

MEMORANDUM

TO: The Honorable Mayor and City Council

FROM: Robert Lehnhardt, Director of Finance/Treasurer

DATE: January 17, 2023

SUBJECT: **Recommendation for Auditing Services – Sikich, LLP**

Request

City Council approval of the execution of a five-year agreement with Sikich, LLP to provide auditing services for the City.

Background

The City of Wheaton is required by State law to annually issue a report on its financial position and activity presented in conformance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of certified public accountants. The City has used Lauterbach and Amen, LLP for auditing services over the past five (5) years, with their contract expiring with the completion of the fiscal year 2021 audit. Due to the City's rotation policy of new auditors every five years, the City solicited proposals in November 2022 for auditing services.

Scope of Services

The selected firm will perform an audit of the City's financial statements for the fiscal year ending December 31, 2022, and four subsequent years in accordance with generally accepted auditing standards. In addition, the selected firm will provide the following: the Annual Comprehensive Financial Report (ACFR), Independent Auditors' Report, Single Audit Report, TIF Compliance Reports, Comptrollers' Annual Financial Report, Consolidated Year-End Financial Report, Communication to Those Charged with Governance Report, Management Letter, and presentation of the ACFR at a City Council meeting.

Proposal Results

A Request for Proposal (RFP) for auditing services was issued to eight (8) accounting firms as well as posted on DemandStar and the City's website. The City received proposals from two (2) accounting firms: Baker Tilly US, LLP and Sikich, LLP.

Firm	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026	5-Year Total
Sikich, LLP	\$ 50,750	\$ 53,300	\$ 55,970	\$ 58,770	\$ 61,720	\$ 280,510
Baker Tilly US, LLP	\$ 71,750	\$ 75,350	\$ 79,130	\$ 83,080	\$ 87,240	\$ 396,550

Staff reached out to the remaining firms to determine why they did not submit a proposal. Only one response was received in which they stated that *"after we reviewed the City's ACFR as well as the current audit fees we determined we would require a substantial increase in fees in order for us to do the work*



WHEATON MAYOR PHILIP J. SUESS

CITY MANAGER MICHAEL DZUGAN

CITY COUNCIL: MICHAEL BARBIER | ERICA BRAY-PARKER | SCOTT BROWN | SUZANNE FITCH | LYNN ROBBINS | SCOTT WELLER

based on our current workload and resources. Based on other responses we have done recently for similar municipalities we knew that we would not be competitive for this RFP."

City Staff reviewed both proposals and determined that both audit firms have the professional qualifications and experience in municipal audits, independence, and technical expertise to perform the City's audit. Based on the evaluation and the proposed fees, staff is recommending Sikich, LLP. Sikich, LLP is one of the country's top 30 Certified Public Accounting firms providing services to over 450 counties, cities, villages, towns, and other local governments. Locally, they provide auditing services to the City of Aurora, City of Naperville, City of St. Charles, and Village of Arlington Heights. The engagement team assigned to the City's auditing services have no less than nine (9) and as many as twenty-nine (29) years of accounting experience exclusively in the governmental sector.

Procurement Review

Procurement staff reviewed the proposal from Sikich, LLP for conformity with the City's terms and conditions and insurance requirements. Sikich, LLP is compliant with the proposal requirements.

Budget Impact

The City has budgeted \$46,105 for auditing services in the Finance Department accounting services account in the General Fund. The first-year cost of \$50,750 is \$4,645 greater than budget. The General Fund has the reserves available to accommodate the additional cost.

Recommendation

Staff recommends that the City Council adopt the resolution authorizing the execution of Agreement No. 350 with Sikich, LLP for Auditing Services for a five (5) year term and a total amount not to exceed \$280,510.

The Agreement with its exhibits, RFP package and responses are on file in the City Clerk's office and available for review.

RESOLUTION R-2023-

A RESOLUTION AUTHORIZING THE EXECUTION OF AGREEMENT NO. 350 WITH SIKICH, LLP FOR AUDITING SERVICES FOR A FIVE (5) YEAR TERM AND A TOTAL AMOUNT NOT TO EXCEED \$280,510

WHEREAS, the City of Wheaton, Illinois, ("City") is an Illinois home rule municipality pursuant to the provisions of Article VII, Section 6, of the Illinois Constitution of 1970; and as such the City may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, the City solicited a Request for Proposal package (RFP Number 22-204) for Auditing Services; and

WHEREAS, staff received and reviewed two proposals for Auditing Services; and

WHEREAS, staff determined that each firm was fully qualified to perform the scope of services therefore cost was the deciding factor; and

WHEREAS, Sikich, LLP was determined to be the lowest responsive and responsible Proposer with an amount of \$280,510 for Auditing Services; and

WHEREAS, the City budgeted \$46,105 for auditing services in the Finance Department accounting services account in the General Fund. The first-year cost of \$50,750 is \$4,645 greater than budget. The General Fund has the reserves available to accommodate the additional cost; and

WHEREAS, the corporate authorities of the City of Wheaton, DuPage County, Illinois find it reasonable and appropriate to enter into an agreement with Sikich, LLP for Auditing Services for a five (5) year term and a total amount not to exceed \$280,510.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of Wheaton, Illinois, that:

The Mayor is hereby authorized to execute, and the City Clerk is hereby directed to attest to City of Wheaton Agreement No. 350 with Sikich, LLP for Auditing Services: a copy of that Agreement being on file with the City Clerk's office, and which is incorporated herein as if fully set forth as Exhibit A.

ADOPTED the 17th day of January 2023.

Mayor

ATTEST:

City Clerk

Roll Call Vote

Ayes:

Nays:

Absent: