



## Legislation Text

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**File #:** 18-738, **Version:** 1

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### **CITY COUNCIL AGENDA ITEM**

#### **ACTION REQUESTED:**

Waive the applicable provisions of the Naperville Procurement Code and award Procurement 18-222, External Audit Services, to Sikich LLP for an amount not to exceed \$103,225 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, 2018.

#### **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. The Finance Department is requesting to waive the code in order to maintain consistency in the external auditor through the transition to the new ERP. A Request for Proposals (RFP) will be issued in 2019.

Proposed fees to perform the external audit services for Fiscal Year 2018 are as follows:

- City Financial Statements - \$94,300
- TIF District - \$3,725
- Police Pension Report - \$2,700
- GASB Statement No. 75, Accounting for Post-Employment Benefit Plans - \$2,500

Last year, the City began using the external auditor to develop the CAFR document, which required a one-time development fee of \$5,000. The work associated with GASB Statement No. 75 is a new requirement starting with the 2018 audit. Excluding the CAFR and GASB No. 75 work, this year's fees represent a 1.7% increase in costs over the prior year's fees.

The term of this contract is one year from January 1, 2019 through December 31, 2019 with no options to renew.

**FISCAL IMPACT:**

CIP #: N/A

Auditing services are expensed to the financial services accounts listed below. The annual external audit is split among seven funds. A total of \$106,125 is budgeted for 2019, which is pending City Council approval in December. The requested award is within the recommended 2019 budget.

Account Number	Fund Description	Total Budget Amount
15101100-531304	General	\$232,825
15101200-531304	Commuter Parking	\$6,959
15101300-531304	Electric	\$44,154
15101500-531304	Water & Wastewater	\$44,154
15102600-531304	Water Street TIF	\$3,650
15102900-531304	Library	\$2,851
15104300-531304	SSA 26	\$816