



STEFAN I. MYCHAJLIW  
ERIE COUNTY COMPTROLLER

July 2, 2021

The Honorable  
Erie County Legislature  
92 Franklin Street, Fourth Floor  
Buffalo, NY 14202

Re: Quality Assurance Review

Dear Honorable Members,

In accordance with the Erie County Charter and standards published by the Comptroller General of the United States, attached is an accompanying memorandum and proposed resolution requesting authority to contract for an external quality review of our audit division and their work.

The Comptroller General, head of the Government Accounting Office (GAO), requires that all audit offices, following GAO standards, have an external quality review conducted every three years.

An external quality review will result in assurance that established policies and procedures and applicable auditing standards are being followed. If the review results in recommendations for changes to our audit procedures and processes, our team will work with the reviewer to implement those.

As Comptroller, I am excited to get this process started. I believe it will be a very valuable tool in maintaining the high standards set by our audit professionals.

Sincerely,

Stefan I. Mychajliw, Jr.  
Erie County Comptroller

Attachment: RFP# 2021-031VF  
The Bonadio Group's Proposal

# DISCHARGE

## MEMORANDUM

**TO:** Honorable Members of the Erie County Legislature  
**FROM:** Honorable Stefan I. Mychajliw, Erie County Comptroller  
**RE:** Quality Assurance Review  
**DATE:** July 2, 2021

### **SUMMARY OF RECOMMENDED ACTION**

That the Legislature authorizes the County Executive to enter into a contract for the purpose of having an external quality control review of the operations of the Division of Audit and Control.

### **FISCAL IMPLICATIONS**

The Comptroller forwarded requests for proposals to local accounting firms as well as electronically posted the request online. Only one firm, The Bonadio Group, submitted a bid and therefore was selected. Their proposed fee for this engagement is \$12,000, a cost the Comptroller considers fair and reasonable.

### **REASONS FOR RECOMMENDATION**

The Erie County Charter, Section 1202, paragraph (e) states that the Comptroller shall conduct financial and compliance audits of the records and accounts of all officers and employees charged with any duty relating to county funds for which the county is responsible in conformity with generally accepted auditing standards as prescribed by the American Institute of Certified Public Accountants and the Comptroller General of the United States, and submit such reports to the Legislature. The Comptroller General, head of the Government Accounting Office (GAO), requires that all audit offices, following GAO standards, have an external quality control review conducted every three years. Erie County's last quality control review was completed in 2012, for the three-year period beginning January 1, 2018 through December 31, 2020.

### **BACKGROUND OF PROPOSAL**

The Comptroller General of the United States has prescribed that each audit organization conducting audits in accordance with GAO standards should have an appropriate internal quality control system in place and undergoes an external quality review every three years.

### **CONSEQUENCES OF NEGATIVE ACTION**

Erie County will not be in compliance with the Erie County Charter and provisions prescribed by the Comptroller General of the United States.

### **STEPS FOLLOWING APPROVAL**

An engagement letter, prepared by the Bonadio Group, which confirms the arrangements for the external quality control review will be agreed to by the County Comptroller and the County Attorney. Then, the County Executive will be asked to approve a contract with The Bonadio Group for the engagement.

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## **A RESOLUTION SUBMITTED BY ERIE COUNTY COMPTROLLER STEFAN I. MYCHAJLIW, JR.**

**WHEREAS**, the Erie County Charter requires that the Comptroller conduct audits of county operations in accordance with standards published by the Comptroller General of the United States; and

**WHEREAS**, the Comptroller General of the United States requires that all municipalities conducting audits under GAO standards have an external quality review at least once every three years; and

**WHEREAS**, the Comptroller prepared and published a request for proposals to local Certified Public Accounting firms; and

**WHEREAS**, the Comptroller received one reply from The Bonadio Group; and

**NOW, THEREFORE, BE IT**

**RESOLVED**, that the County Executive is authorized to enter into a contract with the firm The Bonadio Group for a quality assurance/external quality review of the Comptroller's Division of Audit and Control at an expected cost of \$12,000.00; and be it further

**RESOLVED**, that the Comptroller is authorized to appropriate funds for this contract from the Comptrollers account #516020 for Professional Services, Contracts and Fees; and be it further

**RESOLVED**, that certified copies of this resolution be forwarded to the County Executive, County Comptroller and County Attorney.

# DISCHARGE

## COUNTY OF ERIE OFFICE OF THE COMPTROLLER

**Hon. Stefan I. Mychajliw**

*Erie County Comptroller*



### REQUEST FOR PROPOSALS RFP#: 2021-031VF EXTERNAL QUALITY REVIEW – DIVISION OF AUDIT

# DISCHARGE



## ERIE COUNTY COMPTROLLER HON. STEFAN I. MYCHAJLIW

June 4, 2021

To Whom It May Concern:

The Erie County Comptroller is seeking proposals from professional accounting or auditing firms to conduct an external quality review (peer review) of the County's Division of Audit and Control.

