

EMPIRE STATE DEVELOPMENT
FILM TAX CREDIT PROGRAM

THIRD PARTY VERIFICATIONS OF FINAL APPLICATIONS

**PROCEDURES and PERFORMANCE STANDARDS FOR QUALIFIED CPAs TO
CONDUCT THIRD PARTY VERIFICATIONS**

I. PROGRAM OBJECTIVES

Empire State Development's objectives in implementing third party verifications of final applications according to agreed upon procedures (AUP) is as follows:

To expedite staff's review and approval of final applications for tax credits submitted by applicants.

**II. SELECTION CRITERIA FOR QUALIFIED CPAs TO CONDUCT THIRD PARTY
VERIFICATIONS**

See Request for Qualifications dated July 2014.

**III. REVIEW AND PERFORMANCE STANDARDS FOR QUALIFIED CPAs TO CONTINUE TO
CONDUCT THIRD PARTY VERIFICATIONS**

CPA firms that have been selected by Empire State Development to conduct Third Party Verifications may be subject to periodic performance review and evaluation based upon the following standards:

- A. Professional Licensing:** continues to hold a license as a Certified Public Accountant; certifies that he/she has not been convicted of a disqualifying crime, found to have committed malpractice, or debarred.
- B. Professional Knowledge:** demonstrates an understanding of: (1) the Film Industry, including standard film production documents such as Daily Production Reports, production accounting reports (e.g., general ledgers), (2) the NYS Film Tax Credit Program and all application materials, and (3) the process and application of all the agreed upon procedures required as part of the third party CPA review program.

- C. Quality of Work Product:** CPA issues an AUP Report, inclusive of all required documents, that is written in a clear, concise and professional manner, follows the format established by Empire State Development, does not contain errors in calculations or omissions of procedures, or does not otherwise undermine ESD's stated objective outlined above.
- D. Communication:** the CPA firm communicates effectively and efficiently with applicants and the New York State Film Tax Credit Program (FTCP). The CPA firm demonstrates that it has listened to instructions (written or verbal) provided by FTCP staff and accurately conveys program rules and requirements of the FTCP to applicants. The CPA firm's interaction with Program staff cannot undermine ESD's stated objective outlined above.
- E. Professionalism:** The CPA firm exhibits a commitment to professional ethics. It also
 - a. Carries out duties in accordance with FTCP regulations
 - b. Maintains professional demeanor and behavior (e.g., responds to applicants/clients in a timely manner, receives favorable reports from clients with respect to work in the FTCP on their behalf, receives infrequent complaints if any, interacts with FTCP staff in a professional and reasonable manner as described above); or
 - c. Does not otherwise undermine ESD's stated objective as outlined above.

IV. REMOVAL/DE-LISTING PROCESS

In the event that the CPA does not meet the performance standards outlined above, the Department may remove the CPA from the list of qualified CPAs authorized to conduct Third Party Verifications. Department staff will provide written notification of removal which shall state the reasons for such removal. Within thirty (30) days of receipt of written notice from the Department, the CPA may make written submission to the Department showing cause and detailing the reasons why CPA should not be removed from the list. Within a reasonable timeframe thereafter, the Department shall consider such submission and render a final determination on removal which includes the Department's reasons for its action.