

## **AUDIT COMMITTEE**

### **MINUTES**

October 26, 2016

8:30 AM

RGRTA Board Room

1372 East Main Street, Rochester NY

#### **Committee**

**Members Present:** Commissioner Michael Jankowski, Committee Chairman  
Commissioner Rich Kosmerl, By Phone

**Members Excused:** Commissioner Paul Battaglia  
Commissioner Milo Turner

**Others Present:** Commissioner Geoff Astles  
Michelle Shiefer, Bonadio & Co., LLP  
Gregg Evans, Bonadio & Co., LLP  
Ken Pink, Bonadio & Co., LLP  
Sara Dayton, Lumsden McCormick LLP  
Donna Gonser, Lumsden McCormick LLP  
John Schiavone, Lumsden McCormick LLP  
Bill Carpenter, CEO  
Scott Adair, CFO  
Christopher Dobson, VP of Finance  
Mike Burns, Director of Accounting & Payroll

The meeting was called to Order by Commissioner Jankowski at 8:39am.

Scott Adair, CFO, reviewed the agenda with the committee:

- Audit Firm Presentations and Discussion
  - Bonadio & Co., LLP
  - Lumsden & McCormick, LLP
- Review of Presentations by Management and Audit Committee

Scott Adair, CFO, invited the members of the Bonadio & Co., LLP Team to the table to walk the Committee through their proposal and answer any questions they may have.

The Bonadio team introduced themselves, Gregg Evans, Ken Pink and Michelle Shiefer. Ken Pink and Gregg Evans went through the proposal, which is attached to these minutes, and asked if the Committee had any questions.

- *Commissioner Jankowski asked if our cost was increased due to the M/WBE component in the proposal. Scott Adair, CFO, responded that it was not easily identifiable due to changes in professional services rates and increased standards applicable to the audit but that it was reasonable*

*to assume an increased cost was possibly due to the supervision required of an MWBE Firm.*

- *Commissioner Jankowski asked if Bonadio & Co., LLP could elaborate on what the subcontractor's actually going to do in the Auditing process. Gregg Evans of Bonadio responded the number of hours is somewhere between three to four hundred worth of staff level work. So, this is the lowest level of work being supervised by Michelle and away from the single audit testing. It will be things like accounts payable testing. They will be providing first and second year staff so they will need a very high level of supervision, so they will not be out here on their own without supervision.*
- *Commissioner Kosmerl asked if this is the first engagement with a subcontractor that Bonadio & Co., LLP has done or is this something they have experience with. Ken Pink of Bonadio & Co., LLP responded that they have limited experience with this in the Upstate New York space.*

Scott Adair, CFO, invited Lumsden & McCormick to discuss their proposal and answer any follow up questions that the Committee may have.

The Lumsden & McCormick team introduced themselves, Donna Gonser, John Schiavone and Sara Dayton. John kicked off the proposal, which is attached to these minutes, and asked if the Committee had any questions.

- *Chairman Astles asked what the implementation schedule is for GASB 75. Sara Dayton of Lumsden McCormick LLP stated that it takes effect for the Authority's fiscal year ending 3/31/19.*
- *Commissioner Jankowski asked Lumsden how many years' experience they have with the different transportation authorities. Donna Gonser of Lumsden McCormick LLP responded that they have had NFTA (Buffalo) as a client for 7 years and CDTA (Albany) for the last 10 years. Commissioner Jankowski also asked about technology and how all of the Authority's financial operations being intertwined with technology and computer security is a constant concern. John Schiavone of Lumsden McCormick LLP responded that is why they focused on mentioning Jill Johnson and her expertise in the IT area. Lumsden McCormick LLP will look at the financial reporting system and related access. Sara Dayton of Lumsden McCormick LLP also added that Jill is also a certified fraud examiner.*

Chairman Astles made a motion to go into Executive Session to discuss a contracting matter, with a second from Commissioner Kosmerl.

Commissioner Jankowski stated that no vote was made in Executive Session. It was discussed that the next steps of this process would be that Commissioner Jankowski will send an email out to the other members of the Audit Committee not present to get their input and then send out a recommendation to the Full Board. The Full Board will take action on this item based on the Committee's feedback. At the present time, both Commissioner Jankowski and Chairman Astles stated that they are comfortable with

recommending that Bonadio & Co., LLP continue their professional relationship with the Authority.

