

**MID-HUDSON LIBRARY SYSTEM  
PROFESSIONAL AUDITING SERVICES PROPOSAL**

**TECHNICAL  
~ ORIGINAL ~**

**SUBMITTED BY  
SICKLER, TORCHIA, ALLEN &  
CHURCHILL, CPA's, PC**

MID-HUDSON LIBRARY SYSTEM  
PROFESSIONAL AUDITING SERVICES PROPOSAL

TITLE PAGE

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DATED: August 12, 2021



Sickler, Torchia  
Allen & Churchill, CPA's, PC  
*Your Partner When It Counts*

Robert J. Allen, CPA  
Victor V. Churchill, CPA  
Edward J. Gower II, CPA  
Joseph J. Montalto, CPA  
Craig R. Sickler, CPA  
Michael A. Torchia, Jr., CPA, CVA

August 12, 2021

Saran Camara, Finance Manager & Personnel Officer  
Mid-Hudson Library System  
103 Market Street  
Poughkeepsie, NY 12601

Dear Saran,

Thank you for giving **Sickler, Torchia, Allen and Churchill, CPA's PC (STAC)** the opportunity to present our proposal to meet the needs of the **Mid-Hudson Library System (the "Library")**. Based on our substantial municipal experience, we feel we can make a unique and significant contribution to the continued success of the Library.

Our Firm is well recognized as a leader in serving municipal organizations. **STAC** is uniquely positioned to serve the Library. **In related governmental services, Victor V. Churchill is Chair of the New York State Society of Certified Public Accountants Public Schools Committee and a frequent speaker at NYS ASBO FMAA training sessions.** We provide accounting and audit services to nearly 100 non-profit and municipal clients and our offices, located in Lake Katrine and Hudson, New York, have 6 partners and 12 auditors who specialize in serving municipal and non-profit organizations. In addition, the BDO Alliance USA, LLC. allows us to leverage the experience of both BDO USA, LLC, and other alliance firms that add experience and additional personnel, as needed. As one of the region's leading accounting firms, we have a unique ability to provide the Library with the breadth of skills you expect from a quality audit firm, combined with a personalized approach to client service and a commitment to extensive partner involvement. **STAC's** focus has always been, and continues to be, service excellence.

**STAC's** strengths are numerous and deserve the high praise they receive from our clients. Factors that differentiate us from other professional services firms include our quest for knowledge of our clients' business before we begin the audit and tax process and the seasoned judgment of our partners. We utilize the audit as a tool for generating insightful and constructive suggestions that can result in improved operations and management information, as well as operating and accounting procedures and controls. All of our personnel will work together to provide you with a full service team and address the needs of all your entities. With proper coordination and planning, we commit to complete all work within your specified time frame.

We believe that our proposal will demonstrate that we are best suited to provide the Library with the following key attributes.

- Experience
  - Over half of our accountants have at least ten years' experience.

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- Our Firm provides services to over 60 governmental entities including 11 public school Districts/BOCES clients (see Page 28).
- **We recently had eleven years' experience performing a review of the financial statements and Form 990 Income Tax of the Capital District Library Council for Reference & Research Resources through June 30, 2017.**
- Our active membership in the New York State Society's Peer Review and Public Schools Committee (Chair of this Committee 2020-2022) and the New York State Association of School Business Officials allow us to be in touch with current and upcoming events that may affect our governmental organizations (see Page 8).
- Communication  
Our clients have commented on our abilities to present both audit reports and technical topics in a straight forward engaging manner that allows non-accountants to understand the significant points (see Page 13). Additionally, we believe that inquiries of our references noted on Page 11 will support this point.
- Price  
In the current economic environment we recognize the need for our current clients and potential clients to receive cost efficient value added engagements. We believe that our use of technology, low employee turnover, use of our alliance with BDO Alliance USA, LLC, and long-term client relationships have allowed us to maintain high quality cost efficient engagements. We have noted some of these efficiencies on Pages 20-21 and in Appendix B – Resources Beyond the Core Requirements, where we note several additional services that are free to our clients and provide additional value. While we recognize that there will always be certain bidders whose fees fall well below most of the bids the Library will receive, we recognize that the Library will contemplate all of the factors included in the proposals such as experience, quality standards, references, and the capacity to service the number of clients currently in place as well as the Library.

All of us at **STAC** are very enthusiastic about the opportunity to serve the Library. We are confident that your needs are well matched with the services we offer, our proactive service delivery approach, and open communication style which has helped us establish long-term relationships with hundreds of organizations like the Library, in today's electronic (paperless) environment in which audits are performed through the use of secure internet based portals. If you have any questions regarding our proposal, please feel free to call.

Sincerely,

SICKLER, TORCHIA, ALLEN & CHURCHILL, CPA's, PC



Victor V. Churchill, CPA  
VVC/jem

# MID-HUDSON LIBRARY SYSTEM

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### *Statement of Confidentiality*

The information in this document is considered by **STAC** to be confidential. We request that it be treated as such and in turn, assure you that any and all information that the Library has provided us to produce the proposal will be treated in the same fashion.

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## FIRM QUALIFICATIONS

### Strategies to Address Your Needs

Our approach to your audits will take into account the strategies outlined below and described in more detail in the sections to follow:

- Communication throughout the year
- Advance planning of the audit and tax process to ensure there are no surprises
- Detailed examination of your internal controls
- Well planned and executed audit work
- Full understanding of non-profit issues
- Extensive quality control procedures

As a client of **STAC** you will continue to have unlimited access to the many resources our Firm has to offer. Your complete client service team is available to consult with the Library throughout the year, whenever questions or issues arise. Day-to-day contact between the professional staff at the Library and **STAC** ensures that the audit is efficient, focused appropriately on risk areas, and functioning to keep management well informed.

### Competitive Advantages

The following represents a partial list of benefits to the Library as a client of **STAC**:

- ✓ Specialty and experience in the municipal and school District/BOCES industry
- ✓ Knowledge of “best practices” among municipal clients
- ✓ Extensive partner involvement
- ✓ Keeping up with current trends
- ✓ Routine consultation
- ✓ Cutting-edge technology utilized to minimize audit costs to you
- ✓ Quality assurance
- ✓ Peace of mind

### Communication of New Accounting Developments

We are able to provide our clients with a variety of general and industry specific publications which contain information addressing issues such as pension administration, tax planning, fundraising, new FASB and GASB implementation, and compliance.

Our Firm is prepared to keep you advised on pending changes in accounting, financial, and reporting requirements that may be of concern to you. Due to this constant involvement in the municipal and education community and continuous education courses, our staff is fully equipped to keep the Library abreast of the latest developments.

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## Firm Background

We are a regional accounting firm with over 40 years of experience in management advisory services, accounting, and auditing in the governmental and non-profit area. Additionally, our membership in the BDO Alliance USA, LLC expands our resources into the national level. Our two offices are located in the Capital District and Hudson Valley regions, in Hudson and Lake Katrine respectively.

Our organizational structure and size is as follows:

	Total <u>Professionals</u>
Shareholders/Principals	6
Senior Accountants	7
Staff Accountants	5
Support Staff	<u>11</u>
	<u>29</u>

Our Firm qualifies as a small business firm as defined by the Small Business Administration.

Our Firm members and shareholders are members of many professional organizations. We insist on a minimum of 40 hours of continuing professional education in accounting and auditing each year for every member of our professional staff, including a minimum of 24 hours in government-related courses every two (2) years as mandated by the 2018 revision of the *Government Auditing Standards* by the Government Accountability Office of the United States (GAO).

Our auditing and accounting manuals are updated annually to include all the latest pronouncements in the auditing area. Staff training is required by all professional staff to acquaint them with these updates. We are registered with the New York State Education Department as a qualified sponsor of continuing education in the field of certified public accounting. Guest speakers at our training sessions, which are open to the certified public accounting community, have included individuals from the New York State Education Department Bureau of Management Services, the chief of the Examination Division of the Albany office of the Internal Revenue Service, and representatives of the New York State Department of Taxation and Finance.

