

Resolution # 11-1

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-three Sangamon County CPA's and CPA firms inviting them to submit proposals to conduct the annual audit for the fiscal years 2012 through 2015; and

WHEREAS, there was a display ad posted in a newspaper of general circulation in Sangamon County advising of the Request For Proposal for the annual audit of Sangamon County; and

WHEREAS, there were five proposals for the annual audit of Sangamon County received by the Sangamon County Auditor's office; and

WHEREAS, the firm of McGladrey LLC submitted the lowest-priced proposal in the amount of \$71,200.00 for the November 30, 2012 audit and \$71,000.00 for the November 30 2013 audit and \$73,250.00 for the November 30, 2014 audit for an annual average of \$71,816; and

WHEREAS, the proposal submitted by McGladrey LLC meets all requirements set forth in the County's Request for Proposal;

NOW, THEREFORE, BE IT RESOLVED that the Sangamon County Board, in session this 13th day of November, 2012, hereby accepts the proposal for audit services from the firm of McGladrey LLC and authorizes the Chairman of the County Board to contract for such services for the fiscal years 2012 through 2015.

Finance Committee

Andy Holman, Chairman

Jeff Bunnell, Member

Sam Martell, Member

John Fulger, Member

[Signature], Member

Sarah Musgrave, Member

[Signature], Member

[Signature], Member

FILED

OCT 24 2012

Joe Aiello
Sangamon County Clerk

RECEIVED

OCT 23 2012

Paul Palazzolo
SANGAMON COUNTY AUDITOR



McGladrey LLP

15 S Old State Capitol Plaza, Suite 200
Springfield, IL 62701-1510
O 217.789.7700 F 217.753.1654
www.mcgladrey.com

October 1, 2012

The Board of the County of Sangamon, Illinois
Attn: Mr. Paul Palazzolo, County Auditor
Sangamon County Building, Room 201
200 South 9th Street
Springfield, IL 62701

We appreciate this opportunity to respond to your request for proposal (RFP) for Sangamon County (County) to secure audit services related to the financial audits of the County's financial statements for the fiscal years ending November 30, 2012, 2013, and 2014, with the option of 2015 and 2016, at the discretion of the County.

We affirm that we have read and will comply with all terms and conditions set forth by the County in its RFP for audit services. Our services will be conducted in a thorough, efficient, and professional manner and in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* which are specific to governmental entities such as the County.

As background for your decision-making process, you may wish to consider the following:

- **Experience.** McGladrey has strong experience across the entire range of the governmental and not-for-profit sector, serving nearly 1,100 public sector clients nationally. Many of the governmental entities we provide services to include county and local governments.
- **Reputation.** Many of our governmental clients have been referred to us by regulators, among whom we have developed a reputation for providing quality auditing and consulting services.
- **Excellence.** We have assisted many clients in earning the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.
- **Technical capability.** Each of the professionals identified for your engagement meets or exceeds government standards required for this type of audit. Having our professionals dedicated to a particular industry ensures they will be up to date on trends, legislative changes, technological developments, and issues pertinent to your industry.
- **Accessibility.** Senior members of the engagement team will be on site, involved in the day-to-day audits, and available for informal meetings as questions arise or advice is needed.
- **Location.** We have over 150 professionals in our Central Illinois offices to serve you.

For more than 80 years, McGladrey has served the needs of governmental organizations like yours. McGladrey ranks as the nation's fifth largest provider of accounting, tax, and business consulting services.

Your proposed engagement team of selectively chosen and strategically aligned specialists is a diverse, seasoned and cohesive execution unit, inclusive of specialists from across our firm. Our team's experience includes financial and compliance audits of numerous state and local agencies and other clients of similar size and complexity to the County. Our proposed engagement team is representative of vast resources and the nation's top professionals working as one to serve the County.

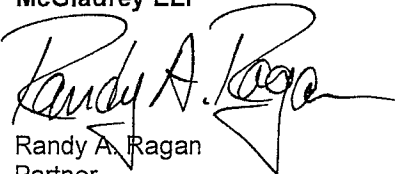
I am authorized to make representations, negotiate, and execute an agreement on behalf of McGladrey LLP. All of the information submitted in this proposal is true and correct.

