

Raymond F. Wager CPA P.C.

Proposal to

ERIE 1

**BOARD OF COOPERATIVE EDUCATIONAL SERVICES
AND PARTICIPATING SCHOOL DISTRICTS**

For Internal Auditing Services (IC-050911B)

**1020 Lehigh Station Road
Henrietta, New York, 14467
Contact Person: Raymond F. Wager
Phone #: (585) 321-5643
April 29, 2011**

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Raymond F. Wager, CPA, P.C.

Certified Public Accountants

Shareholders

Thomas J. Lauffer, CPA

Raymond F. Wager, CPA

Thomas C. Zuber, CPA

TRANSMITTAL LETTER

Mr. James Fregelette, Director of Finance and Administration
Erie 1 BOCES
355 Harlem Rd.
West Seneca, NY 14224

Dear Mr. Fregelette:

As the independent auditors' for approximately 100 New York State municipal clients and the internal auditors for nine school districts, Raymond F. Wager, CPA, P.C. currently maintains a commitment and dedication to providing the highest quality auditing and advisory services to its clients.

The internal audit services will be conducted in accordance with generally accepted auditing standards and the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and guidelines promulgated by the Department of Audit and Control and the Education Department of the State of New York.

In servicing our current client base, the exposure we have to various accounting systems, internal control environments and client expectations and timetables, provides valuable information and insight to complete the requirements and meet the needs of each engagement.

It is through this experience and commitment to service which demonstrates that Raymond F. Wager, CPA, P.C. can efficiently and effectively provide the services required by the Erie 1 BOCES and Participating School Districts, New York within the time period as outlined in the proposal request.

Please accept this proposal and other requested information as a firm and irrevocable offer for a period of ninety-days (90) from the proposal opening date.

Sincerely,
Raymond F. Wager, CPA, P.C.



Raymond F. Wager

INTRODUCTION

Firm Qualifications and Experience with Governmental Entity's

Raymond F. Wager, CPA, P.C., was formed in March, 1988, and is located at 1020 Lehigh Station Road, in Henrietta, New York. Our firm specializes in municipal and not-for-profit accounting in Western New York. We have developed our services to meet the specific needs of our clients which are ever changing with the current Governmental Auditing environment.

Because of our expertise in municipal accounting and auditing, we are able to provide you with valuable ideas for and assistance in improving the use of your resources, approach toward budgeting and our evaluation of your internal accounting controls. Our recommendations are made on an informal basis during the course of the audit and also in a letter after completion of the audit. Our emphasis is to complete our audit objectives with the least inconveniences on your people.

The firm has three shareholders with specific experience in school district and municipal auditing; Raymond F. Wager, CPA (37 years of experience), Thomas J. Lauffer, CPA (29 years of experience), and Thomas C. Zuber, CPA (16 years of experience); along with three managers, three audit supervisors, six senior staff, and seven staff accountants.

Our staff assigned to your job has experience with conducting internal audits. The staff assigned to your job would include but not limited to Mr. Thomas Lauffer, Mr. Thomas Zuber, Mr. John Rynkiewicz, Mr. Michael DeBadts, and Mr. Daniel Francis.

Accounting Services

We provide full scale accounting and financial services to our clients as requested. This firm is currently the internal auditors for **nine school districts** and external auditors for more than thirty school districts, and seven BOCES. Because of our businesslike approach to municipal accounting and auditing, we are able to provide you with valuable ideas for and assistance in improving the use of your resources, approach toward budgeting and our evaluation of your internal accounting controls. Our recommendations are made on an informal basis during the course of the audit and also in a letter after completion of the audit. Our emphasis is to complete our audit objectives with the least inconveniences on your people. The process of extracting and duplicating support documents will be conducted by my staff.

Selected Client References

As previously mentioned, we currently have almost one-hundred municipal clients (partial listing included). These clients have budgets ranging from less than one million dollars to over \$190 million. We are proud of the professional services we provide for our clients and encourage you to make inquiries about their satisfaction with our services and the quality of our staff.

Affirmation Statements

My firm is properly licensed for public practice in New York State. There has been no affiliation by the firm or any of the staff which would affect independence as defined by generally accepted auditing standards with regard to the engagement. In addition, my firm is fully qualified to perform accounting and auditing work for any New York Municipality. We have had no professional relationship with the BOCES and Participating School Districts.

Working Paper Retention

All working papers and reports will be retained at our expense for a minimum of seven (7) years unless we are notified in writing by the BOCES and Participating School Districts of the need to extend the retention period.

