



# Request for Proposals

## Professional Audit Services

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November 23, 2020

**QUESTIONS AND INTENT TO RESPOND DUE DATE:**

**December 4, 2020, 4:00 p.m. (CDT)**

**PROPOSAL DUE DATE:**

**December 17, 2020, 4:00 p.m. (CDT)**

**PROPOSALS RECEIVED AFTER DEADLINE WILL BE RETURNED UNOPENED**

Note: A non-mandatory pre-submission meeting will be held on December 3, 2020 at 2:00 p.m. CDT  
Remote Access Meeting

The City of Lake Forest  
Assistant Finance Director  
800 N. Field Drive  
Lake Forest, IL 60045  
(847) 810-3614

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- A – Scope of Work
- B – Pricing Form
- C – Reference Form
- D – Lake Forest Identify Theft Prevention Program Policy

## 1. Purpose of Request for Proposal

The City of Lake Forest is seeking proposals to provide professional audit services pursuant to the requirements outlined in this Request for Proposals (RFP). The term of the agreement shall be three (3) years. The City reserves the right to renew the agreement for two (2) additional one-year periods, subject to acceptable performance and at the sole discretion of the City.

## 2. Intent

It is the intent of the City to enter into an agreement with a qualified firm to audit financial statements for the fiscal years identified. The selected firm will be required to provide audit services in accordance with Generally Accepted Auditing Standards, as promulgated by the American Institute of Certified Public Accountants (AICPA), and Government Auditing Standards issued by the Comptroller General of the United States.

The audits must be conducted in accordance with all applicable Federal and State requirements.

## 3. Scope of Work

Potential respondents are required to submit a proposal conforming to the scope of work outlined, which can be found in the Exhibits.

## 4. Anticipated Schedule

The following schedule is anticipated, which is subject to change:

November 23, 2020	Release of RFP
December 3, 2020	Non-mandatory pre-submission meeting to be held remotely (2:00 p.m.) Contact Assistant Finance Director Diane Hall for instructions
December 4, 2020	RFP Questions and Intent to Respond Due (4:00 p.m.)
December 7, 2020	Release responses to questions received
December 17, 2020	RFP Proposals Due
January 21, 2021	Finalist Interviews
February 2021	City Council Approval
March 1, 2021	Effective date of service agreements

## 5. Intent to Respond

All firms who intend to respond to this RFP are requested to submit an e-mail with all contact information by the date indicated in Section 4 to:

**Diane Hall, Assistant Finance Director**  
**The City of Lake Forest**  
**800 North Field Drive**  
**Lake Forest, IL 60045**  
E-Mail address: [halld@cityoflakeforest.com](mailto:halld@cityoflakeforest.com)

Failure to submit the intent to respond by this date will not preclude any potential offeror from responding to the RFP, but it provides contact information in the event communication to potential respondents is deemed necessary. In the event of a material modification to the RFP, all known and/or potential respondents will be notified of an amendment to the RFP as determined by the receipt of an Intent to Respond.

## **6. Proposal Submission Requirements**

Respondents must submit four (4) original physical & one (1) electronic copy of their proposal. Proposals shall be submitted in a sealed envelope labeled "Sealed Proposal for Audit Services" by the date and time specified. **All proposals received after the time specified for proposals due shall be returned unopened.** The electronic copy must be in .PDF format and enclosed in the sealed envelope on thumb drive. Proposals shall be delivered to Assistant Finance Director Diane Hall (contact information provided in Section 5). Respondents accept all risks of late delivery of mailed proposals regardless of fault. Facsimile and other electronically transmitted proposals will not be considered. All proposals and accompanying documentation shall become the property of the City and will not be returned (with the exception of late proposals returned unopened).

All inquiries or questions regarding this RFP are to be e-mailed only, along with the intent to respond by the date specified to Assistant Finance Director Diane Hall (contact information provided in Section 5). Responses to all questions will be provided December 7, 2020. Any oral communications will be considered unofficial and non-binding. Potential respondents should rely only on written statements issued by the City. The City will be unable to respond to inquiries received after December 4, 2020.

