

**North Shore Water Reclamation District**

**Request for Proposals**

**For**

**Professional Auditing Services**

**RFP Date: November 6<sup>th</sup>, 2023**

**Due Date: December 6th, 2023**

**14770 WM Koepsel Dr.  
Gurnee, IL 60031**

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**Section I**  
**General Information**

a. **Request for Proposal:**

North Shore Water Reclamation District (NSWRD), invites qualified audit firms to submit proposals for Financial Audit Services as described in the scope of work set forth in Section III of this Request for Proposal (RFP).

b. **Compliance with Rules:**

Auditors who respond to this (RFP) must follow the procedures and requirements stated within this RFP. Adherence to these procedures and requirements set forth within this RFP will ensure a fair and objective analysis of each proposal. Failure to comply with any part of the RFP may result in the rejection of your proposal.

c. **Schedule of Request for Proposal Events:**

Due date for proposals	<u>December 6th, 2023</u>
Board Consideration	January 10 <sup>th</sup> , 2024

d. **Official Contact:**

Questions with regards to the scope of services must be directed to:

Susan Maller, Accountant  
Telephone (847) 406-4827  
Fax (847) 623-2461  
E-mail [sumaller@northshorewrd.org](mailto:sumaller@northshorewrd.org)

e. **Proposal Due Date:**

A copy of the proposal must be received, via post office, courier or physical delivery, by NSWRD at the Administrative Officers located at 14770 WM Koepsel Dr., Gurnee, IL 60031, by December 6th, 2023. The Administrative Office is open Monday through Friday from 8:00 a.m. to 4:30 p.m. for hand delivery of proposals.

f. **Proposal Withdrawal:**

Any proposal may be withdrawn at any time before the “Proposal Due” date, by providing a written request for the withdrawal of the proposal to NSWRD. A duly authorized representative of the audit firm must execute the request. Withdrawal of a proposal will not prejudice the right of the auditor to file a new proposal.

g. **Modification of RFP:**

NSWRD may modify by written notification the requirements of the RFP at any time prior to the RFP due date. A written addendum will be provided to all participants.

h. **Additional Information Requests:**

During the evaluation process NSWDRD reserves the right, where it may serve the best interest of NSWDRD, to request additional information or clarifications from auditors, or to allow corrections of errors or omissions. At the discretion of NSWDRD, audit firms who submit a proposal may be requested to make oral presentations as part of the evaluation process.

i. **Incurred Costs:**

NSWRD is not liable for any time or material expenses incurred by the auditor in the preparation and/or presentation of a proposal.

j. **Subcontractors:**

NSWRD will not consider any proposals where the Audit Firm proposes use of subcontractor(s).

k. **Ownership of Documents:**

Any material submitted shall become the property of NSWDRD.

## **Section II Background**

a. **About NSWDRD**

General information about the District is available at our website, NorthShoreWRD.org.

NSWRD has the authority to finance capital projects through the property tax levy, user charges, and the issuance of debt.

- NSWDRD currently maintains one fund through which it levies property taxes, administers a user charge system, issues debt, constructs capital projects, funds operating and maintenance expenses and conducts all other business of the District. NSWDRD's Budget for the FY 2024 Revenue is \$50,176,146; Expense not including depreciation is \$38,495,010 and Capital budget is \$49,392,700

A recent audit of NSWDRD's financial statements was performed for FY 2022 by Swarztrauber & Co. for May 1, 2021 to April 30, 2022. A copy of the audit is available on the District's website:

<https://www.northshorewrd.org/foia/Financial%20Reports/NSWRD%20CAFR%20-%20FY2022.pdf>

**b. Accounting Policies**

The accounting policies of NSWRD have been adopted to conform to generally accepted accounting principles (GAAP) as applicable to government entities. The economic resource measurement focus and accrual basis of accounting are used by the NSWRD.