All correspondence, communications and/or contact with the County in regard to any aspect of this proposal shall be made to the Deputy Comptroller for Audit Scott Kroll. Mr. Kroll can be reached at 716-858-8843 or through e-mail at [Scott.Kroll@erie.gov](mailto:Scott.Kroll@erie.gov).

Final sealed proposals are due to the Erie County Comptroller by 4:00pm on June 25, 2021. In your response, please include 3 hard copies of your proposal. Please mail your proposal to the following address:

Erie County Comptroller's Office  
Attn: Audit Peer Review RFP Committee  
95 Franklin Street – 11<sup>th</sup> Floor  
Buffalo, New York 14202

Erie County reserves the right to reject any and all proposals and waive any informality.

Sincerely,

A handwritten signature in blue ink, reading "Stefan I. Mychajliw".

STEFAN I. MYCHAJLIW  
Erie County Comptroller

OFFICE OF ERIE COUNTY COMPTROLLER STEFAN I. MYCHAJLIW • 95 FRANKLIN STREET • ROOM 1100 • BUFFALO, N.Y. • 14202  
PHONE: (716) 858-8400 • FAX: (716) 858-6195 • E-MAIL: [COMPTROLLER@ERIE.GOV](mailto:COMPTROLLER@ERIE.GOV)  
WHISTLEBLOWER HOTLINE FOR REPORTING WASTE, FRAUD & ABUSE: (716)858-7722 OR E-MAIL: [WHISTLEBLOWER@ERIE.GOV](mailto:WHISTLEBLOWER@ERIE.GOV)

# DISCHARGE

## **I. INTRODUCTION**

Erie County Comptroller Stefan I. Mychajliw is seeking proposals from professional accounting/auditing firms to conduct an external quality review of the Erie County Comptroller's Division of Audit and Control (the Division). The Division's last quality control review was completed in 2018, for the three-year period ended December 31, 2017. This RFP is for a review for the period January 1, 2018 through December 31, 2020.

The review shall be completed in compliance with the Government Accountability Office's Government Auditing Standards, following the guidelines contained in the National Association of Local Government Auditors Quality Control Review Guide.

The review should be completed by October 1, 2021, with a final report issued no later than October 31, 2021. Attached is background information concerning the Division.

## **II. PROPOSAL PROCEDURES**

### **A . ANTICIPATED SCHEDULE OF PROPOSAL**

ISSUE RFP: Friday, June 4, 2021

PROPOSALS DUE: Friday, June 25, 2021 – by 4:00pm

INTERVIEWS: Week of June 28<sup>th</sup> (if necessary)

SELECTION MADE: Friday, July 2, 2021

CONTRACT SIGNED: Following all necessary county approvals

### **B. REQUIREMENTS**

If you choose to respond, please submit three (3) copies of your proposal to the Erie County Comptroller's Office, Attn: Audit Peer Review RFP Committee, 95 Franklin Street, 11<sup>th</sup> Floor, Buffalo, NY 14202 by 4:00pm on Friday, June 25, 2021.

### **C. RIGHT OF REJECTION BY THE COUNTY**

Notwithstanding any other provisions of this RFP, the County reserves the right to award this contract to the firm that best meets the requirements of the RFP and not necessarily to the lowest bidder. Further, the County reserves the right to reject any or all proposals prior to execution of the contract for any or no reason and without penalty to the County.

### **D. AWARD OF CONTRACT**

The firm selected by the Comptroller's Office to be awarded this contract will be asked to enter into negotiations with Erie County, with the intentions of awarding the contract. Neither the selection of a

# DISCHARGE

firm nor the issuance of a Notice of Award shall constitute the County's acceptance of the proposal or a binding commitment on behalf of the County to enter into a services contract with the firm, as any binding arrangement must be set forth in definitive documentation signed by both parties and subject to all requisite approvals.

## **E. CONTRACT NEGOTIATIONS**

After issuance of the Notice of Award, the County intends to enter into contract with the winning firm who shall be required to enter into a written agreement, in a form approved by legal counsel for the County. The winning respondent's proposal, or any part thereof, may be incorporated into and made a part of the final contract(s).

## **F. LEGISLATIVE APPROVAL**

The County reserves the right to require that acceptance of any proposal and the execution of the contract are and shall be expressly subject to the approval of the Erie County Legislature.

