AUDIT COMMITTEE MEETING MINUTES
Tuesday, October 11, 2016 – 11:00 AM
Authority Conference Room, 4th Floor
Dulles State Office Building

Committee Members Present:
John B. Johnson, Jr., Chairman
Alex MacKinnon
Alfred Calligaris

Staff Present:
Thomas Sauter, Deputy Executive Director
Carl Farone, Comptroller
Angela Marra, Administrative Associate

Committee Members Absent:
Dennis Mastascusa
Brian McGrath

1. The meeting was called to order by Chairman Johnson at 11:01 AM and was convened to discuss the auditor selection for Fiscal Year 2017 through Fiscal Year 2021. Mr. Johnson turned the meeting over to Carl Farone.

2. Mr. Farone explained the Authority’s Request for Proposal (RFP).

   a. This RFP will cover a period of 5 years, FY 2017 – FY 2021. On August 27, 2016, this RFP was emailed to 24 Certified Public Accounting Firms, including 16 certified Minority or Women Owned Businesses (MWBE). A public notice was included in the Watertown Daily Times, posted in New York State Contract Reporter and on the Authority’s website. On the due date of September 15, 2016, all received proposals were opened. Proposals were received from the following firms:

      The Bonadio Group
      EFPR Group
      Bowers & Co.
      Lumsden & McCormick

   b. Items that were considered within the RFP were as follows:

      1. Minimum Requirements
         -Legal entity in NY
         -Licensed in NY State
         -Partner in charge (10+ years experience)
         -Independent
         -Education Hours required
         -Substandard Work

      J. Johnson asked if we ask if the firms have been cited for substandard work. C. Farone responded yes, as well as reading peer reviews. All firms were submitted without incident.
2. Audit Approach
   - Audit Methodology Disclosed
   - Schedule

3. Firm Experience
   - Years Established
   - Number of Partners
   - Number of Staff

4. Partner Experience
   - Partner in Charge
   - Advisory Partner Principal

5. MWBE%

c. Fee proposals are reviewed and broken down for each submitted proposal.
   1. Costs FYE 2014
      A. Financial Audit
      B. Federal Single Audit
      C. RWL AUP
   2. Total costs compared for each fiscal year, 2017 – 2021 ending with a
total 5 year cost comparison.
   3. Estimated hours, divided by staff
   4. Hourly billing rates, calculated by staff

d. Additional information for each firm were taken into consideration as well
   1. Bonadio Group
      A. Has been the Authority’s auditor for the past 10 years.
      B. Currently has over 30 Public Authorities under contract
      C. Experience with three government owned solid waste
         management facilities.
   2. EFPR Group
      A. Formed with the merger of EFP Rotenburg, LLP and Toski & Co.,
         CPA’s, PC in 2016
      B. Audited some of the largest public authorities in New York State,
         including Empire State Development, New York Thruway
         Authority, New York State Bridge Authority and Lower Manhattan
         Development Corporation.
   3. Bowers & Company
      A. Local Office in Watertown, NY
   4. Lumsden & McCormick
      A. Significant Public Authority and Public Sector experience.

e. Proposal Rankings were processed as follows:
   1. Minimum Requirements – 15%
   2. Audit Approach – 15%
   3. Firm Experience – 15%
   4. Partner Experience – 15%
   5. Cost – 40%
d. Recommendation:
Based on the analysis, as well as the Bonadio Group receiving the highest proposal ranking of 9.6, it was recommended by the Authority staff that we retain the Bonadio Group to provide Auditing Services as defined in the RFP. The Bonadio Group has experience in auditing Solid Waste Management Facilities with substantial experience in the operation of the Authority. The Bonadio Group has provided professional audit services to the Authority over the past 10 years in a timely and efficient manner without missing a deadline or board meeting. During Bonadio Group's tenure, the Authority has been audited by the NYS Comptroller as well as the Defense Contract Audit Agency with no material findings noted.

A. Calligaris stated that he is very impressed by The Bonadio Group, especially the job they have done in the past 10 years.

J. Johnson commented regarding EFPR. They work with other authorities, but most likely not at $140 per hour as stated in their proposal. They were only created in 2016. We do not rank with the Thruway Authority, but we are important here. We do not want to see them take our money and send us someone new to their firm to process the audit. We are comfortable with the Bonadio Group.

A. MacKinnon stated we are a well-run operation. This committee is willing to accept the recommendation and trust what management says. Our audit was stellar. The back page had no issues. There is no reason to do this any other way.

T. Sauter asked if as they change audit partners every five years, do they also rotate personnel? C. Farone responded that there is turnover, it is not at the partner level.

J. Johnson commented that 10 years worth of knowledge is worth something. We should eliminate Lumsden as they seem more about getting it done. Bowers is a small local firm. Bonadio may have been small but they have become large and have a long history with us. Our Audits before Bonadio were not the most satisfactory. The Authority management will have to look elsewhere to meet the MWBE 30% goal.

3. A. MacKinnon moved to pass the recommendation of staff in awarding the RFP to The Bonadio Group. A. Calligaris seconded the motion, and the vote was unanimous.

4. Chairman Johnson adjourned the meeting at 11:33 AM.

Respectfully submitted:

[Signature]
John B. Johnson, Jr.
Chairman