Society pans PCAOB’s plans for audit reports

By CHRIS GAETANO
Trusted Professional Staff

Since 2011, the Public Company Accounting Oversight Board (PCAOB) has been attempting to expand the information that auditors are required to include on their audit reports, with auditors themselves expressing reluctance and doubt about the board's aims each step of the way.

The PCAOB’s latest effort, a reproposal released in May for public comment, retains what was the board’s central means to create a more transparent and relevant audit report in its original 2013 proposal—the introduction and inclusion on the report of “critical audit matters (CAMs),” defined by the PCAOB “as a matter that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved especially challenging, subjective or complex auditor judgment.”

However, with this reproposal, the PCAOB is proposing that any CAMs included in the audit report be limited to audit committee communications. The NYSSCPA responded to the PCAOB’s newest proposal in the same way it did to the last one: Including CAMs in public reports is not going to work; in fact, it will make things worse.

“We acknowledge the additional outreach and research conducted by the Board … our views remain unchanged,” the Society wrote in its comment letter, drafted by members of the SEC and Auditing Standards committees. “We continue to believe that the inclusion of CAMs in public reports would not help users in making investment decisions. Instead, CAMs would likely cause confusion and mislead users about the quality of financial statements.”

They did it their way: CPAs share secrets of success at NextGen Conference

By CHRIS GAETANO
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Whether you’re at a firm or working in someone else’s, there is no one right career path for a CPA. This point was demonstrated at a panel discussion that took place at the NYSSCPA’s NextGen Conference on July 25, held in Midtown Manhattan, which showcased four CPAs who took very different steps during the course of their careers.

One panelist, Mindi Lowy, a tax partner at PricewaterhouseCoopers LLP, has been at the Big Four firm since nearly the start of her career. She said that, as someone who chose to stay at a Big Four firm, while many leave after a few years, her career path may seem a little unusual. While it can be tempting to leave for what she called “the other side,” she said that her decision to stay came from seeing growth opportunities at her firm that she just didn’t see anywhere else.

“They will offer you more money, they will pay you to come over, and a lot of people are enticed by that, but you see three, four years down the line, those people are still in the same spot, whereas people who stayed in public accounting are progressing to the next level,” she said.

The other main driver for her to stay, she said, was that a lot of the drawbacks of working at a Big Four firm that people tend to talk about—such as the lack of work-life balance—tend to lessen when you’re promoted up in the ranks. While the first two years are the hardest, Lowy said, it gets easier after the fifth year, at least from a work hours perspective. She added that when she sees people who’ve worked there for 15 years, she can envision herself leading their kind of life.

It was not the kind of life, however, that another panelist, Rumbi Bwerinofa-Petrozzello, wanted for herself. Starting her accounting career—after already having gotten a degree in economics from Mount Holyoke College—as an auditor in Deloitte, it was a comfortable life. But she felt there was more to life than being comfortable.
The NYSSCPA’s new expanded associate membership, explained

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n May 19, I had the personal and professional honor of being inducted as the 97th president of the New York State Society of Certified Public Accountants. It is a great privilege and very humbling for me, not only because I am blessed enough to be counted among some of the giants in our great profession, but also because one of those giants in particular, Marilyn A. Pendergast, is also a trailblazer—she was the first woman president of the NYSSCPA, and is a partner in my firm, UHY LLP.

May 19 was also the date we announced that the Society’s CPA members voted in favor of expanding our associate member category to allow certain non-CPAs to join the NYSSCPA as associate members if they had a four-year degree and are employed in an affiliated industry on a full-time basis. While a supermajority of CPA members who voted approved the proposed amendment, I know there are some members who feel that allowing non-CPAs into our organization “dilutes” the NYSSCPA’s mission, or at least its membership. These thoughts were discussed in detail at both the Executive Committee and the Board of Directors meetings prior to sending this proposal out to a general membership vote. Knowing that some of our members share this perspective, I would like to clarify what broadening our associate membership base actually means for this organization and for our CPA members.

First, the associate member category is NOT new. The Society has allowed non-CPAs to become associate members for years, without any requirement that they express an interest in becoming a CPA. What has changed is that these individuals are no longer required to be working under the supervision of a CPA. Why did we propose this change to the Society’s bylaws to the membership? CPA firms are hiring, contracting and networking with more and more practice leaders who are not CPAs—these may be valuation experts, IT professionals and attorneys—and we are seeing this more and more. There are fewer opportunities for these potential associate members to be directly supervised by a CPA. So, when we say that one of the primary reasons we’ve proposed making this change to our bylaws is because the firms are changing, we are simply updating our associate member category to better reflect the new reality at the firms. If you or your firm has not yet experienced the hiring of, contracting or networking with these non-CPA professionals, the associate membership category may introduce you to new opportunities that may be the key to building your own practice or supporting you in your career.

While associate members may continue to join committees, they may not chair any committees, nor may they run for a seat on our Board of Directors, the FAE trustee board or the Society’s political action committee (CPAPAC). They also are not eligible to vote on any proposed bylaws amendments—only CPA members may vote on these proposals.

The NYSSCPA remains a professional association for CPAs, directed 100 percent by CPA volunteers. We should all look forward to welcoming our new associate members to the NYSSCPA and to the enhanced networking and business opportunities these professionals will bring to our committees and social events. Please reach out to your own professional networks and share with your colleagues and peers the benefits that come with an associate membership in the NYSSCPA, and ask them to consider joining the NYSSCPA as an affiliate member.

For more information on NYSSCPA membership, visit nysscpa.org and click on the Membership tab.
The former Bank of England governor discusses banking system reform, accounting standards’ role in the financial crisis and why restoring Glass-Steagall won’t prevent another one.

**NEWSMAKER**

**Mervyn King**

By CHRIS GAETANO

**Trusted Professional Staff**

**L**ord Mervyn King served as the governor of the Bank of England from 2003 to 2013. In his recent book, *The End of Alchemy: Money, Banking, and the Future of the Global Economy*, he reflects on the roots of the 2008 financial crisis and warns about financial policies that defy reality and common sense, particularly the degree to which the future can be extrapolated from the present. He took the time to talk to *The Trusted Professional* from his office in London.

You’re very critical of the banking system in your book. Did this view develop during the financial crisis, or was this something you’ve been worried about for a while?

