience and educate your team on best practices and guiding principles for a workspace:

- Consultation
- Available 24x7x365 (Even on Weekends and Holidays)
- Completely Managed
- Free Setup, Migration, and Maintenance



## Disaster Recovery (DR)

ACE ensures that your accounting operations remain uninterrupted as we deploy redundancy at multiple levels:

- Connectivity
- Hard Disk, Servers, and Data Center
- Switches and Network Infrastructure
- Firewall
- Redundant Power Sources

# Why Ace Cloud Hosting



## Security

ACE's professional security team protects your critical business data with 3 layers (Physical, Network, and Endpoint) of protection. The security measures includes:

- Antivirus and Anti-malware Security
- Network Isolation
- Brute Force Protection
- DDoS Protection



## Integrations

ACE has expertise in hosting niche accounting applications. We can integrate all 200+ QuickBooks approved add-ons. Along with that, our Custom Cloud Solutions can help you with:

- Custom and Managed Integration
- Private Server with Multiple Apps
- Free Integration Support

# Why **Partner** With Ace

## Client Age



We have a 96.7% customer retention rate over 4 years time period.

## Robust Platform



Tailor-made, secure, reliable, and compliant infrastructure to deliver a guaranteed 99.999% uptime.

## Innovation



Continued research, innovation, and implementation to adapt to ever-changing IT landscapes.

## Efficient Hosting



An environment with scalable server resources where your software will perform at optimum levels.

## Expertise



14+ years experience, 17K+ migrations, and a leadership team with 50+ years of combined experience.



## Our Strategic Partners



Ace Cloud Hosting is a QuickBooks Solution Provider, and an Intuit Authorized Commercial Host for QuickBooks.



Our Partnership with Veeam supports the uninterrupted availability of Ace Cloud Hosting's solutions. Veeam maintains the hyper-availability of the sensitive data and critical applications to various processes involved in the successful delivery of cloud-based application hosting.



Ace Cloud Hosting is an enterprise partner with VMware. It means that we are recognized for our market-leading knowledge, skills, and resources to provide installation, maintenance, and support.



Ace Cloud Hosting is a Microsoft Direct Partner in the Cloud Solution Provider Program, which gives us the ability to sell genuine Microsoft product licenses to our customers at the best prices.

# AICPA ET 1.300.040 - Outsourcing



- .01 A member who uses a third-party service provider to assist the member in providing professional services such as bookkeeping, tax preparation, or consulting or attest services, including related clerical or data entry functions, is required to comply with the “General Standards Rule” [1.300.001] and the “Compliance With Standards Rule” [1.310.001]. To accomplish this,
  - before using a third-party service provider, the member should ensure that the third-party service provider has the required professional qualifications, technical skills, and other resources. Factors that can be helpful in evaluating a prospective third-party service provider include business, financial, and personal references from banks, other CPAs, and other customers of the third-party service provider; the third-party service provider’s professional reputation and recognition in the community; published materials (articles and books that he or she has authored); and the member’s personal evaluation of the third-party service provider.
  - the member must adequately plan and supervise the third-party service provider’s professional services so that the member ensures that the services are performed with competence and due professional care. The member must also obtain sufficient relevant data to support the work product and comply with all technical standards applicable to the professional services.

# AICPA ET 1.300.040 - Outsourcing



- .02 The member's responsibility for planning and supervising the third-party service provider's work does not extend beyond the requirements of applicable professional standards, which may vary depending upon the nature of the member's engagement
- .03 Refer to the "Use of a Third-Party Service Provider" interpretation [1.150.040] of the "Integrity and Objectivity Rule" [1.100.001] and the "Disclosing Information to a Third-Party Service Provider" interpretation [1.700.040] of the "Confidential Client Information Rule" [1.700.001] for additional guidance. [Prior references: paragraphs .015–.016 and .023–.024 of ET section 291]

# AICPA ET 1.700.040 - Confidentiality



- **1.700.040 Disclosing Information to a Third-Party Service Provider**
- .01 When a member uses a third-party service provider to assist the member in providing professional services, threats to compliance with the “Confidential Client Information Rule” [1.700.001] may exist. .02 Clients may not expect the member to use a third-party service provider to assist the member in providing the professional services. Therefore, before disclosing confidential client information to a third-party service provider, the member should do one of the following:
  - Enter into a contractual agreement with the third-party service provider to maintain the confidentiality of the information and provide reasonable assurance that the third-party service provider has appropriate procedures in place to prevent the unauthorized release of confidential information to others. The nature and extent of procedures necessary to obtain reasonable assurance depends on the facts and circumstances, including the extent of publicly available information on the third-party service provider’s controls and procedures to safeguard confidential client information.
  - Obtain specific consent from the client before disclosing confidential client information to the third-party service provider.



