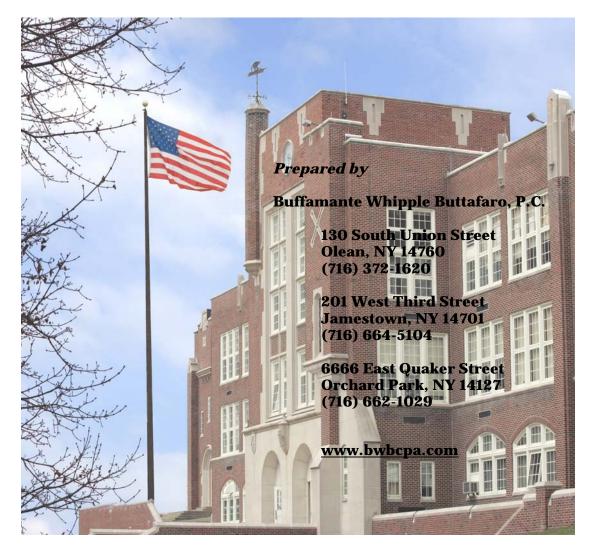
Warren County School District Proposal for Auditing Services



Contact: David V. DiTanna, CPA, CGFM, CIA Shareholder dvd@bwbcpa.com



May 20, 2009

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C. Certified Public Accountants • Business Advisors

Thomas P. Benson, CPA, CVA, CFFA Thomas E. Buffamante, CPA David V. DiTanna, CPA, CGFM, CIA Chad B. Madden, CPA

Scott D. Reed, CPA, CFFA John F. Whipple, Jr., CPA, CVA Kristy B. Zabrodsky, CPA

May 20, 2009

Board of School Directors, Mr. Robert E. Terrill, Superintendent, Mr. J. Petter Turnquist, CPA, Business Administrator *Warren County School District* Central Administrative Offices 185 Hospital Drive Warren, Pennsylvania 16365-4885

Dear Board of School Directors, Mr. Terrill and Mr. Turnquist:

Thank you very much for giving us the opportunity to submit this proposal. Our Firm would be very excited to serve as independent auditors for the *Warren County School District*. We currently provide services to over *35 school districts* and are dedicated to being a leader in providing audits to school districts. The services we would provide are detailed more specifically within our proposal for audit services.

Buffamante Whipple Buttafaro, PC is the largest CPA firm in Southwestern New York with approximately sixty professionals and para-professionals on staff, including two employees who reside in the Warren County School District. Our staff includes twenty-six certified public accountants, a certified fraud deterrence analyst, a certified forensic financial analyst, two certified fraud examiners, a certified internal auditor and a certified governmental financial manager. As a result of the size of our staff, we are able to meet your demands with regard to scheduling the engagements. We are also very aware of the District's filing requirements and deadlines for all reports and intend to plan each engagement in a manner to put us in a position to meet these requirements.

We believe we are best qualified to serve the *Warren County School District* because of our School District experience, our firm understanding of State and Federal laws and regulations, our thorough understanding and knowledge of the innerworkings of School Districts and our unwavering commitment to meeting the needs and expectations of our clients. Our staff is experienced, courteous and professional and we believe our knowledge in school accounting allows us to be trusted consultants throughout the year. As presented in our technical proposal, we have significant experience in providing audits to School Districts and are very cognizant of the auditing standards as they relate to Federal and State guidelines.

As evidenced by our services performed for the *Warren County School District* in 2008 related to evaluating the payroll department, our Firm has a significant amount of experience in evaluating efficiencies and effectiveness of school district controls, departments and operating cycles. We would be very interested in providing the District with recommendations for enhancing efficiencies and effectiveness, along with performing Plan Con audits and earned income tax office audits for the *Warren County School District*.

We welcome the opportunity to speak with you to discuss our proposal in more detail and look forward to hearing from you. If you have any questions after reading this proposal, please contact me at (716) 372-1620.

Sincerely,

David V. DiTanna, CPA, CGFM, CIA BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Our Firm's Qualifications

Size and composition of our staff **Buffamante Whipple Buttafaro, P.C.,** is a regional certified public accounting and business advisory firm, with offices in Olean, Jamestown and Orchard Park, New York. We serve as accountants and business advisors to businesses, organizations, and individuals throughout New York, Pennsylvania and several other states.

Thanks to the confidence our client base has shown in us, our firm continues to expand its resources and is currently the largest CPA firm in Southwestern New York with approximately sixty professionals and paraprofessionals on staff and the 12th largest per *Buffalo Business First*.

Our staff includes twenty-six certified public accountants, a certified fraud deterrence analyst, a certified forensic financial analyst, two certified fraud examiners, a certified internal auditor and a certified governmental financial manager. We would envision the audit of your School District to consist of approximately two to three professionals and would be staffed out of our Jamestown office.

Our firm's growth is the result of a philosophy that serves our clients' total financial, accounting, and consulting needs. This philosophy is one of total involvement in the client's operation with contact throughout the year. Our main goal is to provide our clients with top quality, prompt, professional service for a fair fee. All of our clients are extremely important to us and each one of them is treated accordingly.

One of the most important aspects of our firm is the dedication we exhibit in striving to provide the best possible service to our clients. We are a young, aggressive firm and recognize the key to our long-term success lies in meeting and exceeding the service requirements and expectations of each client. As each of our shareholders, and most of our staff, are natives of this area, we are committed to being involved in community activities; having a positive impact on the quality of life in our communities and the surrounding area.

Our firm is a member of the American Institute of Certified Public Accountants Private Companies Practice Section and is a certified public accounting firm registered in New York State. We have successfully undergone tri-annual external quality control reviews by outside firms in 1987 through 2008. We have enclosed a copy of our most recent report performed by Carson Highland & Co., LLP, dated November 12, 2008. These peer reviews include reviews of specific School District engagements. We are also very pleased to report that our firm has not received a letter of comments in any of its peer reviews.

We are very proud of our membership in the Private Companies Practice Section and our internal system of quality control for our accounting and auditing practice. All members of our firm extensively participate and conform to the highest professional standards. Our membership in the Private Companies Practice Section and the American Institute of Certified Public Accountants (in addition to the NYS Board of Public Accountancy) requires an average of 40 hours per year of continuing professional education. Specifically, all personnel assigned to work on governmental engagements are required to devote at least a portion of their continuing education requirements to government auditing and accounting areas.