During the past three (3) years, there have not been any pending or threatened disciplinary actions against the Firm by any state regulatory body or professional organization. All federal and state desk reviews of our audits within the last three (3) years have resulted in the audits being accepted.

The Firm of Sickler, Torchia, Allen & Churchill, CPA's, PC is an equal opportunity employer and does not discriminate based upon race, creed, color, or sex.

Today, as in the past, **STAC** takes a leadership role in the accounting profession. Many of our professionals participate actively on committees of the New York State societies and serve as discussion leaders in workshops and seminars throughout the year.

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For **STAC**, there is only one measure of success: **Client Satisfaction**. This is our continual objective, driving an unrelenting pursuit of a firm wide customer service philosophy with a three-pronged focus:

- ✓ **Reliability:** **STAC** has a long history of service, dependability, and reliable expertise in the municipal and education communities. It is a history of accumulated skills and experience we can apply to help our clients reach their goals.
- ✓ **Knowledge:** We have become trusted advisors to clients depending on our knowledge of their industry and our specialized experience with municipalities. **STAC** professionals become members of clients' decision-making teams because they trust and value our judgment.
- ✓ **Responsiveness:** **STAC** professionals, trained to listen to our clients, have a well-earned reputation for devising innovative and creative solutions to today's complex municipal challenges.



## **STAC Culture**

With a spirit of cooperation, collaboration, concentration, and communication, **STAC** provides innovative accounting and financial solutions to meet your needs. We have a team of professionals who will work with the Library to bring you value-added services.

## **Strong Local Presence**

At **STAC**, you will be served by the best resources of our offices in Lake Katrine and Hudson, New York. Our partners and managers are approachable, available, and responsive to your needs. The breakdown of our non-tax industry base is as follows: 70% municipal; 15% non-profit; 15% other closely held businesses.

Our offices provide accounting, tax, and consulting services for nearly 100 non-profits and municipalities, with budgets ranging from \$50,000 to over \$150,000,000. These include trade, membership, social club, charitable, educational, governmental, and conservation organizations. Many have multiple related entities such as foundations, PACs, and for-profit subsidiaries. **STAC's** professionals have considerable experience in analyzing these complex situations and are recognized for their knowledge and experience in non-profit auditing and accounting, as well as tax, management consulting, and technology.



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## Range of Activities Performed by Our Local Office

### *Auditing and Accounting Services*

- Annual audits of non-profit organizations
- Audits in accordance with OMB Circulars for our municipal and non-profit clients who receive federal funding
- Audits for a variety of for-profit entities
- Reviews and compilations for a wide variety of industries
- Accounting standards implementations
- Internal control studies/reviews
- Fraud investigations
- Policies and procedures manuals
- Board presentations
- Review grantees on behalf of grantors
- Off-site processing of accounting activity
- Budget development

### *Tax Services*

- Overall tax “check-up”
- Research client questions
- Unrelated business income tax planning
- Lobbying consultation
- Review of contracts
- Respond to tax notices
- Representation before IRS and state examiners
- Exemption applications (all taxes state and federal)
- Federal group exemption application
- Chapter/group exemption check-up
- Benefits plan determination application
- Benefits consulting
- Charitable registration compliance
- Charitable giving reporting consultation
- Sales & use tax consultation
- Federal & state non-profit tax & information filings
- Charitable trust returns
- Review of client prepared returns
- Payroll compliance review
- Transaction planning/use of entities in structuring transactions
- Acquisition and disposition of a business
- Retirement plan tax filings/planning
- Corporate returns and tax planning

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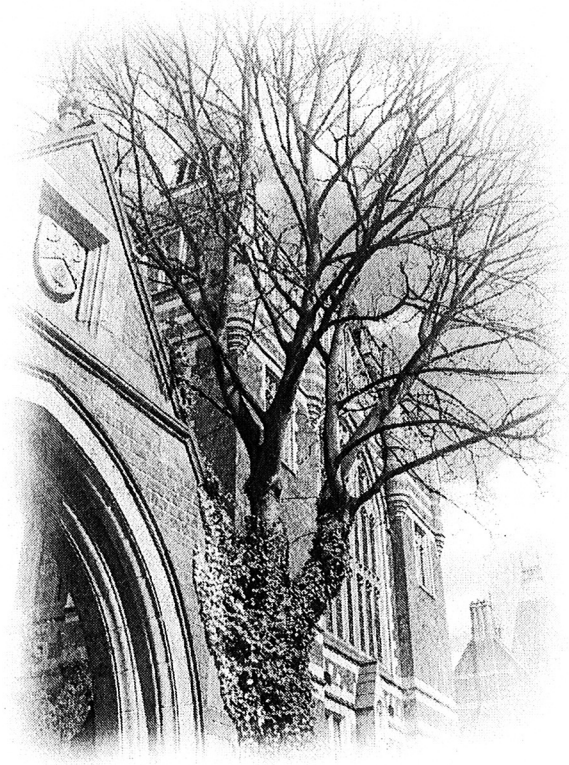
## **Municipal Industry Experience**

With nearly 100 clients in the non-profit and municipality sector firm wide, our team of professionals offer the hands-on experience and technical skill you can rely upon to serve the distinctive needs of the Library. Rest assured that **STAC** professionals are interested in the Library, care about its performance, and are dedicated to helping you achieve your goals. Because our practice includes many municipal organizations similar to yours, we are able to offer a wide range of experience, practical savvy, and lessons learned. We are able to reach beyond a narrow technical approach to analyze and advise the Library on the many elements of running a successful organization. See Appendix A for a partial listing of our municipal clients.

## **Commitment to Serving Municipal and Education Clients**

**STAC** is committed to serving institutes of municipal and education clients now and in the foreseeable future. Over the last 35 years, **STAC** has expanded its commitment to its municipal/education clients. During that period, our client base in this area has expanded as have our efforts to stay at the forefront of the changes that face our clients through proactive involvement in numerous committees and industry groups. Victor V. Churchill is Chair of the New York State Society Public Schools Committee and a member of the New York State Society Quality Control/PEER Review Committee. He has participated as speaker and panel member of various New York State Society and New York State Association of Business Officials seminars.

The Library will continue to benefit from the direct experience that some of the key members of the engagement team provide. Their knowledge, experience, and understanding of university systems, institutions of higher education, and non-profit organizations with respect to their management, financial operations, and information systems are unparalleled and will translate into significant direct benefits to the Library.



## MID-HUDSON LIBRARY SYSTEM

The following table provides a partial listing of our current education clients.

CLIENTS	Years Served	Financial Audits	Single Audits	Extraclassroom
Ardsley Union Free School District	7	X	As Needed	X
Dutchess County BOCES	35+	X	X	X
Millbrook Central School District	35+	X	As Needed	X
Pine Plains Central School District	3	X	As Needed	X
Poughkeepsie City School District	3	X	X	X
Ulster County BOCES	13+	X	X	X

### **Federal Financial Aid, Grants and Contracts, and OMB Compliance Experience**

Historically, **STAC** has provided audits to numerous non-profit and municipal clients, which complied with the various OMB Circulars. In past years, we have performed many audits in compliance with OMB Circular A-133. We are also intimately familiar with OMB Circulars A-21, A-87, A-110, A-122 and GAO Independence Rules. We also have a working knowledge and experience with cost accounting standards, cost allowability and allocability, budgeting and forward pricing, and time reporting and labor distribution systems. These circulars have been replaced with the OMB Uniform Circular with an effective date of December 26, 2014. Accordingly, all Federal Single Audits are now performed under the Uniform Circular.

In addition, **STAC** has also assisted organizations by performing an in-depth review of their internal controls to assess whether controls required by government regulations are in place and identify areas where controls could be strengthened and procedures established to accomplish this goal.