Presentations

Our shareholders are members of the New York State Society of CPAs, Public School Committee, which meets regularly with representatives of the State Education Department, the New York State Comptroller's Office and the Association of School Business Officials (ASBO). We make a significant contribution each year to the development of SED's "Reference Manual."

As Committee members we have been in an advisory position with the New Legislation for School Districts and BOCES concerning the Five Point Plan. We are also meeting monthly in Albany to advise SED on the regulations regarding the Five Point Plan.

As part of our commitment to Public School Accounting and Auditing, our shareholders and managers continually conduct training seminars for School District Superintendents, School Business Officials, Claims Auditors, Extraclassroom Advisors, and School Board Members.

Our goal is to help educate those individuals involved with school district management, in order to improve fiscal accountability for all school districts and BOCES.

Partial listings of the recent presentations we have been involved with are as follows:

<u>Location</u>	<u>Date</u>	<u>Topics</u>	<u>Presenters</u>
WFL BOCES	April 30, 2011	School Board Training Internal/External Auditor	Mr. Ray Wager
Woodcliff	Dec. 2, 2010	GASB – 54 Fund Balance Reporting	Tom Zuber
Churchville	Sept. 30, 2010	Monroe County ASBO - Year-end Audit Issues	Ray Wager
Batavia	June 24, 2010	NYS ASBO GASB 54 Fund Balance Reporting	Tom Zuber
Syracuse	June 16, 2010	NYS ASBO GASB 54 Fund Balance Reporting	Tom Zuber
Buffalo	June 12, 2010	School Board Training	Tom Zuber
Penfield	May 27, 2010	Monroe County ASBO – Accounting Update	Ray Wager
Rochester	May 7, 2010	Claims Auditor Training	Ray Wager
Buffalo	March, 2010	School Boards – Claims Auditor Training	Tom Lauffer & Tom Zuber
Syracuse	Feb 26, 2010	School Boards - Claims Auditor Training	Tom Lauffer & Tom Zuber
ON-BOCES	Dec. 9, 2009	GASB 54 Fund Balance Classifications	Tom Zuber
NYC	Oct. 16, 2009	NYSSBA-Annual Conference-Effective Committees	Ray Wager
Albany	July 21, 2009	Preparing for the External Audit	Tom Zuber
Buffalo	June 14, 2009	Fiscal Oversight Responsibility Training	Tom Zuber
Syracuse	May 28, 2009	GASB 45 and reserves	Ray Wager & Tom Lauffer
Batavia	May 27, 2009	GASB 45 and reserves	Ray Wager & Tom Lauffer
Newark	April 25, 2009	Four County School Board Training	Ray Wager
Buffalo	March 20, 2009	School Board Training – Internal/External Audits	Tom Lauffer & Tom Zuber
Rochester	Feb. 27, 2009	School Board Training – Internal/External Auditor	Ray Wager & Tom Zuber
LeRoy	Feb. 12, 2009	Purchasing – SED Purchasing Handbook	Tom Lauffer

INTERNAL AUDIT PLAN

Step 1 – Financial Risk Assessment:

Financial Control cycles -

During the risk assessment phase of the engagement we will document our understanding of the BOCES and Participating School Districts' internal controls over the financial control cycles listed below:

- Policies and procedures adopted by the Board.
- Cash.
- Expenditures and accounts payable, including the role of the claims auditor.
- Revenue and receivables
- Personnel and payroll processing.
- General ledger maintenance and bank reconciliation process.
- Computerized accounting system.
- Centralized and decentralized cash receipt procedures.
- Fixed asset accounting.
- Extraclassroom accounting.
- State and Federal grant programs.
- Indebtedness.
- Long-Term financial planning.
- School Lunch operations.

Documentation of these control cycles will be accomplished through the use of questionnaires, flow charts and procedural narratives. A written summary will then be thoroughly reviewed with BOCES and Participating School Districts' personnel to ensure the accuracy and completeness of our understanding of these controls. We will also perform walk-through procedures to ensure controls are functioning as expected. When assessing risk over the financial controls identified, we will consider the following systems and procedures as material to the assessment process:

- a. Independent review/segregate of duties
- b. Nature or complexity of function.
- c. Competency of personal/years in position.
- d. Oversight and monitoring.
- e. Regulatory review
- f. Potential for fraud
- g. Volume and dollar value of transactions.
- h. Systems to independently reconcile data
- i. Completeness of documentation.
- j. State and Federal compliance

A partial list of the documents to be requested will include:

1. Copies of the two most recent:
 - a. Management letters and corrective action plans
 - b. Financial statement audits
 - c. Extraclassroom audit reports
 - d. The state audit report (if it has been completed and issued)
 - e. Any other communications of findings not included in the management letters
 - f. External auditor adjusting journal entries
 - g. Prior year risk assessment report

(Step 1 – Financial Risk Assessment) (Continued)

2. Copies of the most recent:
 - a. Budget brochure (for current fiscal year)
 - b. SBM1 (if prepared)
 - c. FS-10, FS-25, FS-10F for Title I and Section 611 grants
 - d. Month ended journal entries for all funds

3. Copies of relevant policies (such as):

Purchasing	Reserves	Federal fund reporting
Travel reimbursement	Insurance coverage	Extraclassroom accounting
Cash receipts	Credit cards	Investments
Fixed assets	Meal and refreshment reimbursement	Billing
Budgeting	Fund balance and fund balance projection	School tax collections
Whistleblower		

4. Copies of all board minutes for the current fiscal year.

5. Written job descriptions for:
 - a. Business office personnel
 - b. Other individuals with cash handling responsibilities

6. Updated organizational chart

7. A listing of names and phone extensions for individuals typically interviewed:

Superintendent	Payroll Clerk	Federal Coordinators
Principals	Treasurer	School Lunch Manager
Business Administrator	Buildings & Grounds Director	Central Treasurers of the Extraclassroom Accounts
Accounts Payable Clerk	Transportation Director	Athletic Director
Claims Auditor	(IT) Program Coordinator	

Risk Assessment Reporting:

Upon gaining a thorough understanding of the BOCES and Participating Districts' financial operations, and other factors, both internal and external, we will assess risk for each identified financial control cycle as either low, medium or high. The risk assessment rating will be based upon the following criteria:

- a. Materiality of potential misstatement of financial statements.
- b. Opportunity for personal gain.
- c. Public sensitivity/trust.
- d. Overall best practices.

Our risk assessment will also identify risk areas within a financial control cycles. For example, the control cycle identified as revenue and receivables would include a detailed review of the school lunch cash collection procedures and any identified risk noted in that area. Similarly, the cycle for expenditures and payables would include evaluating controls over credit card usage, payments to individuals, and meal and conferences.

The final step in this process will be to compile all risk areas identified into a written comprehensive risk assessment document. This document will then be reviewed with the audit committee/board to assist in identifying areas for more in-depth testing. This document will also provide recommendations to assist the BOCES and the Participating School Districts with minimizing risk.

Step 2 – Internal Audit Testing –

Utilizing the Risk Assessment document, we will review with the Board/Audit committee the cycles considered to be of the highest risk and develop a plan to perform detailed testing for those areas. This testing will be documented through a separate Agreed-Upon Procedures Engagement Letter. Once the areas to be tested have been fully identified, the Agreed-Upon Procedures Engagement Letter will outline the specific procedures for selecting transactions to be tested, the number of transactions to test, and the documentation to be reviewed.

After completion, of Step 2, a report to the Board will be prepared summarizing the results of the testing of the high risk areas and final recommendations for improvements to the BOCES and Participating School Districts' internal accounting control structure.

We will provide an immediate written report of all irregularities and illegal acts or indications of illegal acts of which we become aware to the Audit Committee.

Insurance

We have all the required insurance policies in place and would be happy to forward a Certificate of Insurance if we are appointed as your auditors.

Sincerely,
Raymond F. Wager, CPA, P.C.

Raymond F. Wager

FIRM PROFILE

Position	Years of Experience
Shareholder (Owner)	37 years
Two Shareholders	16 - 29 years
Three Managers	12 - 33 years
Three Audit Supervisors	7 - 9 years
Six Senior Staff	4 - 5 years
Seven Staff Accountants	1 - 3 years
Total Number of CPAs	Four

Major Areas of Practice

We are a full service accounting firm with departments in accounting and auditing, taxation, management consulting, and personal financial planning.

Approximately 90% of the practice is concentrated in the area of accounting and audit services for governmental and not-for profit clients.

Selected Client References

As previously mentioned, we currently have almost one-hundred municipal clients (**partial listing included**). These clients have budgets ranging from less than one million dollars to over \$190 million. We are proud of the professional services we provide for our clients and encourage you to make inquiries about their satisfaction with our services and the quality of our staff.

Scope of Training and Continuing Education

We require forty hours of continuing professional education per year for all professional staff members with a minimum of twenty-four hours specifically dedicated to governmental accounting issues. These standards meet or exceed the Federal Single Audit Act requirements and the latest Office of Management and Budget pronouncements (OMB Circular A-133).