I think these are things that I have been concerned about, but I don’t think the full scale of them came to me until the crisis—the problems were not created only just before the crisis. They were inherent in the structure of banking that we’ve got, and so rather than blame individuals and ask questions of who is at fault, it would seem to me they’re all collectively at fault for not recognizing the system we put in place had these inherent risks at heart. While there have always been economic crises, in the last 200 to 300 years they have become frequent, and we never got to the bottom of dealing with it.

Which of these inherent risks do you think is the most prominent, and what must be done?

I think in the banking area, there are two. One is the fact that, because banks are central to the operation of the economy, they’re rather like electricity suppliers—they have enormous significance and we’d be hard pressed to see a functioning economy without such a system. So, you do need banks with enough equity finance as part of its total liability structure to enable banks to absorb losses that are bound to occur from time to time. Unexpected things happen. Radical uncertainty is pervasive. Banks need a cushion of equity finance so these losses can be absorbed without banks having to go through a special bankruptcy process, often called a resolution process, which disrupts the payment system.

The second is why … I call the system one of alchemy. It’s because when we put our money in the bank, we are told we can take it out whenever we want and it’s safe, and we get it back. And yet, this money is issued to finance long-term loans, which are highly risky. It has some benefit to the economy, but it cannot be sensible, in the long run, to finance all long-term loans by short-term borrowing. That’s the alchemy in the system. What shows up in practice is from time to time, when people lose confidence in banks, they can’t get their money out. Bank runs are a feature of banking systems around the world and have been for several hundred years. We’ve never found a way to absorb them other than guarantee by the taxpayer. I think, inevitably, central banks will need to support banks when there’s a run on the system, but what I want to do—I call this the “Pawnbroker for All Seasons”—is to ensure banks have to take out insurance with a central bank before anything goes wrong, rather than pay nothing up front and demand to be bailed out when the crisis hits.

We do need a banking system ... but the question is how to make the system safe. And since stuff happens, I want people to recognize this will involve support from a central bank. But the most important thing is to make sure banks are charged an appropriate insurance premium up front.

You talk about fundamental problems in the banking system that were not properly addressed in the wave of reforms after the crisis. How much of this fundamental problem can be addressed via fiscal policy, how much can be addressed via monetary policy, and how much can’t be addressed by either?

There are two issues resulting from the crisis. One, you had the biggest banking crisis the world has ever seen, and despite massive and complex legislation, the basic structure of the problem hasn’t really been addressed. The second thing is, you have the biggest monetary policy stimulus the world has ever seen, and yet, it has not generated a sustainable recovery. People think maybe monetary policy is not the answer, and they would be right. We can’t rely on monetary policy exclusively. But even fiscal policy is not necessarily the answer either, because just increasing spending might be a short-term palliative, but it doesn’t get to the root of the problem.

So, a completely different set of policies is needed, based on structural changes to improve productivity, based partially on promoting greater trade, partially based on recognizing that floating exchange rates are probably the only way to go. The last point I’d add is that we will need a degree of cooperation among countries where they try to rebalance their economies over the same timetable, because it’s hard for any one country to rebalance its economy if the rest of the world isn’t doing the same.

Beyond specific policies, there has also been the criticism of Wall Street culture that people who work in finance have values that do not mesh with the public good. How much of a role does culture play in regard to these fundamental problems, and can industry culture be changed?

I don’t think it was the main cause of the crisis. I do think that there were some serious failings in this area, which grew out of a period in which we’ve become rather complacent about our economic stability, and [in] which it became acceptable for people who are very smart to say, I’m really smart and I can make money off people who are less smart. I think a culture we want to encourage instead is, I’m very smart, so I’m paid well for looking after other people’s money, and my role is to be a custodian of this money and not try to find ways to transfer it to my own pocket.’

Now, that’s as old as the hills, but I think it did increase in scope in that period running up to the crisis. So, instead of sitting back and saying how can we reform the banking structure, people wanted action against individual bankers. That’s quite understandable, but I’m afraid this won’t resolve problems in the long term. I used to go to schools to talk about the role of the Bank of England, and I was struck by how many sixth formers [12th graders, in the U.S.] who were asked what they wanted to do, said they wanted to go work in the city and make a lot of money. Then I’d ask why they want to make lots of money, and there were hardly any answers. Many weren’t entirely sure why.

What are we not taking seriously enough, as far as threats to financial stability? Conversely, what’s something that we’re all taking far too seriously?

I think one thing we’re taking too seriously is the need to pass detailed regulations to...
Mervyn King

Continued from page 3

important in response to the experience of the 1970s and 80s with very high inflation. They played a key role in putting price stability on the top of the agenda. Inflation was 13.5 percent in the U.S., 27 percent in the UK. This was a very unhappy period that led to significant ups and downs in the economy. So, the period of stability was a great achievement. I think it was probably sensible to recognize that central banks would have to be at the heart of dealing with the problems of the banking sector, so where they acquired responsibilities for bank supervision, that was appropriate. But I think it’s very important for them to not go down the road of doing anything that can be construed as fiscal policy or quasi-fiscal policy, where they take risks with taxpayer money. That’s a role for an elected government. The risk is, people will look back and ask what was your authority for taking those measures. If it becomes an issue, you start challenging the role of a central bank, and if that undermines the ability to construct monetary policy independently, we have thrown out the baby with the bath water. So, it’s important for central banks not to go too far in acquiring responsibilities so they can retain their independent role in monetary policy.

What role can accounting standards play, either in addressing a crisis or exacerbating it?

I think accounting is very important. We didn’t pay enough attention to it before the crisis. I’ll give you two examples, without commenting on whether these particular changes are bad: The difference in treatment in derivative transactions between European banks and American banks turned out to be very significant in trying to assess the extent of their leverage and if they had enough equity finance. So, coming to some sort of agreement on that is important. Second, I think the ability of banks to convert an anticipated future stream of earnings into present income and then pay themselves bonuses out of that current income is highly dangerous. On one level, it’s not too far removed from what Enron did in its accounting problems. It’s very important for accountants to put down tough rules when making transactions in, for example, derivatives or future earnings streams.

Another example, during the crisis, was that marking to market sounds extremely sensible in normal times, as it prevents people from concealing what is going on. But in the middle of a crisis, it’s very unclear what prices are—if you’re not careful, if you’ve only got one or two observations on a price in a very thin market, and by insisting everyone mark their assets down to that value, you can create incentives for people to sell assets, which leads to a self-fulfilling fire sale of assets. I think the question of the extent of marking to market when markets are very thin is a difficult one. I don’t pretend there’s a simple answer, but one thing we found in the crisis was how few transactions there were in a number of markets where we just assumed they were fairly liquid. It turns out they weren’t. Liquidity is here one day and gone the next. This causes a potential problem for marking to market.

