



Naperville

CITY COUNCIL AGENDA ITEM

SUBJECT: Recommend the Award of Sole Source Procurement 16-112, Accounting Services

TYPE OF VOTE: Simple Majority

ACTION REQUESTED:

Approve the Award of Sole Source Procurement 16-112, Accounting Services, to Lauterbach & Amen, LLP, for an amount not to exceed \$253,000 for the two year contract period beginning 1/01/16 through 12/31/17.

BOARD/COMMISSION REVIEW:

N/A

COUNCIL ACTION PREVIOUSLY TAKEN:

Date	Item No.	Action
N/A		

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Finance Director

FISCAL IMPACT:

Account Number	Fund Description	Total Budget Amount	Available Funds
010-1510-415.35-09	General – Finance	\$136,400 (CY16)	\$136,400 (CY16)

BACKGROUND:

In early 2015, the Finance Department began a reorganization to align department resources with the future financial needs of the City. A phased approach has been utilized; as employees have

retired or taken other positions both in and outside of the City, the vacated positions have been evaluated against the long-term needs of the City.

When the reorganization was initiated, a gap was identified in the area of financial and budgetary analysis. Historically, the Finance Department has served predominately accounting based services to the City, managing the City's books, budget, and creating basic reports. While these functions are vital to the proper financial management of the City, there is a growing need throughout the City departments to provide in-depth analysis, market research, and financial information to assist day-to-day operational decisions and long-term financial planning.

Previously the department had five full-time positions that were primarily allocated to accounting services for the City. Over the past year, all five positions have been vacated due to employees accepting new positions internally or externally and retirements. This has afforded the department the opportunity to re allocate workloads to the current and future needs of the City. Three of the full-time accounting positions have been re-classified to Budget Analyst positions to improve the City's financial reporting and analysis. Staff is currently working with Human Resources to hire for these analyst positions.

Furthermore, staff is able to leverage the two remaining open positions to provide consistent accounting services and maintain current workload by contracting accounting services. The accounting firm will perform daily accounting functions, such as cash management, debt management, post bond issuance requirements, assist with year-end financial reporting, and various internal reporting functions. The contract will also include prep-work for the yearly audit, and generating and writing the year-end audited CAFR Report. The term of the contract is, January 1, 2016 to December 31, 2017. Following the end of the contract period, the Finance Department will decide how to proceed with the position.

The City will see an overall decrease in expenses associated with financial services, both accounting and analysis. This reduction is based on three factors; the first factor being that with changes in personnel, new employees will be hired at lower salary and benefit rates than previous employees; the second factor is that the accounting firm will provide consistent accounting services at a lower rate than the full-time position; and the third factor is the reduction of one full-time accounting position.

DISCUSSION:

Looking at the City's needs, the following requirements were identified for a firm to successfully provide accounting services to the City:

- The firm is based in Illinois and currently provides services to the municipal accounting sector in Illinois.
- The firm has successfully provided outsourcing services for municipal finance/accounting departments in Illinois within the last three years.
- The firm is not the City's external auditor as this is considered a conflict of interest.

Lauterbach & Amen, LLP (Lauterbach) is an Illinois-based firm, which has a successful and on-going history in assisting and facilitating municipalities with outsourcing a portion of or all of

their financial/accounting services. Lauterbach currently provides these services to nearly fifty units of government, including libraries, park districts, fire districts, special recreation associations, dispatch centers and municipalities. The City also identified Sikich, LLP as a possible firm, however they perform the City of Naperville's audit and this would be a conflict of interest.

Since this is the first time the City has procured outside accounting services and it appeared that there was only one supplier able to provide the service based upon our research, an Intent to Sole Source was advertised on the City's online bidding service and in the newspaper to allow suppliers to notify the City if they were also able to perform the services. If responses were received, the City would have conducted a Request for Proposals (RFP). The due date for responses was November 20, 2015; the City did not receive any responses to the Intent to Sole Source.

As discussed above, Lauterbach & Amen provides accounting services to nearly fifty public entities. Staff has contacted a number of the municipalities that work with Lauterbach & Amen and they have expressed satisfaction with their services.

RECOMMENDATION:

Approve the Award of Sole Source Procurement 16-112, Accounting Services, to Lauterbach & Amen, LLP, for an amount not to exceed \$253,000 for the two year contract period beginning 1/01/16 through 12/31/17.

ATTACHMENTS:

1. N/A