

Tax Practice: *Management*

Training in the Modern Tax Practice

Author:

Stephen P. Trenholm, CPA, MST

Rucci, Bardaro & Barrett, PC
Malden, MA

Co-Editors:

Steven F. Holub, CPA

Aidman, Piser & Co.
Tampa, FL

Jane T. Rubin, CPA

Educational Strategies Co.
St. Louis, MO

Mr. Trenholm is a member of the AICPA Tax Practice Improvement Committee. Mr. Holub is a former chair of the AICPA Tax Division's Tax Practice Management Committee. Ms. Rubin is the chair of the Tax Division's Tax Practice Improvement Committee. For more information, contact Mr. Trenholm at stephent@rb-b.com.

Training in the 21st-century public accounting firm is very different than it was 30 years ago, when many of the baby boomers who are now in management positions within the firms began their careers. In the late 1970s and early 1980s, much of the training that staff received was on-the-job training or "baptism by fire." Continuing education, at least for small and medium-sized firms, was obtained from either outside seminars given by the state CPA society or the AICPA, graduate degree programs, or self-study training programs. National firms generally had their own specialized training programs. The landscape of the profession has changed greatly over the past generation, and the concept of "training" and the implementation of training programs has also changed to meet current needs.

Training Methods

Professional staff training can take many different forms, depending on the size of the firm and any specialties the practice may have. For example, if the firm is small and deals almost exclusively with high-wealth individuals, the training of staff and partners would concentrate on topics dedicated to serving high-wealth individuals. Most small to medium-sized firms have a general practice, and staff and partners must be proficient in both taxation and accounting and auditing issues.

Generally firms with fewer than 100 staff members do not have completely dedicated departments where all levels of staff work exclusively in either taxation or accounting and auditing. In these cases, it is especially important that the more experienced staff mentor the younger staff and provide them with the proper training. Ideally, each member of the firm below the position of manager should have a mentor and a training and continuing education plan, including ethics, which is now a requirement in many states.

Each professional staff person in the firm, including partners, should have a continuing professional education (CPE) goal sheet as well as a tracking mechanism to record all applicable CPE and indicate how it applies to the goals of that staff person. When developing a training program and a CPE goal sheet for staff who have not yet completed the entire Uniform CPA Exam, it is important to remember that they must be well rounded in all aspects of the profession in order to pass the exam. Their CPE goal sheets should support, rather than distract from, their CPA exam preparation.

There are various types of in-house training methods. Formal training programs can focus on specific topics. Some firms have also begun to hold monthly “lunch and learn” presentations. Ideas for tax topics are solicited from the staff, and the gatherings may include a more in-depth discussion of, for example, dependent rules and education credits, or Form 6198 and at-risk limitations. Not only is this effective in teaching the staff about the topic at hand, it can also provide an opportunity for the staff to socialize. Even a sole practitioner with only a few staff members can benefit from a lunch and learn program.

There are various ways to obtain training without developing it in-house, and many are very cost effective. A great deal of free CPE is provided by vendors, whether software or service providers. The AICPA and the various state societies provide useful and timely presentations. There are also podcasts and web-based seminars, either free or paid for by credit hour, as well as traditional self-study courses. With the exception of the web seminars and podcasts, these sources have been the professional standard for many years. Podcasts and web seminars can be an excellent and inexpensive way of keeping up with many topics without even leaving the office. Conferences are good places for individuals to improve skills and to discuss professional issues with their peers, which can be a valuable learning tool in itself. Conferences and CPE seminars that are held off site are also networking events for the staff, where they can interact with their peers in other firms and gain knowledge and support from outside the office.

Training Topics

The new generation of professionals, primarily from the millennium generation (those who will mature during the first two decades of the 21st century), has grown up with completely different standards and expectations. The old process of reviewing a client's box of canceled checks, invoices, and bank statements, then manually posting to a general ledger and preparing a trial balance, financial statements, and a tax return has been replaced by an automated process using computer-generated general ledgers, trial balances, and even working papers. These computer-based systems require more careful step-by-step instructions and a great deal of guidance from older, more experienced professionals. Changes in technology have created the need not only to train professionals in the use of the various software programs and hardware but also to ensure that newer staff understand the output that is generated, whether it is correct, and if it makes sense.

