

**Laws & Rules, Governmental Services Committee
Special Meeting Minutes**

DATE & TIME: June 10, 2019 – 6:00 PM
LOCATION: KL Binder Library, 6th Floor, County Office Building
PRESIDING OFFICER: Chairman Donaldson
LEGISLATIVE STAFF: Jay Mahler, Deputy Clerk
PRESENT: Legislators Bartels, Heppner & Rodriguez
ABSENT: Legislators Roberts & Ronk
QUORUM PRESENT: Yes

OTHER ATTENDEES: Legislators Delaune, Haynes & Nolan, Legislative Counsel Gordon, Geddy Sveikauskas – Ulster Publishing, Hugh Reynolds – CityBeat, Jeremy Russell - Citizen

Chairman Donaldson called the meeting to order at 6:07 PM.

Resolution for the June 11, 2019 Special Session of the Legislature

Chairman Donaldson advised the members that the only resolution before them was for the appointment of an interim County Comptroller. He added that the Resolution currently reads as “TBD” for the name of the individual being appointed.

Resolution No. 228: Appointing Individual To Fill A Vacancy In The Position Of The Comptroller Of Ulster County

Resolution Summary: This resolution appoints a to be named person to fill the vacancy in the elected position of Ulster County Comptroller.

Motion No. 1: **Resolution No. 228 MOVED FOR DISCUSSION**
Motion By: Legislator Rodriguez
Motion Seconded By: Legislator Heppner

Discussion:

Chairman Donaldson informed the members that an unsolicited letter from the ALGA, Association of Local Government Auditors included was in their meeting materials (appended to these minutes) He stated that the letter cautioned against the appointment of the former Acting County Executive to the office of County Comptroller. He encouraged the members to read the letter. He advised the members that their meeting materials also included: an email correspondence with Leita Hart-Fanta, CPA, CGFM, CGAP, an excerpt from the United States Government Accountability Office’s Government Auditing Standards 2018 Revision cited by Ms. Hart-Fanta, an ALGA Audit Committee Guidance document, an ALGA Model Legislation Guideline for Local Government Auditors, and a Bio and Resume for Mr. Rief Kanan, CPA (all materials appended to these minutes.)

Chairman Donaldson commented that the appointment of a former executive to an auditing position would never be permitted in a publicly traded company. He added that the FTC would

most likely get involved if a company attempted that action. Legislator Nolan stated that the Comptroller is not a compliance officer, adding that CPAs are the ones conducting audits, not the Comptroller. Chairman Donaldson stated that the audits are conducted at the direction of the Comptroller and under his or her oversight.

Legislator Heppner expressed his gratitude to the three individuals interested in the interim position for accepting the invitation by the Democratic Caucus to interview for the position. He added he felt it was important for the Legislators to have those interviews and to do their due diligence before deciding on the best person to fill the position.

Chairwoman Bartels expressed her disappointment that the Republican members of the committee were not present to discuss the Resolution. She thanked Legislator Haynes for attending. She added that she felt the debate and conversation on the appointment has become personal rather than focused on the best person to fill the position. She stated that the letter received by ALGA clearly states that the appointment of former Acting County Executive Reiter is a clear conflict of interest. She stated that she has a lot of respect and admiration for Ms. Reiter, but is unable to support her appointment. She expressed the need for the Comptroller to be an independent office and recalled the expressly stated responsibility in the Charter of the Comptroller as the chief auditor of the county.

Chairman Donaldson stated that he respects Ms. Reiter and supported her serving as Acting County Executive through the end of the year until it was determined that the Charter required a Special Election. He said that it was clear to him, and seemed to be common sense, that a conflict of interest exists in her appointment to Comptroller. He asked how the members of the committee would like to move forward with the Resolution.

Legislator Rodriguez stated that it would probably be best to move the Resolution forward as is to allow the full Legislature the opportunity to weigh in on the name that should be submitted for appointment. He thanked Chairman Donaldson and Chairwoman Bartels for scheduling the interviews and calling the Special Committee meeting as that is the appropriate mechanism and process for considering the appointment to fill the vacancy by Resolution. Legislator Heppner said that he agreed with moving the Resolution forward as is and agreed with the concerns expressed by Chairwoman Bartels relating to apparent conflicts of interest.

Motion No. 2: **Motion to ADOPT Resolution No. 228 in its current form**

Motion By: Legislator Rodriguez

Motion Seconded By: Legislator Heppner

Voting In Favor: Legislators Bartels, Heppner & Rodriguez

Voting Against: Legislator Donaldson

Votes in Favor: 3

Votes Against: 1

Disposition: **Resolution ADOPTED**

Chairman Donaldson asked Legislative Staff to provide copies of the meeting materials to members of the media present. He the members if there was any other business, and hearing none;

Adjournment

Motion Made By: Legislator Heppner

Motion Seconded By: Legislator Bartels

No. of Votes in Favor: 4

No. of Votes Against: 0

TIME: 6:22 PM

Respectfully submitted: Jay Mahler, Deputy Clerk

Minutes Approved: June 17, 2019



Association of Local Government Auditors

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MEMBER SERVICES

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June 7, 2019

Honorable Chair Tracey Bartels and Members of the Ulster County Legislature
County Office building, 6th Floor
244 Fair Street
Kingston, NY 12401

The Association of Local Government Auditors (ALGA) recently learned that you are considering appointing the Acting County Executive as Interim County Comptroller until an election is held for the position. We are writing to provide you with some information we believe may be beneficial in your discussions.

Government Auditing Standards (GAS), promulgated by the Comptroller General of the United States, discourages appointing Senior Management staff to auditing positions where they could audit work or functions they recently oversaw or were responsible for as managers. Specifically, GAS Section 3.43 (2018 Revision) lists the following item as a specific example of a circumstance that creates a management participation threat to the independence of a government auditing function:

- a. A member of the engagement team being, or having recently been, a principal or senior manager of the audited entity.

To be independent, the audit function must have an organizational reporting relationship that is outside of those responsible for areas subject to audit, must have statutory protections against interference in how it conducts its work and reports results, and must have unrestricted access to employees, property, records, and information systems. To enhance effectiveness, the audit function should follow professional standards.

ALGA is committed to strengthening and supporting independent auditing within local governments. We are a professional organization representing over 300 government audit organizations across the United States and Canada. We believe that an independent performance audit function, operating under applicable professional auditing standards, plays a key role in effective governance and, public accountability and transparency.

Please do not hesitate to contact us if you have questions or would like additional information. You can reach our committee's Northeast Region representative Jay Poole, City Auditor, Chesapeake, Virginia at (757) 382-8511 or jpoole@cityofchesapeake.net, Mr. Poole is also a former auditor for the New York State Comptroller's Office. You can also contact me at (816) 513-3303 or douglas.jones@kcmo.org.

Sincerely,

Douglas Jones, CGAP, CIA, CRMA
City Auditor, Kansas City, Missouri
Chair, ALGA Advocacy Committee

cc: Pam Weipert, ALGA President



ALGA

Association of Local Government Auditors

Audit Committee Guidance

ALGA Advocacy Committee

The committee works to promote the value of independent performance auditing throughout the local government community.

The committee provides professional resources and support to those in local government communities without audit functions, with new audit functions and with established audit functions.

The committee also provides support for local government communities that are considering diminishing the capacity of the audit function.

ALGA's Mission

ALGA is a professional organization committed to supporting and improving local government auditing through advocacy, collaboration, education, and training, while upholding and promoting the highest standards of professional ethics.

ALGA Member Services



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Why establish an independent audit committee?

Improve government accountability. Audit committees in the public sector help enhance accountability. Audit committees assist local legislatures in fulfilling their governance and oversight responsibilities for the:

- integrity of financial information
- suitability of internal controls
- compliance with regulatory requirements
- performance of government auditors
- performance of audit firms engaged by the governing body

Follow best practices. Audit committees play an important role in ensuring the quality of the annual audits, and ensuring that management implements audit recommendations. They also ensure that the audit function has sufficient resources, competence, and independence from the executive branch to perform audits efficiently and effectively.

Ensure independence. Audit committees ensure that audit functions are empowered to report significant issues to appropriate oversight authorities. The audit committee can prevent management interference with audits or suppression of audit findings.

Are audit committees required?

Audit committees are required for publicly traded U.S. companies. The Sarbanes-Oxley act, created in the wake of widespread failures of auditor independence and corporate governance, mandates the establishment and minimum duties of audit committees for all publicly traded companies in the United States.

Audit committees are required in some states and localities. Audit committees for local governments are sometimes required by state law (as in the state of Florida) or by city or county charters, municipal codes, or other local law. The Government Finance Officer Association (GFOA) recommends that all state and local governments formally establish audit committees by charter, enabling resolution, or other legal means.

What are the audit committee's responsibilities?

