

A Technical Proposal to Provide
Provision of Audit Services

Prepared for

The Town of Dewey Beach, Delaware

January 10, 2022

Submitted By:
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January 10, 2022

Audit Committee
Town of Dewey Beach, Delaware
Dewey Beach Town Hall
105 Rodney Avenue
Dewey Beach, DE 19971
jjjohnson1223@gmail.com

Re: Request for Proposal - Provision of Audit Services

Dear Audit Committee for the Town of Dewey Beach, Delaware:

On behalf of CohnReznick (the "Firm"), we are pleased to present this proposal to provide audit services to the Town of Dewey Beach, Delaware (the "Town"). We understand that the services the Town requires are an audit of financial statements and preparation of its Schedule of Expenditures of Federal Awards (if applicable), an audit of the Town of Dewey Beach, Delaware for the fiscal years ending March 31, 2022-2024 and two additional one-year extension options for the years ended March 31, 2025 and 2026. We commit to completing the required work within the timeframe established by the Town.

Summary of Qualifications

While the body of this document sets forth our capabilities, experience, personnel, and project management, there are a few key points that we would like to emphasize.

- As the Town's auditor for the past 3 years, we have developed an in-depth knowledge of the Town's internal controls and staff, enabling us to effectively and efficiently develop an audit plan.
- As a national accounting firm, CohnReznick performs over 50 audits of state and local governmental entities and more than 1,350 audits annually in accordance with Generally Accepted Government Auditing Standards (GAGAS or Yellow Book). Our experience in auditing governmental entities has included meeting federal compliance requirements for a wide variety of funding sources. As such, we know what it is like to be subjected to intense public scrutiny. Our programs and deliverables have been scrutinized by public officials, political appointees, state Attorneys General, Inspectors General, the courts, and the general public. Without fail, our programs and deliverables have withstood this intense amount of scrutiny time and time again.
- In addition to serving the Town, we have served as independent outside auditor for numerous cities of similar size, such as the City of Takoma Park, City of Greenbelt, City of Gaithersburg, Town of La Plata, and Carroll County. We also have served numerous counties, school boards, colleges, and universities in the state of Maryland, as well as throughout the country. Many of these clients have **received the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting.**
- To develop a long-term relationship with the Town, we have assigned **Dan Kenney**, engagement partner, **Ryan Ebner**, senior manager and **Daniel Seeba**, senior associate. Dan, Ryan and Daniel have worked together on the audit of the Town as well as other counties, cities, school boards and other agencies. This will ensure that you receive the benefits from an engagement team that is familiar with your operations and service needs.
- The Firm has been an active sponsor with the MDGFOA and our professionals have also been involved with various Affinity Groups where both the engagement partner and senior manager have instructed numerous governmental accounting classes.
- The Town will receive objective and well-informed advice from senior professionals who are absolutely independent and credible, with no real or perceived conflict of interest. Our advice and reports will be in plain and understandable language and will provide a valuable tool for the Town as it moves forward.



Scope of Services

Based on the Town's RFP, we understand that you require the following services for the fiscal years ending March 31, 2022-2024 and two additional one-year extensions:

- A report on the fair presentation of the financial statements in conformity with the generally accepted accounting principles.
- A report on compliance and internal control over financial reporting based on an audit of the financial statements
- A report on compliance and internal control over compliance applicable to each major federal program in accordance with Uniform Guidance.
- The Schedule of Expenditures of Federal Awards and related auditor's reports as well as the reports on compliance and internal controls.
- A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
- The auditor shall provide the covers, paper and binding supplies needed to print 10 copies of the financial statements and required reports.

Proposed Timeline

The following is the **suggested timing** of our audit services. Upon our appointment, we would meet with the Town's management to finalize the schedule:

Services

Estimated Dates

Entrance conference with Town Manager/Audit Committee

Upon our Appointment

Detailed audit plan and list of schedules to be prepared by Town

March 15, 2022

Preliminary and interim audit procedures

March 15 - April 15, 2022

Field work and final audit procedures

May 15-June 30, 2022

Draft financial statements delivered to Town Manager/Audit Committee for review and discussion

By July 15, 2022

Delivery of opinion letter and draft financial statements

By August 15, 2022

Management letter

By August 15, 2022

Presentation of financial statements and other required communication

Upon Approval of Final Audit Report by Audit Committee



We are excited about the opportunity to continue to serve you in the coming years. If you have any questions or would like additional information, please do not hesitate to contact me directly.