## **III. STATEMENT OF RIGHTS**

### **UNDERSTANDINGS**

Please take notice, by submission of a proposal in response to this request for proposals, the proposer agrees to and understands:

- that any proposal, attachments, additional information, etc. submitted pursuant to this RFP constitute merely a suggestion to negotiate with the County of Erie and is not a bid under Section 103 of the New York State General Municipal Law;
- submission of a proposal, attachments, and additional information shall not entitle the proposer to enter into an agreement with the County for the required services;
- by submitting a proposal, the proposer agrees and understands that the County is not obligated to respond to the proposal, nor is it legally bound in any manner by submission of same;
- that any and all counter-proposals, negotiations or communications received by a proposing entity, its officers, employees or agents from the County, its elected officials, officers, employees or agents, shall not be binding against the County, its elected officials, officers, employees or agents unless and until a formal written agreement for the services sought by this RFP is duly executed by both parties and approved by the Erie County Legislature, and if necessary, the Erie County Attorney.

In addition to the foregoing, by submitting a proposal, the proposer also understands and agrees that the County reserves the right, and may at its sole discretion exercise, the following rights and options with respect to this RFP:

- To reject any or all proposals;
- To issue amendments to this RFP;
- To issue additional solicitations for proposals;
- To waive any irregularities in proposals received after notification to proposers affected;

# DISCHARGE

- To select any proposal as the basis for negotiations of a contract, and to negotiate with one or more of the proposers for amendments or other modifications to their proposals;
- To conduct investigations with respect to the qualifications of each proposer;
- To exercise its discretion and apply its judgment with respect to any aspect of this RFP, the evaluations of proposals, and the negotiations and award of any contract;
- To enter into an agreement for only portions (or not to enter into an agreement for any) of the services contemplated by the proposals with one or more of the proposers;
- To select the proposal that best satisfies the interests of the County and not necessarily on the basis of price or any other single factor;
- To interview the proposer(s);
- To request or obtain additional information the County deems necessary to determine the ability of the proposer;
- To modify dates;
- All proposals prepared in response to this RFP are at the sole expense of the proposer, and with the express understanding that there will be no claim for reimbursement from the County for the expenses of preparation. The County assumes no responsibility or liability of any kind of costs incurred in the preparation or submission of any proposal;
- While this is a RFP and not a bid, the County reserves the right to apply the case law under General Municipal Law Section 103 regarding bidder responsibility in determining whether a proposer is a responsible vendor for the purpose of this RFP process;
- The County is not responsible for any internal or external delivery delays which may cause a proposal to arrive beyond the stated deadline. To be considered, proposals MUST arrive at the place specified herein and be time stamped prior to the deadline.

## EVALUATION

The following criteria, not necessarily listed in order of importance, will be used to review the proposals. The County reserves the right to weigh its evaluation criteria in any manner it deems appropriate:

- Proposers demonstrated capability to provide the services.
- Evaluation of the professional qualifications, personal background and resume(s) of individuals involved in providing the services.
- Proposer's experience in performing the proposed services.
- Evaluation of the proposer's fee submission.
- A determination that the proposer has submitted a complete and responsive proposal as required by this RFP.
- Proposer's projected approach and plans to meet the requirements of this RFP.
- Proposer's presentation at and the overall results of any interview conducted with the proposer.
- Proposers may be requested to give an oral presentation of their proposal.
- No contract or agreement will be awarded to any proposer that is in arrears upon any debt or in default of any obligation owed to the County.

## CONTRACT

After selection of the successful proposer, a formal written contract will be prepared by the County and will not be binding until signed by both parties, and if necessary, approved by the Erie County



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Legislature. No rights shall accrue to any proposer by the fact that a proposal has been selected by the County for submission to the Erie County Legislature for approval. The approval of the Erie County Legislature may be necessary before a valid and binding contract may be executed by the County.

## **INDEMNIFICATION AND INSURANCE**

The proposer accepts and agrees that language in the following form will be included in the contract between the proposer and the County:

"In addition to, and not in limitation of the insurance requirements contained herein the consultant agrees:

- (a.) That except for the amount, if any, of damage contributed to, caused by or resulting from the negligence of the County, the consultant shall indemnify and hold harmless the County, its officers, employees and agents from and against any and all liability, damage, claims, demands, costs, judgments, fees, attorneys' fees or loss arising directly or indirectly out of the acts or omissions hereunder by the consultant or third parties under the direction or control of the consultant; and
- (b.) To provide defense for and defend, at its sole expense, any and all claims, demands or causes of action directly or indirectly arising out of this agreement and to bear all other costs and expenses related hereto.

Upon execution of any contract between the proposer and the County, the proposer will be required to provide proof of the insurance coverage. Insurance coverage in amount and form shall not be deemed acceptable until approved by the County Attorney's Office.