There being no other matters for the Committee, Commissioner Jankowski adjourned the meeting at 10:20am.



ROCHESTER  
GENESEE REGIONAL  
TRANSPORTATION  
AUTHORITY

# Audit Committee Presentation

## *Proposal to Provide Audit Services*

**Gregg H. Evans, CPA, CFE**  
Engagement Partner

**Kenneth J. Pink, CPA**  
Government Practice Leader

Big firm capability. Small firm personality.

**THE BONADIO GROUP**  
CPAs, Consultants & More

*October 26, 2016*

# Agenda

- Overall Firm Capabilities
- Experience
- Client Service Team
- Audit Communications
- Value Proposition
- Why Choose Bonadio & Co., LLP?
- Questions & Responses

# Overall Firm Capabilities

- **Founded in 1978**
- **We are the 38th largest firm in the U.S.**
  - Approximately 750 employees
  - Ten office locations, headquartered in Rochester
  - Approximately \$100 million/year revenue
  - 141 partners/principals
  - 112 managers
- **Full array of audit, accounting and consulting services**
- **Nationally and Internationally aligned with Moore Stephens**

# Experience

- **We provide professional services to over 250 governments and over 30 NYS Public Authorities.**
- **We specialize in public authorities.**
- **We perform over 150 Single Audits annually.**
- **We understand your organization, risks and strategies**
  - Developed understanding of the procedures, policies, and controls in place over significant audit areas.
  - Developed professional relationships with employees in various departments to assist us in serving you.
  - Allows us to develop efficient audit approach to minimize disruption to your accounting and finance staff.
  - Understand the need for transparency in your financial statements.

# Experience

- **Experienced personnel are hands-on in engagement.**
  - The proposed engagement team brings with vast experience in providing professional services to your engagement
  - Partner and Manager are on site and easily accessible to respond to your questions and concerns
- **Experts in a vast array of service lines at any time.**
  - Developed understanding of the procedures, policies, and controls in place over significant audit areas. Full service CPA Firm
  - Information Technology and Information Security experts are part of the audit engagement team
  - Our Fraud & Forensics Team is another valuable resource available to the audit team



# Quality is a Cornerstone of our Success

- **Strong and continued commitment to quality audits and professional services**
  - Integrity, objectivity, competence and due care in all aspects of our work.
- **Largest group of technical resources in Upstate New York**
- **Our dedicated department of technical advisors and quality control specialists ensures you will receive the highest quality professional services.**
- **Peer Review Status**
  - No deficiencies in our reports since the inception of the process
- **No regulatory actions against the firm or its partners**

# Key Engagement Personnel



**Kristen Clark, CPA**  
Quality Assurance  
Partner



**Gregg Evans**  
**CPA, CFE**  
Engagement  
Partner



**Charlie Wood,**  
**CISA, PCI QSA**  
ERM Executive VP



**Michelle Shiefer, CPA**  
Engagement Manager



**Courtney Spencer, CPA**  
Engagement Senior

## Client Service Team

# Depth of Our Experience

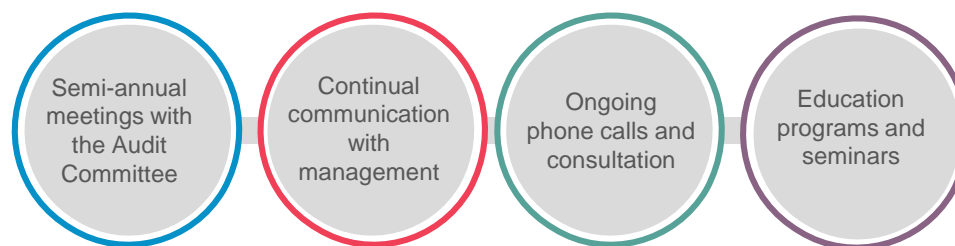
- **The Right People**
  - Your client service team specializes in government organizations.
  - Your client service team and specialists are all based in Syracuse and Rochester.
- **Dedication of experienced resources to the Government industry state-wide:**