Specific responsibilities of the audit committee vary depending on the form of government and reporting relationship of the auditor. If the auditor is elected, for example, the audit committee may serve in a purely advisory capacity to the elected auditor. At a minimum, the audit committee oversees or advises the audit function.

Support and oversight of the government audit function: The audit committee may be directly responsible for recruiting, appointing, overseeing, and removing (if needed) the auditor. The committee may also make recommendations to the auditor relating to the annual audit plan and to the governing body regarding the auditor's budget. An elected auditor may consider establishing an audit committee to ensure that audit issues receive appropriate attention from the legislature, and to safeguard against challenges to independence from management.

Oversight of contracts with accounting firms: The audit committee may also be responsible for the requests for proposals, selection process, and monitoring the work of commercial public accounting firms performing the annual financial audits or other audit services.

Many audit experts, including the Institute for Internal Auditors (IIA), see the audit committee's role as including not only oversight of financial and performance auditing but also of governance, risk management, financial reporting, internal control, compliance, and ethics. Some audit committees are charged with conducting investigations and managing complaints and anonymous employee communications. Regardless of the specific duties assigned, every audit committee must be independent of the entity's management (executive branch) and must obtain sufficient expertise to properly understand and monitor not only the entity's audits, but also its financial systems, internal controls, and fraud risks.

How should the audit committee be structured?

Members should be independent of management. To enhance the independence of the committee, and to enable the auditors to communicate freely about management's shortcomings, no members of the audit committee should be employees of the entity management (executive branch).

Members should collectively be knowledgeable about financial matters and government. Audit committee members should have collective specific expertise necessary to effectively exercise their committee duties. For this reason, while some audit experts recommend that the audit committee be composed solely of members of the governing body, we recommend that audit committees include both members of the legislative body and financial/management experts from the community.

The audit committee should have the authority and resources to seek outside expertise when necessary. We also recommend that, as required by Sarbanes-Oxley for corporate audit committees, local government audit committees be provided with the resources to hire outside experts, including legal counsel, when necessary.

Stagger terms to ensure continuity. Terms of audit committee members should be staggered to ensure continuity.

Advocacy Committee

Jay Poole, Chair
City Auditor
Chesapeake, VA

Laura Doud
City Auditor
Long Beach, CA

Paul Duggan
Director, Audit Services
Regional Municipality of York
Ontario, Canada

Leif Engstrom
Chief City Auditor
Albany, NY

Ann-Marie Hogan
City Auditor
Berkeley, CA

David Jones
City Auditor
Seattle, WA

Bill Miller
County Auditor
Johnson County, KS

Amanda Noble
Deputy City Auditor
Atlanta, GA

Carolyn Smith
Internal Auditor
Columbus City
Schools, OH

Beth Woodward
Senior Mgmt. Auditor
Portland, OR

Patra Carroll, Advisor
Audit Supervisor
Maricopa County, AZ

**Craig Kinton, Advisor and
Liaison to Board**
City Auditor
Dallas, TX

More Info

To find additional resources from the Advocacy Committee, visit the committee page on ALGA's website at www.algaonline.org.



ALGA

Association of Local Government Auditors

Model Legislation Guidelines for Local Government Auditors

Fourth Edition, 2014

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ALGA's Mission

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ALGA Member Services



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Introduction

Auditing is a cornerstone of good public sector governance and stewardship. The Association of Local Government Auditors (ALGA) supports the establishment and continuous improvement of independent financial and performance auditing in local government.

Local governments establish, staff, and maintain independent audit functions to enhance accountability, earn and increase citizen confidence and respect for government, and provide an independent and objective perspective. ALGA issued its first edition of *Guidelines and Model Authorizing Legislation for Local Government Audit Functions* in 1992, and issued revisions in 1999, 2007, and 2013.

To establish an audit function in one's own local jurisdiction, we recommend legislation that addresses each of the following key elements

Independence

When establishing an audit function, it is very important to be explicit in protecting auditors' impartiality and objectivity in conducting their work so decision-makers and the public can rely on audit findings and recommendations. For example, managers of functions that may be audited should not have authority over the work of auditors. In order to be independent in fact and appearance, auditors must be free from conflicts of interest and free from interference in how the work is conducted and reported. Auditors must have systems in place to identify, safeguard against, or report threats to independence. The Government Auditing Standards identify seven types of threats to independence:

- Self-interest threat - the threat that a financial or other interest will inappropriately influence an auditor's judgment or behavior;
- Self-review threat - the threat that an auditor or audit organization that has provided nonaudit services will not appropriately evaluate the results of previous judgments made or services performed as part of the nonaudit services when forming a judgment significant to an audit;
- Bias threat - the threat that an auditor will, as a result of political, ideological, social, or other convictions, take a position that is not objective;
- Familiarity threat - the threat that aspects of a relationship with management or personnel of an audited entity, such as a close or long relationship, or that of an immediate or close family member, will lead an auditor to take a position that is not objective;
- Undue influence threat - the threat that external influences or pressures will impact an auditor's ability to make independent and objective judgments;
- Management participation threat - the threat that results from an auditor's taking on the role of management or otherwise performing management functions on behalf of the entity undergoing an audit; and
- Structural threat - the threat that an audit organization's placement within a government entity, in combination with the structure of the government entity being audited, will impact the audit organization's ability to perform work and report results objectively.

Legislation should be carefully crafted to enhance the independence of the audit function and should be enacted at the highest possible level of authority, such as by voter-enacted amendments to a city charter or other applicable legislation. An employment contract between the auditor and the governing body may also clarify the auditor's responsibilities, terms of employment, and terms of removal.

Standards

Professional standards provide an overall framework for ensuring that auditors are competent, objective, and independent and act with integrity in planning, conducting and reporting their work. Legislation should require adherence to recognized government auditing standards such as the Government Auditing Standards issued by the Comptroller General of the United States. The International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors, is used by internal auditors in the private sector and in some local governments. Both sets of standards incorporate, by reference, the American Institute of Certified Public Accountants' standards for financial statement audits.

Independent Audit Committees

Governments must establish protections to ensure that audit functions are empowered to report significant issues to appropriate oversight authorities. One means of accomplishing this protection is through creation of an independent audit committee, selected by the governing body. Audit committees should be independent of management. Members should also be collectively knowledgeable about audits and financial, performance, and governance matters. Inclusion of legislators as well as community members with appropriate qualifications can augment the expertise of the committee, and prevent undue reliance on management. To enhance the independence of the committee, and to enable the auditors to communicate freely, no members of the audit committee should be employees of the entity management. Specific responsibilities of the audit committee vary depending on the form of government, reporting relationship of the auditors, and local preferences

Other Key Elements of an Effective Audit Function

Additional key elements to consider are:

- **Unrestricted access:** Assure that the auditor has unrestricted access to local government employees, officials, records, vendor contracts and reports.
- **Sufficient funding:** The audit activity must have funding appropriate to the specific responsibilities. Decisions about funding for the auditor should not be under control of management of the entity under audit.
- **Competent leadership and staff:** The chief audit executive should be classified and compensated at a sufficiently senior level to be able to discuss and negotiate with senior management on a reasonably equal footing, i.e., compensated similarly to a department director
- **Public Reporting:** The chief audit executive should have the ability to place items on the legislative agenda for public hearing.
- **Response to Audits:** Require that responsible government managers promptly respond in writing, within a time specified, to audit recommendations explaining what actions are planned or have been taken to deal with problems identified in audit reports.
- **Follow-up:** Require follow-up on significant findings and recommendations from previous audits to determine whether timely and appropriate corrective actions have been taken by management.
- **Contracts:** Ensure that all contracts contain a right-to-audit provision.
- **Coordination:** Assign the auditor responsibility to coordinate and monitor all audits and audit related services received by the local government entity including those performed by public accountants, consultants or audit organizations of the entity and its subdivisions. (In some instances, the auditor does this on behalf of the audit committee)
- **External review:** Provide for periodic peer reviews of the audit function.

Existing Legislation

The guidelines provided are meant to be considered in establishing legislation that will make sense for your own particular community. It is important to be aware of existing laws, which may be in conflict with the proposed legislation, and to address any conflicts with the help of attorneys and specialists, before bringing legislation forward for a vote by the governing body or the citizens. In some cases, it may be necessary to amend laws at a higher level of government. For example, many states and provinces have open meeting and public records laws that encourage transparency or disclosure of government operations. Therefore, audit reports are released to the public. Yet, with regard to allegations of fraud, waste and abuse, jurisdictions may have adopted laws limiting disclosure of information until an investigation is complete. It may also be necessary to amend open meetings laws in order for the audit committee to fulfill its responsibilities.