This proposal will remain in effect and cannot be withdrawn for 90 days after October 1, 2012.

We look forward to your review of our qualifications and hope our proposal is the beginning of a long and mutually beneficial relationship. Please contact me at 217.789.7700 if you have any questions or need additional information.

Sincerely,

McGladrey LLP

A handwritten signature in black ink that reads "Randy A. Ragan". The signature is stylized with a large, sweeping initial "R" and a long, horizontal flourish extending to the right.

Randy A. Ragan
Partner

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Executive Summary

Based on our understanding of your expectations, we are confident that McGladrey has the right capabilities, qualifications, and client-service culture to serve as your audit firm.

To illustrate this alignment, we would like to highlight the following:

Local Team Committed to the Public Sector

Your team is composed of professionals based in our Central Illinois practice, and will be supplemented by professionals with technical knowledge specific to your needs. We look forward to meeting with you throughout the year to discuss your business priorities and any accounting impacts of your activities.

Deep Industry Experience

We serve nearly 1,100 public sector clients nationwide and over 150 throughout our Illinois practice. Our governmental industry practice was developed to add value to our public sector clients. This translates into direct knowledge of the unique challenges you face and the experience you need to help you meet your business challenges and achieve your goals and objectives. We have no plans locally, regionally, or nationally to reduce our commitment to the industry. In fact, we are seeking to further penetrate the public sector market.

Value-Based Service Approach

In handling your most immediate needs, McGladrey audit and business consulting professionals gain insight into critical areas of your operations. We will use the knowledge we collect to offer recommendations on potential business and operations improvements.

Reviews Completed On-Site

Whenever possible, we complete our partner-level reviews on-site. Our goal is to “turn the lights out” when we leave your offices—a practice that promotes efficiency, as well as overall client satisfaction.

Communication Regarding Emerging Issues

Our professionals monitor and analyze financial-reporting changes that affect the public sector industry and communicate those changes to clients through a variety of technical and advisory publications. In addition to personal contact from your engagement team, the County will have access to a variety of our technical and advisory publications.

Firm Qualifications and Experience

Fifth Largest Professional Services Provider

With more than 6,500 professionals and associates in more than 70 offices nationwide, we are the fifth largest U.S. provider of assurance, tax, and consulting services. We have over 150 employees in Central Illinois and more than 1,400 employees in Illinois, ranking as the largest non-Big Four providers of audit, accounting, tax, and consulting services in Illinois. McGladrey is a licensed CPA firm and a member of RSM International, the sixth largest global network of independent accounting, tax, and consulting firms.

