Genre System of CPA Invoices

Marvina Fraze

Introduction

Have you ever filled out a document in the post office while sending a Christmas package and you want to keep track of the delivery timing? You may have also experienced filling the wrong document and needing to refill the correct one. Without a correct documentation system, we would not be able to track the postage. Furthermore, it would be very hard to prove our birthdate, birthplace, our ability to drive, or our academic knowledge without documentation. Documentation is immensely important throughout our life cycle as well as for the history of communities. It helps us define our past and our present (Marro). Documentation also provides the opportunity to revisit the work that has been done before us, which is the key for improvement. This past knowledge also helps us to go further and improve our society. For instance, if the law of gravity was not documented, how many times through history would it be discovered again? Every discourse community needs a wide variety of genres to serve their purposes and function effectively. These genres contribute to and affect society as part of a genre system.

Widely published author and professor Bazerman explains a genre system as the co-operating of several genre sets (procedures that contain genres) and their relationships to each other. A genre system focuses on the reason of the discourse, and how it helps to accomplish the goal (372). It helps us to understand the practical, functional, and sequential interaction of documentation. They generally provide a guideline about how one genre follows on another during typical communication (375). These genre systems are usually defined by different

grouping of the activities within the discourse community. The genre system I discussed is the billing process of a professional services firm, more specifically, a CPA firm. The billing for services provided by that firm is the genre system. I conducted research and explored the various genres that are found in this activity, their interrelations, importance, and effects on each other. Understanding genre systems of the several genre sets will help understand how people work together (interrelations), relationship sequences in the production (overlapping genres), and workflow (Bazerman, 318). According to Bazerman, analyzing the genre and activity systems also allows us to evaluate the effectiveness of genres. At the same time, it helps to recognize misleading documents and processes in the genre system. My research helped me to understand how different firms' mission statements impact the genre of invoices and how this knowledge helps to increase customer satisfaction. According to Gartner's research, "89 percent of businesses today expect to compete mostly on client experience versus only 35 percent four years ago" (Root). Good billing experience is good client experience, which directly relates with the overall financial concept of the firm. This gives me an opportunity to analyze my firm's billing system as compared to two other firms and their use of the same genre sets, understand the differences, and implement effective use of billing systems in each firm's genre system.

Methods

To understand the concept of a CPA firm's invoicing process, I had to collect information from various sources. There are 9 different genres that would be included in a billing genre system. I will examine and provide examples of six of those genres in this paper. These documents include engagement letters, works in progress (WIPs) sheets, practice CS time entry software, invoice generating software, contact information software, and rate sheets. I support the paper's content by providing a diagram of the invoicing process, as well as recurring bill flow

charts from a firm's data library. I will also provide a standardized engagement letter sample that is released from the firm's discourse community, and an example of the WIPs.
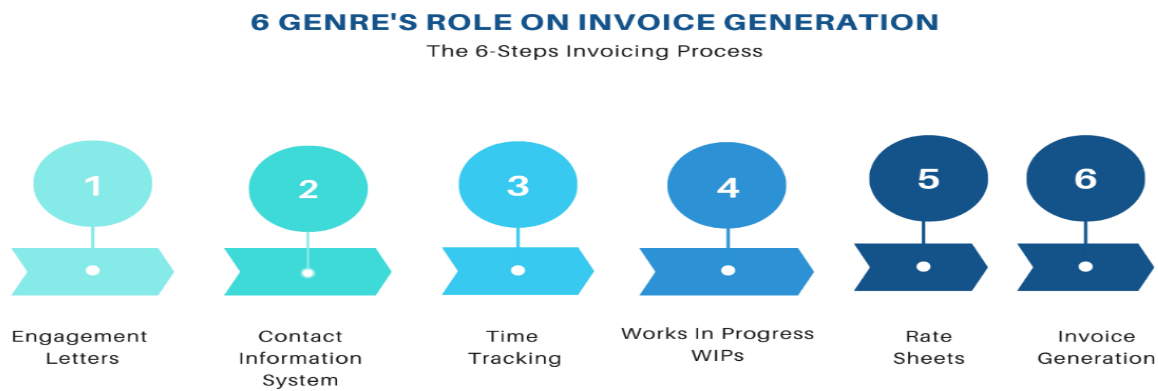
One of my sources to understand the relationships within the genre system is personal interviews. For this paper, I used information from my previous interview with Dr. Larry Fraze, the owner and founder of Fraze CPA, who represents a veteran-owned, tech-savvy small business. I conducted my second interview with another CPA firm owner, William Peabody, who represents an old-school, paper-oriented small business. And lastly, I interviewed Michael Fleetwood, a partner in Blue and Company, who represents a CPA firm consisting of more than 400 people and 10 offices. My interviews focused on differences in their mission statements and how those differences affect genre usage during the billing process. Throughout the interviews, each firm representative defined and explained how each of those genres work together and depend on one another to produce a successful outcome. Finally, I gathered secondary sources from articles using online databases, including accounting discourse community networks, software the firms use, and journals my firm has subscribed to. I searched "CPA billing" in Google Scholar to access additional sources. This research helped me to understand the background information, order system, and interrelation of genre systems in different sized CPA firms.