SAMPLE ENABLING LEGISLATION: CHARTER OR CODE

The Charter or Code to establish an audit function is an important document. It sets forth the qualifications, duties, powers and manner of securing the office of the local government Auditor. The local governing body will enact legislation in various forms, depending on the particular state or provincial constitution or statutes. The information contained in this document is to be considered as general guidelines to be adapted in context with applicable state or provincial laws. Elements described on the following pages are applicable to a legislatively appointed or elected Auditor and, with some modifications to a management-appointed Auditor.

Ordinance/Resolution/Policy Statement

WHEREAS, public officials, government managers, and private citizens want and need to know not only whether government funds are handled properly and in compliance with laws and regulations, but also whether public programs are achieving the purposes for which they were authorized and funded, and, whether they are doing so efficiently, effectively, and equitably;

WHEREAS, an independent auditing function can provide objective information on the operations of government programs, assist managers in carrying out their responsibilities, and help ensure full accountability to the public;

WHEREAS, recognized government auditing standards provide a framework for improved government decision-making, oversight and accountability;

WHEREAS, the independence and public accountability of the Auditor can be assured by provision of an (elected or legislatively appointed) Auditor;

NOW BE IT RESOLVED;

Organizational Independence – Establishment of the Audit Function

(Elected or Appointed) The (NAME OF OFFICE/DEPARTMENT) is hereby established.

(Appointed Auditor) The (CITY/COUNTY) Auditor shall be designated through appointment by a majority vote of the (LEGISLATIVE BODY).

Term

(Elected Auditor) The term of the Auditor shall be _____ years.

(Appointed Auditor) The Auditor shall serve a minimum term of _____ years, unless removed for cause by a vote of at least two-thirds of the legislative body. The Auditor may be reappointed at the end of the term of office.

Nonpartisanship

The position of the Auditor shall be nonpartisan.

Restrictions on Other Candidacy

Filing for an elective office over which the Auditor has audit jurisdiction will be the same as resignation, effective as of the date of filing.

Qualifications - Competent Leadership

The Auditor shall possess adequate professional proficiency for the job, demonstrated by relevant certifications such as Certified Internal Auditor (CIA), Certified Public Accountant (CPA) or Chartered Accountant (CA) or have an advanced degree and at least five (5) years of experience in government auditing, evaluation or analysis. The Auditor should have a bachelor's degree in public policy, accounting, business administration, economics or a related field. (note: for elected auditors, qualification will have to be more specific. Some U.S. cities require obtaining either the CPA or the CIA designation, while a few require only that the individual be registered to vote in the entity.)

Compensation

The Auditor shall be compensated at a level consistent with the jurisdiction's department directors. Experience, performance, certifications and advanced degrees may be taken into account in determining compensation.

(Elected or Appointed) Auditor may include: The (CITY/COUNTY) Auditor's salary shall be set by the legislative body and reviewed annually. (In some jurisdictions, specific guidelines for the Auditor's salary and budget are established in the Charter or Code. Salary guidelines for elected auditors sometimes are tied to salaries of judges or other auditors)

Funding

Sufficient funds shall be proposed and approved to carry out the responsibilities specified herein. The Auditor's budget shall be submitted to Council directly by the Auditor or by the Audit Committee. (Note: more specific language in some entities requires that the audit function receive a specific percentage of the annual budget or exempts the function from management proposed across the board budget reductions).

Appointment of Employees

The Auditor shall have the power to appoint, employ, and remove such assistants, employees and personnel as deemed necessary for the efficient and effective administration of the affairs of the office and to prescribe their duties, scope of authority and qualifications.

Professional Development

Sufficient resources shall be made available to the Auditor and staff to ensure appropriate professional development, continuing professional education and compliance with applicable certification requirements.

Powers and Duties; Scope of Audits

The Auditor shall have authority to conduct financial and performance audits of all departments, offices, boards, activities, agencies and programs of the entity in order to independently and objectively determine whether:

1. Activities and programs being implemented have been authorized by government Charter or Code, state or provincial law or applicable federal law or regulations and are being conducted and funds expended in compliance with applicable laws;
2. The department, office, or agency is acquiring, managing, protecting, and using its resources, including public funds, personnel, property, equipment, and space, economically, efficiently, equitably, and effectively and in a manner consistent with the objectives intended by the authorizing entity or enabling legislation;
3. The entity, programs, activities, functions, or policies are effective, including the identification of any causes of inefficiencies or uneconomical practices;
4. The desired result or benefits are being achieved;
5. Financial and other reports are being provided that disclose fairly, accurately, and fully all information required by law, to ascertain the nature and scope of programs and activities, and to establish a proper basis for evaluating the programs and activities including the collection of, accounting for, and depositing of, revenues and other resources;
6. Management has established adequate operating and administrative procedures and practices, systems or accounting internal control systems and internal management controls; and
7. Indications of fraud, abuse or illegal acts are valid and need further investigation.

Standards

Audits shall be conducted in accordance with recognized government auditing standards.

Audit Committee

Note: An audit committee may be established in an advisory capacity to provide recommendations on such issues as the Auditor's salary, work program, review of the audit function and hiring and oversight of external auditors. An elected Auditor may consider establishing an audit committee to ensure that audit issues receive appropriate attention and resources from the governing body, and to safeguard against challenges to independence from management. The following describes a possible audit committee structure when the Auditor is appointed by the legislative branch or by the independent audit committee itself. This structure, with minor modifications, would also serve to enhance the independence of a management-appointed Auditor or, with additional modifications, an elected Auditor.

1. To ensure independence of the audit function, an audit committee is hereby established. The audit committee shall consist of _____ voting members; _____ (Council or Board Members) and _____ at-large members, who shall be appointed by

the legislative body. The _____ at-large members shall be residents of the (CITY/COUNTY) with expertise in auditing, preferably performance auditing as well as financial auditing. Minimum professional standards shall include at least five years of experience as a performance auditor, a Certified Public Accountant, Certified Internal Auditor, Certified Management Accountant or ten years of other relevant professional experience. Of the _____ at-large members, one member shall be appointed for a term expiring on January 31, 20xx; one member shall be appointed for a term expiring on January 31 of the following year; and one member shall be appointed for a term expiring on January 31 of the subsequent year. Thereafter, members shall be appointed for three-year terms. The _____ at-large members are limited to two full consecutive terms, with one year intervening before they become eligible for reappointment.

2. The audit committee shall consult with the (CITY/COUNTY) Auditor regarding technical issues and work to assure maximum coordination between work of the Auditor's office and external audit efforts.
3. The audit committee shall meet as needed to perform its duties but shall not meet less than once quarterly and shall be responsible for:
 - Reviewing the Auditor's audit plan annually and submitting a proposed Auditor's Office budget annually to the (CITY COUNCIL/COUNTY BOARD) (note: or to the Auditor for submission to the legislative body);
 - Performing regular evaluations of the (CITY/COUNTY) audit function (if not elected) and making recommendations for the chief audit executive's salary and staffing; reporting results to the (CITY COUNCIL/COUNTY BOARD);
 - Providing suggestions and comments for the annual audit plan;
 - Ensuring that audit reports are transmitted to the legislative body and to the public;
 - Monitoring follow-up on reported findings to assure corrective action is taken by management;
 - Reporting to the legislative body on problems or problem areas at such times as deemed appropriate;
 - Conducting or overseeing the requests for proposal and selection process for the firm conducting the annual financial statement audits; ranking and recommending in order of preference no fewer than three firms deemed to be the most highly qualified to perform the required services. If fewer than three firms respond to the RFP, the committee shall recommend such firms as it deems to be the most highly qualified. (note: alternatively, the Auditor may conduct the RFP process and the audit committee may select the firm);
 - Evaluating the firm providing annual financial statement auditing services and providing oversight of those services, including ensuring transmission of reports and follow up on corrective action by management;
 - Evaluating the findings and recommendations of the peer review as required by recognized government auditing standards;
 - Consulting with the (CITY/COUNTY) Auditor regarding technical issues with the external audit firm, and working to assure maximum coordination between work of the Auditor's Office and contracted audit efforts and other consulting engagements;
 - Maintaining the confidentiality of personnel matters while taking responsibility for appropriate disclosure to the legislature or to the public;
 - At least annually, meeting separately with the (CITY/COUNTY) Manager, (CITY/COUNTY) Auditor, the chief financial officer, and the audit firm, to evaluate the condition of the entity's controls, systems and risk, and performance of the audit firm, and to discuss other matters the firm, the auditors, or staff desires or is required to bring to the committee's attention such as fraud, illegal acts, and financial and control weaknesses.
4. The audit committee shall have the authority to hire outside experts, including legal counsel, when necessary
5. Sufficient resources shall be provided to enable the audit committee to carry out these responsibilities.