Quality Control

BUPEAMANTE WHEPLE BUTTADARD, P.C.

Our School District and Governmental Service professionals provide auditing, accounting and consulting services to many governmental entities throughout New York and Pennsylvania, including over <u>35 School Districts</u>.

Our Relevant Experience

"We know your industry, understand your operations, and anticipate your needs." This experience has provided our firm with a wealth of specific expertise regarding the unique challenges facing today's school district and governmental entity. One distinct and competitive advantage we bring to the prospective governmental client is an absolute commitment to provide ongoing, specialized training to our school district and governmental services staff members and to continually update our comprehensive library of technical and proprietary resources to effectively handle the complex, constantly changing rules, regulations and laws that impact the governmental sector. We are committed to this professional development within our staff.

We believe that Buffamante Whipple Buttafaro, P.C. is the best choice for your engagement because of the following:

- Because of our firm's size and extensive experience with school districts, we offer you the benefits of a larger firm and a depth of knowledge that is unprecedented locally. We have insight into developments and regulations adopted by the Pennsylvania Department of Education which may directly affect your School District.
- The shareholders and staff within our firm participate actively throughout the Southern Tier. We have served on many boards in leadership roles. This gives us a true understanding of the issues of governance facing nonprofits, governments and school districts, as well as an understanding of the concerns boards face in relation to internal controls and operations.
- Two shareholders will be directly assigned to your engagement, and others are available for consultation.
- Our thorough understanding of School Districts will allow us to bring an objective fresh look into your District's strengths and weaknesses in accounting systems and policies.
- We believe that an informed board and responsible management are the strongest internal controls, and will ensure that communication of audit results/findings is complete and timely.
- Our extensive experience with auditing Schools in this area, gives us a thorough understanding of their processes and operations, which allow us to maximize the quality, value and diligence of the audit.

Our professionals are dedicated to providing our clients with close personal attention and exceptional service. **Buffamante Whipple Buttafaro, P.C.** has maintained a close working relationship with many school districts which has allowed us to develop innovative solutions to handling our clients' questions and problems. We strongly believe that our accessibility and eagerness to serve each client is what sets us apart and distinguishes us as a leader in school district, governmental and non-profit arena. Other specialized services we offer to school districts and governmental entities include the following:

- OMB Circular A-133, Audits of States, Local Governments and Nonprofit Organizations (the "Single Audit")
- Governmental Auditing Standards (the "Yellow Book")
- GASB 34, Financial Reporting Model implementation and other new requirements of Federal and State Governments.
- GASB 45, Other Pension Employee Benefits implementation and reporting
- Bond issues and refundings and their reporting requirements
- Budgeting, preparation and analysis
- Internal control studies, reviews and systems review
- Forecasts and projections
- Cash flow management
- Board training and presentations on understanding fiscal affairs of governments
- Section 125 plans (cafeteria plans) setup and administration
- Fixed asset maintenance and reporting
- Fund balance management
- Preparation and review of annual financial and statistical report (AFR)
- Preparation of financial information for issuance of debt proceeds
- Agreed-upon procedures
- Student activity fund presentations to activity advisors
- Capital project planning and reporting (Plan Con J).
- Internal audits and risk assessments

Our Relevant Experience

"We know your industry, understand your operations and anticipate your needs"

B-W-B BIRFEAMANTE WIRFFLE BIFTAFARO, P.C.

We provide valueadded/risk based audits **Buffamante Whipple Buttafaro, P.C.** has made a significant investment in providing value-added/risk-based audits. Our firm has trained extensively with Audit Watch, Inc., the nation's premier audit efficiency consulting firm. We employ a value-added/risk-based approach in the conduct of our audit engagements. Under this approach, we seek to maximize and leverage our understanding of our clients' operations to enable us to better assess risk. Specifically, our methodology:

- Identifies areas of the financial statements where there is a higher risk of material misstatement, and concentrates audit effort in those areas. Such areas may have a higher risk because either inherent or control risk is higher.
- Identifies lower risk areas in which to perform minimal or less extensive procedures. A risk-based approach focuses on ways to efficiently assess risk among high and low risk areas.

The value added/risk-based approach allows us to:

- · Maximize the quality of the audit by focusing on high risk areas.
- Maximize efficiency in the conduct of the audit, which minimizes interruption of your internal operations and allows for our audits to be performed in a cost-effective manner.
- Enhance our understanding of your business operations which creates opportunities for enhanced "management letter" comments that provide added value to your audit.

Outlined below are more specifics related to our audit approach:

Planning

Buffamante Whipple Buttafaro, P.C. believes the key to performing a successful value-added/risk-based audit is in the planning phase. During the planning stage, we are committed to understanding and gaining sufficient knowledge about Warren County School District. As part of our planning, we will also perform extensive, preliminary analytical procedures and inquiry of key personnel to ensure we have a full understanding of current developments within the Organization. These procedures will help us to identify potential risks early on in our engagement and help us to specifically develop our audit programs. As part of the planning phase, we will also assess fraud risks within the District, which is more thoroughly described in the next section of this proposal. During the planning phase, specific dates and scheduling will be coordinated with the Superintendent and Business Administrator, in order to ensure that the audit progresses in a timely manner. As part of this planning phase, we would also coordinate a meeting with the District's finance committee to discuss our audit approach and to gain a level of understanding as to the finance committee's concerns and expectations. The planning stage of our audit will be conducted with you and all levels of our staff.

<u>SAS – 99 – Consideration of Fraud</u>

Our profession has implemented Statement on Audit Standards Number 99 (SAS 99) – *Consideration of Fraud in a Financial Statement Audit* – representing the culmination of years of work by the accounting profession devoted to improving the likelihood that auditors will detect material misstatements due to fraud. SAS 99 does not change the auditor's responsibility for fraud detection or the responsibility of the District's management for fraud prevention, deterrence and detection. SAS 99 requires us to exercise professional skepticism when considering the risk of fraud. It requires us to have a questioning mind regardless of our past experience with you and our belief in your honesty and integrity.

