

**Town of West Seneca, New York**

**Proposal**

**Auditing Services for  
The Years Ending December 31, 2020  
Through December 31, 2022**

**Date of Proposal:  
September 11, 2020**

**Presented by:**

R.A. MERCER & CO., P.C.  
Certified Public Accountants  
290 Center Road  
West Seneca, New York 14224  
Contact: Christopher M. Zera, CPA - Partner

**Town of West Seneca  
Audit Proposal from R.A. Mercer & Co., P.C.**

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Raymond A. Mercer, CPA 1931-1983

September 11, 2020

Amy M. Kobler  
Town of West Seneca  
Town Clerk  
1250 Union Road  
West Seneca, New York 14224

Dear Ms. Kobler:

In response to your request for proposals for auditing services, we submit the following proposal for the years ending December 31, 2020 through December 31, 2022, as well as two option years.

#### **NATURE OF SERVICES AND STANDARDS TO BE FOLLOWED**

We understand that you require an audit and the rendering of an opinion on the Town of West Seneca, New York's (the "Town") basic financial statements in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants. The audits are to be performed in accordance with generally accepted auditing standards as set forth for financial audits in the General Accounting Office's (GAO) *Government Auditing Standards*.

#### **COMMITMENT TO PERFORM WORK WITHIN SPECIFIED TIME PERIOD**

If selected for this engagement, we will deliver final reports to the Town by the required due date as stated in the Request for Proposals.

#### **FIRM QUALIFICATIONS**

##### **Our Size**

R.A. Mercer & Co., P.C. is a local, multi-office CPA firm with offices in West Seneca, Cattaraugus, Springville and Sardinia. Our staff includes five partners, three managers, six staff accountants (a total of ten Certified Public Accountants) and four support staff members. The firm performs engagements for over forty not for profit and governmental organizations in New York State and we have developed a great deal of expertise on these engagements. Two of our partners are qualified peer reviewers and perform reviews of firms similar to our own.

##### **Our Values**

- **Quality, dedication and integrity:**  
R.A. Mercer & Co., P.C. grew based on the highest standards and ethics of the accounting and auditing profession. The core values of our firm enable us to provide our clients with the highest quality product. We are dedicated to a standard of excellence in all that we do.
- **Exceptional service and caring attention to every client:**  
Our partners and staff are easily accessible to answer any questions that you may have throughout the engagement process and are available year-round when questions arise.

- Talented, responsible, efficient people:  
Our partners and staff bring a high level of expertise and dedication to each engagement. They always perform their work efficiently and continually strive to improve their technical skills.

We would be available throughout the year for any additional accounting or consulting services at your request. We are a full-service firm able to assist with a wide variety of tasks. These services would be billed at our normal hourly rates. Rates for accounting and consulting services vary according to the degree of experience of personnel assigned.

Firm personnel have been involved in working with governmental and not for profit organizations for over 35 years. We understand and are concerned about the financial problems and issues affecting our clients each year and are committed to providing the highest quality service at a reasonable cost.

This proposal is a firm and irrevocable offer.

We look forward to continuing our relationship with the Town and stand ready to answer any questions you may have regarding our proposal.

Very truly yours,

Christopher M. Zera, CPA  
R.A. Mercer & Co., P.C.

## **DETAILED PROPOSAL**

### **Firm Qualifications and Experience**

R.A. Mercer & Co., P.C. is a local, multi-office CPA firm with offices in West Seneca, Cattaraugus, Springville and Sardinia. Our staff includes five partners, three managers, six staff accountants (a total of ten Certified Public Accountants) and four support staff members. The firm performs engagements for over forty not for profit and governmental organizations in New York State and we have developed a great deal of expertise on these engagements.

We propose to perform these auditing services utilizing a full-time audit team from our West Seneca office which will consist of one partner, one manager, and one staff accountant.

A copy of our firm's latest peer review letter for the year ending June 30, 2017 is enclosed. The AICPA requires, under their Peer Review Program, a triennial review of firms to monitor and comply with requirements to have a system of quality control meeting both AICPA and GAO standards. Through our participation in the AICPA Peer Review Program, we received a Pass report on the triennial review of our firm's quality control procedures. This report included the review of several governmental engagements. We received an unqualified opinion on our quality control system. This type of report is the highest level of report received by the CPA firms reviewed. Our next Peer review is scheduled for November 2020.

### **Partner and Manager Qualifications and Experience**

The principal supervisory and management staff who will be assigned to this engagement is expected to be as follow:

<u>Partner:</u>	Christopher M. Zera, CPA New York certificate number: 094615
<u>Staff:</u>	Eric Kwietniewski

All supervisory and management personnel at R.A. Mercer & Co., P.C. are properly registered and licensed to practice in New York State. All such personnel must meet the minimum standards established for auditors who audit governmental entities.