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AN INDEPENDENT MEMBER OF



ALLIANCE USA

### Alliance with BDO International Limited

STAC is a member of the BDO Alliance USA, LLC, a nationwide association of **independently** owned local and regional accounting, consulting, business and technology firms sharing a dedication to exemplary client service.

As a **member firm**, the BDO Alliance USA, LLC allows us to:

- Enhance our client services and broaden our capabilities overall
- Expand our domestic and international coverage
- Gain greater technical knowledge in specialty areas
- Utilize professionals with experience in a wide range of industries
- Access the most up-to-date technical information
- Participate in the latest training programs
- Utilize state-of-the-art, customized computer systems
- Provide our clients with key contacts and sophisticated professionals throughout the U.S.

By supplementing our existing services, the BDO Alliance USA, LLC brings us the necessary tools to help us better serve our clients with greater flexibility, efficiency and cost effectiveness.

BDO Alliance USA, LLC, is a national professional services firm providing tax, assurance, financial advisory and consulting services to private and publicly-traded businesses. For more than 90 years, BDO Alliance USA, LLC has provided quality service and leadership through the active involvement of its most experienced and committed professionals.

BDO Alliance USA, LLC, serves clients through more than 35 offices and 250 independent alliance firm locations nationwide. As an independent member firm of BDO International Limited, BDO Alliance USA, LLC, serves clients by leveraging a global distribution network of resources comprised of nearly 600 member firms with offices in 99 countries.

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## REFERENCES

These clients have been selected as references due to their similarity to the Library either in type of tax-exempt entity, consolidated entities similar to the Library, similarity of revenue streams, nature of operations, or size. The Library may feel free to contact the individuals noted. These clients are also served by members of your engagement team:

**Ardley Union Free School District**

Ardley, New York

Cheri Rosenblatt, Assistant Superintendent for Business, Facilities & Operations  
(914) 295-5556

**Dutchess County BOCES**

Poughkeepsie, New York

Matthew Metzger, Business Official  
(845) 486-4800

**Pine Plains Central School District**

Pine Plains, New York

Martin D. Handler, Superintendent  
(518) 398-7181

**Ulster County BOCES**

New Paltz, New York

Allison Dodd, Assistant Superintendent for Business  
(845) 255-3010

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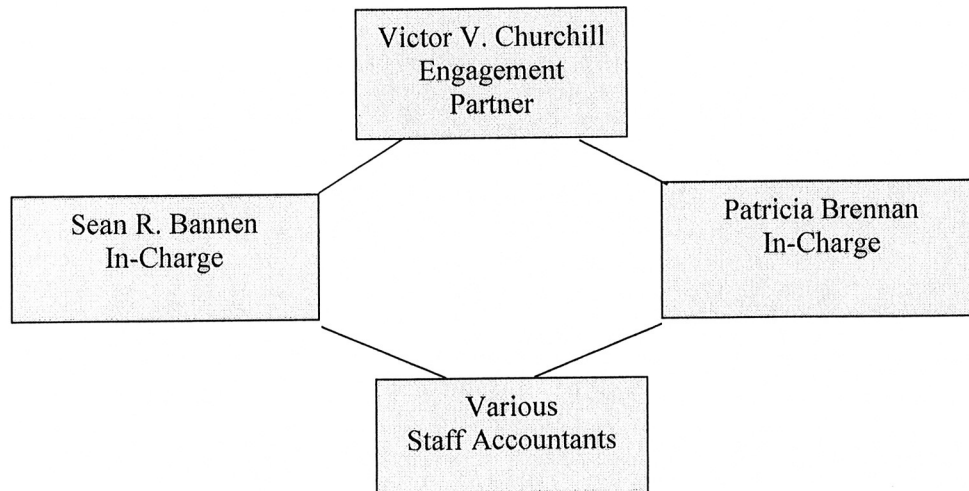
## SERVICE TEAM, EXPERIENCE, AND DEDICATION

### Engagement Team

Choosing the right professionals to serve you is a critical element of success. In selecting your service team, we carefully reviewed our understanding of your needs, as well as your plans, and identified the people whose credentials are ideal for you. The individuals we have selected have a demonstrated track record with municipal education clients and for non-profit entities, strong technical backgrounds, and outstanding leadership and communication skills.

Client service and satisfaction are among our prime considerations. One of the most important services we provide our clients is monitoring their needs on a continual basis. This begins at the staff level and progresses all the way to the partner in charge of your account. We feel it is important that our clients have several resources to help them rather than just one. We have found this type of teamwork facilitates the identification of issues in advance and enables us to plan for them accordingly.

The professionals you will work with are indicated in the chart below. Individual biographies outlining the Concurring Reviewer and Engagement Partner's unique qualifications are provided in the following pages.



All of these individuals have significant experience working with a wide range of clients in both the municipal and non-profit areas and are, therefore, well-versed in numerous accounting and auditing issues.

Victor V. Churchill is primarily responsible for the day-to-day progress of the engagement and the supervision of the engagement team. The Engagement Partner will receive regular feedback from the engagement team, perform the partner review and will be available, when necessary, to assist the engagement team in resolving technical issues. Sean R. Bannen or Patricia A. Brennan will serve as the engagement in-charge. A technical review team will ensure that the engagement complies with our stringent quality control standards in addition to FASB, OMB, GASB, and other compliance requirements.

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## **Client Service Approach**

STAC's approach to client service rests on the principle that successful professional relationships are built on close communication. Equally important is the participation of service team members who know your business. These two factors—communication and experience—will ensure the timely delivery of efficient professional services to the Library.

STAC prides itself on a reputation for a hands-on, service-oriented philosophy and demonstrated commitment to quality, reliability, and responsiveness to client needs. Our low partner to staff ratio of 1:5, professional culture, distinctive style, and values set us apart from the ordinary. This client service philosophy has enabled us to retain significant client relationships spanning more than 25 years.

STAC has over forty years of experience serving middle-market business and accordingly, the core of our client base is small to medium-size businesses. Growing businesses have too much at stake to be a learning ground for “mega firms” that focus their energies and experienced resources on serving large institutional clients. At the same time, growing businesses can be too sophisticated for firms that focus on small businesses. STAC offers the powerful combination of the depth and breadth of a national and international organization and the personal touch of a trusted business advisor – all with a focus on growing businesses.

## **Responsiveness, Accessibility, Communication**

Our service-oriented approach is structured to help you achieve your goals and objectives and strengthen your management processes. As our client, you will continue to experience this philosophy through all aspects of our service.

Open, candid communications and an intimate knowledge of your concerns will enable us to offer proactive advice and counsel. We promptly address issues and report back to you, which will be critical given the timely nature of your reporting deadlines.



You will have access to each member of your service team at all times. As a result, you will benefit from partner-level experience and creativity at the early stages of discussing an issue when you are in a position to take advantage of the alternatives before you.

We encourage regular meetings to ensure that we contribute meaningful ideas, strategies, and plans to address your financial challenges. Such substantive and frequent contact makes it possible to define and prioritize goals, define timetables, and designate responsibility to appropriate individuals.

We commit to maintaining a consistent level of communication with the Library. We will discuss areas critical to the management of your organization and focus our attention on those areas. Through constant communication and involvement with the Library, we will help address issues early in the process before they develop into problems or “surprises” to management and the board. We are very interested in meeting with your Audit Committee and Governing Board.

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We feel this is a very important interaction and are well versed at communicating financial results to those who are not financial experts.

### **Partner and Staff Involvement**

The partners and staff assigned to your engagement will be involved with you throughout the year. **STAC's** philosophy is to provide you with a business partner who is available year round to assist you. In addition, the reviews are performed on-site during audit work so that any questions or issues can be addressed and resolved on a timely basis. Our audits emphasize a thorough approach and focus on having the draft reports prepared during final audit work.

