



Village of Channahon, Illinois Request for Proposals for Professional Auditing Services

Fiscal Years Ended April 30, 2017, 2018 and 2019

Issue Date: December 19, 2016

Proposals must be received by
4:00pm on January 31, 2017 by
Heather Wagonblott, Finance Director
24555 S. Navajo Drive
Channahon, Illinois 60410

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I. **General Information**

A. Purpose and Invitation to Submit Proposal

The Village of Channahon, Illinois (Village) is requesting proposals from qualified firms of certified public accountants to audit its financial statements for the fiscal year ending April 30, 2017, 2018 and 2019, with the option of auditing its financial statements for fiscal years 2020 and 2021, at the request of the Village, in accordance with this request for proposal.

There is no expressed or implied obligation for the Village to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. During the evaluation process, the Village reserves the right, where it may serve the Village's best interest, to request additional information or clarification from proposers, or to allow corrections of errors or omissions. At the discretion of the Village, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

No subcontracting will be permitted.

The auditor's principal contacts with the Village will be Heather Wagonblott, Finance Director, who will coordinate the assistance to be provided by the Village to the auditor.

B. Description of the Village

The Village, incorporated in 1961, is located in the northeastern part of the state of Illinois. The Village's land area sprawls over approximately 16.4 square miles which covers both Will and Grundy counties. The Village currently has a population of 12,560 as reported by the 2010 U.S. Census results. The Village operates under the Board-Trustee form of government. The Village Board consists of a President, six Trustees and a Clerk.

The Village provides the following services to its citizens: police protection, street maintenance and construction, building and code enforcement, economic development, general administrative functions, refuse services, water and sewer. The Village utilizes fund structures in accordance with current governmental accounting standards. The detail is noted in Appendix B. In total, the Village maintained 18 funds as of April 30, 2016.

The number and type of funds will necessarily change over time as circumstances dictate, thus, Appendix B is not to be considered either all-inclusive or static.

During the current fiscal year 2017, the Village expects to receive the following financial assistance and state revenue sources:

Federal Assistance: A transportation matching grant related to construction of a bike path.

State Payments: Income Tax, Motor Fuel Tax, Sales and Use Taxes, Municipal Excise Tax, Personal Property Replacement Tax, and minor police training grants.

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The Village participates in three pension plans. These are the Illinois Municipal Retirement Fund (Defined Benefit-Agent-Multiple Employer), the Channahon Police Pension Fund (Defined Benefit-Single Employer) and the Sheriff's Law Enforcement Personnel (SLEP) pension plan (Defined Benefit-Agent-Multiple Employer).

Actuarial services for the Police Pension Fund is provided by an independent actuary. The Village of Channahon includes the Police Pension Fund in the Village's financial statements.

The Finance Department is headed by Heather Wagonblott, Finance Director and consists of two employees. The principal functions performed are accounting, accounts payable, cash receipting, accounts receivable, payroll, utility billing, customer service, finance administration, and purchasing.

The Village utilizes BS&A Software to record financial transactions. All modules of the BS&A software are integrated into the general ledger.

The following information on the Village's financial activity is the actual for fiscal year 2016:

Purchase Orders Issued	79
Vendor Checks Issued	1,493
Annual Payroll	\$4 Million
Payroll Checks Issued	745
Utility Customers	3,500
Utility Bills Issued	43,111

More detailed information on the government and its finances can be found in the Village's Comprehensive Annual Financial Report (CAFR) for the year ended April 30, 2016. The 2016 – 2017 budget, CAFR and other pertinent statements can be viewed on the Village's website (www.channahon.org).

II. Nature of Services Required

A. General

The Village is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending April 30, 2017, 2018 and 2019 with the option of the Village to engage the firm in accordance with this request for proposal for the auditing of the financial statements for fiscal years 2020 and 2021. These audits are to be performed in accordance with auditing standards generally accepted in the United States (GAAS) for governmental agencies as well as the provisions set forth in this request for proposals.

B. Entity to be Audited

The Village is requesting an audit which includes all the funds, accounts, capital assets, long-term debt and activity of the Village of Channahon, Illinois. The Village does not have any component units. Nor is the Village a component unit of any other government. The number and types of funds of the Village to be audited is included as Appendix B to this request for proposal.

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C. Audit Subject Matter and Scope of Work to be Performed

The Village desires the auditor to express an opinion on the fair presentation of the financial position of the governmental activities, the business-type activity and the Village's fiduciary funds in conformity with accounting principles generally accepted in the United States of America.

The auditor will issue an "in relation to" opinion on the Village's combining and individual fund statements and schedules.

The auditor is not required to audit the introductory or statistical information sections of the CAFR.

The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

It is the Village's intent to have the auditor prepare, edit and produce all sections of the CAFR of the Village of Channahon, Illinois and the Annual Financial Report each year based on financial and other information provided by the Village.

The auditor will report on compliance with Public Act 85-1142 for each Tax Increment Financing District.