# Audit Communications

- **Proactive Communication Process**

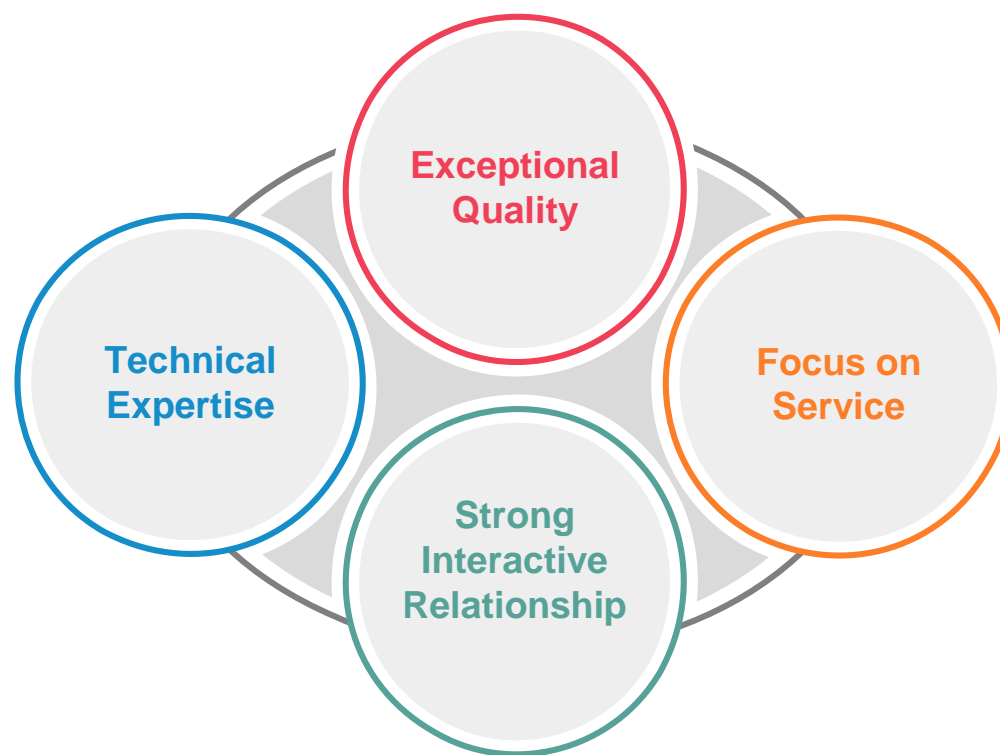
- We consult throughout the year to provide guidance and support regarding new accounting pronouncements and industry updates.



- No surprises in the conduct and finalization of your audit process

# Value Proposition

- RGRTA will continue to receive exceptional value!



# Why Choose Bonadio?

- A history of outstanding audit and consulting services to RGRTA
- Institutional knowledge and a commitment to excellence
- Commitment to continuity of engagement team personnel and timing of fieldwork and deliverables
- Firm focus on quality and value
- Comprehensive service capabilities
- Resources and specialists to meet RGRTA's current and future needs
- Prepared to meet RGRTA's Minority and Women-Owned Business Enterprises goal with assistance from Heveron and Company, CPAs.
- Firm experts are all Syracuse and Rochester-based
- Big firm capabilities; small firm personality
- Committed to the community





# QUESTIONS & RESPONSES

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**Service Excellence**

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**Impeccable Credentials**

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**Best-In-Class Expertise**

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**THE BONADIO GROUP**  
CPAs, Consultants & More

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# Thank You!

**THE BONADIO GROUP**

CPAs, Consultants & More

Albany Batavia Buffalo East Aurora Geneva New York City Rochester Rutland Syracuse Utica

# WHY LUMSDEN McCORMICK

As one of New York State’s premier accounting firms, Lumsden McCormick offers a comprehensive menu of services, combined with dedicated niche expertise, to address all client needs. With over ninety employees, we service organizations of all types and sizes throughout New York State and beyond.

Our proactive approach guarantees year-round personal attention and timely dissemination of information related to industry or regulatory changes, as well as inclusion in various Firm-sponsored conferences.