We’ve been seeing valuations of tech companies growing higher and higher in a short number of years. There’s been more talk that we’re in another tech bubble, that the companies cannot live up to their valuations and, eventually, there will be a correction. How does this bubble compare with the other we had in the early 21st century? I am not an expert in the tech market. But I would say, in general, the cause of most of the high valuations we saw was very low interest rates. However, that wasn’t true in the tech sector, because there was a specific element of people framing assumptions of future earnings from tech companies. No matter, whether this is happening again, only people in tech can comment. But one thing, in general, is that when people get nervous about asset prices, do not blame the market but ask why the interest rates used to discount future earnings have fallen to such low levels.

Well, the Fed has recently raised rates, and is pondering whether to raise them again. Is now the time to raise rates around the world?

I don’t think the solution is simply to raise interest rates. What we need are other policies to rebalance our economies so central banks can then make the judgment of when it is safe and sensible to raise interest rates. We want to get back to a world where interest rates are higher, but we don’t do it just by raising rates. You put in other policies and then central banks would naturally raise interest.

Before you were the governor of the Bank of England, you were an academic economist. In what way did your practical experience there lead you to question your academic beliefs?

I don’t think it was being a central bank governor, as such, that did that. It was the other way around. Being an academic led me to think of central banking in a different way, but the crisis did stress what I talk about in my book: radical uncertainty. It doesn’t make sense to assume we can construct probability distributions to price everything that could hit the economy. Most risks that generate booms and slumps are unexpected, and we either can’t imagine them at all or can’t attach probabilities to them. And so, they’re not priced in the market. That is another important factor in trying to understand how vulnerable the banking system is and to recognize many of the models academic economists and central banks use to discuss monetary policy have tended to miss some of the key factors driving the economy today.

Where are we most likely to see another financial crisis emerge?

I think, almost by definition, it’s very hard to predict that. If we could pinpoint it, it wouldn’t be a crisis. … The overall area of risk I’d point to, though, is the extent to which we see defaults of debt in different parts of the world. We see sovereign debt problems in the Euro area already, and China has been experiencing problems, too. There could be a series of debt defaults, which could lead to another crisis in terms of people being deeply concerned about continuing to lend, and the fact that many of the creditors might realize assets in their balance sheets are worth less—a lot less—than they thought.

There’s some push to restore the Glass-Steagall Act in the United States. But since you trace the origins of the crisis to the end of the Cold War in your book, would restoring that actually help?

No, I think it’s too simple for the current state of play, and I think the market is doing some of it. No doubt, having investment banking on the same balance sheet as accounts of households and small businesses is a real risk. … If people can put lots of risky things on that balance sheet, you have a problem. But rather than a separation, the better thing is to have tough limits on leverage ratios on banks and, second, to introduce the Pashmover for All Seasons.

Find the full interview with Mervyn King on the NYSSCPA’s website at nysscpa.org/kording.

[Accounting is very important. We didn’t pay enough attention to it before the crisis.” —Mervyn King, on the role accounting standards play in addressing or exacerbating a financial crisis]
PCAOB’s plans

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voting or credit decisions or enhance trans-
parency in a meaningful way, but would di-
lute the pass/fail message and diminish the
value of an audit report.

It then referred the board back to its 2013
comment letter for a more in-depth explana-
tion of its opposition to CAMs.

Despite the changes in the current ver-
sion—particularly with CAMs being lim-
ited to what was discussed with the audit
committee—Arthur J. Radin, one of the
NYSSCPA’s 2013 letter drafters, did not feel
reassured by the changes made from the pre-
vious proposal, as his objection was not about
the specifics of how critical audit matters
are communicated, but about whether they
would need to be communicated at all.

“The proposed additional disclosures will
be irrelevant and expensive,” said Radin, not-
ning that disclosures, in general, are growing
to excessive lengths. “I do not believe we need
more disclosure. The report will be duplicative
as those matters covered would be covered
elsewhere in the 10-K and Proxy reports.”

Julian E. Jacoby, a member of the Au-
diting Standards Committee and one of the
authors of the most recent comment letter,
had similar objections, saying that there are
already mechanisms in place for auditors to
raise concerns relating specifically to the au-
dit, such as related-party relationships—for
instance, an example of matter paragraph.
Most anything else, unless the matter could
not be evaluated, such as might occur in a go-
ing concern evaluation, he said, would best be
left off the audit report entirely.

“These kinds of issues are generally nev-
er in the auditor’s report and are vetted with
the audit committee, who can discuss these
matters in depth. If [the issues] relate to un-
certainties or accounting that’s based on fu-
ture events, these would be discussed in the
notes to the financial statements. Sometimes
if they’re overriding, have great significance,
such as a significant related-party relationship
that might be included in the auditor’s report
and in the notes to the financial statements
…it is, but it was never a mandate for the
auditor’s report,” said Jacoby.

Understanding, though, that the PCAOB
might proceed with implementing the revised
audit report on the CAMs model despite the
audit committee’s misgivings, the NYSSCPA
provided feedback on selected questions from
the proposed standard, including the appro-
priateness of using the communications with
the audit committee as a source of CAMs, if
there are any audit committee communica-
tions that should be excluded as a source of
potential critical audit matters, and whether
or not certain definitions included in the
standard need clarification.

For instance, in addition to identifying
CAMs on the audit report, the PCAOB pro-
posal would require an auditor to also discuss
why they are critical, how they were ad-
dressed in the audit, and document the basis
for this determination, referring to the rele-
vant financial statement accounts and disclo-
sures. If the auditor concludes that there are
no critical matters, then this would be stated
in the report.

The Society raised issues with the com-
unication requirements, which would mandate
that auditors explain the principal
considerations behind why something was
considered a CAM and how the matter was
addressed in the audit. The Society felt the
requirements are too ambiguous, and ex-
pressed doubt that readers would be able to
understand the significance of the auditor’s
observations in the first place.

“The point here is that there are many
determination points in the audit, and it is a pro-
cess not easily described or understood. The
primary purpose of the audit report should
be to inform investors and provide them with
reasonable assurance regarding the fair pre-
sentation of the financial statements, not to
provide a reader with an avenue to speculate
about auditor judgment,” said the Society.