**Section III  
About the Audit**

**a. Scope of the Independent Audit Requirements**

1. The independent auditor shall express an opinion that the general-purpose financial statements present fairly in all material aspects the financial position of the District in conformity with generally accepted accounting principles. If unable to express such an opinion, the reason shall be provided to the District in writing.
2. The audit shall be a full-scope financial and compliance review of all funds and account groups of NSWRD compared with the previous year. The auditor shall issue an opinion letter on the NSWRD financial statements for the current and preceding year, in compliance with applicable legal provisions, the auditor's report on the study and evaluation of internal control system and the auditor's report on compliance.
3. The audits performed under the Request for Proposal shall cover the following periods which end in April 30, 2024, 2025, 2026, and 2027.
4. NSWRD will provide the auditor with NSWRD trial balance and general ledger for all of the funds. NSWRD staff and the auditor will coordinate the preparation of the financial statements. NSWRD staff will prepare the notes to the financial statements, required supplementary information, Management Discussion & Analysis, and the statistical section.
5. Unless prior written permissions is received, the auditor must provide NSWRD with draft copies of the financial statements, including journal entries and explanations to support the changes to the trial balance by the end of September. Any results prepared by the auditor which alter NSWRD's ledger must be reviewed by NSWRD's personnel.
6. Final copies of the financial statements, including the opinion letter, footnotes, and supplemental data for individual funds, must be available for review by the Board of Trustees during the regular Board meeting in October. Regular Board of Trustees meetings are generally scheduled on the second Wednesday of every month.
7. The auditor shall submit a written management letter to the Board of Trustees that communicates any observations for improvements in the NSWRD's financial operations, and any deficiencies in internal controls that need to be addressed.

8. The partners in charge shall be available to attend management and/or public meetings at which the audit report may be discussed. The partners in charge may be requested to attend Board of Trustee meetings to discuss other topics as requested by the Trustees and/or staff.
9. The auditor shall assist NSWRD staff in the application of generally accepted accounting principles and provide support necessary to maintain sound financial management procedures. The auditor shall provide financial advice and counsel on significant matters which occur throughout the year that would affect the annual reports and sound accounting practices.
10. NSWRD staff will assist the auditor in the preparation of all required schedules for the annual audit, provide requested information, and answer questions which may arise during the course of the fieldwork. NSWRD will provide work space for audit personnel. On-site fieldwork by the auditor must be performed during the normal work hours, generally 8:00 a.m. to 4:30 p.m., Monday thru Friday.
11. If a single audit is required and performed, the Annual Financial Report will include a separate opinion of the adherence to the requirements of OMB Circular A-133. This should include assistance with filing the SF-SAC “Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations” to comply with the Single Audit Act and Circular A-133 or any subsequent report. Similar to Federal guidelines, NSWRD request the auditor assist NSWRD to submit the documents no more than 30 days after the auditor submits his reports or 9 months after the final day of the audit period, whichever comes first. Proposal must include a separate price for completion of work related to a single audit that will be payable if a single audit is required.
12. The auditor must provide (3) bound copies and (1) unbound copy and email an electronic copy in a PDF format of the complete financial statements to NSWRD, [SuMaller@NorthShoreWRD.org](mailto:SuMaller@NorthShoreWRD.org) & [DaMiller@NorthShoreWRD.org](mailto:DaMiller@NorthShoreWRD.org).

**b. Retention and Accessibility of Work Papers:**

- a. Work papers and reports must be retained by the auditor, for a minimum of seven years, unless the auditor is notified in writing by NSWRD of the need to extend the retention period. The auditor shall respond to reasonable inquiries by successive auditors and permit the review of work papers that relate to matters of continuing auditing significance. Work papers shall be made accessible to authorized representatives of the District, federal audit agencies, General Accounting Office, the Comptroller of the State of Illinois, or as otherwise directed by NSWRD.

