
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Board of Commissioners
Erie County Water Authority
295 Main Street – Room 350
Buffalo, New York 14203

We have performed the procedures enumerated in Appendix A (attached), which were agreed to by the management of the Erie County Water Authority (the “Authority”), solely to assist you in evaluating certain accounting policies and procedures as of July 26, 2018 and for the period beginning January 1, 2018 and ending July 26, 2018. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated in Attachment A either for the purpose for which this report has been requested or for any other purpose.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be an expression of an opinion or conclusion, respectively, on the Authority. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the management of the Authority, and is not intended to be and should not be used by anyone other than this specified party.

Drescher & Malecki LLP

October 10, 2018

Attachments: Appendix A—Agreed Upon Procedures

**Erie County Water Authority (the “Authority”)
Agreed Upon Procedures**

As requested, we will perform the following agreed-upon procedures as of July 26, 2018 and for the period from January 1, 2018 through July 26, 2018 (the “reporting period”):

1. Obtain and read the 2018 minutes of the of the Authority Board of Commissioners meetings as set forth in the minute records as of July 26, 2018.

Obtained and read the 2018 minutes of the of the Authority Board of Commissioners meetings as set forth in the minute records as of July 26, 2018.

2. Obtain and read the internally prepared unaudited comparative financial statements as of and for the six month period ended June 30, 2018, as included within the Authority Comparative Financial Statements June 2018 and 2017 report.

Obtained and read the internally prepared unaudited comparative financial statements as of and for the six month period ended June 30, 2018, as included within the Authority Comparative Financial Statements June 2018 and 2017 report.

3. Inquire of certain Authority officials who have responsibility for financial and accounting matters whether the June 30, 2018 unaudited financial information referred to in item 2 above are in conformity with accounting principles generally accepted in the United States of America applied on a basis substantially consistent with that of the Authority’s December 31, 2017 audited financial statements.

Inquired of the Comptroller whether the June 30, 2018 unaudited financial information referred to in item 2 above are in conformity with accounting principles generally accepted in the United States of America applied on a basis substantially consistent with that of the Authority’s December 31, 2017 audited financial statements. It was described that comparative financial statements as of and for the six month period ended June 30, 2018 are in conformity with accounting principles generally accepted in the United States of America applied on a basis substantially consistent with that of the Authority’s December 31, 2017 audited financial statements.

4. Inquire of certain Authority officials who have responsibility for financial and accounting matters whether as of July 26, 2018, there was any substantial change in the net position of the Authority as compared with amounts disclosed within the Authority’s December 31, 2017 audited financial statements.

Inquired of the Comptroller whether as of July 26, 2018, there was any substantial change in the net position of the Authority as compared with amounts disclosed within the Authority’s December 31, 2017 audited financial statements. It was described by the Comptroller that there was no substantial change.

5. Inquire of certain Authority officials who have responsibility for financial and accounting matters whether as of July 26, 2018, there were any changes to internal controls during the period January 1, 2018 through July 26, 2018 from existing controls at December 31, 2017.

Inquired of the Comptroller whether as of July 26, 2018, there were any changes to internal controls during the period January 1, 2018 through July 26, 2018 from existing controls at December 31, 2017. It was described that there were no changes to internal controls during the reporting period from the existing controls at December 31, 2017.

6. Obtain the Authority purchasing policy and inquire as to any changes that have been made to the policy during the period January 1, 2018 through July 26, 2018 from the existing purchasing policy at December 31, 2017.

Obtained the Authority purchasing policy and inquired of the Comptroller as to any changes made to the policy during the reporting period, no changes were noted.

7. Obtain the Authority check register and listing of electronic funds transfers for the period January 1, 2018 through July 26, 2018. From the check register and listing of electronic funds transfers during the reporting period, randomly select 25 disbursements and perform the following:

Obtained the check register and listing of electronic funds transfers for the reporting period and randomly selected 25 disbursements.

- a. Agree amount per disbursement to voucher, invoice, and purchase order.

Agreed amount per disbursement to voucher, invoice, and purchase order for each selection.

- b. Agree vendor per disbursement to voucher, invoice, and purchase order.

Agreed vendor per disbursement to voucher, invoice, and purchase order for each selection.

- c. Ascertain that the disbursement documentation contains documented approvals as stated in the Authority's purchasing policy.