## **INTELLECTUAL PROPERTY RIGHTS**

The proposer accepts and agrees that language in substantially the following form will be included in the contract between the proposer and the County:

All deliverables created under this Agreement by the Consultant are to be considered "works made for hire." If any of the deliverables do not qualify as "works made for hire," the Consultant hereby assigns to the County all right, title and interest (including ownership of copyright) in such deliverables and such assignment allows the County to obtain in its name copyrights, registrations and similar protections which may be available. The Consultant agrees to assist the County, if required, in perfecting these rights. The Consultant shall provide the County with at least one copy of each deliverable.

The Consultant agrees to indemnify and hold harmless the County for all damages, liabilities, losses and expenses arising out of any claim that a deliverable infringes upon an intellectual property right of a third party. If such a claim is made, or appears likely to be made, the Consultant agrees to enable the County's continued use of the deliverable, or to modify or replace it. If the County determines that none of these alternatives is reasonably available, the deliverable will be returned. All records compiled by the Consultant in completing the work describes in this Agreement, including but not limited to written reports, source codes, studies, drawings, blueprints, negatives of photographs, computer printouts, graphs, charts, plans, specifications and all other similar recorded data, shall become and remain the property of the County. The Consultant may retain copies of such records for its own use.

## **NON-COLLUSION**

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The proposer, by signing the proposal, does hereby warrant and represent that any ensuing agreement has not been solicited, secured or prepared directly or indirectly, in a manner contrary to the laws of the State of New York and the County of Erie, and that said laws have not been violated and shall not be violated as they relate to the procurement or the performance of the agreement by any conduct, including the paying or the giving of any fee, commission, compensation, gift, gratuity or consideration of any kind, directly or indirectly, to any County employee, officer or official.

## CONFLICT OF INTEREST

All proposers must disclose with their proposals the name of any officer, director or agent who is also an employee of the County of Erie. Further, all proposers must disclose the name of any County employee who owns, directly or indirectly, an interest of ten percent or more in the firm or any of its subsidiaries or affiliates. There shall be no conflicts in existence during the term of any contract with the County. The existence of a conflict shall be grounds for termination of a contract.

## COMPLIANCE WITH LAWS

By submitting a proposal, the proposer represents and warrants that it is familiar with all federal, state and local laws and regulations and will conform to said laws and regulations. The preparation of proposals, selection of proposers and the award of contracts are subject to provisions of all federal, state and County laws, rules and regulations.

## CONTENTS OF PROPOSAL

The New York State Freedom of Information Law as set forth in Public Officers Law, Article 6, Sections 84 et seq., mandates public access to government records. However, proposals submitted in response to this RFP may contain technical, financial background, or other data, public disclosure of which could cause substantial injury to the proposer's competitive position or constitute a trade secret. Proposers who have a good faith belief that information submitted in their proposals is protected from disclosure under the New York Freedom of Information Law shall:

a) insert the following notice in the front of its proposal:

**"NOTICE**

**The data on pages \_\_\_\_ of this proposal identified by as asterisk (\*) contains technical or financial information constituting trade secrets or information the disclosure of which would result in substantial injury to the proposer's competitive position. The proposer requests that such information be only for the evaluation of the proposal, but understands that any disclosure will be limited to the extent that the County considers proper under the law. If the County enters into such an agreement with this proposer, the County shall have the right to use or disclose such information as provided in the agreement, unless otherwise obligated by law."**

and

b) clearly identify the pages of the proposals containing such information by typing in bold face on the top of each page **" \* THE PROPOSER BELIEVES THAT THIS INFORMATION IS PROTECTED FROM DISCLOSURE UNDER THE STATE FREEDOM OF INFORMATION LAW."**

The County assumes no liability for disclosure of information so identified, provided that the County has made a good faith legal determination that the information is not protected from disclosure under

# DISCHARGE

applicable law or where disclosure is required to comply with an order or judgment of the court of competent jurisdiction. The contents of the proposal which is accepted by the County, except portions "Protected from Disclosure," may become part of any agreement resulting from this RFP.

## EFFECTIVE PERIOD OF PROPOSALS

All proposals must state the period for which the proposal shall remain in effect (i.e. how much time does the County have to accept or reject the proposal under the terms proposed). Such period shall not be less than 180 days from the proposal date.

## IV. BACKGROUND INFORMATION

Chief Auditing Officer: Comptroller Stefan I. Mychajliw

Deputy Comptroller for Audit: Scott Kroll

Audit Director: David Capodagli

Number of Audit Staff: Seven staff including the Deputy Comptroller

Number of Reports Issued Annually: There were 28 audits issued within the period January 1, 2018 through December 31, 2020. The Division also conducts reviews and issues reports which are not audits and not subject to this "peer review."