Results/Facts

During my research, I discovered that there are many genres used for the billing process. These documents are not only important for the billing genre system, but they also serve different purposes in different genre systems as well. These documents also serve a specific order based on the genre system's timeline. An engagement letter is the first genre of the billing process. It will be discarded if it is not signed and returned to the firm within 30 days. A

questionnaire, called an organizer, will be provided to the clients and all necessary legal documentation will be collected. This process is followed by assigning the client a client ID, and entering this information into the tax and billing software. Once the client is recognized by the software programs, managers, accountants, and staff start working on completing the task and all billable and unbillable work is tracked with billing software. All the time-tracking activity is recorded in works in progress (WIPs) sheets. Rate sheets are tools fed into WIPs. The rate sheet data underlines the service cost from every angle. For example, if a firm pays $20 per hour to an employee, and that employee bills $70 an hour, the rate sheets provide this information for various analytical purposes. For billing purposes, rate sheets give a quick glance to the profit or loss of completing that project. Once managers complete the task WIPs, they are delivered to billing admin and generated according to their recommendation. This is my firm's invoice generating procedure. Once invoices are generated, they are delivered to clients or their representatives. The billing process is completed when payment is received. In this paper I will compare the approach of three different firms' genre systems leading to generating invoices. The order of this process is shown in Figure 1 below:

FIGURE 1

6 GENRE'S ROLE ON INVOICE GENERATION
The 6-Steps Invoicing Process

1	2	3	4	5	6
Engagement Letters	Contact Information System	Time Tracking	Works In Progress WIPs	Rate Sheets	Invoice Generation

3 different firms are similar in their ordering, which varies based on their billing processes.

Engagement letters spell out the terms of what the CPA is going to do and is responsible versus not responsible for doing (Dr. Fraze). First, I interviewed William Peabody about his engagement letter process. His practice's engagement letters are a single sheet of paper with a couple of paragraphs that explain what services will be provided and what the cost of those services is. For example, their engagement letter would look like: we are going to provide tax returns with the information you provide, and our fee would be $x (Peabody). Over the years, engagement letters have become filled with legal language. By comparison, Michael Fleetwood uses engagement letters that are standard across all their firms and cover the majority of situations. These kinds of engagement letters for Fleetwood's firm provide a standard to protect their firm and are prepared by a separate department who handles this process to increase productivity. It also creates a department who focuses only on creating those engagement letters and managing software to increase the CPA's productivity and reduce their distraction (Fleetwood).

Fraze CPA has no standard engagement letters. They are in the process of implementing standardization of engagement letters for their company. Fraze CPA differs from the first two CPA firms because they use an additional genre called engagement proposals. Essentially, the function of an engagement proposal is providing a combination of marketing and efficiency (Dr. Fraze). These are three different approaches to the same genre, and each approach indicates the first step in the billing process. I also provided examples of how the same genre serves different purposes in a different genre set. For example, it is the first step for billing within the billing genre system, but independently, it can provide legal protection, price structure, and service definition for another genre system. Appendix A shows a sample of a standardized engagement letter prepared Fraze CPA's modification of AICPA discourse community.