The auditor will be responsible for compiling and filing the following reports (unaudited) from information provided by the Village: the Comptroller of the State of Illinois, Annual Financial Report and the Illinois Division of Insurance Police Pension Report.

D. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue the following reports:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles. One unbound and twelve bound copies of the CAFR as well as an electronic version (PDF file) are to be provided by the auditor.
2. A report on compliance with Public Act 85-1142 for each Tax Increment Financing District. One unbound and twelve bound copies as well as an electronic version (PDF file) of the report on compliance for each District are to be provided by the auditor.
3. The Annual Financial Report that must be filed with the State of Illinois shall be prepared and filed by the auditor with two copies provided to the Village.

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In addition to the reports indicated above:

1. The auditor shall communicate in a letter to management any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.
2. Auditors shall be required to make an immediate written report of all irregularities and illegal acts of which they become aware and present such report to the Village Board of Trustees.

Auditors shall inform the Village Board of Trustees of each of the following:

1. The auditor's responsibility under generally accepted auditing standards.
2. Significant accounting policies.
3. Management judgments and accounting estimates.
4. Significant audit adjustments.
5. Other information in documents containing audited financial statements.
6. Disagreements with management.
7. Management consultation with other accountants.
8. Major issues discussed with management prior to retention.
9. Difficulties encountered in performing the audit.

E. Special Considerations

The Village will send its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. In accordance with this award program, the auditor shall assure that the Village's CAFR conforms to the provisions of the program and shall prepare annually the Village's response to comments made by the award program on the preceding year's report as submitted to the program. All appropriate and reasonable changes that are required by the prior year's comments are to be incorporated into the current year's report.

F. Working Paper Retention and Access to Working Papers

Working papers and reports must be retained, at the auditor's expense, for a minimum of three years, unless the firm is notified in writing by the Village of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designee:

1. Village of Channahon, Illinois.
2. Auditors of entities of which the Village of Channahon is a sub-recipient of grant funds.

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G. Time Requirements

The Village will make all records and management personnel available to meet with the firm's personnel any time after the award of contract. The Village expects to have fully-adjusted trial balances available no later than July 1st of each year.

Each of the following shall be completed by the auditor no later than the date indicated:

1. Detailed Requested Items List: The auditor shall provide the Village a list of all schedules to be prepared by the Village prior to the audit by no later than April 15th of each year.
2. Fieldwork: The auditor shall begin the fieldwork portion of the audit by July 15th and complete all fieldwork within three weeks of initiation of the audit. The Village shall be notified, in advance, of the audit team to be assigned to the Village's engagement.
3. Draft Reports: The auditor shall supply one electronic copy of the draft of the CAFR including the auditors' report, financial statements and recommendations to management available by no later than September 15th of each year.
4. Final Reports: All financial statements and reports must be delivered to the Village in final and complete form by no later than October 25th of each year.

H. Assistance to be Provided to the Auditor

Finance Department staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmation letters will be the responsibility of the Village. The mailing of the confirmation letter shall be the responsibility of the auditing firm. The Village will have personnel available to assist the auditor in performing the engagement.

The Village will provide the auditor with reasonable workspace, desks and chairs. The auditor will also be provided with access to one telephone, fax line, public Wi-Fi access, and photocopying facilities.

III. Instructions for Preparing Proposals

A. Rules for Proposals

The following material is required to be submitted for a proposing firm to be considered:

1. Two bound and one electronic copy of the proposal shall be submitted and shall include the following:
 - a. Title Page – the title page shall show the request for proposal's subject; the firm's name and address; the name and telephone number of a contact person; and the date of the proposal.
 - b. Table of Contents

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- c. Transmittal Letter – a signed letter of transmittal briefly stating the proposers understanding of the work to be done, the commitment to perform the work within the established time period, a statement why the firm believes itself to be the best qualified firm to perform the engagement and a statement that the proposal is a firm and irrevocable offer for sixty days.
 - d. Detailed Technical Proposal – the detailed technical proposal is set forth in Section III-B of this request for proposal.
 - e. Fee Proposal – the proposed fees should be presented using Appendix A. The proposed fees shall be the maximum, not to exceed fee for each fiscal year shown.
 - f. Certification of Compliance – submit Appendix C.
2. Proposers must send the completed proposal on or before 4:00pm January 31, 2017 to the following address: Village of Channahon, 24555 S. Navajo Drive, Channahon, Illinois 60410, Attention: Heather Wagonblott. No late proposals will be considered.

B. Technical Proposals

1. General Requirements

The purpose of the technical proposal is to demonstrate the qualifications, competence and capacity, of the firms seeking to undertake an independent audit of the Village in conformity with the requirements of this request for proposal. As such, the substance of proposals will carry more weight than their form or manner of presentation. However, the presentation will be considered as an example of the type of work typical of that of the firm. The technical proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal's requirements.

2. Independence

The firm shall provide an affirmative statement that it is independent of the Village as defined by generally accepted auditing standards.

The firm shall also list and describe the firm's professional relationships involving the Village or any of its agencies, its elected or appointed officials and employees for the past five years, together with a statement explaining why such relationships, if any, do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the Village written notice of any professional relationships entered into during the period of this agreement should it be thought to cause a conflict of interest.

