Board approves proposed changes to bylaws and Code of Conduct

BY ROBERT BUSWEILER
Trusted Professional Correspondent

The NYSSCPA’s Board of Directors voted unanimously on March 18 to approve a slate of proposed changes to its bylaws and to adopt the AICPA Code of Conduct to replace its own Code of Professional Conduct.

The vote paves the way for the proposed changes to be included in the proxy ballot mailed to all CPA members of the Society with the April issue of The Trusted Professional. Because revisions to the bylaws require a general membership vote, a ballot that features the proposed changes and the slate of 2013–2014 board and officer nominees is also included with this issue of The Trusted Professional. The Nominating Committee Report and biographical information for the nominees appear on pages 3–5.

The proposed changes to the bylaws and Code of Professional Conduct are printed in their entirety beginning on page 6. Additionally, postmarkup final versions of the rule texts for the Code of Professional Conduct have been published on pages 6–9 to illustrate what the final product will look like.

Members are asked to carefully review the proposed changes prior to making their choices on their official proxy ballot.

Internal school district audits preserved in NY budget

BY ROBERT BUSWEILER
Trusted Professional Correspondent

Follow a dedicated outreach effort by the NYSSCPA, last-minute language quietly added to the education portion of the New York state budget that sought the complete removal of a required annual internal audit function for public schools and Board of Cooperative Educational Services (BOCES) districts was removed before the budget was passed last month.

The language in the final budget bill raises the district size threshold to enact the requirement to 1,500 students per district. Previously, that threshold was set at 300 students. Based on a preliminary review of data from the New York State Education Department, the NYSSCPA estimates that approximately 340 of New York’s 696 school districts will not be required to provide an annual internal audit function under this new language.

In 2005, as part of a group of five organizations, the NYSSCPA sought to create the required annual internal audit function, following the Roslyn (L.I.) School District scandal that saw more than $11 million lost to fraud. Working as part of a good-government coalition, the NYSSCPA helped draft legislation that put a series of financial controls in place to help protect public school districts funds.

During the past few years, several state legislators have attempted to chip away at the annual internal audit requirement, claiming that the costs were prohibitive.

See School District, on page 14
The age of committees

The NYSSCPA reached an important milestone last fiscal year, when statewide committee membership climbed to the highest levels we’ve seen in recent history. Some 1,800 members participated in at least one of the Society’s 67 committees. Many were active in more than one committee, which explains how that same number of members was able to fill 2,450 different committee positions. Although the Society has not yet compiled final figures for chapter participation, is the glue that holds the Society together, allowing us to speak in a single, unified voice, while ensuring individual input and involvement. Indeed, the NYSSCPA’s Statewide committee operations, in concert with chapter participation, is the glue that holds the Society together, allowing us to speak in a single, unified voice, while ensuring individual input and involvement. Indeed, this is how we execute our mission of providing the services of a professional organization, without regard to the size of the firm or the geographic location. We are proud of the work that we do, and we are committed to continuing to provide the highest level of service to our members and the profession.

Committee service offers a number of benefits to individual members as well, including opportunities to develop leadership capabilities and expand technical skills. Nearly one quarter of our statewide committee meetings within the last fiscal year featured some form of CPE. Members who join a committee also have an opportunity to meet and network with other professionals who share their concerns and, in many cases, develop relationships with key regulators and decision makers.

I hope you are beginning to see the many benefits of committee membership. Visit the NYSSCPA’s website, www.nysscpa.org, to get a better sense of the committees that might align with your interests. No man is an island—the Society and the profession are immeasurably stronger when we work together.

president@nysscpa.org

Gail M. Kinsella

PRESIDENT'S COMMENTARY

Formal Notice of 2012–2013
Annual Election Meeting of the New York State Society of CPAs

Please note that the annual membership meeting of the New York State Society of Certified Public Accountants will be held on Thursday, May 16, 2013, at 6:00 p.m. (opening reception: 5:00 p.m.) at the New York Marriott Marquis at Times Square, located at 1535 Broadway, at 45th Street, New York City.

The meeting will be followed by a formal dinner (see the advertisement on page 13 for more information). Seating will be available for members who wish to attend the annual meeting but do not wish to attend the dinner. If you wish to be seated for the meeting only, and not the dinner, please contact Nereida Gomez at ngomez@nysscpa.org or 212-719-8358. To register online, visit the NYSSCPA’s website at www.nysscpa.org.

The agenda for the meeting is as follows:

1. Approval of minutes from the May 10, 2012, annual membership meeting.
2. Approval of proposed amendments to NYSSCPA bylaws.
3. Approval of proposed changes to Code of Professional Conduct.
5. Other business.

Scott M. Adair, CPA
NYSSCPA Secretary/Treasurer

The Trusted Professional

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The New York State Society of CPAs and The Trusted Professional greatly value editorial contributions from our members, readers and those affiliated with the accounting profession. Additionally, we are happy to publish pertinent ads and notices. To ensure that each issue of The Trusted Professional is distributed on a timely basis, we have issued the following deadlines by which such materials must be received:

June issue—April 23
July issue—May 29
August issue—June 25

For more information on submitting an article, email msaunders@nysscpa.org.

To update subscription information, contact Member Services at 800-633-6328.

Views expressed in articles printed in The Trusted Professional are the authors’ only and are not to be attributed to the publication, its editors, the NYSSCPA or FAE, or their directors, officers, or employees, unless expressly so stated. Articles contain information believed by the authors to be accurate, but the publisher, editors and authors are not engaged in rendering legal, accounting or other professional services. If specific professional advice or assistance is required, the services of a competent professional should be sought.
January 18, 2013

OFFICERS: to hold office for one year, from June 1, 2013:

President
J. Michael Kirkland automatically succeeds Gail M. Kinsella as President in accordance with Article VIII, Paragraph 5 of the Bylaws.

President-elect
Scott M. Adair to succeed J. Michael Kirkland
Rochester Genesee Regional Transportation Authority

Vice Presidents
Ian J. Benjamin to succeed Sherry L. DelleBovi
McGladrey LLP

Adrian P. Fitzsimons to succeed David Evangelista
St. John’s University

Barbara A. Marino to succeed Anthony J. Maltese
The Hackett Group Inc.

Warren Ruppel to succeed Suzanne M. Jensen
Marks Paneth & Shron LLP

Secretary/Treasurer
F. Michael Zovistoski to succeed Scott M. Adair
UHY LLP

DIRECTORS-AT-LARGE: to hold office for three years, from June 1, 2013:

Anthony S. Chan to succeed Robert W. Berliner
UHY Advisors NY, Inc.

Jack F. Craven to succeed Robert E. Sohr
John F. Craven, CPA, LLC

Barbara L. Montour to succeed Stephen E. Franciosa
Saint Regis Mohawk Tribe

Stephen T. Surace to succeed Pei-Cen Lin
Adjutants International Inc.

Mark Weg to succeed Rosemarie A. Giovannazzo-Barnickel
Daszkowski, Tompkins, Weg & Carbonella, PC.

DIRECTORS AS CHAPTER REPRESENTATIVES: to hold office for three years, from June 1, 2013:

Mid Hudson:
Tracy D. Tarsio to succeed Jennifer R. George
Day Seckler LLP

Northeast:
No Selection to succeed F. Michael Zovistoski
UHY LLP

Queens/Brooklyn:
Mark Ulrich to succeed Adrian P. Fitzsimons
St. John’s University

Rockland:
Michael E. Militis to succeed Mitchell L. Gusler
The Hunter Group CPA LLC

Utica:
Scott D. Hooler to succeed Robert R. Ritz
Ronadio & Co., LLP

Respectfully submitted,
2012–2013 Nominating Committee

Gail M. Kinsella automatically becomes Director for one year as Immediate Past President in accordance with Article VI, Paragraph 1 of the Bylaws.

DIRECTORS (provided the above nominees are duly elected):

Terms expiring in 2014:
Ian J. Benjamin, McGladrey LLP
Shari E. Berk, S.E. Berk & Associates P.A.
Domenick J. Esposteno, J.H. Cohn LLP
Adrian P. Fitzsimons, St. John’s University
Timothy P. Hedley, KPMG LLP
Douglas L. Hoffman, Dragon Beware Crowley & Co., P.C.
Gail M. Kinsella, Testone, Marshall & Ditscenna, LLP
Eric M. Kramer, Farrell Fritz, P.C.
Elliott A. Lesser, Bardon LLP
Barbara A. Marino, The Hackett Group Inc.
Steven M. Morse, Rochester Institute of Technology
Michael F. Rosenblatt, The Quest Organization
Warren Ruppel, Marks Paneth & Shron LLP
Cynthia A. Scarcini, College of Staten Island (CUNY)
John Skillingsford, Abrecht, Veggiaro, Zureck & Company, P.C.
F. Michael Zovistoski, UHY LLP

Terms expiring in 2015:
Anthony T. Abbood, Firely, Moran, Freer & Eauss, P.C.
William Aiken, Retired
Gregory J. Altman, Somerset Capital Partners
Barbara E. Bel, O’Connor Davies Munux & Dobkins, LLP
Christopher G. Cahill, Deletto & Touche LLP
Harold L. Detmer, Holtz Rubenstein Remnick LLP
Scott M. Hotalen, Vieira & Associates, CPAs, PC.
J. Michael Kirkland, Deutsche Bank AG
Arthur J. Roth, Retired
Yen D. Tran, PricewaterhouseCoopers LLP
Richard T. Van Osten, Ernst & Young LLP

Terms expiring in 2016:
Anthony S. Chan, UHY Advisors NY, Inc.
Scott M. Adair, Rochester Genesee Regional Transportation Authority
Jack F. Craven, John F. Craven, CPA, LLC
Barbara L. Montour, Saint Regis Mohawk Tribe
Scott M. Hotalen, Vieira & Associates, CPAs, PC.
Anthony T. Abboud, Firley, Moran, Freer & Eauss, P.C.
William Aiken, Retired
Gregory J. Altman, Somerset Capital Partners
Barbara E. Bel, O’Connor Davies Munux & Dobkins, LLP
Christopher G. Cahill, Deletto & Touche LLP
Harold L. Detmer, Holtz Rubenstein Remnick LLP
Scott M. Hotalen, Vieira & Associates, CPAs, PC.
J. Michael Kirkland, Deutsche Bank AG
Arthur J. Roth, Retired
Yen D. Tran, PricewaterhouseCoopers LLP
Richard T. Van Osten, Ernst & Young LLP

Respectfully submitted,
2012–2013 Nominating Committee

David J. Moynihan, Chair
Frank J. Aquilino
Susan M. Barossi
John B. Huttlinger, Jr.
Michele Mark Levine
Anthony J. Maltese
Thomas E. Riley
Erin Scanlon
Robert E. Sohr
Edward J. Torres
Thomas D. Weddell
NYSSCPA 2013–2014 NOMINEES

OFFICERS: to hold office for one year, from June 1, 2013:

PRESIDENT-ELECT

SCOTT M. ADAIR, CFO, Rochester Genesee Regional Transportation Authority. Member of the Society since 2001; member of the Rochester Chapter. STATEWIDE: Currently serving as NYSSCPA Secretary/Treasurer, member of the Executive Committee and as Treasurer of the FAE Board of Trustees. Previously served as NYSSCPA Vice President and as a member of the Board of Directors. Current committee service includes the Executive (Secretary/Treasurer), Finance (Chair), and Government Accounting and Auditing committees. Previous committee service includes the Executive, Finance, and Government Accounting and Auditing committees, and the Deferred Compensation and Government Audit Quality task forces. CHAPTER: Previous chapter service includes Rochester Chapter President, President-elect and as a member of the Executive Board. Previous chapter committee service includes the Government Relations Committee (Director).