SAS 99 established a process for identifying and assessing fraud risks and then responding to those risks. Our firm is responsible for performing the additional procedures required by the new process. Our procedures in the planning stage of the audit have been increased to include: inquiries of management and others regarding fraud, gathering additional information to identify fraud risks, analytical review of revenue. In addition, we are required to perform additional procedures to address the risk of management's overriding of internal controls.

SAS 99 requires expanded inquiries of management and adds a requirement for us to talk to a sample of other employees. A sample of the inquiries of management include the following:

- Whether you know of any fraud or have suspicions of fraud affecting the District.
- How you communicate to employees the importance of ethical behavior and appropriate business practices.
- Your understanding of the risks of fraud within the District.
- Are you aware of any actual instance of fraud within the District?
- Have you been asked to circumvent a control policy or procedure?
- How would you describe the District's values and ethical standards?

SAS 99 requires certain representations from management concerning fraud. These representations will be included in the engagement letter and the management representation letter for the audit. These representations will acknowledge the following: management's responsibility to design and implement controls to prevent and detect fraud, management has no knowledge of fraud or suspected fraud affecting the District that could have a material effect on the financial statements, and management has no knowledge of allegations of fraud or suspected fraud affecting the District.

In conclusion, in this time of unprecedented scrutiny and uncertainty, our firm's core values are unchanged. **Buffamante Whipple Buttafaro, P.C.**, remains committed to providing the highest quality audit services available.

This portion of the audit will be conducted in the preliminary/planning stages of our audit, in order for us to develop any auditing procedures we deem necessary as the result of our inquires of personnel.

Our Specific Audit Approach

SAS 99 – Consideration of Fraud in a financial statement audit

BIFFAMANTE WINPLE BUTTAFARO, P.C.

Internal controls and compliance

<u>Testing and Evaluation of Internal Controls and Compliance</u> <u>with Applicable Laws, Regulations, etc.</u>

As part of our audit we will obtain an understanding of the design of the relevant internal controls and whether they have been placed in We have a unique approach to testing controls and operation. compliance, whereby we first meet with appropriate personnel to discuss and understand their day-to-day procedures. We believe by fully understanding these procedures, we will have the ability to better evaluate whether or not controls are in place and operating efficiently and effectively. We will perform sample testing during this stage, which is structured to adequately evaluate controls and compliance discussed during our interviews of the District's personnel. If during our sample testing, we experience internal control weaknesses, we may need to expand the scope of our testing. The level of our sample sizes will be based on the population size of the various components considered during the audit. Our testing of controls and compliance will include transaction testing for all governmental funds of the District (General, Special Revenue, Food Service, Capital Projects and Debt Service), along with the District's Private Purpose Trust Funds, Agency Funds and **Extracurricular Activity Funds.**

Because the District requires an audit in accordance with Government Auditing Standards (Yellow Book), we will be required to understand the District's internal controls and perform specific testing on the District's internal controls and compliance with laws, regulations and grant agreements. Once completed, any deficiencies or weaknesses in your internal control system or areas of noncompliance will be immediately communicated to the Superintendent and Business Administrator.

The testing and evaluation of internal controls and compliance segment of our audit will be primarily conducted by a shareholder, senior and staff from our office. We would anticipate this testing to be performed prior to June 30th of each year. Along with this testing, we would also schedule an entrance conference to be held with all key members of management. The intent of this conference would be to discuss our audit approach and discuss any prior audit problems.

Fieldwork

As mentioned above, we will tailor our audit programs based on the level of risk assessments of each area of the audit. Our audit programs are thorough and consider both the evidence needed and evidence available. These audit programs are developed using various sources which include Practitioners Publishing Company (PPC), Thompson Publishing Group Single Audit Information Service, etc. For each audit performed, we will provide to you a client assistance package which details information that will be required to be gathered during the audit, along with the necessary schedules that will provide assistance in evaluating a certain audit area. We would expect these schedules to be prepared prior to the commencement of our audit fieldwork. If additional information or schedules are required to support an audit area, we will communicate this to the Business Administrator. By having your staff prepare the necessary schedules and to be on hand to answer any related questions, we have the ability to control our audit costs.



Extensive analytical review procedures

Our intent of the management letter is to add value to our audits

<u>Fieldwork (continued)</u>

As part of our fieldwork, we will apply extensive analytical reviews of the District's balance sheet accounts, along with revenue and expenditure accounts. Once again, our analytical procedures will be applied to all governmental and fiduciary funds of the District. As part of developing our analytical reviews, we will ask the District to furnish us with the last five years of your annual financial report (AFRs). Financial information from these annual reports will be input into an electronic data processing software called ProSystem fx Engagement. This software will give us the ability to evaluate key financial ratios and statistics of the District's financial position and operations and will assist in performing our detailed analytical reviews.

We realize the importance of continued communication throughout the audit fieldwork. As such, we will continue to give progress reports to the Superintendent and the Business Administrator during this phase of the audit. At the completion of our audit fieldwork, we intend to hold an informal exit conference with personnel of the District to discuss various aspects of our audit testing. We expect fieldwork to consist primarily of two to three staff members (manager, senior and staff) on a daily basis with the partner also spending time at the District to prepare and review workpapers.

Financial Statements and Presentations

Audit report

We will prepare your financial statements to be in accordance with the requirements of generally accepted accounting principles. It is our intention to prepare financial statements during our fieldwork, while at *Warren County School District*. We believe this to be an extremely important step in our approach and sets us apart from other certified public accounting firms. By completing the financial statements in the field, we are required to gather all necessary information to include in the District's financial statement and reduce future interruptions of the District's staff once we have left the field.

During June 1999, the Governmental Accounting Standards Board (GASB) issued one of its most important statements since its formation. Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments* requires governments to include government-wide financial statements using the accrual basis of accounting, along with the traditional fund financial statements using the modified accrual basis within their audit report. We understand that we will play a role in providing the District routine assistance and guidance in the implementation and presentation in accordance GASB 34. In addition, the District will require to incorporate GASB 45, Other Post Employment Benefits, within its financial statements during the fiscal year ending June 30, 2010, which we anticipate providing assisting in its implementation.