### **Continuity of Key Personnel on Client Assignments**

A continuing goal of **STAC** is the development and maintenance of a long-term relationship. Therefore, the planning, execution, and supervision of our work is rendered by partners and professionals expected to serve you over the years. The individuals we selected have a record of accomplishment with clients in the non-profit sector, strong technical backgrounds, and outstanding leadership and communication skills.

As a matter of policy, our local **STAC** office does not require systematic staff rotation, eliminating the concern about repeated "learning curves". It is our goal, however, to foster career growth, encouraging staff members to take on increasing levels of professional responsibility within the scope of each engagement. As promotions occur, we maintain assignments at as many other levels as possible, in order to assure the client of continuity and consistency.

In the event of turnover, we will ensure staff assigned has similar experience and the engagement team members will be responsible for ensuring any new team member understands your business and issues.



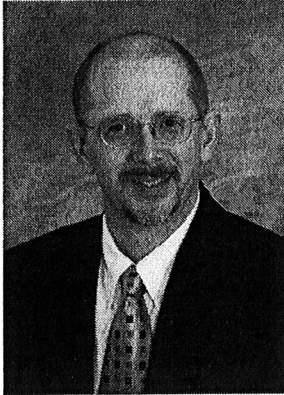
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## *ENGAGEMENT TEAM BIOGRAPHIES*

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**Victor V. Churchill, CPA**  
**Engagement Partner**

Victor Churchill is an Assurance Partner of **STAC's** Hudson, NY office with over forty years' experience. This office has various practice areas, namely audit, tax, management consulting, special projects and risk advisory services. He serves a number of our municipal and non-profit clients.

Victor's extensive experience in the fields of municipal and non-profit auditing and consulting includes:

- Auditing of a wide variety of tax-exempt organizations including associations, membership organizations, quasi-governmental, and governmental organizations;
- Single Audits under Uniform Guidance;
- Business and technical consulting and operational efficiency reviews;
- Presenting audit reports, management letters, and trend and ratio analyses to boards of directors, audit committees, and other governance bodies; and
- Consulting with clients on forecasts, projections, budget and variance analysis, internal control reviews, operational reviews, efficiency studies, and various other business and technical consulting projects.

Victor is an active member of the Association of Governmental Accountants, New York State Society of CPA's and the American Institute of CPA's. He is an Associate Member of the New York State Association for School Business Officials. He has lectured on various non-profit and management topics for various organizations including the New York State Association of Business Officials (NYSASBO) and the New York State Society of CPAs. Victor is the Chair of the New York State Society Public Schools Committee (in-coming Chair of this Committee 2020-2022) and New York State Society PEER Review Committee.

Victor was awarded Certificates of Educational Achievement in both Not-for-Profit and Governmental Accounting and Auditing. Additionally, Victor heads the firm's quality control monitoring and has participated in numerous quality and peer review teams throughout New York and Connecticut.

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**Patricia A. Brennan**  
**Senior Accountant – In-Charge**

Patricia A. Brennan is a Senior Accountant in the Hudson, NY office of Sickler, Torchia, Allen & Churchill, CPA's, PC.. Patricia has over fourteen years' experience in the audits of Governmental Organizations, and Charitable Organizations.

Patricia's experience includes:

- Planning, performing, and supervising financial statement audits, reviews, compilations, and preparations.
- Preparing and reviewing financial statements including required disclosures to insure that they are in accordance with generally accepted accounting principles and NYS OSC Division of Law, Government and School Accountability.
- Performing Reviews for non-profits in accordance with Standards for Accounting and Review Services.
- Analyzing internal controls and policies and writing accounting policies and procedures manuals.
- Reviewing systems for compliance with various governmental agencies and performing audits in accordance with Federal Uniform Guidance.
- Performing and reviewing program specific federal audits, other compliance audits, and agreed upon procedures engagements.
- Experience with both Federal and non-Federal grants.
- Presenting audit reports and management letters to Boards of Directors and Finance and Audit Committees.

Professional Affiliations:

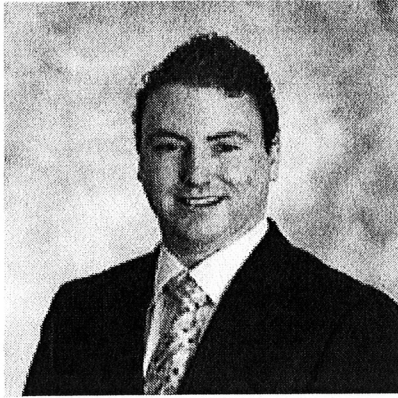
New York Capital Chapter of the Association of Government Accountants.

Education:

The Sage Colleges, Albany NY  
Bachelor of Science in Accounting

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**Sean R. Bannen**  
**Senior Accountant – In-Charge**

Sean is a Senior Accountant with our Hudson Office. He has nine years of progressive experience with STAC conducting audits of Public School Districts, Public Housing Authorities, towns, fire districts, community districts, insurance companies and various non-profits. He oversees aspects of engagements, including supervision of staff, review of workpapers and financial statements, and serving as a client liaison. Sean also serves as the computer coordinator for the Hudson office handling various tasks related to the firms IT operations.

Sean's experience includes:

- Auditing a wide variety of municipal and non-profit organizations, (including public school districts, towns, fire districts, community districts and public housing authorities);
- Auditing insurance companies and various other nonpublic companies; and
- Single Audits under Uniform Guidance; and
- Compilations for towns, villages, and cities;
- Monthly reconciliations for various towns.

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## SERVICE PROCESS OVERVIEW

### Continuity of Auditors

In recent times, many boards and audit committees have explored auditor rotation as a method of obtaining a “fresh look” at their financial picture. We feel our Firm is best equipped to provide for these types of rotation as Patricia Brennan and Sean Bannen have both served as engagement in-charges on the Firm’s School District clients. Our Firm’s partners have extensive experience in municipal education and non-profit audits allowing us to provide partner rotation for any of our clients requiring a “fresh look”.

### Audit Approach

As auditors, we want to be accurate. As business advisors, we want to be practical. To help the Library make the best decisions, we firmly believe in communication throughout the year. We also believe that proper planning greatly reduces the possibility of surprises during year-end audit work. To this end, we conduct our audits in two phases: the interim audit work phase and the final audit work phase.

### Interim Audit work

In the interim audit work phase, we gain an understanding of your operations, evaluate the reliability of your internal controls, and identify any issues that may have audit significance. Based on the information obtained during this phase, we can determine:

- The general areas of audit risk.
- The extent of reliance on your system of internal controls and accounting procedures.

The scope of our audit is determined on the basis of this essential review. It serves to enable us to:

- Judge how well your internal controls are working;
- Customize our audit procedures to your systems; and
- Recommend measures to improve the system.

In our review, we will assess the degree to which your system provides appropriate segregation of functional responsibilities. We will evaluate the system of authorization and recording procedures to ensure that they provide reasonable accounting control over assets, liabilities, revenues and expenses. Obtaining an understanding and the results of the Library’s internal audit function is a key element of this review. While we are not permitted under current auditing standards to reduce our scope below that required to form an opinion on your financial statements, we can utilize it to streamline the documentation of our understanding of your system in order to develop an audit plan for an assessment of your control risk below maximum. In this regard, coordination can be developed with the internal auditor to avoid duplication of effort. At the end of our review, we will assess results to determine if the system works as desired.

- Whether any significant audit issues need to be discussed so they can be resolved prior to the start of final audit work.

# MID-HUDSON LIBRARY SYSTEM

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Some of the other areas addressed at this time will include:

- *Confirmations* – Your staff will be asked to assist in the identification of relevant third parties and to prepare all confirmation requests in writing. We will mail these confirmations during interim audit work.
- *Minutes* – We will review minutes of meetings held during the year.
- *Preliminary Analytical Review* – We will review key financial statement areas including a preliminary analysis of budget-to-actual and prior year-to-current year comparisons.
- *Permanent File* – We will obtain copies and review all relevant documents.
- *Audit Programs* – We will tailor our audit programs as we develop our approach and determine the nature, timing, and extent of substantive procedures that we will perform during final audit work.