Audit Schedule

At the beginning of each calendar/fiscal year, the Auditor shall submit a one-to-five-year audit schedule to the legislative body or audit committee for review and comment. The schedule shall include the proposed plan, and the rationale for the selections, for auditing departments, offices, boards, activities, subcontractors and agencies for the period. This schedule may be amended after review with the legislative body or audit committee, but the Auditor shall have final authority to select the audits planned.

In the selection of audit areas and audit objectives, the determination of audit scope and the timing of audit work, the Auditor should consult with federal and state or provincial auditors and external auditors so that the desirable audit coverage is provided and audit effort is properly coordinated.

Access to Employees, Records and Property

All officers and employees of (NAME OF ENTITY) shall furnish to the Auditor unrestricted access to employees, information and records (including electronic data) within their custody regarding powers, duties, activities, organization, property, financial transactions, contracts and methods of business required to conduct an audit or otherwise perform audit duties. In addition, they shall provide access for the Auditor to inspect all property, equipment and facilities within their custody. If such officers or employees fail to produce the aforementioned access and/or information, the Auditor may initiate a search to be made and

exhibits to be taken from any book, paper or record of any such official or employee, or outside contractor or subcontractor, except as governed by statute. Further, all contracts with outside contractors and subcontractors shall contain a "right-to-audit" clause and provide for Auditor access to the contractor's employees and to all financial and performance related records, property, and equipment purchased in whole or in part with governmental funds.(note: some jurisdictions specify subpoena powers for the Auditor)

Agency Response

A final draft of the audit report will be forwarded to the audited agency and the chief executive officer for review and comment regarding factual content prior to its release. The agency must respond in writing, specifying (i) agreement with audit findings and recommendations or reasons for disagreement with findings and/or recommendations; (ii) plans for implementing solutions to issues identified; (iii) a timetable to complete such activities. The response must be forwarded to the Auditor within (SPECIFY TIME FRAME). The Auditor will review and report on information included in the agency's response. If no response is received, the Auditor will note that fact in the transmittal letter and will release the audit report.

Audit Reports

Each audit will result in a report, written or in some other retrievable form. The report shall contain relevant background information and findings and recommendations, and shall communicate results to the audit committee, legislative body management and the public.

Report of Irregularities

If, during an audit, the Auditor becomes aware of abuse or illegal acts or indications of such acts that could affect the governmental entity, the Auditor shall report the irregularities to the audit committee, the chief executive officer, legislative counsel or legislative body. In the case of an Auditor appointed by the chief executive officer, if the chief executive officer is believed to be a party to abuse or illegal acts, the Auditor shall report the acts directly to the legislative body. If it appears that the irregularity is criminal in nature, the Auditor shall notify the chief prosecuting authority in addition to those officials previously cited.

Annual Report

The Auditor shall submit an annual report to the legislative body indicating audits completed, major findings, corrective actions taken by administrative managers, and significant issues which have not been fully addressed by management.

Audit Follow-up

The Auditor shall follow-up on audit recommendations as practical to determine if corrective action has been taken. The Auditor may request periodic status reports from audited agencies regarding actions taken to address reported deficiencies and audit recommendations.

Contract Auditors, Consultants and Experts

The Auditor may obtain the services of Certified Public Accountants, qualified management consultants, or other professional experts necessary to perform audit work. An audit that is performed by contract must be conducted by persons who have no financial interests in the affairs of the governmental entity or its officers. The Auditor will coordinate and monitor auditing performed by certified public accounting firms or other organizations employed under contract by the (NAME OF ENTITY) to assist with audit related activities. Contracting for the external audit will follow (NAME OF ENTITY)'s normal contracting processes except for the participation and oversight by the Audit Committee (and/or Auditor). The selection of a certified public accounting firm for the annual financial audit must be approved by (LEGISLATIVE BODY).

Peer Reviews

The audit activities of the Auditor's office shall be subject to a peer review in accordance with applicable government auditing standards by a professional, nonpartisan objective group utilizing guidelines endorsed by the Association of Local Government Auditors (ALGA). A copy of the written report of this independent review shall be furnished to each member of the (LEGISLATIVE BODY).

The peer review will use applicable government auditing standards to evaluate the quality of audit effort and reporting. Specific quality review areas shall include staff qualifications, adequacy of planning and supervision, sufficiency of work paper preparation and evidence, and the adequacy of systems for reviewing internal controls, fraud and abuse, program compliance, and automated systems. The peer review will also assess the content, presentation, form, timelines, and distribution of audit reports. The (NAME OF ENTITY) shall pay for the costs of the peer review from the Auditor's budget.

Fwd: A legislative appointment

David Donaldson

Sun 6/9/2019 11:59 AM

To: Victoria Ann Fabella <vfab@co.ulster.ny.us>; Jay Mahler <jmah@co.ulster.ny.us>;

Cc: Tracey Bartels <Tracey.Bartels@co.ulster.ny.us>; Daniel Torres <dtor@co.ulster.ny.us>;

Please forward to all legislators and have a copy for Law's & Rules along with the opinion from the Association of Local Government Auditors. Also please copy the section from Controller General of the United States that is referenced by Leita.

Dave

Sent from my iPad

Begin forwarded message:

From: Leita Hart-Fanta <Leita@yellowbook-cpe.com>
Date: June 9, 2019 at 10:06:14 AM EDT
To: David Donaldson <dbdonaldso@yahoo.com>
Subject: Re: A legislative appointment

Hi David –

Right, Asking someone to audit a function for which they were recently or are currently responsible for is not ideal. An auditor should be free to tell the truth about whether a given subject matter meets a given criteria without fear of repercussion – to the reputation, to their job, to their colleagues. The danger is that your new comptroller will identify something wrong with the functioning of the county's systems, but not bring it up or do anything about it because it would hurt his career.

An auditor should be free of the following threats to their independence: self-interest threat, self-review threat, familiarity threat, management participation threats and structural threats. For a description of all of these threats – which are relevant in your situation – please see <https://www.gao.gov/assets/700/693136.pdf> sections 3.38-3.44

I am not sure from your description exactly what the role of the comptroller is or who they report to – but your issue could be broader than just this appointment. The audit function should report to the governing body – not to the administrators that they audit. And although this is an elected position, he is now being appointed (?). Please see 3.44 and 3.52-3.58 for a discussion of how to safeguard an audit function within a government.

If he is appointed regardless of your objection, the county should put in place additional safeguards. For instance, the comptroller's work could be reviewed by an independent party for a few years. And someone other than the comptroller could direct the audit projects he undertakes because he could easily avoid subject that would damage his career.

Hope that helped!

Leita

Leita Hart-Fanta: Leita is an experienced government auditing educator. She has led over 1200 seminars and offers over 25 distinct courses for continuing education in the profession. Leita is a graduate of the University of Texas at Austin with a bachelors in business administration. She is a Certified Public Accountant, Certified Government Financial Manager, and Certified Government Audit Professional. She serves on the government conference planning committee the Texas Society of CPAs and is a member of the AICPA, TSCPA, IIA, and AGA.

Leita Hart-Fanta, CPA, CGFM, CGAP

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leita@yellowbook-cpe.com

[Sign up for YellowBook-CPE newsletters](#)

From: David Donaldson <dbdonaldso@yahoo.com>

Date: Saturday, June 8, 2019 at 7:05 PM

To: Leita Hart <Leita@yellowbook-cpe.com>

Subject: A legislative appointment

Dear Leita Hart-Fanta

I was given your name as an expert in auditing issues in government agencies and was requesting if you could render your opinion on an appointment issue in Ulster County New York.

As Chairman of the Ulster County Laws & Rules Committee and Vice Chairman of the Ulster County Legislature I am seeking an advisory opinion on the appointment of a current Acting County Executive to the role of Acting County Comptroller within a few days after being relieved from the Acting County Executive post. This same acting county executive was the Deputy County Executive and Chief of Staff for the past ten years prior to be appointed as Acting County Executive upon the departure of the county executive to a state position.

In Ulster County, we operate under a charter form of government where the accounting and financial function is under the control of the administration. The Comptroller is an elected position that oversees the programs and performance of the County.

It is my understanding according to many accounting and auditing standards that there is the possibility of a conflict of interest regarding independence if the Legislature were to appoint the person currently overseeing operations immediately to then audit those decisions.

According to the literature and what I thought was common sense, a person having significant influence on decisions cannot then oversee the auditing of those decisions. But, since I am not an accountant and my committee has to make this decision I am requesting an opinion from your office on the matter.

Since the time frame of making this decision is [Tuesday, June 11th](#) and the committee that is considering it is meeting late [on June 10th](#) , I am requesting a quick response to avoid making a decision that could be challenged.

If the appointment were to go through please advise on the types of situations and how the person up for consideration should recuse themselves from audits that are on going on in regard to the said decisions made by the administration that person was a significant part.

If you can't or don't wish to respond I certainly understand. This is a last ditch effort to get enough information to make the right decision.

