

**Proposal to Provide Audit Services**

Seven County Infrastructure Coalition

*Submitted by Aycock, Miles & Associates, CPAs, P.C.*

Contact Information

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**TABLE OF CONTENTS**

**Services Offered**

Services to Seven County Infrastructure Coalition ..... 1

**Profile and Qualifications of Audit Firm**

Description of Firm ..... 1  
Non-discrimination ..... 1  
Independence ..... 1  
Peer Review ..... 1  
Experience..... 2  
Recent Local Office Auditing Experience ..... 2  
References ..... 2  
Key Engagement Team:  
    Audit Partner ..... 3  
    Audit Staff..... 3

**Our Audit Approach**

Audit Plan..... 4  
Management Letters ..... 4  
Management Advisory Services..... 4

**Proposed Fee Structure**

Fees ..... 5

**Additional Documents**

Peer Review Acceptance Letter ..... 6

## **Services to Seven County Infrastructure Coalition**

Our firm's principal service to Seven County Infrastructure Coalition will be an examination of the financial statements. We will perform this examination in accordance with generally accepted auditing standards adopted by the American Institute of Certified Public Accountants including tests of accounting data and procedures that we consider necessary in the circumstances. We commit to providing the reports by their applicable due dates as set forth by the State of Utah Auditor's Office. In particular, we will deliver a financial statement draft by June 5<sup>th</sup> with final submission by June 15<sup>th</sup>. We will provide the following services:

- Audit of financial statements, including *Government Auditing Standards* report
- Single Audit (examination of federal grants, if applicable)
- State of Utah Compliance audit
- Management letter, as appropriate
- Advisory services within our ability to retain independence

## **Profile and Qualifications of Audit Firm**

### Description of Firm

Our CPA firm is located in Roosevelt, Utah. We have served businesses and governments in Utah for over 28 years. Our office has three CPAs and three senior accountants. We audit entities that range from local districts to counties, cities, electric utilities, and health care facilities. Our audit workpapers have been reviewed by the Utah Auditor's Office and received a *pass* rating (their highest rating). We are members of both the American Institute of Certified Public Accountants (AICPA) and the Utah Association of Certified Public Accountants (UACPA). Our Firm is licensed to practice in the State of Utah, and we hold current CPA licenses. Our CPAs consistently maintain continuing professional education requirements outlined in Government Auditing Standards.

### Non-discrimination Clause

Our firm does not discriminate against any individual because of race, religion, sex, color, age, handicap, or national origin; and these are not a factor in consideration for employment, selection of training, promotion, transfer, recruitment, rates of pay, or other forms of compensation, demotion, or separation.

### Independence

All members of our accounting firm are independent of Seven County Infrastructure Coalition.

### Peer Review

Our firm is a member of the AICPA's *Division for CPA Firms*. Membership in the *Division for CPA Firms* requires that we undergo an extensive Peer Review, where another qualified CPA firm reviews the quality of our audit work every three years. We have successfully completed our most recent peer review. Our firm was issued an unqualified opinion by our peer reviewer, Ray Russell of Haynie & Company, CPAs from Littleton, Colorado. A copy of the peer review opinion is attached.

### Experience

Our CPA firm and key engagement team has over 20 years auditing governmental entities. We have similar experience testing federal and Utah grants and State of Utah compliance requirements that have evolved over the last few years.

- Our audits are completed in a timely and professional manner.
- We are familiar with the Coalition's accounting characteristics and use of Quickbooks. We believe our experience in prior Coalition audits will enhance our testing.
- Experience in auditing about forty government entities throughout northeastern Utah. Numerous audits that we complete include multiple fund types.
- We currently audit seven Utah cities, four schools, and dozens of special districts.
- We have the experience and resources to commit qualified personnel to meet your deadlines.

### Recent Local Office Auditing Experience

We have completed numerous government entity audits throughout northeastern Utah. To reduce the significant impact from on-site testing, we complete significant portions of our audits offsite. Numerous documents are obtained electronically via e-mail. Please see our audit approach on page four. Upon planning and completing numerous procedures in our office, we schedule on-site testing, as necessary. Digitized documents made available to us may make onsite testing unnecessary.

### References

A great guide you can use to judge the quality of the services that our firm provides is to talk to some of our current audit clients. We have decades of government auditing experience.

#### **Carbon County Recreation & Transportation Special Service District**

Price, Utah (435) 636-3263  
Linda Ballard, Accountant

#### **Helper City**

Helper, Utah (435) 472-5391  
Zack Tonc, City Accountant

#### **Town of Elmo**

Elmo, Utah (435) 653-2695  
Delena Fish, Office Manager

#### **Duchesne County Water Conservancy District**

Roosevelt, Utah (435) 722-4977  
Carrie Lynn Shiner, Office Manager and Accountant

#### **Ashley Valley Water & Sewer Improvement District**

Vernal, Utah (435) 789-9400  
Ryan Goodrich, Manager

#### **Uintah Water Conservancy District**

Vernal, Utah (435) 789-1651  
William Merkley, Manager

#### **Town of Manila**

Manila, Utah (435) 784-3143  
Marlena Connor, Town Clerk

Other governmental & private audit client references are available upon request.

## Key Engagement Team

**Audit Partner**—Mike Miles is the audit partner for our firm. He will be the primary contact and will be responsible for the following.

