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About



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Procurement

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Solicitation Response(SR)

Dept: 0221

ID: ESR09151600000001093

Ver.: 1

Function: New

Phase: Final

Modified by batch , 09/15/2016

Header

List View

General Information

Contact

Default Values

Discount

Document Information

Procurement Folder: 244518

Procurement Type: Central Contract - Fixed Amt

Vendor ID: VS0000007569



Legal Name: Maher Duessel

Alias/DBA:

Total Bid: \$338,000.00

Response Date: 09/15/2016



Response Time: 9:58

SO Doc Code: CRFQ

SO Dept: 0221

SO Doc ID: PDS1700000001

Published Date: 9/6/16

Close Date: 9/15/16

Close Time: 13:30

Status: Closed

Solicitation Description: Addendum 1 - Pro Auditing
Services for Public Defender Corp

Total of Header Attachments: 0

Total of All Attachments: 0



Purchasing Division
2019 Washington Street East
Post Office Box 50130
Charleston, WV 25305-0130

State of West Virginia
Solicitation Response

Proc Folder : 244518

Solicitation Description : Addendum 1 - Pro Auditing Services for Public Defender Corp

Proc Type : Central Contract - Fixed Amt

Date issued	Solicitation Closes	Solicitation Response	Version
	2016-09-15 13:30:00	SR 0221 ESR09151600000001093	1

VENDOR

VS0000007569

Maher Duessel

Solicitation Number: CRFQ 0221 PDS1700000001

Total Bid : \$338,000.00

Response Date: 2016-09-15

Response Time: 09:58:28

Comments:

FOR INFORMATION CONTACT THE BUYER

Linda Harper
(304) 558-0468
linda.b.harper@wv.gov

Signature on File

FEIN #

DATE

All offers subject to all terms and conditions contained in this solicitation

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
1	Total Cost for FY16 for all Circuit locations				\$80,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description : Vendors should fill out Exhibit A - Pricing Page and include as an attachment with your bid.

Comments: 2016 Fee

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
2	Total Cost for FY17 - optional renewal				\$83,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description : Vendors should fill out Exhibit A - Pricing Page and include as an attachment with your bid.

Comments: 2017 Fee

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
3	Total Cost for FY18 - optional renewal				\$86,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description : Vendors should fill out Exhibit A - Pricing Page and include as an attachment with your bid.

Comments: 2018 Fee

Line	Comm Ln Desc	Qty	Unit Issue	Unit Price	Ln Total Or Contract Amount
4	Total Cost for FY19 - optional renewal				\$89,000.00

Comm Code	Manufacturer	Specification	Model #
93151607			

Extended Description :	Vendors should fill out Exhibit A - Pricing Page and include as an attachment with your bid.
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Comments: 2019 Fee

**A Proposal to Provide
Professional Auditing Services**

**State of West Virginia
Public Defender Corporations**



Submitted: September 15, 2016
Contact: Jeffrey W. Kent, CPA
Partner
Maher Duessel
D.L. Clark Building
503 Martindale Street
Suite 600
Pittsburgh, PA 15212
412.535.5539
jkent@md-cpas.com



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MaherDuessel

Certified Public Accountants

Pittsburgh
503 Martindale Street
Suite 600
Pittsburgh, PA 15212
Main 412.471.5500
Fax 412.471.5508

Harrisburg
3003 North Front Street
Suite 101
Harrisburg, PA 17110
Main 717.232.1230
Fax 717.232.8230

Butler
112 Hollywood Drive
Suite 204
Butler, PA 16001
Main 724.285.6800
Fax 724.285.6875

September 14, 2016

Ms. Linda Harper
State of West Virginia
Department of Administration
Purchasing Division
2019 Washington Street East
Charleston, WV 25305

Dear Ms. Harper:

Thank you for the opportunity to present Maher Duessel's proposal to provide audit services to West Virginia Public Defender Services (the State). Maher Duessel was founded in 1989 to provide high-caliber auditing services to clients in the governmental and non-profit sectors, and **all** of our professionals have significant experience and education in both markets. Our commitment and focus to the public sector will ensure a consistent and timely audit process for the State. Since February 2016, we have been providing audit assistance services to the West Virginia Department of Administration. Also, we have provided audit services for the West Virginia Supreme Court of Appeals Public Campaign Financing Option. We also have recently been licensed as a CPA firm in West Virginia. **Attached in Appendix A is a copy of our firm's license.** We have enjoyed working with the State of West Virginia and we look forward to expanding our service to additional agencies. In addition to the State of West Virginia, we serve a number of other state entities including the Pennsylvania Department of Human Services, the Pennsylvania Department of Transportation, and the Maryland Public Service Commission. In addition to these entities, we also have served the Pennsylvania Legal Aid Network (PLAN) since 2009. Similar to West Virginia Public Defender Services, PLAN is a non-profit organization that provides leadership, funding, and support to improve the availability and quality of civil legal aid and direct legal services for low income Pennsylvania residents.

With approximately 95 employees, we offer the personalized service of a regional accounting firm with the added value of national technical expertise on the latest regulatory changes and compliance issues in public sector accounting. Maher Duessel is unique among Pennsylvania auditing firms in that virtually every hour of our practice is devoted to serving the governmental and non-profit sectors. **The firm is registered as a Small Business through the Pennsylvania Department of General Services Small Business Self Certification Program (Certification Number 176022-2014-09-SB).**

We understand that the audits to be completed under this engagement are to be incorporated into the State's Comprehensive Annual Financial Report (CAFR), and the State has been awarded the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1995. **Maher Duessel serves 13 clients that hold this prestigious GFOA Certificate of Achievement including the West Virginia Department of Administration.** Your proposed Engagement Partner, Jeffrey W. Kent, CPA, serves on the GFOA's CAFR Review Committee as a Technical Reviewer and seven other members of the firm also serve on this committee. Our widespread experience with the CAFR program's requirements will provide exceptional added value when we finalize the audits for this engagements.

MaherDuessel

Certified Public Accountants

Maher Duessel offers the personalized service of a regional accounting firm with the added value of national technical expertise on the latest regulatory changes and compliance issues in public sector accounting. A firm, in which all professionals are trained in and serve local governments and non-profits on a daily basis, and not just occasionally, will best serve you. For over 25 years, we have proudly served governments and non-profits with integrity and excellence, and we would be pleased to further expand our service in West Virginia. Please contact me at 412.535.5539 or at jkent@md-cpas.com at your convenience.

Sincerely,

A handwritten signature in blue ink, reading "Jeffrey W. Kent". The signature is fluid and cursive, with the first name "Jeffrey" being more prominent than the last name "Kent".

Jeffrey W. Kent, CPA
Partner

3.1 Mandatory Requirements

Maher Duessel is an independent accounting firm and has recently been licensed as a CPA firm in West Virginia. **Attached in Appendix A is a copy of our firm's license.** We understand that this RFP requires that 50% of the audit staff to be engaged in this solicitation be licensed to practice as CPAs in the State of West Virginia. Your proposed Engagement Partner, Jeffrey W. Kent, CPA, is a licensed West Virginia CPA. The other key professionals assigned on this engagement are licensed Pennsylvania CPA's, and it is our understanding that their Pennsylvania CPA licenses provide the required mobility to perform audit services in the State of West Virginia. However, at the State's request, we can obtain West Virginia CPA licenses for these personnel upon award of a contract.

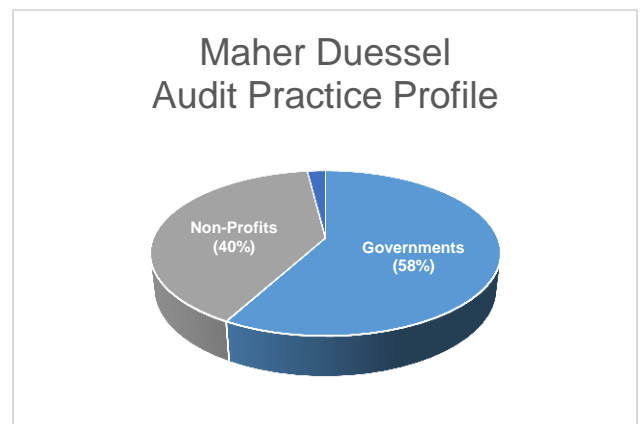
3.2 Prior Experience

A. Firm Overview

The founding partners of Maher Duessel had a vision: to focus on providing integrated auditing and tax services for the unique needs of governmental and non-profit organizations. Since 1989, our commitment to this vision has led Maher Duessel to become one of Pennsylvania's leading certified public accounting firms. Our mission statement, *Pursuing the Profession While Promoting the Public Good®*, reflects our philosophy of providing expert technical services that help our clients create a better community. We offer the personalized service of a regional accounting firm with the added value of national technical expertise on the latest regulatory changes and compliance issues in public sector accounting. Maher Duessel is unique among Pennsylvania auditing firms in that virtually every hour of our practice is devoted to serving the governmental and non-profit sectors. Many firms will serve a wide range of clients in the private and public sectors.

Audit professionals in firms that serve both the public and private sectors do possess a broad base of experience.

However, in serving a wide client base, professionals are limited in gaining specialized knowledge and insight into the unique environments that governments and non-profits operate in. The chart below demonstrates our firm's commitment to serving entities within the public sector.



In other firms, key decisions and judgments with significant client impact often fall to junior level staff. Maher Duessel embraces leveraging our experienced personnel on every engagement. Our clients benefit from experienced and timely guidance of CPAs who understand their specific operations and challenges. Maher Duessel is a regional Pennsylvania accounting firm with offices in Pittsburgh, Butler and Harrisburg.

For a firm of our size (approximately 95 professionals), our high percentage of partners, managers, and supervisors compared to seniors and staff assures that every engagement is staffed with highly experienced professionals who are actively involved in the field.

We provide the quality of a large firm with the personalized service of a small firm. **All of our professionals have significant experience serving governments and non-profits.**

B. Client References

As a testament to our ability to provide the highest level of service to our clients, we encourage you to contact the references below:

West Virginia Department of Administration

Contact Information:

Ms. Susannah Carpenter
West Virginia Department of Administration
2019 Washington Street East
P.O. Box 50130
Charleston, WV 25305-0130
304.957.8218
susannah.g.carpenter@wv.gov

Mr. David Mullins
West Virginia Department of Administration
2019 Washington Street East
P.O. Box 50130
Charleston, WV 25305-0130
304.558.0076
dave.w.mullins@wv.gov

Scope of Work: Since February 2016, we have been providing audit assistance services to the West Virginia Department of Administration to ensure their continued successful participation in the GFOA's Certificate of Achievement for Excellence in Financial Reporting program.

West Virginia State Election Commission

Contact Information:

Mr. John Sandoro
West Virginia State Election Commission
Building 1
Suite 157K
1900 Kanawha Blvd. E
Charleston, WV 25305-0770
304.356.2607
jsandoro@wvsos.com

Scope of Work: We conducted an audit of the Supreme Court of Appeal Public Campaign Financing Option for the 2016 election.

Pennsylvania Legal Aid Network

Contact Information:

Ms. Karen Stokes
Controller
Pennsylvania Legal Aid Network
The Louise Brookins Building
118 Locust Street
Huntingdon, PA 17101
717.236.9484, Ext. 206
kstokes@palegalaid.net

Scope of Work: Pennsylvania Legal Aid Network (PLAN), Inc. helps make possible the delivery of free legal services to low-income Pennsylvanians.

This non-profit organization provides strategic leadership and coordination for independent, regional legal aid programs and specialized legal resource programs that comprise PLAN.

We provide annual Single Audit Services for PLAN and fourteen of its programs. This engagement involves the dispatch of multiple engagement team members to PLAN's various service locations throughout Pennsylvania.

Maryland Public Service Commission

Contact Information:

Mr. Daniel Hurley
Maryland Public Service Commission
6 St. Paul Street
16th Floor
Baltimore, MD 21202
410.767.8024
daniel.hurley@maryland.gov

Scope of Work: Maher Duessel audits 16 programs funded by the Maryland Public Service Commission's Consumer Investment Fund.



We work with staff to develop criteria to compare program performance to funds expended, apply the criteria to each program to compare funds expended to program results, work with staff to evaluate and audit the programs funded using the established criteria, and develop Corrective Action Plans where needed. We also conduct one financial and operational audit per program. This engagement involves the dispatch of multiple engagement team members to various program locations throughout Maryland.