VICE PRESIDENT

IAN J. BENJAMIN, Partner, McGladrey LLP, New York, N.Y. Member of the Society since 1987; member of the Manhattan/Bronx Chapter. STATEWIDE: Previously served on the Board of Directors (Director-at-Large). Previous committee service includes Chair and Vice Chair of the Professional Ethics Committee, and member of the Nominating, Community Affairs, International Operations, Not-for-Profit Organizations and Real Estate committees, and the Code of Conduct and Not-for-Profit task forces.

PHOTO

VICE PRESIDENT

BARBARA MARINO, Director, The Hackett Group Inc., Westchester, N.Y. Member of the Society since 1992; member of the Manhattan/Bronx Chapter. STATEWIDE: Previously served on the Board of Directors (Director as Chapter Representative). Previous committee service includes Chair, Vice Chair and member of the Promoting CPA Careers Committee; member of the Executive, Awards, Nominating and Practice Management Oversight committees; member of the Selections Subcommittee. CHAPTER: Previous chapter service includes President, President-elect and Vice President of the Manhattan/Bronx Chapter; member of the Manhattan/Bronx Chapter Executive Board. Previous chapter committee service includes the Promoting CPA Careers Committee.

VICE PRESIDENT

WARREN RUPPEL, Partner, Marks Paneth & Shron LLP, New York, N.Y. Member of the Society since 1981; member of the Manhattan/Bronx Chapter. STATEWIDE: Previously served as President and President-elect of the FAE Board of Trustees. Current committee service includes the Government Accounting and Auditing Committee. Previous committee service includes the Audit (Chair) and the Government Accounting and Auditing (Chair) committees, the Accounting and Auditing Oversight, Finance, Government Accounting and Auditing and Not-for-Profit Organizations committees, and the Government Audit Quality Task Force.

VICE PRESIDENT

ADRIAN P. FITZSIMONS, Professor and Chairman of the Department of Accounting and Taxation, St. John’s University, Queens, N.Y. Member of the Society since 1983; member of the Queens/Brooklyn Chapter. STATEWIDE: Currently serving on the Board of Directors (Director-at-Large). Previously served on the Board of Directors (Director as Chapter Representative). Previous committee service includes FAE Campus Ambassador; Awards, Stock Brokerage and Commodities committees. CHAPTER: Current chapter service includes the Queens/Brooklyn Chapter Executive Committee. Previous chapter service includes the Queens/Brooklyn Chapter President, President-elect. Previous chapter committee service includes the Accounting and Auditing Committee. Past Chair of the St. John’s COAP Advisory Board.

SECRETARY/TREASURER

F. MICHAEL ZOVISTOSKI, Partner, UHY LLP, Albany, N.Y. Member of the Society since 1987; member of the Northeast Chapter. STATEWIDE: Currently serving on the Board of Directors (Director-at-Large) and on the Executive Committee. Previously served on the FAE Board of Trustees. Current committee service includes the Member Benefits (Chair), Governance Committee, Professional Liability Insurance and FAE Investment committees. Previous committee service includes the Professional Liability Insurance (Chair), Member Benefits (Vice Chair), Public Relations, FAE Curriculum and Construction Contractors committees. CHAPTER: Previous chapter service includes Northeast Chapter President, President-elect and Secretary. Previous chapter committee service includes the Tax (Chair) and Members in Industry committees (Cochair).
DIRECTORS-AT-LARGE: to hold office for three years, from June 1, 2013:

ANTHONY S. CHAN, Managing Director, UHY Advisors NY, Inc., New York, N.Y. Member of the Society since 1989; member of the Manhattan/Bronx Chapter. STATEWIDE: Current committee service includes the Internal Audit (Chair), SEC, and Industry Oversight committees. Previous committee service includes the Young CPAs (Chair), SEC (Chair), Internal Audit, Taxation of Mergers and Acquisitions, Accounting and Auditing Oversight, Media and Publishing, Chief Financial Officers and Members in Public Practice committees. Past member of the Baruch COAP Advisory Board.

JACK F. CRAVEN, President and Founder, John F. Craven, CPA, LLC, New York, N.Y. Member of the Society since 1974; member of the Nassau Chapter. STATEWIDE: Current committee service includes the Media and Publishing and the Bankruptcy and Financial Reorganizations committees. Previous committee service includes the Media and Publishing Committee (Chair) and the CPA Journal Business Activity. Chief Financial Officers, SEC, Firm Coordinators, and Bankruptcy and Financial Reorganizations committees.

BARBARA L. MONTOUR, CFO, Saint Regis Mohawk Tribe, Akwesasne, N.Y. Member of the Society since 2006; member of the Adirondack Chapter. STATEWIDE: Previous committee service includes the Political Action Committee (Secretary). CHAPTER: Current chapter service includes Adirondack Chapter Executive Board. Previous chapter service includes Adirondack Chapter President and Vice President, and as a member of the Executive Board. Previous chapter committee service includes Young CPAs Committee (Chair).

STEPHEN T. SURACE, CFO, Adjusters International Inc., Utica, N.Y. Member of the Society since 2000; member of the Utica Chapter. STATEWIDE: Current committee service includes the Real Estate Committee. Previous committee service includes the Real Estate Committee. CHAPTER: Current chapter service includes Utica Chapter President. Previous chapter service includes Utica Chapter President-elect. Previous chapter committee service includes the Industry Committee (Chair) and the Syracuse COAP Advisory Board.

STEVEN T. SURACE, CFO, Adjusters International Inc., Utica, N.Y. Member of the Society since 2000; member of the Utica Chapter. STATEWIDE: Current committee service includes the Real Estate Committee. Previous committee service includes the Real Estate Committee. CHAPTER: Current chapter service includes Utica Chapter President. Previous chapter service includes Utica Chapter President-elect. Previous chapter committee service includes the Industry Committee (Chair) and the Syracuse COAP Advisory Board.

MARK WEG, Principal, Daszkowski, Tompkins & Weg, P.C., Staten Island, N.Y. Member of the Society since 2002; member of the Staten Island Chapter. STATEWIDE: Previous committee service includes the Awards Committee. CHAPTER: Current chapter service includes the Staten Island Chapter Executive Board. Previous chapter service includes President, President-elect, Treasurer and Executive Board member. Previous chapter committee service includes Staten Island Chapter Young CPAs Committee (Chair), the Education, Membership, Public Relations, Taxation, One-on-One Program, Sponsorship, MAP and Technology committees.

MID HUDSON:

TRACY D. TARSIO, Manager, Day Seckler LLP, Fishkill, N.Y. Member of the Society since 2002; member of the Mid Hudson Chapter. STATEWIDE: Previous committee service includes the Awards Committee. CHAPTER: Current chapter service includes the Mid Hudson Chapter Executive Board. Previous chapter service includes Mid Hudson Chapter President, President-elect, Vice President, Treasurer and Secretary, and member of the Executive Board. Current chapter committee service includes the Mid Hudson Chapter Membership/Revitalization, Sponsorship and Budget committees. Previous chapter committee service includes the Membership/Revitalization and Young CPAs committees.

NORTHEAST:

No candidate selected.

QUEENS/BROOKLYN:

MARK ULRICH, Director, Center for Accounting Research and Technology, Adjunct Assistant Professor of Accounting and Taxation, St. John’s University, Queens, N.Y. Member of the Society since 2007; member of the Queens/Brooklyn Chapter. STATEWIDE: Current committee service includes the COAP Statewide Advisory Board and the Academic Advancement and Higher Education Committee. Previous committee service includes the Academic Advancement and Higher Education committees. CHAPTER: Current chapter service includes President of the Queens/Brooklyn Chapter. Previous chapter service includes the Queens/Brooklyn Chapter President-elect, Vice President and Secretary. Current chapter committee service includes the St. John’s COAP Advisory Committee (Chair). Previous chapter committee service includes the Meetings and COAP committees (Chair).

ROCKLAND:

MICHAEL E. MILISITS, Public Accounting Supervisor, Hunter Group CPA LLC, Fair Lawn, N.J. Member of the Society since 2007; member of the Rockland Chapter. CHAPTER: Current chapter service includes Rockland Chapter Treasurer. Previous chapter service includes Rockland Chapter Secretary. Previous chapter committee service includes the Young CPAs Committee.

UTICA:

SCOTT D. HOSLER, Public Accounting Staff, Bonadio & Co., LLP, Clinton, N.Y. Member of the Society since 2006; member of the Utica Chapter. CHAPTER: Current chapter service includes Utica Chapter Executive Board. Previous chapter service includes Utica Chapter President, President-elect and Treasurer.
15. Publication and Notification—
(a) The names of members who are disciplined after a trial board hearing or by settlement agreement recognized by the Joint Trial Board or Society trial board under paragraph 17 of this Article and of those who are automatically disciplined by the Society shall be published together with a factual summary of the case in (1) an appropriate publication of the Society which is mailed to all members and (2) a Society press release which is made available to the media on the Society’s website in accordance with a retention timeline established by the Board of Directors.

(b) Complainants shall be informed by the professional ethics committee that its investigation has been conducted and concluded.

19. Disclosure to Regulatory Authorities—
The professional ethics committee shall inform the New York State Education Department and any other applicable state or federal regulatory agency (“Regulatory Authorities”) known to the Council of public accountancy of public accountancy by evidencing moral fitness to practice; (c) maintaining independence as required by Rule 102.

NYSSCPA TEXT WITH REVISIONS REFLECTING AICPA LANGUAGE

ET Section 101-Independence
.01 Rule 101-1 Independence.
A member in the public practice of public accountancy shall be independent in the performance of attest professional services as required by relevant laws, statutes and, and by standards promulgated by bodies designated by the Board of Directors of the NYSSCPA.

Independence under this rule is required of the member when said member is offering to perform or performing attest services for attest clients, and/or in connection with attest services when the member is offering to perform or performing professional services for attest clients in any or all matters relating to accounting concepts and to the recording, presentation of, or providing an opinion on financial information or data.

ET Section 102 - Integrity and Objectivity
.01 Rule 102—Integrity and objectivity.
(1) In offering to perform or performing any professional services in the practice of public accountancy, a member shall maintain objectivity and integrity. A member, shall maintain integrity by (a) performing all professional services with honesty, (b) conducting oneself in the practice of public accountancy service, a member shall maintain objectivity and integrity; (a) performing all professional services with honesty, (b) conducting oneself in the practice of public accountancy, (c) complying with substantial provisions of Federal, State, or local laws, rules or regulations governing the practice of public accountancy, (d) complying with whistle-blowing or other similar internal policies or processes, should they exist, of any organization with which the member is affiliated, including employers, should the member become aware of any significant unethical activity, irrespective of any duty to maintain client or employer confidentiality; (e) maintaining independence as required by Rule 102.

ET Section 103-Objectivity
Rule 103—Objectivity.
(1) In offering to perform or performing any professional services in the practice of public accountancy, a member shall maintain objectivity. A member shall maintain objectivity by (a) performing all professional services to the greatest extent possible with impartiality, (b) avoiding conflicts of interest to the greatest extent possible; (c) if avoiding a conflict of interest is not possible, being aware of the conflict, disclosing the conflict, and curing the conflict as described below.

The conflict of interest may occur if a member performs professional services for a client or employer and the member has a relationship with another person, entity, product or service that impairs or could be viewed by a reasonable person having knowledge of the facts specific to the relationship as impairing the member’s objectivity. If the member believes that the professional service can be performed with objectivity, and the conflict of interest is disclosed to the client or employer, and the client or employer consents to continued performance of professional services, then the member shall be cured of the conflict of interest. (a) For professional services requiring independence under Rule 102, conflicts of interest are not cured by disclosure or consent. (b) The following relationships are presumed not to be a conflict of interest, unless there are specific facts and circumstances which rebut this presumption: (i) customary professional service fees paid to a member or a member’s firm by a client; (ii) customary wages, salaries and/or benefits paid to a member by his or her employer; except that for professional services requiring independence under Rule 102, the member would not be independent with respect to his or her employer.