Geographic Area

Currently our clients are located in a ten county area within New York State.

Raymond F. Wager, CPA, Shareholder (NYS License 38842)

Educational Background:

Rochester Institute of Technology - B.S. Degree in Accounting.
Certified Public Accountant - 1978

Career Experience:

Raymond F. Wager, CPA, P.C. - Owner 3/88 to Present
Naramore, Niles & Co. - Partner - 1978 - 1988
Naramore, Niles & Co. - Staff Accountant - 1973 - 1978

Work Specialties:

- I. Currently the auditor for:
 - A) Fifty-eight School Districts - External Audits
 - B) Nine School Districts – Internal Audits
 - C) Seven Boards of Cooperative Educational Services
 - D) Seventeen Towns
 - E) Nine Villages
 - F) Three Counties
- II. Also provide a variety of technical and advisory services as well as normal accounting and auditing services for all municipal clients.
- III. Conduct various audits for not-for-profit and commercial clients including a variety of management advisory services.

Professional Memberships:

The American Institute of Certified Public Accountants
The New York State Society of Certified Public Accountants
NYSSCPA Public School Committee
New York State Association of School Business Officials
Government Finance Officers Association
Town Finance Association of Monroe County
Advent House - Finance Committee Chairperson and Treasurer

Other Information:

- I. A frequent speaker at the Rochester Chapter of the Association of School Business Officials (ASBO).
- II. Active participant in the New York State Summer Workshop in Albany sponsored by the State Education Department and ASBO.
- III. Currently serving on the NYS Public School Accounting Committee.
- IV. Successfully completed a quality review of the firm in July 2009.

Thomas J. Lauffer, CPA, Shareholder (NYS License 59214)

Educational Background:

Certified Public Accountant - New York State
St. Bonaventure University - B.S. Degree in Accounting

Career Experience:

Raymond F. Wager, CPA, P.C. (January 1997 - Present) Shareholder
Raymond F. Wager, CPA, P.C. (March 1988 - December 1996)
Naramore, Niles and Co. (September 1982 - March 1988) Senior Accountant/Manager

Professional Associations and Activities:

New York State Association of School Business Officials (Rochester Chapter)
Government Finance Officers Association
Town Finance Association of Monroe County
NYSSCPA - Public School Committee
New York State Society of Certified Public Accountants
American Institute of Certified Public Accountants

Significant Accomplishments:

Currently, serving on the NYS Public School Accounting Committee. This committee provides the opportunity to work closely with representatives of the NYS Comptroller's Office and the NYS Education Department. Also served on the subcommittee to develop and research the topics and agenda for the State wide Public School Accounting Seminar and served as a presenter at four of the six locations.

Responsible for implementation of monitoring requirements relating to the NYS Affordable Housing Corp. Grants for small towns. Also, responsible for the Firm's implementation of changes to the Single Audit Act and OMB Circular A-133.

Is responsible for managing seven internal audits.

Thomas Zuber, CPA, Shareholder (NYS License 80393)

Educational Background:

Certified Public Accountant - New York State, 1998
State University of New York College at Fredonia - B.S. Degree in Accounting, 1994

Career Experience:

Raymond F. Wager, CPA, P.C. (October 2005) Shareholder
Raymond F. Wager, CPA, P.C. (June 1994 - 2005) Audit Supervisor / Manager

Professional Associations and Activities:

New York State Society of Certified Public Accountants
American Institute of Certified Public Accountants
NYSSCPA – Government Accounting and Auditing Committee
NYSSCPA – Public Schools Accounting Committee
NYSSCPA – Rochester Chapter – Board of Directors
NYSSCPA – Rochester Chapter Past President
NYSSCPA – Nominating Committee 2010

Significant Accomplishments:

Responsible for the annual audit of many of the firm's clients which include school districts, BOCES, counties, towns, villages, not-for-profit agencies and Article 47, employee benefit plans.

Has researched and developed the firm's audit programs, relating to EPE and Adult Education Program reviews, Tobacco Asset Securitization Corporation, special parks grants, and New York State Department of Transportation audits. In addition, participated in developing compliance audit programs which fall under the Circular A-133 Compliance Supplement.

Has performed various types of client consulting and assistance including general accounting, bookkeeping, reconciliations, preparation and electronic transmittal of AUD/CFR documents to New York State.

An active presenter at the New York State spring and summer workshops sponsored by the New York State Education Department and New York State Association of School Business Officials on topics relating to internal accounting controls, general purpose accounting guidance, fraud, and GASB #34. Has spoken to high school accounting classes discussing the certified public accountant's profession and the various opportunities available to students upon completion of college.