THE 2012 accountingTODAY TOP 100 FIRMS																	
RANK	Firm	Headquarters	Chief executive	Year end	REVENUE		Offices	PERSONNEL				FEE SPLIT (in percent)					
					\$ mn.	% chg.		Partners	% chg.	Professionals	% chg.	Total emp.	% chg.	ASA	Tax	M&S	Other
1	Deloitte §	New York City	Joe Echevarria	Dec	11,939.00	9.15	100	2,886	0.10	38,301	13.69	51,262	12.10	32	20	44	4
2	PwC §	New York City	Robert Moritz	June	8,844.00	10.08	73	2,290	3.90	28,237	16.51	32,993	11.87	48	27	23	0
3	Ernst & Young §	New York City	Steve Howe	June	7,500.00	5.63	78	2,400	4.35	19,400	10.86	26,500	7.72	40	31	23	6
4	KPMG §	New York City	John Velimsky	Sept	5,361.00	9.65	89	1,744	-0.85	18,644	0.11	22,278	-4.67	43	26	31	0
5	McGladrey & Pullen*	Bloomington, Minn.	Joe Adams	April	1,370.42	-0.61	85	708	-4.58	4,843	-1.06	7,046	-1.18	43	36	20	1
6	Grant Thornton	Chicago	Stephen Chisman	Dec	1,140.12	5.1	54	549	4.61	4,048	13.07	5,847	11.39	45	29	26	0
7	CBIZ / Mayer Hoffman McCann ¹	Cleveland	D. Sabitu/B. Hancock	Dec	597.50	1.1	1	1	-0.72	1,692	-1.28	4,023	-5.14	23	27	50	0
8	BDO USA	Cleveland	J.L. Weinbaum	June	572.00	2.2	1	1	1,734	3.09	2,564	2.76	61	21	11	0	
9	Crowe Horwath ²	Oak Brook Terrace, Ill.	Charles Allen	March	529.71	8.1	1	1	1,629	3.54	2,420	3.42	45	23	18	14	
10	BDO USA	Springfield, Mo.	Ned Spore	May	391.20	0.0	1	1	1,844	1.45	50	22	18	0			
11	Moss Adams	Seattle	Rick Anderson	Dec	323.00	2.2	1	1	1,041	3.20	3	1	51	35	14	0	
12	Plante Moran ³	Southfield, Mich.	Gordon Kratz	July	304.35	2.1	1	1	1,041	3.20	3	1	51	35	14	0	
13	Dixon Hughes Goodman	Charlotte, N.C.	Ken Hughes	Dec	295.00	82.1	1	1	1,041	3.20	3	1	51	35	14	0	
14	LarsonAllen ⁴	Minneapolis	Geoff Viera	Oct	288.00	25.1	1	1	1,041	3.20	3	1	51	35	14	0	
15	Mazoom	New York City	Jeffrey Weiner	Dec	274.20	9.1	1	1	1,041	3.20	3	1	51	35	14	0	
16	Citron Gunderson	Milwaukee	Krista McMasters	May	254.65	5.0	1	1	1,041	3.20	3	1	51	35	14	0	
17	EsserAmper	New York City	Charles Weinstein	Jan	254.60	1.1	1	1	1,041	3.20	3	1	51	35	14	0	
18	H. Cohen	Roseland, Ill.	Thomas Marino	Jan	243.00	5.1	1	1	1,041	3.20	3	1	51	35	14	0	
19	Baker Tilly Virchow Krause	Chicago	Timothy Christen	May	242.00	1.1	1	1	1,041	3.20	3	1	51	35	14	0	
20	Harcock Group	Bethesda, Md.	Kenneth Baggott	Sept	202.50	5.1	1	1	1,041	3.20	3	1	51	35	14	0	
21	UHY Advisors ⁷	Chicago	R. Siani/A. Frabotta	Dec	186.03	-9.1	1	1	1,041	3.20	3	1	51	35	14	0	
22	Retiree, Katz & Co.	Roseland, N.J.	S. Katz/H. Altman	Dec	179.50	9.1	1	1	1,041	3.20	3	1	51	35	14	0	
23	ParenteBeard	Philadelphia	Robert Cianfoll	Dec	170.00	4.1	1	1	1,041	3.20	3	1	51	35	14	0	
24	BDO USA	PAID IN FULL	John Topp	April	151.60	-0.1	1	1	1,041	3.20	3	1	51	35	14	0	
25	Wipac	Milwaukee	Rick Dreher	May	142.17	26.1	1	1	1,041	3.20	3	1	51	35	14	0	

Key end notes: Last year's rankings have been revised based on 2010 revenue provided by firms. Some firms * Firm estimate or projection. † Accounting Today estimate. ‡ Gross revenue. § No change. NA Not available. 1 Office figure represents business offices, not every physical location. 2 McGladrey & Pullen LLP and RSM November 2011, M&P acquired RSM. 3 CBIZ and Mayer Hoffman McCann PC are associated through an April 4 firm's year-end is March; figures given are for calendar 2011. 5 Changed name from Plante & Moran. 6 LarsonAllen. The two together would have ranked No. 5, with app. \$540 million in 2011 revenue. 7 UHY A

Firm	US Revenue (\$M)
Deloitte	\$11,939
PricewaterhouseCoopers	\$8,844
Ernst & Young	\$7,500
KPMG	\$5,361
McGladrey	\$1,370

Local Team

We have a deep bench of individuals from our Central Illinois offices that we will be drawing upon to serve on the County's engagement. The engagement will be led by Randy A. Ragan, who will serve as Client Service Coordinator and Audit Partner. In addition, there will be a Manager, In-Charge, and 3 or 4 staff accountants assigned to the engagement.



