

DEC 03 2008

Joe Aiello
Sangamon County Clerk

Resolution # 10-1

WHEREAS, Sangamon County is required to contract with external auditors to conduct an annual audit of its general purpose financial statements; and

WHEREAS, Request For Proposal letters were sent to fifty-five Sangamon County CPA's and CPA firms inviting them to submit proposals to conduct the annual audit for the fiscal years 2005 through 2007 with an option to renew for two additional fiscal years; and

WHEREAS, the firm of Estes, Bridgewater & Ogden submitted the lowest-priced proposal and was selected to perform the annual audits for the fiscal years 2005 through 2007; and

WHEREAS, the firm of Estes, Bridgewater & Ogden performed the annual audits for the fiscal years 2005 through 2007 in a highly-satisfactory manner in accordance with the terms of the Request for Proposal; and

WHEREAS, the firm of Estes, Bridgewater & Ogden has submitted the attached fee proposal to perform the audits for fiscal years 2008 and 2009 for \$68,000 and \$72,000, respectively; and

WHEREAS, is recommended by the County Auditor and is in the best interests of Sangamon County to retain the firm of Estes, Bridgewater & Ogden to perform audits for the fiscal years of 2008 and 2009.

NOW, THEREFORE, BE IT RESOLVED that the Sangamon County Board, in session this 9th day of December, 2008, hereby accepts the proposal to perform audit services from the firm of Estes, Bridgewater & Ogden for the fiscal years of 2008 and 2009, and authorizes the County Auditor to contract for such services.

RECEIVED

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Finance Committee

Andy Holman, Chairman

Ray Bunch, Member

[Signature], Member

[Signature], Member

Paul Palazzolo
SANGAMON COUNTY AUDITOR
[Signature], Member

[Signature], Member

[Signature], Member

Rosemarie Long, Member

Estes, Bridgewater & Ogden

RICHARD W. OGDEN, C.P.A.
RICHARD L. GRAFTON, C.P.A.
ROY A. BALLINGER, C.P.A., M.B.A.

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CATHY A. GRAVES

November 24, 2008

The Honorable Chairman and
Members of the County Board
Sangamon County, Illinois

We are pleased to confirm our understanding of the services we are to provide Sangamon County, Illinois for the year ended November 30, 2008. We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, which collectively comprise the basic financial statements, of Sangamon County, Illinois as of and for the year ended November 30, 2008. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), to accompany Sangamon County, Illinois's basic financial statements. As part of our engagement, we will apply certain limited procedures to Sangamon County, Illinois's RSI. These limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management is responsible for affirming to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with procedures relating to it, we will disclaim an opinion on it. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Illinois Municipal Retirement Fund Schedule of Funding Progress
2. Budgetary Comparison Information

Supplementary information other than RSI, also accompanies Sangamon County, Illinois's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the basic financial statements and will provide an opinion on it in relation to the basic financial statements:

1. Combining and Individual Nonmajor Fund Financial Statements
2. Schedule of Appropriations

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to in the first paragraph when considered in relation to the basic financial statements taken as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The reports on internal control and compliance will each include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with generally accepted auditing standards established by the Auditing Standards Board (United States); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will prepare a draft of your financial statements, schedule of expenditures of federal awards, and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements, schedule of expenditures of federal awards, and related notes and for accepting full responsibility for

such decisions. You will be required to acknowledge in the management representation letter that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; for the fair presentation in the financial statements of the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Sangamon County, Illinois and the respective changes in financial position and, where applicable, cash flows in conformity with U.S. generally accepted accounting principles; and for federal award program compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us, including identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on .

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits or other engagements or studies. You are also responsible for providing

management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and

other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Sangamon County, Illinois's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Sangamon County, Illinois's major programs. The purpose of these procedures will be to express an opinion on Sangamon County, Illinois's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Audit Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of and sign the Data Collection Form that summarizes our audit findings. We will provide copies of our reports to Sangamon County, Illinois; however, it is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal

awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits. At the conclusion of the engagement, we will provide information to management as to where the reporting packages should be submitted and the number to submit.