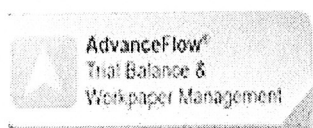
## **Final Audit work**

The final audit work phase of the audit will generally commence once the books are closed and the appropriate audit schedules have been completed. During this phase, we will perform the appropriate tests of account balances in order to form an opinion on the financial statements.

## **Advanced Audit Technologies**

During all stages of our audit process, **STAC** incorporates automated audit tools to provide you with timely information and effective and efficient audits. Because **STAC** utilizes state-of-the-art audit technologies, the expectation is that our systems will have high compatibility. **STAC** utilizes a third party practice aid to prepare an audit approach specifically tailored to your organization utilizing a risk-based audit methodology. This methodology is used by the audit engagement team to identify inherent risks and control strengths.

In addition, some of our other cost effective applications include:



### **AdvanceFlow**

AdvanceFlow is the first audit management software that combines the convenience of the cloud with enterprise-level processing power. Engagements, workpapers and colleagues are available in real time with just a click-whether we're in the office, in the field or anywhere else.

AdvanceFlow is built using the GoFileRoom platform that's already used by most of the top accounting firms around the U.S. It features deep integration with a variety of other applications, including PPC's SMART Practice Aids, Checkpoint Engage, UltraTax CS and the Microsoft® Office suite of products. This enables us to get the entire job done from anywhere, with far less switching between applications.

## MID-HUDSON LIBRARY SYSTEM

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To further increase the efficiency of our audits and reduce costs to you, we use laptop computers and portable printers for all of our audit planning and audit work. We combine the use of spreadsheet, word processing, and trial balance software to perform the most efficient audits possible. Some of the benefits of full automation include the ability to:

- Import data directly from your accounting system, thereby eliminating manual keypunching;
- Prepare graphs for management presentations;
- Use pre-formatted spreadsheets from year to year, allowing us to perform ratio and trend analysis on key accounts;
- Work in a “digital” audit environment allowing you to provide schedules electronically, thereby reducing your staff’s audit preparation time; and
- Provide our clients with a secure data portal on our website allowing for efficient transfer of electronic data between our Firm and the auditee.

### **Analytical Review Process**

Sophisticated use of the analytical review can have a major impact on the time and cost of an audit, therefore we consider it essential. In your case, we will scrutinize your financial position, operating results and key statistics relative to other periods, established reasonable norms, and industry benchmarks. That way, we can discover any unusual or unexpected relationships that warrant investigation (including anticipated fluctuations that have not appeared).

We will begin our analytical review of financial data during the initial planning stages of our engagement and update our findings during the final stage, after year-end figures are obtained. Our initial review will be completed as early as possible in the engagement, since changes in ratios or relationships may indicate a need for more or less extensive audit work in certain areas. Such changes may also point to errors or irregularities in the accounting records. When we obtain your year-end figures, we will update the ratios and percentages to identify changes that have occurred since our initial audit work was performed.

We view the audit process as a cooperative one. We meet with management at scheduled intervals to discuss and review engagement status and progress against our plan so as to keep all informed and the audit process a smooth and efficient one.

### **Compliance Review**

**STAC** will perform compliance testing procedures and will issue a report on compliance and on internal control over financial reporting based on the audit of financial statements of the Library, performed in accordance with *Government Auditing Standards*.

The objectives of the single audit are to determine whether:

- There is effective control and proper accounting for revenues, expenditures, assets, and liabilities relating to contracts and grant funds;
- The financial statements for the Library are presented fairly in accordance with generally accepted accounting principles;
- The financial reports submitted to federal agencies contain reliable financial data and are presented in accordance with the terms of applicable agreements; and
- Federal funds are being expended in accordance with the terms of applicable contracts and grant agreements and those provisions of federal laws or regulations that could have a material effect on the financial statements.

# MID-HUDSON LIBRARY SYSTEM

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We identify significant provisions of laws affecting the Library and perform compliance tests to ensure that the Library is operating in accordance with applicable laws and regulations. Some compliance tests are transaction based from which we select sample transactions for testing. We use inquiry and observation procedures to verify non-transaction based compliance features.

## **Assistance by Your Personnel**

STAC believes in utilizing the work of the internal staff to the fullest extent possible to minimize your costs. We will provide your personnel with a list of schedules to be completed for each phase of audit work. These lists will be provided well in advance to allow for adequate completion time. We will also need access to various personnel during our audit.

## **Looking Forward: The Management Advisory Letter**

STAC will prepare a management letter and other reports, outlining any substantial deficiencies or material deficiencies noted in your system of internal controls. The report on the study and evaluation of internal control systems will identify and evaluate the significant internal accounting controls used to safeguard assets and to provide accurate and timely financial information.

In addition, any significant opportunities to improve internal controls and accounting procedures, budgeting and financial projection processes, and financial reporting styles, which will increase the reliability of accounting records and financial statements, will be discussed.

We consider the management letter to be an integral part of the audit process. A notable effort is spent formulating ideas that will help the Library operate more efficiently and effectively.

Our policy is to discuss issues as they arise with the appropriate management personnel. We will prepare a management letter and applicable internal control and compliance reports in draft form for management and the audit committee. We will revise the draft management letter after appropriate discussions with management and the audit committee and will present this to the Library's governing body, as required.

## **Entrance, Exit, and Status Conferences**

All of our personnel are good communicators. We understand the importance of communicating relevant information on a timely basis. We also understand that your staff has schedules and other matters to deal with, and that organizations must conduct business with minimum disruption. Accordingly, it is our policy to schedule meetings in advance to keep management informed of the progress being made on the audit.

By identifying and resolving audit issues on a continuing basis, we help address issues before they develop into problems or "surprises" to management and the board. Also, our deployment of STAC's process of quality control will be accomplished without causing you surprises; our review members are involved throughout the auditing process.



# MID-HUDSON LIBRARY SYSTEM

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## **Transition**

In the case of a transition it would entail performing certain audit procedures on opening balances, including disclosures, and consistency in application of accounting policies for the year under audit. As part of this process we will need to obtain documentation of permanent/long term information such as collective bargaining agreement, installment purchase agreements, fiscal policies, reserve resolutions, etc.

Auditing standards with respect to successor auditor responsibilities have been updated, effective for audits of financial statements for periods ending after December 15, 2012 under statement on Auditing Standards #122.

Review of predecessor auditor's working papers cannot be the only procedure performed regarding opening balances on an initial engagement. The successor auditor is to obtain sufficient appropriate audit evidence regarding opening balances and whether; (a) opening balances contain misstatements that materially affect the current period's financial statements and (b) appropriate accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements or charges thereto are appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.

## **Client Satisfaction**

Your engagement team is committed to not only meeting your expectations but exceeding your expectations. To ensure we have achieved this goal we communicate with you throughout the year. We want to hear any issues you may have with our services and commit to satisfying your requests. Annually, we utilize a formal engagement letter to document the scope and responsibilities of each party. Should a conflict exist between the annual engagement letter and the proposal, the proposal will take precedence, unless that conflict is caused by a change in auditing standards or NYS Department of Education requirements.

# MID-HUDSON LIBRARY SYSTEM

## Work Plan

This is a sample work plan. Upon engagement, this timetable would be reviewed and actual dates discussed to ensure a mutually agreeable timeframe.