## **Section IV The Proposal**

### **a. Guidelines for the Proposal**

- a. The purpose of the proposal is to demonstrate the qualifications, competence, and capacity of the auditor seeking to undertake an independent audit of NSWRD in conformity with the requirements of this request for proposal. The proposal should demonstrate the qualifications of the auditor and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the request for proposal's requirements.
- b. Proposals shall be organized and numbered in the following order:
  - 1) Executive Summary
  - 2) Statement of Independence
  - 3) License to Practice in Illinois
  - 4) Audit Firm Qualifications and Experience
  - 5) Partner, Supervisory and Staff Qualifications and Experience
  - 6) References - Similar Engagements With Other Government Entities
  - 7) Specific Audit Approach
  - 8) External Quality Control Review Report
  - 9) Professional Insurance
  - 10) Cost Proposal
  - 11) Optional Service – Audit of Intergovernmental Agreements
- c. The **Executive Summary** should state the legal name of the auditor and include the name(s) of the authorized representative who will submit or withdraw the proposal for the firm, the mailing address, telephone number, and primary contact name. The letter shall address the auditor's understanding of the project based upon the RFP and a statement which discusses the firm's interest and qualifications for this type of work.
- d. **Statement of Independence** - The auditor should provide an affirmative statement that it is independent of NSWRD as defined by generally accepted auditing standards and/or U.S. General Accounting Office's Government Auditing Standards.
- e. **License to Practice in Illinois** - An affirmative statement should be included that the auditor and all assigned key professional staff are properly registered/licensed to practice in Illinois.
- f. **Audit Firm Qualifications and Experience** - The auditor 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 this engagement is to be performed, 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. NSWRD requests the firm provide resumes of all staff that will or may be employed during the financial audit of NSWRD. Further requirements are set in the following paragraph.
- g. **Partner, Supervisory, and Staff Qualifications and Experience:** Identify the principal supervisory and management staff, which will include the engagement

partner, managers, other supervisors, and specialists who would be assigned to this engagement. Indicate whether each person is an active licensed certified public accountant in Illinois. Provide information on the government auditing experience of each person and include information on relevant continuing professional education and membership in professional organizations relevant to the performance of this audit. Indicate how the quality of staff will be ensured over the term of the agreement. This section may include graphs, charts, photos, resumes, references, etc. in support of the firm's qualifications.

- h. **Similar Engagements with other Government Entities** - Provide a list of not less than five client references for which services similar to those outlined in the RFP have been provided. For each reference listed provide the name of the organization, dates for which the services(s) were provided, type of services(s) provided and the name, address, telephone and email address of the responsible person within the reference's organization. NSWRD reserves the right to contact any or all of the listed references in regards to the audit services performed by the auditor.
- i. **Specific Audit Approach** - The audit approach should indicate the firm's ability to meet each specification as outlined in this document. Provide an example of a work plan to address the items of work as described in this RFP. The plan should be simple, easy to read and follow, and addresses and satisfies the objectives and specifications as described in Section III.
- j. **External Quality Control Review Report** - The firm is required to submit a copy of the report on its most recent External Quality Control Review Report, with a statement whether that quality control review included a review of specific government engagements. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the audit firm during the past five (5) years with state regulatory bodies or professional organizations.
- k. **Professional Insurance** - The proposal shall include a copy of the audit firm's most current certificate of insurance and endorsements for professional liability and worker's compensation insurance.
- l. **Cost Proposal (Work not to Exceed)** - The proposal should complete Appendix A which should contain all pricing information relative to the performance of the audit engagement as described in this request for proposal. The total all-inclusive maximum price to be proposed is to contain all direct and indirect costs which include all out-of-pocket expenses for each year. This information is required to be shown for each year to be audited NSWRD will not be responsible for expenses incurred in the preparation and/ submittal of the proposal. No cost increases shall be passed onto NSWRD after the proposal has been submitted. If additional costs arise from new accounting pronouncements and/or other aspects of the audit beyond either party to foresee during this RFP, NSWRD will be billed in accordance with the hourly rates established in Appendix A.