# AICPA's Illustrative Engagement Letter Language - Outsourcing



*“The firm may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, the firm will remain responsible for the work provided by any such third-party service providers.”*

- Source: AICPA PEEC at <https://cpate.ch/aicpaoutsrc>, retrieved 3/13/2024

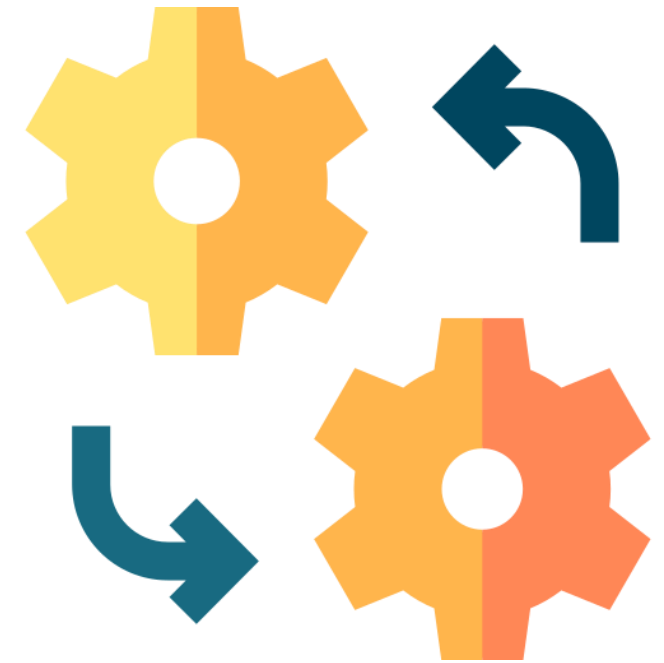


# ALL ABOUT AUTOMATION

# What Is Automation?



- In business, automation is focused on performing a task without the need for human labor
- Humans design automation procedures, but the work is performed between systems. Once initiated, it will continuously run on its own until intervention is required
- An example of simple automation would be the thermostat in your home or fridge. It will maintain the temperature once it is set
- A complex automation would be your car's traction control system that automatically adjusts based on multiple real-world conditions



# Common Accounting Automation



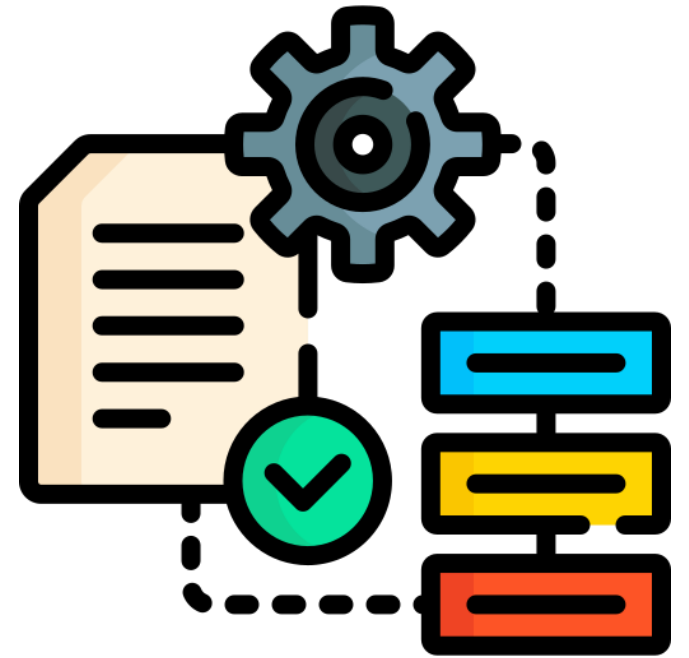
- Optical character recognition (OCR)
- PDF creation and conversion
- Integrated portals with PBC list tracking
- Data cleanup/extraction (Power Query, Python, etc.)
- Robotic process automation
- Data interfacing, upload/download, and synchronization
- Task tracking and checklist monitoring
- Automated reminders for overdue tasks



