



## Legislation Details (With Text)

**File #:** 17-687      **Version:** 1  
**Type:** Procurement Award      **Status:** Passed  
**File created:** 8/28/2017      **In control:** City Council  
**On agenda:** 11/7/2017      **Final action:** 11/7/2017  
**Title:** Waive the applicable provisions of the Naperville Procurement Code and Award Procurement 17-041, External Audit Services, to Sikich LLP for an amount not to exceed \$104,045 and a one-year term. (Requires six positive votes)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:**

Date	Ver.	Action By	Action	Result
11/7/2017	1	City Council	approved	Pass

### **CITY COUNCIL AGENDA ITEM**

#### **ACTION REQUESTED:**

Waive the applicable provisions of the Naperville Procurement Code and Award Procurement 17-041, External Audit Services, to Sikich LLP for an amount not to exceed \$104,045 and a one-year term. (Requires six positive votes)

**DEPARTMENT:** Finance Department

**SUBMITTED BY:** Rachel Mayer, Director

#### **BOARD/COMMISSION REVIEW:**

N/A

#### **BACKGROUND:**

The City uses an external auditing firm to perform a financial audit of the Basic Financial Statements of the City of Naperville in order to express an opinion on whether statements present fairly the financial position and results of operations of the funds. The examination is made in accordance with generally accepted governmental auditing standards and statements of the Government Accounting Standards Board.

In addition, the auditor performs a Single Audit in accordance with the Office of Management and Budget, Statement A-133, whereby the federal government, as a major grantor to local governments, is able to obtain assurance regarding the entity's internal control structure and compliance with specified laws and regulations.

The City's current contract with Sikich LLP to provide external audit services ends December 31, 2017.

**DISCUSSION:**

Waiver of Section 1-9B-4 (Methods of Source Selection) of the Naperville Code is required because the recommended process is not one of the enumerated methods under the Code.

With the contract term ending in December, the Finance Department would typically conduct a Request for Proposals (RFP) to select a new vendor to perform the external audit services. However, Finance would like to retain the current vendor, Sikich LLP, for another year. On January 1, 2018, the City will begin using the new ERP to perform the accounting functions. It is important for the auditors to remain consistent to provide assurance that the transition is completed properly and in accordance with Generally Accepted Accounting Principles (GAAP). Sikich LLP is familiar with the City's operations and current account structure so keeping them through the transition will provide additional oversight to ensure set up of new system has appropriate internal controls built in.

Sikich's proposed fees to perform the external audit services for Fiscal Year 2017 are as follows:

- City financial statements - \$92,745
- TIF district - \$3,650
- Police pension report - \$2,650
- Development of the Comprehensive Annual Financial Report (CAFR) - \$5,000

This represents a 2% increase in costs over the prior year's fees. In addition, the development of the CAFR is a new service to the external audit contract. Historically, the service was completed in-house. However, staff believes it would be more efficient to have the auditor complete the CAFR; many other municipalities have their external auditors create the CAFR.

The term of this contract is one year from January 1, 2018 through December 31, 2018 with no options to renew.

**FISCAL IMPACT:**

CIP #: N/A

Auditing services are expensed to the audit services accounts listed below. A total of \$94,170 is budgeted for the annual audit in the proposed CY2018 Budget, which is pending approval by City Council later this year. The differential between the budget and the award are the expenditures related to the TIF district and the Police pension report, which are not directly part of the City's budget.

Account Number	Fund Description	Total Budget Amount*
010-1510-415.35-02	General Fund	\$55,000
102-1510-415.35-02	Library Fund	\$2,620
104-1510-415.35-02	Burlington Fund	\$1,800
136-1510-415.35-02	SSA 26	\$750
410-1510-415.35-02	Electric Utility	\$17,000
430-1510-415.35-02	Water Utilities	\$17,000

*\*Budget figures represent the proposed CY2018 budget.*