

OUR PROPOSAL TO SERVE

INDEPENDENT AUDIT SERVICES FOR THE TOWN OF WEST SENECA



FISCAL YEARS ENDING DECEMBER 31, 2020-2022 WITH OPTIONAL YEARS 2023 & 2024

“Drescher & Malecki LLP continues to revolutionize the accounting and audit process to provide practical and innovative ideas to counties, cities, towns, villages, school districts, and public authorities.”

Drescher & Malecki LLP Mission Statement

DRESCHER & MALECKI LLP
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SEPTEMBER 11, 2020



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“Drescher and Malecki LLP’s recommendations really helped!”

Beth Hunt, Treasurer
Hamilton County

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Certified Public Accountants

September 11, 2020

Town of West Seneca
Megan K. Wnek, CPA
1250 Union Road
West Seneca, New York 14224

Dear Ms. Wnek:

On behalf of my colleagues at Drescher & Malecki LLP, I present our proposal to serve as independent auditors for the Town of West Seneca, New York (the "Town").

Drescher & Malecki LLP is committed to supporting effective and efficient local government. Auditing and assisting municipalities is our entire practice. Our vision is to bring municipalities ideas for positive change. Our ongoing relationships with New York State towns helps us to understand the importance of providing and maintaining transparency while providing necessary services for your community. As you face challenges such as creating and monitoring a fiscally balanced budget that matches the service needs and desires of the community in an affordable way, determining whether to borrow or use cash on hand for large equipment purchases or capital projects, ascertaining what the appropriate fund balance levels should be and how to properly create and use reserve funds, or understanding how newly issued Governmental Accounting Standards Board (GASB) statements will impact to your Town, know that we are available to provide assistance throughout the year.

In our proposal dated December 18, 2018 we estimated the level of service required to be approximately 475 hours. Citing improvements within Town Hall including, but not limited to, the heightened experience of your finance personnel as well as improved ease of report generation and increased system capabilities through the full integration of the MUNIS accounting system, we carefully reevaluated the time commitment required. We are confident that we can reduce our previous estimate by more than ten percent. The effects of this reduction are presented on page 10 of this proposal.

Our credentials and dedication to governments make us an ideal match to help the Town in its mission of service to your residents. This proposal is a firm and irrevocable offer for 90 days from the date of submission. I am enthusiastic to discuss the details of this proposal with the Town Board.

Sincerely,

A handwritten signature in black ink that reads "Nichole M. Ruf".

Nichole M. Ruf
Partner



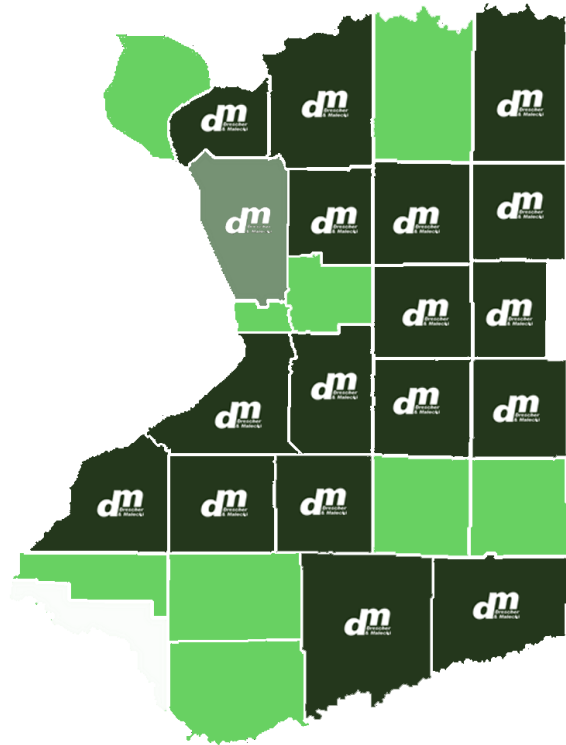
Resources Beyond the Audit

Priority Service

A Knowledgeable Independent Auditor that Understands the Town of West Seneca

Our enthusiasm and passion for government accounting provides all of our clients with first class service. Each of our towns served, no matter the size, will attest to this high level of service. We encourage you to call on any of our clients to hear testimonials regarding our service. Our expertise in Erie County towns is evidenced by our role as independent external auditors or accounting consultants for the 17 listed below.