This offer is firm and irrevocable for 90 days.

Sincerely,

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A. License to Practice



It is Firm policy that all manager-level and above are properly licensed in the states which they serve. All key audit members (manager and above) of the proposed engagement team for the Town are licensed in their respective state. CohnReznick is properly qualified to conduct business in the State of Delaware.

B. Firm Qualifications and Experience



Description of Firm

Leading
advisory, assurance, and tax
firm in the United States

270+
partners/principals

2,700+
employees

Over \$645 Million
in annual revenue

26 offices

International reach
via Nexia member firms in
more than **100 countries**

CohnReznick is a national advisory, assurance, and tax firm founded in 1919. As one of the top accounting firms in the United States, CohnReznick provides forward-thinking service across nearly two dozen industries and serves businesses ranging from multigenerational family-run enterprises to public companies in the Fortune 1000.

We have the deep resources and technical acumen of a large national accounting firm without sacrificing the hands-on, entrepreneurial approach that today's dynamic business environment demands. This combination allows us to offer the proactive insight and guidance our clients need as they grow and evolve.

CohnReznick has developed specialized practices in key industries, including local, state, and federal governments, allowing us to specifically target relevant service offerings and knowledgeable personnel to each client. Because of our depth of resources across service lines, we serve in a variety of client service roles, including primary auditor, advisor, and other specialized roles. In addition to solid capabilities in core practice areas, CohnReznick has expanded the breadth of our service offerings in response to our clients' needs. We foster collaborative connections across every level and branch of our organization so that the professionals who will serve you will have access to our firm-wide depth of resources.

Number and Nature of Staff to Be assigned

The Firm's total governmental audit staff totals approximately 50. Below is the number and nature of staff assigned to this engagement:

PROFESSIONAL LEVEL	NUMBER OF FULL-TIME STAFF
Partner	1
Senior Manager	2
Senior Associate	1
Associate	1

Local Office Governmental Experience

CohnReznick has extensive experience conducting audits in accordance with the standards for financial audits contained in Government Auditing Standards (the "Yellow Book") issued by the Comptroller General of the



United States, the requirements of the Single Audit Act Amendments of 1996 (the “Single Audit Act”), and the provisions of Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (the Uniform Guidance).

We have particular expertise auditing governmental and not-for-profit organizations receiving federal funds. Currently, CohnReznick performs more than 1,350 audits annually in accordance with Government Auditing Standards. Additionally, we audit over \$4 billion in federal expenditures. As such, CohnReznick routinely participates in Quality Assurance Reviews from government oversight agencies, as well as internal and external SEC practice peer reviews. Every CohnReznick audit professional receives specialized audit training to meet the Continuing Professional Education (CPE) requirements of Government Auditing Standards (GAS).

Annually, we perform financial, compliance, and performance audits in accordance with generally accepted auditing standards and guidelines set forth by: American Institute of Certified Public Accountants (AICPA), Government Accountability Office (GAO), Governmental Accounting Standards Board (GASB), and Federal Accounting Standards Advisory Board. CohnReznick prides itself on success and efficiency in audits of entities receiving government grants, awards, contracts, and other assistance.

CohnReznick is proud of the accolades we have received regarding our work in the public sector. Many of our municipal clients’ annual reports have received GFOA Certificate of Achievement for Excellence in Financial Reporting. Further, due to our work in high-profile government engagements, having, for example, overseen more than \$20 billion in federal grant funds in the aftermaths of Hurricanes Katrina, Rita, Dolly, Gustav, Ike, and Sandy, our previous experience has been subjected to intense public scrutiny. Our programs and deliverables have been inspected by public officials, political appointees, State Attorneys General, Inspectors General, and the general public. Without fail, our programs and deliverables have withstood this intense amount of scrutiny time and time again and our reports have not only withstood intense public scrutiny, they have been commended as excellent reporting examples within the Inspectors General community.