The Audit Division certified no financial statements for the period of this peer review.

Reports issued to: Erie County Legislature

Copies of the last two peer reviews conducted for the County will be provided upon request. Copies of all of the Comptroller's audits since 2006 are available online at <http://www2.erie.gov/comptroller/index.php?q=audits-and-reviews-conducted>.

The RFP (#2021-031VF) should be included in any proposal.

**County of Erie, New York**

**Proposal to Provide  
External Quality Review of the  
Division of Audit**

**RFP#: 2021-031VF**

June 25, 2021

Submitted to:

Erie County Comptroller's Office  
Attn: Audit Peer Review RFP Committee  
Erie County Comptroller's Office  
95 Franklin Street-11<sup>th</sup> Floor  
Buffalo, New York 14202



Big firm capability. Small firm personality.

**THE BONADIO GROUP**  
CPAs, Consultants & More

**Randall R. Shepard, CPA, Partner**  
**The Bonadio Group**  
100 Corporate Parkway Ste 200  
Amherst, New York 14226  
Tele: 716-580-1639  
Fax: 716-250-6605  
Email: [rshepard@bonadio.com](mailto:rshepard@bonadio.com)  
[www.bonadio.com](http://www.bonadio.com)



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**Bonadio & Co., LLP**

June 25, 2021

Audit Peer Review RFP Committee  
Erie County Comptroller's Office  
95 Franklin Street-11<sup>th</sup> Floor  
Buffalo, New York 14202

**Re: Proposal for External Quality Review of the Division of Audit and Control  
(RFP #2021-031VF)**

To Whom It may Concern:

It is a pleasure to submit this proposal to provide services pursuant to Erie County's (the County) requirements for an external quality review of the Erie County Comptroller's Division of Audit and Control. We appreciate this opportunity to present our credentials.

It is our understanding that Erie County seeks a firm that can provide a review in compliance with the Government Accountability Office's Government Auditing Standards, following the guidelines contained in the National Association of Local Government Auditors Quality Control Review Guide. The Bonadio Group (Bonadio) will complement these deliverables with a service delivery style built around working as a member of your team. We have worked on this with the County's Division of Audit and Control several times before, so we are familiar with the requirements as well as the departmental procedures.

While we have mobilized a team of experienced professionals to serve you, I will be your point of contact so that the delivery of the services you have requested will be seamless.

The attached proposal provides details; however, I would like to highlight the following:

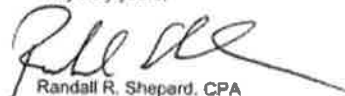
- Bonadio has a significant amount of experience in performing quality reviews relative to a wide variety of auditing standards.
- We are well-versed and experienced in internal audit activities, both for governmental, tax-exempt, and commercial entities.
- Our experience in working with local governments in upstate New York is second to none.
- Our fees are very reasonable and reflect our desire to be your internal audit department reviewers.

The opportunity to again serve as your professional service providers is important to our team.

The balance of this proposal outlines our services, qualifications and estimated fees. This is a firm proposal, the terms of which are good for 180 days from the issuance of this response. If you have any questions regarding the information contained in this proposal or on any other matter, please contact me at (716) 580-1639.

We are available, at your convenience, to meet with you to discuss any additional questions you may have.

Very truly yours,

  
Randall R. Shepard, CPA  
Partner

100 Corporate Parkway  
Suite 200  
Amherst, New York 14226  
o (716) 250-6600  
f (716) 250-6605

[www.bonadio.com](http://www.bonadio.com)

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# DISCHARGE

Proposed Services, Approach

Professional Fees

Firm Qualifications and Staff Experience

## Background and Understanding

The County seeks a CPA firm to provide an external quality review of the Erie County Comptroller's Division of Audit and Control. The Bonadio Group (Bonadio) is pleased to have the opportunity to provide those services.

Based on the information we have obtained, and our extensive experience providing internal audit and control services to a variety of local government, tax-exempt, and commercial entities, we have developed an understanding of your issues and needs, including:

Overall, our objectives are to: (1) demonstrate our depth of experience and capabilities; (2) affirm our ability to provide quality service at a reasonable cost; and (3) provide the resources and expertise to help you achieve your objectives.

- Personalized and responsive service.
- Increased interaction with our most experienced personnel, i.e., partners and principals.
- Completion of the review in a timely and cost effective manner.
- Maximizing value for fees paid.

We are particularly sensitive to your needs to maintain the highest possible quality of services and deliverables, yet we understand that cost is an issue. Our proposal is organized to show you that we can deliver the highest quality and a diverse scope of services at reasonable rates.