This plays into a larger issue: While the
PCAOB intends that the proposal will re-
duce the information asymmetry between
auditors and investors, the Society said it
does not believe this gulf can ever be bridged,
and it is unreasonable to expect it to ever be.

When trying to explain the underlying com-
plexity of performing an audit, according to
the Society, the level of detail provided would
just be a source of confusion to users.

“We just felt that [the information asym-
metry] will never be bridged. … [CAM dis-
closures] can never encompass the whole
audit process, since there are multiple proced-
dures that will impact on an audit or account-
ing issue,” said Jacoby.

The Society also cited the suggestion by
the PCAOB that the auditor refer to relevant
disclosures outside the financial statements
when communicating a critical audit matter
as “problematic at best and, at worst, likely
to be viewed as a form of attestation.”

“Liability concerns, especially under the
Federal securities laws, would be an issue, un-
less future regulation provides a safe harbor,
and there would have to be sufficient caves,
depending on the source and content, to be
able to provide this information,” the Society
said in its comment letter.

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The New York State Society of CPAs’ statewide committees provide members with forums to exchange ideas; sharpen their technical skills; develop business relationships; and have an impact on proposed standards, regulations, legislation and other professional issues. The committees also pay an integral role in sponsoring various educational, public service and networking events. Members represent all segments of the profession: local, national and international public accounting firms, industry, education and government.

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DISCIPLINARY MATTERS

JOSEPH MORGENSTERN, Flushing, N.Y., entered into a settlement agreement under the Joint Ethics Enforcement Program, effective April 8, 2016, as a result of an investigation alleging a potential disciplinary matter with respect to his performance of professional services on the audit of the financial statements of an employee benefit plan. Based on a review of the auditor’s report, financial statements and other relevant documents, there appeared to be prima facie evidence of violations of the following rules of the Code of Professional Conduct: Rule 201—General Standards; Rule 202—Compliance with Standards; Rule 203—Accounting Principles; and Rule 501, Interpretation S—Failure to follow requirements of governmental bodies, commissions, or other regulatory agencies. Without admitting or denying the alleged violations, Morgenstern agreed to forgo any further investigation of the matter, waived his rights to a hearing, and agreed to his suspension from membership in the NYSSCPA effective Jan. 2, 2016, as a result of an investigation of his professional conduct by not complying with the directives of a letter of required correction.

MARC WIESELTHIER, Plainview, N.Y., was expelled from membership in the NYSSCPA effective July 19, 2016, under the Automatic Discipline provisions of the NYSSCPA bylaws Article XII—Professional Conduct and Disciplinary Proceedings, Section 12. Failure to Cooperate, by failing to cooperate with the Ethics Charging Authority in its investigation of her professional conduct by not responding to interrogatories and request for documents.

MARC WIESELTHIER, Plainview, N.Y., was expelled from membership in the NYSSCPA, effective June 7, 2016, as a result of a decision by a hearing panel of the Joint Trial Board. Citrin was found guilty of violating NYSSCPA bylaws Article XII—Professional Conduct and Disciplinary Proceedings, Section 12. Failure to Cooperate, by failing to cooperate with the Ethics Charging Authority in its investigation of her professional conduct by not responding to interrogatories and request for documents.

ALAN J. Dlugash, Larchmont, N.Y., was suspended from membership in the NYSSCPA effective Jan. 2, 2016, as a result of a decision by a hearing panel of the Joint Trial Board. Dlugash was found guilty of violating NYSSCPA bylaws Article XII—Professional Conduct and Disciplinary Proceedings, Section 12. Failure to Cooperate, by failing to cooperate with the Ethics Charging Authority in its investigation of his professional conduct by not complying with the directives of a letter of required corrective action.

MARTIN LEVENTHAL, Glen Cove, N.Y., was expelled from membership in the NYSSCPA effective Jan. 2, 2016, as a result of a decision by a hearing panel of the Joint Trial Board. Leventhal was found guilty of violating NYSSCPA bylaws Article XII—Professional Conduct and Disciplinary Proceedings, Section 12. Failure to Cooperate, by failing to cooperate with the Ethics Charging Authority in its investigation of his professional conduct by not complying with the directives of a letter of required corrective action.

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Maintaining confidential data in the cloud

By REBECCA STOCKSLADER
Member, Technology Assurance Committee

Lured by decreasing costs and a better understanding of how cloud computing works, an increasing number of companies are entrusting third parties to host their IT infrastructure in a cloud-based environment. Along with the cost savings, CEOs appreciate the increased scalability, flexibility, better efficiency and accessibility across multiple platforms. For some companies, though, none of these benefits outweigh the data security and compliance risks that come with transitioning IT to the cloud.

For instance, companies that generate large amounts of confidential data may be discouraged from moving to cloud storage because of risks associated with maintaining compliance requirements under such regulations as the Gramm-Leach-Bliley Act (GLBA) and the Health Insurance Portability and Accountability Act (HIPAA). However, there are leading practices that businesses can follow in order to manage these risks.

The best way to determine whether or not a cloud-based IT infrastructure is a good fit for your company is to do your research. Businesses need to exercise caution in choosing a cloud platform provider and should select a service provider that offers the proper level of data protection, while allowing for businesses to conduct monitoring. Also, professionals working for cloud computing service providers can be subject to screenings, extensive training, heavy supervision, and contractual obligations. Because privacy is such a huge issue, a company using the cloud service should make every effort to protect itself and the confidential data stored in the cloud.

Establish a security policy

There are a number of strategies companies can use to increase overall security and their oversight within the cloud computing environment, as well as to ensure that their confidential data is protected.

Every business that utilizes a cloud computing platform should establish a comprehensive security policy. This security policy is the foundation for all other security measures.

A leading practice is for the cloud provider and the business to create their own specific policy, with service-level agreements agreed to by both parties. Anything related to cloud security would be addressed in this policy, including personnel and software information. Security policies should establish classifications for the types of data and corresponding levels of requirements for storing and transmitting them. Policies need to be up-to-date and communicated regularly to all relevant parties in order to be effective.

Practitioners should keep in mind the volume and criticality of data stored at third-party cloud providers, the security of the data transfer method, data access restrictions on the business by the vendor, and the vendor’s resilience to external hackers. There are several tools that can be used to identify weaknesses in security settings and configurations. Penetration testing procedures can be conducted to assess the nature and depth by which weaknesses can be exploited. Manual and automated audit processes can be used to verify that a system is in compliance with established policies. Risk assessment and audit procedures should be performed on a periodic basis. Keep in mind that reassessment will be needed as business risks evolve.

