WHY REVIEW DELAYS — NOT HEADCOUNT — ARE QUIETLY SLOWING YOUR FIRM

When firms feel operational pressure, the instinct is to add people. But a lot of the real slowdown doesn't come from the volume of work — it comes from where work gets stuck. And it usually gets stuck at review.

The pattern is familiar. A preparer finishes a reconciliation; the reviewer has follow-up questions. Someone in tax spots missing backup late in the afternoon. A request goes to the client by email, they respond the next day but only partially, the preparer follows up, and by the time complete information arrives the manager has pushed review to later in the week. Multiply that across a dozen clients during close and the cost becomes very real — especially when the team is already running 50-hour weeks and every overnight delay compounds.

For years firms treated this as a capacity problem: more workload, more people. But adding headcount to an unclear workflow often expands review work instead of shrinking it. Seniors absorb cleanup, managers chase status updates, and recurring processes start depending on ad hoc messages instead of defined ownership.

The firms that scale smoothly do two things differently. They define responsibilities early — clear ownership of reconciliations, reviews, escalations, and approvals — and they compress communication loops so questions get answered the same day instead of carrying into tomorrow. A clarification that used to take two or three days closes in a few hours.

The lesson: operational scalability depends as much on workflow design and responsiveness as on hiring. Fix the bottleneck before you add the headcount.

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STOP HIRING TO FIX A PROCESS PROBLEM: STANDARDIZE YOUR AUDIT DATA INTAKER

Hiring more people is the instinctive answer to a growing client load. For many audit practices, it's also the move that keeps the problem in place. The pattern is familiar: a firm wins new clients, staffs up, and lands right back where it started — behind on data collection, chasing clients for reports, watching senior reviewers clean up files before they can even review them. Headcount scales the symptoms, not the system.

The friction lives at the very start of every engagement, in the gap between requesting client data and having something usable. Unclear PBC requests produce wrong reports, wrong date ranges, and missing fields. Then comes the reformatting tax: data arrives as Excel files, PDFs, and raw ERP exports, each needing cleanup before it touches a workpaper. At review, inconsistent formats force seniors to re-verify the "chain of custody" of the data instead of focusing on risk assessment.

Standardization fixes this directly. When intake looks the same on every engagement — standardized request lists with plain-English instructions, defined "how to run the report" steps, reconciliation checkpoints before data hits the workpaper, and a clear owner for the handoff — training gets faster, reviewers focus on judgment, and staffing becomes predictable.

It's also the prerequisite for AI: feed analytical tools messy, unvalidated data and you simply amplify the errors.

Start small. Map how data arrives on a few engagements, count the cleanup hours, then run one pilot the new way and measure the change in follow-up requests and data-quality review comments. The goal isn't to fix everything at once. It's to stop repeating the same friction on every new client.

Good News for the Talent Pipeline: Accounting Enrollment Climbs Again

The accounting talent shortage has dominated firm conversations for years. Here's a data point worth celebrating: the pipeline is filling back up.

Accounting enrollment at four-year undergraduate programs rose 8.9% to 205,180 students this spring, according to the AICPA citing National Student Clearinghouse data. That's the third straight year-over-year increase, following a 12.7% jump in 2025 and a 4.8% rise in 2024. Counting community colleges and hybrid programs, total undergraduate accounting enrollment reached roughly 282,000.

The momentum stands out against the broader picture. Enrollment across all majors grew just 1.3% — and business, management, and marketing majors collectively grew at that same modest rate. Accounting is now meaningfully outpacing the business fields it's usually grouped with.

The AICPA credits more than raw headcount. Interest in the redesigned CPA exam is strong, entry-level pay at firms and on finance teams is rising, and accounting is generating real buzz again as a career path. After years of headlines about the profession's shrinking appeal, the word is getting out that it's a good place to build a career.

What does this mean for your firm? The shortage isn't solved — these students are years from licensure, and two-year program enrollment actually slipped 3.2%. But the leading indicator is finally pointing the right direction. Firms that invest now in strong internships, mentorship, and a culture worth joining will be positioned to capture the incoming wave. The talent is coming. The question is which firms will be ready to compete for it.

YOUR CLIENTS ARE WORRIED ABOUT THE ECONOMY - BUT NOT THEIR OWN COMPANIES

There's a striking split in how business leaders see the year ahead, and it's worth understanding before your next client planning conversation.

In the Q2 AICPA & CIMA Economic Outlook Survey, optimism about the U.S. economy fell to 32%, down from 39% the prior quarter, while global optimism dropped to 19%. Yet 49% of executives remained optimistic about their own organization's prospects. Leaders are nervous about the macro picture but confident in what they can see on their own books.

That confidence is grounded. Fifty-four percent of executives still expect growth over the next 12 months, and more are moving ahead with hiring plans even as talent gaps persist. The caution comes from external pressures: inflation, energy costs, geopolitical uncertainty, and — notably — employee and benefit costs, which have re-emerged as a top concern.

The numbers carry a tempering note. Fifty-one percent of executives now believe the U.S. is already in a recession or will be by year-end, up sharply from 36% last quarter. Projected revenue growth softened to 2.6%, and profit expectations slipped to 1.1%.

For firms, the takeaway is a planning posture, not a panic one. Clients are bracing for a tougher macro environment while running their own operations with cautious confidence. That's the moment advisory work earns its keep — helping clients pressure-test budgets against rising labor and input costs, model a few downside scenarios, and protect margin without freezing growth. The firms clients remember are the ones who help them stay steady when the outside picture looks shaky.

CPE COURSE:

CPE Course Title	Date	Link
From Basics to Breakthrough: Unleashing Real AI Impact in the Tax Function	Jun 30, 2026 1:00 PM EDT	https://engage.bdo.com/wcc/eh/4850573/lp/5374771/from-basics-to-breakthrough-unleashing-real-ai-impact-in-the-tax-function

EXPANDED SECTION 4960 TURNS EXECUTIVE PAY INTO A PLANNING PROBLEM FOR NONPROFITS

If you serve nonprofit clients, a quiet change in the One Big Beautiful Bill Act deserves their attention — and yours.

The law expanded IRC Section 4960, the 21% excise tax on nonprofit executive compensation. When first enacted, many organizations treated it as a narrow tax affecting a handful of highly paid executives. Beginning with tax years after December 31, 2025, it may apply far more broadly to any employee earning over $1 million — and the exposure no longer comes only from base salary.

Here's where it gets tricky. Deferred compensation, retention incentives, severance, and certain taxable fringe benefits can all count toward the threshold. An employee who normally sits well below $1 million can trigger liability in a single year because of a large vesting event or separation payout. Aggregation rules add another layer: compensation paid across related and affiliated entities may need to be combined. And once someone becomes a "covered employee," they generally stay covered permanently.

Two features make this a budgeting issue, not just a compliance one. The tax is paid by the employer, not the employee — real pressure for organizations with tight margins or restricted funding. And the timing is unpredictable; one executive departure or vesting event can spike remuneration unexpectedly.

The advisory opportunity is clear. Help nonprofit clients model exposure during annual budgeting rather than at year-end, review whether deferred comp can be spread across years, and get finance, HR, payroll, and legal coordinating earlier. The goal usually isn't eliminating the tax — it's knowing when it will hit and planning around it.

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