3.3 Affiliations/Memberships

A. Firm Licenses



In addition to being licensed in the State of West Virginia and Maryland, Maher

Duessel is a Certified Public Accounting firm licensed by the Commonwealth of Pennsylvania (License #AF-001482-L). The firm and all assigned key professional staff are members of both the American Institute of Certified Public Accountants (AICPA) and Pennsylvania Institute of Certified Public Accountants (PICPA).

B. AICPA Quality Control Centers



Maher Duessel is a member of the American Institute of Certified Public Accountants (AICPA's) Governmental Audit Quality Center (GAQC) and Employee Benefit Plan Audit Quality Center (EBPAQC). Membership in these quality centers requires Maher Duessel to commit to higher standards than non-members and provides the firm with additional resources to facilitate the audit process.

The firm was one of the first 50 firms to join the GAQC when it was established in late 2004. The GAQC promotes the importance of quality governmental audits and the value of these audits to government officials and staff. In addition, one of our partners, Diane E. Edelstein, CPA, served on the AICPA's Executive Committee for the Governmental Audit Quality Center from 2007-2011 and has served as an instructor on AICPA webcasts.

C. National and State Appointments

Maher Duessel has had several prestigious national and state appointments of our partners and senior managers over the years to committees of organizations such as the GFOA, AICPA, Governmental Accounting Standards Board (GASB), Financial Accounting Standards Board (FASB) and PICPA. With appointments at the highest levels of committees devoted to the integrity and advancement of the accounting profession in the governmental and non-profit sectors, the State can be assured that we will keep you informed of the latest developments impacting the financial reporting of the Corporations.

[GFOA Special Review Committee for Comprehensive Annual Financial Report – Technical Reviewers*](#)

Jeff Kent

Tim Morgus
Brian McCall
Tracey Rash
Ashley Ackerson
Samantha Beck
Beth Dittmer
Dan Caponi

*Our firm comprises over 75% of GFOA technical reviewers in the State of Pennsylvania.

[AICPA Auditing Standards Board](#)

Lisa Ritter, Past Member

[PICPA Accounting and Auditing Procedures Committee](#)

Lisa Ritter, Former Chair and Current Member

[FASB Not-for-Profit Resource Group](#)

Lisa Ritter, Current Member

[PICPA Not-for-Profit Committee](#)

Lisa Ritter, Current Member
Deanna Conte, Current Member

[PICPA Not-for-Profit Tech Issues Sub Committee](#)

Lisa Ritter, Current Member

[GFOA Popular Report Review Committee](#)

Dave Duessel, Reviewer
Katie Yates, Reviewer

[GFOA Pennsylvania Western Region State Board](#)

Tim Morgus, Treasurer

[GFOA Pennsylvania State and Central Region Boards](#)

Tracey Rash, Board Member and Central Board and Pennsylvania Advocacy Task Force Liaison

[Governmental Accounting Standards Board Going Concern Disclosures Consultative Group](#)

Tracey Rash, Member

[PICPA Local Government Committee and GASB Sub-Committee](#)

Brian McCall, Current Member

[Pennsylvania GFOA Advocacy Task Force](#)

Brian McCall, Current Member

[GFOA Pennsylvania Central Region Board](#)

Ashley Ackerson, Treasurer

[AICPA Peer Review Board Government and Compliance Audits Practice Monitoring Task Force](#)

Diane Edelstein, Current Member

[AICPA Executive Committee Audit Quality Center](#)

Diane Edelstein, Past Member (2007-2011)

[PICPA Professional Ethics Committee](#)

Diane Edelstein, Current Member

[PICPA Statewide Education Committee](#)

Betsy Krisher, Current Member

[AICPA Tax Exempt Organization Tax Resource Panel](#)

Betsy Krisher, Chair

[AICPA National Non-Profit Expert Panel/Audit Guide Revision Tax Force](#)

Betsy Krisher, Past Member

[AICPA National Not-for-Profit Industry Conference Steering Committee](#)

Diane Edelstein, Current Member

D. Peer Review

Maher Duessel underwent a peer review for the year ending May 31, 2013, which was conducted by Goff Backa Alfera & Company, LLC and included a review of specific governmental and non-profit engagements. We are required to undergo such a review every three years and are proud that Maher Duessel, once again, earned the highest possible peer review opinion, which is "pass". Furthermore, all of our peer review opinions since our inception have been unqualified, attesting to our commitment to quality. This receipt of all unqualified peer reviews, and the receipt of the most recent opinion of "pass", is testimony to our commitment to the highest standards. **A copy of our most recent Peer Review is attached in Appendix B.** A new peer review for the period ending May 31, 2016 will be conducted in September 2016 and will be forwarded to all active clients upon its completion.

3.4 Affirmation

Maher Duessel affirms that we are not providing, and will not provide, non-auditing services to Public Defender Services or to any one of the public



defender corporations during the term of the Contract that would lead reasonable third parties with knowledge of the relevant facts and circumstances to conclude that we would be auditing our own work or the work of related parties.

3.5 Proposed Engagement Team

With professionals committed to serving the public sector, the State will be served by an engagement team with all team members having extensive experience serving governmental and non-profit entities.

Jeffrey W. Kent, CPA will serve as **Engagement Partner**. Mr. Kent will have overall responsibility for conducting your audits and will be involved in the field, relying on his 15 years of governmental and non-profit accounting experience to guide you through every audit phase.



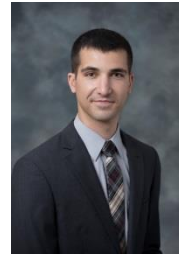
Lisa A. Ritter, CPA, CFE will serve as **Concurring Partner**. Ms. Ritter will work with Mr. Kent to refine our approach, determine the nature and extent of tests of internal controls and account balances, and confer on any non-routine matters that arise.



Levi D. Zielinski, CPA will serve as **Supervisor**. Mr. Zielinski will be responsible for the direct oversight of the audit on-site during the audit process, including review of audit work and support to the **Senior**.



Andrew Hudock will serve as **In-Charge**. Mr. Hudock will assist Mr. Zielinski with the oversight of the audit on-site during the audit process, including review of audit work and support to the **Staff**.



Staff Auditors, to be assigned, will perform audit work in the field under the direction of the **In-Charge**. **Resumes of the proposed team members, detailing their experience, are included in Appendix C.**

3.6 Added Value

Maher Duessel has several attributes that will provide exceptional added value for the State:

A. Commitment to Governments and Non-Profits

Maher Duessel serves approximately 250 local governments and performs approximately 300 governmental audits annually. The following is a breakdown of the client types we serve:

Maher Duessel Governmental Client Breakdown

- State Entities (7)
- Authorities (100)
- Municipalities (66)
- School Districts (11)
- Counties (10)
- Cities (10)
- Intermediate Units (3)
- Community Colleges (3)
- Tax Collection Committees (3)
- Other Local Governments (36)

Maher Duessel also performs audit and consulting services with a focus on non-profits. We serve over 365 non-profit organizations.

The non-profits that we serve range in size from small entities with operating budgets under \$1 million to organizations with operating budgets in excess of \$100 million. We provide services to a broad range of non-profit organizations including legal service providers, human service agencies, libraries, educational agencies and private schools, foundations, associations, art and cultural institutions, religious entities, and community development organizations. We provide the following services for our clients:

- Financial Statement Audits
- Assistance with Government Finance Officer Association (GFOA) Award Program Reports
- Governmental Accounting Standards Board Statement (GASB) Implementation
- Audits in Accordance with *Government Auditing Standards*
- Single Audits
- Grant Compliance Audits
- IRS Form 990/990PF/990T and Other Tax Filings
- State Charitable Registration Filings
- Agreed Upon Procedures Attestation Reports
- Forensic Auditing
- Employee Benefit Plan Audits and Related Tax Filings
- Arbitrage Rebate Calculations
- Debt Refunding Verification Reporting
- Borrowing Base and Debt Statement Preparation
- Internal Control Examinations

B. CAFR Expertise

Maher Duessel is committed to the GFOA. Thirteen clients we provide CAFR assistance to currently hold the GFOA Certificate of Achievement for Excellence in Financial Reporting.

- State of West Virginia
- Municipality of Mt. Lebanon
- Bethel Park Municipality
- City of Pittsburgh
- Mt. Lebanon School District
- Pittsburgh Public Schools
- Centre County

- Butler County
- Erie County
- Township of O'Hara
- City of Allentown
- Upper Allen Township
- Lower Allen Township

Your proposed Engagement Partner, Jeffrey W. Kent, CPA, serves on the GFOA's CAFR Review Committee as a Technical Reviewer. Seven other members of the firm, as referenced above in the National and State Appointments section of this submittal, also serve on this committee. **Our firm comprises over 75% of GFOA technical reviewers in the State of Pennsylvania.**

C. Education for Licensure Credits

All Maher Duessel professionals meet or exceed the continuing education requirements stipulated by the AICPA, the Commonwealth of Pennsylvania and the U.S. Government Accountability Office (GAO) Yellow Book. Furthermore, federal *Government Auditing Standards* mandate additional educational requirements for CPA firms that conduct governmental audits. All of our professionals meet or exceed these standards as well. All of our professionals participate in regular in-house training and seminars specific to our governmental practice. Our professionals gain additional Continuing Professional Education (CPE) through outside conferences and seminars that focus on governments and non-profits.



Attendees at a Maher Duessel Seminar

We design up to **32 CPE credits annually for our professionals and clients to address the unique needs of our practice**, including governmental and non-profit seminars that we host in December and July of each year. **Clients are invited to attend free of charge. Please refer to Appendix D for sample agendas from our seminars.** In addition to our seminars, our firm has an internal Accounting & Auditing Committee, which helps keep our professionals up to date with new standards and developments as they arise through regular newsletters and e-blasts.

We rely heavily on the educational resources that we are able to tap into as members of the AICPA's Quality Centers along with serving on committees of the AICPA, PICPA, GFOA, GASB, FASB, and local and state organizations. We have intricate knowledge of the regulations and accounting statements relevant to governmental and non-profit entities. This expertise allows our professionals to frequently teach governmental topics to CPAs on the local, state, and national levels. **Please refer to the resumes in Appendix C for specific courses taught recently by the professionals slated to serve you.**

D. Industry Insights

Maher Duessel also provides insights to our clients through an active blog we maintain on our website: <http://www.md-cpas.com/blog>. Recent relevant blog topics include *Final Changes to the Fair Labor Standards Act (FLSA) Announced*, *FASB Releases Accounting Standards Update for Presentation of Financial Statements of Not-For-Profit Entities*, and *Be Sure to Properly Consider IT Risks In Your Audits*. We also issue quarterly Government and Non-Profit News Digests for our clients which contain relevant articles on accounting/auditing topics impacting these entities. **Please refer to Appendix E for sample news digests.**

E. Staff Continuity

Maher Duessel has a 90% staff retention rate over the past two years. The average tenure of a senior auditor on a typical engagement is approximately three to four years. This continuity allows our clients to develop excellent working relationships and relieves the disruption of having to retrain new auditors from year to year.

In the event that replacement of a team member does become necessary, we can assure you that you would receive a replacement professional with similar governmental experience, as all of our professionals are trained and experienced in serving governments.

A key factor in promoting employee continuity is the strength of Maher Duessel's core values: exceptional client service and technical expertise, life-long learners, work-life balance, team oriented philosophy, open door policy, and support our clients' missions. The strength of our core values and ability to retain quality employees has enabled the firm to place multiple times in *Best Places to Work* programs.

These programs include awards through the *Pittsburgh Business Times*, *Pittsburgh Post-Gazette* and *Central-Penn Business Journal*. **In September 2014, Maher Duessel was recognized by the Central-Penn Business Journal as one of the Best Places to Work in Pennsylvania for 2014.**

BEST PLACES to work in **PA**



3.7 Scope of Work

Maher Duessel will conduct audits for the years ending June 30, 2016, 2017, 2018 and 2019 for each of the following Judicial Circuit Public Defender Corporations.