Proposals should be prepared simply and economically, providing a straight forward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. Special bindings,

colored displays, promotional materials, etc. are not desired. Emphasis should be placed on the completeness and clarity of content. All proposal responses must be in the following format:

1. Cover Letter
2. Table of Contents
3. Firm Background
4. Proposed Scope of Service
5. Proposed Schedule of Implementation
6. References
7. Cost Proposal (on pricing sheet provided)
8. Attachments

The desired information in each of these sections is described below:

1. *Cover Letter*  
The cover letter should contain the name of the proposer (and/or third party vendors), the address of the proposing officer(s), and the contact individual(s) authorized to answer technical, price, and contract questions. Contact information should include telephone number, fax number, mailing address, and email address. The cover letter must be signed by a person or persons authorized to bind the proposer(s). The cover letter must indicate whether any exceptions to specifications have been taken and reference the location in the proposal where these exceptions are detailed. The cover letter should also indicate that the proposal is a firm and irrevocable offer for one hundred twenty (120) days from the submission deadline.
2. *Table of Contents*  
The contents of the proposal shall be included in an index at the beginning of the proposal and should include all contents and attachments.
3. *Firm and Staff Background*  
This section should include the size of the firm, the size of the firm's governmental auditing staff, the location of the office from which the proposed work would be performed, the number and nature of professional staff to be assigned on the engagement (both full-time and part-time).

The proposal should include a copy of the report on its most recent external quality control or peer review, with indication as to whether the review included specifically government engagements. The firm should describe and provide a status of any disciplinary action taken or pending against the firm during the past five (5) years with state regulatory bodies and/or

professional organizations. The proposal should identify and describe any pending or previous litigation the firm was involved in over the past five (5) years.

Identify the principal supervisory and management personnel, including engagement partners, who would be assigned to the engagement and indicate whether such person is licensed to practice as a Certified Public Accountant in the State of Illinois. Provide information pertaining to the government auditing experience of each person, including information on relevant continuing professional education for the past five (5) years and association with professional organizations relevant to governmental audits. Resumes of key professional staff to be assigned to the engagement should be included.

Describe the firm's approach to assigning, rotating and replacing engagement personnel, specifically addressing the client's involvement and approval authority in assigning personnel to the engagement.

Describe the firms' approach to education, training and consultation available to clients during and between engagements, including any costs, and specifically addressing new GASB pronouncements and SASs.

4. *Proposed Scope of Service*

Clearly and succinctly describe the scope of services to be provided. **Respondents must specifically address each of the items outlined in the scope of work (see Exhibit). Any exceptions to the specifications outlined in the scope of work shall be listed and fully explained, and must be clearly marked "Exceptions to Specifications."**

Respondents are to assume that unless specifically stated, services are to be provided consistent with best practices. Proposed auditing fees shall include the implementation of all current and foreseeable Governmental Accounting Standards Board (GASB) pronouncements and Statement on Auditing Standards (SAS).

Services to include compliance with Grant Accountability and Transparency Act and the review of the City's Consolidated Year-End Financial Report.

Should third party vendors be necessary to provide any of the requested services, the detailed involvement of those parties and delineation of responsibilities should be explained in the appropriate sections.

5. *Proposed Schedule of Implementation*

Describe the typical engagement process and schedule, noting any specific requirements identified by the City. Indicate how your firm ensures a smooth transition from the previous audit firm and the specific process/timing adjustments required for the initial year.

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed in performing the audit services. The following should be specifically addressed:

- Proposed segmentation of the engagement
- Level of staff and number of hours to be assigned to each proposed segment of the engagement
- Sample sizes and the extent to which statistical sampling is used
- Extent of use of financial software
- Type and extent of analytical procedures used
- Approach taken to gain understanding of internal control structure
- Approach taken in determining laws and regulations subject to audit testing
- Approach taken in drawing samples for tests of compliance
- Approach taken in proposing audit adjustments
- Impact of pending and previous litigation

6. *References (Exhibit C)*

Provide a list of client references of similar sized and/or municipal accounts which the proposer has served over the past two years and is currently serving. Provide no fewer than five (5) references. Provide a contact person, telephone number, and email address for each customer reference.

7. *Cost Proposal (on pricing sheet provided)*

Respondents must submit cost proposals on pricing sheet provided (Exhibit B).

Annual pricing shall be all-inclusive with no allowances made for expenses without the express written approval of the City.

8. *Attachments*

In addition to all information requested above, the following attachments are required:

- Provide a copy of the firm's most recent external peer review
- Provide a link for a sample CAFR prepared by firm. This report shall be compliant with GASB 68 and have been awarded the GFOA Certificate of Achievement for Excellence in Financial Reporting.
- Complete required signatures for the City of Lake Forest identity theft and General Certification Requirements (submit a completed RFP Section 11 and 12).

## 7. Evaluation Criteria and Selection Process

The City shall conduct an independent review of proposal submissions and may request clarifications or additional information pertaining to a proposal. The City will apply the evaluation criteria specified herein.