As previously mentioned, prior to leaving the District, we intend to have an informal exit conference, which is designed to go over the highlights of the audit. At this time we will schedule a preliminary meeting to be held with the Finance Committee, Superintendent and Business Administrator. During the preliminary meeting, we will thoroughly review a draft of the financial statements. The draft will be in final form but will give us the opportunity to make any changes prior to final submission. We believe that our audit reports are very comprehensive; along with being formatted in a manner that is conducive to understanding the contents of the report.

Our intent of the management letter is to add value to our audits

Our audit report presentation is unique and gives the Board of Education a different perspective of the District's financial position.

Financial Statements and Presentations

Management Letter

At the conclusion of our audit, we will issue to you a letter of recommendation communicating our suggestions relative to how you might improve your financial, administrative and operational systems. We take this letter very seriously and feel that it is a very important aspect of our engagement. Our letters are constructive in nature, written from a perspective that is aimed at making our clients' organizations more successful. **Buffamante Whipple Buttafaro**, **P.C.'s** goal is that each and every audit conducted will have a well constructed management letter. Our intent of the management letter is to add value to the audits we perform, of which many have significantly improved the operations of our clientele. This letter will be reviewed with the Finance Committee, Superintendent and Business Administrator at our preliminary meeting to review the financial statements.

Presentation of Audit Report

Buffamante Whipple Buttafaro, P.C. has a unique approach for the presentation of the audit report to the Board of Education, by preparing a thorough historical graph analysis. This graph analysis provides the Board with not only the highlights of the current year audit, but also gives insight into key trends and analysis of the District's financial position, revenues, expenses and ratios. This graph analysis has been extremely well received by the Board of Education and management at the Districts we have performed independent audits. We have included a sample copy of our graph analysis report for your review.

Estimated hours for engagement

Below is the amount of hours, by staff level, that we expect to spend in the various stages of the audit during the first year of our engagement:

	Planning Stage	Testing & Evaluation of Controls & Compliance Stage	Fieldwork Stage	Financial Statement & Presentation Stage	Total
Partner/Director	10	10	15	20	55
Manager/Supervisor	15	20	50	15	100
Senior/Staff	15	30	60	15	120
Admin	5	5	5	10	25
Total	45	65	130	60	300

Affirmations

Independence Statement and Prior Engagements with the District

Anticipated Potential Audit Problems

License to Practice in Pennsylvania

Affirmations of independence, licensure, etc.

Buffamante Whipple Buttafaro, P.C. will adhere to the scheduled due dates as provided in the request for proposal. Timing of audits would be discussed with you and your management team, and planned in a manner that would put us in a position to meet all required deadlines. It is our intention to begin preliminary audit fieldwork during the month of May or June.

The Firm and its personnel are independent of *Warren County School District* and the Pennsylvania Department of Education as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards. If any professional relationships were to be entered into during the period of our agreement, if selected as the District's independent auditors, we will immediately notify management in writing.

After reviewing the District's prior year financial statements and through discussions held with the Business Administrator, we do not anticipate any potential audit problems. If during the audit, circumstances arise that cause audit difficulties, we will immediately bring these to the attention of the District's management.

The Firm and all assigned key personnel staff are properly credentialed to practice the profession in Pennsylvania. All certified public accountants are also members of the American Institute of Certified Public Accountants.

The individuals to be assigned to this engagement have met all of the continuing professional education (CPE) requirements necessary to satisfy the New York State Education Department and the United States General Accounting Office (GAO) standards. This includes at least 80 CPE hours every two years and when reporting on governmental audits, at least 24 CPE hours of the 80 CPE hours being directly related to the government environment and to government auditing.

We confirm that **Buffamante Whipple Buttafaro**, **PC** meets all of the qualification requirements as listed in the request for proposal.

As outlined on page 2 of the proposal, we have successfully undergone tri-annual external quality control reviews by outside firms in 1987 through 2008. These peer reviews include reviews of specific single audit engagements. We are also very pleased to report that our firm has not received a letter of comments in any of its peer reviews. As always, our firm is committed to being a leader in providing audits and accounting services for School Districts and prides ourselves on providing extensive training and education to all of our professionals.



Breadth of Experience

Our Service Team

We seek to have continuity with our staff assigned to the engagement Throughout our over thirty years of existence, we have provided a wide range of services to clients involved in many different endeavors ranging from the preparation of relatively small personal tax returns to the provision of audit, tax and management consulting services to a public company with annual sales in excess of \$300 million. The service team to be assigned to your engagement has accumulated a substantial base of experience in serving clients in the school district and governmental arenas both through involvement with current clients and through previous experience.

Continuity of the key members of the engagement team is essential to the long-term, professional relationship, which we strive to establish and maintain with our clients. Our philosophy is to maintain the continuity of each member of the engagement management group as well as our staff to the greatest extent possible. We will be committed to maintaining this staff continuity.

The following management group from our firm will be assigned to your engagement.

David V. DiTanna, CPA, CGFM, CIA Scott D. Reed, CPA, CFFA Shareholder Shareholder

Along with this group, various qualified senior and staff members from our firm will be assigned to your engagement.

Mr. DiTanna and Mr. Reed have a wealth of experience in performing audits, accounting and consulting to school districts and governmental entities and will have the primary responsibility for your auditing services. These two individuals will make key decisions during the engagement. They will also have a comprehensive working knowledge of the District so as to promptly advise management, when necessary, on fiscal matters and be available for routine telephone support.





Mr. David V. DiTanna, CPA, CGFM, CIA

Mr. DiTanna, a St. Bonaventure University graduate, is a shareholder with over fifteen years of experience and is responsible for handling school district, non-profit organizations and governmental entities. Mr. DiTanna has a wealth of experience in "Single Audit" engagements. In addition, he handles forecasts, projections, compilation and reviews engagements associated with these industries. Mr. DiTanna presents independent audit reports to the Boards of Education for school districts and is a presenter for various professional organizations in the school district arena, including GASB 45 implementation, SAS 112 and PILOT agreements.