- 1st Judicial Circuit (Brook, Hancock & Ohio)
- 2nd Judicial Circuit (Marshall, Tyler & Wetzel)
- 4th Judicial Circuit (Wood & Wirt)
- 5th Judicial Circuit (Calhoun, Jackson, Mason & Roane)
- 6th and 24th Judicial Circuit (Cabell & Wayne)
- 7th Judicial Circuit (Logan)
- 8th Judicial Circuit (McDowell)
- 9th Judicial Circuit (Mercer)
- 10th Judicial Circuit (Raleigh)
- 11th Judicial Circuit (Greenbrier & Pocahontas)
- 12th Judicial Circuit (Fayette)
- 13th Judicial Circuit (Kanawha)
- 15th Judicial Circuit (Harrison)
- 18th Judicial Circuit (Preston)
- 23rd Judicial Circuit (Berkeley, Jefferson & Morgan)
- 25th Judicial Circuit (Boone & Lincoln)
- 28th Judicial Circuit (Nicholas)
- 30th Judicial Circuit (Mingo)

We will conduct these audits in accordance with Generally Accepted Auditing Standards and in accordance with GASB Standards and government auditing principles as applicable. Specifically, we will report on the fair presentation of the financial statements for each Public Defender Corporation, and in accordance with GASB principles, we will report on the Public Defender Corporation's internal controls and compliance with the requirements set forth in the funding contracts executed by and between Public Defender Services and the Public Defender Corporations. We understand that the audits of the Public Defender Corporations are to be conducted and reported so that the audits can be incorporated into the State's CAFR. We will confer with the representatives of each Public Defender Corporation in person before, during, and after the

conclusion of the audit. The internal controls to be tested are expected to include, but will not be limited to, cash or investment management, financial transactions, reconciliation, budget management, and procurement processes.

3.8 Client Communication

We will provide each Corporation with a detailed listing of information required for timely and efficient completion of the audits. **Maher Duessel uses Citrix's ShareFile product, which allows us to share and exchange files with our clients easily and securely. We are able to send a secure link to our clients allowing a large amount of data to be uploaded at once.** We will meet with Management regularly to apprise you of our progress and any potential issues that arise. There will be no surprises in the draft audit documents, as all issues would be discussed with you prior to the receipt of the drafts.

We encourage contact throughout the year so that knowledgeable, experienced professionals can lend seasoned judgment to matters of interest to you whenever such matters arise. We pride ourselves on our responsive service and answer our e-mails and phone calls promptly. You will have regular contact with your Engagement Partner and Supervisor providing you ample opportunity to convey your thoughts about our performance. **Our high client retention rates are our best barometer of the quality of our service.**

3.9 Proposed Fees

We are able to deliver exceptional service by highly-experienced professionals at a lower cost than many firms because our professionals are dedicated to serving governmental and non-profit entities. Accordingly, many of the accounting and auditing issues unique to these entities are more efficiently addressed by us than by firms that do not perform these audits year-round.

Assuming that the financial records are in good condition (i.e. accounting records are complete; bank reconciliations are done; sufficient support is available to support receipt and disbursement activity as well, as all balance sheet accounts; staff is available to answer questions, etc.), and based on our understanding of your requirements, our proposed all-inclusive fees (which includes each judicial audit being awarded to Maher Duessel) are as follows:

2016	2017	2018	2019
\$80,000	\$83,000	\$86,000	\$89,000

Please refer to Appendix F for a detailed breakdown of the fees per each Judicial Circuit.

A. Service Beyond The Audit

Our fee structure allows for financial consultation services throughout the course of the year. **We encourage inquiries whenever they arise and consider them part of our package rather than as opportunities to collect extra billings. We do not charge separate additional fees for accounting related questions as they arise.**

However, if the State requested services clearly outside the scope of the work outlined here, we would reach a written agreement with the State on the additional fee, through an engagement letter addendum, prior to commencing the work. The fees for those additional services would be negotiated with the State based on the work requested and all efforts would be made to charge for those services at an agreed upon flat fee.

Appendix A: CPA License Documentation



West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557
wvboa@mail.wvnet.edu

May 31, 2016

F0591A
MAHER DUESSEL
503 MARTINDALE ST STE 600
PITTSBURGH PA 15212


Your application for an *Out-of-State Firm Permit with Authorization to Perform Attest Services* has been approved by this Board. Attached please find your registration cards permitting you to practice public accounting as a firm with an authorization to perform attest services for the period beginning **July 1, 2016** through **June 30, 2017**.

Please review the following information regarding the issuance and renewal of firm permits:

1. Permits will initially be issued for a period to expire the 30th day of June following the date of issue.
2. All registered firms must notify the Board in writing within 30 days of the occurrence of the following events:
 - a. Formation of a new firm
 - b. Addition of a partner, member, manager or shareholder
 - c. Retirement, withdrawal or death of a partner, member, manager or shareholder
 - d. Any change in the name of the firm
 - e. Dissolution of the firm
 - f. Establishment of a new branch office or the closing or change of address of a branch office in this State
 - g. The occurrence of any event or events which would cause the firm not to be in conformity with the Accountancy Law or Board of Accountancy Rules and Regulations.
3. In the event of any change in legal form of a firm, the new firm shall within thirty (30) days of the change file an application for the issuance of a permit in accordance with the Accountancy Law and Board Rules and Regulations and pay the fee required by these Rules.

If the board can be of additional assistance or if you have any questions, please feel free to contact us.

Respectfully,


Brenda S. Turley
Executive Director

cc: File



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

*The entity listed below was issued a
FIRM PERMIT
for the period beginning
July 1, 2016 through June 30, 2017*

**F0591A
MAHER DUESSEL
503 MARTINDALE ST STE 600
PITTSBURGH PA 15212**

Louis J. Costanzo III
Board President

Brandon L. Stenberg
Executive Director



West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

Your fee has been received for registration of your firm. The firm permit may be detached from the perforation at left and used until the date indicated.

Any errors in the attached information should be reported to the Board office at 304/558-3557

Louis J. Costanzo III
Board President

Brandon L. Stenberg
Executive Director



State of West Virginia
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

*The entity listed below was issued an
**Authorization to Perform
Attest and/or Compilation Services**
for the period beginning
July 1, 2016 through June 30, 2017*

**F0591A
MAHER DUESSEL
503 MARTINDALE ST STE 600
PITTSBURGH PA 15212**

Louis J. Costanzo III
Board President

Brandon L. Stenberg
Executive Director



West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744
(304) 558-3557

Your fee has been received for your firm's Authorization to Perform Attest or Compilation Services in West Virginia. This Authorization may be detached and used until the date indicated.

Any errors in the attached information should be reported to the Board office at 304/558-3557

Louis J. Costanzo III
Board President

Brandon L. Stenberg
Executive Director

Appendix B: Peer Review





Certified Public Accountants

3325 Saw Mill Run Blvd.
Pittsburgh, PA 15227-2736
412/885-5045
Fax 412/885-4870
www.gbaco.com

SYSTEM REVIEW REPORT

August 29, 2013

To the Partners

Maher Duessel, CPAs

and the Peer Review Committee of the Pennsylvania Institute of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Maher Duessel, CPAs (the firm) in effect for the year ended May 31, 2013. 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. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. 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. 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. The nature, objectives, scope, limitations of, and the procedures performed in a system review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Maher Duessel, CPAs in effect for the year ended May 31, 2013, 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*. Maher Duessel, CPAs has received a peer review rating of *pass*.

Goff Backa Alfera & Company, LLC

GOFF BACKA ALFERA & COMPANY, LLC
PITTSBURGH, PENNSYLVANIA



Appendix C: Resumes





Summary

Mr. Kent began his public accounting career in 2002 with Maher Duessel. Mr. Kent became a Partner of the Firm in 2016 and manages several governmental and non-profit audit engagements including state entities, local authorities, municipalities, counties and human service agencies. Mr. Kent has a B.S. in Accounting (Magna Cum Laude) from Grove City College.

Engagement Role: Engagement Partner; Licensed West Virginia and Pennsylvania CPA

Representative Clients

- West Virginia Department of Administration
- West Virginia State Election Commission
- Maryland Stadium Authority
- Municipality of Mt. Lebanon
- Municipality of Bethel Park
- Municipality of Penn Hills
- State College Borough
- Partners for Quality, Inc.
- Southwest Training Services, Inc.

Professional Activities and Affiliations

- American Institute of Certified Public Accountants (AICPA) – Member
- Pennsylvania Institute of Certified Public Accountants (PICPA) – Member
- PICPA Member Services Committee – Co-Chair
- PICPA Pittsburgh Chapter – Executive Committee
- Government Finance Officers Association (GFOA) – Member
- GFOA Pennsylvania Western Region State Board – Member
- GFOA Special Review Committee - Member
- 2010-2011 40 Under 40: PICPA Members to Watch Class - Member
- Auberle – Member of Board of Directors and Finance Committee
- Leadership Development Initiative – LDI XV Graduate

Training Highlights

- 2016 Maher Duessel *Non-Profit Update*
- 2015 Maher Duessel *Governmental Update*
- 2015 GFOA *National Conference*
- 2015 GFOA-PA *Annual Conference*

Published Article

- 2015 PICPA *Ongoing Going Concern Guidance*

Speaking Engagements

- December, 2012 Maher Duessel Government Update: *GASB New and Upcoming Standards*
- December, 2010 Maher Duessel Government Update *GASB Refresher*



Summary

Ms. Ritter began her public accounting career in 1987. Her clients include governmental and non-profit organizations throughout the Commonwealth of Pennsylvania and State of Maryland. The nature of her client base is diverse and includes entities who receive federal and state funding, as well as those who are reliant on dues or contributions for funding streams. She has extensive experience serving as Partner on Single Audits. Services performed for these clients include audit, review, compilation, agreed-upon procedures, fraud investigation, consulting, and tax return preparation. She also specializes in litigation support. Ms. Ritter has a B.S. in Business Administration (with Distinction) from Penn State University.

Engagement Role: Concurring Partner; Licensed Pennsylvania CPA and CFE; Licensed Maryland CPA

Representative Clients

- Pennsylvania Legal Aid Network
- Maryland Stadium Authority
- Maryland Public Service Commission
- Pennsylvania Department of Human Services
- Lycoming-Clinton Joinder Board
- United Cerebral Palsy Central Pennsylvania
- Central Pennsylvania Behavioral Health Collaborative Health, Inc.
- Luzerne County Human Services

Professional Activities and Affiliations

- American Institute of Certified Public Accountants (AICPA) - Member
- Pennsylvania Institute of Certified Public Accountants (PICPA) – Member
- AICPA Advanced Single Audit Certification
- Association of Certified Fraud Examiners - Member
- AICPA Auditing Standards Board - Past Member
- Financial Accounting Standards Board (FASB) Not-for-Profit Resource Group - Member
- PICPA Accounting and Auditing Procedures Committee - Chair
- PICPA Not-for-Profit Committee – Member
- PICPA Not-for-Profit Tech Issues Sub Committee - Member
- Association of Governmental Accountants (AGA) Central PA Chapter – Member
- WITF Public Broadcasting – Finance and Audit Committee Member
- Pennsylvania Association of Nonprofit Organizations (PANO) – Public Policy Committee and Board Member

Speaking Engagements

- June, 2016 Pennsylvania Legal Aid Network Conference *FASB Updates/LSC Report/Q&A*
- December, 2014 PICPA Accounting & Auditing Conference: *Hot A&A Topics: Not-for-Profits, Group Audits and Employee Benefit Plans*
- September, 2014 Disability Rights Pennsylvania: *OMB Uniform Guidance Update*
- June, 2013 AICPA National Not-for-Profit Industry Conference: *Alphabet Soup: Explaining the Acronyms that Affect Financial Reporting*

Training Highlights

- 2016 AICPA *Not-For-Profit Industry Conference*
- 2015 Maher Duessel *Government Update*
- 2015 AICPA *Advanced IT Audit Training*
- 2015 Maher Duessel *Uniform Guidance for Federal Awards*



Summary

Mr. Zielinski began his public accounting career in 2011 with Maher Duessel. His clients include a broad range of governmental and non-profit entities including state entities, local authorities, cities, counties, and human service agencies.

Engagement Role: Supervisor

Licensed Pennsylvania CPA

Representative Clients

- West Virginia Department of Administration
- West Virginia State Election Commission
- Health Choices Audits in Various Counties
- Allegheny County Sanitary Authority
- Washington County
- Greene County
- Alle-Kiski Area HOPE Center
- Washington-Greene Job Training Agency
- YWCA Greater Pittsburgh

Professional Activities and Affiliations

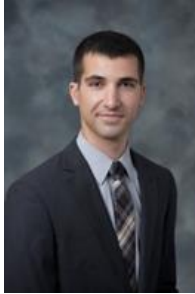
- American Institute of Certified Public Accountants (AICPA) – Member
- Pennsylvania Institute of Certified Public Accountants (PICPA) – Member

Education

- B.S. Accounting
- Grove City College

Training Highlights

- 2016 Maher Duessel *Non-Profit Update*
- 2015 Maher Duessel *Uniform Guidance for Federal Awards*
- 2015 Maher Duessel *Financial Reporting Training*
- 2015 Maher Duessel *Government Update*



Summary

Mr. Hudock began his public accounting career in 2016 with Maher Duessel. His clients include a broad range of governmental entities including state entities, educational agencies, counties, and local authorities. Prior to joining Maher Duessel, Mr. Hudock was an audit associate with another firm and worked as a financial account in the private sector.