# AI & Automation In Business



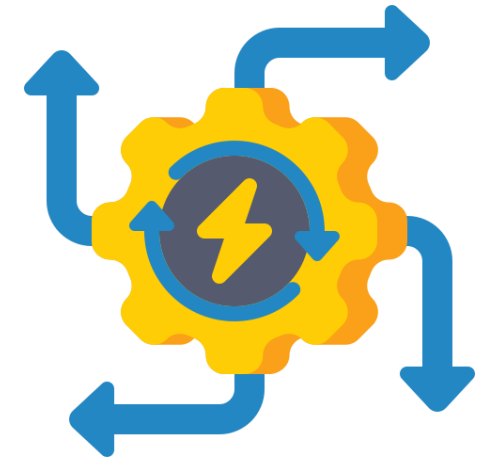
- Automation makes hardware or software that can do things automatically without human intervention
- Artificial intelligence is focused on decision-making
- Automation can occur with or without artificial intelligence. When you use AI, you're also using automation most of the time. The two technologies complement each other well
- Industrial automation can be done with sensors and basic programming. The automation responds to the output of the sensors, such as a stoplight
- Learn more about the differences between AI and automation, <https://bit.ly/3tT836Y>



# Artificial Intelligence vs. Automation



	Artificial Intelligence	Automation
<b>Decision Making</b>	AI makes a decision based on the learning from experience & information it receives.	Automation is like preset and self-running to perform specific tasks.
<b>Purpose</b>	AI is a system that helps experts analyze situations and arrive at a particular conclusion.	Automation is a kind of machine programmed to carry out a routine job.
<b>Repetition</b>	AI is for non-repetitive tasks. Each task is separate and distinct from the other tasks.	While automation is for repetitive tasks based on commands and rules.
<b>Learning and Changing</b>	AI involves learning and evolving.	Automation does not involve learning and evolving.
<b>Interaction with Humans</b>	AI interacts with humans, and it learns from experience, compares situations, and then works according to it.	Automation can have no interaction with humans. It typically works on instructions.



Learn more at  
<https://bit.ly/38xLJaZ>

# Automation Risks



- Missing, incomplete or duplicate transactions
- Errors in converting data from one format to another format
- Integrations that break without notification, resulting in lost time and poor service
- Routing data from one client/business into the wrong business's data folders
- Isolated errors leading team members to no longer trust the automation and run manual processes that go around the automation





# ROBOTIC PROCESS AUTOMATION (RPA)



# Robotic Process Automation (RPA)



## *Business Automation Through Users*

- Robotic process automation (RPA) is a form of business process automation technology based on metaphorical software robots (bots) or artificial intelligence (AI)/digital workers. It is sometimes referred to as software robotics (not to be confused with robot software)
- In traditional workflow automation tools, a software developer produces a list of actions to automate a task and interface to the back-end system using internal application programming interfaces (APIs) or dedicated scripting language
- In contrast, RPA systems develop the action list by watching the user perform that task in the application's graphical user interface (GUI) and then complete the automation



# Examples Of What RPA Can Do



*RPA can help with all types of tasks!*

- [Voice recognition](#) and [digital dictation](#) software linked to join up business processes for straight-through processing without manual intervention
- Specialized [Remote Infrastructure Management](#) software featuring automated investigation and resolution of problems, using robots for the first line [IT support](#)
- [Chatbots](#) are used by internet retailers and service providers to service customer requests for information. Also used by companies to service employee requests for information from internal databases
- Presentation layer automation software, increasingly used by [Business Process Outsourcers](#) to displace human labor
- [IVR](#) systems incorporating intelligent interaction with callers



# Some Robotic Process Automation Tools



- [Microsoft Power Automate](#)
- [Automation Anywhere](#)
- [Blue Prism](#)
- [UiPath](#)
- [Tungsten Automation \(KOFAX\)](#)
- [Pegasystems](#)
- [AntWorks](#)
- [Appian](#)
- [Bonitasoft](#)
- [IBM Digital Business Automation](#)