- Member, New York State Society of CPAs
- Member, American Institute of CPAs
- Member, ASBO, NYSASBO and PASBO
- Member, Institute of Internal Auditing
- Buffalo Business First's "40 Under 40" honoree
- Graduate of Cattaraugus Leadership Inaugural Class of 2004
- Volunteer of the Year for Cattaraugus County Mental Health Association

Continuing Professional Education

Over the past several years, Mr. DiTanna has concentrated his continuing education in the governmental sector. In 2005, David earned the Certified Financial Governmental Manager designation. In 2006, he earned the Certified Internal Auditor designation. Some of Mr. DiTanna's specific CPE consist of the following:

- NYSASBO & PASBO Financial Management, Auditing and Accounting
- Governmental financial statements and reporting
- School planning and GASB 34 and GASB 45
- Solving complex single audit issues

Biographies of our management that would be assigned to the engagement

Mr. Scott D. Reed, CPA, CFFA

Mr. Reed is a 1980 St. Bonaventure University graduate with twentynine years of experience in accounting and auditing. As a shareholder, Mr. Reed is Buffamante Whipple Buttafaro's Director of Quality Control and specializes in accounting and audit clientele, commercial, school district, pension plans, governmental entities and non-profit organizations, including significant experience in "Single Audit" engagements. In addition, Mr. Reed performs practice monitoring (peer review) engagements for other CPA firms.

- Member, New York State Society of CPAs
- Member, American Institute of CPAs
- Member, NYSASBO
- Past Treasurer, Board of Directors of Cattaraugus Co. Council on the Arts
- Member, Finance Committee of the St. Bonaventure Church
- Member, and past President and Treasurer, Olean Exchange Club
- Past President and fundraiser, Olean Area United Way
- Past Officer, National Association of Accountants

Continuing Professional Education

Some of Mr. Reed's continuing professional education consists of:

- NYSASBO Financial Management, Auditing and Accounting
- School planning and GASB 34
- Solving complex single audit issues
- Fraud in the governmental and nonprofit environment





Professional Auditing Services Warren County School District

Our Service Team



David V. DiTanna, CPA, CGFM, CIA *Shareholder*

David V. DiTanna, CPA, CGFM, CIA is a shareholder and director of Buffamante Whipple Buttafaro, P.C. He has earned the designations of Certified Government Financial Manager and Certified Internal Auditor. Dave has over fourteen years of experience in accounting.



Scott D. Reed, CPA, CFFA *Shareholder*

Scott D. Reed, CPA, CFFA has over twenty-five years of experience in accounting. As a shareholder and director of the firm, Scott is Buffamante Whipple Buttafaro's Director of Quality Control. Scott is also a Certified Forensic Financial Analyst, with specialized training in Fraud Prevention and Detection, as designated by the National Association of Certified Valuation Analysts.



Thomas P. Benson, CPA, CVA, CFFA *Shareholder*

Thomas P. Benson, CPA, CVA, CFFA, is a shareholder and director with Buffamante Whipple Buttafaro, P.C. He has seventeen years of extensive and varied public accounting experience. Tom is also the Managing Director of the Vineyard Group, LLC, the firm's multi-faceted business services and consulting affiliate and is a Certified Forensic Financial Analyst as designated by the National Association of Certified Valuation Analysts.



Thomas E. Buffamante, CPA Shareholder

A shareholder and director of Buffamante Whipple Buttafaro, P.C., Thomas E. Buffamante, CPA is a 1974 graduate of the University of Notre Dame and has practiced in public accounting continuously since that time.



Chad B. Madden, CPA Shareholder

A shareholder and director of Buffamante Whipple Buttafaro, P.C., Chad B. Madden, CPA is a 1974 graduate of the State University of New York at Fredonia and has been a practicing Certified Public Accountant since 1980.



John F. Whipple, CPA, CVA *Shareholder*

John F. Whipple, Jr., CPA, CVA has over twenty-five years experience in accounting. As a shareholder and director of Buffamante Whipple Buttafaro, P.C., Jack is the Chief Executive Officer of the firm and also directs the firm's marketing committee. Jack is also a Certified Valuation Analyst as designated by the National Association of Certified Valuation Analysts.



Kristy B. Zabrodsky, CPA Shareholder

Kristy B. Zabrodsky, CPA is a shareholder and director of Buffamante Whipple Buttafaro, P.C. Kristy has over twenty years of experience in dealing with all facets of nonprofit and governmental organizations including accounting and auditing, tax issues and consulting.



Christy L. Brecht, CPA *Director*

Christy L. Brecht, CPA is a director at Buffamante Whipple Buttafaro, P.C. She received a Bachelor of Science Degree in Accounting from The Pennsylvania State University in 1986. Christy has over twenty years of experience in accounting.





Kelly A. Dawson, CPA *Director*

Kelly A. Dawson, CPA is a director at Buffamante Whipple Buttafaro, P.C. where she specializes in auditing. She is a graduate of the State University of New York College at Fredonia with a Bachelor of Applied Science degree in Accounting. In addition, she holds an Associate of Applied Science degree in Business Administration from Jamestown Community College.



Robert J. Gunderson, CPA, CFE, BVAL *Director*

Robert J. Gunderson, CPA, CFE, BVAL is a director at Buffamante Whipple Buttafaro, P.C. He is a 1969 Northern Illinois University graduate and has practiced public accounting continuously since 1971. Bob specializes in accounting and audit engagements. He is also a Certified Fraud Examiner and a Business Valuator Accredited in Litigation.



John B. Lloyd, CPA *Director*

John B. Lloyd, CPA is a director at Buffamante Whipple Buttafaro, P.C. He is a 1962 graduate of Penn State University and became a licensed Certified Public Accountant in 1968. Throughout his 43 year career in public accounting, John has dedicated himself to providing top quality accounting and consulting services to all of his clients.



David P. Smolarek, CPA *Director*

David P. Smolarek, CPA is a director at Buffamante Whipple Buttafaro, P.C. He is a graduate of Canisus College and started his career in public accounting in 1973 with BDO Seidman in Buffalo, NY.



Cheryl A. Watts, CPA *Director*

Cheryl A. Watts, CPA is a director at Buffamante Whipple Buttafaro, P.C. She is a graduate of Ohio State University and has over twenty-five years of experience and specializes in accounting and consulting for governmental and corporate engagements. Prior to joining BWB, Cheryl directed an internal audit department that was responsible for documentation of IT system and safeguard processes for a large publicly held corporation in Western New York.