Engagement Role: In-Charge

Representative Clients

- West Virginia Department of Administration
- Greene County
- Redevelopment Authority of the County of Fayette
- Redevelopment Authority of the County of Washington
- Allegheny Intermediate Unit
- City of Pittsburgh
- City Charter High School

Professional Activities and Affiliations

- Pennsylvania Institute of Certified Public Accountants (PICPA) – Member
- Faith Assembly of God – Youth Group Leader

Education

- B.S. Business Administration
- Major in Accounting
- West Virginia University

Training Highlights

- 2016 Maher Duessel *Non-Profit Update*
- 2016 Maher Duessel *In-Charge Training*
- 2016 Maher Duessel *Administrative Update*

Appendix D: Sample Seminar Agendas



Agenda for Maher Duessel 2015 Government Seminar
Regional Learning Alliance, Cranberry, PA
Maher Duessel's Harrisburg Office

Monday, December 14, 2015

TIME SLOT	CPE HOURS	CPE TYPE	TOPIC	SPEAKER
8:00-8:30	0		REGISTRATION AND BREAKFAST	
8:30-8:45	0		WELCOME AND ANNOUNCEMENTS	Amy C. Lewis
8:45-10:25	2.0	A&A (YB) (GAS)	UNIFORM GUIDANCE AND SEFA REPORTING	Diane Edelstein, <i>Maher Duessel</i>
10:25-10:40	0		BREAK	
10:40-11:30	1.0	A&A (GAS)	ECONOMIC UPDATE	Linda Duessel, <i>Federated</i>
11:30-12:30	0		LUNCH	
12:30-2:10	2.0	OTHER (GAS)	LESSONS LEARNED FROM DETROIT	William Price & Robert Gordon, <i>Clark Hill</i>
2:10-2:20	0		BREAK	
2:20-3:10	1.0	A&A (YB) (GAS)	FRAUD	Dan Caponi, <i>Maher Duessel</i>
3:10-4:00	1.0	A&A (YB) (GAS)	GASB UPDATE	Dustin Starr, <i>Maher Duessel</i>
4:00-4:50	1.0	A&A (YB) (GAS)	SAS UPDATE AND IMPORTANT RESOURCES	Amy C. Lewis, <i>Maher Duessel</i>
	8.0	TOTAL		

*CONSISTS OF 6.0 A&A, 2.0 OTHER, 5.0 YELLOW BOOK, 8.0 GAS

Agenda for Maher Duessel 2015 Government Seminar
Regional Learning Alliance, Cranberry, PA
Maher Duessel's Harrisburg Office

Tuesday, December 15, 2015

TIME SLOT	CPE HOURS	CPE TYPE	TOPIC	SPEAKER
8:00-8:30	0		REGISTRATION AND BREAKFAST	
8:30-8:45	0		WELCOME AND ANNOUNCEMENTS	Amy C. Lewis
8:45-9:35	1.0	A&A (GAS)	HIPAA	Deanna Conte, <i>Maher Duessel</i>
9:35-10:25	1.0	A&A (YB) (GAS)	GREEN BOOK	Michelle Hoke, <i>Maher Duessel</i>
10:25-10:40	0		BREAK	
10:40-11:30	3.0	A&A (YB) (GAS)	PENSIONS UNDER GASB 67/68	Brian McCall, <i>Maher Duessel</i> Bob Hazy, <i>Cowden Associates</i>
11:30-12:30	0		LUNCH	
12:30-2:10			PENSIONS UNDER GASB 67/68 (CONTINUED)	
2:10-2:20	0		BREAK	
2:20-3:10	1.0	OTHER (GAS)	PA LEGISLATIVE UPDATE	Cliff Levine, <i>Cohen & Grigsby</i>
3:10-4:00	1.0	TAX	AFFORDABLE CARE ACT	Anne Lavelle, <i>Cohen & Grigsby</i>
4:00-4:50	1.0	TAX (GAS)	STATE/LOCAL GOVERNMENT TAX ISSUES	Janet Feick, <i>Maher Duessel</i>
	8.0	TOTAL		

*CONSISTS OF 5.0 A&A, 1.0 OTHER, 2.0 TAX, 4.0 YELLOW BOOK, 7.0 GAS

Agenda for Maher Duessel 2016 Non-Profit Seminar
Regional Learning Alliance, Cranberry, PA
Maher Duessel's Harrisburg Office

Tuesday, July 26, 2016

TIME SLOT	CPE HOURS	CPE TYPE	TOPIC	SPEAKER
8:00-8:25	0		REGISTRATION AND BREAKFAST	
8:25-8:30	0		WELCOME AND ANNOUNCEMENTS	
8:30-9:45	1.5	A&A (YB) (GAS)	THE NON-PROFIT SECTOR: AN OVERVIEW OF NEWS AND HAPPENINGS THAT AFFECT OUR CLIENTS This session will open the seminar by discussing key changes and events that impact our non-profit clients and alert us to risks for our audits.	Amy C. Lewis and Levi Zielinski, <i>Maher Duessel</i>
9:45-10:35	1.0	TAX (GAS)	IRS TAX UPDATE This session will keep you up to date with the IRS and tax regulatory changes that impact non-profits.	Betsy Krisher, <i>Maher Duessel</i>
10:35-10:45	0		10-MINUTE BREAK	
10:45-11:35	1.0	A&A (GAS)	FIDUCIARY RESPONSIBILITIES FOR YOUR PENSION PLANS What is your responsibility for your organizations' pension plan? This session will discuss the importance of your fiduciary role and identify ways to protect yourself as a plan sponsor.	Peter Janetta and Nathan Boxx, <i>Fort Pitt Capital Group</i>
11:35-12:30	0		LUNCH	
12:30-2:35	3.5	A&A (YB) (GAS)	FASB/SAS UPDATE This session will keep you up to date on the most recent accounting and auditing standards, including Revenue Recognition, Leases, SSARS 21, the FASB Non-Profit Financial Statement Project, SAS 130, and SAS 131.	Deanna Conte, <i>Maher Duessel</i> and Todd Fortier, <i>Advani, Fortier & Patton</i>
2:35-2:50	0		15-MINUTE BREAK	
2:50-3:40			FASB/SAS UPDATE (CONTINUED)	
3:40-4:30	1.0	A&A (YB) (GAS)	SEFA AND MAJOR PROGRAM DETERMINATION This session will explain the new rules for major program determination and SEFA reporting by providing useful examples and illustrations.	Mallory Starr, <i>Maher Duessel</i>
8.0		TOTAL		

*CONSISTS OF 7.0 A&A, 1.0 TAX, 6.0 YELLOW BOOK, 8.0 GAS

Agenda for Maher Duessel 2016 Non-Profit Seminar
Regional Learning Alliance, Cranberry, PA
Maher Duessel's Harrisburg Office
Wednesday, July 27, 2016

TIME SLOT	CPE HOURS	CPE TYPE	TOPIC	SPEAKER
8:00-8:25	0		REGISTRATION AND BREAKFAST	
8:25-8:30	0		WELCOME AND ANNOUNCEMENTS	
8:30-9:20	1.0	A&A (GAS)	CLOUD COMPUTING This session will explore the use of cloud computing and provide tips on how to keep your organization's information secure.	Jenn CruverKibi, <i>Maher Duessel</i>
9:20-10:35	1.5	A&A (YB) (GAS)	RECENT CHANGES IN MH/ID REGULATIONS This session will explain the regulatory changes to date for MH/ID providers and discuss how to comply with the current standards and prepare for even more changes.	Kevin Friel, <i>Friel Lokuta Stauffer</i> and Patrick DeMico, <i>Prolific Dynamics</i>
10:35-10:45	0		10-MINUTE BREAK	
10:45-11:35	1.0	A&A (GAS)	THE NEW OVERTIME EXEMPTION RULES AND PAYROLL AND BENEFIT ISSUES FOR EMPLOYERS The rules for overtime compensation are changing this year. This session will provide information on how these rules affect non-profit organizations and how to ensure your organization is in compliance with these and other payroll and benefit issues.	Susan Gromis Kaplan, <i>Marcus & Shapira LLP</i> and Dasha Brockmeyer, <i>Saul Ewing LLP</i>
11:35-12:30	0		LUNCH	
12:30-1:45	1.5	A&A (YB) (GAS)	AVOIDING DEFICIENCIES DURING A SINGLE AUDIT This session will take a look at mistakes auditors make when conducting a single audit.	Diane Edelstein, <i>Maher Duessel</i>
1:45-2:35	1.0	A&A (YB) (GAS)	COMMON FINANCIAL STATEMENT ERRORS Explore non-profit financial statements and learn about common errors and how to avoid them in a fun way.	Katie Yates and Kelly Robinson, <i>Maher Duessel</i>
2:35-2:50	0		15-MINUTE BREAK	
2:50-3:40	1.0	TAX (GAS)	COMMON 990 ERRORS As a companion to the previous session, continue the learning fun while focusing on common 990 errors.	Katie Yates and Kelly Robinson, <i>Maher Duessel</i>
3:40-4:30	1.0	A&A (YB) (GAS)	FRAUD IN NON-PROFIT ORGANIZATIONS Even the best organizations are at risk for fraud. This session will explore fraud schemes perpetrated in non-profit organizations and highlight weaknesses that pose a risk to all non-profit organizations.	Cara Nicoletti and Dan Caponi, <i>Maher Duessel</i>
8.0	TOTAL			

*CONSISTS OF 7.0 A&A, 1.0 TAX, 5.0 YELLOW BOOK, 8.0 GAS

Appendix E: Sample Newsletters



Maher Duessel, CPAs
*Pursuing the Profession While
Promoting the Public Good®*

Government News Nuggets

Spring 2016 Article Spotlight

Have you thought about IT risks in the audit process? Read the article published originally in the **PICPA Pennsylvania CPA Journal** by Senior Manager, Jennifer CruverKibi on Page 4.



Articles In This Issue:

Final Changes to the Fair Labor Standards Act Announced

By Stacy Vernier Page 2

Be Sure to Properly Consider IT Risks In Your Audits

By Jennifer CruverKibi Page 4

Considerations for Choosing A Backup System

By Brian Grublis Page 6

House Bill 1296 (Investments) Becomes Law

By Tracey Rash Page 8

Tips on IRS Publication 15B: Use of Personal Vehicles and Transportation Benefits

By Beth Dittmer Page 9

Have questions/ideas/feedback?

Contact the Editor:
Rachelle Ogun
rogun@md-cpas.com
412.535.5550



Congratulations to Partners **Tracey Rash, Diane Edelstein & Tim Morgus!**

Tracey has been appointed to the Governmental Accounting Standards Board's (GASB) "Going Concern Disclosures Consultative Group." This national level committee has been formed to assist the Board's research in the reexamination of the going concern provisions of Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards.



Diane has been named to the PICPA Professional Ethics Committee.



Tim has been certified by the Association of Certified Fraud Examiners as a CFE.

MaherDuessel

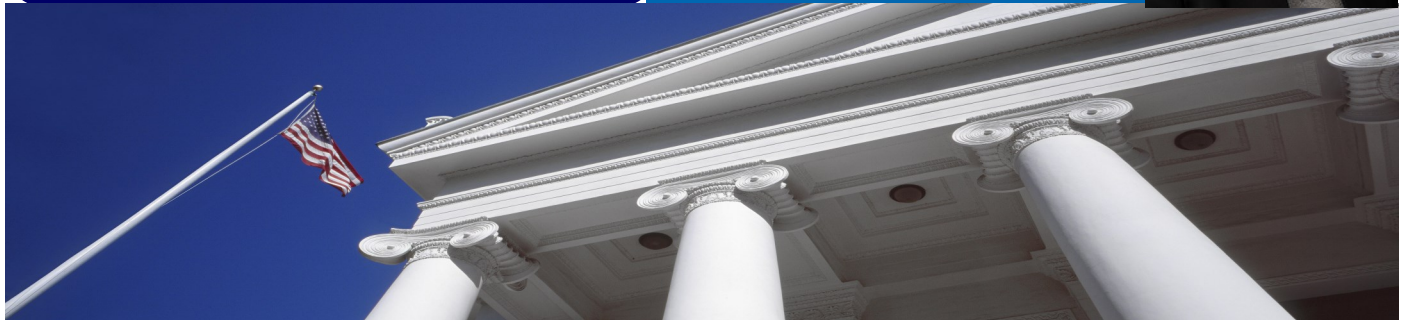
Certified Public Accountants

Maher Duessel, CPAs
*Pursuing the Profession While
Promoting the Public Good®*

Government News Nuggets
Spring 2016
Featured Article

**Final Changes to the Fair
Labor Standards Act
Announced**

By Stacy L. Vernier, PHR,
SHRM-CP
Human Resources Manager
svernier@md-cpas.com



***Changes to the Standard Salary Overtime
Exemption Threshold and the Impact on
Governments***

On May 18th, 2016, the U.S. Department of Labor issued its final changes to the Fair Labor Standards Act (FLSA). Below is a summary of these changes (effective December 1, 2016).

