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LIST OF SUBSTANTIVE CHANGES AND ADDITIONS
PPC’s Guide to Managing an Accounting Practice
Twenty-fifth Edition (March 2019)

Highlights of this Edition

The following are some of the important new features of the 2019 Edition of *PPC’s Guide to Managing an Accounting Practice*:

- **Managing Technology.** With the constant rapid change in technology, it is often difficult for a firm to stay abreast of the changes and how its accounting practice and its systems may be affected. Technology discussions throughout the *Guide* have been updated, including our discussion of the AICPA’s top 10 technology issues, by a nationally-recognized expert to save you the time of researching current trends and standard system configurations.
- **Evaluating Your Firm’s Performance.** The *Guide* has been updated to include the results of the 2018 Rosenberg National Survey of CPA Firm Statistics. The Rosenberg Survey is compiled annually and the 2018 Survey provides valuable financial data and trends from 360 firms. We’ve also identified key statistics and financial information to measure firm performance, derived that information from the Survey for profile firms of each size category, and provided side-by-side worksheets you can fill in to help you compare your firm’s performance against firms of similar size or elite firms.
- **Legal Liability.** Damage control is the name frequently given to those procedures that a firm follows when a liability claim has been asserted or to prevent one from being asserted. Our guidance on avoiding legal liability has been updated by an attorney who specializes in defending accountants against professional liability claims. This practical, easy-to-follow guidance is specifically designed to reduce a CPA firm’s litigation risk regardless of the size of the firm or the type of its practice.
- **Regulatory Update.** We have updated your *Guide* to address recent changes in laws and standards that may impact your firm.
- **Practice Aids.** Your 2019 *Guide* includes updated practice aids that will allow you to effectively manage your practice.

In addition to these featured items, your *Guide* includes the following update items detailed below.

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
GENERAL	1. Updated internet addresses.	Throughout
CHAPTER 1 Overview	1. Updated list of difficult issues facing accounting firms.	Paragraph 100.1
CHAPTER 2 Planning for a Successful Practice	1. Updated the example mission statements for CPA firms. 2. Updated the example opportunities for new business.	Exhibit 2-4 Exhibit 2-7

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 3 Firm Administration	1. Updated the footnote discussion of the proposed overtime rule.	Paragraph 302.19
	2. Updated the discussion of archiving electronic information to include a cloud-based storage option.	Paragraphs 305.24–.30
	3. Added the use of passphrases to the user access discussion.	Paragraph 307.20
	4. Updated the discussion of the firm library to include electronic alternatives.	Paragraphs 308.29–.31
	5. Added questions on developing a disaster recovery plan, an information security program, and a succession plan.	Appendix 3A
	6. Added a client customization question to the payroll service bureau checklist.	Appendix 3D
	7. Updated the disaster recovery plan questionnaire to include daily verification of offsite backups.	Appendix 3K
CHAPTER 4 Billing, Collecting, and Managing Cash Flows	1. Updated the listing of mobile payment processing product sites.	Exhibit 4-3
CHAPTER 5 Facilities Management	1. Revised the discussion of leasing space from a client for the issuance of ASU 2016-02, <i>Leases (Topic 842)</i> , and revisions to ET 1.260.040, <i>Leases</i> .	Paragraphs 503.7–.8
	2. Updated the discussion of buying computer equipment.	Section 505
	3. Updated the lease/buy analysis example for current tax rates.	Exhibit 5-12
CHAPTER 6 Practice Development	1. Added footnote discussions on SOC 1 and SOC 2 engagements.	Paragraph 603.21
	2. Updated the discussion of mailing lists to include emailing lists.	Paragraph 604.22
	3. Updated the listing of desktop publishing software products.	Exhibit 6-6
	4. Updated the listing of providers of websites for accountants.	Exhibit 6-8
	5. Added a question related to online retargeting ads and revised the mailing lists questions to include emailing lists.	Appendix 6H
	6. Added online advertising to the marketing budget worksheet.	Appendix 6M
CHAPTER 7 Personnel Management	1. Added the Pregnancy Discrimination Act of 1978 to the groups protected from discrimination.	Exhibit 7-1
	2. Added a footnote on the employer tax credit for FMLA qualifying wages paid to employees.	Paragraph 702.27
	3. Updated the employee notice requirements of the employer.	Paragraph 702.35
	4. Updated the footnote discussion of the proposed overtime rule.	Paragraphs 705.5 and 705.19

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	5. Updated the GAO CPE requirements discussion for the issuance of the 2018 revision to the Yellow Book.	Paragraph 706.10
	6. Added a discussion of online professional resources.	Paragraph 706.33
	7. Added a discussion on maintaining a print-based library.	Paragraph 706.35
	8. Added purchasing NASBA approved program materials for group training to the discussion of maintaining appropriate CPE records.	Paragraph 706.39
	9. Added questions and practical considerations to various sections due to the issuance of the revised interpretation, <i>Leases</i> , and the proposed revised interpretation, <i>Information System Services</i> .	Appendix 7N
	10. Added the quality control document form to the list of items to include in the personnel file.	Appendix 7S
	11. Updated the GAO CPE note for the issuance of the revised 2018 Yellow Book.	Appendixes 7T-2, 7T-3, and 7U-7
	12. Expanded the list of actions that need to be completed by the firm after the exit interview.	Appendix 7X
CHAPTER 8 Scheduling Professional Staff	1. Updated the discussion for issuance of the 2018 revision to the Yellow Book.	Paragraph 800.4
CHAPTER 9 Ownership Issues	1. Added a discussion about the effect of the Tax Cuts and Jobs Act on entity selection.	Paragraph 902.3
	2. Expanded the list of LLC partnership characteristics.	Paragraph 902.25
	3. Updated the discussion of office relocation.	Paragraph 907.78
	4. Updated the discussion of matters to be considered to make a firm attractive to prospective successors.	Paragraph 908.14
	5. Revised the example steps to accomplish a three-year owner succession plan.	Exhibit 9-2
	6. Revised the table comparing tax and nontax issues related to various types of business entities.	Appendix 9B
CHAPTER 11 Managing Technology	1. Updated discussions on how the cloud affects the technology budget.	Paragraphs 1101.3 and 1105.25
	2. Updated the options for workstations and network servers.	Paragraph 1103.6
	3. Updated the groupware discussion.	Paragraph 1103.13
	4. Updated the practice aids for changes in technology.	Appendix 11G
CHAPTER 12 Performance Measurement	1. Updated the SWOT examples.	Paragraphs 1204.48-.49 and Exhibit 12-1

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 13 Firm Statistics	2. Added data mining software as an example of investing in technology.	Paragraph 1203.84
CHAPTER 14 Profile Firms	1. Added select information from the 2018 Rosenberg Survey of CPA Firm Statistics.	Section 1300 and Appendix 13A
CHAPTER 15 Tax Practice Management	1. Added profile firm ratio and statistical information for the 2018 Rosenberg Survey.	Section 1400 and Appendix 14A
	1. Added a footnote discussion on a project to revise the <i>Statements on Standards for Tax Services</i> .	Paragraph 1501.29
	2. Revised the discussion of special due diligence requirements for claiming certain credits or head of household status.	Paragraph 1502.8
	3. Updated the summary of preparer penalties for 2019 amounts.	Exhibit 15-2
	4. Updated the tax return engagement letter for clarity.	Appendix 15C
	5. Updated a due diligence inquiry to include returns and refunds involving claiming head of household status.	Appendix 15F
	6. Updated the dependents' information and tax attributes carried over from sections of the client tax data sheet.	Appendix 15J