Our firm has historically had very low staff turnover. In the event that a member of our audit team were to leave the firm, we would be sure to replace this individual with an equally qualified existing member of our firm. We understand that any changes to the audit team would require express prior written permission of the Town, with the Town reserving the right to approve or reject any replacements.

## **Specific Audit Approach**

The following is a brief outline of our proposed audit management:

Prior to the beginning of the assignment there will be a pre-audit consultation in preparation for designing an audit approach through an understanding of the accounting systems and a discussion of any problem areas. Prior to the start of the audit fieldwork, we will schedule a kickoff meeting with Town personnel and our staff members scheduled to perform the audit engagement. The agenda of this meeting will include coordination and scheduling of interaction with Town staff, confirmation procedures, and discussion of other requirements. In planning fieldwork, we will document the Town's systems of internal control and gather permanent file information. Performance of audit procedures and tests to assess the likelihood of errors in the financial statements would be performed in connection with the documentation of the internal control system. The performance of substantive tests and other procedures as deemed necessary will be undertaken to form our opinion and issue our report on the financial statements.

Auditors in the field are instructed to make firm partners aware of any potential recommendations arising during their work. These matters will be reviewed with management by a partner for a determination of the proper disposition. Partner review and supervision in the field assures that these matters and other questions raised during the audit are appropriately communicated for resolution. Through this process, meaningful recommendations can be made and matters of lesser importance may be resolved with the appropriate parties during the audit fieldwork.

Field audit and office review of reports and working papers will be in accordance with generally accepted and governmental (Yellow Book) auditing standards. The standards state:

- Work is to be adequately planned.
- Assistants are to be properly supervised.
- An evaluation is to be made of the system of internal control to obtain an understanding for planning the audit and determining the nature, timing, and extent of tests to be performed.
- Sufficient, competent, and relevant evidence is to be obtained to afford a reasonable basis for the auditor's opinions, judgments, conclusions, and recommendations.

For a detailed analysis of our anticipated hours to be assigned to each proposed segment of the engagement, please see Appendix A to this proposal.

Sampling is an integral part of any audit engagement. With this in mind, we use sampling extensively in testing transactions and account balances for all our audits. We tailor our sampling to the specific population being tested. Our sample sizes generally range in size from twenty-five to sixty items, depending on the size of the balance, or the number of transactions in the population, being sampled.

In addition, we use analytical procedures during our audit engagements to audit many revenue and expense accounts. We will perform preliminary analytical procedures at the beginning of the audit, which will assist us in assessing risk and in highlighting any anomalies that may exist which would lead us to perform more extensive auditing procedures during fieldwork. We may also use analytical procedures in other substantive testing throughout the audit. We will also perform analytical procedures at the end of fieldwork which will assist us in wrapping up the financial statements and ensuring that the overall balances are accurately stated.

We believe that if the package of client-prepared schedules customarily provided to the auditors is available prior to our fieldwork commencement, timely completion within established deadlines will be achieved. We would work closely with Town staff to complete the audit procedures in an efficient and effective manner.

The key to an effective professional relationship is the ability to establish proper and continuous communication channels in order to:

- Ensure the appropriateness of planned procedures;
- Deal with recommendations in a constructive and timely manner; and
- Be aware of changing conditions and circumstances and adapt as required.

Within this context, it is our responsibility to keep our clients informed of significant accounting issues. We believe this attitude is a no-surprise approach to client service, and allows us to focus on what is relevant and important.

Our communications will highlight emerging issues and will provide forums in which we can discuss and resolve any matters that deserve special attention. Furthermore, we will place particular emphasis on periodic meetings between management and the R. A. Mercer engagement team. Such meetings will give the Town a means of understanding our approach and plans, and will enable them to give us feedback on how we can provide the best possible services.

All matters involved in the review of audit working papers, drafting of the audit report, and resolutions of the technical aspects of the final report are supervised, reviewed, and approved by a partner. If appropriate, the partner also conducts an exit conference and the review of report drafts, including management letter recommendations.

In presenting the results of our audit, we will communicate with the Board in accordance with AICPA Statement of Auditing Standards (SAS) No. 114 which encompasses the significant accounting policies, judgments, and estimates included in the financial statements, audit adjustments, and an affirmation that there were, or were not, disagreements with management, major issues arising during the audit, or difficulties encountered in performing the audit. A SAS 114 letter will be presented with financial statements, accountants' report, and management letter.