FINAL AICPA TEXT

ET Section 101 - Independence
.01 Rule 101—Independence.
A member in public practice shall be independent in the performance of professional services as required by standards promulgated by bodies designated by Council.

Please see Section 102.
C. Planning and Supervision. Adequately plan and supervise the performance of professional services shall comply with without the specific consent of the client or employer, unless to establish such principles. Information can, of Accountancy. A member shall respond to any inquiry made by the Professional Ethics Committee or trial board of such statements or other financial data of any entity are presented in conformity with generally accepted accounting principles or (2) state that he or she is not aware of any material modifications that should be made to such statements or data in order for them to be in conformity with generally accepted accounting principles, if such statements or data contain any departure from an accounting principle promulgated by appropriate bodies designated by Council to establish such principles that has a material effect on the statements or data taken as a whole. If, however, the statements or data contain such a departure and the member can demonstrate that due to unusual circumstances the financial statements or data would otherwise have been misleading, the member can comply with the rule by describing the departure, its approximate effects, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

ET Section 203 - Accounting Principles

.01 Rule 203—Accounting principles.

A member shall not (1) express an opinion or state affirmatively that the financial statements or other financial data of any entity are presented in conformity with generally accepted accounting principles or (2) state that he or she is not aware of any material modifications that should be made to such statements or data in order for them to be in conformity with generally accepted accounting principles, if such statements or data contain any departure from an accounting principle promulgated by appropriate bodies designated by Council to establish such principles that has a material effect on the statements or data taken as a whole. If, however, the statements or data contain such a departure and the member can demonstrate that due to unusual circumstances the financial statements or data would otherwise have been misleading, the member can comply with the rule by describing the departure, its approximate effects, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

ET Section 301 - Confidential Client Information

.01 Rule 301—Confidential information—client information.

A member who practices in public accounting or utilizes the professional skills and competencies of a non-member, as defined above, while performing services shall comply with applicable laws and with professional standards promulgated by appropriate bodies which have been designated by the NYSSCPA Board of Directors-Council. [For a listing of the appropriate bodies that were approved by the NYSSCPA Board of Directors on December 4, 2012, see AICPA Code of Professional Conduct—Appendix A—Council Resolution Designating Bodies to Promulgate Technical Standards.]

ET Section 202 - Compliance With Standards

.01 Rule 202—Compliance with standards.

A member who practices public accounting and utilizes the professional skills and competencies of a non-member, as defined above, while performing services shall comply with applicable laws and with professional standards promulgated by appropriate bodies which have been designated by the NYSSCPA Board of Directors-Council.
A member in public practice shall not:

1. Perform for a contingent fee any professional services for, or receive such a fee from a client for whom the member or the member’s firm performs, or referred services or:
   a. an audit or review of a financial statement; or
   b. a compilation of a financial statement when the member expects, or reasonably might expect, that a third party will use the financial statement, and the member’s compilation report does not disclose a lack of independence; or
   c. an examination of prospective financial information; or
   2. Prepare an original or amended tax return or claim for a tax refund for a contingent fee for any client.

The prohibition in (1) above applies during the period in which the member or the member’s firm engages to perform any of the services listed above and the period covered by any historical financial statements involved in any such listed services.

Except as stated in the next sentence, a contingent fee is a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service. Solely for purposes of this rule, fees are not regarded as being contingent if fixed by courts or other public authorities, or, in tax matters, if determined based on the results of judicial proceedings or the findings of governmental agencies. A member’s member’s fees may vary depending, for example, on the complexity of services rendered.

A member shall not commit an act discreditable to the profession.
A member may practice public accounting only in a form of organization permitted by law or regulation whose characteristics conform to resolutions of Council. A member shall not practice public accounting under a firm name that is misleading or deceptive as to the legal form; as to persons who are partners, officers, shareholders or members of the firm; or as to any other matter. Names of one or more past owners may be included in the firm name of a successor organization. Firms may be named only in the fashion permitted by law or regulation. A firm may not designate itself as “Members of the New York State Society American Institute of Certified Public Accountants” unless all of its CPA owners are members of the Society-Institute.
Distinguished Service Award winner honored after four decades of leadership

BY CHRIS GAETANO
Trusted Professional Staff

Hoops started in audit at Ernst & Young, before switching over to tax. He has spent more than 30 years instructing young CPAs-to-be. Last year, he retired from his post as the head of the accounting department at LeMoyne College, the same institution where he learned the basics of the profession. Though he had not been interested in accounting at first, he said that a combination of encouragement from his older brother, who was studying accounting at the time, and the prestige of LeMoyne’s program made him give the profession a chance. Eventually, he said, he came to understand that “if you were successful in the accounting program there, you would be guaranteed the ability to succeed within a firm or company anywhere.”

Kawa also decided that he wanted to follow in the footsteps of his mentor, Frank Fernandez, professor emeritus of accounting at LeMoyne, and teach in addition to being a working CPA. “I wanted a full-time practice, and I knew combining it with teaching would be really satisfying,” he said. “I didn’t think of it as splitting time—I just thought ‘this is the job,’ ” he said. He got the opportunity to do both shortly after leaving the firm Hawkins & Sells when he became an instructor at the Powellson Business Institute, a two-year proprietary school owned by Demondy, Burke and Brown (DBB). At Powellson, Kawa taught introductory and intermediate accounting classes, and is he became better known in the community, prospective clients came calling. “‘Once I took a teaching job, the clients fell in behind that,’ he said. The partners at DBB encouraged him to launch his own practice, which they felt would make him a better teacher and “so this day I think it has,” he said. Priscilla Wightman, who nominated Kawa, agreed on this point, noting that Kawa has “balanced the theory and practice of the profession during his entire teaching career by maintaining a full client practice.”
Award recipient welcomed the opportunity to teach, though it wasn't in the plans

BY CHRIS GAETANO
Trusted Professional Staff

For Cynthia Scarinci, one of this year’s recipients of the Dr. Emanuel Saxe Outstanding CPA in Education Award, the task of preparing students for the world of accounting stretches well beyond the classroom. She has, for example, spearheaded changes to the accounting recruitment program at the College of Staten Island, where she teaches, to make better use of fellow CPAs, firms and alumni in arranging internships and jobs for students. She also coordinated the review of student resumes by accounting professors, to ensure that young people were presenting themselves in the best light. Still, perhaps no one is more surprised that Scarinci has become an advocate for the next generation of CPAs than Scarinci herself.

She became interested in the profession when, as a high school student, she, when a teacher told her she had a real knack for bookkeeping. After earning a BBA in accounting and an MBA in finance at Pace University, she began her career as an accounting systems analyst at a utilities company, and went on to work for a local CPA firm in Staten Island. At the time, the fully expected that she would live her life in the world of public accounting. “Teaching was something I had never really dreamed of doing,” she said. “I’ve got to be honest—I thought I’d just be doing accounting work for the rest of my life.” What she would soon learn, however, was that public accounting was not the end point, but a starting point.

While working as an accounting systems consultant, Scarinci began teaching accounting courses at St. John’s University, as an adjunct. Then, contacts she made through the NYSSCPA passed along news that the College of Staten Island also needed an adjunct accounting professor—news that would ultimately shape the next phase of her career. Scarinci found that being a professor played to other strengths beyond her teaching. Socially and friendly since she was a young girl (“I’d come home with straight As, but my conduct was less than desirable because I was always chatting”), she enjoyed being in the company of people and speaking in front of others. When she worked as an auditor and as an accounting systems consultant, she said, her favorite part was meeting with people and talking about what they do and how they do it.

“It was a good transition from that into teaching,” she said. “You can’t be shy, which I’m not, and you have to have a good command of yourself and the students, because students will take advantage if you don’t. It’s a very social job, and I think that’s what’s appealing about it.”

Once she had taught a few courses, Scarinci said, the College of Staten Island asked if she’d like to apply for a tenure track position and she accepted the offer. She describes herself as a hands-on sort of teacher, noting that she’s “not one to just put up a PowerPoint” or stand there and lecture. She emphasizes give-and-take interaction with students, and is fond of calling on them randomly. While she is a firm advocate of technology in the classroom, she also said she likes students to be able to “get their hands dirty” and learn the fundamentals first, getting a grasp of how accountants did things before technology became a driving force.

When asked what class she likes teaching best, she hesitates, like a parent might when asked to name a favorite child. Introductory-level courses are special because she likes to see students experience that same “aha moment” she had as a college student. “I like to see those students who maybe never thought they would like accounting, and now they do.” She likes teaching the mid- and upper-level courses “because these are students ready to graduate, and this is their chosen field.” But she also likes teaching auditing, which she considers “the culmination of all the other courses, so I like to see how they fit all the pieces together.”

She has also done yeoman’s work of getting countless students to join the NYSSCPA, mainly through more than 10 years of chairing the chapter’s annual Accounting Education Night, where students from all three colleges on Staten Island mingle with seasoned professionals so they can learn from each other and make valuable contacts. In addition, she has been the chairperson of the Staten Island Chapter’s World of Accounting events, which focus on informing students interested in the profession about education requirements and employment opportunities.

Discovering she liked accounting and then discovering she liked teaching accounting were revelations for her, and she said she likes it so much that feeling onto her students, finding it gratifying when someone realizes that they’ve found an area of study they truly love.

“The opportunity to teach, though it wasn’t in the plans, is common for those in private industry to find themselves the only CPA within an organization. This poses a number of unique challenges, not the least of which is having a much smaller pool of people to brainstorm with or use as a sounding board, according to Beth van Bladel, the corporate controller for the Albany design firm EYP Architecture & Engineering. Understanding that this is an issue many professionals like herself face, van Bladel, the winner of this year’s Outstanding CPA in Industry Award, came up with a solution that has proven to be popular and effective: she started a chapter-level CFO Committee.

Van Bladel formed the group in 2009, as a committee of the NYSSCPA’s Northeast Chapter. She originally intended to create a CFO mentorship program, but decided that a chapter-level committee would be a more effective resource for industry CPAs in the area, she said. Since its launch, the committee has become a thriving community of private industry CPAs who come together once a month to discuss current issues, collaborate on problems, and share word of new resources that may be of use to members. The success of this model, combined with the need that CPAs in industry have to connect with fellow professionals, has led to a flowering of similar chapter-level committees throughout the Society, a development that van Bladel said she is happy to hear about.

Before staking out her path in private industry, van Bladel spent five years as an analyst at a utilities company, and went on to an MBA in finance at Pace University, she had a real knack for bookkeeping. “The ability to effectively reach out to colleagues has also served her well in getting NYSSCPA members to become more active in the Northeast Chapter. F. Michael Zovitoski and Suzanne M. Jensen, who nominated van Bladel for the award, noted in their statement that “if you were to ask any board member of the Northeast Chapter what was the spark that got them to actively participate at the chapter level, the answer, nine out of 10 times, would be Beth van Bladel.”

Van Bladel admitted that “if I ask you for your business card, you may eventually be doing something, for the Northeast Chapter.” But because she also understands that many members have busy lives, she encourages them to participate in the chapter by getting to know their interests and passions, and building an appeal around that.

“When you are passionate about something,” she said, “you are typically willing to make time because it is rewarding and fun.”