Scan for vulnerabilities

As long as attention is paid to these data security considerations, the ability to store data in the cloud has significant potential for businesses. There are inherent risks, but programs and practices have greatly improved since cloud-based storage data solutions were first introduced. Still, massive data breaches have occurred at some of the largest companies in the United States.

Regularly scanning the cloud computing environment for vulnerabilities is essential. When any potential vulnerability in the system is identified, it should be investigated further and the appropriate action taken.

Companies can perform these scans externally to identify potential weaknesses or access points that could allow unauthorized access to their confidential data. Security staff can also perform internal scans, which are time-consuming but can produce more thorough results.

Proper segregation of duties within the cloud computing platform is necessary to limit individual access to the confidential data stored within the cloud platform, and also to help mitigate the risk of individuals circumventing controls. Security clearance and access capabilities should be restricted to only what is necessary for users to carry out their day-to-day responsibilities. Cloud platforms are also partially segregated from a company’s internal operations, with the IT function responsible for managing the physical aspects of data storage. Businesses should verify that their vendors employ such forms of segregation.

Change management controls are critical to ensure that the segregation of responsibilities within systems is maintained on an ongoing basis in order to avoid the potential for individuals to abuse and exploit weaknesses.

Companies can work toward securing their confidential information within the cloud by being active participants in the selection and monitoring of their service providers and by following leading practices. The threat of a data breach is always present, but effective risk management activities provide companies with the benefits of using cloud storage, while minimizing the corresponding risks associated with its use.

Rebecca Stockslader is staff accountant at Insero & Co. CPAs, LLP and a member of the NYSSCPA’s Technology Assurance Committee. She can be reached at Rebecca.Stockslader@insero.ca.com.
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“It was very safe. I had benefits. I had a retirement plan that was very well set. But I just wasn’t as happy as I wanted to be, and I didn’t have the freedom to do the sort of things … I wanted,” she said.

So, she decided to leave her comfort zone and start her own forensic accounting firm. She admitted that it can be challenging, noting that the nature of the work means a lot of one-off engagements, which necessitates a constant hustle to get new clients.

“But in terms of wanting to wake up in the morning, it’s been great,” she said.

This was a similar motivation that helped Timothy J. Hammond, a manager at The Bonadio Group specializing in health care, to wind up in his own field. He said that he always wanted to push himself and pursue new challenges. Over the course of his career, he’d worked in a wide variety of different industries, including state government and nonprofit organizations. While he described it as “the comfort zone of having that stable income,” he began to get weary of the routine. As a former controller for a New York-based behavioral health care system, which had over 1,000 employees, he said he realized that he liked working in a consulting role as an adviser, “rather than being in the weeds and trying to keep this organization afloat,” he said. “I wanted to be advising at a high level.”

This was why, ultimately, he decided that he needed to return to a public accounting firm, working with health care clients. He also pursued a certification in the field, which boosted his credibility with clients.

The panelists stressed the importance of trusting your own instincts and making sure you are the sole author of your career. Hammond learned this through experience, he said, when he took the CPA exam. He confided that pensions were a weak point with him, but all his friends told him that the exam barely mentions them. To his shock, when taking the exam, he was faced with a long question on pensions in the environmental simulation section. He admitted that it didn’t go so well, though he still managed to pass the exam. Since then, though, he has placed great importance on trusting himself and taking ownership of what he does.

“I tried … not to let individuals tell me their opinion and place 100 percent stock in it,” he said. “I need to experience things for myself to know what I like.”

Petrozzelo related a similar experience she had when debating whether to start her own firm. She said she decided to sit down with people who had been in business for a very long time and ask them what they thought. While she was sure they were just trying to be nice, Petrozzello added that they would often tell her that her plan wouldn’t work.

“I could be very discouraged, [but] instead, I decided to be challenged by it all. And if I fail, I fail spectacularly and on my own terms. But at least I’ll know I tried something. … You can’t live life vicariously. It’s not as interesting,” she said.

NYSSCPA President F. Michael Zovistoski also spoke of the need to make sure you tailor your career to your needs, rather than the other way around. He advised his audience to examine what makes them happy and what they enjoy in life, and tailor that to being a CPA. For him, he said that he likes to help people solve problems, which, he said, motivated him to become a CPA in the first place.

“It’s really related to client service. For me, helping a client achieve their objectives—grow their business, file a correct tax return, attain bank financing, whatever it might be—is very important. How can I help my community, help my client, help others? And that is very important to why I became a CPA and enjoy being a CPA,” he said.
To build your career, create a marketing plan—for yourself

By CHRIS GAETANO
Trusted Professional Staff

Since there are hundreds of thousands of CPAs in the United States, with thousands more getting certified every year, how is a young professional supposed to stand out from the crowd and get the attention of clients and employers? This question was explored in a pair of sessions during the NYSSCPA’s NextGen Conference on July 25, held in Midtown Manhattan.

Ethan Chazin, whose firm specializes in career coaching and management consulting, said that it’s important to remember that, at the end of the day, people are interested primarily in themselves. It does no good to ask people what they can do for you. To be truly memorable and build a reputation that will serve you throughout your career, he said it’s important to be known as someone who asks what she can do to help others.

“Every single human being is still selfish, and we always ask when meeting someone, ‘What’s in it for me?’ and if you can create a script … predicated on how you can help them, you’re already accomplishing more than the people you’ll compete with,” he said.

The script should basically be a short pitch, he said, or, more specifically, several versions of the same short pitch tailored to different audiences that sells other people on what you can do for them.

Selling yourself

“Think of yourself as a product. You may think that’s so cold and impersonal—I’m not a product, I’m an individual.” Amen. [But] you have a background and knowledge no one else does. … If you don’t know your product inside and out, you can’t sell it,” he advised.

In order to best market this product, he said, you need a marketing plan. Think about how to best package your talents, he suggested, and create a narrative around that package that includes your background, whether you speak any languages other than English, your cultural proficiency, pricing (how much you’re actually worth), and positioning (organizations that you’re affiliated with, events you attend).

A career marketing plan should also include your successes, values, contributions and goals, he said. And, he recommended, you should know where you want to work, adding that people who manage their careers most effectively have about 18 to 32 organizations they’re aggressively trying to have interviews and networking events. He also said that blogging and publishing articles can be a very good way of demonstrating the way that you add value.

