

COST PROPOSAL – INTERNAL AUDIT

Erie 1 Board of Cooperative Educational Services

APRIL 14, 2022



SOLUTIONS BEYOND
THE OBVIOUS

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Cost Proposal

1. a) Name of proposer

Tronconi Segarra & Associates LLP
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 Williamsville, NY 14221
 Phone: 716.633.1373
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 Website: www.tsacpa.com

1. b) Certification

Tronconi Segarra & Associates LLP (“Tronconi Segarra & Associates” or the “Firm”) certifies that the partner signing this proposal, Mark A. Ferm, CPA, is entitled to represent the Firm, empowered to submit the bid, and authorized to sign a contract with Erie 1 Board of Cooperative Educational Services (“Erie 1 BOCES”).

1. c) Total, all-Inclusive maximum price

The following information represents our total, all-inclusive maximum price for the initial year of the internal audit/risk assessment engagement and each of the subsequent optional years of the internal audit/risk assessment engagement:

Option I: Three Cycles Per Year, Pricing Tiered by General Fund Budget Estimates

Under this option, we will perform an annual risk assessment by:

- 1) Selecting one high risk area each year, which will entail gaining an understanding of the processes, procedures and internal controls in place, as well as performing detail testing of various transactions to determine if certain controls are operating as designed. We will also provide recommendations for improvement, if any; and
- 2) Selecting two other areas to gain an understanding of the processes, procedures and internal controls in place and providing recommendations for improvement, if any.

An explanation of our proposed rotation plan is provided in our accompanying Technical Proposal for Erie 1 BOCES. The most significant transaction cycles/areas of interest are covered, either as high or low risk areas, over a five-year period. This allows Erie 1 BOCES to obtain comprehensive feedback on its internal controls across its major transaction cycles.

Erie 1 Board of Cooperative Educational Services
Proposal to Provide Auditing Services for Internal Controls
(RFP22 - Internal Audit)

Fee Analysis for 2021 - 2022 Fiscal Year End: Districts up to \$50 Million, 3 Cycles

<u>Task</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Fees</u>
Audit Planning & Risk Assessment			
Staff Accountant	10	\$ 100.00	\$ 1,000.00
Senior Accountant	10	\$ 110.00	\$ 1,100.00
Senior Manager	3	\$ 170.00	\$ 510.00
Partner	1	\$ 290.00	\$ 290.00
	24		\$ 2,900.00
Walkthroughs & Detailed Testing of Internal Controls			
Staff Accountant	24	\$ 100.00	\$ 2,400.00
Senior Accountant	24	\$ 110.00	\$ 2,640.00
Senior Manager	8	\$ 170.00	\$ 1,360.00
Partner	-	\$ 290.00	\$ -
	56		\$ 6,400.00
Required Reporting & Presentations to Audit Committees			
Staff Accountant	2	\$ 100.00	\$ 200.00
Senior Accountant	6	\$ 110.00	\$ 660.00
Senior Manager	2	\$ 170.00	\$ 340.00
Partner	3	\$ 290.00	\$ 870.00
	13		\$ 2,070.00
Follow-Up Procedures			
Staff Accountant	3	\$ 100.00	\$ 300.00
Senior Accountant	3	\$ 110.00	\$ 330.00
Senior Manager	1	\$ 170.00	\$ 170.00
Partner	-	\$ 290.00	\$ -
	7		\$ 800.00
Total Hours/Fixed Fees prior to rounding	100		\$ 12,170.00
Total All-Inclusive Maximum Price - Rounded			\$ 12,000.00
(Districts up to \$50 Million)			

Erie 1 Board of Cooperative Educational Services
Proposal to Provide Auditing Services for Internal Controls
(RFP22 - Internal Audit)

Fee Analysis for 2021 - 2022 Fiscal Year End: Districts \$50 to \$100 Million, 3 Cycles