Similar Engagements with Other Government Entities

Our experience in performing audit and related services to state and local entities is best evidenced by the representative list of clients for whom we have provided similar services over the past five years. The Baltimore office serves the clients described below.

- Name:** Howard County Public School System
Contact: Tim Yetter; 410-313-8981
Date(s) Work Performed: 2018-Present
Nature of Work Performed: Audit of financial statements, Uniform Guidance single audit
- Name:** Cecil County Public School
Contact: Sandy Jack; 410-996-5497 (Ext 5)
Date(s) Work Performed: 1994-Present
Nature of Work Performed: Audit of financial statements, Uniform Guidance single audit
- Name:** City of Greenbelt, MD
Contact: Bertha Gatmon; 240-542-2011
Date(s) Work Performed: 2011-Present
Nature of Work Performed: Audit of financial statements
- Name:** City of Gaithersburg, MD
Contact: Kimberly Francisco; 240-805-1021
Date(s) Work Performed: 2014-Present
Nature of Work Performed: Audit of financial statements
- Name:** Carroll County, MD
Contact: Robert Burk; 410-386-2085
Date(s) Work Performed: 2017-Present
Nature of Work Performed: Audit of financial statements, Uniform Guidance single audit
- Name:** Town of La Plata, MD
Contact: Kevin Greenville; 301-934-8421
Date(s) Work Performed: 2013-Present
Nature of Work Performed: Audit of financial statements



Results of Desk Reviews

Our workpapers and reports have been reviewed by, among others, the Maryland State Department of Education (MSDE), the U.S. Department of Housing and Urban Development, and the U.S. Department of Labor, as well as various Maryland and Connecticut State agencies and have been determined to be of high quality and in compliance with auditing standards generally accepted in the United States of America and Government Auditing Standards. In addition, during the normal course of business, the Firm at times receives inquiries from the Office of the Inspector General (OIG) on OMB Circular **Uniform Guidance** audits. Any such inquiries were promptly responded to and resolved to the OIG's satisfaction.

Disciplinary Actions against the Firm

No state regulatory bodies or professional organizations have had any disciplinary actions against the firm during the past three (3) years.



Peer Review Report

As an independent public accounting firm registered with the Public Company Accounting Oversight Board and as a member of the Center for Audit Quality of the American Institute of Certified Public Accountants, CohnReznick undergoes triennial peer reviews of our audit and accounting practices. We are proud to say that in our most recent peer review, CohnReznick received a peer review rating of “pass,” the highest of the three ratings issued, indicating that our firm adheres to the highest standards of the profession. The most recent peer review specifically included governmental engagements.



Report on the Firm's System of Quality Control

To the Partners of CohnReznick, LLP and the National Peer Review Committee:

We have reviewed the system of quality control for the accounting and auditing practice of CohnReznick, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection 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. 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 compliance audits under the Single Audit Act; audits of employee benefit plans, audits of broker-dealers and an examination of service organizations (SOC 2) engagement.

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 CohnReznick, LLP applicable to engagements not subject to PCAOB permanent inspection 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*. CohnReznick, LLP has received a peer review rating of *pass*.

Baker Tilly US, LLP

Minneapolis, Minnesota
May 10, 2021

Baker Tilly US, LLP, trading as Baker Tilly, is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.



Partner Supervisory and Staff Qualifications and Experience

In selecting an engagement team, we take great care in ensuring that professionals with deep technical knowledge in the areas most important to your business are assigned to serve you. To best serve the Town, we have assigned a group of individuals whose collective expertise will be extremely valuable in satisfying your requirements. Each of the individuals identified below have experience on the engagement team of the Town within our current contract for audit services, enabling them to leverage their knowledge of the Town to enhance the effectiveness of future audits.