David Donaldson
Chairman of the Ulster County Laws & Rules Committee and
Vice Chairman of the Ulster County Legislature.

PS: Please find attached a letter from the Association of Local Government Auditors.



United States Government Accountability Office

By the Comptroller General of the
United States

July 2018

GOVERNMENT AUDITING STANDARDS

2018 Revision

Application Guidance: GAGAS Conceptual Framework Approach to Independence

3.35 For consideration of auditor independence, offices or units of an audit organization, or related or affiliated entities under common control, are not differentiated from one another. Consequently, for the purposes of evaluating independence using the conceptual framework, an audit organization that includes multiple offices or units, or includes multiple entities related or affiliated through common control, is considered to be one audit organization. Common ownership may also affect independence in appearance regardless of the level of control.

Identifying Threats

3.36 Facts and circumstances that create threats to independence can result from events such as the start of a new engagement, assignment of new personnel to an ongoing engagement, and acceptance of a nonaudit service for an audited entity.

3.37 Threats to independence may be created by a wide range of relationships and circumstances. Circumstances that result in a threat to independence in one of the categories may result in other threats as well.

3.38 Examples of circumstances that create self-interest threats for an auditor follow:

- a. An audit organization having undue dependence on income from a particular audited entity.
- b. A member of the audit team entering into employment negotiations with an audited entity.
- c. An audit organization discovering a significant error when evaluating the results of a previous professional service provided by the audit organization.
- d. A member of the audit team having a direct financial interest in the audited entity. However, this would not preclude auditors from auditing pension plans that they participate in if (1) the auditors have no control over the investment strategy, benefits, or other management issues associated with the pension plan and (2) the auditors belong to such pension plan as part of their employment with the audit organization or prior employment with the audited

entity, provided that the plan is normally offered to all employees in equivalent employment positions.

3.39 Examples of circumstances that create self-review threats for an auditor follow:

- a. An audit organization issuing a report on the effectiveness of the operation of financial or performance management systems after designing or implementing the systems.
- b. An audit organization having prepared the original data used to generate records that are the subject matter of the engagement.
- c. An audit organization providing a service for an audited entity that directly affects the subject matter information of the engagement.
- d. A member of the engagement team being, or having recently been, employed by the audited entity in a position to exert significant influence over the subject matter of the engagement.

3.40 Examples of circumstances that create bias threats for an auditor follow:

- a. A member of the engagement team having preconceptions about the objectives of a program under audit that are strong enough to affect the auditor's objectivity.
- b. A member of the engagement team having biases associated with political, ideological, or social convictions that result from membership or employment in, or loyalty to, a particular type of policy, group, entity, or level of government that could affect the auditor's objectivity.

3.41 Examples of circumstances that create familiarity threats for an auditor follow:

- a. A member of the engagement team having a close or immediate family member who is a principal or senior manager of the audited entity.
- b. A member of the engagement team having a close or immediate family member who is an employee of the audited entity and is in

a position to exert significant influence over the subject matter of the engagement.

- c. A principal or employee of the audited entity having recently served on the engagement team in a position to exert significant influence over the subject matter of the engagement.
- d. An auditor accepting gifts or preferential treatment from an audited entity, unless the value is trivial or inconsequential.
- e. Senior engagement personnel having a long association with the audited entity.

3.42 Examples of circumstances that create undue influence threats for an auditor or audit organization include existence of the following:

- a. External interference or influence that could improperly limit or modify the scope of an engagement or threaten to do so, including exerting pressure to inappropriately reduce the extent of work performed in order to reduce costs or fees.
- b. External interference with the selection or application of engagement procedures or in the selection of transactions to be examined.
- c. Unreasonable restrictions on the time allowed to complete an engagement or issue the report.
- d. External interference over assignment, appointment, compensation, and promotion.
- e. Restrictions on funds or other resources provided to the audit organization that adversely affect the audit organization's ability to carry out its responsibilities.
- f. Authority to overrule or to inappropriately influence the auditors' judgment as to the appropriate content of the report.
- g. Threat of replacing the auditor or the audit organization based on a disagreement with the contents of an audit report, the auditors' conclusions, or the application of an accounting principle or other criteria.

- h. Influences that jeopardize the auditors' continued employment for reasons other than incompetence, misconduct, or the audited entity's need for GAGAS engagements.

3.43 Examples of circumstances that create management participation threats for an auditor follow:

- a. A member of the engagement team being, or having recently been, a principal or senior manager of the audited entity.
- b. An auditor serving as a voting member of an entity's management committee or board of directors, making policy decisions that affect future direction and operation of an entity's programs, supervising entity employees, developing or approving programmatic policy, authorizing an entity's transactions, or maintaining custody of an entity's assets.
- c. An auditor or audit organization recommending a single individual for a specific position that is key to the audited entity or program under audit, or otherwise ranking or influencing management's selection of the candidate.
- d. An auditor preparing management's corrective action plan to deal with deficiencies detected in the engagement.

3.44 Examples of circumstances that create structural threats for an auditor follow:

- a. For both external and internal audit organizations, structural placement of the audit function within the reporting line of the areas under audit.
- b. For internal audit organizations, administrative direction from the audited entity's management.

Evaluating Threats

3.45 Threats to independence are evaluated both individually and in the aggregate, as threats can have a cumulative effect on auditors' independence.

3.46 When evaluating threats to independence, an acceptable level is a level at which a reasonable and informed third party would likely conclude

that the audit organization or auditor is independent. The concept of a reasonable and informed third party is a test that involves an evaluation by a hypothetical person. Such a person possesses skills, knowledge, and experience to objectively evaluate the appropriateness of the auditor's judgments and conclusions. This evaluation entails weighing all the relevant facts and circumstances, including any safeguards applied, that the auditor knows, or could reasonably be expected to know, at the time that the evaluation is made.

3.47 A threat to independence is not at an acceptable level if it either

- a. could affect the auditors' ability to conduct an engagement without being affected by influences that compromise professional judgment or
- b. could expose the auditors or audit organization to circumstances that would cause a reasonable and informed third party to conclude that the integrity, objectivity, or professional skepticism of the audit organization, or an auditor, had been compromised.

3.48 The GAGAS section on nonaudit services in paragraphs 3.64 through 3.106 provides requirements and guidance on evaluating threats to independence related to nonaudit services that auditors provide to audited entities. That section also enumerates specific nonaudit services that always impair auditor independence with respect to audited entities and that auditors are prohibited from providing to audited entities.

Applying Safeguards

3.49 Safeguards are actions or other measures, individually or in combination, that auditors and audit organizations take that effectively eliminate threats to independence or reduce them to an acceptable level. Safeguards vary depending on the facts and circumstances.

3.50 Examples of safeguards include

- a. consulting an independent third party, such as a professional organization, a professional regulatory body, or another auditor to discuss engagement issues or assess issues that are highly technical or that require significant judgment;
- b. involving another audit organization to perform or re-perform part of the engagement;

A. Rief Kanan

State University of New York at New Paltz
Strategic Management / Auditing / Accounting
Email: kananr@newpaltz.edu

Education

MS, Syracuse University, 1976.
Major: Accounting
Supporting Areas of Emphasis: Statistics

BS, Bryant College (now University), 1975.
Major: Business Administration

Academic, Military and Professional Positions

Academic

Member, Academic Advancement and Higher Education Committee of the New York State Society of CPAs. (May 1, 2017 - Present).

Trustee, Foundation for Accounting Education. (June 1, 2012 - May 31, 2015).

Professional

Ulster County Comptroller's Advisory Committee, Ulster County Comptroller. (January 2009 – October 2018).

Director at Large, NYSSCPA - Mid-Hudson Chapter. (June 2002 - Present).

Licensures and Certifications

Admitted to Practice, Forensic and Valuation Services Section of the AICPA, American Institute of CPAs. (November 30, 2016 - Present).

Master Analyst of Financial Forensics (MAFF), National Association of Certified Valuators & Analysts (NACVA). (August 1, 2013 - Present).

Chartered Global Management Accountant (CGMA), American Institute of CPAs (AICPA) / Chartered Institute of Management Accountants (CIMA). (February 1, 2013 - Present).

Certified Forensic Financial Analyst (CFFA)(Inactive - replaced by MAFF), National Association of Certified Valuators & Analysts (NACVA). (July 9, 2009 – August 1, 2013).

Certified in Financial Forensics (CFF), American Institute of CPAs (AICPA). (April 11, 2009 - Present).

Certified Public Accountant, State Education Department of NY. (September 1979 - Present).

Employment History

State University of New York at New Paltz, Member of Faculty (September 1998 - Present).

