



**AKM GLOBAL**

TAX | CONSULTING | OUTSOURCING

Member of LEA since 2012

# LEA Global Virtual Outsourcing Event

18 July 2023

# Panelists



**AMIT MAHESHWARI**

Partner



**MARK E. RAPSON**

Shareholder | CPA



**AMBER BUSH**

Shareholder



**MICHAEL J. MEDEIROS**

Partner



# About Us

Headquartered in **Gurgaon** with branches in **New Delhi, Mumbai, Pune, Bangalore, Hyderabad** and **Singapore**

**500+ Employees** from accounting, tax, secretarial, legal & management background

**Over 40 years of industry experience**

**1,000+ Customers** from more than 30 Countries

**Strong Media Presence** including views shared on several international and domestic tax and regulatory matters

Ranked Consistently in **International Tax Review's World Tax and World Transfer Pricing Guides (2017-2023)**

**VIRTUAL TOUR OF OUR OFFICE**



Ranked Consistently in International Tax Review's World Tax and World Transfer Pricing Guides (2017-2023)



# Recognition



- Ranked Consistently in **International Tax Review's World Tax and World Transfer Pricing GUIDES (2017-2023)**
- Nominated consistently in Indian **Transfer Pricing Firm** award category in **Asia Tax Awards** by International Tax Review (2016-2022)



Amit Maheshwari

- Recognized as one of the **top tax practitioners** advising on Indian Tax Laws, in the ITR's Expert Guides 2022.
- Recognized as a **TAX LEADER** in **World Tax Controversy Leaders Guide 2021**
- Recognized as **TRANSFER PRICING EXPERT** in 2018, 2019 and 2021 listed by **Euromoney**
- Nominated as **ASIA TRANSFER PRICING PRACTICE LEADER** of the Year in **Asia Tax Awards** by ITR in 2017

# Clients



**95%+**

International Clients from 30+ countries

**50+**

CPA firms diversified across industries

**1,000+**

Number of Clients

Fortune 500

Fortune 1000

Companies

MNCs

CPA firms

Financial Institutions

Start-ups

HNIs

Funds



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# Services to US CPA firms <sup>(1/2)</sup>

## US Tax Returns

- Individual: Form 1040, FBAR
- Trust Returns 1041
- Business Income: Form 1120/1120S/1065/Trust Returns
- Form 990's
- International Forms 5471, 5472, 8865, 8858 etc.
- US Non-resident Taxation
- Other Forms like 1120 PC, 1120 RIC
- Fund of Funds
- Foreign Tax Credit: Form 1116
- Foreign Income: Form 2555
- Form 8582/8801/8812/8829
- Sales & Use Tax/ Excise Tax
- Forms under SALT, Schedule K-1s

## Retirement Plan Audit

- ERISA (103 a3c) and non-ERISA 103a3c audits
- Assist on plans like 401Ks, 403Bs, Health & Welfare, Profit Sharing, Dental etc. for all DC plans
- Assist in DB plans
- Participant Data testing, eligibility, Contributions, distribution, rollovers testing for such Plans.
- Benefit payments, Individual Participant Accounts, Loan Testing, Income Allocation
- 11K Tie outs & form 5500 filings

## US Audit

- Assistance in Statutory and Internal Audits under IFRS, US GAAP,
- Assistance in Agreed-Upon-procedures, Attestations, Reviews & Limited Reviews and Compilations
- Assistance in end-to- end audits - Planning/Interim/final from Planning/Risk Assessment stage to Execution of Substantive accounts (Performing TOD and SAP) to Reporting stage (FS preparation, tie outs and checklists)
- Assistance in Governmental/Yellow Book Audits, Single Audits, HUD Audits, SOX 404 Compliance Audits

## Due Diligence

- Quality of Earning analysis
- EBITDA, Normalized EBITDA
- Trend analysis/ Flux report
- Balance sheet assessment - Cash proof Analysis/ AR, AP aging
- Identifying potential risks and making diligence, management, and proforma adjustments
- Preparation of a Normalized Working Capital Analysis, DSO, DPO, DIO
- Data room preparation including analysis
- Analysis of Commitments and contingent liabilities
- Preparation of due diligence Report
- Quality check of Databook & Report

