

## **AUDIT COMMITTEE FOR ERIE COUNTY**

Aaron Saykin, Esq.  
Steven Sanders, CPA  
Joshua Heim  
Hon. John Mills  
Hon. Thomas Loughran  
Scott Kroll, Secretary

July 27, 2016

Dear Legislature Clerk:

The current contract to prepare the County's independent audit expires with the completion of the County's 2015 fiscal year audit. The firm currently providing these services is Drescher & Malecki LLP. In accordance with Erie County Charter Section 2617, the Erie County Audit Committee directed the Committee Secretary to prepare an RFP for the selection of an external auditor for the next three years, with an optional two additional years. The RFP was approved by the committee on March 31, 2016.

The RFP was issued on June 7, 2016, specifying that all responses were due on or before Thursday, June 30, 2016. The RFP was posted to the Erie County website and copies of the RFP were distributed to the 25 largest CPA firms in the area, as well as several other firms who asked to be added to our distribution list.

There were only two questions asked by potential firms regarding the RFP. They were brief and required short answers, which the Committee Secretary responded directly to those asking the questions. The questions (with answers) were:

Does the current firm utilize an outside firm for M/WBE representation? The current firm currently employees and assigns several females to the county contract.

Is local staffing a "deal breaker?" Local staffing is one aspect of the selection criteria, and the weight of its impact on the selection process is outlined in the RFP.

Three bids were received. The sealed bids were unsealed on July 6, 2016 in the presence of two legislature staff members, representing both caucuses. The proposals were then distributed to the members of the committee.

The Audit committee met on July 25, 2016. Vice Chair Joshua Heim was unable to attend due to family reasons. Each of the three firms submitting bids attended to answer any questions from the committee. The committee met at 2:00 PM to initially discuss the RFPs as a group. Interviews of the firms began at approximately 2:35 PM. The secretary did not take detailed notes of the interviews, as the information discussed may be considered trade secrets.

Upon conclusion of the presentations, the Audit Committee discussed the merits of the three firms. Each committee member rated each of the firms using the formula specified in the RFP. The firms' average score based on the ratings criteria was as follows:

Drescher & Malecki LLP	95
EFPR Group	57
Bonadio & Co., LLP	42

The members of the committee were polled as to their selection. The Committee unanimously voted to select whichever firm received the highest rating score, which was Drescher & Malecki LLP. Notably, the bid of Drescher & Malecki LLP was substantially lower than the other bids, and the firm's headquarters are located within Erie County, meaning 100% of the audit work will be performed by workers within the County. Although not part of the ratings formula, because Drescher & Malecki LLP has served as the County's auditor for the last five years, it has committed to changing its lead audit partner, and other managers as needed, in order to ensure a fresh set of eyes are part of the County audit process.

The Secretary was directed to inform the Comptroller of the results of the Committee's deliberations and to complete the Chairman's report to the Legislature pursuant to Erie County Charter's Section 2617.

The summary of the fees of the selected proposal is as follows:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	
Audit Fee	\$81,000	\$82,500	\$84,000	
Single Audit Fee	\$45,000	\$46,000	\$47,000	
Annual Average				\$128,500
Mental Health Fee	\$4,250	\$4,350	\$4,450	
Health Department Fee	\$4,250	\$4,350	\$4,450	
Other Departments Fee	\$4,250	\$4,350	\$4,450	
Maximum Charge for a Due Diligence Letter			\$12,500	
Minimum Charge for a Due Diligence Letter			\$2,500	

The meeting was adjourned at 4:20 PM.

Submitted:



Aaron M. Saykin, Esq.

Chairman – Erie County Audit Committee

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To: Clerk of the Erie County Legislature

From: Erie County Audit Committee Chairman Aaron Saykin

Date: July 25, 2016

Re: Report of the Erie County Audit Committee on the Request for Proposal process to select and contract with an independent external County auditor