<u>Erie County Town</u>	<u>Service Since</u>
Town of Alden	2006
Town of Amherst	2003
Town of Aurora	2006
Town of Boston	2017
Town of Cheektowaga	2003
Town of Concord	2019
Town of Eden	2006
Town of Elma	2003
Town of Evans	2007
Town of Hamburg	2007
Town of Lancaster	2008
Town of Marilla	2013
Town of Newstead	2003
Town of Orchard Park	2004
Town of Sardinia	2009
Town of Tonawanda	2006
Town of Wales	2018



“Our contacts with Drescher & Malecki have helped our Corporation to institute best practices and grow responsibly and sustainably. I always feel comfortable that we will receive prompt, professional guidance no matter when we call.”

Jocelyn Gordon, Executive Director
BENLIC

Cultivating Ideas

A Firm Specialized in Governmental Accounting that Provides Valuable Ideas and Year-Round Support

Drescher & Malecki LLP is not an ordinary auditing firm. Our service to only municipal and public entities reflects our heart-felt commitment to the community. We are public servants dedicated to improving our clients, and moreover our communities, by providing practical and innovative ideas.

The audit approach you will receive is based uniquely on municipalities and geared towards idea generation for improvements to operations and transparency. With Drescher & Malecki LLP, the Town will receive valuable insight to improve its internal controls, heighten efficiencies and effectiveness of operations, maximize revenues and control expenditures.

Drescher & Malecki LLP has significant experience with audit and accounting clients who utilize municipal accounting software, including several whom use MUNIS. We have provided guidance to municipalities implementing MUNIS and have obtained valuable knowledge to ease the flow of the audit which equates to savings for your Town.

With our responsible application of safeguards outlined in the new Government Accountability Office's ("GAO") *Yellow Book*, we are available year round for routine audit related support, assistance implementing policies and procedures and routine support at no added cost. These services may include assistance with budget monitoring, cash flow tools, capital planning and the annual budget preparation/compilation/assistance.

Our audit process delivers:

- The sharing of observations and ideas identified during the audit process with applicable department personnel and management to ascertain the appropriateness of the observation and applicability to the Town;
- A review of the draft management letter with Town management and a discussion of relevant observations and ideas with the Town;
- Regular accounting advice to the Town personnel and the facilitation of a plan to implement positive change;
- Information on best practices throughout the year including benchmarking studies, sample policies and templates; and,
- Communication to those in governance, any material weaknesses or significant deficiencies, as defined by professional standards, if any are identified during the audit process.

“You guys are incredible!”

Conor Flynn, Councilmember
Town of Orchard Park, New York

Specialization

Having the Right Audit Team that will Perform Your Audit with Minimal Interruptions to Your Daily Business Routine

Drescher & Malecki LLP has assembled a team designed to provide the Town with quality service and extensive knowledge. You will not have to train your auditors. Your audit team will have specialization in the public sector. This specialization facilitates a greater understanding of municipalities, meaning there is no demand for your Town employees to explain the intricacies of governmental accounting to the auditors. Your audit team will work independently and ask relevant questions at appropriate times, respecting your commitment to daily business routines. We have implemented a proven process that:

- Minimizes staff interruption by having our team on-site to scan and upload documents;
- Utilizes CPA's to propose GASB 34 adjusting journal entries for the Town and assist in preparing the Town's financial statements;
- Assistance with GASB 68, 75, 84 and implementation of new GASBs;
- Incorporates ShareFile to allow for secure content collaboration, file sharing and sync solution that supports all the document-centric tasks; and,
- Ensures a smooth transition by maximizing efficiencies through our government specialization.

Shared Values

Our Professionals are Courteous, Knowledgeable and Excited to Help

Buffalo Business First's "Best Places to Work" has recognized Drescher & Malecki LLP's culture in each of the last five years. ***During the last four years, we were the overall #1 winner in our respective category.*** Drescher & Malecki LLP is the only accounting firm in the region to outright win this prestigious award. To qualify for this distinction, employees are requested to complete a series of confidential surveys describing the firm, its culture, and their overall happiness in their roles.



This distinction enables D&M to attract and retain the best and brightest, translating to outstanding service to our clients.

Audit Resources

At a minimum, your audit team will have the following resources:

- Engagement Partner that will oversee the entire process and provide a thorough review of the financial statements. The partner will meet and discuss with management throughout the audit to ensure continuous communication and effectiveness.
- Concurring Partner that will review high risk and complex areas that are presented and will provide a supplemental review of the financial statements ensuring that applicable standards are met.
- Manager that is responsible for monitoring the day-to-day progress and priorities, as well as assisting with the preparation of the financial statements.
- Senior Auditor that will oversee the entire audit, including audit testing review and financial statement preparation.
- Staff Auditors that gather audit support and prepare workpapers as directed by their supervisors.



