

January 7, 2019

To: Mayor Rogina and the City Council

From: Colleen Lavery, Assistant Finance Director

Subject: Audit Services Selection

Enclosed in the packet is a request and recommendation to select Sikich, LLP of Naperville as the City's Audit Service Provider. As this was a Request for Proposal, the award is not based on the lowest cost but rather overall value to the City considering professional competency and project management resources. The evaluation team reviewed and discussed the proposals received by L&A, Sikich, Baker Tilly and CLA. Sikich and Baker Tilly were the unanimously ranked first and second, respectively. The other two firms were rejected by the evaluation team for concerns regarding lack of experience with electric utilities, deficient response to the proposal request and senior level staff assigned to the City audit located outside the Chicagoland area.

Detail of the cost proposals and hours to be worked by each level of staff is presented below:

Firm	Partner Hours	Manager Hours	Senior and Other Staff Hours	Total Hours	Cost (Cash flow only)	Cost (All Financial Statements)
Lauterbach & Amen (L&A)	Not Provided	Not Provided	Not Provided	Not Provided	\$65,100	\$65,100
Sikich, LLP	80	124	396	600	\$69,900	\$73,100
Baker Tilly	88	107	395	590	\$81,398	\$85,560
CLA	80	220	320	620	\$80,000	\$97,000
Wipfli *Excluded	70	170	450	690	\$87,500	\$113,000

Although Sikich provided the second lowest quote for service fees, they offer the best value for the fees quoted. This decision is based on the following points:

The proposal that Sikich submitted was comprehensive, detailed and addressed all of the required elements requested in the RFP. The evaluation team all agreed that the responses provided by the lowest cost proposer were generic in nature and lacked substance in key areas. Further, their proposal did not include all of the required information including hours of staffing assigned to each proposed segment of the audit as well as a link to a sample work product.

Sikich will provide 600 hours of staff time dedicated to the completion of our audit and reports. Partner and Manager hours comprise 34% of the total engagement hours. As stated above, the lowest cost proposer did not include the level of staff or number of hours they will be dedicating to our audit in their proposal.

Sikich provided three (3) municipalities as references including the City of Naperville, which is a member of the Illinois Municipal Electric Agency (IMEA). Also, Sikich identified three additional municipalities that they audit with large electric utilities similar to the City of St. Charles. None of the four (4) references provided by the lowest cost provider maintain an electric utility.

Sikich has been the City's auditor since 2000. They have demonstrated that they possess the knowledge and expertise to keep the City in compliance with the ever-evolving GASB standards as well as the new reporting and accountability requirements mandated by the state. During their tenure with the City, they have provided services outside the scope of the audit including the review of bond transactions, advising on the implementation of new pronouncements and advising on payroll and benefits tax issues.

Staff unanimously recommends appointing Sikich as our auditor knowing that they will act as a trusted advisor who will help the City maintain compliance with the standards, conduct an audit in accordance with generally accepted government auditing standards and provide assistance on specialty topics when needed.