Vistage Worldwide, Inc., Group Chairman (1997 – Present)

NES, Inc., President, Entrepreneurial Activities (1984 – 1997) Kanan's Plaza, Inc., Designers' Choice Furniture Gallery, Thomasville Gallery, Kincaid Gallery, North End Sales, TV & Appliance Express, Sav-Mor Stores and MattressPLUS.

Moore McCormack Resources, Inc., Director of Internal Auditing (1981 – 1984)

Arthur Young & Co. (now EY) Managed external audits (1976 – 1981)

Professional Memberships

Member, Institute of Management Accountants (IMA). (October 1, 2017 - Present).

Scholarship Committee, Financial Executives International (FEI). (August 2009 - Present).

National Association of Certified Valuators & Analysts (NACVA). (July 2009 – August 2013).

Association of Certified Fraud Examiners (ACFE). (August 2007 - Present).

Director of Mid-Hudson Chapter; Chairman of Higher Education Committee; Chairman of Career Opportunities in The Accounting Profession (COAP) Advisory Board; past Chair of Accounting Standards Committee; member, Auditing Standards and Procedures Committee (term ending September 2008); member, Arbitration and Mediation Committee (term ending September 2008); past member, Ethics Committee, NY State Society of CPAs (NYSSCPA). (August 1987 - Present).

American Institute of CPAs (AICPA). (August 1979 - Present).

Development Activities Attended

Self-Study Program, "Prototype Project Management Curriculum," Project Management Institute, Newtown Square, PA. (August 2015 - Present).

Continuing Education, "Educators' conference," NYSSCPA, Albany, NY. (November 2006).

Continuing Education, "Prototype curriculum in fraud examination and forensic accounting," West Virginia University, Pittsburgh, PA. (September 2006).

Workshop, "Instructor Qualification for Wiley CMAexcel," Wiley Efficient Learning, Sedona, AZ. (July 15, 2017 - August 17, 2017).

Workshop, "Instructor Qualification for Wiley CPAexcel," Wiley Efficient Learning, Sedona, AZ. (December 2014 - January 2015).

Continuing Education, "Understanding, Using and Teaching FASB's Accounting Standards Codification," American Institute of CPAs, New York, NY. (December 12, 2010).

Continuing Education, "KPMG Audit Committee Roundtable," KPMG (Big 4 Accounting Firm), Short Hills, NJ. (December 7, 2010).

Continuing Education, "Group Chairman's Development Workshop," Vistage International, San Diego, CA. (November 3, 2010 - November 6, 2010).

Workshop, "Advanced Excel Workshop," The Business Institute, New Paltz, NY. (October 13, 2010).

Continuing Education, "Common Mistakes Found in Expert Reports," National Association of Certified Valuation Analysts - NY Chapter, Tarrytown, NY. (October 10, 2010).

Continuing Education, "Top Ten Mistakes in Valuing a Business," National Association of Certified Valuation Analysts - NY Chapter, Tarrytown, NY. (October 10, 2010).

Continuing Education, "Attest Services -- Accounting and Review," American Institute of CPAs, New York, NY. (August 14, 2010).

Seminar, "Prentice Hall Accounting Symposium for Educators," Prentice Hall, New York, NY. (April 9, 2010).

Workshop, "Fraud Prevention Workshop," Foundation for Accounting Education (FAE), Newburgh, NY. (December 2, 2009).

Workshop, "Using the Duff and Phelps Database," National Association of Certified Valuation Analysts, Online workshop, New Paltz, NY. (May 14, 2009).

Continuing Education, "FAE Annual Ethics Conference," Foundation for Accounting Education (FAE), New York, NY. (July 31, 2008).

Attended Conference, "International Association of Facilitators Annual Conference, Training and Certification," IAF (International Association of Facilitators, Atlanta, GA. (April 10, 2008 - April 12, 2008).

Awards and Honors

Research

Best Discussant Award, Financial Services Institute, Tobin's College of Business, St. John's University, New York. (September 10, 2010).

Service, Professional

IIA Outstanding Speaker, Institute of Internal Auditors (IIA). (June 1, 2013 - Present).

Speaker Appreciation Award, Marist College Center for Lifetime Studies. (October 6, 2015).

Teaching

Dr. Emanuel Saxe Outstanding CPA in Education, NY State Society of CPAs. (June 1, 2014 - Present).

Sam Walton Free Enterprise Fellow, Enactus. (September 1, 2003 - Present).

TEACHING

Teaching Experience

State University of New York at New Paltz

BUS 201, Financial Accounting, 18 courses.

BUS 202, Managerial Accounting, 29 courses.

BUS 368, Intermediate Acct 1, 10 courses.

BUS 369, Intermediate Acct 2, 4 courses.

BUS 373, Cost Accounting, 9 courses.
BUS 375, Auditing, 23 courses.
BUS 442, Advanced Accounting, 2 courses.
BUS 511, Management Accounting, 1 course.
BUS 583, Advanced Auditing, 12 courses.
BUS 586, Cases in Strategic Mgmt, 1 course.
BUS 589, Cases in Strategy, 10 courses.

Non-Credit Instruction

CPA Examination Preparation and Review Course, The Business Institute of the School of Business, SUNY New Paltz, 10 participants. (January 2016 - Present).

Management/Executive Development, The Business Institute, HuVERs (Hudson Valley Executive Roundtables), 15 participants. (January 2014 – December 2016).

Management/Executive Development, Vistage International, Conflict Dynamics Profile, 18 participants. (October 2013 - Present).

Management/Executive Development, Vistage International, Communications Profile, 16 participants. (September 2013 - Present).

Management/Executive Development, Council of Industry and Dutchess Community College, Making a Profit, 30 participants. (February 2005 – February 2014).

Certification, International Business Studies, Strategic Thinking, 30 participants. (July 10, 2017 - July 27, 2017; repeated in 2018).

Certification, International Business Studies, Competitive Project Management, 30 participants. (July 10, 2017 - July 27, 2017; repeated in 2018).

Continuing Education, The Business Institute -- CPE for CPAs, Accounting Standards Update, 9 participants. (December 14, 2010).

Continuing Education, The Business Institute -- CPE for CPAs, Auditing Update, 12 participants. (December 13, 2010).

Continuing Education, The Business Institute -- CPE for CPAs, Compilation and Review Update, 12 participants. (December 13, 2010).

Continuing Education, The Business Institute -- CPE for CPAs, Ethics Update, 12 participants. (November 16, 2010).

Continuing Education, The Business Institute -- CPE for CPAs, SEC and Public Reporting Update, 10 participants. (September 1, 2010).

Management/Executive Development, SUNY Dutchess Office of Community Services, Budgeting and Financial Analysis for Nursing Care Facilities, (Wingate) 22 participants. (August 24, 2010).

Directed Student Learning

Supervised Research, "Research details of Registered Licensure Qualified Programs in NYS," Accounting. (September 25, 2017 - December 18, 2017).
Advised: Ali Gruett

Supervised Research, "COAP Program: Persistence to college, accounting and the profession," Accounting. (February 2014 - January 2015).
Advised: Ian Ward, Erik Jonisz

Supervised Research, "Phillip-Jeffries Competitive Analysis," Accounting. (December 2013 - January 15, 2015).
Advised: Saba Ali

Supervised Research, "FVS Financial Study," Accounting. (September 15, 2010 - May 18, 2014).
Advised: Christine Seward

Supervised Teaching Activity, "Tutoring managerial accounting," Accounting. (September 1, 2010 - December 15, 2010).
Advised: Matthew Stoughton

RESEARCH

Published Intellectual Contributions

Conference Proceedings

Kanan, A. Rief (2010). *The Impact of Offering Forensic and Valuation Services (including fraud examination services) on the Financial Performance of CPA Firms other than Big Four Firms Since 1999* (1st ed., vol. 5th Annual, pp. No. 28, 6 pages). New York, NY: Financial Services Institute, St. John's University.

Kanan, A. Rief (2005). *The Design, Creation, Establishment and Operation of an Entity to Deliver Services to the Business Community: The Business Institute*. Littleton, CO: CIBER (Clute Institute for Business and Economics Research).

Other

Kanan, A. Rief (2012). *The Dreaded Question: How do you find the hidden assets?* (2nd ed., vol. 1, pp. <http://familylawyermagazine.com/articles/the-dreaded-question-how-do-you-find-the-hidden-assets>). Toronto, Ontario: Family Lawyer Magazine.

Kanan, A. Rief (2011). *Quality Assurance Standards and Procedures Applied to Forensic and Valuation Services (FVS)*. (pp. www.academyofbusinessresearch.com). Atlanta Georgia: Academy of Business Research.

Kanan, A. Rief (2010). *Accounting (GAAP) Update 2010* (n/a ed., vol. n/a). New Paltz, NY: Center for Research, Regional Education and Outreach.

Kanan, A. Rief (2010). *Auditing Update 2010* (n/a ed., vol. n/a). New Paltz, NY: Center for Research, Regional Education and Outreach.