Industry Specialization

Our firm has the size and depth to support specialization in key industries. We believe our industry-focused approach is essential to understanding the unique operating aspects of our clients' organizations. Government has been designated as a Top 5 strategic industry for McGladrey. We are focused on growing our Public Sector and federal compliance practices, while other national CPA firms are reducing their commitment to these industries.

Industry Knowledge and Experience

Our firm is a professional service provider to nearly 1,100 public sector clients across the nation, with more than 150 of these served by our Illinois practice. Drawing on this knowledge base, we are positioned to provide efficient, cost-effective assurance services without undue time commitment on the part of your team.

In working with the County, we will provide a team that not only knows the public sector, but also includes members with experience working in this sector. Bringing this firsthand knowledge to the work we do for the County enables us to customize an approach that reflects the unique characteristics of your business environment.

Professional Memberships

As a leading firm providing services to government, we are active in several industry organizations. Our commitment to the industry is demonstrated by individuals in our firm who are members of the:

- Illinois Government Finance Officers' Association (IGFOA)
- Technical Accounting Review Committee for the IGFOA
- National Government Finance Officers' Association (GFOA)
- Special Review Committee for the GFOA's Certificate of Achievement for Excellence in Financial Reporting program
- Illinois CPA Society Governmental Executive Committee
- Illinois CPA Society Ethics Committee

Our firm's involvement in professional organizations demonstrates our commitment to providing our governmental clients with the highest quality service.



Independence

We are not aware of any prior or existing relationships between our firm and the County or any of its agencies, its elected officials or appointed officials and employees that would impair our independence or objectivity. Potential relationships between our firm and the County that could impair our independence or objectivity include, but are not limited to, the following:

- Our professionals having a direct financial interest in a client or a material indirect financial interest in a client.
- Our professionals having a loan to or from a client, or an officer, director, or principal stockholder of a client.
- A member of a professional's immediate family or a close relative being employed in positions of significant influence with a client or an audit-sensitive position with a client.
- Our professionals receiving from the client a gift or a discount that is not available to a regular consumer.
- Our professionals serving as an officer or director for a client.

Should we become aware of any relationships between our firm and the County that could impair our independence or objectivity, we will give the County written notice.

License to Practice in the State of Illinois

McGladrey LLP holds an active CPA firm permit in every state, except for Alabama because it requires the firm to have an office within that state, which our firm does not. The Firm is properly licensed to practice public accounting in Illinois under Registration Number 066-003346. Please see Appendix C for proof of licensure.

Key personnel assigned to this engagement currently are properly licensed to practice in the State of Illinois.

Peer Review

McGladrey is subject to the triennial peer review requirements of the AICPA. The peer review focuses on the member firm's non-SEC audit practice. McGladrey LLP's system of quality control for the accounting and auditing practice applicable to non-SEC issuers in effect for the year ended April 30, 2010, was subject to peer review by the firm of BKD, LLP. The peer review included a review of clients from all of our focused industries, including government engagements. Under the peer review standards, firms can receive a rating of pass, pass with deficiency(ies), or fail. McGladrey received a peer review rating of pass. A copy of our most recent peer review report can be found in Appendix B.



Engagement Team Qualifications and Experience

The Right Team to Serve the County

The County will be an important client to McGladrey, and the quality of the personnel we will assign to the engagement underscores that importance. Their individual and collective talents make them uniquely qualified to provide the County with the highest level of professional services. Our team approach ensures timely completion of the engagement and communication of any findings.

We intend to minimize the disruption caused by changing firms through carefully planned development of key players on your team. You will see our plans outlined in the discussion of your client service team structure that follows. If a situation should arise where a change in the key personnel serving the County is necessary, we will notify appropriate management as soon as possible. As changes in key personnel cannot always be prevented, it is important that competent replacements are available. Because of our involvement in the audits of governmental entities and our depth of available resources throughout our St. Louis and Central Illinois practices, there is a very solid core of professionals available with the requisite industry experience and training to provide you with quality service on an ongoing basis.