CORE ENGAGEMENT TEAM

MEMBER	ROLE	RESPONSIBILITY
Daniel Kenney	Engagement Partner	Dan will serve as the engagement partner for the Town and will assume overall responsibility for ensuring the completion of all services. He will coordinate the efforts of all CohnReznick professionals participating on this assignment and ensure that our services are delivered in an integrated, cost-effective, and timely manner. He will serve as the primary point of contact and hands-on business advisor for the Town and will make available to you the full depth and breadth of our Firm's resources.
James Lyons	Concurring Technical Review	Jim will work closely with Dan and will provide a "big picture" review of the audit workpapers and financial statements from an uninvolved perspective. As a requirement of our quality control procedures, the technical review helps to ensure the details do not obscure any underlying issues. James will also be a source of additional audit expertise.
Ryan Ebner	Senior Audit Manager	Ryan will be responsible for coordinating the efforts of our staff throughout fieldwork and managing on-site audit procedures. He will always be available to answer your questions.
Daniel Seeba	Senior Audit Associate	Dan will take the lead role among the audit staff, will coordinate day-to-day tasks and deliverables, and will provide supervision, insight and experience to the audit staff.

ADDITIONAL COHNREZNICK RESOURCES

MEMBER	ROLE	RESPONSIBILITY
Bhavesh Vadhani	IT Advisory Partner	Bhavesh will review overall IT structure and provide IT consultation, as deemed appropriate. Additionally, during our entrance meeting with the Town's Audit Committee and management, he, along with Remi, will provide updates regarding recent IT risk management trends.
Remi Franklin	IT Audit Director	Remi will evaluate IT general controls and obtain an understanding of the IT environment that may affect completeness, accuracy, and availability of financial systems. Additionally, during our entrance meeting with the Town's Audit Committee and management, she, along with Bhavesh, will provide updates regarding recent IT risk management trends.



Daniel J. Kenney, CPA Engagement Partner

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Baltimore, MD 21202
410-895-7818
dan.kenney@cohnreznick.com

Daniel J. Kenney, CPA, is a member of the Firm's Assurance Practice with more than 25 years of public accounting experience. Dan has gained experience working with municipalities, school boards, public libraries, financial institutions, state housing finance agencies, employee benefit plans, and government-subsidized, multifamily housing.

Dan has prepared and presented numerous internal governmental audit training seminars on fund types and account groups, preparation of comprehensive annual financial reports, and application of the Uniform Guidance and GASB technical bulletins. Dan is an instructor with the MDGFOA and teaches the intermediate governmental accounting course on an annual basis. Recently, Dan presented to the Florida Sheriffs Association for tips on implementation GASB 87 regarding leases effective for June 15, 2022 and later year ends.

In addition to the Town of Dewey Beach, Dan's government sector experience includes such Maryland counties as Carroll, Harford, Talbot, St. Mary's, Charles, and Calvert; such cities as Rockville, Gaithersburg, Greenbelt, Takoma Park, Bowie, Havre de Grace, Ocean City, Hyattsville, and La Plata; such entities as Cecil County Public Schools, Harford County Public Library, Cecil County Public Library, Howard County Library, Carroll County Library, Howard County Economic Development Authority, Howard County Public Schools, Maryland Community Development Administration, Maryland General Assembly, and Maryland Health and Higher Education Facilities Authority.

Education

- Towson University: Bachelor of Science, Accounting

Community Involvement

- Towson University Accounting Advisory Board
- Treasurer: Children's Cancer Foundation

Professional Affiliations

- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants
- Maryland Government Finance Officers Association
- National Council of State Housing Agencies



James P. Lyons, CPA Senior Manager

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Hartford, CT 06103
959-200-7025
james.lyons@cohnreznick.com
www.cohnreznick.com

James P. Lyons, CPA, is a senior manager in CohnReznick's Quality Review Department. James has more than 30 years of public accounting experience that includes both quality control and direct client service responsibilities. Within the Quality Review Department, James has gained expertise in a variety of industries, including affordable housing, construction, government, healthcare, not-for-profit, and education, as well as with the audits of employee benefit plans.

Prior to taking on a quality control role, James provided audit, accounting, and financial reporting services to various governmental entities, including municipalities, water/sewer providers, transit authorities, and school districts. He also has a background with affordable housing and real estate entities.