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The awards recipients will be honored at the 116th Annual Election Meeting and Dinner. For more information about the event, see page 13.
Newsmaker: Derek R. Liebman, NYS DTF deputy counsel

BY RICHARD J. KORETO
Trusted Professional Correspondent

Each year, the New York State Department of Taxation and Finance (NYS DTF) issues dozens of advisory opinions that often intrigue and always educate CPAs, with their detailed focus on important but sometimes obscure corners of the state’s tax laws and regulations. To gain further insight into these opinions, their import and how the process works, Trusted Professional correspondent Richard J. Koreto spoke with the department’s Deputy Counsel Deborah R. Liebman, who signs off on the opinions.

Liebman has been with the NYS DTF since 1983 and became its deputy counsel in 2005. Recently, she won the New York State Bar Association’s Award for Excellence in Public Service. Liebman was joined in the interview by Mary Ellen Ladouceur, director of the department’s legislation and guidance unit.

Under what circumstances should a taxpayer, whether an individual or a business, decide that an Advisory Opinion is necessary, as opposed to just relying on already published laws and regulations? Taxpayers come to us seeking an opinion when they don’t know the answer, and they particularly want an Advisory Opinion because these opinions are binding on the department. Sometimes, the petitions bring up novel issues the taxpayers felt they couldn’t find addressed in current guidance, or a routine issue that they just needed assurance on. Either way, we don’t turn anyone down just because we think guidance is already in place. However, we will point petitioners to other advisors, usually attorneys or CPAs. However, when we are approached through a law or accounting firm, we make it clear that we don’t issue opinions on behalf of unnamed clients. That’s something we stopped a few years ago. So, we don’t address a “what if” question from a firm—there has to be a real taxpayer. However, if the firms are concerned about their clients’ privacy, we note that we don’t publish the clients’ names in the published opinions.

How are decisions reached? Although the “Deborah R. Liebman” signature appears on all Advisory Opinions, we assume she’s not doing all the work herself. Behind the scenes, is there a team that works together to try to reach a consensus?

When a petition comes in, a staff attorney works up a first draft. Then we circulate it around the department and collaborate on decisions. Taxpayers and practitioners can see what we’re working on. [Ed. note: Visit http://www.tax.ny.gov/pubs_and_bulls/advisory_opinions/pending_ao_issues.htm for a list of pending advisory opinions] and even offer comments during the process. Our guidance and policy staff also can see what issues are under consideration. After discussion in the Office of Counsel, we see if everyone is in agreement on a conclusion. If we’re not in agreement, we work through the issue to reach consensus. In some especially difficult cases, we may involve increasingly senior officials in the department to weigh in.

About how much time do you spend working on an Advisory Opinion—researching, discussing and writing?

We really can’t give a ballpark figure—so much depends on the issue. It could be an hour or hours. For some, the facts can be very complicated, and we end up with an opinion that has seven pages of fact and just one paragraph of analysis.

Advisory Opinions we’ve issued on electronic delivery of products are very difficult to address, and some of the corporate tax issues are also especially complex, sometimes covering cutting-edge commerce trends. It’s such a wide range. We can say that even though the personal income tax brings the most money into the state coffers, about two-thirds of the petitions are on sales tax, which is much more complicated from an Advisory Opinion perspective.

The opinion is issued, what are some reactions? Do you get a sense that petitioners are surprised at or disappointed in the decisions you reach?

We work hard at getting a broad consensus on any petition. We get a sense that most petitioners receive the answers they expected from the beginning. If it looks like our decision is not going to give them the answer they were hoping for, we do alert them and give them a chance to withdraw the petition. If we have already written the analysis and think it might help other taxpayers, however, we may issue it anyway, not as an Advisory Opinion but as some other guidance document.

Once an Advisory Opinion has been published, to what extent does it serve as a precedent? That is, can taxpayers use an opinion issued to someone else in another circumstance in order to bolster their case?

Since Advisory Opinions are expressions of department policy, a taxpayer might help his case by bringing up a previously issued Advisory Opinion. Sometimes, taxpayers do rely on them, and state tax auditors will as well. But you don’t have the same legal protection as if the opinion had been issued directly to you. We may need a new analysis.

What was the oddest or most difficult Advisory Opinion you had to deal with?

That’s hard! We don’t really have an answer for that, although some have stood out over the years because of their notoriety. Here’s an unusual one: In 2010, we issued an opinion on whether the sales tax applied to Halloween pumpkins. We ultimately decided that the Connecticut Field variety of pumpkin, the kind traditionally used for jack-o’-lanterns, is not the variety typically used for pies. Therefore, it was tangible personal property, not food, and thus, subject to sales tax.

If we feel a new law is necessary to address an ongoing issue, we will bring it to the attention of the governor’s office.”

– Deborah R. Liebman, NYS DTF deputy counsel

By Mary Ellen Ladouceur, director of the Department of Taxation and Finance's Award for Excellence in Public Service. Liebman was joined in the interview by Richard J. Koreto, a trusted professional correspondent. The interview delved into the process of how opinions are written, the impact they have on taxpayers, and the role of the Advisory Opinions. The opinions are considered binding and are crafted to address specific issues that taxpayers face. Liebman and her team work closely with lawyers and accountants to ensure that the opinions are comprehensive and provide clear guidance. The opinions are published, and the department encourages taxpayers to seek them out when they need guidance on challenging tax issues. The interview also touched on the rise of electronically delivered products and the use of software, and the importance of keeping up with changes in the online environment. The opinions are crafted to be practical and to help taxpayers navigate complex tax issues.
Enter the NYSSCPA Membership Rewards Member-Get-a-Member Contest

CONTEST ENDS SOON: MAY 31, 2013

How to Participate: For every member you recruit, you’ll get an entry into a drawing to win a weekend hotel stay for two at any Affinia Hotel (transportation included) and a gift certificate for dinner at Carmine’s in New York City. When you recruit 3 members, you’ll receive an L.L. Bean outdoor blanket with our NYSSCPA logo. Recruit 10 members and get a $150 cash gift card. Members with 15 recruitments will be rewarded with an iPad. Questions? Contact Lisa Axisa at laxisa@nysscpa.org.

To refer a member, have your recruits visit www.nysscpa.org/join. Make sure they put your name in the “referred by” section of the online or print application, in order to receive credit.

Thank You Rewards

# of New Members Recruited
15 iPad
10 $150 cash gift card
3 L.L. Bean outdoor blanket with NYSSCPA logo
1 For every member recruited, you will get another entry into a drawing for an NYC weekend stay at any Affinia Hotel and dinner at Carmine’s.

Additional Rules

Associate Student member recruitments are not eligible for this contest.

Travel, including airfare, will be included in the grand prize, as per the NYSSCPA Committee and Board Member Travel Reimbursement Policy rules regarding transportation.

The grand prize is valued at approximately $1,200. Members can enter the drawing by recruiting new members per the instructions above, or by writing to Lisa Axisa, NYSSCPA, 3 Park Avenue, 18th Floor, New York, NY 10016. Entries by letter are limited to one per member.
that it is a costly duplication of services with required external audits. These changes have been brought about as an attempt to provide mandate relief to school districts in light of the recently imposed two percent tax cap. Legislators have proposed several pieces of standalone legislation that aim to achieve this goal through either eliminating the internal audit function requirement, or making it only be required every three or five years.

The NYSSCPA has been able to successfully work against these pieces of stand-alone legislation in the past, arguing that the internal and external audit functions serve different and complementary purposes, especially for large districts with multi-million dollar budgets. Legislators took a different approach in 2015 in an attempt to remove this important financial control. In addition to proposing similar pieces of standalone legislation as in previous years, amendments were added to both the State Senate and State Assembly budget bills related to weakening this function. The Senate’s amendment to the budget bill eliminated the annual internal audit requirement altogether, unless a district was otherwise directed by the Comptroller’s office. The Assembly’s amendment only sought to raise the district size threshold.

When the Society first became aware of the last-minute budget amendments, it immediately put into action its legislative outreach process. The Society has a set plan of action for these types of events, which includes outreach to specified legislative and state officials while working with the Legislative Task Force and membership to formulate the best response to the legislative issue. This outreach effort began with communication with the New York State Office of the State Comptroller, which had been part of the 2005 reform coalition. From that point on, Society staff stayed in contact with officials from the Comptroller’s office throughout the process.

The Comptroller’s office also released an official memorandum in opposition to the Senate’s plan for removing the annual internal audit function requirement from all districts, noting that their periodic audits are not a substitute for consistent internal financial controls.

Members of the Society’s Legislative Task Force reached out to their political connections, and Society members who responded to a call for assistance reached out to their local legislators as well. These connections allowed for the NYSSCPA’s highly informed members to interact directly with lawmakers and their staffers to communicate the importance of this issue.

The Board of Directors approved the creation and distribution of formal letters in opposition to these amendments. The letters were sent to leaders in both the State Assembly and Senate in addition to key legislative officials that serve on both houses’ education committees.

In addition to posting information about this issue and the Society’s position on the Government Affairs portion of the NYSSCPA website, an op-ed by NYSSCPA Executive Director Joanne S. Barry was published in Westchester’s Journal News that outlined the Society’s opposition to the amendments.

All of this work paid off when the joint Senate/Assembly bill that was officially printed did not include language that eliminated the annual internal audit requirement for all school districts. With the budget process completed, the Society now turns its attention to the still remaining pieces of standalone legislation that seek to further weaken the internal audit requirement. A complete rundown of the proposed pieces of legislation the Society is tracking can be found online (nysscpa.org/page/government-affairs/legislation).

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DiNapoli Casts Skeptical Eye on NYC Budget

BY RICHARD J. KORETO
Trusted Professional Correspondent

ough New York City’s budget is balanced in the current fiscal year, and Mayor Michael Bloomberg has presented a balanced preliminary budget for fiscal year (FY) 2014, several issues involving significant budget risks in future years, according to New York State Comptroller Thomas P. DiNapoli. His statements were part of a release that was issued March 12 and accompanied by a 40-page report, Review of the Financial Plan of the City of New York.

DiNapoli noted that the city’s financial plan projects budget gaps of $2.4 billion for FY 2015 and $1.9 billion each for FYs 2016 and 2017. Those would be worse, he said, because the city was not considering possible federal budget cuts or the potential cost of future labor agreements. Indeed, DiNapoli said the federal sequestration was expected to reduce federal aid to the city by about $200 million in federal fiscal year 2013, hitting education and social service programs in particular.

Wall Street: good news/bad news
DiNapoli said that profits from broker/dealer operations were $23.9 billion in 2012, one of the largest on record, and he estimated that the cash bonus pool for financial industry employees in the city grew by 3 percent.

But fewer people will be sharing that money. DiNapoli said he expects continued downsizing, at least in the near term. Recently revised employment data indicate that Wall Street job losses were much greater than previously reported, he said, with 5,400 jobs lost over the past 17 months. This job loss is especially stark when compared with other sectors: Although the city has recovered 175 percent of the jobs lost during the recession, the securities industry has recovered only 15 percent of its job losses.

The report itself gave more detail on employment issues in the executive summary, showing that even the job recovery is not perfect: Despite the strong job growth, the local economy remains an area of concern, noted the report. More than three-quarters of the jobs created during the recovery have been in sectors such as tourism, with lower than average salaries in the city. The unemployment rate remains high at 9.1 percent.

Superstorm Sandy and the city
The report contains an entire section on Superstorm Sandy and its impact on the economy. The city bounced back quickly from an initial large job loss, and DiNapoli believes the city will see a further employment bounce in 2013 due to reconstruction efforts. Regarding taxes, DiNapoli said that Sandy does not seem to have affected non-property tax revenue due to various factors, especially as post-storm spending has offset any reductions. The comptroller does not think Sandy will have a major impact on property taxes, because the number of affected properties represents a very small share of the city’s 1 million properties. The tentative property tax roll for FY 2014 did not fully reflect the impact, however, and city assessors are continuing to inspect affected properties.