# Services to US CPA firms <sup>(2/2)</sup>

## Transfer Pricing Services

- Global benchmarking Services using Global Databases
- Assistance in reviewing transfer pricing reports in other countries
- Preparation of OECD recommended 3 tiered TP documentation - Local file, Master File and CbyCR file
- Transfer Pricing advisory on cross-border matters
- Assistance in tax litigation/ controversy for transfer pricing issues in India/ outside India
- Assistance in filing for APA (MAP) application (Unilateral, Bilateral & Multilateral)

## Valuation Services

- Preparation of Financial Models
- Research on Country Specific Premiums and Risk-Free Rates
- Research on Deals/Comparable
- Research on Industry/ Business Models
- Stock Option Valuation Models
- Sensitivity Analysis
- Base Case/Stress Case Analysis
- Assessment of Sufficiency of Immediate Fund Raise

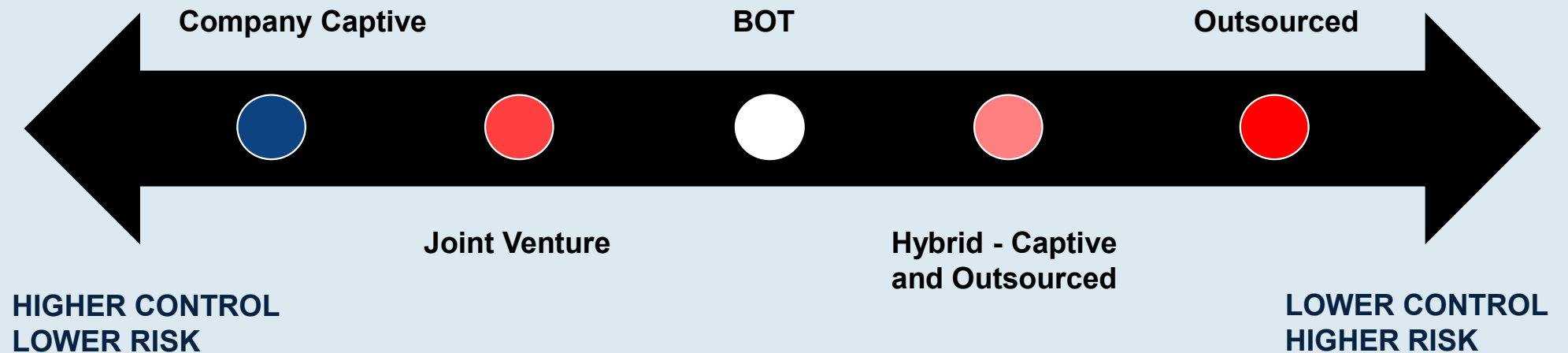
## Fund Accounting

- Performance and review of accounting, financial reporting, investor reporting and cash management operations of funds
- Preparation and review of portfolio accounts, valuation, fee calculations, and security pricing
- Preparation and review of statistical analyses of stock basis, profit and loss, and intercompany accounts for a variety of transactions
- Reconciliations of Cash and Portfolio (custody and non-custody)
- Assistance in the NAV, waterfalls/investor allocations, and other various calculations of the funds
- Preparation of the details of Investor distribution and capital call
- Preparation of Investor statements and capital accounts required for statutory filings