Skill

Skill

Skill



Digital  
Worker



THINK



ACT



ANALYZE

**Meet the New Digital Worker |  
Automation Anywhere RPA**





## Digital Oracle General Ledger Administrator

Vendor: HighIQ Robotics AAE Version: 11.3 Applications: Google Microsoft ORACLE

Our Digital Oracle General Ledger Administrator is trained to add or modify values for various segments of the Chart of Accounts. Oracle Chart of Accounts may have up to 30 segments but it is usual for Oracle to have 7 to 10 segments. Our Digital Oracle General Ledger Administrator; Balancing Segment structure values, Natural Account, Cost Center and the Inter Company segments. New values are often required to be added from time to time. This is a very important and controlled activity for the maintenance of Chart of Accounts within the Global Accounting teams. In addition, the Digital Oracle General Ledger Administrator is trained in Key Control account reconciliations. This includes reconciliation of Trade Payables and Trade Receivable accounts.

### Value and Benefits

#### Value to companies:

This prebuilt, highly trained and configurable digital worker helps start the transformation journey within days.  
Building in invoice workbench allows for faster training.  
Baked in best practices help streamline procure to pay cycles and bring in efficiencies of scale quickly.  
Digital Employees work 24/7 and with very little assistance.  
Available on annual subscription or perpetual License basis.

#### Value to workers:

Allows human workers to "Manage by Exception."  
Achieve better reporting and better vendor relations goals.  
Allow human workers to leverage the digital employees for the mundane and respective work while focusing on innovation, collaboration and learning.

### Skills

Chart of Accounts Maintenance  
Control Account Reconciliations  
GL Period End Reporting

### Tasks/Bots

Receive and validate emails  
Extract Attachment(s) and read the attachment(s)  
Log into Oracle EBS  
Perform the required tasks for updating the values within Oracle EBS.  
Job Completion (success/failure) notification

