

INDEPENDENT BANKERS ASSOCIATION OF NEW YORK STATE, INC.

2021 VIRTUAL BANK DIRECTORS CONFERENCE
RESPONSE TO THE GLOBAL PANDEMIC

MARCH 2, 2021



MEETING OBJECTIVE & AGENDA

Objective:

From the beginning of the global pandemic, UHY has been analyzing the impact to Financial Institutions from both an operational and regulatory perspective. UHY will take you through the journey from the pre-COVID environment to the mid/post-COVID “new normal” identifying key considerations and best practices along the way.

Discussion Points:

- Identifying & Facilitating Operational Needs
- Staffing Considerations
- Regulatory Examinations and Audits

This presentation is intended solely for the information and use of the Board of Directors and Senior Management of Independent Bankers Association of New York State, Inc. It is not intended to be, and should not be, used by anyone other than these specified parties.

IDENTIFYING & FACILITATING OPERATIONAL NEEDS

Potential for expanded operational performance

1. Pre-COVID

2. Mid-COVID

3. Post-COVID

IDENTIFYING & FACILITATING OPERATIONAL NEEDS

Pre-COVID



IDENTIFYING & FACILITATING OPERATIONAL NEEDS

Mid-COVID



IDENTIFYING & FACILITATING OPERATIONAL NEEDS

Post-COVID – BE PREPARED!



IDENTIFYING & FACILITATING OPERATIONAL NEEDS

Remaining agile and forward thinking

- Assess impact on operations and industry
- Change from office centric to telework
- New programs, policies & procedures
- Technology and collaborative tools
- The 'New Normal'

Seek opportunities for processes to evolve, to ensure that they aren't circumvented.

- Do not discard a process because of a remote-work environment, but develop ways to leverage technology to enhance the control.
- Are there virtual review and approval capabilities in your financial and operational software that can be utilized?
- Can electronic signatures and approvals be used where “hard” signatures were used before?
- Shared drive vs stand alone computing

Collaboration Tools

- Collaboration tools are a great way to connect with teams virtually.
- Consider using video to bolster the personal connection and also helps with non-verbal cues.
- Decide which types of meetings should be reserved for in-person.
- Many cloud-based tax, accounting, and audit solutions are available.
- Remember to consider data security.

STAFFING CONSIDERATIONS

Managing a Virtual Office

- **Promote:** Person to person & face to face contact
- **Involve:** Remote employees in all aspects of work
- **Avoid:** Allowing employees to feel “out of sight, out of mind”
- **Make:** Arrangements for virtual teams to meet in person

REGULATORY CONSIDERATIONS

What are the Regulatory Hot Topics?

- Coronavirus Aid, Relief and Economic Security Act
- Disaster Recovery & Pandemic Plan
- Cybersecurity and Operational Resiliency
- Bank Secrecy Act Compliance
- Liquidity and Interest Rate Risks
- Preparedness for CECL
- Technological Innovation and Implementation

POST-COVID



The current health crisis presents significant operational and financial strain on businesses. In these unprecedented times, we are positioned to help our clients navigate the upcoming months of recovery. We are all in this together, and we are here to help plan your road to recovery in a post-pandemic economy.



Team Biographies



PRINCIPAL, UHY LLP

Email: pfarrelly@uhy-us.com

Direct: (518) 694-5861

INDUSTRY EXPERTISE:

- Financial Services
- Entertainment
- Media
- Communications
- Technology

ACTIVE & PRIOR PROFESSIONAL MEMBERSHIPS:

- American Institute of Certified Public Accountants
- New York State Society of Certified Public Accountants
- Rotary Club of Saratoga Springs

Patrick Farrelly is a Partner at UHY advisors. Based in the firm's Albany, New York office, and serving Upstate New York, Patrick provides a wide range of audit and assurance services including financial audit, forensic audit, compliance audit, reviews, compilations, internal control assessments and other accounting advisory services. In his role, Patrick focuses on delivering the highest of quality services to publicly-held, otherwise regulated, and private businesses in the financial services, broker-dealer, manufacturing and distribution sectors. He has over a decade of experience managing and developing audit strategies for some of the most high profile clients at a "Big 4" accounting firm.

Farrelly served in leadership engagement roles for financial institutions with \$1.5 to \$5 billion in assets, multinational mass media entities, private equity and public Securities and Exchange Commission registrants. In international roles, Patrick has advised on International Financial Reporting Standards (IFRS) and assisted and collaborated on audit and assurance services in the UK and European continent.