In addition to our approach to the Scope of Work and what we believe is a more than competitive fee structure, there are four key reasons, discussed further in Sections 2 and 3, why the County should engage Bonadio:

1. The relevant experience and expertise of our proposed project staff
2. Our big firm capabilities and small firm personality
3. The firm's experience with government
4. Our philosophy of customer service: grow / protect / comply

Our success in serving the County will be a function of our standards of quality and responsiveness; the scope, breadth and integration of services we can deliver; and the combination of management and staff expertise we bring. It is these attributes that differentiate us from other firms. Ultimately we want the County to view us as a business asset, not an overhead cost.

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Proposed Services, Approach

Professional Fees

Firm Qualifications and Staff Experience

## Core Services

Our understanding is that the County Comptroller's Office is seeking an external quality review of its Internal Audit Division. This review will be completed in compliance with the Government Accountability Office's Government Auditing Standards (Yellow Book) following the guidelines contained in the National Association of Local Government Auditors Quality Control Review Guide. We understand the scope of the review to be the three year period of January 1, 2018 through December 31, 2020. We understand that the County would like the final report issued by October 31, 2021. We will coordinate our work efforts to meet the established deadlines as we have done every time for the County.

The objectives of the review are as follows:

- To assess whether the County's system of internal controls is adequate to ensure that the County is following applicable Government Auditing Standards (GAS).
  - Did the County have an internal quality control system that provided reasonable assurance that audit work was conducted in accordance with applicable GAS.
  - Did the County follow its system of internal control and comply with applicable GAS standards in the work it conducted during the period under review.

We propose to meet these objectives through executing the following work plan, which is broken down into three primary phases:

### *Planning and Preparation (As practical following appointment)*

1. Gain an understanding of the changes in the size and structure of the Erie County Comptroller's Internal Audit Division since our last review, as well as the type and number of audits completed on an annual basis
2. Document our understanding of any changes in the background and Quality Control System (QCS) of the Erie County Internal Audit Division with the assistance of management and staff
3. Document our understanding of any changes in the County's procedures, the environment in which it operates, and the types of work the County conducts
4. Assess the QCS and plan the review, including the types of engagements to be reviewed, additional documents to be checked, and potential interviews
5. Obtain a copy of the Erie County Division of Audit and Control's annual work plan for the prior three years
6. Based on the above assessment, select the engagements for detailed review during fieldwork. The engagements should represent a reasonable cross-section of types of work, audit supervisors, and time span

### *Fieldwork and Site Visit (Completed by October 1, 2021)*

1. Obtain and review the policies and procedures of the Division of Audit and Control
2. Conduct interviews with the management and staff as necessary to clarify actual practices and assess their understanding of the internal quality control procedures
3. Review selected sample of audit and attestation reports to test whether the County followed its system of internal control and complied with applicable GAS standards
4. Obtain and review Continuing Professional Education records and personnel management files related to hiring, evaluating and assigning employees
5. Review any exceptions noted during the fieldwork to identify potential weaknesses in the County's internal control system



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Proposed Services, Approach

Professional Fees

Firm Qualifications and Staff Experience

## **Reporting (Issued by October 31, 2021)**

1. Discuss preliminary findings ~~and~~ conclusions ~~with~~ management
2. Determine the County's overall ~~level of~~ compliance
  - o Full Compliance
  - o Satisfactory Compliance
  - o Noncompliance
3. ~~Prepare~~ a management letter ~~to~~ recognize strengths ~~and to make~~ recommendations ~~for~~ improvements
4. ~~Draft the opinion report for review by the County,~~ followed by issuance ~~once approved~~

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Proposed Services, Approach

Professional Fees

Firm Qualifications and Staff Experience

Our dual objective is to provide you with professional services at the lowest cost, while complying with the highest professional standards. Our proposed fee for this engagement will be \$12,000.

We do not bill for routine telephone conversations or office overhead items such as copies, faxes or administrative support.

While fees may not be the primary basis of your decision, differences in proposed fees many times are not clearly understandable. If our proposed fees are not consistent with your expectations, please let us know and we will attempt to resolve any differences to your satisfaction.

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Proposed Services, Approach

Professional Fees

Firm Qualifications and Staff Experience

## Government Expertise

Our firm continues to experience long-term growth and success because we've built a team of people that are experts in governmental auditing. With almost twenty (20) partners and principals specializing in this area, all of our expertise and knowledge is not concentrated with a few individuals. This is key to helping our clients grow and to helping develop our staff to better understand and excel in the government arena.

We believe that our people make the difference. The primary personnel assigned to serve you have a unique blend of governmental audit and consulting experience. The people identified will be the key contacts for you. Full biographies are included in the appendix.