Education

- Bentley College: Bachelor of Science, Accountancy

Professional Affiliations

- American Institute of Certified Public Accountants
- Connecticut Society of Certified Public Accountants



Ryan Ebner, CPA Senior Audit Manager

500 East Pratt Street, 4th Floor
Baltimore, MD 21202
410-895-7326
ryan.ebner@cohnreznick.com

Ryan Ebner, CPA, is a senior manager in CohnReznick's Baltimore office. Ryan has gained experience providing professional services for local government, not-for-profit entities, affordable housing owners and operators, as well as clients in such industries as hospitality and commercial real estate. Ryan has over thirteen years of experience in governmental accounting, and his prior government auditing experiences include the Town of Dewey Beach, Howard County, Maryland; Howard County Public Schools System; Howard County Library; Howard County Economic Development Authority; Carroll County, Maryland; Carroll County Industrial Development Authority; and the Maryland Department of Business and Economic Development.

As a senior manager, Ryan is responsible for planning, supervising, reviewing, and executing the audit fieldwork for his client engagements, as well as for supervising the audit progress. His responsibilities include reviewing and evaluating internal control systems for the purpose of determining the nature, timing, and extent of audit procedures to be performed; supervising engagement staff; identifying, resolving, and summarizing significant audit issues; preparing financial statements; and creating management letters to document recommendations to improve internal controls, operational efficiency, and effectiveness. His variety of experience has provided him the knowledge and flexibility to respond to all aspects of a client's needs.

Education

- University of Delaware: Bachelor of Science, Accounting

Professional Affiliations

- American Institute of Certified Public Accountants
- Maryland Association of Certified Public Accountants



Daniel Seeba

Senior Audit Associate

500 East Pratt Street, 4th Floor
Baltimore, MD 21202
410-895-7287
dan.seeba@cohnreznick.com

Daniel Seeba, is a senior associate in the Assurance Practice of CohnReznick LLP's Baltimore office. He has 5 years of experience in public accounting, providing client services in the areas of audit, review and compilation, accounting, compliance, and other accounting services. This experience includes working with local governments including the Town of Dewey Beach and the City of Takoma Park. Daniel's experience also includes providing working with residential real estate companies.

His responsibilities include planning and executing the engagement process, obtaining an understanding of the control environment, evaluating the design of internal controls, performing auditing procedures, compliance analysis, client communications, preparation and review of financial statements, and supervision and development of interns and associates.

Education

- Anne Arundel Community College: Associate in Arts (AA), Business Administration
- University of South Carolina - Upstate: Bachelor of Science (BS), Business Administration
- University of Baltimore & Towson University: Master of Science (MS), Accounting and Business Advisory Services



Additional CohnReznick Resources



Bhavesh Vadhani, CISA, CRISC, CGEIT, PMP IT Advisory Partner

8000 Towers Crescent Drive, Suite 1000
Tysons Corner, VA 22182
703-847-4418
bhavesh.vadhani@cohnreznick.com

Bhavesh Vadhani, CISA, CRISC, CGEIT, PMP, is a principal with more than 16 years of experience in the field of information risk management. He has led and managed such engagements as information technology (IT) controls assessments, SSAE 16/SOC 1 (formerly SAS 70) and SOC 2 attestations, project management and quality assurance reviews, IT risk assessments, information security consulting, information assurance, IT strategy, and portfolio management. He has in-depth knowledge of IT and business processes, as well as valuable experience in auditing and integrating highly complex systems. He is intimately familiar with regulatory requirements and standards, including, but not limited to, Sarbanes-Oxley 404 (SOX), OMB A-123, PCI-DSS, 201-CMR 17, Red Flags, FedRAMP, FISMA, and FISCAM.

In his current role, Bhavesh works with organizations to adopt industry best practices and frameworks to improve efficiencies in day-to-day processes and identifies IT governance initiatives to help corporations and organizations enhance their existing IT environment. In addition, he conducts SOX 404 compliance reviews, SSAE 16/SOC 1 and SOC 2 attestations, and PCI DSS readiness reviews and assists IT department executives with their information assurance, IT strategic, and information security initiatives. He also performs internal control assessments to support the Firm's financial statement audits and helps clients with remediation activities with respect to IT control deficiencies.