PROFESSIONAL EXPERIENCE:

- Managed and developed audit strategies for large SEC filers in both Financial Services sector (the Adirondack Trust Company) and Entertainment/Media sector (The Interpublic Group of Companies). Additionally managed audit engagements for Bank of Richmondville, Bloomberg LLP and MLB revenue share (AUP procedures).
- Lead Internal Audit manager for a retail company with over \$3.5 billion in revenue and over 150 locations. Worked directly with Internal Audit Direct and Audit Committee to testing to ensure not only financial statement controls are complied with but the Company's standard policies and procedures are adhered to (inclusive of IT policies & procedures).
- Led client meetings with CEOs, CFOs and Controllers to discuss the results of the audit procedures with them and how to improve their policies and procedures.
- Analytically reviewed annual and quarterly financial statement results to gain insight into the company's performance/trends in order to pin-point potential areas of heightened risk of material misstatement.
- Extensive experience with SEC 10-K, 10-Q, 8-K, Call Reports, FINRA & SIPC-7 filings, SEC comment letters and vast knowledge of Sarbanes-Oxley ('SOX') 404 and internal controls over financial reporting.
- Drafted and reviewed accounting policy memos for technical accounting standards including Revenue from Contracts with Customers (ASC 606), ASU 2016-13 – Financial Instruments – Credit Losses, and Leases (ASC 842).
- Experience reviewing purchase price allocation (ASC 805) models and methodologies for marketing and advertising companies.
- Solid working knowledge of IFRS, UK GAAP and Clarity ISAs (UK&I)

The next level of
service



PRESIDENT, BARRY N. REIN & ASSOCIATES, INC.

Email:
scottrein@barryrein.com
Direct: (973)-462-3453

INDUSTRY EXPERTISE:

- Internal Audit Plan Development
- Bank Secrecy Act/Anti-Money Laundering
- Consumer Compliance
- Enterprise Risk Management
- Information Technology
- Disaster Recover/Business Continuity Planning and Testing
- Pandemic Planning

ACTIVE & PRIOR

PROFESSIONAL MEMBERSHIPS:

- Financial Managers Society, NY & NJ
- New Jersey Bankers Association
- New York Chinese – American Bankers Association

Scott Rein is the President of Barry N. Rein & Associates with offices in Livingston, New Jersey and Blue Bell, Pennsylvania. He has over 15 years experience developing and reviewing Internal Audit Plans for financial institutions ranging in size from 100 million to 50 billion in total assets.

Mr. Rein manages professional staff members that haven been selected and trained by Mr. Rein directly on the basis of proven capabilities and experience, and have strikingly diverse backgrounds. Mr. Rein's staff are drawn from industry, consulting, financial institutions, the accounting profession and information technology.

PROFESSIONAL EXPERIENCE:

- Head Audit Manager for a financial institution with over \$5 billion in assets with 160 retail branches located in 7 states. Developed and implemented the Internal Audit Plan, Frequency Schedules, Risk Assessments, and Audit Reporting Process. Assessed audit department staffing while working in coordination with Human Resources to hire additional staffing to facilitate Audit Department needs. Mr. Rein was also in charge of providing ongoing training to Audit Staff.
- Information Technology Steering Committee Audit Chairman for a Mutual Savings Bank with \$2 billion in assets. Consults directly with financial institution's Audit Staff, Chief Compliance Officer and members of the Audit Committee to ascertain the institutions appropriate efforts to address open regulatory orders by assuring enhancements to internal controls and audit coverage.
- On a regular basis conducts client meetings with Internal Audit Staff, Senior Management, and the Board of Directors at many financial institutions presenting results of Internal Audit Department Assessments, Internal Audit and Consumer Compliance reports while providing recommendations for enhancement to policy and procedure.
- Provide training to various financial institutions on a myriad of subjects, such as, Internal Audit Standards, Best Practices, Disaster Recovery/Business Continuity Planning, Merger and Acquisition, Internal Loan Review, Risk Methodology, Bank Secrecy Act/Anti-Money Laundering and OFAC.
- In addition to audit expertise Mr. Rein has experience performing Sarbanes-Oxley ('SOX') 404 and internal control reviews over financial reporting, as well as, CALL Report audit.
- Responsible for keeping up to date on changes in regulatory requirements, as well as, updating the firms Audit Manual as needed.
- Mr. Rein's firm has been a frequent speaker at various trade organizations, an advisor to numerous Boards of Directors, as well as, an advisor to the U.S. Senate Banking Sub-Committee on Bank Secrecy Act/Anti-Money Laundering and OFAC.
- Mr. Rein has extensive experience writing and implementing financial institution policy and procedures for various departments, developing risk assessments, audit sampling methodology, and establishing scopes of review.
- Extensive knowledge of NCUA and FDIC Regulatory Requirements, as well as, IIA Standards.

BACKGROUND:

- A.G. Edwards., Short Hills, NJ 2002-2003
- Ryan Beck & Co., New York City, NY 1999-2002
- B.S., Concentration: Finance and Management, Lehigh University

UHY Advisors, Inc. provides tax and business consulting services through wholly owned subsidiary entities that operate under the name of “UHY Advisors.” UHY Advisors, Inc. and its subsidiary entities are not licensed CPA firms. UHY LLP is a licensed independent CPA firm that performs attest services in an alternative practice structure with UHY Advisors, Inc. and its subsidiary entities. UHY Advisors, Inc. and UHY LLP are U.S. members of Urbach Hacker Young International Limited, a UK company, and form part of the international UHY network of legally independent accounting and consulting firms. “UHY” is the brand name for the UHY international network. Any services described herein are provided by UHY Advisors and/or UHY LLP (as the case may be) and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members.