A law changes employment in NYC
It’s not clear what effect a city law passed in mid-March may have on employment, but after June 11 it will be illegal for employers to discriminate against unemployed applicants when hiring. Other jurisdictions have passed similar laws, but this may be the first to allow applicants to sue for damages, according to the Associated Press.

Basically, the law says that no employer or employment agency can place a job advertisement in any medium that states that being currently employed is a requirement or qualification for the job, or that any employer or employment agency will refuse to consider individuals for employment based on their unemployment.

It is self-evident that such an advertisement violates that law, but what about unemployed applicants who are turned down for jobs or interviews? How can they prove that their current unemployment was the reason—and how can employers prove it was not the reason as opposed to, for instance, insufficient skills or experience? That’s what worries the law’s opponents, such as Mayor Bloomberg, whose misgivings included possible baseless lawsuits from disappointed job applicants; however, the New York City Council overrode his veto. The text of the law is available on the city council website, at legislat.council.nyc.gov.

That wasn’t the only setback for Bloomberg in March. A court overturned his controversial ban on sale of large sizes of sugared drinks. Bloomberg had implemented the ban through the city’s Board of Health, rather than through the city council, and Justice Milton A. Tingling wrote that the portion rule “would create an administrative Leviathan and violate the separation of powers doctrine. The Rule would not only violate the separation of powers doctrine, it would eviscerate it. Such an evisceration has the potential to be more troubling than sugar sweetened beverages.”

An appeal is likely. Meanwhile, Bloomberg has set his sights on store cigarette displays; he’s pushing for legislation that would require stores to conceal tobacco products.

IRS personnel address freeze, identity theft

BY ANTHONY SARMIENTO
Trusted Professional Correspondent

he last vestiges of a freeze that the IRS had instituted over certain examinations and collections activities in parts of the state affected by Superstorm Sandy were expected to be lifted April 1, agency personnel noted during a panel presentation hosted by the NYSSCPA’s Relations with the Internal Revenue Service Committee.

The talks, held at the Society’s New York City offices in February, were part of an ongoing dialogue between the NYSSCPA and the IRS about the role of preparers in the compliance and enforcement of the tax code. Representatives of the service who were present included James W. Spisak, taxpayer advocate, Manhattan; Bryan Inoue, North Atlanta Area director, SB/SE (Small Business/Self-Employed) Examinations; Gentady Zilberman, Office of the Chief Counsel; John O’Dea, supervisory revenue officer, Appeals; Shahid Babar, Brooklyn and Manhattan territory manager, Collections; and IRS Stakeholder Liaison Joseph Lewandowski.

Lewandowski, noting that the service has been holding fewer face-to-face meetings with preparers, said that he considers the series of discussions with the Society to be important and worth pursuing. Lewandowski noted the discussions’ relationship with the Internal Revenue Service Committee, said the Society “appreciates the IRS’s outreach.”

Inoue said that within the service’s Small Business/Self-Employed division, examinations and collections had suspended compliance activity after Superstorm Sandy struck. Though the freeze was lifted in February for the majority of the metropolitan New York region, it expires April 1 for six hard-hit counties: Richmond, Queens, Nassau, and Suffolk in New York, and Monmouth and Ocean in New Jersey. According to Inoue, the decision to institute the freeze was made with the hardships that taxpayers in the area had been facing in mind. “If you had a flood in your home or lost your car in the storm, we believe you don’t want the IRS calling you.”

As part of the hold, Examinations and Collections had refrained from contacting CPAs or their clients, with a few exceptions, including “previously scheduled contact . . . or if there was a statute that was scheduled to expire in that period,” Inoue said.

That means, he added, that even though some “taxpayers may think that their case was dropped,” they will remain once the freeze expires. While the freeze prevented contact with taxpayers in most cases, it did not prohibit examiners from working on cases or performing analyses, he said.

Other postponed tax filing and payment deadlines that were extended to affected businesses in those six counties are also set to expire April 1, according to the IRS website. This includes the fourth-quarter individual estimated tax payment that is normally due Jan. 15, 2013, and calendar-year corporate income tax returns due March 15. For more information, visit irs.gov/tax/newsn/IRS-Extends-Tax-Relief-to-Some-New-Jersey-and-New-York-Victims-of-Hurricane-Sandy.

Recently, however, the IRS extended until Oct. 15, 2013, the deadline for taxpayers to decide whether to deduct a loss related to Sandy on the return for the year the loss actually occurred or on the return for the previous year, as noted in IRS Notice N-2013-21, “Postponement of Deadline for Making an Election to Deduct for the Preceding Taxable Year Losses Attributable to Hurricane Sandy.” This extended date for a decision also applies to claims on New York state returns. For more information, visit tax.ny.gov/pit/file/sandydeduction.htm.

Additional concerns
During the panel discussion, Zilberman, who said his office’s role is to represent the government in Tax Court and serve as the IRS’s litigators, explained that he has been particularly busy with foreign tax audit cases and compliance matters involving overseas bank accounts.

Several attendees questioned him about the IRS’s increasing scrutiny of international issues and whether it was doing enough for taxpayers overseas who, while innocent, had been caught up in enforcement efforts.

“I don’t think we’re scrutinizing the typical taxpayer who lives overseas and takes the 911 exclusion to offset income and housing cost,” Zilberman said. He said that the IRS, instead, is looking at people who take the 911 exclusion or 901 tax credit but are not entitled to it. “There are certain schemes we’re taking a look at that take advantage of those two code sections,” he continued. “And, of course, we look at the facts to determine if someone should be subject to a penalty.”

Noting that some people may be experiencing delays in the processing of their Individual Taxpayer Identification Numbers (ITINs), Zilberman said that in addition to an increase in the volume of ITIN requests, there has also been an influx of identity theft cases adding to the backlog. “We just can’t give out ITINs without verification or the current level of scrutiny,” he said. “Whereas before, there was a certain level of documents one could accept; we can no longer rely on that.”

Spisak said that identity theft had also become one of his office’s biggest concerns. “It has tripled in the past year. . . . I think we all know it’s out of control,” he said. Inoue, while acknowledging that there’s room for improvement, noted that the IRS is doing more up front with filters to identify fraudulent returns, and is collaborating with law enforcement agencies to increase the number of indictments. He pointed out that preparers and taxpayers can also do their part by shredding sensitive information and checking statements.

Spisak commented that the National Taxpayer Advocate Nina Olson’s “position is clear” in that “we need to help victims faster than we do,” with identity theft cases currently taking at least six months to be resolved. Along those lines, he advised practitioners who become aware of a client’s death to “do your best to get that return filed as soon as possible.” Last year, in a push for legislative change, Olson criticized the Social Security Administration for making the Death Master File public, which she said facilitates tax-related identity theft.

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Though a FASB proposal to update the accounting and disclosure requirements associated with repurchase/renale agreements, colloquially known as ‘repo’ agreements, is a step in the right direction, some parts go too far. Lehman Brothers, which went out of business in 2008, used repo agreements to borrow money and pay interest on its state budget bills that removed the requirements for annual internal audits. The New York State (NY) State Budget: Released Mar. 14—A formal letter in opposition to NYSSCPA Financial Accounting Standards Committee:

NYSSCPA supports FASB repo proposal, raises audit issue

By Chris Gaetano
Trusted Professional Staff

The following list includes all comment letters released by the NYSSCPA between March 1 and March 31, 2013. To read all comment letters published by the NYSSCPA, visit http://www.nysscpa.org/page/society-comment-letters.

Comments to the FASB on a Proposed Accounting Standards Update—Transfers and Servicing (Topic 860): Effective Control for Transfers with Forward Agreements to Repurchase Assets and Accounting for Repurchase Financings: Released Mar. 19—Comments on a proposed accounting standards update, the objective of which is to improve the existing accounting and disclosure guidance on repurchase agreements and other transactions involving a transfer and a forward agreement to repurchase the transferred assets at a fixed price from the transferee.

Comments to the IAAASB on Proposed International Standard on Auditing (ISA) 720 (Revised), “The Auditor’s Responsibilities Relating to Other Information in Documents Containing or Accompanying Audited Financial Statements and the Auditor’s Report Thereon”: An Official Letter in Opposition, Sent to New York State Senate Majority Leader Dean G. Skelos, Jeffrey D. Klein and Assembly Speaker Sheldon Silver Regarding the Education Portion of the New York State Budget: Released Mar. 14—A formal letter in opposition to legislative leaders regarding amendments added to the 2013 New York state budget bills that removed the requirements for annual internal audits.

By Chris Gaetano
Trusted Professional Staff

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The NYSSCPA Financial Accounting Standards Committee and one of the letter’s authors “That in turn becomes an audit issue—it could become difficult to audit this information if companies don’t have the appropriate underlying data.”

While the Society felt that public and nonpublic entities should not have the same effective date for this standard if it goes into effect—“it felt that nonpublic entities should be required to comply ‘on a lagged basis,’” compared to public entities—it also felt that early adoption by either type of entity would not be a sound idea, “because we believe that early adoptions could cause confusion in the marketplace.”

“Financial Accounting Standards Committee:

The operability issue we saw was whether companies had the type of detailed information they would need to comply with this requirement.”

—Sharon Sabha Fierstein, NYSSCPA past president, a member of the Financial Accounting Standards Committee and one of the letter’s authors. “That in turn becomes an audit issue—it could become difficult to audit this information if companies don’t have the appropriate underlying data.”

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While the Society felt that public and nonpublic entities should not have the same effective date for this standard if it goes into effect—“it felt that nonpublic entities should be required to comply ‘on a lagged basis,’” compared to public entities—it also felt that early adoption by either type of entity would not be a sound idea, “because we believe that early adoptions could cause confusion in the marketplace.”

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It’s not your father’s retirement. It’s better.

CPAs in Industry

Internal Audit Committee at forefront of changing accounting landscape

BY CHRIS GAETANO
Trusted Professional Staff

Twenty years ago, internal audit was seen as a back-office function, a more predictable and less thrilling specialty that CPAs considered when they grew tired of the stress of busy season or year-end audits, according to Anthony Chan, chair of the NYSSCPA’s Internal Audit Committee. But one accounting scandal and a major financial crisis later, the role an internal auditor plays has grown dramatically, as entities work to keep up with regulations, find systemic risks and refine their strategic focus.

With those changes in mind, Chan said, the Internal Audit Committee was created to help members keep up to date and obtain useful information about the field. What’s more, because internal auditing is attracting “a variety of talents,” he said that the committee sees one of its prime functions as bringing diverse practitioners together to share their perspectives.

The committee was formed about two years ago, making it among the newest in the Society, and it has already gained some ground. Last year, it organized a CPE session about the impact of recent developments affecting the role of the internal auditor. Committee member Anthony Canton, a manager director of internal audit, said that through his involvement with the committee, he has gleaned information that he’s been able to apply at work.

The shift in the internal auditor’s role began, Chan said, with the enactment of the Sarbanes-Oxley Act (SOX), which mandated internal audits for publicly traded companies. However, the increased demand for internal audit services allowed the field to blossom into numerous subspecialties, even beyond the internal control functions mandated by SOX, such as forensic investigations, fraud and enterprise risk assessment, information technology and data security and consulting. These changes brought internal audit from the realm of pure data to one that has more of an advisory function due to the holistic nature of its examinations. While a conventional financial statement audit examines the numbers, Chan said, an internal audit delves into the entity’s operations.

“Internal auditors look at the operating risk associated with a particular function like treasury or manufacturing,” he said. “They have opportunities to look at and familiarize themselves with process flows to ascertain whether the flow is broken, or if there are some gaps in which things are not being processed accurately or completely.” SOX “forced management to identify and then document what controls they really rely on, to ensure that the composition of those numbers and everything flowing through the ledger and ultimately the financial statement report is accurate and complete,” Canton added.