- The standard salary threshold will increase from \$455/week to \$913/week (\$47,476 for a full-year worker). This means that 35% of full-time salaried workers will be automatically entitled to overtime, based solely on their salary.
- The rule updates the total annual compensation level above which most white collar workers will be ineligible for overtime, from the current salary of \$100,000 to \$134,004/year.
- The salary threshold will automatically be updated every three years, beginning January 1, 2020.
- Each update will raise the standard threshold to the 40th percentile of full-time salaried workers in the lowest wage Census region, estimated to be \$51,168 in 2020.
- The Highly Compensated Employees (HCE) threshold will increase to the 90th percentile of full-time salaried workers nationally, estimated to be \$147,524 in 2020.

- The Department will post new salary levels 150 days in advance of their effective date, beginning August 1, 2019.
- Up to 10% of the salary threshold for non-HCE employees will be allowed to be met by non-discretionary bonuses, incentive pay, or commissions, provided these payments are made on at least a quarterly basis.
- The final rule does not make any changes to the 'duties test' that determines whether white collar salaried workers earning more than the salary threshold are ineligible for overtime pay. For workers with salaries above the updated salary level, employers will continue to use the same duties test to determine whether or not the worker is entitled to overtime pay. **Job title and/or salary level alone never determine exempt status under FLSA.**
- The law does not require that newly overtime-eligible workers be converted to hourly pay status.
- **Regardless of the dollar volume of business, employees of certain institutions commonly referred to as "named enterprises" are entitled to minimum wage and overtime protections unless a specific exemption applies.**

Changes to the Standard Salary Overtime Exemption Threshold and the Impact on Governments Continued

■ “Named Enterprises” included hospitals, institutions primarily engaged in the care of older adults and people with disabilities who reside on the premises; schools for children who are mentally or physically disabled or gifted; federal, state and local governments; and pre-schools, elementary and secondary schools and institutions of higher education.

■ **Even if the organization is not covered on an enterprise basis, individual employees within the organization can be covered on an individual basis if they engage in interstate commerce or in the production of goods for interstate commerce.**

How Can Governments Mitigate the Impacts of this Ruling?

We understand that these new regulations will pose significant challenges for entities not exempt from these overtime requirements. In response to this ruling you have the following options:

■ Continue to pay newly overtime-eligible employees a salary and pay overtime in excess of 40 hours per week. It is recommended that this approach be used for times of the year when there are occasional spikes in hours worked that your organization can plan and budget for ahead of time.

■ Adjust the employees’ base pay and pay overtime. You can adjust the amount of an employee’s earnings to reallocate it between the regular rate of pay and overtime compensation. This method will work for employees who work a relatively small amount of predictable overtime. The revised pay can be on a salaried or hourly basis, but it must include payment of overtime when the employee works more than 40 hours in a week.

■ Raise workers’ salaries above the new threshold.

■ Limit workers’ hours to 40 per week.

Final Changes to the Fair Labor Standards Act Announced

By Stacy L. Vernier, PHR,
SHRM-CP

Human Resources Manager
svernier@md-cpas.com



■ Evaluate and realign employee workload. You can limit the need for overtime by ensuring that workloads are distributed to minimize overtime and that you have the appropriate staffing levels to meet the demands of the services you are providing.

■ Some combination of the above.

The Department of Labor has issued separate guidance documents specifically for governments here:

<https://www.dol.gov/sites/default/files/overtime-government.pdf>

Congratulations to Manager Samantha Beck!

Samantha has been named to the Government Finance Officer Association's Special Review Committee as a reviewer in its CAFR (Certificate of Achievement for Excellence in Financial Reporting) Program. Here is an interesting fact about Maher Duessel's connection to this program. Our firm comprises 75% of GFOA Technical Reviewers in the State of Pennsylvania!



Maher Duessel, CPAs
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Promoting the Public Good®

PICPA Pennsylvania
CPA Journal Article

Be Sure to Properly
Consider IT Risks in
Your Audits

By Jennifer L. CruverKibi, CPA,
Senior Manager
jcruverkibi@md-cpas.com



Overview

Information technology (IT): the more we rely on it, the greater the impact it has when something goes wrong. It's our job as auditors to ask "What could go wrong, and how could it affect the financial statements?" The IT world is ever-changing; are you changing your audit approach along with that change?

What the Standards Say

According to AU-C Section 315, Understanding the Entity and Its Environment and Assessing the Risk of Material Misstatement, the auditor should gain an understanding of the entity's IT environment and flow of transactions related to IT in order to assess risks. AU-C 315.A64 specifically identifies risks that IT systems pose to internal control. These include reliance on systems or programs that are incorrectly processing data, unauthorized access to data resulting in destruction or improper changes, unauthorized changes to systems or programs, unauthorized changes to data in master files, and loss of data or inability to access data. The extent and nature of these risks depend on the nature and characteristics of the entity's system.

The updated 2013 COSO Framework specifically cites IT in Principle 11 (select and develop general controls over technology). Principle 11 includes the following points of focus:

What the Standards Say Continued

- Evaluate information system design and determine if it meets operational and information-processing objectives.
- Evaluate whether IT system incorporates appropriate general and application controls.
- Evaluate design of the IT structure.
- Evaluate security management.
- Evaluate IT acquisition, development, and maintenance.

What Auditors Should Consider

During an IT risk assessment, it is important to first evaluate the organization's IT complexity to determine the depth of the IT risk-assessment process. If the organization has a highly sophisticated IT structure, you may want to consider having an IT specialist involved in the audit planning. Consider the following:

- Complexity of the financial reporting system (commercial off-the-shelf software with no modifications vs. internally developed software).
- Complexity and usage of the local area network or wide area network.
- Reliance on IT for financial reporting (degree of online financial transactions, heavy reliance on IT in providing products/services, etc.)

Be Sure to Properly Consider IT Risks in Your Audits

By Jennifer L. CruverKibi, CPA,
Senior Manager
jcruverkibi@md-cpas.com



What Auditors Should Consider Continued

- Use of multiple IT systems and whether they are integrated for financial reporting.

It is also pertinent that the auditor evaluate the general computer and application controls. General computer controls represent the organizational and administrative structure of the IT function. Application controls apply to the processing of individual transactions (cash receipts, payroll, etc.), and relate to the use of IT to initiate, authorize, record, process, and report financial transactions. When evaluating general computer controls, assess whether there are ineffective controls, and, if so, whether this would allow for material misstatement to occur. Consider the following:

- Security management – How is information protected from data loss, viruses, and so on? How often is software updated? Consider having the firm's IT director evaluate for effectiveness.
- Logical and physical access – Who has access to hardware/data, and who determines access? How is hardware maintained? How do users gain access to networks, applications, programs, data, among other elements? Are terminated employees promptly removed from access to data? Consider comparing a list of terminated employees to user access in the system with IT personnel.
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What Auditors Should Consider Continued

- Segregation of duties – How is user access restricted, and who determines it? Consider reviewing who has access in the accounting software and whether such users have appropriate levels of access. This is applicable to off-the-shelf accounting software too, and should be documented in the work papers.

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The evaluation of IT complexity, general controls, and application controls will assist in determining the nature and extent of testing over the IT environment. This should be documented as part of the risk assessment process. In doing so, you will be off to a good start on keeping up with your client's use of technology.

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Partner, Diane Edelstein filmed a webcast in New York City on Applying the Uniform Guidance for Federal Awards in your Single Audit.



Stay tuned to our new website: www.md-cpas.com (we will have an upcoming blog post on her presentation in the near future).

Maher Duessel, CPAs
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Information Technology
Best Practices Article

Considerations for
Choosing A Backup System

By Brian Grublis, MCSE,
MCTS, IT Director/
Security Official
bgrublis@md-cpas.com



Overview

Protecting data by having a reliable backup solution in place ranks high on any IT professional's list of critical "must have" network technologies, and it should be on yours as well. With all of the backup options available today, how do you go about selecting the solution that best fits your needs and budget? Have you considered your network infrastructure and your recovery needs? It's not as difficult or as overwhelming a task as you may think if you just start by answering a few simple questions.

Determine What You Need to Backup

Are you backing up just servers, or do you also have to contend with backing up PCs or even laptops that may not always be connected to your network? In most cases, the most critical data will reside on your servers so the next question is, are your servers physical or virtual servers? Most current backup solutions have the capability of backing up both, and also have some capacity to backup end user systems as well, if that is absolutely necessary. Virtualization of your server environment will provide you with much greater options and flexibility for backup and recovery, and over time should be less expensive. If you think you will be virtualizing your servers within the next few years, you should base your backup solution around that projection to be sure that what you choose will also make sense once your

Determine What You Need to Backup Continued

environment is virtualized.

Recovery Time Objective

How long can your organization afford to be down in the event an entire system requires recovery? While your initial response may be "none" or "very short", you need to be realistic about this response because the shorter the timeframe for recovery that you require, the more costly the solution will be. If your "disaster" is one of a non-catastrophic nature where the failure is only within your server environment and not a physical disaster at a location where hardware needs to be replaced, systems can be restored within minutes of complete failure. However, this type of solution will come at great cost. On average in this type of scenario, one to two days of downtime is generally acceptable and will allow you to purchase a solution affordable to most.

Recovery Point Objective

How much time are you willing to lose in the event of a failure? This basically translates into how often you need to back up your data. Most organizations backup at least once per day, and generally at night, so in the event that hardware or software fails causing data loss during the course of a day, you could restore your data from the previous night's

Recovery Point Objective Continued

backup and only lose anything that had been done during that day. Is this acceptable to you in your environment or in your line of work? If not, how many times per day would you need to back up your data? There are systems that can perform a backup as frequently as every ten minutes. This type of solution would be more expensive but generally won't break the bank and is affordable for most organizations that require this sort of recoverability.

Archive/Retention

How far back in time do you need to retain your backup files? And at what interval do you need to retain copies of your full backups? While storage is fairly affordable these days, if long-term, frequent, full backup archival is necessary, this can drive the cost of the solution up significantly.

Cost/Budget

Does your budget afford you the luxury of purchasing a solution outright, or would a year to year, or a month to month payment schedule work best for you? The latter costs more in the long run, but allows the acquisition of an otherwise unaffordable sophisticated backup solution.

Disaster Recovery and Security

All backup solutions are at the heart of any good disaster recovery solution. How does your backup solution line up with your defined disaster recovery objectives? Are copies of your backups being maintained off-site, or are they replicated to cloud storage? If so, is your backup data secure whether it resides on or offsite? Does the media and/or technology you're using allow backup data to be encrypted?

Your Backup Technology Options...

There are many options for backing up your data and there is no "one size fits all" solution. What makes sense for one organization could be completely wrong for another. It is only by answering the questions above that you will

Considerations for Choosing A Backup System

By Brian Grublis, MCSE,
MCTS, IT Director/
Security Official
bgrublis@md-cpas.com



Your Backup Technology Options Continued...

begin to understand what your best solution may be. With the plethora of options available, it is advisable to consult with a qualified IT professional to assess your needs, and provide you with a solution that not only meets your budget, but more importantly meets your data backup and disaster recovery objectives.

