

# VILLAGE OF BARRINGTON HILLS, ILLINOIS



**112 Algonquin Road  
Barrington Hills, IL 60010-5199**

## **Request for Proposal For Auditing Services**

**For the Fiscal Year  
2015**

This public request shall serve as the sole document soliciting proposals. No other Request for Proposal form in relation to the terms set forth herein has been issued nor need be obtained. The headings of the sections of this Request are intended as mere catchwords to indicate the content of the section and shall not be deemed or taken to be nor be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of any section or division hereof, nor unless expressly so provided, shall they be so deemed when any of such sections, including the headings, are restated or printed in font or style different from the general text.

## **INTRODUCTION**

### **General Information**

The Village of Barrington Hills ("Village") is requesting proposals from qualified firms of Certified Public Accountants to audit its financial statements for the fiscal year ending December 31, 2015.

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 to retain all proposals submitted and to use any ideas in the proposals regardless of whether the proposal is selected. The Village also reserves the right to request additional information or clarification from firms submitting proposals, or to allow corrections or errors or omissions. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the letter of engagement between the Village and the selected firm.

It is anticipated the selection of a firm will be completed and a contract awarded by March 30, 2016.

### **Term of Engagement**

A one-year contract will be executed upon (1) review by the Finance Committee of the Board of Trustees and the Director of Administration, (2) the satisfactory negotiation of terms (including a price acceptable by both the Village and the selected firms and (3) the concurrence of the Board of Trustees.

Termination rights are defined within the subsequent contract.

### **Notice to Firms**

The Village will not consider any engagement of an auditor which seeks to limit its liability for errors or omissions it commits by either the cost of an annual contract, or any multiple thereof.

The Village will also not provide indemnification or agree to any hold harmless for any auditor selected.

### **Scope of Work to be Performed**

To meet the requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants. These audits are to be performed in accordance with the provisions included in this request for proposal. The Village desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles.

The auditors shall also be responsible for preparing the supplementary information required by the Government Accountant Standards Board as mandated by generally accepted auditing standards. This requirement shall include, at a minimum, schedules of funding progress and employer contributions to the Illinois Municipal Retirement Fund and the Police Pension Fund. Additionally, the auditor will be responsible for preparing several schedules required for the statistical section as assigned by the Finance Committee of the Village of Barrington Hills.

The auditors shall provide the Village all audit adjustments including appropriate backup documents and will meet with the Board of Trustees Finance Committee, if requested, to discuss these final adjustments.

The Auditor shall be available not only during the examination, but also on an as needed basis to answer any questions or provide expertise on accounting or compliance issues which may arise throughout the contract period. We would not expect this type of service to be very time consuming and as such we would expect this to be built into the fixed audit fee.

### **Irregularities and Illegal Acts**

Auditors shall be required to make an immediate, written report of all irregularities and if illegal acts or indications of illegal acts of which they become aware to the Village President, the Chairman of the Finance Committee, and Director of Administration.

### **Reports to be Issued**

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the general-purpose financial statements in conformity with generally accepted accounting principals.

The auditor shall prepare the following reports at the completion of the audits:

1. Preparation of the electronic filing of the Annual Financial Report to the Illinois State Comptroller's Office. The auditor will prepare the statistical section of the AFR and will prepare appropriate schedules, as may be required.
2. A report on the financial statements, internal control and compliance in accordance with the audit guide and standards for compliance with the Signal Audit Act, as may be required.
3. Annual supplement reports required by the Office of the Comptroller of the State of Illinois.
4. A management report containing comments and recommendations regarding a municipality system of internal controls: that is, its methods of safeguarding its assets, insuring the accuracy of its financial information, promoting efficiency and adhering to municipal policies. This letter should contain comments and recommendations for controlling any internal weaknesses discovered and shall be reviewed by the Finance Committee of the Board of Trustees before finalizing
5. While the transactual accounting activities of the Police Pension Fund are included with this RFP, the auditing services for the Police Pension Fund day-to-day accounting activities is contracted to a third party. Firms interested in providing annual reports for forwarding to the Illinois Department of Insurance via electronic filing requirements may quote a separate price.