Prior to joining the firm, Bhavesh worked as an IT audit/security manager for a Big Four accounting firm. In that role, he led and managed a portfolio of information assurance engagements focused in SOX advisory, IT audits to support financial statement audits, controls tuning, IT process effectiveness, business process re-engineering, SAS 70 reviews, FISCAM and FISMA audits, and security and controls optimization. His clients included various *Fortune* 500 companies that span such industries as financial services, healthcare, technology, and governmental agencies.

Bhavesh holds the Project Management Professional (PMP) designation, Certified Information Systems Auditor (CISA) certification, and he is certified in Risks and Information Systems Controls (CRISC), and Certified In The Governance of Enterprise IT (CGEIT).

Education

- University of Mumbai: Bachelor of Science, Electronics Engineering
- University of Baltimore: MBA

Professional Affiliations

- ISACA (Formerly, the Information Systems Audit and Controls Association)
- Institute of Internal Auditors
- Project Management Institute (PMI)



Remi D. Franklin, CISA

IT Audit Director

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Remi D. Franklin, CISA, is a director in CohnReznick's IT Audit Practice. Remi has 20 years of diversified experience in IT audit and information risk management, servicing a broad range of financial services institutions in complex global IT environments. She has gained expertise in internal controls, self-assessment/Sarbanes Oxley (SOX) programs, service organization controls (SOC) examinations, internal quality assurance reviews, and training development/delivery.

Prior to joining the Firm, Remi was a director in a Big Four accounting firm, where she led the IT component of large SOX external audits for financial services institutions. She also directed for financial institutions an extensive portfolio of SOC examinations covering retirement plan servicing, asset management, and accounts receivable/lockbox processing.

Education

- Howard University: Bachelor in Business Administration, Accounting

Community Involvement

- Bedford Stuyvesant Alliance of Block Associations
- Treasurer: Van Buren Street Block Improvement Association

Professional Affiliations

- ISACA (formerly known as the Information Systems Audit and Control Association)



Ensuring Quality of Engagement Staff

To foster consistency and confidence in our teams, CohnReznick has developed internal programs that have enabled our Firm to become an industry leader in professional staff retention. This consistency in staff, combined with our hands-on understanding of your business, its operations, and its people, are keys to your success.

CohnReznick has always prided itself on its higher-than-average staff retention rate. We build efficiencies and relationships year over year by ensuring continuity within the engagement team. In general, unless a staff member resigns from CohnReznick's Baltimore office, audit staff will be assigned for the extent of the engagement.

Staff Education and Training Requirements

Each partner and member of the professional staff of CohnReznick is required to complete the required hours of continuing professional education as outlined in the manuals of the PCPS Firm Practice Center and U.S. Securities and Exchange Commission (SEC) Sections of the American Institute of Certified Public Accountants (AICPA) Division for CPA Firms, the AICPA membership and other state requirements. Additionally, those involved in audits subject to generally accepted government auditing standards (GAGAS) must also comply with the continuing education requirements included in GAGAS. This includes completing 80 hours of continuing education and training every two years, of which at least 24 hours are to be in subjects directly related to government auditing.

To encourage and assist staff in their professional growth, CohnReznick provides a minimum of 40 hours of continuing professional education per year for each professional staff person. Most of our professional staff far exceed this minimum. Our Firm provides AICPA approved training in the specific areas of "Auditing State and Local Governments" and "Audits Conducted in Accordance with OMB Uniform Guidance." These courses are required of those staff working on our government clients.

Also, our partners attend the National Government Finance Officers Association (GFOA) annual meeting, the AICPA National Governmental Accounting and Auditing Update Conference, and the Maryland GFOA annual meeting. Partners and managers attend the annual Maryland Society of Certified Public Accountants Governmental Accounting and Auditing Conference and quarterly Maryland GFOA meetings, as we are a bronze sponsor of the Maryland GFOA.

Staff Turnover

We typically do not rotate members of your engagement team, as replacing them would deprive you of their institutional knowledge and developing relationship. However, if we do have the need to replace personnel on this engagement, we will communicate with the Town and decide together on a proper replacement before making any changes. We guarantee that any replacements will possess equivalent qualifications and experience.