Another factor that strengthens the role of internal audit is the recent update and expansion of the Committee of Sponsoring Organizations (COSO) Internal Control Framework. COSO is a joint initiative of private sector organizations that provides thought leadership on issues such as ethics, governance, fraud, risk management and financial reporting. One of the most significant changes to its framework is the codification of internal control concepts into principles and attributes. “These principles and attributes provide clarity for the user in the design and development of systems of internal control and can also be used to support the assessment of the effectiveness of internal controls,” Chan said.

Looking ahead

According to Chan, major firms recognize the growing importance of internal audit; many now have their own internal audit service groups, as it is a skill that is needed not just by public companies but also private organizations that “want to build continuous monitoring into compliance and risk management,” he said. In New York State, public school and BOCES (Boards of Cooperative Educational Services) districts with more than 300 students are required by law to have an internal audit function, although there is current proposed legislation that would roll back that requirement.

As time goes on, he added, internal auditors will become even more vital as governments both here and abroad increase regulations in a global business environment. Companies with an international presence are now expecting their internal auditors to stay on top of new developments, such as an increased emphasis on anti-fraud policies, he said.

However, there is a challenge in finding people who are qualified and interested in internal audit, because it takes young practitioners a while to develop the kind of talents and insight needed; people tend to grow into it after a few years of being on the job, Chan said. Because of this, he said that it’s important for young people to get exposure to internal auditing so they can understand the vital function it plays in an entity’s smooth operation.

“I think the biggest challenge,” he said, “is increasing awareness among the younger generation as to what they can do and how they can prepare themselves for this line of work.” NYSSCPA members who are interested in joining the Internal Audit Committee can contact the chair, Anthony Chan, at AChan@uhy-us.com.
Responding to a subpoena

BY NADIA BELL, MAOM, and NATALIE VU, J.D.

Facing a subpoena can be a daunting situation, especially for a CPA firm, which may be uncertain about how to comply while still adhering to rules and regulations intended to protect client confidentiality. The following Q&A’s offer help in understanding the nature of subpoenas and how firms can minimize their professional liability exposures, should they ever have to respond to one.

What is a subpoena?

A subpoena is a formal request for documents, an appearance in court, or by a government agency in the course of a criminal or civil investigation.

Why might a firm receive a subpoena?

Typically, an attorney or other party will issue a subpoena because he or she believes a firm or practitioner is in possession of information that will establish facts that are relevant to the underlying case. However, sometimes a subpoena may indicate that a practitioner or firm is also a target in the case and that the attorney or other party is seeking information that could implicate the firm as possibly liable for the matter being investigated or litigated.

What should a firm do if it receives a subpoena?

It should consider the information it has in its client file and recent communications that its staff may have with the client or any other parties involved, and contact its professional liability risk adviser or attorney before responding to the subpoena. In evaluating the appropriate course of action to take, a risk adviser or attorney may consider the following information:

• What is the underlying litigation about?
• Do staff members at the firm have direct or other knowledge about the issue involved?
• What is the subpoena asking the firm to do? Is it requesting that members of the firm provide testimony, documents, or both? Does the subpoena excuse firm members from testifying if they provide the documents in advance?
• Is the firm or any of its staff members in possession of the information listed in the subpoena?
• Does the subpoena provide a deadline for complying? If the deadline is quickly approaching, or if the subpoenaing party did not provide sufficient time to comply, has the firm received any communications to suggest the opposing party will grant an extension of time?
• What communications has the firm had with the client? Have firm staff had any contact with the client, the attorneys on the case or the governmental agency? Does that contact suggest whether the firm is a target or merely in possession of information? Is the client taking specific measures to formally object to the subpoena?

Is a subpoena a court order? Is a firm required to comply with one?

If a practitioner or firm has received a subpoena that is signed by a judge, he or she must comply. However, most subpoenas are preprinted forms that attorneys or other parties fill out to request information. In these cases, CPAs are bound by a number of rules and regulations, including Internal Revenue Code Section 7216, intended to protect clients. Under certain circumstances, these rules and regulations prohibit a CPA from complying with the subpoena unless specific measures have been taken to protect client confidentiality. Again, any firm or practitioner facing a subpoena should contact a risk adviser or attorney to evaluate the underlying litigation and the obligation to comply.

Should a firm report a subpoena to its professional liability agent or carrier?

Yes. Regardless of how much or how little information the firm may have pertaining to the client or former client, it is always important to promptly report the matter.

Should the firm notify its client if it either receives or complies with a subpoena?

Notification is generally recommended unless the cover letter or subpoena specifically requests that the recipient not disclose the subpoena to the client or any third parties.

Is a firm required to comply with a request for documents without a subpoena?

Situations may vary, so it’s best to consult with a risk adviser or attorney prior to providing any documents at all. In civil matters, absent a subpoena, the firm will need to first obtain written consent from the client to produce any documents to the requesting party. In criminal matters, request issuance of a subpoena prior to producing any documents or disclosing any confidential client information. Providing documents to a governmental agency (e.g., the IRS), absent a subpoena, could still potentially take place as a one-time courtesy, depending on the nature of the request.

Can a firm bill its client for the compliance of a subpoena?

It’s generally suggested that fees be obtained from the requesting party that issued the subpoena. Reimbursement of fees is often governed by the applicable courts within a specific jurisdiction (state/county) with respect to per-page copy costs, hourly fees, or reimbursement for mileage for deposition/testimony. If, however, there is language in an existing engagement letter between the firm and the client with respect to the firm’s involvement in any investigation, litigation or document requests on the clients’ behalf, the firm may then be able to bill its client directly, based on the agreed upon rates within the engagement letter.
BY JOEL LANZ, CPA/CITP, CFF, CISA, CISM, CISSP, CFE

Q: A number of my clients have implemented a “Bring Your Own Device” (BYOD) program to help their employees manage the number of handheld devices they carry around and to also reduce business expenses. Should I adapt a similar program for my practice? As with so many other things in business, the answer is “it depends.” Companies have implemented BYOD programs in response to the “consumerization of IT.” In other words, they are trying to respond in a timely manner to the introduction of rapidly developing technologies that have already been adapted by the consumer sector (e.g., employees) but have yet to be adapted by business or corporate IT. For example, think of how employees drove the trend of using tablets with the device used and, in some instances, lack adequate security features, connect to unsecured wireless networks or be made vulnerable to malware through the owner’s personal use. There may also be issues regarding custodianship. If IT staff, for instance, needs to take custody of the device to perform updates or other operations, that may prove inconvenient to the employee if he or she is also relying on it for personal use. Challenges regarding data ownership and accessibility, especially as they relate to employee terminations and litigation-support activities, would also need to be addressed in a BYOD program.

Advantages for an employee may include increased productivity, greater satisfaction with the device used and, in some instances, a full or partial “subsidy” from their employer in maintaining a device. From the employer’s perspective, BYOD enables the business to introduce new technology more rapidly at a perceived lower cost (since the employee may pick up part of the device’s cost and maintenance).

However, there are some concerns. Many of them will depend on which industry you’re in and the extent of regulatory requirements that need to be addressed in order to protect confidential and nonpublic information. Generally speaking, there are worries about security, since a personal device may, among other things, lack adequate security features, connect to unsecured wireless networks or be made vulnerable to malware through the owner’s personal use. There may also be issues regarding custodianship. If IT staff, for instance, needs to take custody of the device to perform updates or other operations, that may prove inconvenient to the employee if he or she is also relying on it for personal use. Challenges regarding data ownership and accessibility, especially as they relate to employee terminations and litigation-support activities, would also need to be addressed in a BYOD program.

CIO magazine has produced “The Consumerization of IT and BYOD Guide” (http://www.cio.com/article/705880/The_Consumerization_of_IT_and_BYOD_Guide) that provides a useful toolkit in evaluating the issues. The guide also provides guidance on the pros and cons of BYOD, evaluating the cost-benefits and policy development suggestions, as well as other helpful features. See the CPA Technology Assurance Committee. Mr. Lanz can be reached at jlanz@joellanzcpa.com.

Joel Lanz, CPA/CITP, CFF, CISA, CISM, CISSP, CFE, and CTA, is the sole proprietor of Joel Lanz, CPA P.C., and an adjunct professor at SUNY-College at Old Westbury. He is a member of the NYSCPA’s Technology Assurance and Banking committees, and The CPA Journal Editorial Board. He is a past chair of the Technology Assurance Committee. Mr. Lanz can be reached at jlanz@joellanzcpa.com.

Do-it-yourself tech

The pros and cons of BYOD programs; how to turn an oft-ignored Outlook feature into a tool for tracking hours

BY JOEL LANZ, CPA/CITP, CFF, CISA, CISM, CISSP, CFE

Q: I often have trouble accurately tracking my time. Can you recommend an alternative to recording it on paper?

Yes, but first I’m going to make some assumptions about your situation. I’m guessing that you or your firm already have some type of time- and billing application, and for whatever reason you’ve encountered challenges in using the application. Some of these roadblocks may include bulky user interfaces, the need to track “nonfirm” time (e.g., keeping track of personal time spent at the office), or an inability to make changes to time once recorded.

Really, there is no one right way to track time—it boils down to what works best for an individual. I’m not ashamed to say that I too have been challenged in this area and have tried a wide variety of solutions, both paper and automated. When I used paper, I sometimes couldn’t read my own handwriting, or worse, lost the document. I even tried using an appointment book to record time spent on a project, but I fell behind in updating it. And I’ve tried handheld device entry, but sometimes I’d get so busy that I wouldn’t have time to record my hours. However, I recently identified a solution that works very well for me in my status as a sole practitioner (read: it’s cheap, it’s effective and I like it). Since I usually work with Outlook open on my computer, I wound up rediscovering a neglected tool in the application called “Journal.” I take the predefined entry form, which can be customized (stay tuned for more on that in upcoming columns), and assign a “category” for each client. I use the “subject” to describe the actual work performed. I then use the “company” to identify the specific project or phase of the project. The “duration” allows me to record time. Using the “File-Options-Advanced-Export” command, I save the data file to Excel (or Access if you choose). Then, in Excel, I adjust dates and assign billing rates that are exported to a billing program or used to prepare a manual invoice. The beauty of this is that because I’m already in Outlook, I’m able to quickly enter the information. This may not be right for everyone, but the time involved in tracking my hours has decreased dramatically since I started using this solution. But again, it’s personal preference—if any readers have other suggestions, I would love to hear about them.

You can email me at jlanz@joellanzcpa.com.

Joel Lanz, CPA/CITP, CFF, CISA, CISM, CISSP, CFE, is the sole proprietor of Joel Lanz, CPA P.C., and an adjunct professor at SUNY-College at Old Westbury. He is a member of the NYSSCPA’s Technology Assurance and Banking committees, and The CPA Journal Editorial Board. He is a past chair of the Technology Assurance Committee. Mr. Lanz can be reached at jlanz@joellanzcpa.com.
Staying ahead of the game: Time-management pitfalls and common interview blunders to avoid

BY PEI-CEN LIN, CPA, SPHR

Q: With so many in-office distractions, I sometimes get through a day accomplishing much less than I’d hoped to. Are there any tools you can recommend to help me increase my productivity?

A: It sounds like you need to be more mindful of how you’re spending your time as the day progresses—rather than looking up at 5 p.m. and wondering where it all went. First off, if you don’t regularly keep a checklist of what you want to accomplish, start doing so—on paper, on your phone, in an excel spreadsheet, or in Outlook. Where you keep the list doesn’t matter, so long as it’s easily accessible. What’s more important is that you prioritize it, so that you’re devoting your energy to the items that are truly urgent, and also that you’re realistic about what can reasonably be accomplished in a day. Consider this list your game plan, something you can reference in order to stay on course.