Contact information systems are the second step of the billing process. It means that the client is now part of firm's client portfolio, and is now receiving a service from the firm. Based on the services, contact information is collected by an organizer, and this information is recorded to the billing software and regularly updated. This is where time tracking starts. All work related to a specific client is recorded in billable and non-billable hour groups with comments about work progress. Time management and tracking is essential for the firm's improvement. Time management as a genre serves so many different genre sets within the firm (Fleetwood). It allows the firm to analyze financial data, set future goals, increase productivity, and effectively train employees. In contrast to the software system, Peabody used paper to enter this data. The secretary signs on a paper timecard and will put the start and sign out time of each task. Individual times are still recorded on WIP sheets recorded to cards called attendance cards. WIPs are also used to generate invoices. While Peabody uses time entry just to track time on paper, Fleetwood's company uses time tracking software, which also tracks seminars and professional

development. They use time tracking software more than for attendance or billing purposes, but also as a business management tool (Fleetwood). Similarly, Fraze CPA is using a time tracking tool to manage business besides invoicing. It is important to note that client data entry and time tracking are second and third genre in the billing genre system. The firm's vision and approach to interrelated genres, as previously mentioned, creates additional genre sets within the firm. Information recorded in time tracking creates data in WIPs for both Fraze and Fleetwood's firms. As opposed to this method, Peabody's secretary collects this data on paper with a typewriter.

     All the staff who did any kind of work are shown in WIPs. WIPs are the end result of collecting any work done for a certain client by the team of firm members. That shows all the billing costs into the engagement-included expenses. WIP sheets help to determine profitability as well. Peabody used paper WIPs with manually-entered time tracking, comments, and the billing amount they think is proper for that client. At the end of the work date, a secretary enters the WIPs into the client's records for billing purposes (Peabody). In contrast Fleetwood's firm has WIP sheets and uses them as a management tool to calculate profitability, although a firm administrator decides the billing process. Before invoices are delivered to the clients, Fleetwood reviews and approves the invoices (Fleetwood). As a small business owner, Dr. Fraze is more involved with the billing process. He reviews and approves the invoices like Fleetwood, although he does not have an administrative department specialized in generating engagement letters. Dr. Fraze also favors using WIPs as a management tool and focuses on efficiency. In all three firms, WIPs are the fourth genre in the billing process. However, each firm has individual differences creating additional genre sets; two focused on efficiency, and one focused on task management. It is important to note Peabody's firm does not apply rate sheets. Only Fleetwood and Fraze are able to apply them because rate sheets are generated by software, and are not applicable to paper

documentation. Hence, Peabody decided his billing rate based on his experiences or client relationship, his profit or loss based on the amount of income he generated at the end of the tax season (Peabody).

The last step of the billing process is generating an invoice and delivering it to the clients. For Peabody's firm, the manager of the service does it all on paper, and the secretary types the information on a blue paper (Peabody). Both Fleetwood and Fraze CPA have their own admin to create invoices and they work with a review and approval system. They also use software that can generate invoices as opposed to a typewriter.

I covered the generating invoices for billing, but there are also very different formats and genre systems used for different types of billing. A client can be billed hourly, flat-fee, retainer based, and value based, as Grunden expresses in detail in her article. These differences are usually indicated in engagement letters. I am mentioning this without underlining them and emphasizing because it is important to mention their role in the ethos (credibility) of the firm. However they are in a genre set under the engagement letters, not billing. for all the firms I compared. Choosing the right genre for billing is very crucial in keeping a healthy client relationship. For example, recommending an hourly billing to a client with a high hourly fee may result in losing a client instead of providing a service according to Grunden. Figure 2 illustrates the recurring bill flowcharts process for invoicing:

FIGURE 2

Practice CS Recurring Bill Flowchart
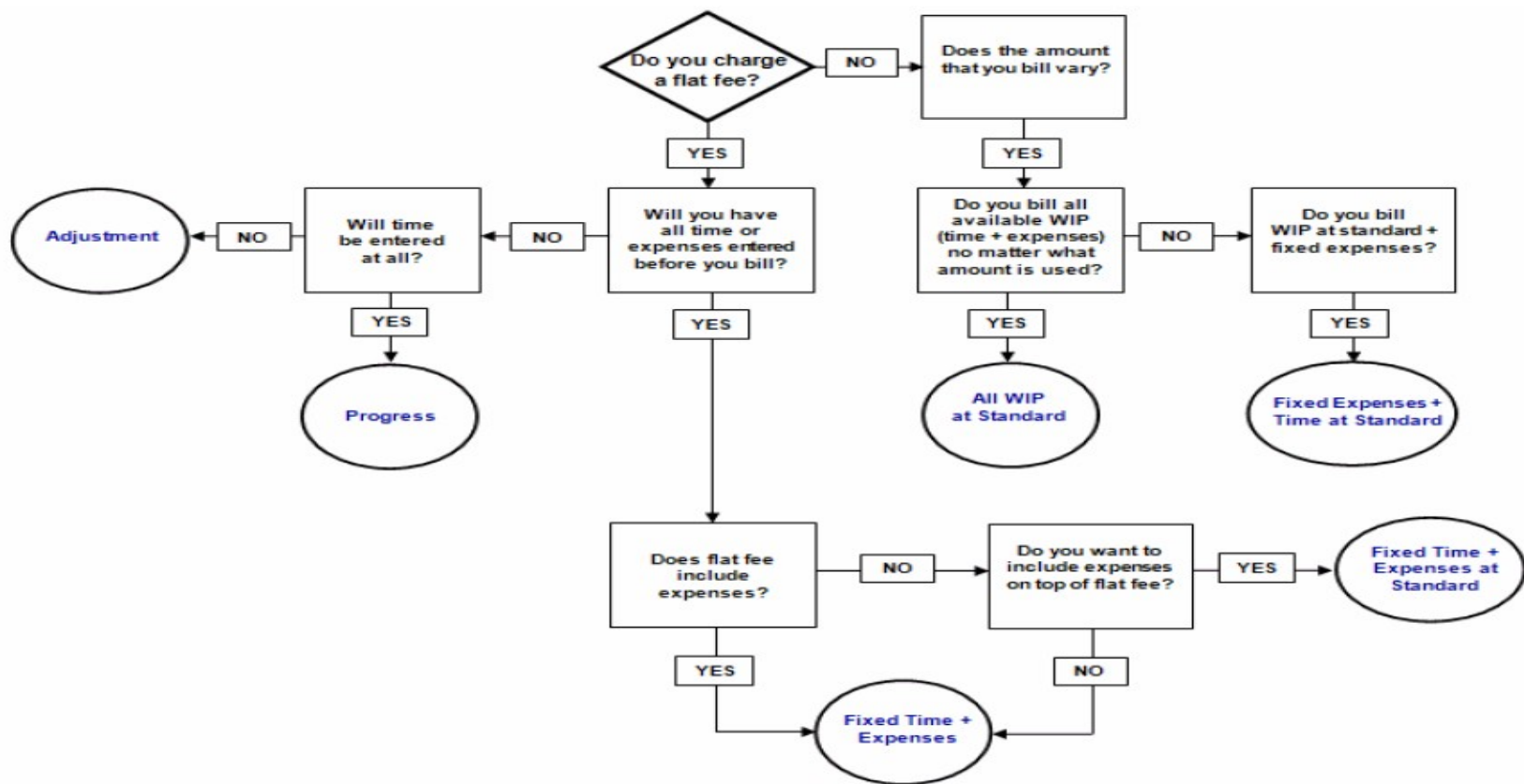
Was this article helpful?

Discussion and Interpretation

Understanding the interaction of different genre sets is important for every member of a particular discourse community. That gives the ability to understand the order, the interaction, and relation of these genres with each other. According to Bazerman, understanding this process helps us to understand systems of human activity (368). He evidently states, "understanding the genres and their interactions allows the writer to fulfill the needs of the situations, in a way that they are understood and speak to the expectations of others" (372). Many genres within the billing process depend on each other to efficiently generate invoices, as well as serve the firm and clients' expectations once the services are completed. This dependency can be related with only one genre or many genres. For example, if WIPs are not marked as a completed task, or comments do not describe the work done, invoices can not be generated. If the time tracking tool is not used properly, the billing amount would be misleading, and the invoice will be declined during the review process.