Resumes of Key Personnel

Nichole M. Ruf, CPA

Engagement Partner

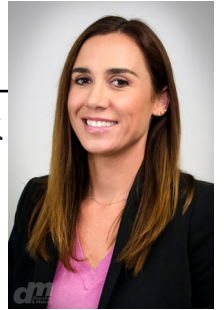
Nichole has over twelve years experience serving public sector entities. She joined Drescher & Malecki LLP after receiving her Masters in Accounting from Canisius College. Nichole is an active member of New York State Government Finance Officers' Association.

Representative Clients Served

- Town of Amherst
- Town of Boston
- Town of Evans
- Town of Orchard Park
- Town of Sardinia
- Town of Wales

Education

- Canisius College, M.B.A., Professional Accounting



Luke R. Malecki, CPA

Resource and Concurring Partner

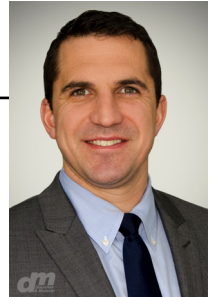
Luke has been with the D&M team since it's inception on April 5, 2004. He has over sixteen years experience in serving public sector entities and currently serves as a member of the Special Review Committee for the Government Finance Officers' Association Certificate of Achievement for Excellence in Financial Reporting Program.

Representative Clients Served

- Town of Amherst
- Town of Eden
- Town of Evans
- Town of Lancaster
- Town of Hamburg
- Town of Newfane

Education

- S.U.N.Y. at Buffalo, M.A., Financial Economics
- Bentley University, B.S., International Business



Erica M. Handley, CPA

Senior Manager

Erica brings over nine years of experience with the D&M team in auditing public sector clients such as counties, cities, towns and villages.

Representative Clients Served

- Town of Aurora
- Town of Eden
- Town of Hamburg
- Town of New Hartford

Education

- Mercyhurst College, B.A., Accounting and Finance
- Canisius College, M.B.A., Professional Accounting



“You and your staff were outstanding...”

Gregory Gach, Deputy Comptroller
County of Erie, New York



Specific Audit Approach

Audit Quality

An Audit Approach Based on the Firm's Understanding of West Seneca's Audit Requirements

Drescher & Malecki LLP will perform the Town audits in accordance with Generally Accepted Auditing Standards, and when applicable, the standards as set forth in the U.S. Government Accountability Office's Governmental Auditing Standards, the provisions of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

Our audit approach not only follows the most recent requirements to provide assurance on the Town's financial statements, you will also receive ideas to improve operations and controls. The Town will gain valuable insight to improve internal controls, maximize revenues and control expenditures with a focus on efficient and effective operations.

Audit Approach - The Town's decisions are impacted by financial results; therefore, pre-audit and post-audit meetings with the Town staff, management and the Town Board are an important element of our audit process. As part of the audit cycle we will discuss present trends and comparisons with the Town's staff and management prior to audit fieldwork and then again upon completion we will bring a presentation of the current results to the Town's staff and management. An emphasis of our firm's implemented approach is on transparency, comparability and visualization because an understanding of your past trends is imperative for future decisions.

Our audit delivers information to your management to help make informed decisions regarding business, financial and operational risks and controls. Our comprehensive audit planning and execution, combined with our industry expertise yields a thorough, cost-efficient audit. The process is iterative and marked by regularly scheduled communication with Town staff and management.

Audit procedures will be designed to focus resources in the areas of most importance and exposure. While using the latest computer assisted audit techniques and technologies we provide both efficiency and audit effectiveness. We will implement the audit approach by analyzing the internal control structure, the financial accounting and compliance-related risks, and exposures associated with your financial systems. Further, we identify key existing controls that prevent, detect and correct errors that could result from such exposures.

Planning - We obtain a comprehensive understanding of the Town and its operations noting special needs and areas of audit concern. We commit to on-site fieldwork being supervised by licensed Certified Public Accountants. This means that you will have someone with significant municipal audit experience determining where the Town's risk lies and more importantly, how that risk should be addressed. The understanding of the Town is established through our planning phase and includes:

- 1) Review of prior years' financial statements and any current issues that may be pending related to accounting or financial reporting matters;
- 2) Review of current year interim results of operations;
- 3) Interview appropriate personnel to discuss the procedures used in recording accounting transactions;
- 4) From these interviews, prepare narratives and perform audit tests to determine if the procedures discussed are being followed;
- 5) Review changes in information systems and processing routines;
- 6) Create tailored audit programs based on interim procedures and risk assessments to date; and,
- 7) Provide findings and recommendations on possible control deficiencies.