### **Working Paper Retention and Access to Working Papers**

All working papers and reports must be retained, at the auditor's expense, for a minimum of [3-5] years, unless the firm is notified in writing by the Village of Barrington Hills of the need to extend the retention period. The auditor will be required to make any and all working papers available, upon request, to the Village of Barrington Hills.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

## **DESCRIPTION OF THE GOVERNMENT**

### **Principal Contact**

The auditor's principal contact that will coordinate the assistance to be provided by the Village of Barrington Hills to the auditor will be the Village Treasurer (847) 551-3002.

### **Background Information**

The Village of Barrington Hills was incorporated in 1957 and is a home-rule municipality with a population of approximately 4200 located in Cook, Lake, Kane and McHenry counties.

The Village operates under a President-Trustees form of government. The Board of Trustees consists of six members elected at large for staggered four-year terms. The Village Clerk and Treasurer are appointed.

The Village has 23 full-time employees of which 20 are within the Police Department. Its fiscal year begins on January 1 and ends on December 31. The Village's 2015 Appropriation, adopted by the Board of Trustees was \$12.1 million and included in that amount was \$272,000 for Debt Service. The Village is also an IMRF employer.

The Village uses an independent actuary to determine the Village's required contribution to its Police Pension Fund. The day-to-day accounting for the Police Pension Fund is contracted to a third party. This firm currently completes the annual IDOL report for the pension fund.

The Office of the Village Treasurer located within the Village Hall provides the budgetary, accounting, auditing, information system, purchasing, payroll, and collections and accounts payable functions. Investments by the Village Treasurer occur in accordance with adopted policies. The Village Treasurer is an employee of the Village and is sole supporting in duties. Payroll processing is contracted to ADP, Elk Grove, Illinois.

The Village prepares its budget on a basis consistent with generally accepted accounting principles.

### **Fund Structure**

The Village's accounts are organized based on funds and account groups in accordance with generally accepted governmental standards. The day-to-day transactions are conducted with the aid of a computerized governmental accounting system. The financial accounting software is supported by Municipal Software, Inc., Libertyville, Illinois. In recent reporting years approximately 6,000 checks are issued in any one fiscal year from the various funds.

The current funds of the Village as annually reported on December 31, 2015 include:

- Corporate Fund
- Police Protection Fund
- Social Security Fund
- Audit Fund
- Lighting Fund
- Liability Insurance Fund
- Crossing Guard Fund
- Unemployment Insurance Fund
- Street and Bridge Fund
- Retirement Fund
- Debt Service Fund
- Durgs/Gangs/DUI Fund

- Police Pension Fund

The Village of Barrington Hills uses the following fund types and account groups in its monthly financial reporting:

FUND TYPE	NUMBER OF FUNDS	NUMBER OF BUDGET ITEMS
General	1	8
Special Revenue	3	3
Debt Service	1	1
Capital Projects	NA	NA
Enterprise	NA	NA
Internal Service	NA	NA
Pension Trust	2	2
Agency	NA	NA
Account Groups	21	21
Component Unit	NA	NA

A copy of the Village's Annual Financial Report for the year ended December 31, 2014 is available for review at the Village Hall. A copy of the Village's financial statements can be viewed online at [www.barringtonhills-il.gov/treasurer](http://www.barringtonhills-il.gov/treasurer).

## **ASSISTANCE TO BE PROVIDED TO THE AUDITOR**

### **Finance Department and Clerical Assistance**

The Village Treasurer and responsible management personnel will be available during the audit to assist the firm by providing information, documentation and explanations. The preparation of confirmations at the request of the auditor will be the responsibility of the Village of Barrington Hills.

In an effort to contain audit costs, the Village has historically prepared as many audit worksheets and schedules as practical to reduce the clerical work to be performed by the independent auditor. The Village will also prepare trial balances, reports, and other documents necessary for performance of the audit, based on direction of the auditor. Confirmation letters will be the responsibility of the auditor but can be separately identified in the proposal.