### Systems and Applications

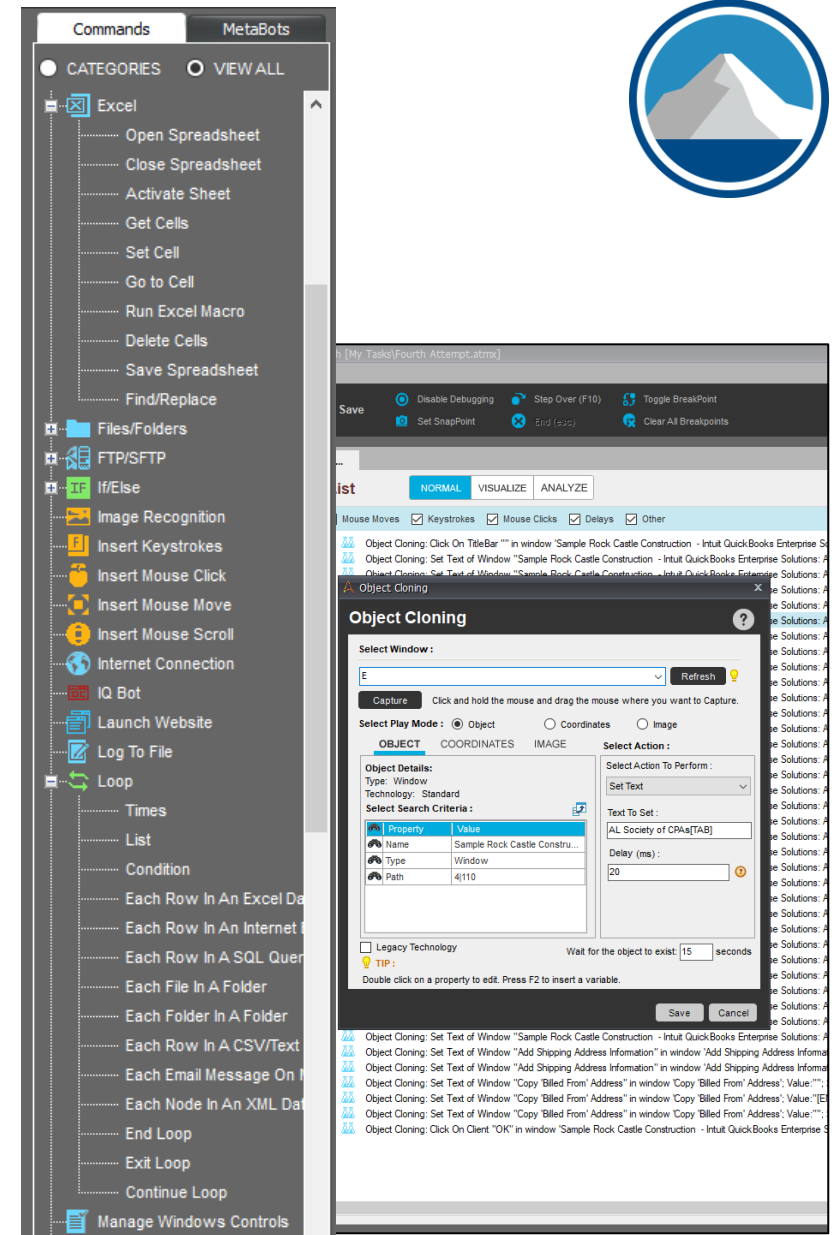
Oracle  
Outlook / Gmail

### Prerequisites

Performance management data accumulated in an Excel format.

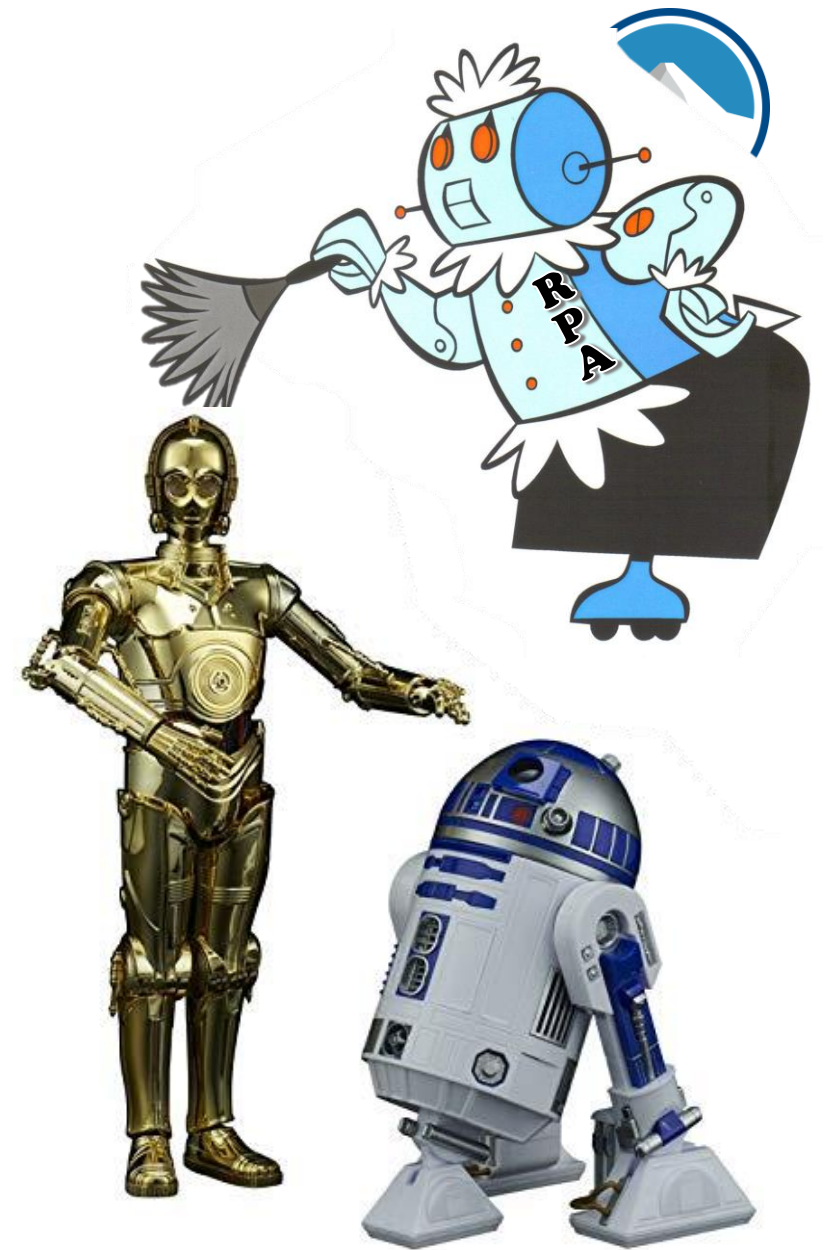
# How Are RPA Bots Created?