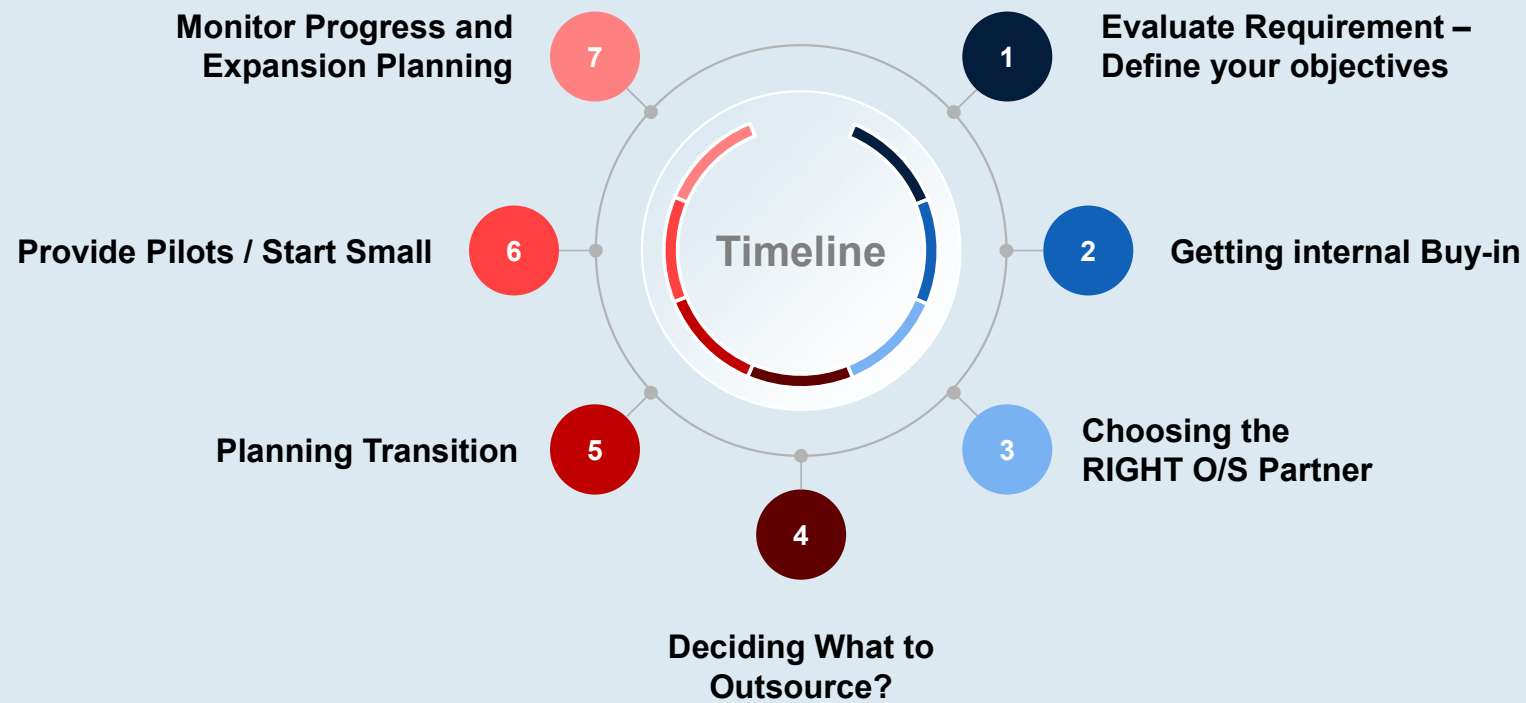
## SOC & HITRUST

- Assistance in SOC Audits - SOC 1, SOC 2 and SOC 3 Audits as mandated by AICPA (including SOC Memos)
- Assistance in complying with HIPPA Privacy Rules and HIPPA Security Rules
- Assistance in performing HITRUST CSF Readiness and Validated Assessments

# India: Mature Global Sourcing Destination



# Outsourcing Timeline



# Planning & Buy-in



# Choosing the RIGHT Co-Sourcing / Outsourcing Partner

1

Expertise and  
Experience

2

Reputation and  
References

3

Capacity and  
Scalability

4

Software and  
Technical Expertise

5

DEI Initiatives by  
Service Provider

6

Limitations with scaling up /  
increasing complexity

7

IT and  
Data Security

8

Quality and  
Performance Standards

# Challenges Faced by Firms Based on Past Experience

01

Lack of Clear Objectives  
and Requirements

02

Insufficient Due Diligence

03

Communication and  
Language Barriers

04

Quality Control Issues

05

Inconsistent Quality /  
Lot of Re-Work

06

Data Security and  
Confidentiality Risks

07

Overreliance on  
a Single Vendor

08

Lack of Management  
by O/S Partner

09

Lack of Vendor Management

10

Lack of Cultural Alignment

11

Hidden Costs and Pricing

# Mitigating Common Pitfalls



Clear and Detailed Requirements



Robust Contractual Agreements



Clarify Expectations and Provide Feedback



Performance Monitoring and Reporting



Quality Assurance and Control



Knowledge Transfer and Training



Regularly evaluate the effectiveness of the arrangement

# Key Learnings for Success



Clear communications of objectives, deliverables, and expectations. Ensure that all parties involved have a shared understanding of the project scope and goals.