Essentially, during the process of creating an engagement letter, if the fees are not set properly, as Mendlowitz states, it is an indication of a poorly managed firm. It is important to note that following the order system of the genre system would help to find where the error occurs. As Keith Grant-Davie emphasizes, every writing situation serves a purpose for clear, persuasive communication (266). Invoice as a genre is a well-defined and well-known discourse in the community, which has a clear interaction and role to serve between recipient and provider. Understanding the purpose of the invoice allows us to understand the set of interactions that lead to receiving an invoice; therefore, an invoice is actually the result of human interaction in a written form that is shaped by a specific interaction. As Marro states, genres used both interdependently and dependently can serve a different purpose in different genre sets as I

explained above. They also utilize the mission statements of the firms, and are re-shaped based on the firms' preferences. A firm focusing on paper documentation versus a firm that uses technology as a tool to increase efficiency may have the same genre sets with a few additional genres. Their differences in their approach not only shape their invoice generation, but also impacts and shapes their capacity to grow. Dr. Fraze explained during my interview that it is better not to serve a client and not offer an engagement letter if the work is done in a discourse community with a smaller fee somewhere else. It is better to connect them to the firm with the lower fee. As Swales indicates, a shared value system and common goals within the discourse community shapes the genre system. As we talked earlier, using technology and other efficiency tools effectively will increase the level of success and reduce time wasted. I need to highlight again that proper documentation of each genre not only provides clear communication but also serves the mission statement of the company, whether it is paper or technology oriented. I experienced that following what kind of progress is done in each genre also helps me to understand estimated time of invoice preparation. If a time is not entered, there would be a WIPs and communication about it to increase workflow. Following a simple genre system enables and serves that information flow.

After spending some time analyzing the relationship between text, I realized that credibility (ethos) is set in a genre system. Keith Grant-Davie states that ethos is established by people's work. This relationship builds during interactions and shapes the credibility of the genre (269). Most small business owners are not aware how much money they can save if they set their business structure in a certain way. A firm's ability to manage and save their clients' hard-earned money will increase their company's ethos and create a positive reputation.

Not only do the different genres have dependency to one another, but analyzing the information correctly and writing accurately is also important for the invoice process. As Wilson states, using the correct terminology to explain the genre's needs is crucial for successful client relationships. There are 9 different genres that would be included in the billing genre system. The process starts with signing an engagement letter, and is followed by collecting client information. Starting to work on the project and time tracking allows the generation of WIP data, which tells us when the task is completed by working together with rate sheets entered in software. The end result would be invoice generation. Different firms vary about how they review their invoices. Once an invoice is approved, it is delivered to the client, and when payment is collected, the process is completed.

Understanding each genre and their purpose clearly will give the writer the ability to have clear communication with the receiver. According to Fleetwood, it is not uncommon that tax payers who communicate with each other compare their refunds and get upset with their CPAs. Their situational differences affect the result of their refund. Dr. Fraze states that engagement proposals serve to eliminate these issues by educating the client about their situation. Although this creates an additional genre, it corrects the error of human communication, which affects the firm's ethos.

Invoice as a genre plays a unique role in the firm's financial side. Cash flow is very crucial for every business, if the firm does not manage cash flow correctly, the inevitable end will be the firm's failure. Mendlowitz explained in detail how to use different genre systems together to improve the firm's efficiency of invoicing and increasing the cash flow. Dr. Fraze adds to this by explaining that looking at each genre and work done by each company, examining their needs, suggesting solutions to existing problems, and guiding them to achieve these

solutions increase his firm's cash flow 80% without hiring a single new client. He established this success by simply creating a genre set and system that defines each company, their needs, and their goals and comparing that genre system with their accounting needs genre system.