- Overall planning and coordination of all professional services rendered to you.
- Preparing the detailed engagement plan and budget.
- Determining the overall scope of the examination, audit objectives of the current period and areas requiring special attention.
- Providing direct and frequent communication regarding the progress of the engagement with the appropriate accounting personnel of Seven County Infrastructure Coalition during the examination.
- Direct participation in the execution of the audit.

Mike graduated from Brigham Young University with a Master of Accounting Degree and is a Certified Public Accountant. He has governmental and non-profit auditing experience auditing many governmental entities such as Providence City, three charter schools, Northeastern Counseling Center, Duchesne County School District, Uintah Water Conservancy District, Kane County Water Conservancy District, and many other governmental units. Mike has over 25 years of audit experience.

**Audit Manager**—Cameron Olson will assist in the completion of the audit. Cameron has over 14 years' experience auditing cities, schools, and governmental units. Cameron graduated from Utah State University with a Master of Business Administration and a Bachelor of Accounting. Cameron is a Certified Public Accountant.

**Audit Manager**—Clegg Batty will also assist in the completion of the audit. Clegg has about 7 years of experience auditing cities, schools, and governmental units. Clegg has a Master of Accounting degree from Southern Utah University and is a Certified Public Accountant.

## **Our Audit Approach**

### Audit Plan

Subject to coordination with the accounting personnel of Seven County Infrastructure Coalition, we have determined that our approach to the December 31 audit would be as follows:

*Phase I*—Upon being selected as your auditors, we will review the system of internal control, document the various accounting systems, and make such tests of the system as we consider necessary in the circumstances. Based on our review and testing, we will prepare a detailed audit plan for the examination of Seven County Infrastructure Coalition’s financial statements. After preparing this audit plan, we will meet with the appropriate accounting personnel to discuss the audit plan and timetable, and to discuss special audit requirements, if any.

*Phase II*—In March or April, we anticipate obtaining digital copies of the Coalition’s detail general ledger, trial balance and various files of information provided by the Coalition. A copy of the Coalition’s QuickBooks is often provided to us. We will complete numerous preliminary and other audit procedures prior to our onsite test work.

*Phase III*—During the months of April and May, we will begin final field work and perform onsite audit procedures. We will coordinate our visit with the Coalition’s finance department. During our testing at the Coalition, we will test numerous source documents. We will also utilize significant item testing and statistical sampling of disbursements. Other account balances will be confirmed or tested analytically. We anticipate completion of field work and audit documentation by mid-May.

*Phase IV*—We will plan on delivery of the completed audit report and final management letter by early June. We expect to deliver a draft financial statement by June 5<sup>th</sup> and final by June 15<sup>th</sup>. If files and source documents are not available to us in a timely manner as noted in Phase II and III, then delivery of the audit report will be accordingly later.

### Management Letters

During our audit work, we continually identify opportunities for improvements in operating, accounting, and financial management controls. Our findings are grouped according to their significance and functionality and shall be discussed with entity officials to confirm the accuracy of our findings and recommendations. Prior to the issuance of our formal letter, we shall request written responses from the entity officials for each recommendation, which shall be included in the management letter.

### Management Advisory Services

We at Aycock, Miles & Associates, CPAs feel that we can provide Seven County Infrastructure Coalition valuable consulting services in areas such as: cash management, cash flow strategies, internal control, and other assistance.

## Proposed Fee Structure

Our fee estimates are based on a realistic assessment of the amount of time necessary to achieve fully the audit services and related objectives shared by Seven County Infrastructure Coalition and our Firm. Fees are normally calculated using standard rate schedules applied to the actual time expended. We estimate approximately 42 hours of audit work based on our experience auditing other entities. We are prepared to render the professional services described herein not to exceed:

<u>Procedures (year-end December 31, 2021)</u>	<u>Hours</u>	<u>Avg Rate</u>	<u>Billing</u>
Planning & preliminary testing	4	\$ 160	\$ 640
Offsite testing	24	160	3,840
Onsite testing, if necessary	-	160	-
State of Utah compliance testing	6	160	960
Financial statement preparation & review	8	180	1,440
Meals and lodging	-	-	-
Total	42		\$ 6,880
Single Audit, if applicable (Federal programs testing)	16	180	\$ 2,880

<u>Service</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Financial audit	\$ 6,880	\$ 7,000	\$ 7,200	\$ 7,400	\$ 7,600
Single Audit (federal awards)	2,880	3,000	3,100	3,200	3,300

Any additional charges would result only from, (1) an increase in the anticipated scope of the examination due to new additional State and/or Federal guidelines, (2) work other than those services outlined above, or (3) an increase in the anticipated scope of the examination due to an increase in the level of business activity; all of which will be discussed and authorized by the appropriate authorities in writing before the additional work is performed. The hourly rate for any additional work would be as follows:

<u>Personnel</u>	<u>Hourly Rate</u>
Partner	\$ 180
Manager	120
Staff	90

## Report on the Firm's System of Quality Control

December 23, 2020

To the Partners of Aycock, Miles & Associates, CPAs and the Peer Review Committee of the Nevada Society of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Aycock, Miles & Associates, CPAs (the firm) in effect for the year ended June 30, 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 a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

## Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Aycock, Miles & Associates, CPAs in effect for the year ended June 30, 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 deficiency(ies)* or *fail*. Aycock, Miles & Associates, CPAs has received a peer review rating of *pass*.

*Haynie & Company*