The City will select a group of finalists for in-house interviews, to be conducted by the City's Audit Committee on January 21, 2021.

Proposals will be evaluated in a fair, consistent, and objective manner. Selection will be based on response to questions or requirements identified in this RFP and personal interviews, if applicable. The final recommendation will be subject to consideration and approval by the City Council.

Proposals will be evaluated utilizing three sets of criteria identified below (not listed in priority order):

### **Mandatory Elements**

- The audit firm is an independent firm licensed to practice in Illinois
- Proposed fees for audit services
- Experience of the firm with municipal audit services
- Experience of the partner(s) and senior team members proposed
- Demonstrated commitment to adequate continuing professional education for professional staff pertinent to the audit of governmental agencies
- Commitment to audit team continuity and adequate training and oversight of audit team members
- Date of last peer or quality review; state whether or not it was an unmodified report.
- Demonstrates quality audit work
- Compliance with RFP specifications
- Provide a link to a sample CAFR prepared by respondent
- Document portal to allow electronic transfer of audit documents

### **Technical Qualifications**

- Expertise and experience of firm and assigned personnel
  - Past experience and performance on comparable government engagements (complete reference sheet included herein – Exhibit C)
  - Professional staff to be assigned to the engagement and the quality of the firm's management support personnel
  - Availability throughout the year for technical consultation
  - Single audit experience; demonstrated training pertaining to the Uniform Grant Guidance
  - Government Finance Officers Association ("GFOA") Certificate of Achievement for Excellence in Financial Reporting experience

### **Audit Approach**

- Adequacy of proposed staffing plan for various segments of the engagement
- Adequacy of sampling techniques
- Adequacy of analytical procedures

## **8. Award of Agreement**

The firm selected as a result of this RFP process will be required to enter into a written professional services agreement. Such agreement shall reflect the terms and conditions included in the RFP and the selected firm's proposal, as well as any other provisions mutually agreed to by both parties. The agreement is subject to approval by the City Council. In the event that the proposer to whom the services are awarded does not execute a contract within thirty (30) calendar days after approval, the City may give notice to such proposer of intent to award the contract to the next most qualified proposer or to call for new proposals and may proceed to act accordingly.

## **9. Reservation of Rights**

The City reserves the right, at its sole discretion, to use without limitation any and all information, concepts, and data submitted in response to this RFP, or derived by further investigation thereof. The City further reserves the right at any time and for any reason to cancel this solicitation, to reject any or all Proposals, to supplement, add to, delete from, or otherwise change this RFP if conditions dictate. The City may seek clarifications from a respondent at any time and failure to respond promptly may be cause for rejection. The City also reserves the right to interview only those firms it determines shall provide the most advantageous services and to negotiate with one or more firms to develop contract terms acceptable.

## **10. Terms and Conditions**

- 10.1. This RFP is issued pursuant to applicable provisions of the City's Purchasing Policies and Procedures. Responses to this RFP shall be opened in private.
- 10.2. The City will not be liable in any way for any costs incurred by respondents in replying to this RFP.
- 10.3. Proposals may be withdrawn prior to the deadline designated for submission of proposals by written request only, and another proposal may then be submitted if done in accordance with the RFP instructions. No offer shall be withdrawn within one hundred twenty (120) calendar days after the submission deadline.
- 10.4. An agreement resulting from the acceptance of a proposal shall be on forms prescribed by the City and approved by legal counsel and shall contain, as a minimum, the applicable provisions of this RFP and the

proposal itself. The City reserves the right to reject any agreement which does not conform to the RFP, the proposal submitted, or the City's requirements for agreements and contracts.

- 10.5. The contracted firm shall not assign any interest in the contract and shall not transfer any interest without the prior written consent of the City.
- 10.6. Respondents shall thoroughly examine and be familiar with the RFP specifications. The failure or omission of any respondent to receive or examine this document shall in no way relieve any respondent of obligations with respect to this RFP or the subsequent agreement.
- 10.7. The firm shall provide an affirmative statement that it is independent of the City as defined by generally accepted auditing standards.
- 10.8. The firm shall provide an affirmative statement indicating that the firm and all assigned key professional staff are properly licensed to practice in the State of Illinois.
- 10.9. The firm shall maintain books, records, documents and other evidence directly pertinent to the work under the engagement consistent with generally accepted auditing standards in accordance with American Institute of Certified Public Accountants professional standards. Access shall be provided to the books, records, documents and other evidence for purposes of inspection, auditing and/or copying. Such documentation shall be maintained and made available during performance of the work under the agreement and until a minimum of three (3) years from the date of the final audit. Records related to any dispute, litigation or settlement of claims arising out of such performance shall be maintained and made available a minimum of three (3) years after the date of resolution of such dispute, litigation or settlement.
- 10.10. If, through any cause, a firm contracted pursuant to this RFP fails to fulfill the obligations agreed to in a timely and proper manner, the City shall have the right to terminate the contract by notifying the firm in writing and specifying a termination date not less than thirty (30) calendar days in advance. In such event, the contracted firm shall be entitled to just and equitable compensation for any satisfactory work completed.
- 10.11. After the execution of the agreement, any alterations to existing fees or additional fees imposed must be approved by the City in the form of an addendum to the agreement. All addenda are subject to the review of legal counsel.
- 10.12. Confidentiality  
Proposals and other documents submitted shall be examined to determine the validity of any written requests for nondisclosure of proprietary or confidential information. After award of a contract, all