He then warned his audience that if they don’t take on the work of defining themselves, others will start defining them for them.

You want to define for yourself your brand, so people understand what you have to offer,” he said.

Winning at social media

Another powerful way to build a brand, whether it’s your personal one or your firm’s, is through social media. David Deutsch, a social media consultant and another of the conference speakers, said that there’s a lot about social media that people misunderstand. While many think of it as a place to promote yourself, he warned people against approaching it as yet one more advertising venue. Using social media effectively, he said, means thinking of it as a dialogue, instead of a monologue.

“Social media is the bar after work. This isn’t marketing. What it is, is a conversation.”

—David Deutsch
Social Media Consultant

“You want to define for yourself your brand, so people understand what you have to offer,” he said.

Many people use the wrong metrics when measuring their success with social media. Things like Facebook likes and Twitter followers may be nice, and getting more of them can be useful, but they can’t be the end goal of someone’s overall social media strategy.

“Can you pay your mortgage with Twitter followers? No, you cannot. … Can you pay your bills with it? No, you can’t. Instead, EHRRRRNNT! Wrong! Content is not king! Contact is king!” he said.

This means that your social media accountants need to facilitate contact not just with you, but with others as well. For instance, he said, no one cares if you announce on Facebook that you really like ice cream.

“Instead of saying, ‘Look at me,’ how about this: ‘I just found a great new brand of ice cream, it’s the best I’ve ever had, it’s priced about the same as others, check it out.’ This is something useful for your audience. … Or, you can ask a question. ‘Random Facebook peeps, what is your favorite brand of ice cream? What do you think? There’s this nervous tick on the Internet where people have to answer questions asked. People can’t help themselves,” he observed.

He reminded conference attendees that social media is, ultimately, a tool. The real power is in the personal connections people can forge through it, and to do that, you need to take the focus away from yourself.

“Make it about them, not you,” he said.
A new year in Buffalo

By BRUCE M. ZGODA
Buffalo Chapter Immediate Past President

It is a new year in Buffalo, and what a year it should be. We are ready to welcome many new young CPAs this year, and we now have a young co-president serving with me in my second term, in an effort to bring our NextGen along.

Congratulations to our new board members for the new year. Jim Gramkee is our new president-elect, Sarah Clare remains as our secretary, Christine Learman remains as our treasurer and Dan Whelehan will continue as our vice president.

Greg Altman and Ed Arcara will represent us at the state level, and we thank them.

Kevin Penner and Christie Adamczak were our NextGen leaders who organized our City’s Taste of Buffalo in July, when the young CPAs donated hours of talent to be cash collectors and make sure it was a financial success—a great job.

For the second year in a row, Lorrie Metzger organized our Career Opportunities in the Accounting Profession program at the University at Buffalo School of Management, which provided another excellent week-long educational program to high school students of color going into their senior year, with the purpose of exposing the students to career opportunities in accounting and finance and to also provide personal and professional development. The banquet celebrated all of the hard work that the students put in during their exciting week. It is also to present the winners of the week-long competition. Thank you, Lelia Dickenson for visiting us in Buffalo that week.

In mid-June, Paul Kiel again coordinated with our local bankers and CPAs to hold the always-popular networking mixer at Frank Lloyd Wright’s Fontana Boathouse on the Niagara River. Many professionals enjoyed the warm evening with cocktails and excellent food.

Our Summer Symposium, headed by Greg Altman and Pat McGrath, along with assistance from Ed Arcara, featured effective and engaging speakers so that we could learn and earn excellent CPE at a very reasonable price. Thank you for your efforts and for making continuing education a priority.

The NextGen Committee, headed by Christie Adamczak, with help from Joe Lapoint, organized a Moon-dance Cat Charter Cruise along the shores of downtown Buffalo.

Todd Zgoda, Lisa Manning, Tim Hoelscher, with help from my dear wife Cathy and me, provided the counting and reconciliation for the huge Wings Flights for Hope Foundation fund-raiser. This annual event helps provide free travel for patients in need of medical treatment outside Buffalo.

You just get the feeling that the Buffalo Chapter is getting ready to receive a new core of young CPAs who are ready to serve and contribute to our great profession. We need our Millennials to understand that it is more blessed to give than receive. The ones who have already given realize the beauty of making things better for their community and others. I challenge our young CPA professionals to do more than work hard; I ask that they reach out to make their community a better place than they found it. Hearing is not always listening; knowing is not always understanding.

Share your gifts with others—you will not regret it. Be generous, be kind, be compassionate.

Your life’s path may be difficult, but have faith that you will not be left alone.

Lastly, with all of the violence in the world, I ask that you consider a moment of prayer for the peace of our nations; pray that the people in authority will remember that they took an oath to serve the people and not serve themselves. They were given a privilege and duty to use wisely.

bmz4948@aol.com
Northeast eyes areas outside Capital Region for recruitment efforts, initiative building

By TIMOTHY DOYLE
Northeast Chapter President

The Northeast Chapter recently held its annual organizational meeting and it was great to see everyone again as we begin our new fiscal year. As incoming president, I have been fortunate to inherit a strong slate of officers and growing program base. Past presidents Lisa Smith and Chris Cannucciari have worked steadily over the last two years to build both the board and our programing; they have left the chapter in great shape. Our current slate of officers is a diverse group of professionals dedicated to promoting the accounting profession. They include Jennifer Pickett, president-elect; Maria Dallas, vice president and Andrew Matthews, treasurer.

Our team looks forward to continuing the momentum and having a great new year.

Our first initiative is to build upon the program base that has grown in recent years. We have worked with the State Society to expand our track day event from a local chapter event to include the entire state. Additionally, we have seen great success in this last year with our NextGen program. Michelle Roberts has done a fantastic job growing this program in her first year with us, adding several new events including an offshore golf pro event. This year, we are planning some additional events in the chapter, including a clam bake.

We are also continuing to build our board and slate of officers. During recent years, we have worked to create a diverse board and officer slate that includes both public and private accountants. We will continue to build upon that effort as we continue to look to fill the current secretary position.

Lastly, we hope to recruit new members in areas that are within the Northeast Chapter but outside of the Capital Region; these residents have not historically participated through board, officer, committee or program activities. We hope to ensure that all of our members are getting the most out of their membership by actively involving them and educating all of our members on the resources and sense of community that is part of being a member of the New York State Society of CPAs.