We are proud to provide unprecedented accessibility to all service team members; partners are actively involved in all client matters and maintain a strong field presence on engagements. Our size affords us the ability to deliver unparalleled expertise and continuity on engagements, as well as deliver timely, quality services without interruption.



Lumsden  
McCormick

CERTIFIED PUBLIC ACCOUNTANTS



ROCHESTER  
GENESEE REGIONAL  
TRANSPORTATION  
AUTHORITY

Proposal Presentation to Provide Independent Audit Services to

ROCHESTER GENESEE  
REGIONAL TRANSPORTATION AUTHORITY

October 26, 2016

Lumsden  
McCormick  
CERTIFIED PUBLIC ACCOUNTANTS

ABOUT US


Core Engagement Team Leaders




Donna Gonser  
Engagement  
Partner



John Schiavone  
Concurring  
Partner




Sara Dayton  
Quality  
Assurance  
Partner



Seth Hennard  
Principal  
CAFR Specialist




Cathleen Karpik  
Principal  
Single Audit  
Specialist




Jill Johnson  
Principal  
Certified IT  
Professional


Firm Overview




60+ year history as a premier accounting, tax and consulting firm




13 partners • 95 professional staff • 25 members of government services team




Relationships and quality client service form the foundation of our core values




Regional firm operating predominantly in New York State



National and local resources



BDO Alliance USA Member Firm



Peer Review 2015 and prior - Passed (*highest distinction available*)

GOVERNMENTAL EXPERIENCE

- Dedicated Governmental Services Team (95/35/25)
- Over 100 governmental audit engagements
- Approximately 20 NY State Public Authorities
- NY State Transit Authorities
  - Niagara Frontier Transportation Authority
  - Capital District Transportation Authority
  - Capital District Transportation Committee
- Other NY State Department of Transportation funding
  - Clinton County
  - Peace Bridge Authority

- Significant expertise areas
  - NY Public Authorities Accountability Act (PAAA)
  - Federal and NY State Transit and Highway Planning Grants
  - Agreed Upon Procedures for Federal Funding Allocation
  - Investment Guidelines for Public Authorities
  - Uniform Guidance
  - NY State Single Audit
  - Self-Insurance and Workers’ Compensation
  - Metropolitan Planning Organizations (MPOs)
  - New GASB Pronouncements
  - US DOT OIG Quality Control Review

CLIENT SERVICE DELIVERY

WHAT YOU CAN EXPECT	AUDIT APPROACH
<ul style="list-style-type: none"><li>• Personnel experienced in providing services to NYS public authorities</li><li>• Partners and principals maintain field presence</li><li>• Quality, timely service</li><li>• Exempt organization industry leaders</li><li>• Expertise in GASB compliance (new pronouncements)</li><li>• Seamless integration of MWBE certified firm to meet participation goals</li><li>• Continuous communication<ul style="list-style-type: none"><li>• Newsletters and alerts</li><li>• Annual exempt conference</li><li>• Continuing professional education</li><li>• Year-round personal attention</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Emphasis on planning to minimize disruption</li><li>• Continuity of experienced personnel</li><li>• Annual assessment to maintain “fresh look”</li><li>• Thorough understanding of industry and operations</li><li>• “Auditing the Business” approach</li><li>• Consideration of internal control and technology systems</li><li>• Customized procedures to address identified risks</li><li>• Maximize efficiencies; information technology</li><li>• Address issues immediately; no surprises</li><li>• History of meeting all deadlines</li></ul>

COMMITMENT TO GOVERNMENTAL SECTOR

- AICPA
  - Governmental Audit Quality Center
  - Employee Benefit Plan Audit Quality Center
  - Certified IT Professional (CITP)
- NYSSCPA Government Accounting & Auditing Committee
- Government Finance Officers Association
- Association of Government Accountants
- Institute of Internal Auditors
- Association of Certified Fraud Examiners
- NY Public Transit Association (NYPTA)
- Special Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program

PROPOSED FEES

- Fair and competitive investment for specialized services
- Fees estimated based on:
  - Knowledge obtained from existing business relationships
  - Understanding of your needs
  - Services to entities of similar size, scope, and complexity
- Technology
- Absorb first year initial start up costs
- History of honoring proposed fees
- Additional services discussed in advance