responses, documents, and materials submitted by the respondent pertaining to this RFP will be considered public information unless otherwise determined by legal counsel. All data, documents and other information developed as a result of this contractual agreement shall become the property of the City. Based on the public nature of RFP's, a respondent must inform the City, in writing, of the exact materials in the submittal which it believes are proprietary or confidential, and should not be made part of the public record in accordance with the Illinois Freedom of Information Act. The respondent will be financially responsible for all expenses of the City, its public officials, consultants, employees, agents and representatives in defending the denial of access to such material pursuant to a Freedom of Information Act request.

**11. Lake Forest Identity Theft Protection (Exhibit D)**

All City of Lake Forest vendors with access to sensitive material must acknowledge receipt of a copy of The City of Lake Forest's identity theft prevention program policy. All proposals submitted in response to this RFP must include a fully executed certification:

IDENTITY THEFT PREVENTION PROGRAM CERTIFICATION

I certify that I have read, understood and agree to comply with The City of Lake Forest's Identity Theft Prevention Program.

\_\_\_\_\_  
Institution

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**12. General Certification Requirements**

STATE OF ILLINOIS )  
 ) SS  
 COUNTY OF \_\_\_\_\_ )  
 PROPOSER'S CERTIFICATION

The undersigned, being first duly sworn on oath, deposes and states that all statements made herein are made on behalf of Proposer, that this deponent is authorized to make them, and that the statements contained herein are true and correct.

Proposer deposes, states, and certifies that Proposer is not barred from contracting with a unit of state or local government as a result of (i) a delinquency in the payment of any tax administered by the Illinois Department of Revenue unless Contractor is contesting, in accordance with the procedures established by the appropriate revenue Act, its liability for the tax or the amount of the tax, as set forth in 65 ILCS 5/11-42.1-1; (ii) a violation of either Section 33E-3 or Section 33E-4 of Article 33 of the Criminal Code of 1961, 720 ILCS 5/33E-1 *et seq.*; or (iii) a violation of the USA Patriot Act of 2001, 107 Public Law 56 (October 26, 2001) (the "Patriot Act") or other statutes, orders, rules, and regulations of the United States government and its various executive departments, agencies and offices related to the subject matter of the Patriot Act, including, but not limited to, Executive Order 13224 effective September 24, 2001.

DATED This \_\_\_\_\_ Day Of \_\_\_\_\_, 20\_\_.

Attest/Witness:

Proposer's Name:

By: \_\_\_\_\_ By: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Subscribed and Sworn to

My Commission Expires: \_\_\_\_\_

before me this \_\_\_\_ day

of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_

[SEAL]

Notary Public

### 13. Insurance Requirements

The following requirements are baseline standards for insurance to be provided. They may require adjustment from time to time based on a variety of factors, including the nature, scope, duration, and value of the procurement, and are subject to approval of the City.

A. Worker's Compensation and Employer's Liability with limits not less than:

- (1) Worker's Compensation: Statutory
- (2) Employer's Liability:
  - \$500,000 injury-per occurrence
  - \$500,000 disease-per employee
  - \$500,000 disease-policy limit

Such insurance shall evidence that coverage applies in the State of Illinois.

B. Comprehensive Motor Vehicle Liability with a combined single limit of liability for bodily injury and property damage of not less than \$1,000,000 for vehicles owned, non-owned, or rented.

All employees shall be included as insureds.

C. Comprehensive General Liability with coverage written on an "occurrence" basis and with limits no less than:

\$2,000,000 Bodily Injury and Property Damage Combined Single Limit

Coverage is to be written on an "occurrence" basis.