Kanan, A. Rief (2010). *Forensic Accounting and Fraud Examination* (n/a ed., vol. n/a). New Paltz, NY: Center for Research, Regional Education and Outreach.

Kanan, A. Rief (2010). *Ethics Update 2010 - Continuing the Dialogue* (n/a ed., vol. n/a). New Paltz, NY: Center for Research, Regional Education and Outreach.

- Kanan, A. Rief (2010). *Compilation and Review Update 2010* (n/a ed., vol. n/a). New Paltz, NY: Center for Research, Regional Education and Outreach.
- Kanan, A. Rief (2005). *Accounting Standards Update 2005*. New York, NY: Foundation for Accounting Education (FAE).
- Kanan, A. Rief (2005). *Auditing Standards Update 2005*. New York, NY: Foundation for Accounting Education (FAE).
- Kanan, A. Rief (2005). *Compilation & Review Update 2005*. New York, NY: Foundation for Accounting Education (FAE).
- Kanan, A. Rief (2005). *Ethics Update 2005*. New York, NY: Foundation for Accounting Education (FAE).
- Kanan, A. Rief (2005). *Internal Controls*. New York, NY: Foundation for Accounting Education (FAE).

Presentations Given

- Kanan, A. Rief, Forensic Accounting, "Forensic Accounting: What is it and who cares?", Marist College Center For Lifelong Studies, Locust Grove, Poughkeepsie, NY. (October 6, 2015).
- Kanan, A. Rief, General Meeting, "Preparation for the CPA Examination," Accounting and Finance Association, New Paltz, NY. (September 23, 2015).
- Kanan, A. Rief, General Meeting, "Preparation for the CPA Examination," Accounting and Finance Association, New Paltz, NY. (February 25, 2015).
- Kanan, A. Rief (Presenter & Author), Dow, B. (Presenter Only), Alumni Gathering - SW Florida, "Alumni Report - Developments at the School of Business," SUNY New Paltz Office of Alumni Relations, Fort Myers, FL. (March 18, 2014).
- Kanan, A. Rief (Presenter & Author), Vistage Hudson Valley Key Executives, "Conflict Dynamics: Organizational and Interpersonal Effects," Vistage International, Ulster-Greene ARC, Kingston, NY. (October 24, 2013).
- Kanan, A. Rief (Presenter & Author), Vistage Hudson Valley Key Executives, "Communication Skills and Using the Communication Skills Profile," Vistage International, Kingston, NY. (September 23, 2013).
- Kanan, A. Rief (Presenter & Author), Institute of Internal Auditors, "Ethics Cases and Concepts," Institute of Internal Auditors - SW Florida Chapter, Fort Myers, FL. (January 12, 2012).
- Kanan, A. Rief (Presenter & Author), Institute of Management Accountants - NJ Chapter, "Ethics Cases and Concepts," Institute of Management Accountants, East Hanover, NJ. (October 21, 2010).
- Kanan, A. Rief (Presenter Only), Klein, M. W. (Presenter & Author), New Strategies for Retirement Planning, "New Strategies for Retirement Planning," The Business Institute, SUNY New Paltz -- Episcopal Church. (September 24, 2010).
- Kanan, A. Rief (Presenter & Author), Career Opportunities in the Accounting Profession (COAP), "COAP Advisory Board Chairman / Program Director," Foundation for Accounting Education (FAE), SUNY New Paltz. (June 25, 2010).

Kanan, A. Rief (Presenter & Author), EEI Regularly scheduled board meeting, "Lonely at the Top: The Value of Peer Groups," Executive Exchange Inc., Livingston, NJ. (February 24, 2010).

Kanan, A. Rief (Presenter Only), Klein, M. W. (Presenter & Author), New Strategies for Retirement Planning, "New Strategies for Retirement Planning," The Business Institute, SUNY New Paltz -- Episcopal Church. (September 25, 2009).

Kanan, A. Rief (Presenter & Author), Career Opportunities in the Accounting Profession (COAP), "COAP Advisory Board Chairman / Program Director," Foundation for Accounting Education (FAE), SUNY New Paltz. (June 26, 2009).

Kanan, A. Rief (Presenter Only), Klein, M. W. (Presenter & Author), New Strategies for Retirement Planning, "New Strategies for Retirement Planning," The Business Institute, SUNY New Paltz -- College Terrace. (June 22, 2007).

Kanan, A. Rief (Presenter Only), Glaser, J. (Presenter & Author), Judith Glaser on Dynamic Leadership, "DNA of Leadership," The Business Institute, SUNY New Paltz -- College Terrace. (April 2007).

Kanan, A. Rief, Business Marketing Association of the Hudson Valley, "What You Didn't Know You Always Wanted to Know About Budgets and Budgeting (and a little cash flow, too)," BMA-HV, Modena, NY. (January 30, 2007).

Contracts, Grants and Sponsored Research

Contract

Kanan, A. Rief (Principal), "Teaching displaced individuals budgeting and basic personal finance," Sponsored by Family of Woodstock, Kingston Family Inn, State University of New York at New Paltz. (December 12, 2016).

Kanan, A. Rief (Principal), Thomson, E. (Supporting), "Social Network Marketing Strategy for Rosendale Theatre," Sponsored by The Business Institute, State University of New York at New Paltz. (December 6, 2016).

Kanan, A. Rief (Principal), Ali, S., "What Defines "World Class" Customer Service in the Wall Coverings Industry?," Sponsored by Phillip Jeffries Ltd, Private. (January 15, 2014 - December 15, 2016).

Grant

Kanan, A. Rief (Principal), Jonisz, E. (Supporting), "Career Opportunities in the Accounting Profession (COAP) Program Graduates' Persistence to College, Degree, Certification and Membership in a State Society," Sponsored by New York State Society of CPAs / Foundation for Accounting Education, Private. (February 3, 2014 - December 5, 2016).

Hollister, J. (Co-Principal), Kanan, A. Rief (Co-Principal), Shoaf, V. (Co-Principal), Fitsimons, A. (Co-Principal), "Current State of Management's Discussion and Analysis Presentation and its Understandability," Sponsored by Governmental Accounting Standards Board, Private. (August 22, 2007 - August 2008).

Intellectual Contributions in Submission

Other

Berliner, R. W., Kanan, A. Rief (2007). *Re: AICPA Auditing Standards Board's March 20, 2007 Discussion Paper*. New York, NY: NYSSCPA.

Berliner, R. W., Kanan, A. Rief (2007). *Re: Proposed Auditing Standard – Evaluating Consistency of Financial*. New York, NY: NYSSCPA.

Scholarly/Creative Work in Progress

"Comparison of CPA Licensure Qualified Programs in NYS" (On-Going).
Project sponsored by the Academic Advancement and Higher Education Committee of the NY State Society of CPAs.

"Study of Financial Performance -- The Impact of Offering Forensic and Valuation Services (including fraud examination services) on the Financial Performance of CPA Firms other than Big Four Firms Since 1999" (On-Going).
A study of the financial details of selected firms that previously participated in interviews regarding their scope of forensic and valuation services (FVS) and indicated substantial contribution of FVS to them. This study is a follow up to the paper presented September 10, 2010 to the Financial Services Institute of St. John's University.

"Study of Quality Assurance Methodologies -- The Impact of Offering Forensic and Valuation Services (including fraud examination services) on the Quality Assurance Standards of CPA Firms other than Big Four Firms Since 1999" (On-Going).
A study of the quality assurance practices and standards of selected firms that previously participated in interviews regarding their scope of forensic and valuation services (FVS) and indicated substantial contribution of FVS to them. This study is a follow up to the paper presented September 10, 2010 to the Financial Services Institute of St. John's University.

"New York Business Owner/CEO/President Confidence Index" (Planning).
Early stage planning for a regularly scheduled confidence index survey that will reach enough NY State domiciled businesses so that the resulting statistics will command the attention of the business journalists and the political system. This project is likely to be very long-term

"Quality Assessment of MD & A in Comprehensive Annual Financial Reports" (On-Going).
Governmental Accounting Standards Board sponsored research. Objectives include review and assessment of the MD & A of state and municipal CAFR to determine the level of compliance with the letter as well as the spirit of the standards regarding that disclosure requirement

SERVICE

General Service

College/School

Committee Member, Search Committee – Assistant Professor of Accounting. (September 15, 2018 - March 1, 2019).

Committee Member, Search Committee -- Lecturer of Accounting. (September 15, 2018 - April 1, 2019).

Committee Member, Search Committee -- Lecturer of Marketing. (September 15, 2017 - December 1, 2017).

Program Coordinator, Established web site for CMA exam review program. (January 23, 2017 - November 30, 2017).

Reviewer, Peer review of faculty. (November 3, 2017).