**b. Auditor Selection Process and Proposal Evaluation**

Under the terms of this RFP, NSWRD is not obliged to award the assignment to the lowest cost proposal. The evaluation and review will consider all aspects of the proposals. The North Shore Water Reclamation Trustees may negotiate additional terms and conditions, and will award the contract to the applicant most responsive to the needs of NSWRD and most capable to provide the services to meet those needs. The North Shore Water Reclamation Trustees will be the sole judge in concern to the responsiveness and capabilities of applicants.

**c. Additional Information**

1. The submission of a proposal shall be prima facie evidence the auditor has full knowledge of the scope, nature, quantity and quality of work to be performed.
2. NSWRD reserves the right to conduct personal interviews of any or all auditors prior to selection. NSWRD will not be liable for any costs incurred by the auditor in connection with such said interview (i.e. time, travel, accommodations, etc.)
3. NSWRD and the awarded auditor reserve the right to terminate the agreement upon providing 180 days written notice of termination.
4. In the event it becomes necessary to revise any part of this Request for Proposal, addenda will be provided in writing to all auditors who receive the Request for Proposal from NSWRD.
5. The auditor must clearly mark as “Confidential” each part of their offer which they consider to be proprietary information that could be exempt from disclosure under 5 ILCS 140/1 (Freedom of Information Act). If any part is designated as “confidential”, there must be attached to that part an explanation of how this information qualifies for an exemption under 5 ILCS 140/1. NSWRD reserves the right to determine whether this information should be exempt from disclosure and no legal action may be brought against NSWRD or its agents for its determination.

**Appendix A**  
**Expenses for the Audit of**  
**Fiscal Year 2024, 2025, 2026, 2027**

	2024	2025	2026	2027
Audit Not-To-Exceed (NTE) Cost	\$	\$	\$	\$
Single Audit Not-To-Exceed (NTE) Cost (Paid only if Single Audit Required)	\$	\$	\$	\$

**Schedule of Professional Fees and Expenses for the Audit of**  
**Fiscal Year 2024, 2025, 2026, 2027**

Labor Cost	Total 2024 Hours/Rate	Total 2025 Hours/Rate	Total 2026 Hours/Rate	Total 2027 Hours/Rate
Partners				
Managers				
Supervisory Staff				
Other (Please Specify)				
<b>Total Labor Cost</b>				

NOTE: The quoted rate should **NOT** be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.

\* This should be the total labor cost of audit using the combination of staff and number of hours multiplied by staff rates.

## NORTH SHORE WATER RECLAMATION DISTRICT – REQUEST FOR PROPOSAL: TERMS AND CONDITIONS

**PAYMENT**-Monthly payments will be made in accordance with the Illinois Local Prompt Payment Act (50 ILCS 505/1 et seq) after receipt and acceptance of goods and invoices. The North Shore Water Reclamation District is exempt from both Federal and State sales taxes. Exemption certificates will be furnished on request.

**QUALIFICATION OF PROPOSALS**-The District reserves the right to make such investigation as it deems necessary to determine the ability of the proposer to perform the work and the proposer shall furnish to the District all such information and data for this purpose as may be requested.

**CLASSIFICATION AND INTERPRETATION**-Should any proposer find discrepancies, duplications or omissions in the documents, or have doubt as to the meaning expressed by the documents, he shall make inquiry to the District. Where changes, corrections, or clarifications to documents are deemed necessary by the District, it will issue written addenda accordingly; addenda thus issued will be a part of the contract documents.

**ADDENDUM**-No oral, telephone, or letter instructions will be considered as having effect upon the contract documents. Addenda only shall constitute changes to them. Proposers are urged to make early examination of contract documents, even though prices may not be determined until late in the proposal period.

**WARRANTY**-Seller warrants that all goods and services furnished hereunder will conform in all respects to the terms of this solicitation, including any drawings, specifications or standards incorporated herein and that they will be free from latent and patent defects in materials, workmanship and title, and will be free from such defects in design. In addition, seller warrants that said goods and services are suitable for, and will perform in accordance with the purposes for which they are purchased, fabricated, manufactured and designed or for such other purposes as are expressly specified in this solicitation. The District may return any nonconforming or defective items or require correction or replacement at the time the defect is discovered at no cost to the District.