Treat your offshore team as an extension of your team



Don't hope for Outsourcing to magically resolve your staffing issues, provide time to team to fall in line with expectations



Mutual participation at initial stages, conduct trainings on processes, seek challenges faced by the offshore team



Appreciations and Feedbacks go long way and help keeping staff motivated

# Key Learnings for Success



Onboard the team ahead of time, provide time to adapt to work environment and identifying training needs before the season



Allocate scheduling for outsourced team similar to your team member



Understand culture, give time to staff to adapt to your expectations, internal processes and work culture

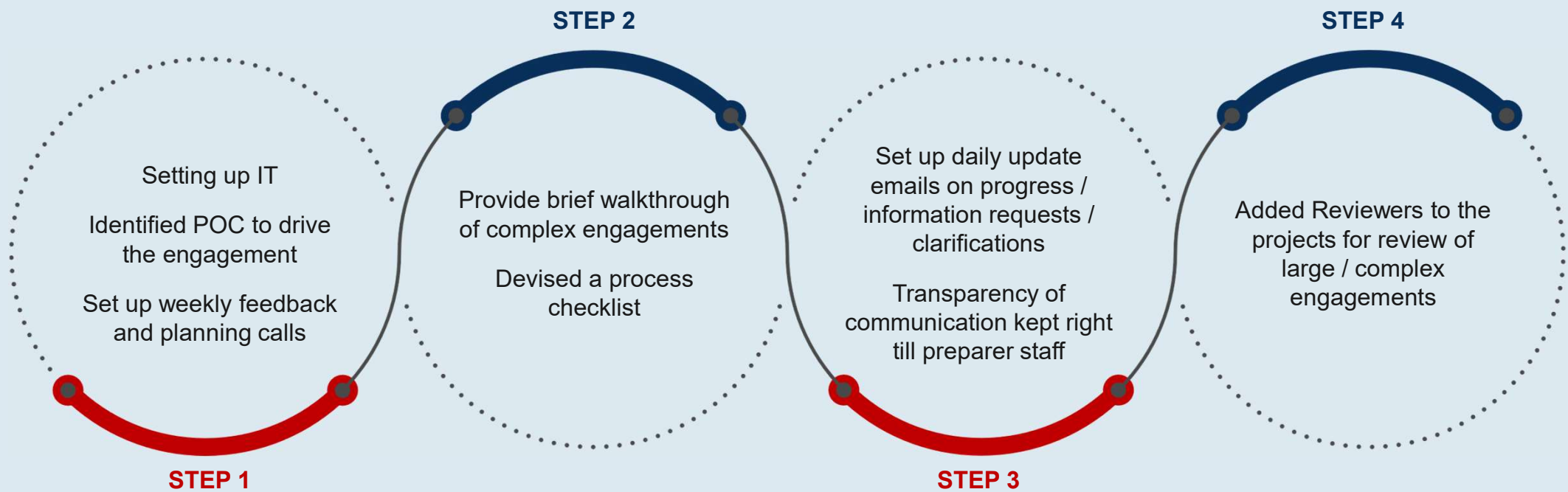


Success is seen in building customized processes / checklists to best suit client needs