- By writing code and using API's the way IT professionals have done interfaces for years
- Using recording tools similar to Excel auto-record macros that watch what you do and replicate it with your data
- Using structured tools like Automation Anywhere's Workbench (shown to the right), which provide a wide range of data connections, many commands, and facilitate bot creation by non-programmers



# What Can RPA Bots Do?

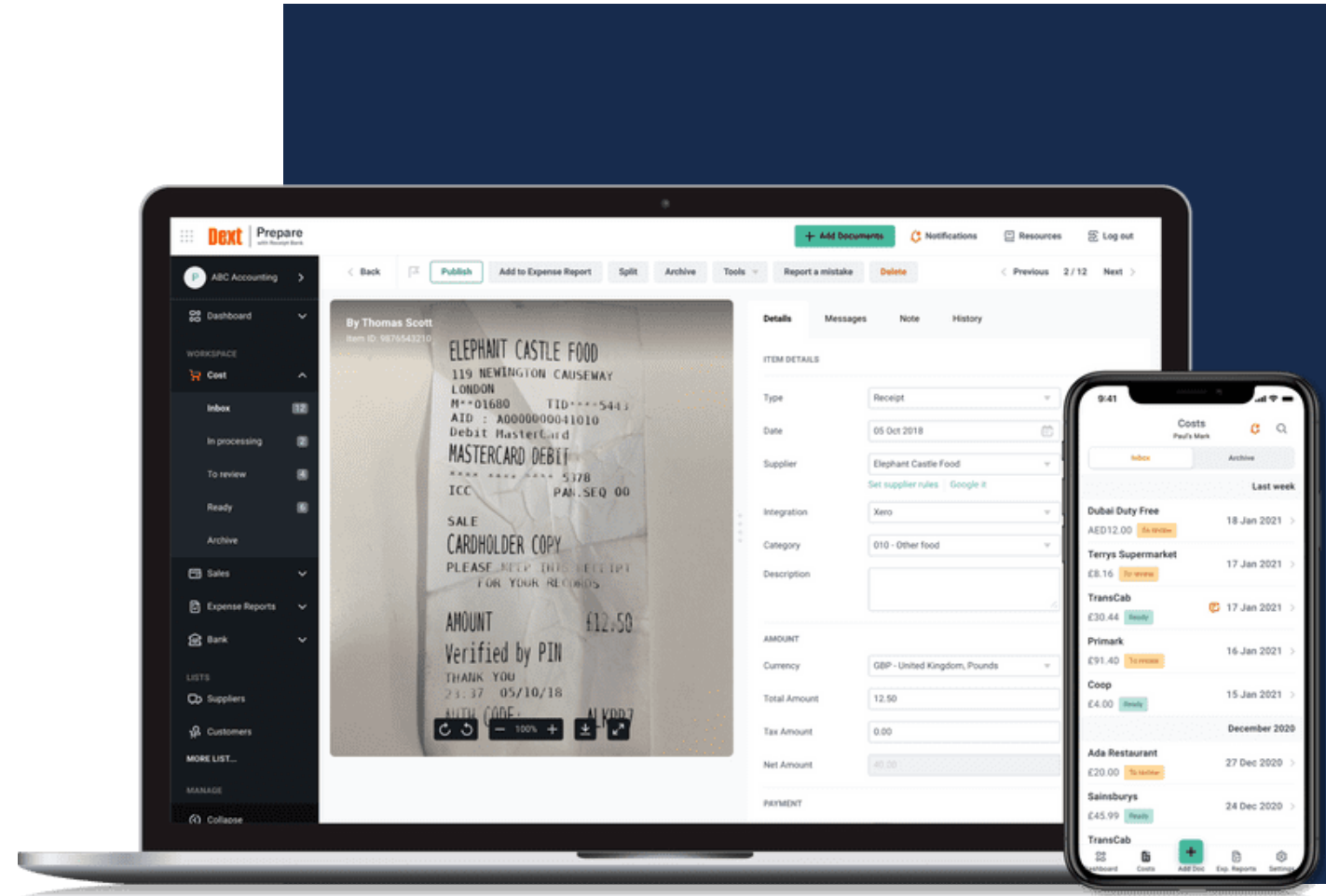
- Pull data from Excel or CSV & enter in a web page or an application on your PC
- Extract structured data from PDF files
- Enter data into Windows applications
- Watch a folder or a data file for additions and kick off a workflow when new items appear
- Route transactions in accordance with business processes and business logic
- Create e-mails with data from inputs



# Dext

We believe accountants and bookkeepers are the **most important people** for business growth.

