

Yonkers City School District

Proposal to Provide External Auditing Services

**KNOW
GREATER
VALUE**

Nicholas DeSantis, Partner
Jeffrey Shaver, Partner
Scott Oling, Partner

April 27, 2018



About PKF O'Connor Davies

- We were founded in 1891
- Ranked 28th in Accounting Today's 2017 Top 100 Firms
 - Over \$150 million in gross revenues
 - 700 professionals including 100 partners
 - 9 Offices located in Westchester, Newburgh, New York City, New Jersey, Connecticut and Maryland

About PKF O'Connor Davies

- Related Expertise, Including:
 - Accounting, Auditing and Consulting:
 - Budget Consulting
 - Implementation Assistance with GASB Pronouncements
 - Assistance with Official Statements for Bond Issuances
 - Refunding bond verification services
 - Performance Audits
 - Internal Auditing
 - Employee Benefit/Deferred Comp Plan Reviews and Audits
 - Information Technology Consulting
 - Feasibility Studies
 - Design and Implementation Assistance
 - Post implementation system reviews and technology and assessments
 - Management Advisory Services
 - Risk Assessments
 - Indirect Cost Rates

About Our Public Sector Division

- New York Municipal and School District Expertise
 - Serving over 150 Municipalities and School Districts, with revenues from less than \$1 million to greater than \$2 billion
 - 30 professionals including 7 specialty partners performing municipal audits all year round.
 - Located in Harrison, NY

Public Sector Division Partners

- Nicholas DeSantis (40 years experience)
- Scott Oling (30 years experience)
- Susan M. Barossi (30 years experience)
- H. Chris Kopf (35 years experience)
- Robert Daniele (25 years experience)
- Alan Kassay (18 years experience)
- Jeffrey Shaver (14 years experience)

Experience in School District Audits

Select School District Clients:

- Mount Vernon City School District (20+ years)
- City School District of New Rochelle (30+ years)
- Lakeland Central School District (15+ years)
- Mamaroneck Union Free School District (40+ years)
- Hendrick Hudson Central School District (25+ years)

We currently audit in excess of 40 school districts in the tri-state area, including 30 in the lower Hudson Valley.

Note: Complete list of clients appears on pages 21 and 22 of our proposal.

Hours and Audit Team

- **Meeting with Management**
- **Preliminary Audit Phase** (Risk Assessment and Review, Evaluation and Testing of Internal Controls)
 - 3 days with 3 staff
- **Substantive Audit Phase** (Gathering Audit Evidence, Inquiries, Analytical Procedures, Single Audit Compliance Testing)
 - Four weeks on-site at District with full-time staff of at least four
 - Manager or Engagement Partner on-site entire time
- **Wrap up** (Review of Audit Report, Review of Client Prepared MD&A, Preparation of Management Letter and Required Communications, Review of Schedule of Federal Expenditures)
 - Quality review partner performs engagement quality review of audit documentation
 - 3rd partner does a technical review of audit report
- Meeting with Budget and Finance Committee
- Meeting with entire Board of Education in Public Session
- **90% of total hours done on-site**

Hours and Audit Team *(Continued)*

Segments	Partner	Manager	Senior	Staff	Hours
Audit Planning					
▪ Pre-audit management communications	4	8	4	-	16
▪ Risk assessment procedures and development of detailed audit procedures	4	8	4	-	16
Audit Planning Totals:	8	16	8	-	32
Preliminary Audit Procedures					
▪ Preliminary analytical review	2	2	8	-	12
▪ Review, evaluation and testing of internal controls inclusive of comprehensive review	8	16	24	28	76
▪ Communications of findings with management	2	2	2	2	8
Preliminary Audit Procedures Totals:	12	20	34	30	96
Year - End Audit Procedures					
▪ Substantive testing	80	90	240	140	550
▪ Final analytical review	4	4	10	-	18
Year - End Audit Procedures Totals:	84	94	250	140	568
Report Preparation					
▪ Report preparation and review	48	40	60	-	148
▪ Quality control	20	-	-	-	20
Report Preparation Totals:	68	40	60	-	168
Communication					
▪ Management letter	4	4	4	-	12
▪ Meetings with management	6	4	4	-	14
▪ Finance committee and Board meetings	6	4	-	-	10
Report Preparation Totals:	16	12	8	-	36
Entire Engagement					
TOTAL HOURS:	188	182	360	170	900



Engagement Fees

Our fees for services for the years ending June 30, 2018 through 2022 as presented in our proposal dated April 13, 2018 are as follows:

		At School District's Option			
Professional Services:	2018	2019	2020	2021	2022
Audit of Basic Financial Statements, Extraclassroom Activities and Uniform Grant Guidance (Single Audit)	\$122,200	\$122,200	\$122,200	\$122,200	\$122,200
Agreed-Upon Procedures report on Contract for Excellence Expenditures	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
	<u>\$147,200</u>	<u>\$147,200</u>	<u>\$147,200</u>	<u>\$147,200</u>	<u>\$147,200</u>

In light of the current financial difficulties of the Yonkers Public Schools and the City of Yonkers as revealed in the Mayor's Executive Budget proposal released April 13, 2018, we want to provide some financial relief.

Accordingly, as a result of steady improvement for the past several years made by finance department personnel and the added efficiencies that results during the audit process, we are revising our proposed fee estimate to include the Contract for Excellence agreed upon procedure at no additional cost. This will save the Yonkers Public Schools \$125,000 over the duration of this agreement.

**WHAT MAKES US
DIFFERENT.....**

Process



Communication

- Planning Meeting with the Management
 - Overall Scope and Responsibilities
 - Preliminary Time Table
 - Gain an Understanding of Your Concerns and Issues
 - Provide Detailed Listing of Information Needed
 - Coordinate Timing and Efforts
- Attendance at Other Meetings, as Needed
- Public presentation



Early and Detailed Planning

- Immerse Ourselves into the Client
 - Gathering Data – Contracts, Minutes, etc.
 - Documenting and Understanding Systems
 - Preliminary Testing
- Assess Risk
- Finalize the Audit Plan
- Update the Audit Committee

**WHAT MAKES US
DIFFERENT.....**

Performance



Staffing With Consistent Municipal Experts

- High Partner Involvement
 - Engagement Partner Presence on The Job
 - Quality Review Partner
 - Technical Review Partner
 - Specialists Partners for Areas Within The Audit
- Excellent Staff Retainage Rates
- Year Round Staffing for Government Clients
- Using State of the Art Tools
 - Paperless Auditing Environment for more than 10 Years
 - Computer Aided Auditing Software



Value-Added Services Including:

- High Partner Involvement
- Focus of Engagement
 - Risk Based
 - Concern Based
- Proactive with Input and Advice
 - Opportunities for improvement
 - Opportunities for efficiencies
 - Best Practices

**WHAT MAKES US
DIFFERENT.....**

Presentation



Understandable Analysis & Discussion

- Review Draft Financial Statements
 - With Management first
 - With Budget and Finance Committee
 - With Others as appropriate

What makes us different...

• Process

- Communication
- Early and Detailed Planning

• Performance

- Staffing with consistent municipal experts
- Value Added Services

• Presentation

- Understandable Analysis, Comparison and Discussion
- Information Sharing



Contact Information

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