



Legislation Details (With Text)

File #: 19-1050 **Version:** 1
Type: Procurement Award **Status:** Passed
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On agenda: 12/3/2019 **Final action:** 12/3/2019
Title: Waive the applicable provisions of the Naperville Procurement Code and award Procurement 19-317, External Audit Services, to Sikich LLP for an amount not to exceed \$102,760 and for a one-year term (Requires six positive votes)

Sponsors:

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Code sections:

Attachments:

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|----------|--------|
| 12/3/2019 | 1 | City Council | approved | Pass |

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Waive the applicable provisions of the Naperville Procurement Code and award Procurement 19-317, External Audit Services, to Sikich LLP for an amount not to exceed \$102,760 and for 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 an official review of the City's basic financial statements and receive an opinion on whether statements fairly present the financial position and results of operations for each fund. The audit 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, 2019.

DISCUSSION:

Approval of the award for Sikich to provide external audit services for the 2019 fiscal year requires a Waiver of Section 1-9B-4 (Methods of Source Selection) of the Naperville Procurement Code because the recommended process is not one of the enumerated methods under the Code. Specifically, the Finance Department requests City Council approve the award of the contract to Sikich without conducting a formal Request for Proposals (RFP). The Finance Department intended to conduct an RFP in 2019. However, following implementation of the HR/Payroll module in the new ERP, staff believes there is great benefit in maintaining consistency in the external auditor through the transition. An RFP will be advertised in May 2020 following completion of the audit season so that potential vendors have the time and resources to respond.

Proposed fees to perform the external audit services for Fiscal Year 2019 are as follows:

- City Financial Statements - \$96,210
- TIF District - \$3,800
- Police Pension Report - \$2,750

The total cost (\$102,760) reflects a two-percent increase in costs over the prior year fees. The increase is consistent with the Consumer Price Index (CPI) increase for the Chicago-Naperville-Elgin area over the last year.

The term of the contract is one year from January 1, 2020 to December 31, 2020, with no options to extend.

FISCAL IMPACT:

CIP#: N/A

Audit services are expensed to the financial services accounts list below. A total of \$106,015 is tentatively budgeted for auditing services in 2020, pending Council approval.

| Account Number | Fund Description | Total Budget Amount |
|-----------------------|-------------------------|----------------------------|
| 15101100-531304 | General Fund | \$232,733 |
| 15101200-531304 | Commuter Fund | \$1,888 |
| 15101300-531304 | Electric | \$41,687 |
| 15101500-531304 | Water and Wastewater | \$41,687 |
| 15102600-531304 | Water Street TIF | \$3,800 |
| 15104300-531304 | SSA 26 | \$786 |
| 50102900-531304 | Library Fund | \$3,500 |