<u>Task</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Fees</u>
Audit Planning & Risk Assessment			
Staff Accountant	12	\$ 100.00	\$ 1,200.00
Senior Accountant	12	\$ 110.00	\$ 1,320.00
Senior Manager	4	\$ 170.00	\$ 680.00
Partner	1	\$ 290.00	\$ 290.00
	29		\$ 3,490.00
Walkthroughs & Detailed Testing of Internal Controls			
Staff Accountant	29	\$ 100.00	\$ 2,900.00
Senior Accountant	29	\$ 110.00	\$ 3,190.00
Senior Manager	10	\$ 170.00	\$ 1,700.00
Partner	-	\$ 290.00	\$ -
	68		\$ 7,790.00
Required Reporting & Presentations to Audit Committees			
Staff Accountant	2	\$ 100.00	\$ 200.00
Senior Accountant	7	\$ 110.00	\$ 770.00
Senior Manager	2	\$ 170.00	\$ 340.00
Partner	4	\$ 290.00	\$ 1,160.00
	15		\$ 2,470.00
Follow-Up Procedures			
Staff Accountant	4	\$ 100.00	\$ 400.00
Senior Accountant	4	\$ 110.00	\$ 440.00
Senior Manager	1	\$ 170.00	\$ 170.00
Partner	-	\$ 290.00	\$ -
	9		\$ 1,010.00
Total Hours/Fixed Fees prior to rounding	121		\$ 14,760.00
Total All-Inclusive Maximum Price - Rounded			\$ 14,500.00
(Districts \$50 to \$100 Million)			

Erie 1 Board of Cooperative Educational Services
Proposal to Provide Auditing Services for Internal Controls
(RFP22 - Internal Audit)

Fee Analysis for 2021 - 2022 Fiscal Year End: Districts \$100 to \$200 Million, 3 Cycles

<u>Task</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Fees</u>
Audit Planning & Risk Assessment			
Staff Accountant	14	\$ 100.00	\$ 1,400.00
Senior Accountant	14	\$ 110.00	\$ 1,540.00
Senior Manager	5	\$ 170.00	\$ 850.00
Partner	1	\$ 290.00	\$ 290.00
	34		\$ 4,080.00
Walkthroughs & Detailed Testing of Internal Controls			
Staff Accountant	33	\$ 100.00	\$ 3,300.00
Senior Accountant	33	\$ 110.00	\$ 3,630.00
Senior Manager	12	\$ 170.00	\$ 2,040.00
Partner	-	\$ 290.00	\$ -
	78		\$ 8,970.00
Required Reporting & Presentations to Audit Committees			
Staff Accountant	2	\$ 100.00	\$ 200.00
Senior Accountant	8	\$ 110.00	\$ 880.00
Senior Manager	2	\$ 170.00	\$ 340.00
Partner	5	\$ 290.00	\$ 1,450.00
	17		\$ 2,870.00
Follow-Up Procedures			
Staff Accountant	5	\$ 100.00	\$ 500.00
Senior Accountant	5	\$ 110.00	\$ 550.00
Senior Manager	1	\$ 170.00	\$ 170.00
Partner	-	\$ 290.00	\$ -
	11		\$ 1,220.00
Total Hours/Fixed Fees prior to rounding	140		\$ 17,140.00
Total All-Inclusive Maximum Price - Rounded			\$17,000.00
(Districts \$100 to \$200 Million)			

Option II: One Cycle Per Year, Pricing Tiered by General Fund Budget Estimate

The New York State Local Government and School Accountability Act (otherwise known as the “Five-Point Plan”), requires each school district to perform an annual risk assessment, and perform detail testing on at least one transaction cycle. If Erie 1 BOCES elects the option of having us select only one transaction cycle each year, we will treat this cycle as a high-risk area, which will entail gaining an understanding of the processes, procedures and internal controls in place, as well as performing detail testing of various transactions to determine if certain controls are operating as designed. We will also provide recommendations for improvement, if any.