Professional

Committee Member, NYSSCPA Academic Advancement and Higher Education Committee, Member. (May 1, 2017 - Present).

Chairperson, COAP (Career Opportunities in the Accounting Profession) Advisory Board. (January 2006 – May 2013 and June 2017 - Present).

Member of the SUNY Ulster, Business Division Business Advisory Council, SUNY Ulster (Ulster County Community College), Member. (January 2006 - Present).

Campus Ambassador, American Institute of CPAs. (September 2005 - Present).

Campus Ambassador, NY State Society of CPAs (NYSSCPA). (January 1998 - Present).

Trustee, Board of Trustees of a Foundation, Foundation for Accounting Education (FAE), Member. (June 1, 2012 - May 31, 2015).

Instructor / Seminar leader, Council of Industry of SE NY. (February 2004 - May 2014).

Board of Directors of a Company, J & H Berge Incorporated, Secretary. (January 2008 - October 2008).

Trainer / Workshop leader, Fujitsu Network Communications, Pearl River, NY. (May 29, 2008 - June 5, 2008).

Public/Community

Board of Directors of a Company, Historic Huguenot Street, Chair of the Audit Committee. (September 2015 - Present).

Board of Advisors of an Elected Official, Ulster County Comptroller's Advisory Board, Member. (January 2012 – October 2018).

Program Organizer, The Business Institute. (September 26, 2008).

Program Organizer, The Business Institute. (April 25, 2008).

Program Organizer, The Business Institute. (February 15, 2008).

SUNY New Paltz

Member, Board of Directors of a special unit of the college, The Benjamin Center (formerly the Center for Research, Regional Education & Outreach (CRREO)), Member. (August 2013 – January 2018).

Director of the activities of The Business Institute, The Business Institute, Director. (February 2010 - Present).

Committee Member, MBA Assurance of Learning Committee, Member. (August 2009 - Present).

Committee Member, Committee on the 10-Year Review of General Education, Member.
(November 2010 - December 2015).

Committee Member, School of Business Faculty Development Committee, Interim Chairman in
absence of Kevin Caskey (part 2008 only). (May 2005 - December 2015).

Discussant, Financial Services Institute of St. John's University, Member. (September 9, 2010 -
September 11, 2010).

Committee Member, Vice President for Administration Search Committee, Member. (November
10, 2007 - January 15, 2010).

Committee Member, Organization Committee, Member. (May 2006 - May 2008).

Committee Member, School of Business Executive Council, Member. (May 2006 - May 2007).

Committee Member, School of Business Personnel Committee, Member. (May 2006 - May 2007).

Student Organization

Student Org Advisor (Professional Org), Enactus (formerly Students in Free Enterprise).
(September 2003 – August 2016 and September 2017 - Present).

Faculty Advisor, Business Plan Contest, Faculty advisor to the "Art Alliance" team. (October 2007
- May 2008).

Consulting

Management, Tracy Bartels, Chair, Ulster County Legislature, in partnership with the
Benjamin Center (G. Benjamin) to provide analytical services to the Legislature as consultants
retained for review and analysis of the Executive's Budget. (October 2018 – January 2019).

Management, Jesse Meyer, CEO, Pergamena, Montgomery NY. (December 22, 2017 - Present).

Management, John McHugh, CEO, The Arc of Ulster-Greene, Kingston, NY. (April 20, 2017 -
Present).

Management, Mindy Rosner Zaziski, CEO, FYI Solutions, Parsippany, NJ. (December 2015 -
Present).

Management, Dean Guida, CEO, Infragistics, Incorporated, Cranbury, NJ. (June 2014 - Present).

Management, Jason Beres, Sr. VP, Infragistics Incorporated, Cranbury, NJ. (June 2014 -
Present).

Management, Christopher Albanese, Managing Partner, Access Physical Therapy & Wellness,
Campbell Hall, NY. (January 2014 - Present).

Management, Joe Kelly, Chief Operating Officer, TALON Corp, Princeton, NJ. (January 2014 -
Present).

Management, William Arlequeeuw, Controller/IT Manager, Access Physical Therapy & Wellness,
Campbell Hall, NY. (January 2014 - Present).

Management, Daniel M. Meloro, CEO, Farbest-Tallman Foods Corporation, Montvale, NJ. (December 1, 2013 - Present).

Management, Bruce Wiener, Senior VP, ABC Imaging, Inc., New York City. (May 1, 2011 - Present).

Litigation, Cole Schotz Meisel Forman & Leonard, NY State Supreme Court. (April 19, 2009 - May 31, 2017).

Management, Ulster County Key Executives' Group, Ulster County NY. (March 2009 - June 2015).

Management, MPI, Inc., 165 Smith St., Poughkeepsie, NY 12601. (January 15, 2011 - January 1, 2012).

Management, TAPPAN Wire and Cable, 100 Bradley Parkway, Blauvelt, NY, 10913. (January 2011 - December 31, 2011).

Large group facilitation of major conference, Council of Industry & The Solar Energy Consortium, SUNY New Paltz. (December 9, 2011).

Management, Hudson Valley Federal Credit Union, Poughkeepsie, NY. (October 2006 - November 2011).

Management, Infragistics incorporated, 2 Commerce Drive, Cranbury, NJ 08512. (February 18, 2011 - August 19, 2011).

Management, MPI, Inc., Poughkeepsie, NY. (November 30, 2010 - December 2, 2010).

Management, Wingate Healthcare, Fishkill, NY. (August 17, 2010).

A. Rief Kanan, CPA is a professor of auditing, accounting and strategy at the School of Business of The State University of New York at New Paltz, where he is the Director of The Business Institute and holds a Sam Walton Free Enterprise Fellowship. He is a graduate of Bryant University and Syracuse University's Whitman Graduate School of Management. He also holds a Certificate in Advanced Management Studies from Yale University. Professor Kanan is Certified in Financial Forensics (CFF) by the American Institute of CPAs and the National Association of Certified Valuation Analysts have designated him a Master Analyst of Financial Forensics (MAFF). He holds the Chartered Global Management Accountant (CGMA) designation. In May 2014, he received the Dr. Emanuel Saxe Outstanding CPA in Education Award which is the highest honor given an educator by the NY State Society of CPAs. He is a contributing author of his college's 150-hour CPA licensure qualifying program leading to the MBA degree. His forty-three years of experience include public accounting, corporate auditing and accounting, corporate management and entrepreneurial activities in real estate and retail businesses. He is active in the Marist Center for Life-Long Learning. Professor Kanan has been teaching at the bachelor degree and MBA levels since 1983, in addition to his business activities. Since becoming a "full-time" college professor in 1997, he has maintained his entrepreneurial edge by assembling three "think tanks" of twelve to sixteen CEOs, company presidents and senior executives each. These executives work on the strategies and operations of their businesses in association with the international organization known as **Vistage** (the combination of the words *Vista* and *Advantage*) **Worldwide**. As Director of The Business Institute, he administers or delivers consulting services to small and mid-sized companies including training programs, company planning meetings, marketing research, operations management, organizational development, organizational behavior and web-based services consulting. Most recently, he completed the instructional development and facilitation of a multi-national leadership development program delivered to executives in Cranbury, NJ, Melville, LI, NY, Sofia, Bulgaria and Montevideo, Uruguay. He has recently been appointed as budget consultant to the Ulster County Legislature along with Dr. Gerald Benjamin and the Benjamin Center of SUNY New Paltz. He has had articles appear in the Academy of Business Research, *Family Lawyer Magazine* and *The Trusted Professional* newsletter of the NY State Society of CPAs

Mr. Kanan is campus champion for student membership in the NY State Society of CPAs and the American Institute of CPAs as well as the chairman of the Cooperation with Education Committee of the Mid-Hudson Chapter of the NY State Society of CPAs. He is a Trustee of Historic Huguenot Street and chairman of their audit committee. He is past chairman of the Career Opportunities in the Accounting Profession (COAP) Board and served for three years as Trustee of the Foundation for Accounting Education. He completed multi-year terms of state-level committee service as a member of the Arbitration and Mediation and Auditing Standards and Procedures Committees of the Society. He is a past member of the Professional Ethics and the Accounting Standards Committees. He is a member of the Association of Certified Fraud Examiners and Financial Executives International. Mr. Kanan is a member of the Institute of Management Accountants and the International Association of Facilitators, where he served one year as Treasurer. His not-for-profit work includes three terms as president of the Middletown, NY, YMCA, eighteen years as a trustee of the YMCA and a member of the Capital Campaign Committee for the Goshen, NY, Public Library and Historical Society. Finally, he has been admitted as a fellow of the Ethics Network of the Center for the Public Trust, National Association of State Boards of Accountancy (NASBA).

Mr. Kanan and his wife Nancy live in the Hudson Valley and are great advocates of the natural beauty of the Shawangunk Mountains.