

# THE CG Connection

CHORTEK & GOTTSCHALK, LLP • C&G CONSULTING  
CGK INVESTMENT BANKING

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## RECENT PROJECTS

- **Saved \$24,000 in taxes for an individual** client by asking for clarification on the sale of stock, visiting the company to review records, determining the correct basis and then concluding that the gain was exempt from Wisconsin tax under a state statute.
- A longtime client based in Watertown was experiencing trouble with remote sites staying connected to their headquarters. C&G installed SonicWall firewalls at all locations, increasing security with virus and spyware scanning on the firewall, and stabilizing the site-to-site network.
- C&G is filing amended income tax returns on behalf of an individual client to claim annual \$2,000 business credits not taken by their prior accountant.
- In the course of performing a valuation for a client, we recommended a detailed review of the life insurance coverage on a key individual.
- C&G saved a new client significant federal taxes by obtaining **ordinary loss treatment** on the redemption of their small business stock instead of a capital loss which is limited to \$3,000 per year.
- **Saved a client approximately \$18,000 in federal income taxes** by utilizing the foreign income exclusion.

## No Technology Use Policy = High Business Risk

In the age of ever-increasing reliance on information, there are serious risks to running a business without a comprehensive technology use policy. Employees may sue the business if they are offended by inappropriate Internet use by other employees. Customers or suppliers may sue if their sensitive data is disclosed.

A technology policy must be thorough and enforceable. Technology changes quickly and laws vary widely by state. C&G Consulting has teamed up with a major local law firm to provide a template that takes into account Wisconsin law and provides a framework for a comprehensive business technology policy. The template is complete with a memo which can be distributed to employees, informing them

why the company has developed the policy and requiring each employee to sign off that they will adhere to the policy.

C&G Consulting will help you implement the policy and plan the enforcement tools. The policy template will be fine-tuned to express the desire of your business management team. Enforcement tools will be planned including web site content filtering, Internet application blocking (e.g. instant messaging or streaming video), and technology usage monitoring. A typical turnkey engagement ranges from \$2,000 to \$4,000, relatively minor compared to the cost of potential litigation resulting from a nonexistent, loose or poorly enforced technology policy. Mitigate your risks by contacting C&G today.

## Are you ready to cut days or weeks out of your budgeting process?

C&G offers a turnkey budgeting service. One component of the service features Sage Active Planner, a software to streamline your budgeting process. Businesses benefit from Sage Active Planner because it creates a structured approach to a process that is often very unstructured. Instead of emailing around static spreadsheets that lack security and central control, Sage Active Planner provides the 'glue' to securely distribute and pull together all relevant data.

Sage Active Planner connects to accounting, sales, forecasting, and other software to build and distribute plans, facilitate electronic approvals, and write-back financial budgets into existing accounting applications. Detailed, live queries can be designed to create 'ground-up' plans based on existing data combined with various assumptions and scenarios. C&G will help you setup Sage Active Planner for quick deployment and a prompt payback, saving time and improving your budgeting process. Call C&G today for more details or for a personalized demonstration.

## The #1 Method Of Payroll Fraud

The most common method of misappropriating funds from the payroll is the overpayment of wages. For hourly employees, the size of a paycheck is based on two factors, the number of hours worked and the rate of pay.

- In companies that use time clocks to collect timekeeping information, payroll fraud is relatively simple.
- Supervisors should be present at the beginning and end of shifts to ensure that employees do not punch the timecards of absent co-workers, but this simple control is often overlooked.
- Non-time clocks - If employees or their accomplices can gain access to payroll records, the records may be fraudulently adjusted.
- Commissions - There are two ways employees on commission can fraudulently increase their pay: (1) falsify the amount of sales made, or (2) increase their rate of commission.

### Review Payroll Information to Detect Fraud

Reviewing payroll information regularly is one way to detect fraud. Start by taking these steps:

- Summarize payroll activity by specific criteria for review
- Identify changes to payroll or employee files
- Compare timecard and payroll rates for possible discrepancies
- Prepare check amount reports for amounts over a certain limit
- Check proper supervisory authorization on payroll disbursements

The above discussion does not cover other sophisticated methods such as using ghost/phantom employees and ways to discover these schemes. Please contact Paul Rodrigues, CPA, MST, CFE at our firm regarding these important issues. Paul, a Certified Fraud Examiner, heads our Fraud & Litigation unit.



## Plan. Execute. Measure.



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*Preview*  
**THIS ISSUE**

- No Technology Use Policy = High Business Risk
- The #1 Method of Payroll Fraud
- Cut Weeks Out of Your Budgeting Process
- Featured Professional: *Troy L. Campbell*
- Personal Notes



# Plan. Execute. Measure.



## Featured Professional: **Troy L. Campbell, CPA** Audit Manager

Troy Campbell supervises audit, review, and compilation engagements

along with providing accounting and business consulting services to clients. Troy began his career with C&G in July 1998 and works mainly with clients in the manufacturing, construction, and distribution industries. He specializes in providing CFO/controller duties to clients in conjunction with streamlining their internal accounting procedures to provide timely and accurate financial information. Growing up in Iowa instilled Troy's core busi-

ness values of hard work and quality client service. The most rewarding part of his career at C&G has been the opportunity to provide business owners and management with valuable advice that assists them in achieving their business goals.

Troy's other interests include spending time with family and friends, traveling, and cheering for the Minnesota Vikings. Troy lives in Sussex with his wife, Tiffany, a kindergarten teacher in the Hamilton School district, and their two dogs, Darbee, a basset hound and Newman, an English bulldog.

### SOME PERSONAL NOTES:

⇒ CGK Investment Banking welcomes a new member, Chris Zehner, to their team. Chris, a UW-Madison alumni, will be dedicated to marketing and administration. Welcome, Chris!

⇒ Mike Radtke's son, Andrew, a Cub Scout was promoted from Bear to Webelos in an advancement ceremony held in April. Michael Radtke, CPA, CVA, is an audit manager for the firm. Congratulations Andrew!