



Agenda Item Summary

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Agenda Item Title

A Resolution Approving a Professional Services Agreement for Annual Financial Audit Services with Sikich LLP for a Three Year Term and Two Optional Years for Audits of the 2018-2022 Fiscal Years at a Total Five Year Not To Exceed Amount of \$388,098 and Authorizing Its Execution

Overview

The Village's prior auditing services agreement with Sikich LLP was for three years plus two optional years which were exercised at the Village's discretion. The final optional year with Sikich was for the fiscal year ended December 31, 2017. Auditing services include a complete financial audit, CAFR preparation, TIF compliance reports, and the preparation of a Single Audit, if required.

Staff Recommendation

Approve the Resolution

Fiscal Impact

Excluding the Oak Park Library's portion of the expense under the proposal, the not-to-exceed fee pertaining to only the Village for annual auditing services would be \$65,300 in FY18, \$67,259 in FY19, \$69,277 in FY20, \$71,355 in FY21, and \$73,496 in FY22. The annual audit expense would be budgeted and charged to Finance Department account #1001.41300.101.530670. A summary of the annual and total five year fees for all respondents to the RFP is included as a separate attachment to this agenda item. Please note that the Oak Park Public Library has agreed to accept the vendor approved by the Village Board and fees for their portion of the audit would be invoiced separately and directly to them.

Background

The Village is required to have an annual financial audit pursuant to 65 ILCS 5/8-8-3. While there are many certified public accounting firms in the Chicago area, there are only a handful of well known firms that have divisions which specialize in municipal audits. Finance staff prepared a request for proposal to secure new auditing services for a minimum three year term with two optional years at the discretion of the Village. Direct distribution of this RFP was sent to fourteen firms that appeared to have some level of experience with municipal audits. The RFP was also posted on the VOP website and DemandStar to reach a maximum number of potential vendors.

A total of twelve proposals were submitted to the Village by the deadline and evaluated by selected Finance

Department staff based on the following criteria:

- *Licensed to practice in Illinois
- *No conflicts or potential conflicts of interest
- *Ability to follow instructions in the RFP
- *Staff CPE (continuing professional education) and peer quality control reviews
- *Specializations offered by the firm should the Village need to engage in services outside the normal audit
- *Experience with municipal audits and preparing CAFR and other required reports
- *Availability and ability to complete audit in a timely manner by required deadlines
- *Audit and non-audit (hourly) fees
- *Positive references and/or current client audits similar in scope to the Village of Oak Park

Once all proposals were submitted, a thorough analysis was performed rating each proposer using the above criteria. Of the twelve proposals, staff narrowed down the selection to the incumbent (Sikich LLP) and two other finalists for interviews:

- 1) Baker Tilly Virchow Krause, LLP
- 2) BKD, LLP

The fee breakdown for the three finalists over the five year period (assuming the two optional years are exercised) are:

| | VILLAGE | LIBRARY | TOTAL |
|-------------|-----------|----------|-----------|
| Sikich LLP | \$346,687 | \$41,411 | \$388,098 |
| Baker Tilly | \$309,805 | \$37,420 | \$347,225 |
| BKD LLP | \$299,690 | \$36,000 | \$335,690 |

Staff is formally recommending that the Board execute another agreement with Sikich LLP which has been the Village's auditor dating back to 2002. The firm has provided high quality services and they have clients of similar size and complexity.

Please note that staff was also impressed with the credentials of Baker Tilly Virchow Krause (BTVK) and believe that this firm is also qualified to perform the Village's audit, however, the reason for the Sikich recommendation is primarily due to the long term relationship that the Village has had with the firm over the years as well as the excellent service received. Some Baker Tilly municipal clients include Skokie, Glenview, Buffalo Grove, Lake Forest, and Oak Brook, to name a few. The firm has about 2,700 employees and is one of the fifteen largest CPA firms in the country.

Staff also met with BKD LLP. Some of their municipal clients include Mundelein, Park Ridge, and LaGrange Park. While this firm also demonstrated impressive credentials, this firm is not being recommended primarily because the majority of BKD's current clients are smaller, less complex municipalities.

Should the Village Board approve the recommendation to execute another agreement with Sikich LLP, staff suggests that it would be good business practice to request a partner rotation on the engagement and that James Savio be assigned as the Sikich partner in-charge overseeing the annual audit engagement during the

term of the new contract. However, the Finance Department would be equally pleased to continue working with Sikich partner Dan Berg if the Village Board prefers to continue with the same Sikich partner on the engagement as in past years.

Alternatives

Selection of the vendor is at the Village Board's discretion

Previous Board Action

November 18, 2013

Citizen Advisory Commission Action

N/A

Anticipated Future Actions/Commitments

N/A

Intergovernmental Cooperation Opportunities

N/A

Performance Management (MAP) Alignment

N/A