Information Technology (IT) - Drescher & Malecki LLP utilizes ProSystems Engagement Audit software to facilitate audit efficiency. Our proven process is a paperless audit approach that accommodates for customization and maximizes efficiency. The Town will not incur unnecessary costs or time interruptions due to an inefficient audit.

Enhancing our audit process and providing real time access to accounting pronouncements, professional standards and regulatory information related to audit, accounting, regulatory matters all of our auditors have access to the Accounting Resource Manager (“ARM”) provided by Wolters Kluwer CCH.

Our audit process will involve testing the design of the Town’s IT environment relating to the financial reporting. In addition, IT general controls will be thoroughly evaluated to determine their affect on financial reporting. We will review areas such as program change controls, local security, back-up and disaster recovery, third party security and incident management.

Our knowledge includes the various modules and capabilities of software used by our entire client base of over 100 municipalities across New York State. Drescher & Malecki LLP commonly works within a range of software platforms to generate general ledger reports, examining vouchers, receipts, and journal entries. This expertise will provide an additional resource to the Town and allow for a more efficient audit experience and sharing of best practices. We can provide practical ideas to assist your staff in applying the most efficient methods to daily processes, such as deposits, disbursements, bank reconciliations, and budget monitoring.

Using our knowledge of MUNIS, our team will develop an audit plan that minimizes disruption of your daily routine. Our team will perform analytical reviews of reports and will explore the possibility of increasing efficiency for your Town through implementation of new modules.

Our employees regularly interact with client applications and can proficiently generate information unassisted. At your discretion, the permission for read-only access to your accounting system could simplify the audit process by reducing audit requests and staff interruption. Further, our staff are available to scan documents as to avoid the unnecessary use of West Seneca personnel time.

Consideration of Fraud - Our approach exercises professional skepticism when considering the possibility that a material misstatement due to fraud could be present. We will:

- Inquire of management and others within the Town about the risk of fraud;
- Consider the results of analytical and other substantive procedures performed during the audit as it relates to the risk of fraud;
- Consider fraud risk factors (incentives/pressures, opportunities and attitudes) when performing the audit;
- Conduct a fraud consideration meeting with engagement personnel to discuss fraud risks; and,
- Design procedures on journal entries recorded in the general ledger.

Audit Fieldwork - We will perform our substantive audit procedures based on the developed audit work plan. To the extent possible, we will utilize reports and schedules that are already prepared for internal purposes in order to minimize additional work and time required from your personnel. However, we may request limited assistance from the Town’s staff in preparing analyses and schedules, retrieval of documentation, and confirmation preparation.

We anticipate employing the use of various random sampling methodologies. Our sampling selection process depends on the following categories: 1) purpose of test, 2) risk surrounding the population or process of misstatement or fraud, and 3) nature of transactions.

For example, we will analytically test expenditures to obtain a better understanding of large variances from year to year. Additionally, we will randomly select a sample of expenditures from the general ledger using a random number generator to test procurement and bidding compliance with general municipal law, as well as board approved policies. Detail testing includes agreeing the balance from general ledger to invoices and cancelled checks.

Further, we will perform extensive analytical procedures to compare current year results against prior periods and independently developed expectations. During our preliminary analytical procedure, we will obtain an understanding of current year activities and assess risk according to each pathways (processes) surrounding the audit. This approach provides the opportunity to adjust risk based or unexpected deviations within account balances.

Additionally, our audit process includes vouching of confirmations and other third party information within this phase. We will utilize our knowledge of past Town trends, current year circumstances, situations and areas of concern facing other entities to assist in our analytical audit fieldwork.

Conclude and Report - We will review any significant events occurring subsequent to the balance sheet date but prior to the issuance of our reports, which may require adjustment to or disclosure in the financial statements. We will meet with Town management to provide audit observations and journal entries.

The conclude and report process will culminate with our professional opinion, as well as any recommendations for potential improvements in your operational efficiency and systems for accumulating and preparing financial information. We will schedule exit conferences with relevant financial and operating personnel to discuss our reports and will review the draft financial statements and any other auditor communications with the Town prior to finalization.

The Town will receive a written report that will explain:

- Any changes in accounting policies and identify any unusual transactions included in the financial statements and any sensitive disclosures included in the financial statements;
- Any deviations from the previously communicated planned scope and timing of the audit;
- Corrected and uncorrected misstatements identified during our audit;
- Management's significant estimates and judgments;
- Discussion regarding any disagreements with management over any accounting and reporting matters;
- Management representations; and,
- Other matters which we believe should be made known to the oversight body.