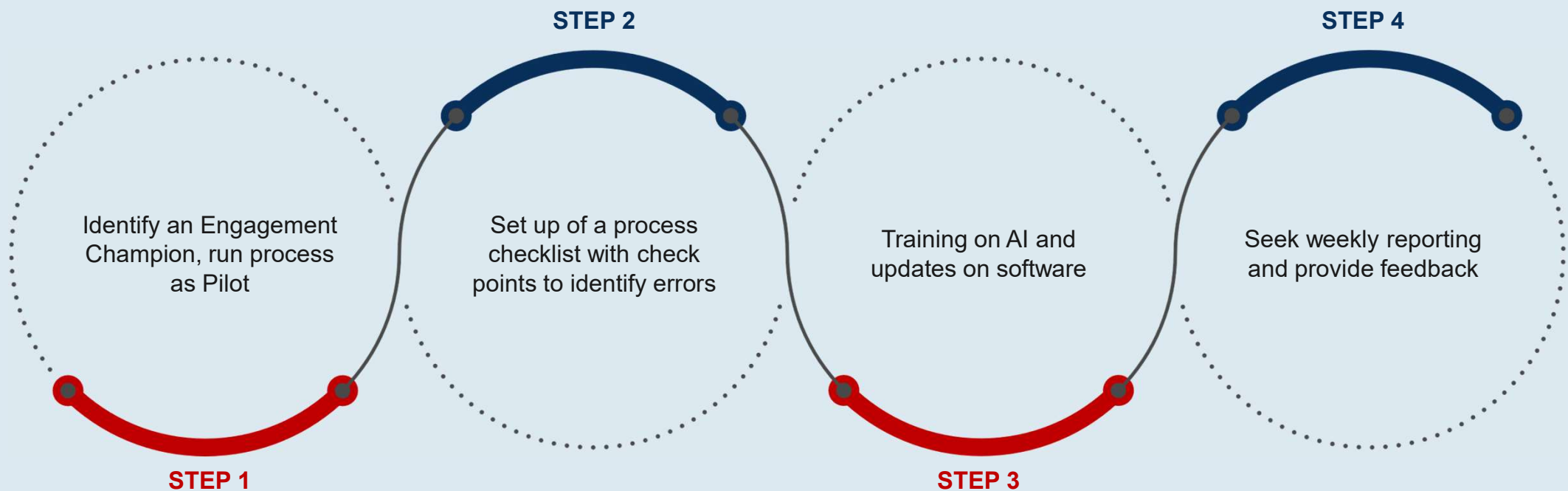
Provide recorded / live trainings to the team on processes, understand initial challenges and provide feedback

# Scenario 1 – Setting up Projects



# Scenario 2 – Setting up Simple / Repetitive Projects

Account Payable / Receivables, Vendor Management, Form 990s, 1120 PC, Grossing up, Running Payrolls or any similar simple projects with minimal changes



# Scenario 3 – Scaling up Smooth



# Case Study 1

## Objective

- Meet staffing requirements for Business Tax Returns

## Conclusion

- Client was able to meet capacity needs
- Built trust in O/S to augment 1040 and other verticals
- Added 990s post 4/15 deadline to meet expectations

### Process Implementation

- Robust Planning (2-3 months) – needs,
- POC Detailed Interaction on expectations
- Resource Identification on Industry Experience

### Initial Roadblocks

- Training on internal documentation in CaseWare
- Set up of IT
- Additional of a Senior staff based on change in projections
- Time Reporting in client environment

### Execution

- Non-Technical Training and review of initial returns
- Weekly Feedback calls in the initial weeks
- Addition of a CPA Sr. staff to meet the sudden requirement
- Timesheets updated in client software and monthly report

# Case Study 2

## Objective

- Meet staffing requirements for A&A EBP Audit season

## Conclusion

- EBP audits were done before deadlines for the “first time”.
- Needs increased through EBP season to continue to busy.
- Aided in assisting end to end Sec 103 a3c and Non section binders.
- 5 EBPs to working on 10 EBPs in this year.
- Team grew from 1 to 3 Senior Auditors

## Process Implementation

- Scheduling ahead for what plans we would work on.
- Resource level needs, Engagement champion assigned from both ends.
- Allocation of sections of binder.
- Biweekly Feedback calls between reviewers to understand any challenges.

## Initial Roadblocks

- Minimal training in EBPs
- Setting up TPA access
- Lack of support from clients on time

## Execution

- CPE hours on AICPA's new reporting standards for EBPs in 2022
- Assigned supervisors and sections to work through
- Worked on end-to-end sections of audit binders

# Case Study 3

## Objective

- Meet quality standards of Moderate to Complex Business Tax Returns.

## Conclusion

- Team from 2 members to 5 members
- Built trust in O/S State Returns and 990s'
- Offshore team was able to push more complex returns

### Process Implementation

- Planning. (Estimation of the number of hours, & complexity level)
- Resource Identification on Industry Experience. (Initially, we started with One Preparer and One reviewer, both were experienced with Big 4).
- Dedicated POC from both ends.

### Initial Roadblocks

- Training on internal documentation in CCH Engagement Binder.
- Hand-written notes on Trial Balances and unorganized locators
- Certain complex return work papers taking more time
- Dealing with a few wallpapers (Partnership minimum gains, income allocations etc.)

### Execution

- Set up training
- Followed preparer and reviewer checklists.
- Daily internal status calls with the Team on project trackers
- Post Busy Season Feedback from client.
- Experienced staff to internally train new staff during off-season
- Checklist based on PY



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