Coverages shall include:

- Broad Form Property Damage Endorsement
- Blanket Contractual Liability (must expressly cover the indemnity provisions of the Contract)
- Independent Contractors
- Personal Injury (with Employment Exclusion deleted)
- Broad Form Property Damage Endorsement
- Bodily Injury and Property Damage

D. Professional Liability Insurance, with a limit of liability of not less than \$2,000,000 per occurrence and \$2,000,000 in the aggregate and covering the consultant's errors and omissions.

E. Umbrella Policy. The required coverages may be in any combination of primary, excess, and umbrella policies. Any excess or umbrella policy must provide excess coverage over underlying insurance on a following-form basis such that when any loss covered by the primary policy exceeds the limits under the primary policy, the excess or umbrella policy becomes effective to cover such loss.

F. Additional Insured. The City shall be named as an Additional Insured on all policies except for:

Worker's Compensation                      Professional Liability (if applicable)

Each such additional Insured endorsement shall identify the City by name and also include its elected and appointed officials, its officers, employees, agents, attorneys, consultants, and representatives.

EXHIBIT A

Scope of Work

## I. GENERAL INFORMATION

### A. DESCRIPTION OF THE CITY

The City of Lake Forest was incorporated as a city under a special charter granted by the Illinois State Legislature in 1861 that permits Lake Forest to be administered effectively and economically within a minimum number of separate government bodies. Located 30 miles north of Chicago with an area of approximately 17 square miles, Lake Forest is home to 19,275 people according to the 2010 census. Lake Forest achieved Home Rule status by Referendum in 2004. The City Council is the legislative and policy-making body and includes the Mayor and two Aldermen from each of the City's four wards. Lake Forest operates under the Council/Manager form of government. The City's fiscal year begins on May 1 and ends on April 30. The City is organized into nine departments and has 209 full-time employees budgeted for fiscal year 2021. The accounting and financial reporting functions of the City are centralized, with the exception of Lauterbach & Amen providing accounting for the fire and police pension funds, and Kemper Sports Management providing accounting for the Golf Course Fund.

The City of Lake Forest provides a full range of services including police protection, fire protection, paramedic services, refuse disposal, commuter parking, compost center, recreation center, senior center, community parks, golf course, street maintenance, forestry, cemetery and a waterworks facility. The financial reporting entity of the City includes all the funds of the City as well as its component unit, the Lake Forest Library.

As of April 30, 2020, the City of Lake Forest utilized fund structures in accordance with current governmental accounting standards and reported the following funds:

- General Fund
- Special Revenue Funds – Parks and Recreation (Major), Police Restricted, Foreign Fire Insurance Tax, Emergency Telephone, Park and Public Land, Motor Fuel Tax, General Cemetery, Senior Resources Commission, Housing Trust
- Debt Service Fund
- Capital Project Funds – Capital Improvements (Major), Laurel/Western Redevelopment TIF
- Enterprise Funds – Waterworks and Sewerage, Deerpath Golf Course
- Internal Service Funds – Fleet, Self-Insurance, Liability Insurance
- Pension Trust – Police Pension, Fire Pension
- Private Purpose Trust Fund – Cemetery Trust
- Component Unit – Lake Forest Library

During the current fiscal year (FY2021), the City anticipates receiving the following financial assistance and state revenue sources:

- Federal Assistance: Various Capital Projects, Public Works Department related grants, CARES Act .
- State Payments: Income Tax, Motor Fuel Tax, Sales and Use Taxes, Municipal Telecommunications Tax, and Personal Property Replacement Tax.
- Local Programs: Home Rule Sales Tax, Hotel/Motel Tax, Ambulance Fees, Utility Franchise Agreement Fees.

The City participates in three (3) pension plans. These are the Illinois Municipal Retirement Fund (multi-employer, agent), the City of Lake Forest Police Pension Fund (single-employer, defined benefit), and the City of Lake Forest Firefighters' Pension Fund (single-employer, defined benefit). Actuarial services for the Police and Firefighters' Pension Funds are provided by an independent actuary. The City includes the Police and Firefighters' Pension Funds in the City's financial statements.

The City participates in two joint ventures – the Solid Waste Agency of Lake County and the Northern Suburban Special Recreation Association (NSSRA).

## **B. FINANCE DEPARTMENT**

The Finance Department is administered by the Finance Director, who directly oversees the Assistant Director of Finance. The Assistant Director of Finance supervises (2) Staff Accountants and three (3) Account Clerks whose primary responsibilities include, but are not limited to, accounts payable, accounts receivable, water billing, accounting, financial reporting and real estate transfer tax. The Assistant Director of Finance is the primary contact for the auditors during the engagement.