The audit documentation for this engagement is the property of Estes, Bridgewater & Ogden and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to an oversight agency its designee, a federal agency providing direct or indirect funding, or the U.S. Governmental Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Estes, Bridgewater & Ogden personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release or for any additional period requested by the oversight agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

Our fee for audit services for Sangamon County, Illinois for the year ending November 30 2008 will be \$68,000 and November 30, 2009 will be \$72,000. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2005 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Sangamon County, Illinois and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

10-8

Very truly yours,

Estes, Bridgewater & Ogden

Estes, Bridgewater & Ogden

RESPONSE:

This letter correctly sets forth the understanding of Sangamon County, Illinois.

By: _____

Title: _____

Date: _____

Cameron, Smith & Company

certified public accountants
a professional corporation

10-9
"Your partner
in financial
success"

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December 15, 2005

To the Partners
Estes, Bridgewater & Ogden

We have reviewed the system of quality control for the accounting and auditing practice of Estes, Bridgewater & Ogden (the firm) in effect for the year ended June 30, 2005. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of employee benefit plans and engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies and procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of Estes, Bridgewater & Ogden, in effect for the year ended June 30, 2005, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with professional standards.

As is customary in a system review, we have issued a letter under this date that sets forth comments that were not considered to be of such significance to affect the opinion expressed in this report.

Cameron, Smith & Company

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10-11
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Facsimile 217-787-8823

December 15, 2005

To the Partners
Estes, Bridgewater & Ogden

We have reviewed the accounting and auditing practice of Estes, Bridgewater & Ogden (the firm) for the year ended June 30, 2005, and have issued our report thereon dated December 15, 2005. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report.

Comment

The firm's quality control policies and procedures require documentation of the firm's considerations in planning the audit procedures to be performed and the firm has acquired a practice aid series to assist firm personnel in this process. However, during our review we noted that, in a few instances, firm personnel either failed to complete these practice aids or didn't fully complete the practice aids and, as a result, there was no documentation that firm personnel had considered these matters. We were able to determine however, through conversation with firm personnel and review of the remaining audit workpapers, that firm personnel had appropriately considered all matters when planning the audit.

A similar finding was noted on the firm's prior reviews.

Recommendation

We recommend that the firm first hold a training session to remind all personnel of the need to complete these practice aids. Compliance with this policy should then be enforced as part of the firm's pre-issuance review process.

Comment

The firm's quality control policies and procedures require the completion of a suitably comprehensive presentation and disclosure checklist on all full disclosure engagements and, during our review we noted that a presentation and disclosure checklist was completed on all full disclosure engagements. However, we noted that, in one instance, a more summarized "short form" disclosure checklist was used and, in a few instances, checklist questions had been answered incorrectly. As a result, we noted a few disclosure deficiencies in the financial statements selected for review, none of which were significant enough to render the financial statements as misleading.

A similar finding was noted on the firm's prior reviews.

Recommendation

We first recommend that the firm revise its quality control policies and procedures to require the use of the more comprehensive "long" presentation and disclosure checklist included in the practice aid series. We then recommend that the firm revise its quality control policies and procedures to require a two-step review of the financial statements and related disclosures prior to their issuance. During the first step, the engagement partner should read the financial statements for clarity and adequacy of disclosures. Then, as a second step, the

Cameron, Smith & Company

certified public accountants

engagement partner should review the completed presentation and disclosure checklist to ensure that all questions have been correctly answered.

Comment

The firm's quality control policies and procedures require the engagement partner to review all engagements prior to their issuance. Although such a review was performed, during our review we noted that the partner's review of the accountant's report on monthly compilation was engagements wasn't comprehensive enough and, as a result, we noted that the accountant's report failed to report on all periods presented. This deficiency wasn't so significant however, as to render the accountant's report as misleading.

Recommendation

We recommend that the firm remind all engagement partners of the need to regularly compare the accountant's report to sample reports contained in the firm's practice aid series when reviewing monthly compilation engagements. In addition, the firm may wish to revise its quality control policies and procedures to require the use of a suitably comprehensive checklist designed to assist the partner in performing this review.

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