Please be aware that we maintain continuing professional education as required by professional standards and meet the independence requirements of *Government Auditing Standards*, published by the U.S. General Accounting Office (GAO). The Supervisory personnel are assigned to the County are properly licensed to practice in New York State.

More detailed biographies are included in the last page. Each of these individuals will be available for continuing advice and counsel throughout the term of the engagement.



Randall Shepard, CPA

**Role:** Engagement Partner

**Duties:** Randy is the overall engagement partner for this project. With his experience in the government environment coupled with his extensive statewide consulting and lecturing background, he is able to provide invaluable assistance. Randy will be the County's primary contact and will ultimately be responsible for delivery of the engagement as the signing partner. All members of the team report to him.



Erica Proctor, CPA

**Role:** Engagement Manager

**Duties:** Erica is the on-site audit manager and will handle the day-to-day activities of the engagement and directly oversee the staff assigned. She will report to Randy and will be your primary on-site resource.

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Proposed Services, Approach

Professional Fees

Firm Qualifications and Staff Experience

## Overview of The Bonadio Group

The Nation's 43<sup>rd</sup> Largest CPA Firm

### 10 locations

- Albany
- Batavia
- Buffalo
- East Aurora
- Geneva
- New York City
- Rochester
- Syracuse
- Utica
- Rutland, VT

Approximately 750 employees

More than \$100 million/year in firm revenues

140+ partners/principals

110+ managers

### Who We Serve

- Governments
- Healthcare
- Individuals
- Unions
- Tax-Exempt
- Public Companies
- Small Businesses
- Mid-Sized Privately-Held
- Colleges and Universities

### Services

- Accounting & Auditing
- Business Advisory
- Healthcare Consulting
- IT Consulting
- Risk Management
- Tax Planning & Preparation

Bonadio was founded in 1978 and has grown to be the largest independent provider of accounting, business advisory and financial services in Upstate New York. Bonadio now currently employs approximately 750 personnel, including a dedicated **governmental client service group consisting of 11 partners, 5 principals, 6 managers, and numerous staff accountants**. Over the years we've merged in several firms which have helped us to grow our client base, but more importantly has expanded our expertise both technically and geographically.

Bonadio is a diversified professional services firm offering multi-dimensional accounting and auditing, business advisory and financial services to clients around the world.

- A Top 100 CPA Firm in the U.S. by *Public Accounting Report* and *Inside Public Accounting*  
– Ranked 43<sup>rd</sup> in 2021 on Accounting Today's list of Top 100 Firms
- Identified by *Practical Accountant* as a CPA Innovative Firm
- Identified by Accounting & Financial Women's Alliance (AFWA) and The American Women's Society of Certified Public Accountants (AWSCPA) as a Best Accounting Firm for Women

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## Audit Quality Center Participation



**AICPA**  
GAQC Member

We are a member of AICPA's Government Audit Quality Center. We are proud of the quality of our work. In order to ensure that this high level of quality is maintained, we have

established a comprehensive quality assurance program. This program starts with hiring the best people available and continues with extensive training - 80 hours annually, per person, on average. We are also members of the AICPA Center for Public Company Audit Firms and Moore Stephens International. We annually attend the AICPA National Government Conference and all managers, seniors and staff are required to attend annual in-house training on audits of government agencies.

Of most importance to us is our commitment to the AICPA Government Audit Quality Center. Involvement in this is optional, but indicates a level of commitment above all other non-member CPA firms. Our participation requires that our firm and personnel attain additional continuing professional education on an annual basis.

We have an established program which ensures that all audit engagement personnel possess current knowledge, appropriate to their level of involvement in the engagement, of applicable professional standards, rules, and regulations.

Our clients all benefit from Bonadio's commitment to quality. Quality is not an add-on process at Bonadio. Rather, it is engrained in our corporate culture and is integral to all aspects of our client service. The quality process begins with a well thought out approach to service delivery. From the selection of experienced personnel to serve you and development of a client specific comprehensive audit plan, you will gain from our commitment to quality in providing the requested services.

### Partial Listing of Government Clients

City of Canandaigua  
City of Cortland  
City of Lockport  
City of Troy  
City of Utica  
County of Livingston  
County of Monroe  
County of Oneida  
County of Schoharie  
County of Seneca  
County of Steuben  
County of Ontario (Health facility and project work)  
County of Monroe Industrial Development Agency  
County of Ulster (internal audit project work)  
Niagara County (consulting)  
Chautauque County (consulting)  
Rochester-Genese Regional Transportation Authority  
Monroe County Airport Authority  
Niagara Falls Water Board Western  
Regional Off-Track Betting Corporation  
over 50 School Districts (many include single audit)

### \*Uniform Grant Guidance Audits

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## Quality Control

Bonadio has a strong and continual commitment to quality and education, and dedicates significant professional resources necessary to ensure that our clients receive the highest possible quality of attestation services and deliverables.