John Rynkiewicz, Jr., CPA, Manager

Educational Background:

Certified Public Accountant - New York State
Rochester Institute of Technology - B.S. Degree in Accounting, 1997.

Career Experience:

Raymond F. Wager, CPA, P.C. (May 2010 - Present)
Freed Maxick & Battaglia, CPA's (May 2008 – April 2010)
Ernst & Young, LLP (April 2005 – May 2008)

Significant Accomplishments:

Has planned and coordinated audit procedures for engagements for our governmental audit clients.
Currently, manages day to day activities of engagements to ensure meeting deadlines, and the timely delivery of client requests.

Michael J. DeBadts, MS, Senior Accountant

Educational Background:

State University of New York, College at Geneseo, NY
– M.S. in Accounting May 2006
– B.S. in Accounting May 2005

Career Experience:

Raymond F. Wager, CPA, P,C, August 2006

Significant Accomplishments:

Has assisted with the annual audit of several of the firm's clients which include school districts, BOCES, towns, counties, and not-for-profit agencies.

Nicole Ingham, Senior Accountant

Educational Background:

SUNY College at Brockport, Bachelors in Accounting, 2005

Career Experience:

Raymond F. Wager, CPA, P.C. (November 2005 – Present)

Significant Accomplishments:

Has assisted with the annual audit of several of the firm's clients which include school districts, BOCES, towns, and not-for-profit agencies. Also assists with the preparation of client's taxes. Has served as a senior auditor for two internal audits.

Nicole Poh, Senior Accountant

Educational Background:

SUNY College at Geneseo, Bachelors in Accounting, 2004
Genesee community College, Associates in Business Administration, 2002

Career Experience:

Raymond F. Wager, CPA, P.C. (January 2005 – Present)

Significant Accomplishments:

Has assisted with the annual audit of several of the firm's clients which include school districts, BOCES, towns, counties, and not-for-profit agencies. Has researched and helped develop the Firm's internal audit program for school districts and has participated in staff training seminars.

Also, has served as a senior auditor on three internal audits.

Michael Buzzelli, Staff Accountant

Educational Background:

Bowling Green State University, B.S.B.A. in Accounting May 2008

Career Experience:

Raymond F. Wager, CPA, P.C. (June 2008 to present)
Axxo Press, A/R Internship (December 2007 to January 2008)

Significant Accomplishments:

He has assisted with the annual audit of several of the firm's clients which include school districts, BOCES, towns, counties, and not-for-profit agencies.

Daniel Francis, Staff Accountant

Educational Background:

University at Buffalo, the state University of New York, B.S. Accounting, May, 2010

Career Experience:

Raymond F. Wager, CPA, P.C. (June 2010 to present)
S&D Consulting (Tax Intern (January 2010 to April, 2010)

Significant Accomplishments:

Has assisted with the annual audit of several of the firm's clients which include school districts, BOCES, towns, counties, and not-for-profit agencies.

PARTIAL CLIENT LISTING

<u>Internal Audit</u>	<u>Contact Person</u>	<u>Telephone Number</u>
Attica CSD	Mr. Stephen Dziak	(585) 591-0400
Batavia CSD	Mr. Scott C. Rozanski	(585) 343-2480
Byram Hills SD	Mr. Gregory Carlson	(914) 273-4198
Kendall CSD	Ms. Julie Christensen	(585) 659-2741
Le Roy CSD	Mr. Brian Foeller	(585) 768-8133
Naples CSD	Ms. Ann O'Brien	(585) 374-7900
Pavilion CSD	Mr. Kenneth Ellison	(585) 584-3115
Pembroke CSD	Mr. William Lang	(585) 599-4525
Warsaw CAD	Ms. Joanne George	(585)786-8000



Marvin and company, p.c.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

System Review Report

Kevin J. McCoy

Thomas W. Donovan

Frank S. Venezia

James E. Amell

Carol A. Hausamann

Benjamin R. Lasher

Daniel J. Litz

To the Shareholders
Raymond F. Wager, CPA, P.C.
and the Peer Review Committee of the NYSSCPA

We have reviewed the system of quality control for the accounting and auditing practice of Raymond F. Wager, CPA, P.C. (the firm) in effect for the year ended May 31, 2009. 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. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*.

In our opinion, the system of quality control for the accounting and auditing practice of Raymond F. Wager, CPA, P.C. in effect for the year ended May 31, 2009 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*. Raymond F. Wager, CPA, P.C. has received a peer review rating of *pass*.

Marvin and Company, P.C.

July 30, 2009



