



## **REQUEST FOR PROPOSAL**

**Professional Audit Services  
For  
Community College Operations**

**RFP #12202013**

**Issue Date: November 25, 2013**

**RFP Response Deadline: December 20, 2013**

McHenry County College  
8900 US Highway 14  
Crystal Lake, Illinois 60012-2761  
Telephone: (815) 455-3700

McHenry County College is accepting proposals from CPA firms to provide audit services for the College for the fiscal years ending June 30, 2014, 2015, 2016, 2017 and 2018. We invite your firm to submit a proposal to us by **December 20, 2013, 10:00AM**. A description of the College, the services needed, and other pertinent information follows:

Background of McHenry County College

I. Introduction

A. General Information

McHenry County College (District 528) is one of 39 community college districts in Illinois. The College’s Main Campus is located in the southeast corner of the district. Approximately 308,000 residents live within the McHenry County College District boundaries. The legal boundaries of a community college district are formed from public high school districts.

Ninety-eight percent of the District is in McHenry County. The remainder of the College District includes small parts of Boone, Kane, and Lake Counties. The District also excludes small parts of McHenry County.

Instruction through traditional transfer, occupational, and adult education programs, continuing education, and business and industry training is offered on the College campus located west of Crystal Lake on U.S. Highway Route 14. Instruction is also offered in a variety of community settings including local schools, community centers, churches, and area businesses. Additional information is listed below:

Students

Total Credit Hours-FY2013	132,062
Total Reimbursable Credit Hours	130,213
Full time equivalent (Fall 2013 Semester, 10 <sup>th</sup> Day)	4,171

Expenditure Budgets

	<u>FY 2014 Budget</u>	<u>FY 2013 Actual</u>
Education Sub Fund	\$ 54.0 million	\$ 45.5 million
Operations and Maintenance Sub Fund	8.9 million	4.6 million
Special Revenue Sub Fund	50.3 million	10.5 million
Capital Projects Sub Fund	4.8 million	3.9 million
Proprietary Sub Fund	<u>5.7 million</u>	<u>4.4 million</u>
Total All Funds	<u>\$ 123.7 million</u>	<u>\$ 68.9 million</u>

Employees (FY 2013)

The College has approximately 285 full-time employees, and 328 part-time employees.

B. Scope of Audit

The audits shall include an examination of the books and records of all funds and account groups of McHenry County College. The audits must be performed in accordance with generally accepted auditing standards and the standards for financial audits as set forth by the following:

- American Institute of Certified Public Accountants
- The standards for financial audits set forth in the U.S. General Accounting Office's (GAO) Government Auditing Standards
- The provisions of the Office of Management and Budget (OMB) circular A-133, "Audits of Institutions of Higher Education and Other Non-Profit Institutions"
- The requirements of Section III of the Illinois Community College Board's Fiscal Management Manual, August 2013, and as amended, and any specific requirements of grantor agencies
- All applicable Governmental Accounting Standards Board pronouncements

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

Four copies of the proposal must be received by the College by mail to:

Jennifer Jones, Director of Business Services  
McHenry County College  
Building A, Room 246  
8900 U.S. Highway 14  
Crystal Lake, IL 60012

During the evaluation process, McHenry County College reserves the right, where it may serve the College's best interest, to request additional information or clarifications from those submitting proposals. At the discretion of McHenry County College, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

McHenry County College 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 request for proposals, unless clearly and specifically noted in the proposal

submitted and confirmed in the contract between McHenry County College and the firm selected.

### C. Subcontracting

If subcontracting is to be done, that fact, and the names 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 McHenry County College.

### D. Terms of Engagement

A five-year contract is contemplated, subject to the annual review and recommendation of McHenry County College's Board of Trustees and the satisfactory negotiation of terms (including a price acceptable to both MCC and the selected firm).

It is understood that there are specific additional first year start-up costs for an audit firm that are not always included in the proposal, based upon the assumption that a continuing relationship will exist between the audit firm and the client.

## II. Nature of Services Required

### A. General

McHenry County College is soliciting the services of a professionally recognized certified public accounting firm to audit its financial statements for the fiscal years ending June 30, 2014, 2015, 2016, 2017 and 2018. These audits are to be performed in accordance with the provisions contained in this request for proposals.

### B. Scope of Work to be Performed

McHenry County College desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles. McHenry County College 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 accepted accounting principles. The auditor is not required to audit the supporting schedules contained in the Comprehensive Annual Financial Report. However, 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 the combining and individual fund financial statements and schedules. The auditor is not required to audit the statistical portion of the report.

The auditor is not required to audit the Schedule of Federal Financial Assistance. However, the auditor is to provide an “in-relation-to” report on that schedule based on the auditing procedures applied during the audit of the financial statements.