We have a Division of Professional Excellence that is led by a partner level Director, with responsibilities for overseeing all of the firm's quality control processes and procedures (including peer review and inspection) including:

- Performing all second partner quality reviews.
- Coordinating annual inspection and tri-annual peer review activities and ensuring the firm's compliance with the related requirements to maintain successful results from these activities.
- Researching all new technical accounting and auditing pronouncements and providing personnel with the appropriate communication (technical memoranda, education sessions, etc.).
- Developing and delivering a comprehensive education curriculum for all personnel of the firm (all divisions and offices).

*Bonadio has a strong and continual commitment to quality and education, and dedicates significant professional resources necessary to ensure that our clients receive the highest possible quality of attestation services and deliverables.*

The centerpiece of Bonadio's quality assurance/control system is a policy that requires audit reports issued by us to be reviewed and approved by the Professional Excellence Division. Last but not least, our quality assurance program is complemented by periodic peer reviews. These reviews are required on an every three-year basis. Our quality assurance program includes peer reviews, which always includes a review of governmental engagements because of the significance of this practice to our firm. A copy of the Peer Review is included on the next page. The most recent peer review included a review of twenty of our audit engagements statewide.

## Non-discrimination Clause

Bonadio & Co., LLP (Bonadio) is committed to equal employment opportunity. No employee or applicant for employment will be discriminated against because of gender, race, color, religion, national origin, ancestry, age, marital status, sexual orientation, pregnancy, physical or mental disability, citizenship, veteran status, creed, arrest records, genetic predisposition or carrier status, gender expression and/or identity, or any other class protected by federal, state or local laws.

If you have any questions regarding the information contained in this proposal or on any other matter, please contact us at (716) 580-1639. Again, we appreciate the opportunity to provide you with this proposal and to further demonstrate our sincere interest in serving Erie County.

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225-922-4600 Phone 225-922-4611 Fax 225-922-4600

A Professional Accounting Corporation

## Report on the Firm's System of Quality Control

To the Partners of  
Bonadio & Co., LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Bonadio & Co., LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at [www.aicpa.org/peerreview](http://www.aicpa.org/peerreview). The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

### Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

### Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

### Required Exclusions and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, an audit performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations (SOC 1 and SOC 2 engagements).

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bonadio & Co., LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Bonadio & Co., LLP has received a peer review rating of pass.

*Pollitzhuite ; Nestorwell*

Baton Rouge, Louisiana  
October 19, 2020



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## Randy Shepard, CPA—Engagement Partner (rshepard@bonadio.com)



Randy is a partner in Bonadio's Government Division and heads our Buffalo and Rochester government practice area. He has been with Bonadio for over 20 years with experience in many areas of attestation engagements. Randy provides consulting, accounting, and auditing services for a variety of clients such as municipalities, public authorities, and local development corporations. As a result of this work, Randy has developed extensive experience with respect to compliance and reporting requirements for these organizations, knowledge of Governmental Accounting Standards Board (GASB) pronouncements, the NYS Public Authorities Reform Act, as well as the evaluation and design of internal accounting systems. Randy has also been a speaker on various governmental topics for the NYS Association of Counties as well as Governmental Finance Officers Association, including many recent GASB standards.

Randy received his B.S. degree in Accounting from the State University of New York at Geneseo. He is a member of the American Institute of Certified Public Accountants and Government Finance Officers Association (National and Local level). Randy is the former Treasurer and also the former Chair of both the Audit and Finance Committees of the Seneca Park Zoo Society. Randy is a 2008 recipient of the Rochester Business Journal's Forty Under 40 award for leadership and service in their jobs and in the community.

## Erica Proctor — Engagement Manager (eproctor@bonadio.com)



Erica is a Manager in Bonadio's Government Division. With almost 10 years of professional experience, Erica provides audit, accounting, and consulting services to a number of entities including Authorities, Counties, Justice Courts, Town/Villages, Soil and Water Conservation Districts, School Districts and Employee Benefit Plans.

Erica received her Bachelors in Accounting from the College at Brockport.

## Conclusion

We believe our firm has a unique combination of technical ability, relevant experience, and a commitment to service that makes us the best firm for this important assignment. We will provide you with creative, capable people who are dedicated to developing meaningful planning and business suggestions while maintaining an open communicative style to meet your needs.

If selected as your auditors, we give you our commitment that you will receive our closest attention. We look forward to working with you.