Let’s have a great year!

tdoye@bonadio.com

Goals for the new year: NextGen, partnership building, succession planning and community outreach

By CATHERINE CENSULLO
Westchester Chapter President

I consider it both an honor and a privilege to serve you in my new role as president of the Westchester Chapter of the New York State Society of CPAs. Thank you to our past president, Michele Lazarra, for a job well done, and to our board of directors, for leading so many successful events this past year.

You are fortunate to have such an active chapter, with a wonderful board of directors, committee chairs, members and support staff, who give so much of their time and effort to make your chapter as successful as it is.

My first goal as president is to concentrate on the youth of our profession—you are our future. I would like to ask your help in expanding the outreach to our high schools and colleges, offering more internship and mentoring opportunities, and providing more training and leadership opportunities to our young developing CPAs and CPA candidates.

I want to thank each Westchester managing partner who invested in their firm’s young talent by sending at least one of your young professionals to the Foundation for Accounting Education’s recent NextGen: The Conference for Young CPAs in Manhattan on July 25. We will recognize those firms in our September chapter newsletter. I also encourage you to think about internships and mentoring opportunities in your firm.

I also want to thank our Westchester NextGen group for all of the charitable work they do. Thank you to all who helped our neighbors by participating in our Food Bank event on July 29 in Elmsford. You benefited our local community and also had the opportunity to meet socially afterward to share ideas and network.

My second goal as president is to stress the importance of teamwork with our fellow professionals, both as a way of developing alliances with your colleagues and providing additional resources for your clients. I encourage you to expand your circles of influence among the other professionals who are part of your clients’ teams and potential resources for your clients to draw upon.

The Allied Professional Group of Westchester, consisting of the Westchester Chapter of the New York State Society of CPAs, the Westchester County Bar Association, and the Financial Planning Association of the Greater Hudson Valley, has been holding about three events per year for the past three years to network together, work together, learn together and share best practices with each other. I encourage you to become a part of this effort to strengthen your resources as a leader in this profession.

Our next event is on Tuesday, Sept. 20, at 7:30 a.m., at the Doral Arrowwood in Rye Brook. This event is a follow-up session to our June 9 event, Helping Your Clients and Loved Ones Deal with Alzheimer’s Disease. Attorney Peter Strauss will return to give us more practical advice and answer questions from our roundtable groups on specific areas of concern on this topic. What a great opportunity for you to demonstrate your leadership by rubbing elbows with your colleagues and building your circles of influence, while gaining insightful knowledge about Alzheimer’s disease and dementia, an area that touches you through your clients, their families, and your own families in some way.

My third goal is to encourage the members of our organization to focus on succession planning so that our clients will still be served after you are no longer able to serve them.

Our chapter’s population has an increasing number of older CPAs who need to look beyond the point where they will be able to serve their clients themselves.

This point was brought home to me over three years ago when a key employee of my firm, who had been working with me for more than three years and who was under age 50, came down with the flu. Thinking that after a week or so, she would be back with me, I then received the devastating news that her flu had turned into viral meningitis and encephalitis. She lost 15 years of her short-term memory; although the doctors said she would fully recover after six months, that never happened.

She was never able to return to work, drive a car or support herself. It was a blow to my firm and took a long time to recover. Trying to replace the skill of a worker who had a Mensa IQ, knew the clients, and could easily handle the most complicated of situations was not easy. Dealing with this type of situation showed me the importance of succession planning. I want to help the more mature members of our organization to be prepared for their next steps.

I hope to provide some training opportunities to help those of you who have not yet thought through your succession plans to help you be more prepared for this effort and to work through and develop your plan.

My fourth goal is to have more outreach to the community and find more ways to help the community, whether it be additional education to the community or more ways of giving back and donating to charitable causes in the community.

On that note, I invite you to save the date on Thursday, Nov. 3, when the Young CPAs/NextGen Committee of Westchester hosts a wine tasting (and maybe even beer tasting) to benefit Blythedale Hospital in Val-halla. The event is open to everyone, even if you do not happen to be a Young CPA, and will benefit a great organization.

Please know that I welcome your suggestions and ideas. I also invite Westchester’s managing partners to meet with me on an individual basis to better understand your needs and concerns, and how your chapter can better serve you. I look forward to a great year ahead and to your continued guidance and support.

Thank you for all that you do to make this a truly great chapter.

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CHAPTER EVENTS & CPE

Buffalo
NextGen Young Professionals Golf Tournament
When: Sept. 23, 12 p.m. registration/lunch; 1 p.m. shotgun start
Where: Buffalo Tournament Club, 6432 Genesee St., Lancaster
Cost: $80 per golfer; $375 for four golfers and hole sponsorship
Course Code: 45010702
Contact: Kevin Penner at kpenner@tsacpa.com or 716-276-8289

Mid Hudson
Mid Hudson 2nd Annual End of Summer Membership Celebration
When: Sept. 24, 1–5 p.m.
Where: Chatwood Lake Park, 1702 Route 300, Newburgh
Cost: $5 per person or $20 per family; Children under 2, Free
Course Code: 45020701
Contact: Noelle DeLuca at ndeluca@kpmg.com

Rochester
5St Annual Rochester Tax Institute
When: Nov. 18, 8 a.m.–5 p.m.
Where: Rochester Plaza Hotel, 70 State St., Rochester
Cost: TBD
Course Code: 28605771
Contact: Rahema Zia at rzia@ceriniandassociates.com

Suffolk
NextGen 21st Annual Young Professionals Golf Classic
When: Sept. 20, 10–6 p.m.
Where: Hamlet Willow Creek & Golf Country Club, 1 Clubhouse Drive, Mount Sinai
Cost: $250 per golfer
Course Code: 45080703
Contact: Traci Novak at 631-665-7040

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10/14/16: Business and Industry Conference
10/20/16: Construction Contractors Conference
10/25/16: SEC Conference
10/27/16: Anti–Money Laundering Conference
11/3/16: Private Company Accounting and Auditing Conference
11/8/16: New York State Taxation Conference
11/9/16: Closely Held and Flow-Through Entities Conference
11/16/16: Entertainment, Arts and Sports Half-Day Conference
11/18/16: Auditing Conference
11/30/16: Alternative Investment Fund Conference
12/1/16: Exempt Organizations Conference
12/7/16: Annual Tax/Plenary Conference
12/8/16: Trust and Estate Taxation Conference
12/15/16: Real Estate Conference

Visi
What is an accounting trend that you think is more of a fad? Alternately, what’s something dismissed as a fad that you think is a real trend?