Once you’re clear on what you have to do, monitor yourself as you go about doing it. There are several apps and websites that will help you keep tabs on how you spend your time. If you see that an hour has gone by and you haven’t done much more than chatted by the water cooler, you can recalibrate to make the next hour more productive.

It’ll help, too, if you’re proactive—rather than reactive—about curbing distractions. If your team can access your calendar, block off time for yourself so that people know in advance not to disturb you while you’re working on a project. In fact, you should treat whatever you’re working on as if you were in a meeting. Turn your IM (instant messaging) communicator notification to “Busy” or do not disturb; place a sign on your desk that says, “Come back at x hour”; and freshen your style and personality, I encourage you to ask around and see how others minimize distractions and increase productivity.

Q: I have a job interview coming up. What are some typical mistakes interviewees make?

A: In January, CareerBuilder.com released the results of its annual survey about interview gaffes, in which it polled more than 2,600 hiring managers and 3,900 workers nationwide. Responses ranged from the outrageous (one job candidate denied that he had a cell phone with him, though it could be heard ringing in his briefcase) to the obviously inappropriate (another job candidate hugged the president of the company). Generally speaking, however, the top mistakes job seekers make tend to be more banal, though no less fatal: showing a lack of preparation, having improper etiquette, and failing to establish rapport. The good news? It’s easy to avoid these errors by taking the following steps:

Preparation. Research the company, review both the job description and your résumé, and practice responses to commonly asked questions long before you walk through the interviewer’s office door. Prepare questions for the interviewer, too (this will show that you’ve done your homework, and will help you to assess whether the company is the right fit for you), and if you’re asked to make a presentation, ensure that all presentation equipment (e.g., laptop, projector) is in working order.

Proper etiquette. Having good hygiene and fresh breath goes without saying, but also steer clear of wearing too much perfume or cologne, since it can become a distraction. Get to your interview on time (arriving too early can annoy your interviewer, though not nearly as much as arriving late) and greet your interviewer with a firm handshake and steady eye contact. Make sure you know his or her name. Be well-mannered and respectful to everyone you meet, including the receptionists or interns—not only is this behavior courteous, but you never know what might get back to the hiring manager, or who you might end up working with in the future.

Establish rapport. Avoid being rigid, fidgety and wordy. Keep the tone of the meeting professional, but try to come off as personable and receptive—in other words, let your human side shine through. You can do this, in part, by treating the interview as what it is: a conversation.

Pei-Cen Lin, CPA, SPHR, is a strategic talent management and organizational development professional in the human resources field. She is also a past chair of the Human Resources Committee and a current Board member. Ms. Lin can be reached at pei-cen.lin@nysscpa.org.

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As the organization looks to its future with the impending move, there will also be a good deal of discussion about its past. And as we mark what would have been his 134th birthday, Homer Pace is a good place to start. Perhaps no other CPA has left more of a footprint on the American teaching landscape and the accounting profession than he did. The founder of Pace University, along with his older brother Charles, Pace was a respected practitioner, author and educator. His vision for CPA instruction set the standard within the profession, and serves as a vision that other professions and institutions have followed.

Homer’s older brother, Charles, was born on April 13, 1879, in Rehoboth, Ohio, though he would spend the most significant years of his young life in Michigan. According to Ellen Sowchek, Pace University’s archivist, the family had humble beginnings. Pace’s father, a Civil War veteran, held a number of different jobs, including a stint as the publisher of a newspaper in Chase, Mich. Pace helped for a time, but was also taking commercial courses in high school. Though he never attended college, Sowchek said, his training served him well and he worked as a stenographer and bookkeeper. By 1898, he was employed by the War Department in St. Paul, Minn. He married a year later.

At the turn of the century, Pace became a private secretary to the president of the Chicago Great Western Railway. After the death of his daughter, Helen, in 1901, he moved his family to New York City, where he would oversee the operations of the Chicago Great Western Railway office on Nassau Street in downtown Manhattan.

Sowchek said that letters Pace had written around that time suggest he’d retained his small-town humility even as he pursued bigger things. He had been reluctant to move to New York, she said; he wrote that his preference was to “settle in a smaller town where we would be heard when we spouted.” But, she added, he was, as his brother Charles once noted, “a hustling youth who deserves to be successful.”

With his new responsibilities at the railroad came the need to study and gain the necessary practical experience.”

Pace began his own CPA firm in 1906, at 27 years of age. But that same year, with his own experiences preparing for the CPA exam fresh in his mind, he joined forces with Charles, who was by then an attorney, to establish a proprietary course in accounting and business law on Nassau Street. They called their company Pace and Pace, and their class was know as the Pace Standardized Course in Accounting.

“Some friends suggested that Homer tutor people taking the CPA exam, and he decided to “settle in a smaller town where we would be heard when we spouted,” Sowchek said. “He and his brother borrowed some money and rented a classroom in the old Tribune building, in an area of lower Manhattan known as Newspaper Row.”

But the brothers did not limit themselves to one location, and would make the course available through several different avenues, Sowchek said. They offered it through the educational department of the YMCA in Brooklyn and Manhattan, and offered instruction of the course at affiliated schools in a number of cities around the nation. They also offered a correspondence version, with students submitting homework assignments to professors and discussing chapters by mail.

As the years passed, their school, which was granted a provisional charter as an institute for the first time, eventually renamed Pace Institute, grew; by 1935, after instructing thousands of students and CPA candidates for more than 25 years, the school was granted a provisional charter as an institute of higher learning by the New York State Board of Regents. “To me, that decision says a great deal about Homer as a person,” Sowchek said. “Before he died, he expressed the wish that his epitaph simply read, ‘Teacher.’ That is how he is remembered on his gravestone.”

Celebrating FAE40
The winning entry to the 1972 Trivia Quiz

Congratulations to Victoria S. Carlin, whose entry was randomly selected from those who answered the most questions correctly in FAE’s 40th Anniversary 1972 Trivia Quiz. Carlin has received a complimentary registration to a full-day FAE conference of her choice (either in-person or via live webcast). She is a tax manager with Dansa & D’Arata LLP in Buffalo.

Thanks to all who participated in the 1972 Trivia Quiz. You can still check your trivia knowledge of events from the year the Society established the Foundation for Accounting Education by visiting www.nysscpa.org/FAE40, where you will find the quiz (and the answers).
NASSAU
Spring brings CPE and reflections on tax season

BY LISA A. HAYNIE
Nassau Chapter President

S
prting is in the air and so is the end of tax season. What a great combination! Take advantage of the extra time in your schedule and participate in some of the informative and valuable events the Nassau Chapter has planned for you.

The CFO committee, chaired by Anthony J. Aronica and Manuel J. Caliero, has scheduled a technical meeting which is entitled, “Understanding Loan Agreements,” for April 18. The session will include in-depth information on bank agreements, covenants, consequences of covenant violations and current trends in credit extensions. The meeting, which is open to industry CFOs only, will be held at Melzer, Lippe, Goldstein & Breitston, LLP, in Mineola, from 8 to 10 a.m.

On April 19, the Small Firm MAP Committee, chaired by Scott Sanders, Elliot H. Lehnert, Kenneth Hauptman and Alex Resnick, will host a post-tax season roundtable discussion at the On Parade Diner in Woodbury, from 8 to 10 a.m. Share what your frustrations were during tax season and what worked well. Bring your ideas and suggestions for change to the table.

If you have not registered yet for the 60th Annual Installation Dinner on May 9, don’t delay! It’s going to be a fantastic evening of awarding of the FAE’s scholarship fund for college students. It is an evening not to be missed. Please mark your calendars for these and other upcoming events.

The Women’s Focus Group is planning its spring luncheon for May 17 at the Milleridge Inn. We are fortunate to have two guest speakers, Debi Silber, “The Mojo Coach,” who will be discussing her latest book, A Pocket Full of Mojo: 365 Proven Strategies to Create Your Ultimate Body, Mind, Image and Lifestyle; and Audrey Kirwin, a Sound Wealth Financial Group representative and financial adviser, who will talk about her own life-changing experiences. Come and learn about new ways to stay fit—mentally and physically. Our group is all about women empowering other women.

Additionally, scheduled for May 17, the Small Firm MAP Committee will be hosting a CPE event at the On Parade Diner. During the session, which starts at 8 a.m., Joel Sinkin of Transition Advisors, LLC, will be discussing mergers and acquisitions.

Be sure to visit our chapter website, www.nysscpa.org/nassau for registration information, additional details and more upcoming events. Get out from behind your desk after a long tax season and join us. lisahaynie@kbktaxlaw.com

MANHATTAN/BRONX
Chapter announces nominees for board

BY SHERIF SAKR
Manhattan/Bronx Chapter President

M
hattan/Bronx Chapter Nominating Committee submits the following report of nominees for election. All nominees have been approved by the board, contacted and are willing to serve as indicated.

Officers
(One-year term, expiring May 31, 2014)
Position and Candidate
President: Barbara A. Marino*
President-elect: Irlama Pero
Vice President: Digant Bahl
Treasurer: Margaret M. Hannon
Secretary: Elvia K. Dauerman
Past President: Sherif Sakr*
*Automatically selected as President (formerly President-elect) and Past President (formerly President)

Board of Directors
(Term expiring as of May 31, 2014)
Adam H. Reiss
Roman Matatov
Allan M. Willinger

sakr@deloitte.com

UTICA
Celebrating past achievements, while looking forward to new ones

BY STEPHEN T. SURACE
Utica Chapter President

A
s I write to our great chapter for the last time as president, I look back on what we have accomplished over the last few years with tremendous pride. We’ve had so many successes, it’s hard to list them all. We’ve spoken at local colleges and high schools; awarded college scholarships; sponsored tax hotline; held great CPE events, which included both two- and eight-hour sessions; and hosted our annual golf outing, dinners and poker tournaments. We sponsored the Young CPA conference and held monthly board meetings to help us stay on track. We volunteered to pour drinks at Saranac Thursdays, a live music event at the F.X. Matt Brewing Company that benefits the United Way. We also raised money for other worthy causes, and increased awareness of our profession.

Our chapter has accomplished a great deal, but we couldn’t have done it without our incredible board. The board supported even my craziest-sounding ideas, helping to make the impossible possible. In some way or another, board members supported each and every event. This experience has also allowed me to make great friends and have fun doing it. If you haven’t been involved in the chapter’s activities, I would recommend that you consider it. You will find a welcoming group of fellow professionals who, above all, care about our profession and each other. surace@adjustersinternational.com

QUEENS/BROOKLYN
Chapter hosts educational events, A&A Conference

BY MARK ULRICH
Queens/Brooklyn Chapter President

T
he Queens/Brooklyn Chapter started the year with a focus on our students. On Feb. 20, we partnered with Melissa Mérida, a far-reaching specialist at Becker Professional Education, for the event, “Exploring Simulations and Strategies for Success on the CPA Exam.” More than two dozen students from St. John’s University and other area colleges attended this informative session, which was held at the school’s Financial Information Lab. Students were provided with their own computer terminals and were able to interact with sample CPA questions and simulations under the guidance of a Becker instructor.