Laurie A. Barrera, CPA *Director*

Laurie A. Barrera, CPA is a director at Buffamante Whipple Buttafaro, P.C. She is a graduate of St. Bonaventure University and has over twenty years experience in the accounting field.



Norma J. Lombardo, CPA, CVA *Director*

Norma J. Lombardo, CPA, CVA is a director at the firm and has been employed by Buffamante Whipple Buttafaro, P.C. since 1997. Norma is also a Certified Valuation Analyst as designated by the National Association of Certified Valuation Analysts.



Michael D. Staley, CPA, CFE *Director*

A graduate of Ohio State University, Michael D. Staley, CPA, CFE is a director in our audit and accounting department with 20 years experience as an accountant. Mike is also a Certified Fraud Examiner as designated by the Association of Certified Fraud Examiners.





John F. McCarthy, CPA *Director*

John F. McCarthy, CPA is a director in the firm's accounting and tax department. He is a graduate of the State University of New York College at Fredonia and has over fifteen years of public accounting experience in corporate tax planning and compliance; tax planning and consulting for multi-state; closely held businesses and their owners; corporate structuring tax credit benefits; and other tax minimization engagements.



Wayne J. Rishell, CPA *Manager*

Wayne J. Rishell, CPA is a manager in our audit and accounting department. Wayne joined Buffamante Whipple Buttafaro, P.C. in 2006 following twelve years of experience in the financial management of a manufacturing firm. He also has six years of experience in public accounting with Ernst & Young.



Paula J. Komarek *Manager*

Paula J. Komarek is a manager at Buffamante Whipple Buttafaro, P.C. She is a graduate of SUNY Alfred with more than 30 years of accounting experience in tax preparation and auditing with extensive in individual, partnership and corporate taxes, as well as financial statement preparation and auditing of small businesses, non-profit organizations and governments.



Lee F. Giardini, CPA *Manager*

Lee F. Giardini, CPA is a manager at Buffamante Whipple Buttafaro, P.C. He is a graduate of the State University of New York College at Fredonia with a Bachelor of Science degree in Accounting. Lee has ten years of experience in the accounting field.



Jeffery K. Rhodes, CPA *Supervisor*

Jeffery K. Rhodes, CPA is a supervisor for the accounting and tax department of Buffamante Whipple Buttafaro, P.C. He is a suma cum laude graduate of the State University of New York College at Fredonia with a Bachelor of Science degree in Accounting. He also holds degrees from the State University of New York at Buffalo and Jamestown Community College. Mr. Rhodes has nine years of experience in public accounting.



Peter J. Morgante, CPA *Manager*

Peter J. Morgante, CPA is a manager at Buffamante Whipple Buttafaro, P.C. He is a graduate of the State University of New York College at Fredonia with a Bachelor of Science degree in Accounting.



Sonja C. Johnson, CPA Supervisor

Sonja C. Johnson, CPA, is a supervisor at Buffamante Whipple Buttafaro, P.C. She is a graduate of the State University of New York College at Fredonia with a Bachelor of Science degree in Accounting. Sonja has a wide base of experience in accounting and auditing of various industries and non-profit organizations. Her primary specialty deals with property and casualty insurance companies.



James C. Alexander IV, CPA Supervisor

James C. Alexander IV, CPA is a supervisor at the firm and has been employed by Buffamante Whipple Buttafaro, P.C. since November 2004. He is a 2004 cum laude graduate of Mercyhurst College with a Bachelor of Arts degree in Accounting.



Sarah M. Del Monte, CPA *Senior Accountant*

Sarah M. Del Monte, CPA is a senior accountant at Buffamante Whipple Buttafaro, P.C. She earned a Bachelor's of Science Degree in Accounting with a minor in Applied Mathematics from the State University of New York at Fredonia.



Joel P. McCann Senior Accountant

Joel P. McCann is a senior accountant at Buffamante Whipple Buttafaro, P.C. A 2002 graduate of St. Bonaventure University, Joel has received both his Bachelor's and Master's degrees from the University.



Adam J. Batesky *Senior Accountant*

Adam J. Batesky is a senior accountant at Buffamante Whipple Buttafaro, P.C. He received both his Bachelor's and Master's degrees from St. Bonaventure University.



Karen C. Fuller *Senior Accountant*

Karen C. Fuller is a senior accountant at Buffamante Whipple Buttafaro, P.C. She received both her Bachelor's and Master's degrees from St. Bonaventure University.



Rebecca L. Wordelmann Staff Accountant

Rebecca L. Wordelmann is a staff accountant at Buffamante Whipple Buttafaro, P.C. She earned a Bachelor's of Science Degree in Accounting from the State University of New York at Fredonia.



Holly L. Griffith, CPA *Staff Accountant*

Holly L. Cox, CPA is a staff accountant at Buffamante Whipple Buttafaro, P.C. She earned a Bachelor's Degree in Accounting and a Master's of Business Administration with a concentration in Accounting and Finance at St. Bonaventure University.



Katie O. Conner *Staff Accountant*

Katie O. Conner is a staff accountant at Buffamante Whipple Buttafaro, P.C. She is a 2004 graduate of Liverpool John Moores University of Liverpool, England where she received a Bachelor's of Science Degree in Business with Combined Studies, majoring in Finance and Marketing. In addition, she took upper level accounting classes at The State University of New York at Fredonia to further her knowledge of the accounting field.



Megan E. Green *Staff Accountant*

Megan E. Green is a staff accountant at Buffamante Whipple Buttafaro, P.C. She is a 2006 graduate of The State University of New York at Fredonia where she received a Bachelor's of Science Degree in Accounting and a secondary major in Finance. She also received a minor in Economics.





Amanda L. Gustafson Staff Accountant

Amanda L. Gustafson is a 2008 graduate of the University of Pittsburgh at Bradford where she received a Bachelor's Degree in Business Management and Accounting with a minor in Business Information Systems.