Mid-Hudson Library System	
Time-Phased Service Plan	Timeframe
<ul style="list-style-type: none"> <li>▪ Planning and preliminary audit work                             <ul style="list-style-type: none"> <li>➤ Discuss current year audit with management. Assess risk, write/tailor audit programs, test controls, document understanding of transaction cycles, perform SAS 99 procedures, perform preliminary analytical review, prepare confirmations, review minutes, review permanent file information, prepare list of audit schedules to be prepared by the Library personnel, complete planning.</li> <li>➤ Review prior year financial statements and predecessor workpapers. Consider changes needed due to recent technical pronouncements and management's desire.</li> <li>➤ Document understanding of internal compliance processes.</li> <li>➤ Perform the required audit procedures under the uniform guidance for Single Audit, when necessary.</li> <li>➤ Entrance conference is contemplated 2 weeks prior to the preliminary audit work.</li> </ul> </li> <li>▪ <i>Staff level to be assigned: Partner, Senior Staff</i></li> </ul>	<p>Mutually agreeable time prior to January 31st</p>
<ul style="list-style-type: none"> <li>▪ Internal control review                             <ul style="list-style-type: none"> <li>➤ Identify significant accounting cycles and accounting applications and document control procedures.</li> <li>➤ Meet with key members of your information technology and business application data owners to identify and review general and application controls.</li> <li>➤ Additionally, we will follow up on the status of the implementation of prior year's recommendations contained in the predecessor auditor's management letter.</li> </ul> </li> <li>▪ <i>Staff level to be assigned: Partner, Senior Staff</i></li> </ul>	<p>Mutually agreeable time prior to January 31st</p>

# MID-HUDSON LIBRARY SYSTEM

Mid-Hudson Library System	
Time-Phased Service Plan	Timeframe
<ul style="list-style-type: none"> <li>▪ Year-End audit work and Compliance work                             <ul style="list-style-type: none"> <li>➤ Perform audit test work.</li> <li>➤ Meet with management to discuss adjustments and management letter comments. (Progress Conference)</li> <li>➤ Review with client draft of financial statements available by the end of the 2nd week of March to allow for timely meeting with the audit committee/board.</li> </ul> </li> <li>▪ <i>Staff level to be assigned: Partner, Senior Staff</i></li> </ul>	<p>Scheduled no later than approximately the 3<sup>rd</sup> full week of February each year for completion by March 31st, annually.</p>
<ul style="list-style-type: none"> <li>▪ Issue deliverables (draft to finalization)                             <ul style="list-style-type: none"> <li>➤ Review the client preparation of the MD&amp;A will be given to the business office no later than the end of the 2nd week of March, contingent upon the Library having provided all material documentation 5 working days prior to that date.</li> <li>➤ We anticipate completion of review of draft documents within two weeks after the end of our audit work.</li> <li>➤ We anticipate issuing final documents within 5 working days after your approval.</li> <li>➤ Reports will be presented to the Library's Audit Committee and/or full board on the dates prescribed by the Library.</li> </ul> </li> <li>▪ <i>Staff level to be assigned: Partner, Concurring Partner, Technical Reviewer, Senior Staff</i></li> </ul>	<p>The end of the 2nd week of March each year for complete draft reports with final reports to be issued within 5 working days after the Audit Committee Meeting. This will allow meeting with the board(s) in March annually.</p>

\*Detail Timing will be determined annually\*

# MID-HUDSON LIBRARY SYSTEM

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## COMMITMENT TO QUALITY ASSURANCE

### Quality Control

Quality control in a regional firm such as **STAC** is dependent upon an organizational structure which is inherently sound and which clearly defines the responsibilities of the various levels of management. The general organization of **STAC** includes local offices in Lake Katrine and Hudson, New York.

The Firm's management derives its authority from all the partners in the Firm. These partners elect the members of the Board of Directors, which determines general firm policies.

### Quality Control in the Local Office

**STAC** is dedicated to excellence in our accounting and auditing practice. Our quality control procedures include the following:

- *Pre-Issuance Review* – All reports on audited financial statements are reviewed before issuance by a technical director who, along with the engagement partner, has significant experience in the industry. This provides assurance that our audit reports conform to the latest developments in professional standards.
- *Post-Issuance Report Review* – A Quality Control Team conducts post-issuance reviews of selected reports issued by every audit partner. The reports are selected randomly from audit reports issued throughout the year and are reviewed for compliance with professional and Firm standards as well as clarity and consistency within the statements themselves.
- *Assignment and Training of People* – We schedule professionals only to engagements for which they have the necessary background and training. Those without the necessary background are trained before an assignment.
- *Supervision* – Our engagement teams are subject to a “chain of supervision” over all the work performed. All audit workpapers are reviewed by the person supervising the preparer of the workpapers. The reviewers write review comments, as appropriate, for the preparers to clear. The reviewers have to agree with the manner in which such comments are cleared.
- *Engagement Manager and Partner Review* – Managers and partners assigned to engagements review the audit workpapers and reports. Specifically, the managers review all workpapers supporting our reports and the engagement partners review workpapers of critical audit areas as deemed appropriate.
- *Client Management Review* – Our engagement partner and/or manager review all draft reports with client management as per the direction of the auditee.

These quality control procedures have served us well on all of our engagements and we intend to use the same should we become the successful awardee.

# MID-HUDSON LIBRARY SYSTEM

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## INDEPENDENCE

Your audit will be conducted in accordance with generally accepted auditing standards which require that an auditor be independent in both fact and appearance. Independence is the cornerstone of the public accounting profession. The very integrity and credibility of the U.S. financial reporting process depends on our Firm and the rest of the profession complying with the independence rules. Our Firm meets the independence standards of the American Institute of CPAs' Code of Professional Ethics and the Government Accounting Office (GAO) Independence Rules with respect to the Library, and we confirm such independence.

Our independence requirements are formally stated in writing and communicated to our personnel on:

- Investments that are not to be held;
- Relationships that should not exist; and
- Prohibited transactions.

Annually, we circulate our independence form to all staff to sign. Specifically, our partners review the forms for the audit personnel assigned on that engagement to ensure that there are no conflict of interest issues to compromise one's independence. STAC diligently monitors and maintains independence by requiring an annual certification of compliance by each professional.

## LICENSES

The Firm and all assigned key certified professional accountants are properly licensed to practice in the State of New York.

# MID-HUDSON LIBRARY SYSTEM

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## *Appendix A*

### ***PARTIAL LIST OF MUNICIPAL ACCOUNTING AND AUDITING EXPERIENCE***

#### **CURRENT EXPERIENCE**

Andes Central School District	Port Jervis Public Housing Authority
Ardsley Union Free School District	Poughkeepsie City School District
Catskill Central School District	Poughkeepsie Public Housing Authority
Centerville Fire Company	Rochester Public Housing Authority
Churchtown Fire Company	Saxton Board of Fire Commissioners
City of Yonkers Public Housing Authority	Taconic Hills Central School District
Craryville Fire District	Town of Ashland
Dutchess County BOCES ✓	Town of East Fishkill
Ellenville Public Housing Authority	Town of Greenport
Freeport Public Housing Authority	Town of Hurley
Glasco Fire District	Town of North East
Glen Cove Public Housing Authority	Town of Pine Plains
Great Neck Housing Authority	Town of Shandaken
Greenburgh Public Housing Authority	Town of Windham
Greenport Fire District	Troy Public Housing Authority
Hunter-Tannersville Central School District	Ulster County BOCES ✓
Kingston Public Housing Authority	Village of Hobart
Livingston Fire District	Village of New Square Public Housing Authority
Long Beach Housing Authority	Village of Nyack Public Housing Authority
Millbrook Central School District	Village of Saugerties
Peekskill Public Housing Authority	Village of Woodridge Public Housing Authority
Pine Plains Central School District	Webutuck Central School District
Pine Plains Fire District	

# MID-HUDSON LIBRARY SYSTEM

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## ***PRIOR DISTRICT/BOCES EXPERIENCE***

### ***10 Years***

New Paltz Central School District	Windham-Ashland-Jewett Central School District
Highland Central School District	Marlboro Central School District
Ellenville Central School District	Putnam Northern-Westchester BOCES
Wallkill Central School District	Germantown Central School District
Sullivan-West Central School District	Arlington Central School District
Wappingers Central School District	Chatham Central School District
Red Hook Central School District	Saugerties Central School District

## ***SPECIAL ACT SCHOOL DISTRICTS***

### ***SERVED IN THE PAST***

Abbot Union Free School District	Berkshire Farm Union Free School District
Rhinecliff Union Free School District	Sugarloaf Union Free School District
West Park Union Free School District	

MID-HUDSON LIBRARY SYSTEM

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*Appendix B*

***RESOURCES BEYOND THE CORE REQUIREMENTS***



# MID-HUDSON LIBRARY SYSTEM

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## ADDITIONAL RESOURCES

Below is a summary of additional resources offered through Sickler, Torchia, Allen and Churchill CPA's, PC's alliance with BDO Alliance USA, LLC, at no additional charge to our clients.