I hope you will make an effort to attend our Accounting and Auditing updates at St. John’s Executive 25. It will include an 8-credit ethics CPE. I wish everybody a warm, enjoyable and relaxing spring.
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<td>Buffalo</td>
<td>Education Night: Topic: Current Trends and Events in Employee Benefits Plans. When: April 23, 3:30–5:30 p.m. (CPE session); 5:30–6 p.m. (cash bar); 6 p.m. (dinner and program) Where: Salvatore’s Italian Restaurant, 6641 Transit Road, Depew Cost: $20 members, $25 nonmembers Contact: Jamie L. Lotz at (716) 250-6600</td>
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<td>Westchester</td>
<td>New York State Mandatory Quality Review Requirements and How to Prepare. When: April 24, 5:30–8 p.m.; 5:30–p.m. (check-in and light dinner); 6–8 p.m. (CPE presentation) Where: Crowne Plaza Hotel, 66 Hale Ave., White Plains Cost: $55 per person CPE: 2 (auditing) Course Code: 29110310 Contact: Denise Stefano at <a href="mailto:denisestefano@smartpro.com">denisestefano@smartpro.com</a></td>
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<tr>
<td>Manhattan/Bronx</td>
<td>Spring 2013 Non-for-Profit Committee CPE Session. When: May 8, 4–7 p.m. Where: Millennium Hotel, Walden Ave., Cheektowaga Cost: $20 members, $25 nonmembers Walk-ins: $30 members, $35 nonmembers (CPE: 2 (accounting)) Contact: Greg Alman at <a href="mailto:gAlman@somerset1.com">gAlman@somerset1.com</a> or (716) 932-6480</td>
</tr>
<tr>
<td>Queens/Brooklyn</td>
<td>Auditing 401(k) Plans Conference. When: May 15, 6:30–9:30 p.m. Where: Island Hills Country Club Cost: Free Contact: Lawrence Lucarelli at <a href="mailto:llucarelli@azv.com">llucarelli@azv.com</a> or (631) 434-9500</td>
</tr>
<tr>
<td>Rochester</td>
<td>Outstanding Accounting Student Award Night. When: April 24, 5–8 p.m. Where: Iroquois Country Club, 4045 East Ave. Cost: $35 per person Contact: Phyllis Broom at <a href="mailto:pbloom7@naz.edu">pbloom7@naz.edu</a></td>
</tr>
<tr>
<td>Syracuse</td>
<td>Current Issues for Accountants in Industry. When: June 4, 9 a.m.–12 p.m. Where: Le Moyne College Cost: TBD CPE: 3 (accounting) Course: 29909401 Contact: Stephen Gorczyński at <a href="mailto:sgorczyinski@nsbny.com">sgorczyinski@nsbny.com</a></td>
</tr>
</tbody>
</table>

**FAE EVENTS and CPA OFFERINGS**

<table>
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<tr>
<th>Location</th>
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<tr>
<td>Buffalo</td>
<td>11th Annual After Busy Season Mixer Sponsored by the Young CPA Committee When: May 2, 5:30–8:30 p.m. Where: Newburgh Brewing Company, 88 South Colden St., Newburgh Cost: $20 members; $25 nonmembers Course Code: 45020304 Contact: Noelle Deluca at <a href="mailto:ndeluca@kpmg.com">ndeluca@kpmg.com</a> or (201) 307-8014</td>
</tr>
<tr>
<td>Nassau</td>
<td>60th Annual Installation Dinner When: May 5, 6:30 p.m. Where: Crest Hollow Country Club, Woodbury Cost: $99 per person Contact: Jean Townsend at <a href="mailto:jtownsend@ct-cpas.com">jtownsend@ct-cpas.com</a> or (516) 938-5219</td>
</tr>
<tr>
<td>Suffolk</td>
<td>Health Insurance and Compliance Update. When: May 16, 8:30–10:30 a.m. (8 a.m. check-in) Where: Professional Group Plans, 225 Wireless Blvd., Suite 200, Hauppauge CPE: 2 (taxation) Course Code: 29080323 Cost: Free Contact: Bruce Ghessi at <a href="mailto:bgghessi@gmail.com">bgghessi@gmail.com</a></td>
</tr>
<tr>
<td>Manhattan/Bronx</td>
<td>11th Annual Summer Symposium When: July 23–24 Where: Millennium Hotel, Walden Ave., Cheektowaga Cost: $20 members, $25 nonmembers Walk-ins: $30 members, $35 nonmembers (CPE: 2 (specialized knowledge and applications)) Contact: Greg Alman at <a href="mailto:gAlman@somerset1.com">gAlman@somerset1.com</a> or (716) 932-6480</td>
</tr>
<tr>
<td>Queens</td>
<td>2013 Queens/Brooklyn Chapter Accounting &amp; Auditing Update Conference. When: May 23, 8:00 a.m.–5:00 p.m. (Check-in begins at 7:30 a.m.) Where: St. John’s University – Queens Campus, D’Angelo Center, Rooms 416 A, B, and C, 8000 Utopia Parkway Cost: $100 members, $125 nonmembers CPE: 8 (4 Accounting, 4 Auditing) Course Code: 28116322</td>
</tr>
<tr>
<td>Rochester</td>
<td>Easy Access to FDIC Insurance for Safety–Conscious Investors. When: May 1, 8:15–9:30 a.m. (7:45–8:45 a.m. check-in and networking breakfast) Where: Rochester Institute of Technology, Saunders College of Business, Room 1225/1255 Cost: Free CPE: 1 (advisory services)</td>
</tr>
<tr>
<td>Syracuse</td>
<td>Southern Tier Educator Night. When: April 25, 6–9 p.m. Where: The Binghamton Club, 83 Front St. Cost: $30 Contact: Priscilla Z. Wightman at <a href="mailto:wightmanp@hartwick.edu">wightmanp@hartwick.edu</a></td>
</tr>
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</table>

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Bringing your own device (BYOD), a policy allowing employees to use their own personal electronics at work instead of company-issued ones, has become a growing office trend. What are the advantages and disadvantages?

LOUIS C. GRASSI | NASSAU CHAPTER

In my organization, people can bring in their own devices like iPads, iPhones and iPads, but any firmwide data need to go on equipment that the firm provides. That way, if someone gains access to client data or firmwide emails—any sensitive information—we have the ability to wipe it out remotely, if the device is lost or stolen. For example, we’ve had situations where a staff member’s car was stolen with one of the firm-assigned laptops inside, and because it was one of our own devices, we were able to wipe out the data.

We also prefer that employees use our devices because we tend to buy them in bulk, so if one crashes, we have a machine that we can immediately swap right in. If it’s a staff member’s personal machine and it crashes, what’ll we say? Stop working until you get it repaired? We all know that technology is wonderful when it works, and horrible when it doesn’t. Having the ability to immediately replace machines enables us to react faster to technical difficulties.

Finally, we’ve been a paperless organization since 1998, and all our people out in the field have portable monitors, scanners, printers and other equipment. We set up a mininetwork at client sites, and this requires everyone to be on a common platform as we’re doing engagements. It would be very difficult if someone wanted to use his or her own equipment and it wasn’t compatible with our equipment. Also, being on the same platform, again, allows us to remotely access our client data and wipe them out, if need be.

mike.pinch@gmail.com

MICHAEL PINCH | ROCHESTER CHAPTER

There’s a common conception that one advantage of BYOD is reduced costs, but I don’t believe that has actually been realized in most organizations. There may even be increased costs as a result of having a wider variety of devices for the help desk to support, along with the fact that a firm will generally be billed for monthly services, regardless of whether or not people use their own devices.

The biggest benefits of BYOD are things like employee satisfaction—staff being able to use the systems and tools they want to use—as well as the productivity that comes with staff using systems they’re already familiar with. Also, in many cases, people will bring their devices home with them and are, theoretically, capable of working around the clock, so there clearly are some productivity gains that can be made from that.

From a security perspective, however, it’s a whole different story. The security risks are numerous. Not having a specific written policy that addresses questions like who owns the data when they hit the user’s disk, or how will the company control that data and ensure that they’re wiped from a personal device once the employee leaves the organization, can cause trouble. There’s also the fact that an employee may not have the proper antivirus or encryption software, or that it’s different from what we have at the firm. From a security officer’s perspective, we’ve had to put in place advanced systems and tools that allow us to assess the security profile of a device when it touches our network. Based on that, we can determine, for example, if the antivirus system is not up-to-date or if it can’t download our program, and choose not to let it on the network. We’ve had to put in place a lot of posture assessment tools just to ensure that a minimum level of security is met.

But BYOD is happening whether we like it or not. It’s a function of this generation. You stand to lose so much by trying to fight against it. You’d be in a better position to embrace it and try to control it properly.

mike.pinch@gmail.com

JENNIFER R. GEORGE | MID HUDSON CHAPTER

Smartphones are so prevalent at this point that there’s no way to eliminate them from the workplace. Personally speaking, I think being able to use your own device does make you more productive, since you’ll always have access to your email and can respond to clients faster. Tablets and laptops are trickier, though, because then you really start talking about more files and applications that you need to ensure the security of. That’s the biggest concern, because we have to make sure client data remain confidential. But as long as a device meets all the security specifications that you would have for a regular company computer, I think it should be OK for an employee to bring it to work and use that instead of a corporate-assigned one.

In my organization, people can bring in their own devices like iPads, iPhones and iPods, but any firmwide data need to go on equipment that the firm provides them the capabilities to protect the data they’re working on. In the office, though, I’d say employees should be using their firm’s equipment. That’s what it’s for. There’s also the fact that organizations have already invested in the equipment as it is, so they want their people to use it.

george@yvdud.edu

SALVATORE A. COLLEMI | MANHATTAN/BRONX CHAPTER

I have seen many public accounting firms encourage their professionals to download the firm’s network software and work on assignments at home using their own devices, such as laptops and tablets. Many firms have given their staff the ability to work off-site or at home as long as they use the firm’s network, since that connection is generally protected through various firewalls and antivirus software. From a security standpoint, organizations want their people to stay within their own network and have data stay within their own directories and drives. If employees stray out of a firm’s network, they could possibly lose or corrupt firm or client data, or other people could access them once they’re separated from a firm’s security measures. I believe it’s important that professionals can work anywhere and work continuously whatever the circumstances—for example, if there’s severe weather or a personal/family matter and they can’t make it to the office that day.

When employees are out of the office, or maybe out in the field on an engagement, they should be able to work on their own devices, as long as their firm provides them the capabilities to protect the data they’re working on. In the office, though? I’d say employees should be using their firm’s equipment. That’s what it’s for. There’s also the fact that organizations have already invested in the equipment as it is, so they want their people to use it.

scollemi@rkco.com
### Guidance for Peer Reviewers

This course will teach you how to effectively plan a peer review, develop an understanding of a firm’s system of quality control, document procedures used in testing a firm’s system (including reviewing selected engagements), prepare the peer review report, provide recommendations, and assist a firm with a peer review response. Realistic case studies of system peer reviews and examples of engagement selections for engagement peer reviews will be featured as well.

#### KEY

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<tr>
<th>Field of Study</th>
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<td>Accounting</td>
<td>05/15</td>
<td>AICPA's Advanced Workshop: Practical Guidance for Peer Reviewers</td>
<td>Albany Marriott Foundation for Accounting Education</td>
<td>$305/$475</td>
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<tr>
<td>Ethics</td>
<td>05/09</td>
<td>Government Accounting and Auditing Conference</td>
<td>Albany Marriott Foundation for Accounting Education</td>
<td>$305/$475</td>
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<td>Taxation</td>
<td>05/28</td>
<td>Nonprofit Accounting and Auditing Update (WEBCAST)</td>
<td>Albany Marriott Foundation for Accounting Education</td>
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### BUSINESS VALUATION

#### ADVISORY SERVICES

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### SPECIALIZED KNOWLEDGE AND APPLICATIONS

#### WEB EVENTS

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<td>Taxation</td>
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### NORTHEAST

#### ACCOUNTING

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tice. Bruce@walkingtoursmanhattan.com

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its practice of his own or a retirement-minded
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or merge with a young CPA with some
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practitioner and/or firm. Larry Meril
at lmeril@rmsbg.com

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