Identification of Anticipated Potential Audit Problems

Based on our experience providing audit services to the Town and our vast experience in the municipal industry and auditing entities of your size, we do not anticipate any potential audit problems. If problems do occur, there is a clear methodology and approach for dealing with potential audit problems and strong communication channels linking the Town and CohnReznick at the top.

CohnReznick is committed to:

- Continuing to provide the Town counsel throughout the year, which would include implementation of various GASB pronouncements expected over the course of this proposed contract, which will impact the Town's accounting policies, processes and reporting requirements.
- Working closely with the Town's management during each phase of the engagement to identify, discuss, and resolve financial systems and reporting issues;
- Identifying accounting and reporting issues throughout the engagement to provide the greatest opportunity for thorough research and the determination of sound solutions; and
- Coordinating and cooperating fully with the staff and management in the finance office of the Town to complete all aspects of the engagement in an effective manner.



Information on Scheduling Performance

Below we have presented our proposed segmentation of the engagement. This segmentation is based on the level of effort required in our actual experience with this engagement and will help ensure that the Town's deadlines are met within the prescribed budget. This detail is also provided to inform you of the level of effort that has been required on average over the last three audit periods.

Planning	Partner	Sr. Manager	Sr. Associate	Associate	Total
Understanding the entity ⁽¹⁾	2.0	4.0	10.0	6.0	22.0
Internal control process documentation ⁽²⁾	1.0	2.0	7.0	4.0	14.0
Walkthrough of key internal controls	1.0	2.0	4.0	6.0	13.0
Walkthrough of key internal controls - specific to IT environment	0.5	1.0	3.0	-	4.5
SAS 99 (Fraud) Inquiries	0.5	1.0	3.0	-	4.5
Capital asset additions and disposals through interim date	0.5	1.0	2.0	4.0	7.5
Analytical review of interim fund trial balances ⁽³⁾	1.0	2.0	6.0	2.0	11.0
Sample major processes (i.e. cash disbursement, payroll) ⁽²⁾	1.0	2.0	5.0	12.0	20.0
Prepare yearend audit plan and client request lists based on interim results	1.0	2.0	4.0	-	7.0
Prepare confirmations for yearend	-	-	2.0	4.0	6.0
Subtotal	8.5	17.0	46.0	38.0	109.5

Yearend Fieldwork	Partner	Sr. Manager	Sr. Associate	Associate	Total
Balance Sheet - Test of Details					
Cash	1.0	1.5	2.0	3.0	7.5
Investments	1.0	1.5	2.0	3.0	7.5
Receivables	0.5	1.0	2.0	3.0	6.5
Capital assets (transactions after interim date)	0.5	1.0	2.0	4.0	7.5
Accounts payable	0.5	1.0	2.0	3.0	6.5
Accrued expenses (payroll, leave)	0.5	1.0	2.0	3.0	6.5
Unearned revenue	0.5	0.5	1.0	2.0	4.0

B. Firm Qualifications and Experience



Pension related balances	1.0	2.0	4.0	-	7.0
Fund balance / Net Position	1.0	3.0	6.0	2.0	12.0
Revenue - Confirmation, Substantive Test of Details and Analytics					
Taxes and assessments	1.0	2.0	3.0	5.0	11.0
Licenses, permits and fees	1.0	2.0	3.0	5.0	11.0
Fines	1.0	1.0	2.0	3.0	7.0
Investment income	1.0	1.0	2.0	4.0	8.0
Other	1.0	1.0	2.0	2.0	6.0
Expenses - Analytics					
General Fund	2.0	5.0	12.0	18.0	37.0
Beach Replenishment Fund	0.5	1.0	-	2.0	3.5
Financial Statement Preparation and other reporting					
GASB 68 adjustment assistance	0.5	2.5	5.0	-	8.0
Full accrual conversion assistance	1.0	3.0	6.0	-	10.0
Financial statement preparation and review	4.0	8.0	12.0	16.0	40.0
Communications with governance and audit committee (internal controls, etc.)	4.0	12.0	8.0	2.0	26.0
Uniform Guidance ⁽⁴⁾	10.0	24.0	36.0	36.0	106.0
Subtotal	33.5	75.0	114.0	116.0	338.5
Total	42.0	92.0	160.0	154.0	448.0

(1) CohnReznick will read pertinent documents such as any amendments Town charters, Mayor and Council meeting minutes, new agreements, debt offerings, etc. to maintain a sound understanding of any changes to the Town's operations, infrastructure and business transactions during the year. This will enhance our already established background knowledge of the Town and will ensure our audit plan addresses any noted significant laws and regulations.