Today, with most calculations being done by a computer, it is very easy to become dependent on these computer calculations and to not recognize that the output is incorrect because the input was not correct. Experienced tax professionals must train staff so that they not only are proficient in the various technologies but also understand the output, know that it is accurate, and can provide a professional explanation to the reviewer and the client.

Technology training should not be just for professional staff, but for all staff and even clients. Administrative staff, even in very small firms, must be trained to use the firm's technology, with frequent refreshers as updates to software and processes are implemented. The administrative staff can also be used to instruct professional staff on certain software applications as well as the use of practice management software to track the firm's time and billings. The administrative staff should be trained in the e-filing of tax returns and know how to interpret rejections so that the professional staff can make the necessary corrections and ensure that the return is resubmitted timely and correctly.

Technical training is another important part of a staff training program. For firms below the national level, all staff should be updated at least annually on tax law changes. Partner and manager training should provide more in-depth and specialized training on key aspects of those changes. If the firm has a dedicated tax department, all members of the tax department should receive more in-depth training.

Staff at all levels, including partners, must also be knowledgeable about the laws that affect how advisers practice, communicate with clients, and handle client information. An example of this is the new Massachusetts Identity Theft Law, 2007 Mass. Acts, Ch. 82, which was signed into law on August 2, 2007. Not only does the law affect how firms store, safeguard, and dispose of client personal data, it also affects how they electronically transmit clients' personal information. All staff at Massachusetts firms must be trained in compliance with this law because it requires data encryption, as opposed to the old standard that merely required password protection. A law such as this affects all staff—professional and administrative—because staff at all levels may be instructed by clients to send copies of their tax returns electronically to lenders, colleges for financial aid, and various other recipients.

Other key elements of a staff training program include (1) accounting and auditing training (for firms that issue financial statements for their clients); (2) updates and training on how to use a firm's various software applications (the vendor will often supply this at no cost); and (3) training covering firm policy. The staff training program is important not only for initial instruction but also to periodically reiterate policies that should help the firm as a whole run more smoothly.

Managers and partners should also include in their CPE goal sheets some staff management and marketing skills courses. The business world is very fast paced, and the ways firms attract new clients and retain high-quality staff have changed greatly. To be successful, all members of the management team must keep up with developments in these areas.

Other items that should be on all staff lists include time management skills and courses suited to the specific needs of each individual. Public accounting can be a very stressful profession, especially during the busy tax season. Training in time and stress management will not only help make the busy season much smoother, it will also help retain good employees by making their jobs less stressful and more enjoyable.

Other Training Benefits

In-house staff training serves purposes other than the primary one of educating staff members. It also improves the presenter's technical, writing, and public speaking skills. In addition, the presenter gains professional respect from other staff members, who will see the presenter as a knowledgeable source. In-house training presentations can also be used as part of a public relations and client development program by adapting some of the presentations for a non-CPA staff audience. For example, some firms have adapted parts of their in-house training for presentations to groups of commercial lenders at local banks. This increases the visibility and stature of the presenter and the firm in the outside business world.

Besides being an effective way to showcase a firm's talent, providing training for clients can help the clients better understand what information practitioners need in order to produce a better and more cost-efficient product. Client training also promotes more frequent contact with clients so practitioners can be more proactive in giving advice before a transaction is completed, rather than being reactive at year end after the transaction has already been completed and cannot be changed.

Firms should also try to personalize training to include any specialized training a staff member may need to be able to participate in the community. Many CPAs are chosen to sit on boards of directors of nonprofit organizations that seek them out for their financial expertise. For example, if a firm's staff member has been appointed treasurer of the local YMCA, that staff person is representing the firm in the community. Because the staff member's performance reflects on the firm, it is in the firm's interest to provide him or her with in-depth training on nonprofit accounting and to outline what is expected in that role. Besides providing an important service to the community, the staff member's work might also improve the firm's ability to attract nonprofit work for the firm, if that is a part of the client mix the firm wishes to establish or increase.

Conclusion

Training in a public accounting firm has greatly changed in the last 30 years. Methods and frequency of delivery have also changed as the millennium generation enters the workforce. Partners and managers must recognize these changes and adapt to training in the 21st-century public accounting firm. Training can no longer be thought of as a bonus; it should be considered a requirement of each position within the firm, along with providing a salary and benefits. Well-rounded and technically competent staff are the future of the public accounting profession.

<http://www.aicpa.org/pubs/taxadv/online/mar2008/tpm.html>