Ashlie M. Steffenhagen *Staff Accountant*

Ashlie M. Steffenhagen is a 2008 graduate of St. Bonaventure University where she earned both her Bachelor's and Master's Degrees in Business Administration with a major in Accounting. Ashlie is a member of the New York State Society of Certified Public Accountants (NYSSCPA) and Beta Gamma Sigma (National Business Honor Society).



Jessica L. Perkins Staff Accountant

Jessica L. Perkins is a staff accountant at Buffamante Whipple Buttafaro, P.C. She earned a Bachelor's of Science Degree in Accounting at Alfred University.



Lindsey S. Czapla Staff Accountant

Lindsey S. Czapla is a staff accountant at Buffamante Whipple Buttafaro, P.C. She is a 2008 graduate of SUNY Geneseo with a Bachelor's Degree in Accounting.



Merrissa R. Wilson *Staff Accountant*

Merrissa R. Wilson is a staff accountant at Buffamante Whipple Buttafaro, P.C. She is a 2008 graduate of SUNY Geneseo with a Bachelor's Degree in Accounting.



Ryanne E. John *IT Specialist*

Ryanne E. John is an IT Specialist at Buffamante Whipple Buttafaro, P.C. She earned a Bachelor's degree in Business Administration with a concentration in Management Information Systems from Alfred University in 2000. Ryanne has over 9 years of experience in project management and systems analysis including the implementation of an Enterprise Resource Planning System for a manufacturing company and database development and implementation for a school district.



Client References

A list of our Pennsylvania School District Clients Ms. Sandra Romanowski, Superintendent Ms. Kathy Kelly, Director of Business **Bradford Area School District** Bradford, Pennsylvania (814) 362-3841

Ms. Nancy Sadaly, Acting Superintendent Mr. Stephen Maksimuk, Business Administrator *Wattsburg Area School District* Erie, Pennsylvania (814) 824-3400

Mr. Richard Toner, Superintendent Ms. Pamela Anderson, Business Manager *Coudersport Area School District* Coudersport, Pennsylvania (814) 274-9480

Mr. Clyde Moate, Superintendent Mr. Carl Mitchell, Business Manager *Cameron County School District* Emporium, Pennsylvania (814) 824-4000

Mr. Robert Falk, Superintendent Ms. Brenda Long, Business Manager *Otto-Eldred School District* Duke Center, Pennsylvania (814) 966-3214

Mr. Matthew Hutchinson, Superintendent Ms. Peggy Derr, Business Manager *Austin Area School District* Austin, Pennsylvania (814) 647-8603

Mr. Scott Graham, Superintendent Ms. Mary Ransom, Business Manager *Northern Potter School District* Ulysses, Pennsylvania (814) 848-7506

Mr. George Romanowski, Superintendent Ms. Susan Jordan, Business Manager *Smethport Area School District* Smethport, Pennsylvania (814) 887-5543

Ms. Mary Colf, Executive Director Ms. Anita Danielson, Business Manager **Seneca Highlands Intermediate Unit** Smethport, Pennsylvania (814) 887-5512

BUFFAMANTE WHIPPLE BUTFAFARO, P.C.

Client References

A list of our Pennsylvania School District Clients (continued) Ms. Robert Wicker, Superintendent Mr. Robert Whiteman, Business Manager Oswayo Valley School District Shinglehouse, Pennsylvania (814) 697-7175

Mr. Anthony Flint, Superintendent Ms. Judith Bodamer, Business Administrator **Port Allegany School District** Port Allegany, Pennsylvania (814) 642-2544

Mr. David Wishard, Superintendent Ms. Melissa Paul, Business Manager *Galeton Area School District* Galeton, Pennsylvania (814) 435-6571

As we mentioned on page two of this proposal, our Firm provides services to over 35 schools and would be very willing to provide you with names and telephone numbers of all of our audit contacts for further evaluation of our Firm.

> Ms. Anne Brunguard, Superintendent Ms. Diane Weatherell, Business Manager *Cuba-Rushford Central School District* Cuba, New York (585) 968-2650

Mr. Douglas Wyant, Superintendent Mr. Douglas Moot, Business Manager *Whitesville Central School District* Whitesville, New York (716) 356-3301

Ms. Judith McCarthy, Superintendent Ms. Jennifer Jaquith, Business Manager *Hinsdale Central School District* Hinsdale, New York (716) 557-2227

Mr. Tom Simon, Superintendent Ms. Kathy Elser, Business Manager **Portville Central School District** Portville, New York (716) 933-6000

Ms. Lori DeCarlo, Superintendent Ms. Regina Burritt, Treasurer **Randolph Academy Union Free School District** Randolph, New York (716) 358-5004

A list of some of our New York State School District Clients

B-W-B BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

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Mr. Mark Ward, Superintendent Ms. Sharon Morton, Business Manager *Ellicottville Central School District* Ellicottville, New York (716) 699-2368

Mr. Dennis Johnson, Superintendent Mr. Jeremiah Kane, Business Manager *Franklinville Central School District* Franklinville, New York (716) 676-8005

Ms. Kimberly Moritz, Superintendent Mr. David Chambers, Business Manager *Randolph Central School District* Randolph, New York (716) 358-7006

Ms. Maureen Donahue, Superintendent Ms. Donna Howard, Business Manager *Friendship Central School District* Friendship, New York (585) 973-3311

Dr. Colleen Taggerty, Superintendent Ms. Anne O'Brien, Business Manager *Olean City School District* Olean, New York (716) 375-8020

Mr. Douglas Hay, Superintendent Ms. Marsha Jones, Business Manager **Salamanca City School District** Salamanca, New York (716) 945-2400

Ms. Lynn Lydes, Superintendent Mr. Timothy Allard, Business Manager **Campbell-Savona Central School District** Campbell, New York (607) 527-9800

Mr. John Brown, Superintendent Ms. Debra McAvoy, Business Manager *Cassadaga Central School District* Sinclairville, New York (716) 962-5155

Mr. Daniel George, Superintendent Ms. Nan Aitken, Business Manager **Southwestern Central School District** Jamestown, New Y (716) 484-1136

Client References

A list of some of our New York State School District Clients (continued)

B-W-B BIFFEMANTE WIRPPLE BUTTAFARO, P.C.