## **C. FINANCIAL ACTIVITY**

Following is information on the City's financial activity:

- Vendor Checks Issued FY 2020: 10,000
- FY2020 Annual Payroll: City & Library \$25,593,343
- Pension Employer Contributions \$ 4,772,364
- Payroll Checks Issued Annually: 12,000
- FY2021 General Fund Budget: \$35,867,170
- FY2021 Budget – All Funds: \$87,083,254
- Water Customers: 6,867
- Water Bills Issued Annually: 27,500
- Cash and Investments, as of 4/30/20: \$153.4 million

More detailed information on the City and its financial activity can be found in the City's Fiscal Year 2021 Budget and the Comprehensive Annual Financial Report (CAFR) for the Year Ended April 30, 2020. Both of these documents are posted on the City's web site ([www.cityoflakeforest.com](http://www.cityoflakeforest.com)).

## **D. CONTACTS**

Principal Contact: Diane Hall; Assistant Finance Director; 800 N. Field Drive; Lake Forest, IL 60045

## **II. NATURE OF SERVICES REQUIRED**

### **A. SCOPE OF WORK TO BE PERFORMED**

1. The City of Lake Forest is requesting an audit which includes all the funds, accounts, capital assets, long term debt and activities of the City, including its component unit, the Lake Forest Library.
2. The City of Lake Forest desires the auditor to express an opinion on the fair presentation of the financial position of the governmental activities, the business-type activities, and the fiduciary funds, as well as the City's

discretely presented component unit in conformity with accounting principles generally accepted in the United States of America.

3. The auditor will issue an "in relation to" opinion on the City's combining and individual fund statements and schedules. The auditor is not required to audit the introductory or statistical information sections of the CAFR.
4. 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.
5. The auditor shall prepare, edit and produce all sections of the CAFR of the City each year based on financial and other information provided by the City. This shall include GASB 34 conversion statements as well as all financial statement related schedules in the statistical section. The City shall be responsible for and provide to the auditor for inclusion in the final document the Transmittal Letter, MD&A and the non-financial statement sections.
6. The auditor is responsible for the compilation of the State of Illinois Annual Financial Report for the City. This shall include preparation of the Annual Financial Report for the City's review. The City is responsible for electronically filing the report with the Comptroller of the State of Illinois.
7. The auditor is responsible for providing the City with state required communications to comply with Grant Accountability and Transparency Act to include a review of the City's annual Consolidated Year-End Financial Report to be filed with the State of Illinois.
8. The auditor is responsible for expressing an opinion on management's assertion that the City of Lake Forest complied with the requirements of the Economic Development Project Area Tax Increment Act of 1995 (Illinois Public Act 89-176 of 1995, approved July 19, 1995, effective January 1, 1996), (65 ILCS 10/1, et. Seq.).
9. As a recipient of Federal financial assistance, the City may be required to have an audit performed in accordance with OMB Circular A-133 (Single Audit Act) and the subsequent Uniform Grant Guidance. If such audit is required, the auditing firm will be required to prepare a report in accordance with these requirements and electronically submit the certified Data Collection Form. This item will be priced separately in the proposal.

## **B. REPORTING**

1. Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue the following reports:
  - a. Fifteen (15) bound copies and one (1) unbound copy of the CAFR. The auditor will prepare all financial statements and notes to the financial statements. The auditor will assist in preparation of the statistical section of the CAFR and will prepare appropriate schedules. The City of Lake Forest will provide a cover design for the CAFR, but the auditor will provide binders and dividers.
2. The auditor will furnish the City with a bookmarked PDF copy of the CAFR to be made available on the City's website.

3. Two (2) copies and the electronic filing of the Illinois Comptroller's Annual Financial Report for the City of Lake Forest.
4. A letter to management containing appropriate suggestions for improvement of accounting procedures and internal controls for the City's consideration. This letter should contain comments and recommendations for controlling any internal weaknesses discovered.
5. Auditors shall be required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the Audit Committee.
6. Auditors shall assure themselves that the City of Lake Forest's Audit Committee is informed of each of the following:
  - The auditor's responsibility under generally accepted auditing standards;
  - Significant accounting policies;
  - Management judgments and accounting estimates;
  - Significant audit adjustments;
  - Other information in documents containing audited financial statements;
  - Disagreements with management;
  - Management consultation with other accountants;
  - Major issues discussed with management prior to retention; and
  - Difficulties encountered in performing the audit.
7. A report on the fair presentation of the financial statements of Tax Increment Financing Districts in conformity with generally accepted accounting principles and compliance with the Economic Development Project Area Tax Increment Act of 1995.
8. Ten (10) copies of a report on the financial statements, internal control and compliance in accordance with the audit guide and standards for compliance with the Single Audit Act, as may be required.
9. Fifteen (15) copies of the Library (component unit) and Recreation Fund special reports, if applicable.