Workspace will be provided for the auditor within the Village Hall; however, calculators and other office machines are to be furnished by the independent auditor. The firm shall not be allowed to utilize Village Hall space to do work for other clients.

## **TIME AND REPORT REQUIREMENT**

### **Audit Calendar**

The firm must be able to meet the following essential dates for the fiscal year audit:

- Preliminary work to begin by April 1, 2016.
- Draft reports completed by May 9, 2016.
- Final printed and bound reports by May 16, 2016.

If the proposing firm sees any problem with meeting this schedule, it should be noted in the proposal with an alternate schedule.

### **Report Requirements**

The auditor shall type, reproduce and assemble the following reports:

Two (2) copies of the Annual Financial Report and Municipal Annual Supplemental Report prepared for the Office of the State Comptroller (in addition to the disk).

Ten (10) copies of the Single Audit Report.

Ten (10) copies of the Management Letter.

The auditor will provide covers, binders and dividers for the annual report and all copies of the report and as well as punch, collate and bind the documents for delivery to the Village Hall. Additionally, the reports will be sent electronically to the Village Clerk.

The Village will receive all copies of the Municipal Annual Supplemental Reports before the filing deadline established by the Comptroller of the State of Illinois. The Village will receive a sufficient number of Single Audit Reports before the filing deadline established by the United States Office of Management and Budget. Failure to deliver these reports by these dates may result in a 10% reduction of the audit fee and termination of future audit engagements.

### **PROPOSAL REQUIREMENTS**

#### **Deadlines to Submit Proposal**

**Respondents must submit their completed proposal to the Village, Attention: Anna Paul, Village Clerk, by no later than 3:00 PM CST, March 7, 2016. Preferably submit proposals via email to [clerk@vbhil.gov](mailto:clerk@vbhil.gov) subject: "Auditing Services Proposal".**

#### **PROPOSALS SUBMITTED BY FACSIMILE WILL NOT BE ACCEPTED OR REVIEWED.**

All proposals should be clearly marked "Auditing Services Proposal".

If respondents chooses to mail proposal, allow sufficient delivery time to ensure receipt on or before March 7, 2016. Respondents assume the risk of the method of delivery chosen. The Village assumes no responsibility for delays caused by any delivery service. All proposals and any accompanying documentation become, upon receipt, the property of the Village as public information and will not be returned. Late submissions will not be accepted.

No additions or changes to the original proposal will be allowed after submittal. While changes are not permitted, clarification of proposals may be required by the Village at the respondent's sole cost and expense.

#### **Inquiries**

Inquiries concerning the request for proposal and the subject of the request for proposal must be made to the Deputy Village Treasurer, Wendi Frisen, (847) 551-3002.

Unless authorized by the Director of Administration, no other Village official or employee can be expected to speak for the Village regarding this Request. The Village is not bound by information, clarification, or interpretation from other Village officials or employees. Audit firms should not contact

Village officials or employees other than the Village Treasurer or designee. Failure to observe this requirement may be grounds for rejection of the firm's submittal.

### **Independence**

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

### **Firm Qualifications and Experience**

The proposal should 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 on a full-time and a part-time basis.

1. The firm should identify the principal supervisory and management staff including engagement partners, managers, other supervisors and staff, who would be assigned to public accountant in Illinois. The firm should also provide information on the government auditing experience of each person.
2. Qualifications of personnel to be assigned to the engagement including membership in professional organizations.
3. List of current municipal clients in northeastern Illinois noting length of service and including a contact person and telephone number.
4. Experience and expertise in presenting reports to governing bodies and citizens.
5. List of references who can attest to the firm's professionalism and reputation.
6. List of items the Village is to provide which are necessary for the audit engagement.

Audit personnel may be changed at the discretion of the firm if replacements have substantially the same or better qualifications or experience. The Village retains the right to approve or reject replacements. At its discretion, the Village may require the removal and replacement of any of the firm's personnel who do not perform adequately, regardless of whether they were previously approved by the Village.