Upcoming Maher Duessel Speaking Engagements

Lisa Ritter, CPA, CFE, Partner

Topic: *Grant Track: Department of Human Services Oversight & Monitoring of the Counties: Single Audit Seminar*

Organization: PICPA Local Government Conference

Date and Location: July 11, 2016, Hershey Lodge

Brian McCall, CPA, CGFM, Partner

Topic: *Financial Reporting and GASB Update—Focus on Pensions*

Conference: Pennsylvania Municipal Authorities Association 2016 Annual Conference

Date and Location: August 29, 2016, Wyndham Grand Pittsburgh

Tim Morgus, CPA, CFE, CGFM, Partner

Topic: *Impact of New GASB Fiduciary Fund Reporting on Municipal Authorities*

Conference: Pennsylvania Municipal Authorities Association 2016 Annual Conference

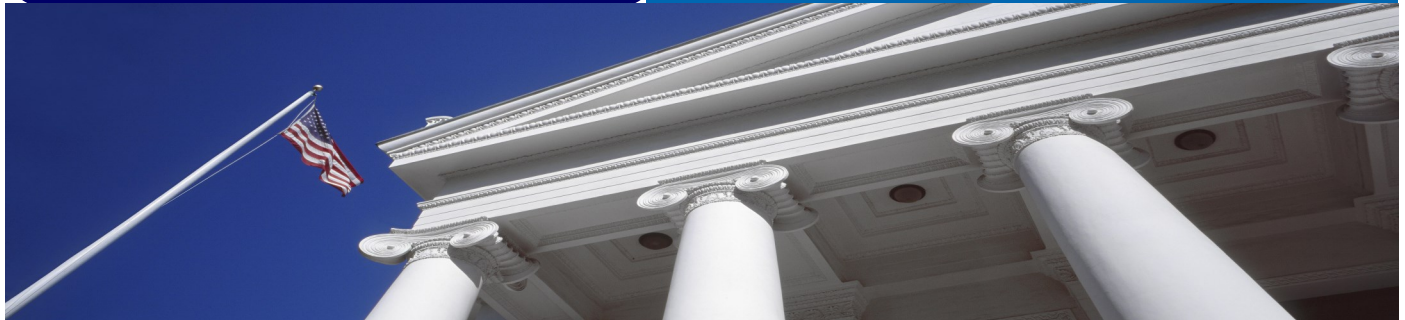
Date and Location: August 29, 2016, Wyndham Grand Pittsburgh

Maher Duessel, CPAs
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Government Regulatory
Update

House Bill 1296
(Investments)
Becomes Law

By Tracey L. Rash,
CPA, CGFM, Partner
trash@md-cpas.com



Overview

House Bill 1296 has been approved by the Pennsylvania Senate and signed by Governor Tom Wolf. This bill allows cities, municipalities, and authorities improved flexibility in how these entities can invest their monies, while also implementing safeguard measures to protect those instruments.

What High Quality Investment Instruments
Are Now Allowed Under This Bill?

- Obligations, participations or other instruments of any federal agency, instrumentality or United State government-sponsored enterprise
- Certain repurchase agreements
- Certain negotiable certificates of deposit
- Certain bankers' acceptances
- Certain commercial paper
- Certain shares of an investment company
- Certain savings or demand deposits

How Does House Bill 1296 Benefit Local
Governments?

Local governments now have the potential to increase their returns, become aligned with national best practices for public funds investment, allow their officers the same tools as their counterparts in most other states, and

How Does House Bill 1296 Benefit Local
Governments Continued

institutionalize appropriate risk-management strategies to protect public funds.

Please note this summary update of House Bill 1296 is not meant to substitute for reading the Bill in its entirety.

Congratulations to Our New Hires!

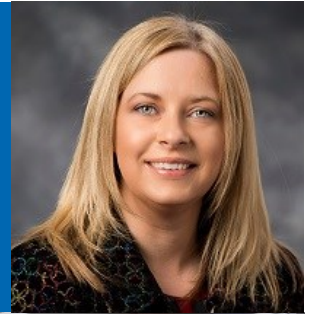
- Jonathan Kuhn joined the Pittsburgh office as a Supervisor in March.
- Nikki Walton joined the Pittsburgh office as a Supervisor in May.
- Andrew Hudock joined the Pittsburgh office as Experienced Staff in February.
- Aubrey Gibson joined the Pittsburgh office as a Staff Auditor in May.
- Cecily Thomas joined the Pittsburgh office as a Staff Auditor in May.
- Genifer Saccareccia joined the Pittsburgh office as a Staff Auditor in April.
- Jordan Beck joined the Pittsburgh office as a Staff Auditor in January.
- Amanda Hermann joined the Pittsburgh office as a Staff Auditor in January.
- Allison Novicki joined the Harrisburg office as a Staff Auditor in March.
- Jose Trevino joined the Harrisburg office as a Staff Auditor in January.
- Lauren Zagorac joined the Pittsburgh office as an Executive Assistant in March.
- Chris Conlon joined our IT Department full time in March after interning with us last year.

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Internal Revenue Service
Regulations

Tips on IRS Publication 15B:
Use of Personal Vehicles
and Transportation Benefits

By Beth R. Dittmer, CPA,
Senior Manager
bdittmer@md-cpas.com



Overview

The Internal Revenue Service (IRS) publishes a document (Publication 15-B) to provide information for employers on the employment tax treatment of fringe benefits. Fringe benefits are defined as a form of pay for the performance of services. For employees, the value of any taxable fringe benefit is subject to employment taxes and must be reported on Form W-2. For non-employees, the value of benefits may need to be reported on Form 1099-MISC. Any fringe benefit an employer provides is taxable and must be included in the recipient's pay unless the law specifically excludes it. Section 2 of Publication 15-B discusses the exclusion rules for certain fringe benefits.

Use of Personal Vehicles

One potential fringe benefit that is common among organizations is the use of personal or employer-provided vehicles. The following are some considerations you should be aware of regarding the use of personal vehicles as a fringe benefit.

Cents per mile rule – The business mileage rate for 2016 is 54 cents per mile. This rate may be used to reimburse an employee for business use of a personal vehicle. It may also be used to value the personal use of a vehicle you provide to an employee, under certain circumstances.

Transportation Benefits

Employers can exclude from employee wages the following:

- De Minimis transportation benefits – any local transportation benefit you provide to an employee if it has so little value that accounting for it would be unreasonable or administratively impracticable (taking into account how frequently you provide transportation to your employees) and;
- Qualified transportation benefits – This exclusion applies to the following benefits: a ride in a commuter highway vehicle between the employee's home and work place; a transit pass; qualified parking; and qualified bicycle commuting reimbursement. You can generally exclude the value of transportation benefits that you provide to an employee during 2016 from the employee's wages up to \$255 per month for combined commuter highway vehicle transportation and transit passes and up to \$255 per month for qualified parking.

The rules concerning fringe benefits are voluminous, and you should be sure you understand the impact that providing fringe benefits may have on your organization. You should also understand the rules for withholding, depositing and reporting of fringe benefits that are outlined in Publication 15-B to ensure that you comply fully with the IRS regulations. Please note that the above article is not meant to replace the full IRS Publication.

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**Government News Nuggets
2016 Spring Edition**



MaherDuessel

Certified Public Accountants

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Butler Office

**112 Hollywood Drive
Suite 204
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724.285.6800**

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Non-Profit News Nuggets

Spring 2016 Article Spotlight

Have you thought about IT risks in the audit process? Read the article published originally in the **PICPA Pennsylvania CPA Journal** by Senior Manager, Jennifer CruverKibi on Page 4.



Articles In This Issue:

Final Changes to the Fair Labor Standards Act Announced

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Be Sure to Properly Consider IT Risks In Your Audits

By Jennifer CruverKibi Page 4

Considerations for Choosing A Backup System

By Brian Grublis Page 6

Revenue Recognition Updates

By Deanna Conte Page 8

FASB Releases Lease Accounting Standards Update (ASU 2016-02)

By Betsy Krisher Page 10

Tips on IRS Publication 15B: Use of Personal Vehicles and Transportation Benefits

By Beth Dittmer Page 11

Have questions/ideas/feedback?

Contact the Editor:
Rachelle Ogun

Register for Our Non-Profit Seminar!

Our non-profit seminar is scheduled for July 26-27, 2016 at the Regional Learning Alliance in Cranberry. We will offer 2 days of Continuing Professional Education (CPE) in accounting/audit related topics.

We will also hold a remote viewing of the sessions in our Harrisburg office. You are invited to attend our seminar at no cost.

Register online at <http://www.md-cpas.com/seminars> or call Rachelle Ogun, 412.535.5550, or e-mail rogun@md-cpas.com to reserve your space.



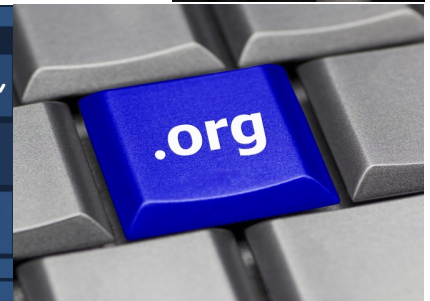
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Non-Profit News Nuggets
Spring 2016
Featured Article

Final Changes to the Fair Labor Standards Act Announced

By Stacy L. Vernier, PHR,
SHRM-CP
Human Resources Manager
svernier@md-cpas.com



Changes to the Standard Salary Overtime Exemption Threshold and the Impact on Non-Profits

On May 18th, 2016, the U.S. Department of Labor issued its final changes to the Fair Labor Standards Act (FLSA). Below is a summary of these changes (effective December 1, 2016).

- The standard salary threshold will increase from \$455/week to \$913/week (\$47,476 for a full-year worker). This means that 35% of full-time salaried workers will be automatically entitled to overtime, based solely on their salary.
- The rule updates the total annual compensation level above which most white collar workers will be ineligible for overtime, from the current salary of \$100,000 to \$134,004/year.
- The salary threshold will automatically be updated every three years, beginning January 1, 2020.
- Each update will raise the standard threshold to the 40th percentile of full-time salaried workers in the lowest wage Census region, estimated to be \$51,168 in 2020.
- The Highly Compensated Employees (HCE) threshold will increase to the 90th percentile of full-time salaried workers nationally, estimated to be \$147,524 in 2020.

■ The Department will post new salary levels 150 days in advance of their effective date, beginning August 1, 2019.

■ Up to 10% of the salary threshold for non-HCE employees will be allowed to be met by non-discretionary bonuses, incentive pay, or commissions, provided these payments are made on at least a quarterly basis.

■ The final rule does not make any changes to the 'duties test' that determines whether white collar salaried workers earning more than the salary threshold are ineligible for overtime pay. For workers with salaries above the updated salary level, employers will continue to use the same duties test to determine whether or not the worker is entitled to overtime pay. **Job title and/or salary level alone never determine exempt status under FLSA.**

■ The law does not require that newly overtime-eligible workers be converted to hourly pay status.

■ **Regardless of the dollar volume of business, employees of certain institutions commonly referred to as "named enterprises" are entitled to minimum wage and overtime protections unless a specific exemption applies.**

Changes to the Standard Salary Overtime Exemption Threshold and the Impact on Non-Profits Continued

■ “Named Enterprises” include hospitals, institutions primarily engaged in the care of older adults and people with disabilities who reside on the premises; schools for children who are mentally or physically disabled or gifted; federal, state and local governments; and pre-schools, elementary and secondary schools and institutions of higher education.

■ **Even if the organization is not covered on an enterprise basis, individual employees within the organization can be covered on an individual basis if they engage in interstate commerce or in the production of goods for interstate commerce.**

How Can Non-Profits Mitigate the Impacts of this Ruling?

We understand that these new regulations will pose significant challenges for entities not exempt from these overtime requirements. In addition to the “named enterprises” listed above and the individual coverage for those conducting interstate commerce discussed above, FLSA is applicable to non-profits with revenues deriving from ordinary commercial activity of at least \$500,000. Ordinary commercial activity includes activities performed for business purposes (such as operating a gift shop or providing services for a fee). FLSA does not apply to the organization’s charitable activities that are not in substantial competition with other businesses. Charitable activities include activities such as providing free of charge temporary shelter, food or clothing to the homeless, sexual assault, domestic violence, or other counseling services, and disaster relief provisions. Income from contributions, membership fees, many dues and donations used for charitable activities are not counted towards the \$500,000 threshold.

In response to this ruling, you have the following options:

■ Continue to pay newly overtime-eligible employees a salary and pay overtime in excess

Final Changes to the Fair Labor Standards Act Announced

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Human Resources Manager
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■ of 40 hours per week. It is recommended that this approach be used for times of the year when there are occasional spikes in hours worked that your organization can plan and budget for ahead of time.

■ Adjust the employees’ base pay and pay overtime. You can adjust the amount of an employee’s earnings to reallocate it between the regular rate of pay and overtime compensation. This method will work for employees who work a relatively small amount of predictable overtime. The revised pay can be on a salaried or hourly basis, but it must include payment of overtime when the employee works more than 40 hours in a week.

■ Raise workers’ salaries above the new threshold.

■ Limit workers’ hours to 40 per week.

■ Evaluate and realign employee workload. You can limit the need for overtime by ensuring that workloads are distributed to minimize overtime and that you have the appropriate staffing levels to meet the demands of the services you are providing.