3. License to Practice in Illinois

An affirmative statement should be included indicating that the firm and all assigned key professional staff are properly licensed to practice in Illinois.

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4. Firm Qualifications and Experience

The proposal shall state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the professional staff to be employed in this engagement.

The firm is also required to submit a copy of the report on its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements. The firm shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.

The proposal should identify and describe any pending or previous litigation the firm was involved in over the past three years which dealt with the quality of audit work or of pricing of auditing services rendered.

5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is licensed to practice as a certified public accountant in Illinois. The firm also should provide information on the government auditing experience of each person, including membership in professional organizations relevant to the performance of this audit.

The firm should provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education of the specific staff to be assigned to this engagement. The firm also should indicate how the quality of staff over the term of the agreement will be assured.

Engagement partners, managers, other supervisory staff and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. These personnel may also be changed for other reasons with the express prior written permission of the Village. However, in either case, the Village retains the right to approve or reject replacements.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the Village, which retains the right to approve or reject replacements.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.

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3. Manner of Payment
Progress payments will be made on the basis of hours of work completed during the course of the engagement and out-of-pocket expenses incurred in accordance with the firm's dollar cost bid proposal.

IV. Evaluation of Proposals

A. Evaluation Process

1. Proposals will be evaluated by a Selection Committee consisting of the Village Administrator, Finance Director and Finance Accounting Clerks.
2. The Selection Committee will evaluate the technical proposal submitted by each firm using the criteria shown in Section IV-B.
3. The Selection Committee will select that proposal which is judged to be the most responsive to the Village's requirements, and based on ability and fee, appears to be best able to serve the Village. The Selection Committee will present its recommendation to the Board of Trustees of the Village of Channahon.
4. Cost will not be the primary factor in the selection of an audit firm.
5. The Board of Trustees will review the recommendation of the Selection Committee and, if in agreement, make a recommendation for contract award to the Village Board of Trustees.
6. Award of the contract is approved by the Village Board of Trustees.

B. Evaluation Criteria

Proposals will be evaluated using three sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements are as follows:
 - a. The audit firm is independent and licensed to practice in Illinois.
 - b. The audit firm's professional personnel have received adequate continuing professional education pertinent to the audit of governments.
 - c. The firm has no conflict of interest with regard to any other work performed by the firm for the Village.
 - d. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
 - e. The firm adheres to the instructions in this request for proposals on preparing and submitting.
2. Technical Qualifications will be evaluated on the following:
 - a. Expertise and Experience
 1. The firm's past experience and performance on comparable government engagements.
 2. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation.

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b. Audit Approach

1. Adequacy of proposed staffing plan for various segments of the engagement.
2. Adequacy of sampling techniques.
3. Adequacy of analytical and other procedures.

3. All-inclusive maximum, not to exceed, fee.

C. Oral Presentations

During the evaluation process, the Selection Committee may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Selection Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

D. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted. The Village reserves the right without prejudice to reject any or all proposals.

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 Appendix A
 Fee Proposal

Schedule of professional fees for the audit of the Village of Channahon, Illinois' financial statements as of April 30th for the fiscal years listed below:

2017 \$ _____
 2018 \$ _____
 2019 \$ _____
 2020 \$ _____
 2021 \$ _____

Schedule of professional fees for additional services, quoted hourly rates for the fiscal years listed below:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Partner	_____				
Manager	_____				
Supervisor	_____				
Staff	_____				
Other	_____				

Firm Name: _____

Address: _____

Signature: _____ Date: _____

Printed Name: _____

Title: _____

Phone Number: _____

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Appendix B
Funds and Fund Structure

General Fund:

- General
- General Capital Projects
- Rebate

Special Revenue Funds:

- IMRF & Social Security
- Police Pension Expense
- Audit
- Insurance
- Odor Alert Network
- Motor Fuel Tax
- Police Forfeiture
- Motor Fuel Bond
- Capital Infrastructure

Capital Project Funds:

- Route 6 & I55 TIF
- Aux Sable TIF
- WESCOM Building

Enterprise Funds:

- Utility
- Utility Capital

Pension Trust Funds:

- Police Pension

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Appendix C
Proposer Guarantees

Proposer Guarantees:

- The proposer certifies it can and will provide and make available, as a minimum, all services set forth in Section II, Description of Services Required;
- The proposer has read Appendix D, Proposer Warranties, and agrees that the rights and prerogatives as detailed in that appendix are retained by the Village; and
- The proposer agrees to be bound by the requirements delineated in Appendix D.

Signature: _____

Name (Printed): _____

Title: _____

Firm: _____

Date: _____

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Appendix D
Proposer Warranties

Proposer Warranties

- Proposer warrants that it is willing and able to comply with State of Illinois laws with respect to foreign (non-state of Illinois) corporations;
- Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof;
- Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the prior written permission of the Village; and
- Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature: _____

Name (Printed): _____

Title: _____

Firm: _____

Date: _____