TAMEKA WALTERS | Supervisor | White Plains

One thing, which I don’t think of as a fad but a fresh approach to the work we do, is the idea that the services we provide, whether tax, audit or what have you, are a commodity—it’s the same product that comes out, no matter who the provider is. We have to find ways to differentiate ourselves by being thought leaders. So, there’s a push, particularly within our firm, to have a more value-added approach, a total client service approach. We are encouraged to explore ways we can benefit the client outside of just giving them a tax return or financial statements. We aim to be more than just the tax preparer, or more than just the auditor, and it’s an idea I haven’t really encountered much in conversations with peers from other firms.

Now, something that I think was dismissed at first as a fad, but is surely here to stay, is the push toward information security. While the idea has been around for a while, it was initially seen as a neat little function, something great to have, but optional. Now it’s pretty much required. You can’t just send sensitive information anymore without considering how easy it’s become for someone else to intercept it.

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ESTHER CLABEAUX | Manager | Amherst

I’m not a fortune teller, so this is just my opinion, but on trends that may just be temporary, the first thing that came to mind is how much emphasis, lately, there has been on using social media to connect with clients or potential clients. I’m not sure this particular application is going to last, reason being that with all the identity theft issues going on, social media may not be the best place to conduct that sort of business. I feel it may also introduce liability concerns with giving advice and correspondence with clients on social media, so I don’t think that is as useful as some may feel. Ultimately, it’s the real face-to-face relationship that count and that are going to last.

Another thing is how a lot of firms are offering their employees tablet computers. I don’t think that’s going to last either. Sure, because it’s portable, it’s handy when you travel, but I think it’s still kind of limited in terms of what you can do. You can’t really do a lot of work, so most people just use them for correspondence and checking emails.

One thing, though, that I think firms need to start paying more attention to is how Department of Labor regulations apply to them where they concern employee classification. There have been some class action lawsuits brought by staff accountants regarding whether they are considered exempt employees or not, and while, right now, the firms have generally tended to win those cases, I think this issue will start coming up more and more as time goes on.

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PAUL E. BECHT | Partner | Melville

In terms of trends people should be paying more attention to, I’m thinking of blockchain technology. People normally associate it with Bitcoin, which had some scandals—because of this, people were thinking it was just a fad that would go away. But now, I think accountants and other professionals are starting to understand that blockchain, the technology behind Bitcoin, is likely the future of the banking system. It can prevent a lot of the cybercrimes that we see today.

There’s an inherent verification process that occurs in a blockchain, so all transactions are recorded and can’t be changed, and everyone within that network, including regulators, can see and understand those transactions, which makes fraud more difficult.

My first introduction to this topic came through my board participation at the State Society, where I heard from an NYSSCPA task force that concentrated on the impact of virtual currency on the accounting profession. Since then, I’ve seen more attention to the idea all over, from the AICPA to the IRS to even [Federal Reserve Chairwoman] Janet Yellen. They all are starting to grasp the importance of the technology.

It also holds implications for the CPA profession, especially auditors. Using blockchain, there would no longer be a need for confirming account balances because it would be readily apparent to everyone what the account balance is. Everyone has the same information. So, theoretically, it would allow the auditor to focus more on true analytical work, as opposed to what is considered to be the grunt work of auditing. Therefore, it could make the audit more efficient and more meaningful for the client.

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CRIGHT GOODMAN | Director | Manhattan

A trend I’m not seeing dismissed, at least not anymore, is the return to an increased focus on audit quality. Over the past 15, 20 years, there were all kinds of promotional pressures, business pressures, on firms that created increased competition. This competition compelled them to perform auditing engagements as efficiently and economically as possible. When that happens as the primary objective, lines become blurred and things start to slip. But with all the changes that came with the crash of 2008 and the whole Madoff fiasco, a lot of those external factors that enabled this dipppage disappeared. With this business and social environmental change came a shift in thinking toward a more rigorous application of standards. Not that they weren’t applying them before. But now, there seem to be fewer flexible interpretations in judgmental areas.

The old world was, ‘How many clients can you bring in?’ There’s less of that now. It’s more, ‘What’s the level of work we need to do?’ That, to me, is the biggest change. We can see it even in the CPA exam changing in 2017. The skill set required of graduates has become much more rigorous. For the past few years, it was mainly multiple choice and memorizing things. Now it’s not, it’s going back to the old ways when you had problem sets and essays, and had to think and communicate and demonstrate that you had these skills.

One thing that I think is more of an unclear initiative is the emphasis on sustainability we’ve been seeing. If you look environmentally and scientifically, I’ll say that’s definitely something that’s here to stay, but I think there needs to be more clarity on how this pertains to the profession of public accounting. We struggle with the question of, ‘What does sustainability actually mean?’ Does it mean your auditing firm, or your clients, will be here in another 100 years? Does it mean it’ll audit the environmental impact of the client? This is something that needs to be rethought, or it may not stay around, at least in its current form.

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DAVID EVANGELISTA | Principal | Manhattan/Cranford, N.J.

I’m sort of old school, so I’m not a big fan of cloud computing. I think the hosting companies will disappear one day, and everyone’s data—and, in some cases, software—is going with them. People will wake up one morning and won’t be able to function, and in most cases, there is not enough redundancy built into the system to recover from a catastrophic loss. I think part of my worry, from a user perspective, is that it’s become too easy to use it, so the users aren’t worried about redundancy or disaster recovery. People may say they don’t want to do things in-house because they don’t want to take responsibility or incur the cost of maintaining the backup systems, therefore I’ll put everything in the cloud, but what happens when we’re separated from it?

When the software is cloud hosted, if they go down or disappear, you’re out of the water, even if you have a backup of your data. What happens when providers start leaving the industry? What is the entity’s disaster plan when the data disappears or the software disappears?

I think if the infrastructure fails, people will learn the hard way, and inevitably, this infrastructure will fail at some weak point, just like real infrastructure eventually fails. What will people do? Did they opt out of keeping their data themselves and now all their stuff is gone? Or have they done the right thing and put in redundant backups or some sort of fail-safe, should their provider disappear? While I’m not going to say it’ll fail globally, I think it’s inevitable that there will be cases of failure in the system. Are we prepared for that?

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