■ Some combination of the above.

The Department of Labor has issued separate guidance documents specifically for nonprofits here:

<https://www.dol.gov/whd/overtime/final2016/nonprofit-guidance.pdf>



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PICPA Pennsylvania
CPA Journal Article

Be Sure to Properly
Consider IT Risks in
Your Audits

By Jennifer L. CruverKibi, CPA,
Senior Manager
jcruverkibi@md-cpas.com



Overview

Information technology (IT): the more we rely on it, the greater the impact it has when something goes wrong. It's our job as auditors to ask "What could go wrong, and how could it affect the financial statements?" The IT world is ever-changing; are you changing your audit approach along with that change?

What the Standards Say

According to AU-C Section 315, Understanding the Entity and Its Environment and Assessing the Risk of Material Misstatement, the auditor should gain an understanding of the entity's IT environment and flow of transactions related to IT in order to assess risks. AU-C 315.A64 specifically identifies risks that IT systems pose to internal control. These include reliance on systems or programs that are incorrectly processing data, unauthorized access to data resulting in destruction or improper changes, unauthorized changes to systems or programs, unauthorized changes to data in master files, and loss of data or inability to access data. The extent and nature of these risks depend on the nature and characteristics of the entity's system.

The updated 2013 COSO Framework specifically cites IT in Principle 11 (select and develop general controls over technology). Principle 11 includes the following points of focus:

What the Standards Say Continued

- Evaluate information system design and determine if it meets operational and information-processing objectives.
- Evaluate whether IT system incorporates appropriate general and application controls.
- Evaluate design of the IT structure.
- Evaluate security management.
- Evaluate IT acquisition, development, and maintenance.

What Auditors Should Consider

During an IT risk assessment, it is important to first evaluate the organization's IT complexity to determine the depth of the IT risk-assessment process. If the organization has a highly sophisticated IT structure, you may want to consider having an IT specialist involved in the audit planning. Consider the following:

- Complexity of the financial reporting system (commercial off-the-shelf software with no modifications vs. internally developed software).
- Complexity and usage of the local area network or wide area network.
- Reliance on IT for financial reporting (degree of online financial transactions, heavy reliance on IT in providing products/services, etc.)

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What Auditors Should Consider Continued

- Use of multiple IT systems and whether they are integrated for financial reporting.

It is also pertinent that the auditor evaluate the general computer and application controls. General computer controls represent the organizational and administrative structure of the IT function. Application controls apply to the processing of individual transactions (cash receipts, payroll, etc.), and relate to the use of IT to initiate, authorize, record, process, and report financial transactions. When evaluating general computer controls, assess whether there are ineffective controls, and, if so, whether this would allow for material misstatement to occur. Consider the following:

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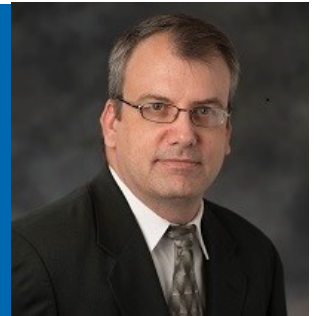
Stay tuned to our new website: www.md-cpas.com (we will have an upcoming blog post on her presentation in the near future).

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Best Practices Article

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Choosing A Backup System

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Recovery Point Objective Continued

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Your Backup Technology Options Continued...

begin to understand what your best solution may be. With the plethora of options available, it is advisable to consult with a qualified IT professional to assess your needs, and provide you with a solution that not only meets your budget, but more importantly meets your data backup and disaster recovery objectives.

Maher Duessel Speaking Engagements

Diane E. Edelstein, CPA, Partner

Topic: *Single Audit Update: Uniform Guidance, Non-Profit Organization FASB Update, and Cost Allocation*

Organization: Pennsylvania Coalition Against Domestic Violence Sub-Grantee Training

Date and Location: June 21, 2016, Pittsburgh, PA

Topic: *Single Audit Fundamentals*

Conference: AICPA 2016 Not-for-Profit Industry Conference

Date and Location: June 27, 2016, National Harbor, Maryland

Topic: *Avoiding Deficiencies in Your Single Audit*

Conference: AICPA 2016 Not-for-Profit Industry Conference

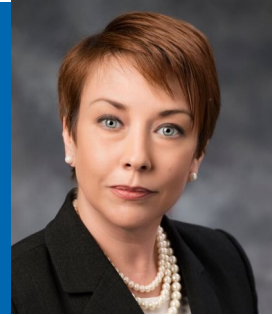
Date and Location: June 29, 2016, National Harbor, Maryland

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Financial Accounting
Standards Board Update

Revenue Recognition
Updates

By Deanna Conte
CPA, Principal
dconte@md-cpas.com



Background

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, on May 28, 2014. Additional Updates on this topic have followed:

- Update 2015-14-*Deferral of the Effective Date*
- Update 2016-08-*Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*
- Update 2016-10-*Identifying Performance Obligations and Licensing*
- Update 2016-11-*Narrow-scope Improvements and Expedients*

What's New?

The revenue recognition standard focuses on contracts with customers (there are exceptions for leases, insurance contracts, most financial instruments, and guarantees [other than product or service warranties] as set forth in the standards). The standard uses a principle-based approach for determining revenue recognition. Under the standard, performance obligations are identified for each contract. The identified transaction price is allocated to each separate performance obligation, and revenue is recognized as (or when) the entity satisfies a performance obligation.

Additional Potential Implementation Issues

Along with the implementation issues identified and addressed in this ASU, the AICPA's Not-for-Profit Entities Revenue Recognition Task Force has identified a list of additional potential implementation issues including:

- Tuition and housing revenue (including discounts)
- Subscriptions and membership dues
- Bifurcation of transactions between contribution and exchange components (i.e. transactions that are part contribution and part exchange, such as membership dues, sponsorships, naming opportunities and donor status transactions)

Contributions are not in the scope of the new standard.

What Your Organization Should Be Doing Now

- Become familiar with the new standard and updates, and discuss this new standard with your board and your accounting advisors.
- Identify your organization's different types of exchange transactions and evaluate if there are differences between current accounting policies and practices and the new standard, and how those identified differences may impact your financial statements.

Revenue Recognition Updates

By Deanna Conte, CPA
Principal
dconte@md-cpas.com



What Your Organization Should Be Doing Now Continued

- Determine if modifications to systems, processes and internal controls are needed as a result of the new criteria.
- Consider how the new requirements may impact other areas of your organization such as employee compensation arrangements that are based on financial results and calculation of debt covenants.

When Is The New Standard Effective?

The effective date and transition requirements for updates subsequent to 2015-04 are the same as the effective date and transition requirements of Update 2014-09, Accounting Standards Update No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date which defers the effective date of Update 2014-09 by one year.

Please note this summary is not meant to substitute for reading the updates in their entirety.

Maher Duessel Sponsored PANO's Courageous Conversations

We were proud to sponsor PANO's Courageous Conversations on May 17th.

This event brought together nonprofit professionals and board members to explore potential partnerships and encourage advocacy efforts.



Congratulations to Partners **Diane Edelstein, Tim Morgus** and Manager **Janet Feick!**

Diane has been named to the PICPA Professional Ethics Committee.

Tim has been certified by the Association of Certified Fraud Examiners as a CFE.

Janet has been named to the Board of the Mentoring Partnership of Southwest Pennsylvania.



Congratulations to Our New Hires!

- Jonathan Kuhn joined the Pittsburgh office as a Supervisor in March.
- Nikki Walton joined the Pittsburgh office as a Supervisor in May.
- Andrew Hudock joined the Pittsburgh office as Experienced Staff in February.
- Aubrey Gibson joined the Pittsburgh office as a Staff Auditor in May.
- Cecily Thomas joined the Pittsburgh office as a Staff Auditor in May.
- Genifer Saccareccia joined the Pittsburgh office as a Staff Auditor in April.
- Jordan Beck joined the Pittsburgh office as a Staff Auditor in January.
- Amanda Hermann joined the Pittsburgh office as a Staff Auditor in January.
- Allison Novicki joined the Harrisburg office as a Staff Auditor in March.
- Jose Trevino joined the Harrisburg office as a Staff Auditor in January.
- Lauren Zagorac joined the Pittsburgh office as an Executive Assistant in March.
- Chris Conlon joined our IT Department full time in March after interning with us last year.

Maher Duessel, CPAs
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Promoting the Public Good®*

**Financial Accounting
Standards Board
Update**

**FASB Releases Lease
Accounting Standards
Update (ASU 2016-02)**

By Betsy Krisher, CPA, CGFM
Partner
bkrisher@md-cpas.com



Overview

FASB has issued its long-awaited lease accounting standards update that impacts non-profits. The update aims to improve financial reporting about leasing transactions and will affect all non-profits that lease assets such as space and equipment.

What Has Changed?

- Non-profits that lease assets will be required to recognize on their balance sheets the assets and liabilities for the rights and obligations created by those leases.
- Specifically under the new guidance, a lessee will be required to recognize assets and liabilities for leases with terms of more than 12 months.
- Two different types of leases still exist, but both types of leases (finance or operating) will now be required to be recognized on the balance sheet.
- Disclosures (both qualitative and quantitative) will now be required to help users to better understand the amount, timing, and uncertainty of cash flows arising from leases.

When Is The Update Effective?

The Update will take effect for fiscal years beginning after December 15, 2018 (and interim periods within those fiscal years) for any of the following:

- A public business entity

When Is The Update Effective Continued

- A not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market
- An employee benefit plan that files financial statements with the U.S.
- Securities and Exchange Commission (SEC)

For all other entities (which will include the majority of not-for-profits), the amendments in this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early applications of the amendments of the update are permitted.

What Should My Organization Do Now?

It is recommended you begin some preliminary steps now:

- It will be essential to inventory all of your leases. It will take time to conduct this inventory and calculate the asset and liability amounts at the date of adoption in order to include them in the financial statements.
- Determine if the recognition of additional lease liabilities will impact any debt covenants or other contractual agreements.
- Develop a timeline to review the Update and then implement its provisions.

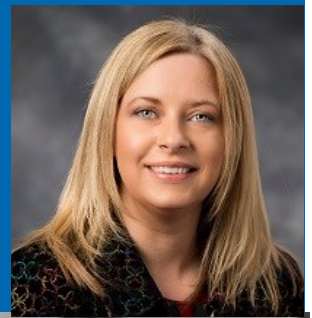
Please note this summary is not meant to substitute for reading the entire Statement.

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Internal Revenue Service
Regulations

Tips on IRS Publication 15B:
Use of Personal Vehicles
and Transportation Benefits

By Beth Dittmer, CPA,
Senior Manager
bdittmer@md-cpas.com



Overview

The Internal Revenue Service (IRS) publishes a document (Publication 15-B) to provide information for employers on the employment tax treatment of fringe benefits. Fringe benefits are defined as a form of pay for the performance of services. For employees, the value of any taxable fringe benefit is subject to employment taxes and must be reported on Form W-2. For non-employees, the value of benefits may need to be reported on Form 1099-MISC. Any fringe benefit an employer provides is taxable and must be included in the recipient's pay unless the law specifically excludes it. Section 2 of Publication 15-B discusses the exclusion rules for certain fringe benefits.

Use of Personal Vehicles

One potential fringe benefit that is common among organizations is the use of personal or employer-provided vehicles. The following are some considerations you should be aware of regarding the use of personal vehicles as a fringe benefit.

Cents per mile rule – The business mileage rate for 2016 is 54 cents per mile. This rate may be used to reimburse an employee for business use of a personal vehicle. It may also be used to value the personal use of a vehicle you provide to an employee, under certain circumstances.

Transportation Benefits

Employers can exclude from employee wages the following:

- De Minimis transportation benefits – any local transportation benefit you provide to an employee if it has so little value that accounting for it would be unreasonable or administratively impracticable (taking into account how frequently you provide transportation to your employees) and;
- Qualified transportation benefits – This exclusion applies to the following benefits: a ride in a commuter highway vehicle between the employee's home and work place; a transit pass; qualified parking; and qualified bicycle commuting reimbursement. You can generally exclude the value of transportation benefits that you provide to an employee during 2016 from the employee's wages up to \$255 per month for combined commuter highway vehicle transportation and transit passes and up to \$255 per month for qualified parking.

The rules concerning fringe benefits are voluminous, and you should be sure you understand the impact that providing fringe benefits may have on your organization. You should also understand the rules for withholding, depositing and reporting of fringe benefits that are outlined in Publication 15-B to ensure that you comply fully with the IRS regulations. Please note that the above article is not meant to replace the full IRS Publication.