In addition, the Town will have access to a variety of visualizations of trends and comparative information to summarize the current year audit results. This hands on approach provides valuable information on best practices through these visualizations, benchmarking studies and sample policies and templates. We are available year round to discuss these ideas with Town personnel and help facilitate a plan to implement positive change. This year round approach also extends to assistance with the implementation and compliance with new GASB pronouncements and Uniform Guidance requirements.

An audit failure cannot be tolerated. It is imperative that the Town's external auditor is independent in both fact and appearance and that the auditor is knowledgeable in all of the Town's operations. The Town's financial statements are often relied upon by third parties. Its' financial statements are provided to both the Federal and State governments as a prerequisite to grants and aid to the Town. From time to time, the Town issues debt and the buyers of these bonds require independent verification of the Town's financial information.

License to Practice - We hereby affirm that the Firm and all assigned key professional staff are properly licensed to practice in the State of New York.

Insurance - We have made arrangements with our insurance carrier to provide our current liability insurance covering \$5,000,000 and cyber liability insurance covering \$1,000,000 naming the Town of West Seneca as the certificate holder. Documents will be furnished upon award.

References - Five references of current clients served are presented below. We invite you to confirm the service and quality provided to them, and all our clients we serve.

Entity: Town of Concord, New York *Date:* December 31, 2019
Partner: Nichole M. Ruf *Total Hours:* 325
Service/Scope: Audit and Departmental Audits
Reference: Clyde Drake, Supervisor - 716-592-4946

Entity: Town of Aurora, New York *Date:* December 31, 2019
Partner: Carl A. Widmer *Total Hours:* 400
Service/Scope: Audit, Departmental Audits and CAFR
Reference: James Bach, Supervisor - 716-652-7590

Entity: Town of Sardinia, New York *Date:* December 31, 2019
Partner: Nichole M. Ruf *Total Hours:* 300
Service/Scope: Audit and Departmental Audits
Reference: Beverly Gambino, Supervisor - 716-496-8900

Entity: Town of Cheektowaga, New York *Date:* December 31, 2019
Partner: Carl A. Widmer *Total Hours:* 550
Service/Scope: Audit, Single Audit and Departmental Audits
Reference: Brian Krause, Director of Administration & Finance - 716-686-3469

Entity: Town of Amherst, New York *Date:* December 31, 2019
Partner: Luke R. Malecki *Total Hours:* 550
Service/Scope: Audit, Single Audit and Departmental Audits
Reference: Daryl Bramer, Comptroller - 716-631-7005

Independence - We recognize that in all matters relating to the audit of the Town of West Seneca, Drescher & Malecki LLP and its staff should be free, both in fact and appearance, from personal, external, and organizational impairments to independence. Drescher & Malecki LLP has incorporated an internal quality control system to help its partners and employees determine if they have any personal impairments to independence in accordance with Generally Accepted Auditing Standards (G.A.A.S.) and the United States Government Accountability Office's (G.A.O.) Yellow Book. We are in full compliance with both the letter and the spirit of these requirements.

Peer Review - Drescher & Malecki LLP is enrolled in the AICPA Peer Review Program. As an enrolled firm, we are required to have a peer review of our auditing practice every three years. Our external peer review was performed in May 2018. We received a rating of "pass", which is the highest rating currently established by the AICPA Peer Review Board. Please see the Appendix for our peer review report.

Continuing Professional Education - Drescher & Malecki LLP's CPE program complies with the American Institute of Certified Public Accountants' ("AICPA") and Generally Accepted Government Auditing Standards ("GAGAS") requirements. All professionals have a minimum of 40 hours of qualifying CPE each calendar year and at least 120 hours for each three-year period, exceeding the mandated CPE required hours. Most of these hours are in governmental accounting and auditing as outlined in the Government Accountability Office's Yellow Book.

Additional Professional Services Considerations - If we are requested to provide significant additional services, we must first consider independence standards. We will not accept any additional work that could potentially impair our independence as auditors for the Town. However, if additional services are appropriate we will provide the Town with a quotation of anticipated hours and rates. We will not proceed to provide services with any additional cost to the Town without your specific approval.



CPAs & BUSINESS ADVISORS

Report on the Firm's System of Quality Control

May 22, 2018

To the Partners of Drescher & Malecki LLP
and the Peer Review Committee of the Pennsylvania Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Drescher & Malecki LLP (the firm) in effect for the year ended December 31, 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. 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*, including a compliance audit under the Single Audit Act.

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 Drescher & Malecki LLP in effect for the year ended December 31, 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(ies)* or *fail*. Drescher & Malecki LLP has received a peer review rating of *pass*.

Eide Bailly LLP

What inspires you, inspires us. eidebailly.com