The auditor will prepare the entire Comprehensive Annual Financial Report with the assistance of the College Finance office.

The auditor will be responsible for the report preparation, editing, printing, and binding of approximately 50 copies of the Comprehensive Annual Financial Report before October 15<sup>th</sup>.

#### C. Auditing Standards to be Followed

To meet the requirements for this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the following:

- American Institute of Certified Public Accountants
- The standards for financial audits set forth in the U.S. General Accounting Office’s (GAO) Government Auditing Standards
- The provisions of the Office of Management and Budget (OMB) Circular A-133, “Audits of Institutions of Higher Education and Other Nonprofit Institutions”
- The requirements of Section III of the Illinois Community College Board’s Fiscal Management Manual, August 2013, and as amended, and any specific requirements of grantor agencies
- All applicable Governmental Accounting Standards Board pronouncements

#### D. Reports to be Issued

Following the completion of the audit of the fiscal year’s financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditor’s understanding of the control structure and assessment of control risk.
3. A report on compliance with applicable laws and regulations.
4. An “in-relation-to” report on the Schedule of Federal Financial Assistance.
5. A report on the internal control structure used in administering federal financial assistance programs.
6. A report on compliance with laws and regulations related to major and non-major federal financial assistance programs. This report should include an opinion on compliance with specific requirements applicable to major federal financial assistance programs, a report on compliance with general requirements applicable to major federal financial assistance programs, and a

report on compliance with laws and regulations applicable to non-major federal financial assistance program transactions tested.

7. A report on the fair presentation of the financial statements of the Grants listed below, as required by the Illinois Community College Board (currently required grants are listed below):
  - a. Special Initiative Grants
  - b. Adult Education and Family Literary Grants
  - c. Career and Technical Education Program Improvement Grants
8. A report on the “Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed” as required by the Illinois Community College Board.
9. Documentation of Residency Verification Steps

McHenry County College’s Comprehensive Annual Financial Reports are available on the College website at [www.mchenry.edu/finance/index.asp](http://www.mchenry.edu/finance/index.asp) for the years ended June 30, 2011, 2012, and 2013.

#### E. Special Considerations

1. McHenry County College may submit its comprehensive annual financial report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. It is anticipated that the auditor will provide assistance to review the CAFR to ensure compliance with the requirements of that program.
2. McHenry County College has determined that the U.S. Department of Education will function as the cognizant agency in accordance with the Office of Management and Budget (OMB) Circular A-133, “Audits of Institutions of Higher Education and Other Nonprofit Institutions.”
3. The Schedule of Federal Financial Assistance and related auditor’s report, as well as the reports on the internal control structure and compliance are to be issued as part of the Comprehensive Annual Financial Report.
4. The Friends of McHenry County College Foundation is a component unit of the college and its’ separately audited financial statements will be included in the Comprehensive Annual Financial Report.

#### F. 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 three (3) years, unless the firm is notified in writing by MCC 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 designees:

- McHenry County College
- U.S. Department of Education
- U.S. General Accounting Office (GAO)
- Illinois Community College Board

- Parties designated by the federal or state governments or by McHenry County College as part of an audit quality review process.
- Auditors of entities of which McHenry County College is a sub-recipient of grant funds.
- Illinois State Board of Education

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. Name and Telephone Number of Contact Person/Location of Offices.

The auditor's principal contact with McHenry County College will be Robert Tenuta, Chief Financial Officer/Treasurer. He can be reached by calling at 815-455-8585. As far as coordinating the day to day audit at the College, contact Lynn Cowlin, Assistant Vice President of Finance, 815-455-8688, who will coordinate the assistance to be provided by the College to the auditor.

#### B. Fund Structure

MCC uses the business type activity model to report its financial position and changes in financial position. The College maintains its general ledger by sub fund.

##### Sub Fund Type

- Education
- Operations and Maintenance
- Auxiliary Enterprises
- Restricted Purposes
- Audit
- Liability, Protection, and Settlement
- Operations and Maintenance (Restricted)
- Working Cash
- Agency
- Long-Term Obligations
- Capital Assets

#### C. Budgetary Basis of Accounting

McHenry County College prepares its budgets on a basis consistent with generally accepted accounting principles.

#### IV. Time Requirements

A pre-audit conference will be held with appropriate College personnel in order to establish schedules for fieldwork for each fiscal year audit.

Submission of a draft audit report and draft management letter shall generally be completed by September 1, each year.

Submission of the final audit report and final management letter shall generally be completed by October 1, each year.

Deliver final printed audit report and management letter before the October 15, ICCB submission deadline, each year.

If requested, post audit conferences shall be held with the appropriate administrators and the Board of Trustees.

#### V. Assistance to be Provided to the Auditor and Report Preparation

##### A. Finance Office Assistance

The Finance Office staff and responsible management personnel will be available during the audit to assist the firm by providing information, documentation, and explanations. In addition, the Finance Office staff prepares many of the worksheets and analyses that are used by the auditors. College staff will assist with the preparation of the Comprehensive Annual Financial Report other than the auditor's reports that are included therein.

The proposal should list all of the "prepared by client" worksheets and analyses that would be expected from College staff for the purpose of completing the audit.

#### VI. Your Response to This Request for Proposal

In responding to this request, please provide the following information to the Board of Trustees:

##### Proposal Requirements

A. Detail your firm's experience in providing auditing services to governmental or educational organizations, as well as organizations of a comparable size to McHenry County College. For the firm's office that will be assigned responsibility for the audit, list the most significant engagements performed in the last five years that are similar to the engagement described in this request for proposals. Indicate the scope of work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.



- B. Provide information on whether you provide services to any companies that compete with McHenry County College.
- C. Discuss commitments you will make to staff continuity, including you staff turnover experience in the last 3 years.
- D. Identify the five largest clients your firm (or office) has lost in the past three years and the reasons.
- E. Identify the partner, manager, and in-charge accountant who will be assigned to our job if you are successful in your proposal, and provide their biographies. Indicate whether each person is licensed to practice as a certified public accountant in Illinois. Also provide information about the government auditing experience of each person and membership in professional organizations relevant to the performance of the audit. The firm should identify the extent to which staff assigned to the audit reflects McHenry County College's commitment to affirmative action. Indicate any complaints against them and the firm that have been leveled by the state board of accountancy or other regulatory authority, if any. Indicate any corrective actions that have been taken by the firm with respect to these people.
- F. MCC desires to follow the NACUBO identified best practice which requires a rotation of the lead partner every seven years with a timeout of two years. Describe how your firm will address this requirement, if applicable.
- G. Describe how your firm will approach the audit of McHenry County College, including the use of any association or affiliate member firm personnel.
- H. Furnish standard billing rates for classes of professional personnel for each of the last three years.
- I. Provide the names and contact information for other similarly sized clients of the partner and manager that will be assigned to McHenry County College.
- J. Describe how and why your firm is different from other firms being considered, and why our selection of your firm as our independent auditors is the best decision we could make.
- K. Describe how important McHenry County College would be to your firm.
- L. Include a copy of your firm's most recent peer review report, the related letter of comments, and the firm's response to the letter of comments.
- M. Professionally Recognized Firm – The proposal shall demonstrate that the proposer is a professionally recognized certified public accounting firm.
- N. Independence – The firm should also list and describe the firm's (or proposed subcontractors') professional relationship involving McHenry County College for the past five (5) years, together with a statement expressing why such relationships do not constitute a conflict of interest relative to performing the proposed audit. In addition, the firm shall give McHenry County College written notice of any professional relationship entered into, involving McHenry County College, during the period of this engagement.
- O. Firm Qualifications and Experience – The proposal shall state the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed and the number and nature of the staff to be so employed.

- P. Identification of Anticipated Potential Audit Problems – The proposal shall 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 McHenry County College.
- Q. Cost of Audit Services

## VII. Services to Be Performed

Your proposal is expected to cover the following services:

- Annual audit to be completed in compliance with filing requirements
- Preparation of the Comprehensive Annual Financial Report with client assistance
- Report preparation, editing, printing and binding

## VIII. Key Personnel

Following are key contacts for information you may seek in preparing your proposal:

Robert Tenuta, Chief Financial Officer/Treasurer	815-455-8585
Lynn Cowlin, Assistant Vice President of Finance	815-455-8688

Requests for additional information, visits to our site, review of prior financial statements, and/or appointments with the CFO should be coordinated through Robert Tenuta, our Chief Financial Officer/Treasurer. You can reach him at the number listed above.

## IX. Relationship With Prior CPA Service Provider

Sikich, LLP performed the previous audit. In preparing your proposal, be advised that management will give permission to contact the prior auditors.

## X. Evaluation of Proposals

McHenry County College will evaluate proposals on a qualitative basis. This includes our review of the firm’s peer review report and related materials, interviews with senior engagement personnel to be assigned to the College, results of discussions with other clients, and the firm’s completeness and timeliness in its response to us.

## XI. Important Dates

Firms who wish to be considered for this project should submit their proposals to the College as follows:

Jennifer Jones, Director of Business Services  
McHenry County College  
Building A, Room 246  
8900 U.S. Highway 14  
Crystal Lake, IL 60012

**All submittals shall contain a total of four (4) copies of the proposal. The four copies must consist of complete proposals listing Firm's name, address, and all identification of individuals, staff, principals, etc. The proposals are due on or before 10:00 AM. local time on December 20, 2013.** All proposals shall be submitted in a sealed container and clearly labeled:

**Firm's Name**  
**Proposal for Audit Services**  
**McHenry County College**  
**Due: December 20, 2013 at 10:00 AM**

The timeline for proposal process is as follows:

Request for Proposals Issued:	November 25, 2013
Deadline for submitting questions to MCC:	December 10, 2013
<b>Deadline to submit proposals:</b>	<b>December 20, 2013</b>
Notification to short-listed firms:	January 13, 2014
Potential interviews of short-listed firms:	February 18 and March 18, 2014
Recommendation to MCC Board of Trustees	April 24, 2014

## XII. General Instructions

McHenry County College reserves the right to reject any or all proposals submitted, waive irregularities, and to accept that proposal which is considered to be in the best interest of the College. Any such decision shall be considered final and not subject to recourse. **No faxed copies will be accepted.**

All proposals submitted must be valid for a minimum period of one hundred and fifty (150) days after the deadline date.

Unless we are advised to the contrary, it is understood that the proposal has been submitted in strict accordance with specifications.

McHenry County College is exempt from Federal Excise Tax and Illinois Retailers Occupational Tax. A tax-exempt letter will be provided, upon request, to the vendor who is awarded the proposal.

“This contract is subject to the provisions of the ‘EQUAL EMPLOYMENT OPPORTUNITY CLAUSE’ as provided by the Illinois Fair Employment Practices Commission, and the Illinois Compiled Statutes.”

To be considered, four copies of the proposal must be received by Jennifer Jones, Director of Business Services, by **December 20, 2013, 10:00 AM**. McHenry County College reserves the right to reject any or all proposals submitted.

McHenry County College  
Attention: Jennifer Jones  
8900 U.S. Highway 14  
Building A, Room 246  
Crystal Lake, IL 60012

## AUDIT PROPOSAL

Please include this sheet with your proposal

Firm: \_\_\_\_\_

Proposed Fee for Fiscal Year:	2014	2015	2016	2017	2018	Total
Audit of Comprehensive Annual Financial Report as outlined in The Request for Proposal. (Includes Audit of the financial statements, ICCB Requirements, and OMB Circular A-133 Requirements)	_____	_____	_____	_____	_____	_____
Total (Maximum Fee)	=====	=====	=====	=====	=====	=====

McHenry County College  
 8900 U.S. Highway 14  
 Crystal Lake, IL 60012  
 (815) 455-8770

AUDIT PROPOSAL

Please include this sheet with your proposal:

Firm: \_\_\_\_\_

Fees for additional work not included within the comprehensive annual financial report.

	<u>2014</u>		<u>2015</u>		<u>2016</u>	
	Standard Hourly Rates	Quoted Hourly Rates	Standard Hourly Rates	Quoted Hourly Rates	Standard Hourly Rates	Quoted Hourly Rates
Partners	_____	_____	_____	_____	_____	_____
Managers	_____	_____	_____	_____	_____	_____
Supervisor Staff	_____	_____	_____	_____	_____	_____
Other (specify)	_____	_____	_____	_____	_____	_____

	<u>2017</u>		<u>2018</u>	
	Standard Hourly Rates	Quoted Hourly Rates	Standard Hourly Rates	Quoted Hourly Rates
Partners	_____	_____	_____	_____
Managers	_____	_____	_____	_____
Supervisor Staff	_____	_____	_____	_____
Other (specify)	_____	_____	_____	_____

List four companies, schools or government agencies preferred, for whom your firm has provided auditing services:

1. NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
PHONE: \_\_\_\_\_  
LENGTH OF TIME SERVICES PROVIDED: \_\_\_\_\_  
SPECIFIC SERVICES PROVIDED: \_\_\_\_\_

2. NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
PHONE: \_\_\_\_\_  
LENGTH OF TIME SERVICES PROVIDED: \_\_\_\_\_  
SPECIFIC SERVICES PROVIDED: \_\_\_\_\_

3. NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
PHONE: \_\_\_\_\_  
LENGTH OF TIME SERVICES PROVIDED: \_\_\_\_\_  
SPECIFIC SERVICES PROVIDED: \_\_\_\_\_

4. NAME: \_\_\_\_\_  
ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
PHONE: \_\_\_\_\_  
LENGTH OF TIME SERVICES PROVIDED: \_\_\_\_\_  
SPECIFIC SERVICES PROVIDED: \_\_\_\_\_

RFP Submitted by:

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Signature:

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Title:

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Company:

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Address:

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Telephone:

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Fax:

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Contact Person:

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FEIN Number:

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Year Established:

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Date:

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