***Pursuing the Profession While Promoting
the Public Good®***

**Non-Profit News Nuggets
2016 Spring Edition**



MaherDuessel

Certified Public Accountants

Pittsburgh Office

**D.L. Clark Building
503 Martindale Street, Suite 600
Pittsburgh, PA 15212
412.471.5500**

Harrisburg Office

**3003 North Front Street
Suite 101
Harrisburg, PA 17110
717.232.1230**

Butler Office

**112 Hollywood Drive
Suite 204
Butler, PA 16001
724.285.6800**



Appendix F: Exhibit A Pricing Form



Exhibit A - Pricing Page

		Optional Renewal	Optional Renewal	Optional Renewal
	Cost per Year	Cost per Year	Cost per Year	Cost per Year
Breakdown by Circuit:	FY16	FY17	FY18	FY19
1st Judicial Circuit - Brook, Hancock & Ohio	\$ 4,757.00	\$ 4,935.00	\$ 5,114.00	\$ 5,292.00
2nd Judicial Circuit - Marshall, Tyler & Wetzel	\$ 2,004.00	\$ 2,079.00	\$ 2,154.00	\$ 2,230.00
4th Judicial Circuit - Wood & Wirt	\$ 5,688.00	\$ 5,901.00	\$ 6,114.00	\$ 6,327.00
5th Judicial Circuit - Calhoun - Jackson - Mason & Roane	\$ 3,987.00	\$ 4,136.00	\$ 4,286.00	\$ 4,435.00
6th & 24th Judicial Circuit - Cabell & Wayne	\$ 7,870.00	\$ 8,165.00	\$ 8,460.00	\$ 8,756.00
7th Judicial Circuit - Logan	\$ 2,803.00	\$ 2,908.00	\$ 3,013.00	\$ 3,118.00
8th Judicial Circuit - McDowell	\$ 1,763.00	\$ 1,829.00	\$ 1,895.00	\$ 1,961.00
9th Judicial Circuit - Mercer	\$ 3,960.00	\$ 4,108.00	\$ 4,257.00	\$ 4,405.00
10th Judicial Circuit - Raleigh	\$ 4,907.00	\$ 5,091.00	\$ 5,275.00	\$ 5,459.00
11th Judicial Circuit - Greenbrier & Pocahontas	\$ 2,610.00	\$ 2,708.00	\$ 2,806.00	\$ 2,904.00
12th Judicial Circuit - Fayette	\$ 2,486.00	\$ 2,580.00	\$ 2,673.00	\$ 2,766.00
13th Judicial Circuit - Kanawha	\$ 11,751.00	\$ 12,192.00	\$ 12,632.00	\$ 13,073.00
15th Judicial Circuit - Harrison	\$ 4,532.00	\$ 4,702.00	\$ 4,871.00	\$ 5,041.00
18th Judicial Circuit - Preston	\$ 1,730.00	\$ 1,795.00	\$ 1,860.00	\$ 1,924.00
23rd Judicial Circuit - Berkeley - Jefferson & Morgan	\$ 11,751.00	\$ 12,192.00	\$ 12,632.00	\$ 13,073.00
25th Judicial Circuit - Boone & Lincoln	\$ 3,650.00	\$ 3,787.00	\$ 3,924.00	\$ 4,060.00
28th Judicial Circuit - Nicholas	\$ 1,401.00	\$ 1,454.00	\$ 1,506.00	\$ 1,559.00
30th Judicial Circuit - Mingo	\$ 2,350.00	\$ 2,438.00	\$ 2,528.00	\$ 2,617.00
Yearly Totals	\$ 80,000.00	\$ 83,000.00	\$ 86,000.00	\$ 89,000.00
Overall Total Cost of all 4 years (for evaluation purposes)	\$ 338,000.00			



Appendix G: Exhibit B Certified Public Accountant Designation



Exhibit B - Certified Public Accountant Designation

Identify all staff that will be involved in the delivery of the Contract Services and indicate whether the staff person is a certified public accountant and provide an explanation for the use of any interns or non-employee personnel:

[illegible]



Appendix H: Exhibit C Prior Experience



Exhibit C - Prior Experience

[illegible]



Appendix I: Exhibit D Affiliations and Memberships



Exhibit D - Affiliations and Memberships

Identify and affiliations and/or memberships with professional organizations that insure that the entity is subject to peer review or certification with respect to the quality of it's work and the proficiency of it's staff:

[illegible]



Appendix J: Purchasing Affidavit



STATE OF WEST VIRGINIA
Purchasing Division

PURCHASING AFFIDAVIT

MANDATE: Under W. Va. Code §5A-3-10a, no contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and: (1) the debt owed is an amount greater than one thousand dollars in the aggregate; or (2) the debtor is in employer default.

EXCEPTION: The prohibition listed above does not apply where a vendor has contested any tax administered pursuant to chapter eleven of the W. Va. Code, workers' compensation premium, permit fee or environmental fee or assessment and the matter has not become final or where the vendor has entered into a payment plan or agreement and the vendor is not in default of any of the provisions of such plan or agreement.

DEFINITIONS:

"Debt" means any assessment, premium, penalty, fine, tax or other amount of money owed to the state or any of its political subdivisions because of a judgment, fine, permit violation, license assessment, defaulted workers' compensation premium, penalty or other assessment presently delinquent or due and required to be paid to the state or any of its political subdivisions, including any interest or additional penalties accrued thereon.

"Employer default" means having an outstanding balance or liability to the old fund or to the uninsured employers' fund or being in policy default, as defined in W. Va. Code § 23-2c-2, failure to maintain mandatory workers' compensation coverage, or failure to fully meet its obligations as a workers' compensation self-insured employer. An employer is not in employer default if it has entered into a repayment agreement with the Insurance Commissioner and remains in compliance with the obligations under the repayment agreement.

"Related party" means a party, whether an individual, corporation, partnership, association, limited liability company or any other form or business association or other entity whatsoever, related to any vendor by blood, marriage, ownership or contract through which the party has a relationship of ownership or other interest with the vendor so that the party will actually or by effect receive or control a portion of the benefit, profit or other consideration from performance of a vendor contract with the party receiving an amount that meets or exceeds five percent of the total contract amount.

AFFIRMATION: By signing this form, the vendor's authorized signer affirms and acknowledges under penalty of law for false swearing (W. Va. Code §61-5-3) that neither vendor nor any related party owe a debt as defined above and that neither vendor nor any related party are in employer default as defined above, unless the debt or employer default is permitted under the exception above.

WITNESS THE FOLLOWING SIGNATURE:

Vendor's Name: Mahe Duessel

Authorized Signature: *Jeffrey M. Kant*

Date: September 13, 2016

State of Pennsylvania

County of Allegheny, to-wit:

Taken, subscribed, and sworn to before me this 13 day of September, 2016.

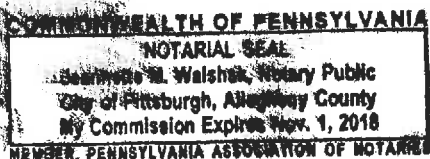
My Commission expires Nov. 1, 2018.

AFFIX SEAL HERE

NOTARY PUBLIC

Jeannette M. Walshak

Purchasing Affidavit (Revised 08/01/2015)



Appendix K: Signature Page



DESIGNATED CONTACT: Vendor appoints the individual identified in this Section as the Contract Administrator and the initial point of contact for matters relating to this Contract.

Jeffrey W. Kent, CPA, Partner

(Name, Title)

Maher Duessel

(Printed Name and Title)

D.L. Clark Building, 503 Martindale Street, Suite 600, Pittsburgh, PA 15212

(Address)

412.535.5539/412.471.5508

(Phone Number) / (Fax Number)

jkent@md-cpas.com

(email address)

CERTIFICATION AND SIGNATURE: By signing below, or submitting documentation through wvOASIS, I certify that I have reviewed this Solicitation in its entirety; that I understand the requirements, terms and conditions, and other information contained herein; that this bid, offer or proposal constitutes an offer to the State that cannot be unilaterally withdrawn; that the product or service proposed meets the mandatory requirements contained in the Solicitation for that product or service, unless otherwise stated herein; that the Vendor accepts the terms and conditions contained in the Solicitation, unless otherwise stated herein; that I am submitting this bid, offer or proposal for review and consideration; that I am authorized by the vendor to execute and submit this bid, offer, or proposal, or any documents related thereto on vendor's behalf; that I am authorized to bind the vendor in a contractual relationship; and that to the best of my knowledge, the vendor has properly registered with any State agency that may require registration.

Maher Duessel

(Company)



(Authorized Signature) (Representative Name, Title)

Jeffrey W. Kent, CPA, Partner

(Printed Name and Title of Authorized Representative)

September 15, 2016

(Date)

412.535.5539/412.471.5508

(Phone Number) (Fax Number)



Appendix L: Vendor Preference Form



State of West Virginia

VENDOR PREFERENCE CERTIFICATE

Certification and application is hereby made for Preference in accordance with **West Virginia Code, §5A-3-37**. (Does not apply to construction contracts). **West Virginia Code, §5A-3-37**, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the **West Virginia Code**. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Vendor Preference, if applicable.

1. Application is made for 2.5% vendor preference for the reason checked:

- ☐ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or**,
- ☐ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or**,
- ☐ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or**,

2. Application is made for 2.5% vendor preference for the reason checked:

- ☐ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or**,

3. Application is made for 2.5% vendor preference for the reason checked:

- ☐ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or**,

4. Application is made for 5% vendor preference for the reason checked:

- ☐ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; **or**,

5. Application is made for 3.5% vendor preference who is a veteran for the reason checked:

- ☐ Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; **or**,

6. Application is made for 3.5% vendor preference who is a veteran for the reason checked:

- ☐ Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

7. Application is made for preference as a non-resident small, women- and minority-owned business, in accordance with West Virginia Code §5A-3-59 and West Virginia Code of State Rules.

- ☒ Bidder has been or expects to be approved prior to contract award by the Purchasing Division as a certified small, women- and minority-owned business.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (West Virginia Code, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Maher Duessel

Signed: 

Date: September 15, 2016

Title: Partner



Appendix M: Addendum Acknowledgement



ADDENDUM ACKNOWLEDGEMENT FORM
SOLICITATION NO.:

Instructions: Please acknowledge receipt of all addenda issued with this solicitation by completing this addendum acknowledgment form. Check the box next to each addendum received and sign below. Failure to acknowledge addenda may result in bid disqualification.

Acknowledgment: I hereby acknowledge receipt of the following addenda and have made the necessary revisions to my proposal, plans and/or specification, etc.

Addendum Numbers Received:

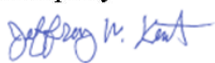
(Check the box next to each addendum received)

- | | |
|--|--|
| <input checked="" type="checkbox"/> Addendum No. 1 | <input type="checkbox"/> Addendum No. 6 |
| <input type="checkbox"/> Addendum No. 2 | <input type="checkbox"/> Addendum No. 7 |
| <input type="checkbox"/> Addendum No. 3 | <input type="checkbox"/> Addendum No. 8 |
| <input type="checkbox"/> Addendum No. 4 | <input type="checkbox"/> Addendum No. 9 |
| <input type="checkbox"/> Addendum No. 5 | <input type="checkbox"/> Addendum No. 10 |

I understand that failure to confirm the receipt of addenda may be cause for rejection of this bid. I further understand that any verbal representation made or assumed to be made during any oral discussion held between Vendor's representatives and any state personnel is not binding. Only the information issued in writing and added to the specifications by an official addendum is binding.

Maher Duessel

Company



Authorized Signature

September 15, 2016

Date

NOTE: This addendum acknowledgement should be submitted with the bid to expedite document processing.



Appendix N: Contract Manager Contact Form



REQUEST FOR QUOTATION
Professional Auditing Services

10.1.4. Failure to remedy deficient performance upon request.

10.2. The following remedies shall be available to Agency upon default.

10.2.1. Immediate cancellation of the Contract.

10.2.2. Immediate cancellation of one or more release orders issued under this Contract.

10.2.3. Any other remedies available in law or equity.

11. MISCELLANEOUS:

11.1. Contract Manager: During its performance of this Contract, Vendor must designate and maintain a primary contract manager responsible for overseeing Vendor's responsibilities under this Contract. The Contract manager must be available during normal business hours to address any customer service or other issues related to this Contract. Vendor should list its Contract manager and his or her contact information below.

Contract Manager: Jeffrey W. Kent, CPA

Telephone Number: 412.535.5539

Fax Number: 412.471.5508

Email Address: jkent@md-cpas.com