### Similar Engagements with Other Local Governments

R.A. Mercer & Co., P.C. has extensive experience with governmental audit engagements. Our governmental audit experience, both current and prior, includes, but is not limited to, the following engagements:

Governmental Entity	Scope of Work	Date	Engagement Partner(s)	Total Hours	Name of Contact	Telephone Number of Contact
Franklin County 63 Main Street Malone, New York	Yellow Book audit and Single Audit	12/31/2019	Christopher M. Zera, CPA Roger J. Lis, Jr., CPA	500	Frances Perry Treasurer	518-481-1513
Bemus Point Central School District PO Box 468 Bemus Point, New York 14712	Yellow Book Audit	6/30/2019	Christopher M. Zera, CPA	80	Holly Griffith, CPA Business Manager	716-386-2375
Clymer Central School District 8672 E. Main Street Clymer, New York 14724	Yellow Book Audit	6/30/2019	Christopher M. Zera, CPA	80	Louann Laurito-Bahgat, CPA, CFE Business Manager	716-355-4444
Auburn Housing Authority 20 Thornton Avenue Auburn, New York 13021	Yellow Book audit and Single Audit	3/31/2020	Roger J. Lis, Jr., CPA	80	Stephanie Hutchinson Executive Director	315-253-6249
Municipal Housing Authority of the City of Utica 509 2nd Street Utica, New York	Yellow Book audit and Single Audit	12/31/2018	Christopher M. Zera, CPA Roger J. Lis, Jr., CPA	120	Shelley Penge Finance Administrator	315-735-5246

### Independence

We specifically confirm that R.A. Mercer & Co., P.C. is independent with regard to the Town of West Seneca, New York as defined by AICPA and Governmental Accountability Office (GAO) standards.

### License to Practice in New York State

We specifically confirm that R.A. Mercer & Co., P.C. is a duly registered certified public accounting firm in New York State. We further specifically confirm that all key professional staff employed by R.A. Mercer & Co., P.C. are properly licensed to practice in New York State.

### Identification of Anticipated Potential Audit Problems

Based on past experience, we do not anticipate any major problems to be encountered during the performance of the upcoming audit. Should any such problems arise in our professional judgement, we will discuss them with the appropriate Town personnel to arrive at appropriate plans and strategies to address them.



**Peer Review**

A copy of R.A. Mercer & Co., P.C.'s most recent peer review letter is attached to this proposal. Please see Appendix A.

**Dollar Cost Bid**

Our fees for these services will be at our standard hourly rates plus out of pocket costs (such as report reproduction, word processing, postage, copies, telephone, etc.) except that our gross fee, including expenses, will not exceed the following:

December 31, 2020	\$27,500
December 31, 2021	\$28,000
December 31, 2022	\$29,000

Any additional services will be charged at our normal billing rates during the year of service. For 2020, the rates are as follows:

Partner	\$160 per hour
Manager	\$100 per hour
Senior	\$90 per hour
Staff	\$80 per hour

The individual signing this proposal (Christopher M. Zera, CPA) is entitled to represent the firm (R.A. Mercer & Co., P.C.), empowered to submit the bid, and authorized to sign a contract with the Town.

## Appendix A

### Anticipated Hours to be Assigned To each Segment of the Engagement

Appendix A  
Estimate of Hours  
For the Year Ended December 31, 2020

	<u>Partner</u>	<u>Staff</u>	<u>Secretarial Staff</u>
Hourly Rate	\$ 160	80	60
Planning	12	6	-
Workpaper Setup	8	8	-
LT Debt / Accrued Interest	4	12	-
Cash / Investments	2	5	-
Minutes	3	-	-
Prepays	2	-	-
Revenues & Receipts	8	8	-
A/R & Allowance	4	8	-
Intercompany	1	1	-
Fixed Assets	4	12	-
A/P	1	2	-
Pension (GASB 68)	4	4	-
GASB 75	2	2	-
Workers' Comp.	4	-	-
P/R & Compensated Absences	8	24	-
Health Insurance	2	5	-
Equity	4	-	-
Analytical	4	8	-
CD Testing	2	6	-
Journal Entry Review	-	1	-
Report & Statements	<u>6</u>	<u>12</u>	<u>8</u>
Total Hours	85	124	8
Total Dollars	\$ 13,600	9,920	480
Total Fee - Audit	\$ 24,000		
Total Fee - Annual Report	1,000		
Total Fee - Town Clerk, Receiver of Taxes, and Town Justices	<u>2,500</u>		
Total All Inclusive Fee	<u><u>\$ 27,500</u></u>		

## Appendix B

### Peer Review Letter



CERTIFIED PUBLIC ACCOUNTANTS  
CHATTANOOGA | MEMPHIS

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

November 30, 2017

To The Partners of R. A. Mercer & Co., P. C. and the Peer Review Committee of the New York State Society of CPAs.

We have reviewed the system of quality control for the accounting and auditing practice of R. A. Mercer & Co., P. C. (the firm) in effect for the year ended June 30, 2017. 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/prsummary](http://www.aicpa.org/prsummary). 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 Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, a compliance audit under the Single Audit Act, and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by 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 R. A. Mercer & Co., P. C. in effect for the year ended June 30, 2017, 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* or *fail*. R. A. Mercer & Co., P. C. has received a peer review rating of *pass*.

Henderson Hutcherson  
& McCullough, PLLC