



MANAGER'S MEMO ITEM

ITEM: Auditing Services Agreement for 2005-2009

WORKSHOP DATE: March 8, 2005

PREPARED BY: Rita Trainor, Finance Director
Rita Rutkowski, Accounting Supervisor

BID AMOUNT:	\$ 31,000 FY 05/06 \$165,575 Five Years	ACCOUNTS:	001.261.0000.5334 107.311.0000.5334 110.411.0000.5334 651.911.0000.5315 652.912.0000.5315
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BUDGET AMOUNT: \$ 39,500 FY 05/06

PURPOSE: To recommend approval of an agreement for providing auditing services for the Fiscal Years 2004/05 to 2008/09.

BACKGROUND:

Fiscal 2003/04 was the last year of the four year contract with Miller Cooper and Co as independent auditor. Staff sent RFP's to eight auditing firms that conduct audits of local governments in the Chicagoland area. Four firms declined to respond and two additional firms sought our RFP on the Village website, for a total of six responses to the RFP.

SELECTION CRITERIA

Staff reviewed the six proposals using the following criteria for selection of the most qualified candidate.

- **Total Planned Hours:** This factor indicates the total number of hours the auditing firm plans to spend on the audit. Last year, approximately 450 hours were spent on the Village's audit.
- **Service/Quality:** This criteria included a review of the quality of the recommendations for improvements, management letter comments and ability to provide ongoing assistance with any technical issues that may arise. This criteria was evaluated from the information obtained in the reference checking, as well as the reputation of the firm within the industry.
- **Depth of Professional Staff:** The number of professionals employed in the organization experienced in local government work was considered. Staff also considered whether the firm was actively involved in the Illinois Government Finance Officers' Association (IGFOA).
- **References:** Staff contacted the references listed on the bidder's document. Staff also considered whether the firm had clients of similar size and complexity.
- **Cost:** The total contract cost was considered. Single audit fees were also taken into consideration, however as a single audit may not be required (because the Village may not make the current threshold of \$500,000 in federal expenditures), we did give single audit costs significant weight.

BID REVIEW

Wolf and Company had the lowest bid total and total planned audit hours budget of 330 compared to the 2003/04 experience of 450 hours, a 26% decrease in hours. Staff is concerned that with the increasing demands on the audit brought about by Statement on Auditing Standards #99 and Governmental Accounting Standards #34, that this is not sufficient time to perform the audit in quality manner. Further, the two firms with excellent reputations and references, both bid the job at over 400 hours, which reinforces staff’s concern. Additionally, there is only one partner known to have local government experience with this firm.

Staff recommends contracting with Sikich Gardner and Company. Sikich’s bid included the highest total audit hours, which should ensure sufficient time to perform a quality audit. Sikich also has a significant number of staff in the local government practice at their firm. They have a division dedicated to governmental units, with a technical staff that would be able to answer any issue that would arise during the audit and normal operating transactions. One of the partners at Sikich was the first to assist a Village (Carol Stream) in implementing GASB 34 in the state of Illinois. They also have a partner that is an active member of the Technical Accounting Review Committee and another that is currently on the Board of the IGFOA.

The per hour rates by bidder is as follows:

Bidder	2005	2006	2007	2008	2009
Sikich Gardner & Co	68.89	71.17	73.50	75.94	78.44
Crowe Chizek & Company	82.06	85.35	88.76	92.29	95.99
Wolf & Co	83.79	86.36	88.94	91.67	94.39
Lauterbach & Amen	84.71	87.15	89.60	92.05	94.49
William F Gurrie & Co	100.00	103.03	106.09	109.29	112.58
Virchow, Krause & Company	128.12	132.03	136.05	140.19	144.44

BUDGET IMPLICATIONS:

BID AMOUNT: \$ 31,000 FY 05/06	ACCOUNTS: 001.261.0000.5334
\$165,575 Five Years	107.311.0000.5334
	110.411.0000.5334
	651.911.0000.5315
	652.912.0000.5315
BUDGET AMOUNT: \$39,500	

In addition to the amounts above another \$5,000 has been budgeted for a Single Audit, if required. Given the timeframe of receiving these bids, staff also recommends reducing the budget from \$39,500 down to \$31,000 for the regular audit (a savings of \$8,500) and for the single audit reduce the budget from \$5,000 down to \$3,400(a savings of \$1,600).

STAFF RECOMMENDATION:

Staff recommends the Village to sign a one year agreement with 4 one year extensions with Sikich Gardner and Company.


REQUESTED COURSE OF ACTION:

Place this item on the March 15, 2005 Village Council Active Agenda for approval.

IV. PROPOSAL/CONTRACT FORM

*****THIS PROPOSAL, WHEN ACCEPTED AND SIGNED BY AN AUTHORIZED SIGNATORY OF THE VILLAGE OF DOWNERS GROVE, SHALL BECOME A CONTRACT BINDING UPON BOTH PARTIES.**

Entire Block Must Be Completed If A Submitted Bid Is To Be Considered For Award

PROPOSER:	
Sikich Gardner & Co, LLP Company Name	Date: 2/11/05
998 Corporate Blvd. Street Address of Company	louk@sikich.com Email Address
Aurora, IL 60504 City, State, Zip	Louis G. Karrison Contact Name (Print)
630-566-8400 Business Phone	630-566-8400 24-Hour Telephone
630-236-4614 Fax	 Signature of Officer, Partner or Sole Proprietor
ATTEST: If a Corporation	Louis G. Karrison, Partner Print Name & Title
_____ Signature of Corporation Secretary	

VILLAGE OF DOWNERS GROVE:

_____ Authorized Signature	ATTEST:
_____ Title	_____ Signature of Village Clerk
_____ Date	_____ Date

In compliance with the specifications, the undersigned offers and agrees, if this Proposal is accepted within 90 calendar days from the date of opening, to furnish any or all of the services upon which prices are quoted, at the price set opposite each item, delivered at the designated point within the time specified above.

3: H:\My Documents\templates\RFP Specs 2004.7.doc