Client References

A list of some of our New York State School District Clients (continued) Mr. John Hogan, Interim Superintendent Mr. John Frey, Business Manager *Ripley Central School District* Ripley, New York (716) 676-8005

Ms. Kimberly Mueller, Superintendent Ms. Terry Rusin, Business Manager **Depew Union Free School District** Depew, New York (716) 686-2253

Mr. Charles Rinaldi, Superintendent Ms. Joelle Woodward, Business Manager *Gowanda Central School District* Gowanda, New York (716) 995-2159

Mr. Robert Guiffreda, Superintendent Mr. Peter Ciminelli, Business Manager *Erie 2 BOCES* Angola, New York (716) 549-4454

Mr. Jack Skahill, Jr., Superintendent Ms. Betty DeLand, Busss Manager *Brocton Central School District* Brocton, New York (716) 792-2173

Dr. Lynn Marie Fusco, Superintendent Mr. Paul Carpik, Business Manager *Alden Central School District* Alden, New York (716) 937-9116

Mr. Christian Mattie III, Attorney at Law *Mattie and Alfieri* Eldred, Pennsylvania (814) 225-4736

Mr. Jeffrey W. Stone, Bond Counsel *Hodgson Russ* Buffalo, New York 14203 (716) 848-1327

Mr. Gregory L. Peterson, Attorney at Law **Phillips, Lytle** Jamestown New York 14702-1279 (716) 664-3906



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Professional Auditing Services Warren County School District

Professional References

In conclusion, we are excited to have the opportunity to submit this proposal. We are confident we have the right mix of talent that will provide outstanding professional service to *Warren County School District*. As evidenced by work performed for our other clients, we are committed to providing services of the highest quality.

Our firm's philosophy is to fully understand and service our client's needs. As part of this philosophy, management of our firm will immediately address any reservations or concerns you may have regarding our capabilities. We will not settle for just performing annual audits but instead will be committed to providing you with resources that you can depend on throughout the year. Further, we believe our local presence will allow us to be available to you very promptly and efficiently.

We are absolutely committed to providing the highest quality audits to School Districts.

In conclusion, the following represent reasons we believe Buffamante Whipple Buttafaro, P.C. is the firm best suited to perform your audit:

- Our Firm is dedicated to being a leader in providing audits to School Districts, Nonprofit Organizations and governmental entities.
- We are absolutely committed to providing the highest quality audits to School Districts.
- We are confident that we have the right mix of talent and experience to provide outstanding professional service.
- We are active participants in the local communities throughout the region.
- We understand governance issues and audit concerns facing boards today.
- You will have two shareholders involved in the oversight of your engagement.
- We would take great pride in serving Warren County School District.

Once again, we would like to thank you for the opportunity to submit this proposal and look forward to discussing a relationship with you.



Conclusion

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<u> CarlsonHighland</u>

Certified Public Accountants

 301 Keller Avenue S.
 Amery, WI 54001

 Phone: 715.268.7999
 Fax: 715.268.4161

To the Shareholders Buffamante Whipple Buttafaro, P.C.

We have reviewed the system of quality control for the accounting and auditing practice of Buffamante Whipple Buttafaro, P.C. (the firm) in effect for the year ended August 31, 2008. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under Government Auditing Standards. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Buffamante Whipple Buttafaro, P.C. in effect for the year ended August 31, 2008, has been designed to meet the requirement of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

Highland + Co. JJA Carlson

Amery, Wisconsin November 12, 2008

Name of Firm: Buffamante Whipple Buttafaro, PC

<u>Certification</u>: The person signing this proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with *Warren County School District*.

<u>Price</u>: The total all-inclusive maximum price for auditing is as follows:

Fiscal Year Ended	Audit Fee		
June 30, 2009	\$ 26,800		
June 30, 2010	\$ 27,700		
June 30, 2011	\$ 28,600		

Audit Fee

\$ 4,600

\$ 4,900

Fees for
earned income tax
office audit

Total All-Inclusive

Maximum Price

Fees for school district audit

June 30, 2011 \$ 5,200

Fiscal Year Ended

June 30, 2009

June 30, 2010

Below is a table of our anticipated hours by staff level, along with their applicable standard hourly rate.

Estimated hours for first year of multi-year option

	Hours	Standard Hourly Rate	Quoted Hourly Rate	Total
Partner/Director	55	\$200	\$140	\$7,700
Manager/supervisor	100	\$130	\$100	\$10,000
Senior/staff	120	\$80	\$70	\$8,400
Admin	25	\$40	\$30	\$ 700
Total	300	\$115	\$89	\$26,800
		Standard	Quoted	

		Standard Hourly	Quoted Hourly	T ()
	Hours	Rate	Rate	Total
Partner/Director	10	\$200	\$140	\$1.400
Manager/supervisor	15	\$130	\$100	\$1,500
Senior/staff	20	\$80	\$70	\$1,400
Admin	10	\$40	\$30	\$ 300
Total	55	\$109	\$84	\$4,600

Rates and Anticipated Hours by Staff Level

Anticipated hours for school district audit

Anticipated hours for earned income tax office audit

B-W-B BUFFAMANTE WHEPLE BUTTAFARO, P.C.

Our proposed fee covers all necessary expense such as copying costs, mileage and travel costs. We will not seek reimbursement for costs related to travel, lodging, subsistence, or other out-of-pocket costs incurred in connection with the audit of the District's finances.

We believe that communication with our clients throughout the year is essential and an important part of our client service approach. Telephone calls related to advice on an accounting matter or issue is typically included in our proposed fees. If substantial time is warranted, we will fully discuss the estimated time to complete along with an estimated fee prior to commencing such an engagement.

The following lists our standard hourly rates by staff level. Sometimes these rates are discounted, which would be discussed prior to commencing on any additional professional services. Any additional professional services would first have to meet the new independence standards as described in the Governmental Auditing Standards Board (Yellow Book).

Hourly Rates
\$175-\$200
\$100-\$150
\$70-\$100
\$50-\$70

Manner of Payment

Out-of-Pocket

Expenses

Rates for Additional Professional Services

> Progress billings will be sent on the basis of hours or work completed during the course of the engagement in accordance with the all-inclusive maximum price. Progress billing shall cover a period of not less than a calendar month and final billing will be made after delivery of the final audit report.