Our mission is to help you save time to **make your practice productive, profitable and powerful** by automating data entry, streamlining your workflow and improving data quality.





# Automate your workflow, optimize your time.

Dext is the bookkeeping efficiency platform to automate data entry and deliver business insights. With Dext Prepare, Precision and Commerce your firm has access to the tools you need to gather the document, data and insights your clients need to take their businesses to the next level.

## **Dext** | **Prepare** with Receipt Bank

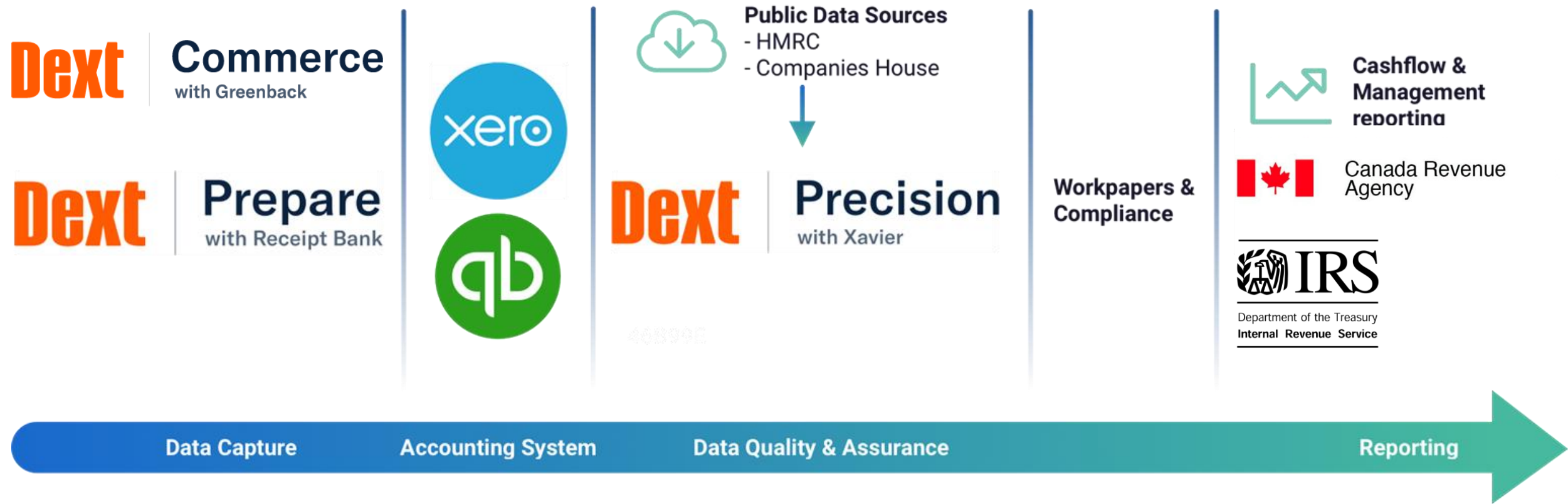
Enables practices and clients to efficiently gather, prepare and share their financial data.

## **Dext** | **Precision** with Xavier

Provides better financial insights into your clients' financial data, helping you form a clear picture of their business and offer up-to-the-minute advice.

## **Dext** | **Commerce** with Greenback

Automatically fetch sales & expense transactions from top retailers, payment platforms & seller marketplaces.



“...The whole foundation of what you do, rests on the quality of your data... [Precision] is probably the last piece of the jigsaw for a lot of people.”  
Glenn Martin - Avery Martin (No Accounting For Taste Podcast Ep. 52)

# What does Dext Prepare do?



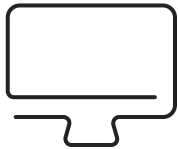
## **Request paperwork**

Cut out the paperchase. Send requests on outstanding paperwork through your client's app. Use in-app chat to get clarity quickly.



## **Automate data entry**

Extract every line of data from any receipt or invoice, bank statement and over 1,400 online suppliers with 99% accuracy.



## **Manage team resource**

Identify potential backlogs to help you better allocate team resources, speeding up processing times and resourcing client work efficiently.