**C. SPECIAL CONSIDERATIONS**

1. The City of Lake Forest submits its comprehensive annual financial report to the GFOA 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 City's CAFR conforms to the provisions of the program and shall prepare annually the City's responses to comments and suggestions made by the award program on the preceding year's report as submitted to the program. It is the auditor's responsibility to confirm with the City that any and all comments have been incorporated into the current year's report.

2. The City will file the CAFR with each Nationally Recognized Municipal Securities Information Repository to comply with SEC filing requirement 15c-2-12 by the appropriate deadline and, therefore, the auditor will not be required to provide this service.
3. The City as need arises will prepare one or more official statements in connection with the sale of debt securities which may contain the general purpose financial statements and the auditor's report thereon. The auditor may be required, if requested by the financial advisor and/or the underwriter, to issue a "consent and citation of expertise" as the auditor and any required communication.

**D. 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 (3) years, unless the consultant is notified in writing by the City of Lake Forest 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:

- City of Lake Forest;
- Auditors of entities of which the City of Lake Forest is a sub-recipient of grant funds.

In addition, the consultant shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers from prior years' audits.

**E. TIME REQUIREMENTS**

The City of Lake Forest is one of a few municipalities nationwide that makes use of an independent Audit Committee serving as an oversight body on behalf of the City Council during preparation of the annual audit and in matters concerning the City's Ethics Ordinance. Audit Committee members have expertise in the area of financial administration and auditing. Audit services proposals will be initially evaluated by Finance Department personnel with finalist proposals reviewed by the Audit Committee in January 21, 2021. It is anticipated that the Audit Committee will make a recommendation to the City Council in February 2021. The Finance Department will make all records and management personnel available to meet with the selected consultant's personnel any time after the agreement is executed. The City anticipates an entrance conference no later than April 1 for the audit year. The City anticipates having fully adjusted trial balances available on the first date of field work.

The audit schedule shall be agreed upon by and with the City of Lake Forest, but shall typically follow the schedule outlined below. The City prides itself in the ability to consistently obtain the GFOA Certificate of Achievement for Excellence in Financial Reporting. Therefore, adherence to the general timeframe outlined below is of importance to the City.

1. Detailed Audit Plan – The auditor shall provide the City of Lake Forest both a detailed audit plan and a list of all schedules to be prepared by the City prior to the audit by no later than April 1st of the audit year. Engagement letter shall be provided to City and presented to Audit Committee at their April meeting.
2. Any preliminary/interim field work and confirmations to be completed in April.

3. Fieldwork - The auditor shall begin the fieldwork portion of the audit no sooner than June 30 and complete all fieldwork within four weeks of initiation of the audit, but no later than August 15. The City shall be notified, in advance, of the audit team to be assigned to the City's engagement.
4. Draft Reports – The auditor shall supply the first draft of the CAFR including the auditor's report, financial statements, and notes to the financial statements and recommendations to management no later than August 31 of each year.
5. Final Reports – A final draft version of all financial statements and auditor's reports must be delivered to the City by no later than September 30 of each year. Presentation shall be made to the Audit Committee at its October meeting. Final reports must be submitted to the City within five working days of the Audit Committee meeting.

**F. ASSISTANCE TO BE PROVIDED TO THE AUDITOR**

Finance Department staff and responsible management personnel will be available during the audit to assist the consultant by providing information, documentation and explanations. The preparation of confirmation letters will be the responsibility of the City of Lake Forest. The mailing of the confirmation letters shall be the responsibility of the auditing firm.

The City will have personnel available to assist the auditor in performing the engagement. Information Technology personnel will also be available to provide system documentation and explanations.

The staff of the City of Lake Forest will provide the auditors with all individual fund statements and supporting schedules by the first day of scheduled fieldwork each year.

The City of Lake Forest will provide the auditor with reasonable work space, desks and chairs. The auditor will also be provided with access to one telephone and fax line, inquiry access into the accounting software and photocopying facilities.

Report preparation, editing and printing shall be the responsibility of the auditor.

**G. FEE PROPOSAL**

**Total All-inclusive Maximum Price**

The dollar cost proposal should contain all pricing information relative to performing the audit engagement as described in this request for proposals on an annual "not to exceed" basis for the years ending April 30, 2021 through April 30, 2023, along with a City option for fiscal years 2024 and 2025. The option will be solely that of the City. The total all-inclusive maximum price proposed is to contain all direct and indirect costs including all out-of-pocket expenses. Fees shall include the implementation of all current and foreseeable Governmental Accounting Standards Board (GASB) pronouncements and Statement on Auditing Standards (SAS).

The consultant will be required to provide a breakdown of the Financial Statements (CAFR) fee broken down into the following components: General Fund, Water Fund, Recreation Fund, Cemetery Fund, Golf Fund, Police

Pension, Fire Pension and Component Unit (Library). The Police Pension and Fire Pension portions are required to be billed separately.

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in this request for proposals. In developing the work plan, reference should be made to such sources of information as the City of Lake Forest's budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Offerors should be prepared to provide the following information on their audit approach:

- Proposed segmentation of the engagement
- Level of staff and number of hours to be assigned to each proposed segment of the engagement
- Sample size and the extent to which statistical sampling is to be used in the engagement
- Extent of use of EDP software in the engagement
- Type and extent of analytical procedures to be used in the engagement
- Approach to be taken to gain and document an understanding of the City of Lake Forest's internal control structure
- Approach to be taken in determining laws and regulations that will be subject to audit test work
- Approach to be taken in drawing audit samples for purposes of tests of compliance

EXHIBIT B

Pricing Forms



**City of Lake Forest**  
**800 N. Field Drive**  
**Lake Forest, IL 60045**

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_  
 \_\_\_\_\_

**PROFESSIONAL AUDIT SERVICES PRICING FORM**

**Audit Services – Annual Amount NOT TO EXCEED**

	FYE 4/30/21	FYE 4/30/22	FYE 4/30/23	FYE 4/30/24*	FYE 4/30/25*
<b>Financial Statements (CAFR)</b>	\$	\$	\$	\$	\$
<b>Single Audit (if required)</b>	\$	\$	\$	\$	\$
<b>Recreation Fund report (if required)</b>	\$	\$	\$	\$	\$
<b>Component Unit report</b>	\$	\$	\$	\$	\$
<b>TIF Compliance Report (if required)</b>	\$	\$	\$	\$	\$
<b>Annual Report for the State of Illinois Comptroller</b>	\$	\$	\$	\$	\$
<b>TOTAL</b>	\$	\$	\$	\$	\$

\* Option years at City’s discretion.

**Professional Fees Labor Rates:**

TITLE	HOURLY RATE Initial Term	HOURLY RATE Optional renewal years
PARTNER	\$	\$
MANAGER	\$	\$
SUPERVISOR	\$	\$
<b>Other (specify title)</b>	\$	\$
<b>Other (specify title)</b>	\$	\$

Any and all exceptions to these specifications MUST be clearly and completely indicated on the proposal sheet. Attach additional pages if necessary. **NOTE TO OFFERORS:** Please be advised that any exceptions to these specifications may cause your proposal to be disqualified. Submit proposals by **SEALED PROPOSAL ONLY**. Fax and e-mail proposals are not acceptable and will not be considered.

Authorized Signature: \_\_\_\_\_ Company Name: \_\_\_\_\_

Typed/Printed Name: \_\_\_\_\_ Date: \_\_\_\_\_

EXHIBIT C

REFERENCES

REFERENCES:

Provide a list of client references of similar sized and/or municipal accounts which the proposer has served over the past two years and is currently serving. Provide no fewer than five (5) references. Provide a contact person, telephone number, and email address for each customer reference.

Municipality: Address: City, State, Zip: Contact Person: Telephone: Email: Dates of Service:	
Municipality: Address: City, State, Zip: Contact Person: Telephone: Email: Dates of Service:	
Municipality: Address: City, State, Zip: Contact Person: Telephone: Email: Dates of Service:	
Municipality: Address: City, State, Zip: Contact Person: Telephone: Email: Dates of Service:	
Municipality: Address: City, State, Zip: Contact Person: Telephone: Email: Dates of Service:	

EXHIBIT F

Lake Forest Identify Theft Prevention Program Policy

Copy located at:

[https://30494855-6210-48a1-b646-2949d98dc401.filesusr.com/ugd/1396c5\\_57ddc9a2826647819342fdb6f261ecff.pdf](https://30494855-6210-48a1-b646-2949d98dc401.filesusr.com/ugd/1396c5_57ddc9a2826647819342fdb6f261ecff.pdf)