Erie 1 Board of Cooperative Educational Services
Proposal to Provide Auditing Services for Internal Controls
(RFP22 - Internal Audit)

Fee Analysis for 2021 - 2022 Fiscal Year End: Districts up to \$50 Million, 1 Cycle

<u>Task</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Fees</u>
Audit Planning & Risk Assessment			
Staff Accountant	8	\$ 100.00	\$ 800.00
Senior Accountant	8	\$ 110.00	\$ 880.00
Senior Manager	2	\$ 170.00	\$ 340.00
Partner	1	\$ 290.00	\$ 290.00
	<u>19</u>		<u>\$ 2,310.00</u>
Walkthroughs & Detailed Testing of Internal Controls			
Staff Accountant	12	\$ 100.00	\$ 1,200.00
Senior Accountant	12	\$ 110.00	\$ 1,320.00
Senior Manager	4	\$ 170.00	\$ 680.00
Partner	-	\$ 290.00	\$ -
	<u>28</u>		<u>\$ 3,200.00</u>
Required Reporting & Presentations to Audit Committees			
Staff Accountant	-	\$ 100.00	\$ -
Senior Accountant	4	\$ 110.00	\$ 440.00
Senior Manager	2	\$ 170.00	\$ 340.00
Partner	3	\$ 290.00	\$ 870.00
	<u>9</u>		<u>\$ 1,650.00</u>
Follow-Up Procedures			
Staff Accountant	3	\$ 100.00	\$ 300.00
Senior Accountant	3	\$ 110.00	\$ 330.00
Senior Manager	1	\$ 170.00	\$ 170.00
Partner	-	\$ 290.00	\$ -
	<u>7</u>		<u>\$ 800.00</u>
Total Hours/Fixed Fees prior to rounding	63		<u>\$ 7,960.00</u>
Total All-Inclusive Maximum Price - Rounded			<u>\$ 7,800.00</u>

(Districts up to \$50 Million)

Erie 1 Board of Cooperative Educational Services
Proposal to Provide Auditing Services for Internal Controls
(RFP22 - Internal Audit)

Fee Analysis for 2021 - 2022 Fiscal Year End: Districts \$50 to \$100 Million, 1 Cycle

<u>Task</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Fees</u>
Audit Planning & Risk Assessment			
Staff Accountant	10	\$ 100.00	\$ 1,000.00
Senior Accountant	10	\$ 110.00	\$ 1,100.00
Senior Manager	2	\$ 170.00	\$ 340.00
Partner	1	\$ 290.00	\$ 290.00
	23		\$ 2,730.00
Walkthroughs & Detailed Testing of Internal Controls			
Staff Accountant	14	\$ 100.00	\$ 1,400.00
Senior Accountant	14	\$ 110.00	\$ 1,540.00
Senior Manager	5	\$ 170.00	\$ 850.00
Partner	-	\$ 290.00	\$ -
	33		\$ 3,790.00
Required Reporting & Presentations to Audit Committees			
Staff Accountant	-	\$ 100.00	\$ -
Senior Accountant	5	\$ 110.00	\$ 550.00
Senior Manager	2	\$ 170.00	\$ 340.00
Partner	4	\$ 290.00	\$ 1,160.00
	11		\$ 2,050.00
Follow-Up Procedures			
Staff Accountant	4	\$ 100.00	\$ 400.00
Senior Accountant	4	\$ 110.00	\$ 440.00
Senior Manager	1	\$ 170.00	\$ 170.00
Partner	-	\$ 290.00	\$ -
	9		\$ 1,010.00
Total Hours/Fixed Fees prior to rounding	76		\$ 9,580.00
Total All-Inclusive Maximum Price - Rounded			\$ 9,500.00
<i>(Districts \$50 to \$100 Million)</i>			

Erie 1 Board of Cooperative Educational Services
Proposal to Provide Auditing Services for Internal Controls
(RFP22 - Internal Audit)

Fee Analysis for 2021 - 2022 Fiscal Year End: Districts \$100 to \$200 Million, 1 Cycle

<u>Task</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total Fees</u>
Audit Planning & Risk Assessment			
Staff Accountant	12	\$ 100.00	\$ 1,200.00
Senior Accountant	12	\$ 110.00	\$ 1,320.00
Senior Manager	2	\$ 170.00	\$ 340.00
Partner	1	\$ 290.00	\$ 290.00
	27		\$ 3,150.00
Walkthroughs & Detailed Testing of Internal Controls			
Staff Accountant	16	\$ 100.00	\$ 1,600.00
Senior Accountant	16	\$ 110.00	\$ 1,760.00
Senior Manager	6	\$ 170.00	\$ 1,020.00
Partner	-	\$ 290.00	\$ -
	38		\$ 4,380.00
Required Reporting & Presentations to Audit Committees			
Staff Accountant	-	\$ 100.00	\$ -
Senior Accountant	6	\$ 110.00	\$ 660.00
Senior Manager	2	\$ 170.00	\$ 340.00
Partner	5	\$ 290.00	\$ 1,450.00
	13		\$ 2,450.00
Follow-Up Procedures			
Staff Accountant	5	\$ 100.00	\$ 500.00
Senior Accountant	5	\$ 110.00	\$ 550.00
Senior Manager	1	\$ 170.00	\$ 170.00
Partner	-	\$ 290.00	\$ -
	11		\$ 1,220.00
Total Hours/Fixed Fees prior to rounding	89		\$ 11,200.00
Total All-Inclusive Maximum Price - Rounded			\$ 10,900.00
(Districts \$100 to \$200 Million)			

As a value-added service to Erie 1 BOCES, our fees for both Option I and Option II above include all telephone calls and correspondence of a routine nature which are required to perform the aforementioned services but do not include out-of-pocket expenses. Any telephone conversations that would require services and fees beyond the scope of this proposal would be brought to your attention before we proceed.

1. d.) Cost for a minimum of 10 days of service

The cost for a minimum of 10 days of service at an average of 8 hours per day would be based on 80% of the hourly rates by staff level, which are listed in the charts in this cost proposal document on Pages 3 through 5 and Pages 6 through 8.

1. e.) Hourly rate for consultation and testing of internal control procedures

The hourly rates for all of our internal audit service professionals are included in the fee charts in this cost proposal document on Pages 3 through 5 and Pages 6 through 8.

1. f.) Anticipated rates by partner, specialist and supervisory staff

The hourly rates for all of our internal audit service professionals are included in the fee charts in this cost proposal document on Pages 3 through 5 and Pages 6 through 8.

1. g.) Out-of-pocket expenses

Tronconi Segarra & Associates will not seek reimbursement for travel, lodging and subsistence or other out-of-pocket costs incurred in connection with the completion of Erie 1 BOCES's risk assessment and internal audit services.

1. h.) Rates for additional professional services

The hourly rates for additional professional services, as applicable, are included in the fee charts in this cost proposal document on Pages 3 through 5 and Pages 6 through 8.

1. i.) Method of payment

Progress billings by the Firm will be made on the basis of hours of work completed during the course of the engagement in accordance with the Firm's dollar cost bid proposal. Interim billing shall cover a period of not less than a calendar month.

The Tronconi Segarra & Associates LLP Promise

We will provide exceptional professional services at competitive rates.

We will take the time to listen and understand client priorities and deadlines.

We will provide prompt responses to client inquiries and communicate frequently.

Partners of our Firm will be actively involved in overseeing client business.

And, above all, we will exhibit qualities of honesty, integrity, energy and innovation in the delivery of our professional services.

TRONCONI SEGARRA
& ASSOCIATES^{LLP}

Certified Public Accountants
Business Consultants

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