(2) CohnReznick will discuss with management any enhancements or other changes to the Town's internal control structure since the prior year audit engagement and will discuss those controls and underlying business procedures with the Town contact(s) most pertinent to each process. This will enable us to leverage our understanding of the Town's controls and processes to tailor the most efficient and effective audit plan.

B. Firm Qualifications and Experience



(3) CohnReznick will request trial balances through an interim date to perform analytical reviews on the funds through a portion of the year. This will allow CohnReznick to identify anything it deems out of the ordinary or unexpected based on the Town's budget or other expectations. Based on this analytical review, CohnReznick will determine if there are procedures that can be done at the interim date to appropriately audit any balances that require investigation, or tailor our yearend audit approach to address these trends.

(4) An audit under Uniform Guidance would be required if the Town spent federally sourced funds in excess of \$750,000 in a given fiscal year. Over the prior three years we have been the Town's independent auditor, there have not been instances where significant federal funds were expensed, and an audit under Uniform Guidance has not been required. If this audit is not required, we would not bill for the proportionate portion of the budget, which is distinguished separately on the fee proposal.

C./D. Independence & Conflict of Interest



CohnReznick is independent with respect to The Town of Dewey Beach, Delaware and the potential component units as defined by generally accepted auditing standards and the U.S. General Accounting Office's Government Auditing Standards.

We have no known relationships with the Town or its Affiliates.

CohnReznick affirms that it will give the Town written notice of any professional relationships involving the Town or any of its agencies or components entered into during the period of this agreement.



SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF
THE TOWN OF DEWEY BEACH, DELAWARE 2022 FINANCIAL STATEMENTS

To the Audit Committee:

We hereby submit our proposal for "Provision of Auditing Services" as indicated in the proposal documents.

Having carefully examined the bid documents and having received clarification on all items of conflict or upon which any doubt arose, the undersigned hereby requests consideration of our firm for award of the referenced contract.

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners	32	\$350	\$130	\$4,160
Managers	68	\$250	\$115	\$7,820
Supervisory staff	124	\$200	\$90	\$11,160
Staff	118	\$150	\$75	\$8,850
Other (specify)				
Subtotal				\$31,990
Out of pocket expenses				
Meals/lodging				-
Transportation				-
Supplies/Other				-
Total all-inclusive maximum price for the 2022 audit - assuming NO Uniform Guidance	342			\$31,990
Uniform Guidance audit***	106	\$100 (blended)	Same as above	\$10,000
Total all-inclusive maximum price for the 2022 audit - assuming with Uniform Guidance	448			\$41,990

*** During the three-year period CohnReznick has been the independent auditor for the Town, no Uniform Guidance audit was required. Uniform Guidance requirements occur if the Town spends (not just receives, but also spends) \$750,000 or more of federally sourced funds within a single fiscal year. We distinguished this separately because based on history this has not been required, and substantially differentiates what our maximum price would be (with or without a Uniform Guidance requirement).

Estimated all-inclusive maximum price for the:

2023	Annual Audit \$32,600 + \$10,200 if Uniform Guidance = \$42,800
2024	Annual Audit \$33,300 + \$10,400 if Uniform Guidance = \$43,700
2025 (extension)	Annual Audit \$34,000 + \$10,600 if Uniform Guidance = \$44,600
2026 (extension)	Annual Audit \$34,700 + \$10,800 if Uniform Guidance = \$45,500

The cost stated above is the total cost for the year's audit engagement and includes all necessary out of pocket expenses and all other incidental costs and will not exceed the above amounts.