## **Collaborate in real time**

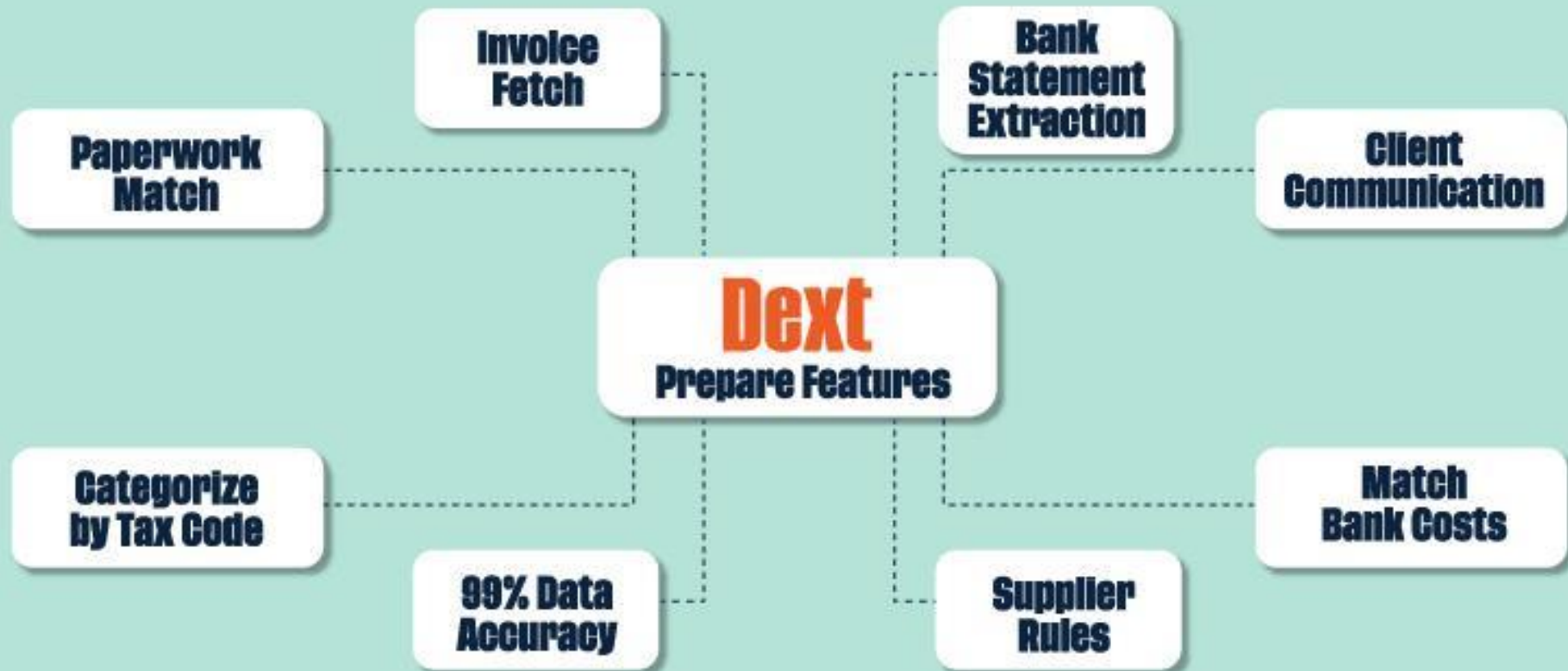
Avoid surprises ahead of submission deadlines with built in chat tools. Cut out the chase and get real time responses and instant clarity on specific items with in-app chat.



## **Expense reporting**

Simplify expense reporting and approvals through automated creation, population and completion of Expense Reports and the ability to assign designated approvers.

# Key Functions of Dext Prepare





# Dext Prepare Pricing

Select your subscription term:

Monthly

Annual

Save 13% with annual subscription

### Build your own plan

Our user-friendly tool will assist you in determining the perfect plan for your needs.

Build my plan

Dext | Essentials

\$199.99 /month

Annual subscription, billed monthly

Dext | Advanced

\$214.99 /month

Annual subscription, billed monthly

10 Clients

Unlimited  
Users

10 Clients

Unlimited  
Users

✓ Simplify document collection



✓ Optimise document processing



✓ Pre-accounting automation tools



✓ Comprehensive solution for you and your clients



✓ Automate expense processes



✓ Practice-wide efficiency tools





*The End*

**QUESTIONS?**