### **Similar Engagements with Other Government Entities**

The proposal should list the most significant engagements performed in the past three years that are similar to the engagement described in this request for proposal. Specifically identify other engagement(s) at which the managers and supervisors who will be assigned to the Village engagement have worked, the scope of work, dates, engagement partner, total hours, and the name and telephone number of the principal client contact. Also, it should indicate those municipalities that achieved the Certificate of Achievement for Excellence in Financial Reporting award while the firm was engaged as their auditors.

### **Identification of Anticipated Potential Audit Problems**

The proposal should identify and describe any anticipated audit problems, the firm's approach to resolving these problems and any special assistance that will be requested from the Village.

## **EVALUATION CRITERIA**

### **Mandatory Elements**

1. The audit firm is independent and licensed to practice in the States of Illinois.
2. The audit firm's professional personnel have received adequate continuing professional education within the preceding three years.
3. The firm has no conflicts of interest with regard to any other work performed by the firm for the Village.
4. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work.
5. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.
6. The firm has an understanding of the specific needs of the Village as it relates to the audit engagement.
7. Willingness to meet or exceed performance specifications.
8. Estimated cost of audit report as compared to other proposals.

### **Technical Qualifications**

1. The firm exhibit expertise based on past experience and performance on comparable government engagements.
2. The quality of the firm's professional personnel to be assigned to the engagement will also be considered.

### **Price Consideration**

Cost will not be the primary factor in the selection of an audit firm. Nevertheless, proposals shall include a not-to-exceed fee for the fiscal year ending December 31, 2015, including a separate breakdown for estimated hours by partners, audit managers, and audit staff.

### **Right to Reject Proposals**

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Village and the firm selected.

The Village reserves the right to waive informalities in any proposal, to reject any or all of the firms in whole or in part, with or without cause or for any reason, or for no reason, and to waive strict compliance with specifications, or to accept the firm that, in its best judgment, will be in the best interest of the Village.

### **Final Selection**

The Village of Barrington Hills will select a firm based upon the evaluation criteria. The contract will be awarded by March 31, 2016.

Authorization for the firm to commence the audit work shall be required in the form of an engagement letter signed by the Village President upon concurrence of the Board of Trustees.

## **DOLLAR COST**

### **Total All-Inclusive Maximum Price**

Attachment A must be completed and signed.

Attachment A's price should specify all pricing information relative to performing the audit engagement as described in this request for proposal. The total all-inclusive maximum price is to include all direct and indirect costs including all out-of-pocket expenses.

Any additional expenses that will be anticipated for implementing GASB 67 & 68 must be included in the all-inclusive maximum price, unless specifically noted herein this proposal.

### **Out-of-Pocket Expenses**

The total all-inclusive maximum price is to include all anticipated out-of-pocket expenses.

### **Rates by Partner; Supervisory and Staff Level Times Hours Anticipated for Each**

The cost schedule of Attachment B should include a schedule of professional fees and expenses broken into the above categories, if appropriate with a separate breakdown for estimated hours provided by partners, audit managers, and audit staff. It should also include a breakdown of the hourly rate of each staff level.

The firm selected may, from time to time, be asked to perform specialized services or extra audit work not now identifiable, and the cost of such additional work shall be computed and billed in accordance with the rates established in the proposal by the firm.

### **Manner of Payment**

Progress payments cover a period of not less than one calendar month will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's proposal. An itemized billing statement shall be required which provides a detailed description of the work performed during the month, the number of hours spent performing such work and the staffing persons responsible for such work. Inquires regarding payment should be made to the Village Treasurer.

**ATTACHMENT A  
VILLAGE OF BARRINGTON HILLS  
REQUEST FOR PROPOSAL  
AUDITING SERVICES**

Firm Submitting Proposal: \_\_\_\_\_

Fee Structure: AFR, Municipal Annual Supplemental Report, Management Letter, and Single Audit Report

Fee for 2015 Audit \$\_\_\_\_\_

Fee for Confirmation Letters \$\_\_\_\_\_

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Name of Authorized Representative

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**ATTACHMENT B  
VILLAGE OF BARRINGTON HILLS  
REQUEST FOR PROPOSAL AUDITING SERVICES  
SCHEDULE OF COSTS**