Ascertained that the disbursement documentation contained documented approvals from the Comptroller, the Treasurer or Assistant Treasurer, the Executive Director or Secretary to the Authority and the Account Clerk or Assistant Manager of Accounting Services for each selection.

- d. Ascertain that the disbursement was classified in the general ledger based on the purchase order and description.

Ascertained that the disbursement was classified in the general ledger based on the purchase order and description for each selection.

- e. Inquire as to whether the disbursement was made within the Authority's purchasing policies for quotations and bids.

Inquired as to whether the disbursement was made within the Authority's purchasing policies for quotations and bids and it was described that items were made within the policy guidelines for each selection.

8. Obtain a list of contracts awarded for the period January 1, 2018 through July 26, 2018. From the list of contracts awarded during the reporting period, randomly select 5 contracts and perform the following:

Obtained a list of contracts awarded for the reporting period and randomly selected 5 contracts.

- a. Obtain bidding documentation for contract and bidding file.

Obtained bidding documentation for contract and bidding file for each selection.

- b. Ascertain from Authority management and purchasing personnel that the Authority adhered to the bidding process as outlined in the purchasing policy.

Ascertained from Authority management and purchasing personnel that the Authority adhered to the bidding process as outlined in the purchasing policy. It was described that in one instance the contract was awarded to the lowest responsible bidder and not the lowest bidder.

- c. Inquire of the Authority that the contractor has insurance coverage that meet the Authority's standards.

Inquired of the Comptroller that the contractor had insurance coverage that met the Authority's standards for each selection.

- d. Obtain documentation to support evidence of insurance coverage discussed in step 8c.

Obtained the certificate of insurance submitted by the contractor for four contracts. It was described that for one contract a certificate of insurance was not required for the purchase of supplies and materials.

- e. Ascertain approval of contract within minutes of the meetings of the Board of Commissioners.

Ascertained approval of contract within minutes of the meetings of the Board of Commissioners for each selection.

9. Obtain a list of change orders that were paid during the period January 1, 2018 through July 26, 2018. From the list of change orders paid during the reporting period, randomly select 5 change orders and perform the following:

Obtained a list of change orders that were paid during the reporting period and randomly selected 5 change orders.

- a. Inquire of Authority management the reason for the change order.

Inquired of the Comptroller the reason for the change order for each selection.

- b. Obtain "Authorization Form for Approval/Execution of Documents" for each change order.

Obtained "Authorization Form for Approval/Execution of Documents" for each selection.

- c. Inquire of the Authority if an emergency was declared for the change order.

Inquired of the Comptroller if an emergency was declared for each selection. It was described that three of the five change orders selected were for declared emergencies.

- d. If an emergency was declared for the change order, obtain "Declaration of Emergency" and ascertain authorization of Commissioner, the Executive Director, Executive Engineer.

Obtained "Declaration of Emergency" for two of the three items identified in item 9d. A "Declaration of Emergency" was not obtained for one item identified in 9d. For two of the three selections identified in item 9d, ascertained authorization of two of the three following individuals as required by the declaration of emergency form: Commissioner, the Executive Director, Executive Engineer, without exception.

- e. Ascertain approval of change order within the Board of Commissioners meeting minutes.

Ascertained approval of change order within the Board of Commissioners meeting minutes for each selection.

- 10. Obtain the Authority journal entry policy and inquire as to any changes have been made to the policy during the period January 1, 2018 through July 26, 2018 from the existing journal entry policy at December 31, 2017.

Obtained the Authority journal entry policy and inquired of the Comptroller as to any changes made to the policy during the reporting period from the existing journal entry policy at December 31, 2017. No changes were described.

- 11. Obtain monthly journal entry reports for the period January 1, 2018 through July 26, 2018. From the monthly journal entry report for the reporting period, randomly select 15 journal entries and perform the following:

Obtained monthly journal entry reports for the reporting period and randomly selected 15 journal entries.

- a. Inquire of Authority management the purpose of the entry.

Inquired of Authority management the purpose of the entry for each selection.

- b. Ascertain that any support attached to the entry relates to the posted entry.

Ascertained that any support attached to the entry relates to the posted entry for each selection.

- c. Ascertain that the journal entry was reviewed by an individual independent of the preparer.

Ascertained that the journal entry was reviewed by an individual independent of the preparer for each selection.

- d. Ascertain that the review of the journal entry was performed by an individual approved by the Authority's journal entry policy.

Ascertained that the review of the journal entry was performed by the Deputy Director for each selection.

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