The other factors that impact invoicing are legislative changes. During the COVID-19 isolations, small businesses needed to close down, and their payroll process was stopped according to Dr. Fraze. He claims that PPP (Payroll Paycheck Program) was helpful, but managing the clients' education and helping them to use these loans for their businesses was so impactful to build ethos for their client relationship. During this process, their billing department gained additional genres such as PPP loan application, PPP loan recording training, PPP loan forgiveness application. All these genres recorded in the system are used to define a new writing situation because of environmental factors. Clients had limited knowledge on how to spend the PPP loan, and the firm's desire to help clients to record them correctly resulted with a few manuals that explained those questions. Dr. Fraze also states that there are manuals they need to prepare about how not to spend PPP Loans. These were also effective to give correct understanding for the clients who wished to be granted loan forgiveness. Presenting these genre sets and being ready for these issues in advance help clients understand and respond positively later, especially when they spend the loan on their personal expenses rather than paying payroll for their employees (Fraze). According to Wilson, using the correct terminology is crucial to avoid confusion, which applies well in a situation such as PPP loans. The genre's terminology should be explicable to avoid misleading communications.

All these interferences, applications, and changes in social interaction affected invoicing at that time. As I explained, there were additional genre sets involved in the genre system. For example, according to Fleetwood, time tracking was different for PPP loan applications.

Managers of a consultation track their time as non billable time until a loan is granted. Distinguishing a small business's standards, as the government defined and helped larger businesses also created different genres in his firm. The invoice is a commonly known genre, and this example shows how social interaction shapes the genre system. Swales indicates that discourse communities may utilize and process one or more genres for communication (221). The interview of this paper is as a result of using these genres properly for communication. This paper focuses on how genres are affected by social, constitutional, individual and environmental factors.

Conclusion and Recommendations

Invoicing in a CPA firm is an orderly activity that contains a set of processes that follows orderly genres. Understanding and analyzing the information that is provided by these genres requires experience, and it takes time to follow the genre order properly. Whether it is a small business that is paper-oriented or tech-savvy, or a company with large resources with many firms, they all follow the similar genre order to generate their invoices. Starting with agreement, they gather the information to serve, provide work, and record the time of the finished task. When the work is ended, one party of the agreement fulfills their service and asks the other party of the agreement to pay the fee with an invoice explaining the billing amount. Genres and their functionality make this communication clear and smooth. This organized process serves the firm's financial well-being and mission statement. Genres depend on each other to exist, yet they also can be independently defined in other genre sets and serve other purposes. Genres are shaped by rhetorical situations and changes in situations modify the genres.

There are many factors that interact with the invoice genre's outcome within the genre system. Effective invoicing is representative of effective genre systems within the firm, and it is

important from a point of financial wellbeing for the firm. Creating invoices is following a genre system in a firm's work process. The more precise and reliable the genre system, the clearer the communication with the clients. A firm's credibility and reputation may build or crumble without a correct genre system for billing. This gives the firm a big responsibility to define, organize, and train staff to provide the best accurate outcome to complete invoices. The genre system is a tool that completes the process successfully, and each genre provides pertinent information to complete the task properly.

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Fraze & Company, CPAs

CERTIFIED PUBLIC ACCOUNTANTS
https://www.frazecpa.com

Date, Day, Year

Name of the client
Name of the spouse
Address

Dear [Name]

Fraze & Company, CPAs ("firm," "we," "us," or "our") is pleased to provide you and your companies ("yc or "your") with the professional services described below. The engagement between you and our firm will governed by the terms of this Agreement.

At your request and under your direction, we will perform the Accounting, Advisory and Tax Servi described in the attached and subsequent Appendix A.

<u>Your Team</u>

Initially, our services with you will be provided by the following Fraze & Company, CPA team members:
Bookkeeper:
Controller:
Owner: Larry Fraze

Sincerely,
Signature of the firm owner

Larry Fraze, JD, CPA
Owner

APPROVED:
Signature of Clients:

This is a shortened version of a 7-page engagement letter, which is the first step of the invoicing proc

Appendix B

Billing Worksheet Friday, July 23, 2021 September 30, 2020 – July 23, 2021							
Client Number	Client Name Client Name Client Address			Office: Ottawa Phone E-mail:		Partner:	Manager:
Billing Instructions:							

Engagement	Project	Staff	Activity	Rate per hour/units	Cost	Amount	Comments
Tax Services							
Report Totals					---------------		Managers comments

Works in Progress (WIPs)where all the time entered in the firm's software.