**REGULATORY COMPLIANCE**-Seller represents and warrants that the goods or services furnished hereunder (including all labels, packages, and container) comply with all applicable standards, rules and regulations in effect under the requirements of all Federal, State and local laws, rules and regulations as applicable, including the Occupational Safety and Health Act as amended, with respect to design, construction, manufacture or use for their intended purpose of said goods or services. Seller shall furnish "Material Safety Data Sheets" in compliance with the Illinois Toxic Substances Disclosure to Employees Act.

**SPECIFICATIONS**-Reference to brand names and numbers is descriptive, but not restrictive unless otherwise specified. Proposals on equivalent items will be considered provided the proposer clearly states exactly what is proposed to be furnished, including complete specifications. Unless the proposer specified otherwise, it is understood the proposer is offering a referenced brand item as specified or is proposing as specified when no brand is referenced, and does not propose to furnish an equal. The District reserves the right to determine whether a substitute offer is equivalent to and meets the standard of quality indicated by the brand name and number. State or list by reference on the reverse side of this form any variations to specifications, terms and/or conditions.

**METHOD OF AWARD**-The District intends to award this proposal within a reasonable time frame of the proposal opening. The District reserves the right to determine the lowest responsible proposer on the basis of an individual item, groups of items, or in any way determined to be in the best interests of the District. Award will be based on the following factors (where applicable): a)price; b)quality and serviceability of the articles supplied; c)conformity with specifications; d)suitability to the requirements of the District; e)availability of support services; f)uniqueness of the service, materials, equipment, or supplies as it applies to network integrated computer systems; g)compatibility of the service, materials, equipment or supplies with existing equipment; and h)delivery terms.

**PRICING**-The price quoted for each item is the full purchase price, including all transportation and handling charges, premiums on bonds, material or service costs, patent royalties and all other overhead charges of every kind and nature. Unless otherwise specified, prices shall remain firm for the contract period. The District will not honor any extra charges over and above prices submitted in your quotation without prior authorization from the Purchasing Supervisor.

**RESERVED RIGHT**- The District reserves the right to reject any or all proposals, waive any formalities or irregularities, or to accept a proposal in whole or in part if deemed to be in the best interest of the District to do so. The District reserves the right to waive any immaterial defect in any proposal. No proposal shall be withdrawn for a period of 60 days after the scheduled opening of the proposals without the consent of the District.

**ERRORS IN PROPOSALS**-Proposers are cautioned to verify their proposals before submission. Negligence on the part of the proposer in preparing the proposal confers no right for withdrawal or modification of the proposal after it has been opened. In case of error in the extension of prices in the proposal, the unit prices will govern.

**FAIR EMPLOYMENT PRACTICE**-The North Shore Water Reclamation District is an Equal Opportunity/Affirmative Action Employer. All contractors must subscribe and adhere to the regulations and policies as outlined in Executive Order 11246, the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq., as amended and any rules and regulations promulgated in accordance therewith, including but not limited to the Equal Employment Opportunity Clause, Illinois Administrative Code, Title 44, Part 750 (Appendix A) which is incorporated herein by reference. Furthermore, the Contractor shall comply with the Public Works Employment Discrimination Act, 775 ILCS 10/0.01 et seq., as amended, and relevant provisions of the Americans with Disabilities Act (ADA).

**PREVAILING WAGE**-All contractors and sub-contractors entering into a contract with the North Shore Water Reclamation District shall comply with the Prevailing Wage Act of the State of Illinois.

**INSURANCE**-Any contractor doing work on District property shall not commence work under this contract until they have obtained and the District approves the necessary insurance. Contractors shall procure and maintain, during the life of the contract, Workers' Compensation Insurance as required by State Law for all their employees.

**CANCELLATION OF CONTRACT**-The North Shore Water Reclamation District reserves the right to terminate this contract without notice should the successful proposer fail to provide satisfactory goods and/or services.