

HOFFMAN ESTATES PARK DISTRICT REQUEST FOR PROPOSALS

I. INTRODUCTION

A. General Information

The Hoffman Estates Park District (hereafter referred to as District) is requesting proposals (RFPs) from qualified firms of certified public accountants to audit its financial statements in accordance with generally accepted auditing standards for the fiscal years ending December 31, 2017; 2018 and 2019 with the option of auditing its financial statements for each of the years 2020 and 2021 (separate pricing for each year must be supplied in this RFP).

Firms are required to report the audit in the approved and accepted Comprehensive Annual Financial Report (CAFR) structure as approved by the Government Finance Officers Associations (GFOA) as the District applies for this annually. The 2016 CAFR can be found at <https://www.heparks.org/general-information/foia-transparency-center> as well as the District's Tax Levy and Budget & Appropriation Ordinance.

There is no expressed or implied obligation for the District to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

Prior to the October 18, 2017 proposal submission date, questions about the engagement may be answered by contacting Craig Talsma, Deputy Director/Director of Finance and Administration CPA, CPRE, at (847)310-3607.

To be considered, your proposal must be received by Craig Talsma, Deputy Director/Director of Finance and Administration, CPA, CPRE, at 1685 W. Higgins Hoffman Estates, Illinois 60169 by 11:00 a.m. on Wednesday, October 18, 2017. The District reserves the right to reject any and all proposals submitted.

The District reserves the right, where it may serve the best interest of the District to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the District, firms submitting proposals may be

requested to answer oral questions as part of the evaluation process.

The District reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in the RFP, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

It is anticipated that a recommendation of a firm will be completed by October 24, 2017 with Committee and Board approval. Following the notification of the selected firm, it is expected a contract will be executed between both parties by October 31, 2017.

B. Terms of Engagement

A three-year contract will be awarded, subject to the annual review and recommendation of the Administration and Finance Committee, the satisfactory negotiation of terms (including a price acceptable to both the District and the selected firm), the concurrence of the President and Board of Commissioners and the annual availability of budgeted funds.

C. Subcontracting

Firms submitting proposals may wish to consider subcontracting portions of the engagement to small audit firms or audit firms owned and controlled by socially and economically disadvantaged individuals. If this is to be done, that fact, and the name of the proposed subcontracting firms, must be clearly identified in the proposal. Following the award of the audit contract, no additional subcontracting will be allowed without the express prior written consent of the District.

II. NATURE OF SERVICES REQUIRED

A. General

The District is soliciting the services of qualified firms of certified public accountants to audit its financial statements for the fiscal years ending December 31, 2017, 2018 and 2019 with the option to audit the District's financial statements for each of the years

2020 and 2021. These audits are to be performed in accordance with the provisions contained in the RFP.

B. Scope of Work to be Performed

The District desires the auditor to express an opinion of the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles. The District also desires the auditor to express an opinion on the fair presentation of its combining and individual fund and account group financial statements and schedules in conformity with generally accepting accounting principles. The auditor is to provide an "in-relation-to" report on the supporting schedules based on the auditing procedures applied during the audit of the general purpose financial statements and schedules.

A list of all prepared by client work papers required by the auditor from the District must be supplied with the proposal. Any schedule, statement or supplementary information of any type not requested by the auditor in their proposal will be understood by the District to be prepared and supplied by the auditor if required for the completion of the audit.

The auditor will also assist in the preparation of any additional schedules or statements (except as itemized an agreed to as those to be prepared by client) beyond the working trial balances, revenue and expense reports, and balance sheets provided for each fund individually. Additional necessary statements include: an analysis of funding requirements for the Illinois Municipal Retirement Fund; a schedule of debt service requirements; a schedule of assessed valuations, tax rates, extensions, and collections; any required combining reporting for fund types; and the annual statements of receipts and disbursements. The auditor will also have the sole responsibility for drafting and preparing all required notes to the financial statements.

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

The auditor shall also be responsible to discuss and prepare for any and all future GASB pronouncements.

C. Auditing Standards to be Followed

To meet the requirements of this RFP, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the AICPA.

D. Reports to be Issued

Following the completion of the audit of this fiscal year's financial statements, the auditor shall issue a report on the fair presentation of the financial statement in conformity with generally accepted accounting principles. The report shall be issued in accordance with GFOA CAFR requirements and twenty (20) copies provided as well as one (1) electronic copy.

The auditor shall be responsible for filing all necessary reports with the State Comptroller including an extension if necessary.

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 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.

Irregularities and Illegal Acts – Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the District President and Board of Commissioners (Park District's officials).

