

**FOR DECISION**

**AGENDA ITEM:**

**April 8, 2014**

**SUBJECT: Renewal of Audit Contract with McGladrey, LLP**

**MOTION:** That the Board of Education of Oak Park District 97 enter into a three-year contract with McGladrey, LLP for fiscal year audits 2014, 2015 and 2016 as outlined in the attached memorandum to the Superintendent of Schools dated March 18, 2014, at the defined fees of \$53,500 (FY 2014), \$54,850 (FY 2015) and \$56,200 (FY 2016).



# Oak Park Elementary School District 97

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**TO:** Dr. Albert G. Roberts, Superintendent of Schools

**FROM:** Therese M. O'Neill, Assistant Superintendent for Finance & Operations

**RE:** Appointment of Audit Firm

**DATE:** March 18, 2014

As has been the District's practice with its professional contracts, after 5-years, we prepare an RFP (Request for Proposal) to test the respective market for the competitiveness and quality of work to be performed. McGladrey LLP has served Oak Park District 97 since August 2009. The attached RFP was prepared, the appropriate legal notice (see attached) was published on February 7, 2014 announcing receipt of such RFP was due Monday, March 3, 2014. Four firms requested the RFP:

- McGladrey LLP
- Wipfli, LLP
- Clifton Larson Allen
- CSB & Associates, LLC

On March 3, 2014, only one RFP was received – from McGladrey LLP. In reaching out to two of three firms inquiring why they had not submitted a response, here are their reasons:

**Wipfli, LLP:** "I had intended to send you a letter informing you that we will not be proposing on the RFP. My apologies. Yes, you are correct that we will not be submitting a bid, but we will absolutely consider bidding next time around."

**Clifton Larson Allen:** "In reading through your qualification requirements, I didn't feel we would meet those completely. While I work with several school districts I do not work with any that work towards the IASBO award."

FORC (Finance Oversight Review Committee) reviewed the audit process followed and receipt of the lone response and fully supported recommending to the Board of Education acceptance of the McGladrey proposal. In their response, McGladrey was holding their fee for the fiscal year 2014 audit at the same fee as last year and increasing the last two years by 5% respectively. In discussing this percentage with them, and in concert with our projection assumptions of expenses increasing by no more than 2.5%, they have graciously reduced their stated fees for FY 2015 and FY 2016 to 2.5%.

Attached you will find McGladrey's full response to the RFP as well as the adjusted fee schedule page.

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attachments (3)

## Fees

Our goal is to provide high-quality, reliable service at reasonable fees. Based on our understanding of your needs, our estimated fees are as follows.

Summary of deliverables	Fees <sup>1</sup>		
	2014	2015	2016
Financial Audit (inclusive of SELF, CLIC, Internal Control Evaluation, & Student Activity Report)	\$45,500	\$46,650	\$47,800
OMB Circular A-133 Single Audit Report and Data Collection Form*	\$ 8,000	\$ 8,200	\$ 8,400
<b>Total</b>	<b>\$53,500</b>	<b>\$54,850</b>	<b>\$56,200</b>

\*The fee quote above includes the Federal Single Audit, and assumes that two major programs will be tested for each year ended June 30. For each additional major program requiring testing we will charge \$3,250 - \$3,750, depending on the complexity of the program. We will discuss with management if the need arises to test additional major programs prior to performing that testing for agreement.

### Significant changes in your business

Significant changes in the nature and scope of your business will result in annual professional fee increases. Significant changes may include the addition of new locations, businesses or lines of business; unpreparedness on the part of the District; material changes in financial reporting; an unusual number of adjustments to the financial statements; and changes in the scope of work due to regulations, audit and accounting standards, or income tax laws.

### Fee assumptions

Any proposed fees are based on the following assumptions:

- Assistance will be supplied by the District personnel, including preparation of requested schedules and analyses of accounts before we commence fieldwork.
- There will be no significant number of audit adjustments (defined as more than 10 audit-related adjusting entries) to the financial statements required.
- There will be no significant changes in the nature and scope of the audit. Significant changes in the nature and scope of the audit could include, among other matters, a complex equity structure, including the issuance of warrants or new option programs; other conversion features or embedded derivatives; or consolidation of variable-interest entities under FASB ASC 810, Consolidation.
- We will receive complete tax workpapers, including any apportionment information.

<sup>1</sup> Out-of-pocket costs, including travel and lodging, are billed at actual cost in addition to the fee quoted above. Billings are prepared monthly and are due upon submission.