### Resource Centers

*The BDO Resource Center* is a program designed to assist those charged with governance (including audit committees, boards of directors and financial executives) of both public and private companies in keeping up-to-date on the latest corporate governance and financial reporting developments.

The program is multi-faceted and consists of complimentary CPE-worthy webinars and self-study courses covering both broad and specific topics of interest; publications; and links to various BDO and external resources. Visit <https://www.bdo.com/resource-centers/> for more information.

The webinars are complimentary and are generally applicable for audit committees, board members, management, finance and compliance professionals of both public companies and private companies. In addition, most webinars and archives are worthy of Continuing Professional Education (CPE) credit. Please contact us for further information on upcoming and archived webinars.

The focus is to provide those charged with governance with essential, relevant information through clear and concise executive summary-type communications. In this spirit, BDO Alliance USA, LLC has created the *Effective Audit Committees in the Ever Changing Marketplace* publication as a practical guide to forming and running an effective audit committee <https://bdo.com/insights/assurance/client-advisories/effective-audit-committees-guide>. This publication provides answers to certain frequently asked questions (FAQs) centering on the WHYs, WHOs, WHATs, WHENs and HOWs of audit committees. More specifically, these FAQs summarize the common functions and responsibilities of audit committees and seek to provide insights and perspective as to how to optimize audit committee effectiveness. Our vision has been shaped by our own experiences with our clients and interpretations of the specific recommendations, guidelines, and rules of the SEC; the stock exchanges; the Public Company Accounting Oversight Board (PCAOB); the American Institute of Certified Public Accountants (AICPA); and the Blue Ribbon Committee on Improving the Effectiveness of Corporate Audit Committees, sponsored by the New York Stock Exchange and the National Association of Securities Dealers.

Throughout this publication, there is a focus on some of the more challenging aspects facing audit committees. To that end, in addition to commentary, it includes links and references to other relevant BDO Alliance USA, LLC practice aids and tools as well as certain valuable external resources. The guide and practice aids are available to our clients at no charge.

# MID-HUDSON LIBRARY SYSTEM

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## **STAC Resources**

For over 35 years, the Shareholders of Sickler, Torchia, Allen & Churchill, CPAs, PC have provided assurance, tax, financial advisory and consulting services to a wide range of companies, non-profit and municipalities. We offer a sophisticated array of services and access to global capabilities combined with local presence and the personal attention of experienced professionals.

Below is a summary of some of the many resources STAC makes available, through our membership with BDO Alliance USA, LLC at no additional charge to our clients.

## **Client Advisories**

Our Client Advisories are concise documents that provide timely commentary, analysis and insights on events and trends of interest to managers and directors. To subscribe to future client advisories, please use our RSS (Really Simply Syndication) Feeds or visit [www.bdo.com/services/assurance](http://www.bdo.com/services/assurance).

## **Nonprofit Standard**

The Nonprofit Standard is an information blog that you can either access via their website or you can elect to subscribe once you are in there. To access this information blog and information on their Twitter feed as well, go to: [nonprofitblog.bdo.com](http://nonprofitblog.bdo.com)

## **Industries**

Providing industry experience to help our nonprofit-education clients leverage their capabilities and meet the challenges of today. [www.bdo.com/nonprofit-education/overview](http://www.bdo.com/nonprofit-education/overview)

## **Financial Reporting Letters**

Our Financial Reporting newsletters address significant financial reporting developments, relating to both public and private businesses that occur throughout the year.

## **Tax Alerts and Newsletters**

BDO's National Tax Organization (NTO) provides a multitude of alerts and newsletters spanning considerations involving expatriate, federal, state and local jurisdictions and includes such areas as compensation and benefits, and credits and incentives. NTO further provides Tax Seminars / Webinars on a variety of topics, whose archives are readily available to clients and contacts.

## **Industry Publications**

BDO's industry publications are numerous and span the sectors of high technology, retail and consumer products, not-for-profit and real estate.

# MID-HUDSON LIBRARY SYSTEM

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## Consulting

Through our local resources and utilization of our membership with BDO Alliance USA, LLC, **STAC** addresses the needs of non-profits through a variety of financial, governance, and management consulting services. These are geared towards developing the most efficient and cost-effective solutions for the growing challenges posed by today's competitive marketplace.

Based on the increased role of technology in business operations, non-profits now look to **STAC** for advice in this critical area as well. To meet this need, **STAC** provides assistance with establishing management reporting guidelines and performing software needs analysis, review and selection, as well as efficiency studies. Listed below are some examples of the continuing support we may provide directly or through the use of our membership with BDO Alliance USA, LLC, which go beyond standard audit and tax services.

- Alternate revenue streams
- Business process reengineering
- Benchmarking studies
- Business plans
- Strategic plans
- Enhanced financial communication
- Development consulting
- Forecasts and projections
- Member surveys
- Cost allocation studies
- Chart of accounts design
- Grants management
- Lease vs. purchase analysis
- Compensation studies
- Ballot counts
- Disaster preparedness

# MID-HUDSON LIBRARY SYSTEM

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## **Employee Compensation and Benefits**

**STAC** offers development and implementation of strategies for taxable and tax-exempt organizations, including: ERISA, tax and regulatory enforcement and compliance, business advisory services, performance and compensation, merger and acquisition consulting services, and international benefits services. Our alliance network has assisted several organizations in studying their personnel and compensation arrangements to ensure compliance with regulations regarding excess benefit transactions. These studies have assisted in identifying the parties in interest and then analyzing how total compensation is awarded to ensure compliance with the IRS regulations. This is a preventative measure organizations should consider.

## **Technology Consulting**

Information has never been more essential to the management of your organization. To acquire and manage the critical information necessary to make timely decisions, organizations like the Librarys must employ the “right” information technology. BDO’s Business Resource Network can define the best technology for you and then assists in maximizing its usage for the most effective and efficient results.

Business Resource Network provides packaged software solutions covering financial accounting, distribution, manufacturing, payroll, human resources, customer relationship management, fund raising, fund accounting and integrated e-commerce solutions. Other services include voice and data systems design and implementation for integrated or stand-alone communications systems. Business Resource Network also provides clients with full cycle operations and application support. Services include:

- Technology planning and budgeting
- Network design and implementation
- Accounting, CRM, and ERP software selection
- Database programming
- End-user training
- Internet/Intranet technologies
- Network securities

Our service delivery model enables **STAC** to provide high-level technology consulting services to our clients through our Alliance of Technology Firms. This is a valuable option **STAC** can offer clients due to the various independence rules that entities subject to the Federal Single Audit Act need to consider. Through our Alliance, we provide innovative business solutions that leverage current, proven technologies from leading technology firms. Clients benefit from economies of scale, breadth of services, depth of resources, and our ability to offer local staffing in most U.S. locations.

## **Forensic and Investigative Services**

**STAC** offers a dedicated Risk Advisory Services Team to help when dealing with complex fraud investigations, including management fraud, employee embezzlement, and investment scams. These highly qualified professionals assist in identifying and tracing fraudulent transactions and helping to recover stolen assets. They provide a timely response to identify fraudulent activity, quantify the amount of the fraud, locate diverted assets, and institute preventive measures to guard against future frauds.

# MID-HUDSON LIBRARY SYSTEM

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## *Appendix C*

### **PROPOSER'S WARRANTIES**

Proposer warrants that it is willing and able to comply with State of New York laws and regulations.

Proposer warrants that it is willing and able to obtain an error and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the **Library**.

Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Proposer affirms that those assigned to your engagement have met all the continuing education (CPE) requirements necessary to comply with the 2018 version of the Yellow Book Standards.

Signature of Official:



Name:

Victor V. Churchill

Title:

Shareholder

Firm:

Sickler, Torchia, Allen & Churchill CPAs, PC

Date:

August 12, 2021

MID-HUDSON LIBRARY SYSTEM

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*Appendix D*

*PEER REVIEW REPORT*



**REPORT ON THE FIRM'S SYSTEM  
OF QUALITY CONTROL**

To the Partners of Sickler, Torchia, Allen &  
Churchill CPAs, PC and the Peer Review  
Committee of the PICPA

We have reviewed the system of quality control for the accounting and auditing practice of Sickler, Torchia, Allen & Churchill CPAs, PC (the firm) in effect for the year ended May 31, 2020. 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](http://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 part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

**YOUR PATH. YOUR FUTURE.**

Davidson Fox & Company, LLP

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53 Chenango Street, 3rd Floor • Binghamton, New York 13901 • P: 607.722.5386 • F: 607.722.7682  
[davidsonfox.com](http://davidsonfox.com)

# MID-HUDSON LIBRARY SYSTEM

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## REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL (Continued)

### Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Sickler, Torchia, Allen & Churchill CPAs, PC in effect for the year May 31, 2020, 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 deficiencies*, or *fail*. Sickler, Torchia, Allen & Churchill CPAs, PC has received a peer review rating of *pass*.

Davidson, Fox & Company, LLP

Davidson, Fox & Company, LLP  
January 15, 2021



**MID-HUDSON LIBRARY SYSTEM  
PROFESSIONAL AUDITING SERVICES PROPOSAL**

**DOLLAR COST BID  
~ ORIGINAL ~**

**SUBMITTED BY  
SICKLER, TORCHIA, ALLEN &  
CHURCHILL, CPA's, PC**

MID-HUDSON LIBRARY SYSTEM  
PROFESSIONAL AUDITING SERVICES PROPOSAL  
DOLLAR COST BID

TITLE PAGE

FIRM NAME: SICKLER, TORCHIA, ALLEN & CHURCHILL, CPA's, PC

WHOM TO CONTACT: VICTOR V. CHURCHILL, CPA  
(Authorized to sign proposals committing the Firm to provide services  
at the Firm's February 6, 2021 Director's Meeting)

ADDRESS: 4071 ROUTE 9, STOP 1  
HUDSON, NEW YORK

PHONE: (518) 828-4616

FAX: (518) 828-0235

E-MAIL: [vchurchill@stac-cpa.com](mailto:vchurchill@stac-cpa.com)

DATED: August 12, 2021

MID-HUDSON LIBRARY SYSTEM  
PROFESSIONAL AUDITING SERVICES PROPOSAL  
DOLLAR COST BID

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# MID-HUDSON LIBRARY SYSTEM

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## YOUR INVESTMENT

Fees are a critical concern for all organizations and as such, **STAC** is sensitive to your objective of controlling costs. We will cooperate fully to minimize your investment consistent with maintaining our standards of quality. As a means of controlling costs, we request that any documentation required be prepared by your personnel and provided to us. Because we highly value a continued long-term relationship with the Library, we have made every effort to provide a reasonable schedule of our fees.

## ALL INCLUSIVE FIXED FEE PROPOSAL

We generally invoice as work progresses and include out-of-pocket costs incurred in the monthly invoices. Reasonable out-of-pocket expenses (such as postal costs and confirmation charges by third parties) are included and are estimated to not exceed \$150. Recurring costs such as travel, lodging and tolls to and from the Library locations are included.

We have found that the best way to avoid service gap expectations or surprise billings is to maintain an open dialogue with key members of the client's staff. During the planning, performance, and reporting phase of the audit, communication will be a critical component of the success formula.

Our fees are subject to revision only if unforeseeable circumstances are encountered. In that unlikely event, we will discuss the matter with you before incurring any additional costs so that mutually acceptable revisions can be made. The fee estimates are based on the facts and circumstances made available to us at the time the proposal was developed. Should changes in accounting rules, federal regulations, auditing standards, tax laws, the Library's corporate structure, or client personnel warrant additional fees, you will be notified prior to any time being incurred.

Our fees are based on the following assumptions.

- You will prepare schedules and analyses;
- You will provide us with supporting documents as requested;
- You will be available to assist us; and
- You will not make significant changes in your internal accounting controls, accounting systems, key personnel, or organizational structure.


# MID-HUDSON LIBRARY SYSTEM

## ALL INCLUSIVE FIXED FEE PROPOSAL (CONTINUED)

The complete audit includes all auditing and reporting in accordance with generally accepted auditing standards; SAS-114 letters; interim virtual audit procedures of the Library during the year; virtual attendance at Audit Committee and Board meetings concerning the preceding (3 meetings annually included); and all telephone, virtual or live consultations concerning auditing and accounting considered routine consultation (not to exceed 4 hours annually).

Mid-Hudson Library System		Approximate breakdown per year:	
June 30, 2022		Total	
Estimated			
Hours	Total Fees	Hours	
105	\$ 12,000	Shareholder/Principal	16
		Manager/Supervisor	16
June 30, 2023		Senior/Junior Staff	62
Estimated		Support Staff	11
Hours	Total Fees		
105	\$ 12,000	105	
June 30, 2024			
Estimated			
Hours	Total Fees		
105	\$ 12,250		
June 30, 2025			
Estimated			
Hours	Total Fees		
105	\$ 12,500		
June 30, 2026			
Estimated			
Hours	Total Fees		
105	\$ 12,750		

\* In a new engagement, considerable start-up time is expended in the initial year of the engagement. This time, which generally ranges between 25 percent and 50 percent of the quoted fixed fee, is considered our investment in establishing a beneficial and lasting relationship with your Library. Our goal is to provide quality services and, at the same time, keep fees competitive. **(2020-2021 anticipated hours 157 (Regular)).**

Submitted by: Victor V. Churchill, CPA  
 Company: Sickler, Torchia, Allen & Churchill, CPA's, PC  
 Authorized Signature:   
 Name: Victor V. Churchill, CPA  
 Title: Shareholder  
 Date: August 12, 2021

# MID-HUDSON LIBRARY SYSTEM

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## ROUTINE CONSULTATION

STAC encourages clients to call us with any questions or issues as they arise and we do not bill for routine calls and questions. We have found that this greatly improves communication with our clients and allows us a much better understanding of their operations. Occasionally, your personnel may wish to seek advice and information regarding accounting systems, benefit packages, cost allocations, operating efficiencies, tax planning, or other matters (not to exceed 4 hours annually). If extended research is required, we will provide you with a fee estimate and request your approval before we begin.

In addition to the aforementioned services, we will be readily accessible throughout the year for consultation on financial or management issues. We are particularly strong in high level management consulting services including operational efficiency reviews, product costing and pricing, and alternate revenue streams. We have substantial experience in each of these areas, as well as many more, and would be pleased to assist the Library in any or all of these areas by providing cost effective solutions.

The basis of such costs would be the estimated time and expenses to accomplish the project at the following hourly rates for 2021:

Shareholder/Principal	\$160-\$215/hour*
Manager	\$140-\$160/hour*
Supervisor	\$125-\$140/hour*
Senior Accountant	\$80-\$125/hour*
Junior Accountant	\$65-\$80/hour*
Support Staff	\$30-\$65/hour*

\* plus travel at the federal mileage rate (\$.56/mile for 2021)

Generally, the above rates represent 85%-95% of the Firm's standard billing rates. Additionally, there is no extra charge for the report preparation (typing and copying) on any engagement.