Reporting to the Hoffman Estates Park District Officials – Auditors shall assure themselves that the District officials are informed of each of the following:

1. The auditor's responsibility under generally accepted auditing standards.
2. Significant accounting policies.
3. Management judgements 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.
- E. All required state and federal reports required by the district including but not limited to the State of Illinois Annual Financial Report of the comptroller.
- F. The audit should be completed by June 1st of the year following the audit year.
- G. All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the District of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the District or its designee.

The Auditor will also supply a complete copy of all work papers at the completion of the audit to the District to aid the District in proper planning for audit related information in subsequent years.

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.

III. DESCRIPTION OF THE GOVERNMENT

A. General

Contact Person	Craig Talsma Deputy Director/Director of Finance and Administration, CPA CPRE
Telephone Number	(847)310-3607
Office Location	1685 W. Higgins Hoffman Estates, IL 60169

The auditor's principal contact with the District will be Craig Talsma, Deputy Director/Director of Finance and Administration, CPA, CPRE or Lynne Cotshott, Superintendent of Business, CPRP, who will coordinate the assistance to be provided by the District to the auditor.

IV. PROPOSAL REQUIREMENTS

A. General Requirements

1. Inquiries

Inquiries concerning the RFP's should be made to:
Craig Talsma
Deputy Director/Director of Finance and
Administration, CPA, CPRE
Hoffman Estates Park District
1685 W. Higgins
Hoffman Estates, IL 60169

B. Submission of Proposals

The following material is required to be received by October 18, 2017 at 11:00 a.m. for a proposing firm to be considered.

1. Technical Proposal to Include

a. Title Page

Title page showing the RFP's subject; the firm's name; the name, address and telephone number of a contact person; and the date of the proposal.

b. Table of Contents

c. Transmittal Letter

A signed letter of transmittal briefly stating the

- i. Proposer's understanding of the work to be done
- ii. The commitment to perform the work within the time period
- iii. A statement why the firm believes itself to be best qualified to perform the engagement
- iv. And a statement that the proposal is a firm and irrevocable offer for a three-year period. With two additional option years.

d. Detailed Proposal

The detailed proposal should follow the order set forth in Section VI B of this RFP.

e. Total all-inclusive maximum price proposal as set forth in Section VI C of this RFP.

2. Candidates should send the completed proposals to:

Craig Talsma
Deputy Director/Director of Finance and
Administration, CPA, CPRE
Hoffman Estates Park District
1685 W. Higgins
Hoffman Estates, IL 60169

C. Technical Proposal

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 District in conformity with the requirements of the RFP. As such, the substance of proposals will carry more weight than their form or manner of presentation. 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 RFP requirements.

The technical proposal should address all the points outlined in the RFP. The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the following subjects, items Nos. 2 through 10 must be included. They represent the principal criteria against which the proposal will be evaluated.

2. Independence

The firm should provide an affirmative statement that it is independent of the District and all of the component units of the District as defined by generally accepting auditing standards.

The firm should also list and describe the firms (or proposed subcontractors) professional relationships involving the District for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.

In addition, the firm shall give the District written notice of any such professional relationships entered into during the period of the agreement.

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.

4. 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 its engagement is to be performed and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium should be separately identified and the firm that is to serve as the principal auditor should be noted, if applicable.

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 for field reviews of its audits during the past three (3) 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 (3) years with state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

The firm should identify the principal supervisor 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 information on relevant continuing professional education for the past three (3) years and 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 for 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 supervisor 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 permission of the District. However, in either case, the District retains the right to approve or reject replacements.

6. Prior Engagements with the District

The firm should list separately all engagements for the District within the last five (5) years, ranked on the basis of total staff hours, by types of engagement (i.e. audit, management, advisory services, other). For each engagement, the firm should indicate the scope of work,

date, engagement patterns, total hours, the locations of the firm's office from which the engagement was performed, and the name and telephone number of the principal client contact.

7. Similar Engagements with Other Government Entities

For the firm's offices that will be assigned responsibility for the audit, list the most significant engagements performed in the last five (5) years that are similar to the engagement described in this RFP. These engagements should be ranked on the basis of total staff hours. Indicate the scope of work, date, engagement partners, total hours and the name and telephone number of the principal client contact. Preference for park district clients will be weighted.

8. Specific Audit Approach

The proposal should set forth a work plan, including an explanation of the audit methodology to be followed, to perform the services required in Section II of this RFP. In developing the work plan, reference should be made to such sources of information as the District's budget and related materials, organizational charts, manual and programs and financial and other management information systems.

9. Identification of Anticipated Potential Audit Problems

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

10. Report Format

The proposal should include sample formats for required reports.

D. Dollar Cost Proposal

1. Total All-Inclusive Maximum Price

The dollar cost proposed containing all pricing information relative to performing the audit engagement as described in

this RFP. The total all-inclusive maximum price is to contain all direct and indirect costs including all out-of-pocket expenses.

The District will not be responsible for expenses incurred in preparing and submitting the technical proposal. Such costs should not be included in the proposal.

The first page of dollar cost proposal should include the following information:

- a. Name of Firm
 - b. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the proposal and authorized to sign a contract with the District.
 - c. A Total All-Inclusive maximum price for the engagement for each fiscal year ending 2017, 2018 and 2019. Additionally, a price for an option contract for each single year of 2020 and 2021.
2. Rates by Partner, Specialist, Supervisor and Staff Level
Times Hours Anticipated for Each

The second page of the dollar cost proposal should include a schedule of professional fees and expenses that supports the total all-inclusive maximum price.

3. Report preparation, messenger service, FAX, out-of-pocket, and any and all other costs related to the completion of this engagement are to be included in the dollar cost.
4. Rates for Additional Professional Services

If it should be necessary for the District to request the auditor to render any additional services to either supplement the services requested in the RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the District and the firm. Any such additional work agreed to between the District and the firm shall be performed at the same rate set forth in the schedule of fees and expenses included in the dollar cost.

5. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in relation to total hours budgeted in accordance with the firm's dollar cost proposal. Interim billings shall cover a period of not less than a calendar month. Ten percent (10%) will be withheld from each billing pending delivery of the firm's final reports.

VII. EVALUATION PROCEDURES

A. Evaluators

Proposals submitted will be evaluated. A recommendation of the selected firm will be made to the Administration and Finance Committee whose recommendation will then be given to the President and Board of Commissioners for their approval. The District reserves the right without prejudice to accept or reject any or all proposals, and to accept that proposal which, at the sole discretion of the District is deemed to be in the best interest of the District.

B. The District reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

C. Evaluation Criteria

Proposals will be evaluated using three (3) sets of criteria. Firms meeting the mandatory criteria will have their proposals evaluated and reviewed for both technical qualifications and price. The following represent the principal selection criteria, which will be considered during the evaluation process.

1. Mandatory Elements

- 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 with the preceding two (2) years.
- c. The firm has no conflict of interest with regard to any other work performed by the firm for the District.

- 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 of this RFP on preparing and submitting the proposal.
2. Technical Qualifications
- a. Expertise and Experience
 - i. The firm's past experience and performance on comparable government engagements.
 - ii. 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.
 - b. Audit Approach
 - i. Adequacy of proposed staffing plan for various segments of the engagement.
 - ii. Adequacy of sampling techniques.
 - iii. Adequacy of analytical procedures.
3. Price

COST WILL NOT BE THE PRIMARY FACTOR IN THE SELECTION OF AN AUDIT FIRM.

D. Final Selection

The District will select a firm based upon the review of the proposals received as a result of the RFP and the recommendation of the selected firm will be made to the Administrative and Finance Committee of the District. The Committee, following the resolution of any additional questions or presentations requested, will then make a recommendation to the District President and its Board of Commissioners for their approval. The District reserves the right without prejudice to accept or reject any or all proposals, and to accept that proposal which, at the sole discretion of the District, is deemed to be in the best interest of the District.

It is anticipated that a firm will receive Board approval by October 24, 2017. Following notification of the firm selected, it is expected a contract will be executed between both parties by October 31, 2017.

E. Right to Reject Proposals

Submission of proposal indicates acceptance by the firm of the conditions contained in this RFP unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

The District reserves the right without prejudice to accept or reject any oral proposals, and to accept that proposal which at the sole discretion of the District, is deemed to be in the best interest of the District.

VIII. SUMMARY OF 2016 OPERATIONS STATE OF CONDITION

(Excerpt from Comptroller's Annual Financial Report)

	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECT
Beginning Fund Balance	3,224,497	4,623,522	3,927,498	3,275,445
Retained Earnings				
Revenues	3,444,228	13,260,839	3,577,146	17,030
Expenditures/Expense	2,803,882	11,292,749	6,386,150	2,283,083
Other Financing Sources				
Transfers	(58,420)	(1,265,000)	1,365,000	0
Proceeds of Bonds	0	0	1,871,449	1,038,551
Ending Fund Balance	3,806,423	5,326,612	4,354,943	2,047,943