We also have the ability to meet any "rotation" requirements for audit partners if that becomes necessary by regulation or at the request of the County. This ability to rotate audit partners provides the County with a "fresh look" without the necessity of transitioning to a new provider.

Complete engagement team biographies are provided in Appendix A.

Randy A. Ragan, CPA, CGFM
Client Service Coordinator and Audit Partner
217.523.3308
randy.ragan@mcgladrey.com

Randy is a partner in our Springfield office and will serve as the client service coordinator. In this capacity, he will be responsible for assuring the quality of services and the continuity of the service team. Randy will be responsible for determining your needs and providing our resources, which can help satisfy your needs.

As a firmwide industry specialist in our governmental industry practice, Randy will also serve as engagement audit partner. He will be responsible for the audit outlined in the request for proposal, including the development of the audit plan and approach. He will ensure that each facet of the audit engagement receives the proper emphasis and that the conclusions and recommendations reached are valid, creative, and feasible.

Randy has no disciplinary action against him by any licensing body nor is he prohibited from doing business with the government in any capacity. Randy is licensed to practice in Illinois.



Linda Abernethy, CPA

Quality Assurance and Financial Reporting Partner

847.413.6248

linda.abernethy@mcgladrey.com

Linda will serve as the independent report reviewer for our services the County. Linda is a partner in our public sector industry practice.

Linda has more than 25 years of experience. She has no disciplinary action against her by any licensing body nor is she prohibited from doing business with the government in any capacity. Linda is licensed to practice in Illinois.

Peter Berns, CPA

Audit Manager

314.925.3864

peter.berns@mcgladrey.com

Peter is a manager in our governmental practice and will coordinate day-by-day activities of the client service team, including determination of specific audit steps and client communications. He will monitor all phases of the audit to ensure timely completion.

Peter has approximately 6 years of experience providing services to our governmental clients, including audits in accordance with the Single Audit Act and OMB Circular A-133. He has no disciplinary action against him by any licensing body nor is he prohibited from doing business with the government in any capacity. Peter is licensed to practice in Illinois.

Nick Doukas

Audit In-Charge

217.523.3328

nick.doukas@mcgladrey.com

Nick is an associate in our Springfield office and will serve as the in-charge auditor on our services to the County. He will coordinate and review the work of our staff accountants. Nick will be responsible for the actual performance of the audit by coordinating and requesting information needed, supervising fellow professional staff members assigned to the audit, and ensuring adequate completion of all audit work.

Nick has nearly 3 years of experience providing services to governmental clients, including audits in accordance with the Single Audit Act and OMB Circular A-133. He has no disciplinary action against him by any licensing body nor is he prohibited from doing business with the government in any capacity. Nick is licensed to practice in Illinois.



Staff accountants

We have a deep bench of individuals who could serve this role. We have assigned Roman Svir, Trisha Sheley, and Katelyn Evans, all from our Springfield office, to the County's engagement.

Our Staff Continuity Commitment

We recognize the impact staffing changes have on clients and are committed to maintaining continuity and team stability as much as possible.

Our policy is to maintain the integrity of the client service team from year-to-year. Our goal is to return 100% of our management team and 2/3 of our staff annually. While we cannot guarantee that every member of the service team will return each year, we provide staffing consistency whenever possible.

Although our firm has a low turnover rate by national standards, we know how to minimize disruption when necessary. If a change in key personnel should arise, partners and directors on your account will transfer specific knowledge about the County to new team members, helping to bridge any gaps and avoid interruptions in performance of services. The County retains the right to approve or reject replacement personnel.

Continuing Education for OMB A-133 Requirement

In order to be designated to serve OMB A-133 audit clients, all of our assurance service professionals are required to make an annual commitment to be involved on a significant number of governmental and not-for-profit industry audit or attest engagements.

All of our professionals designated to serve governmental clients must attend a specified amount of industry specific continuing professional education on top of our standard audit and accounting curriculum. Our OMB A-133 staff must annually attend specific audit and accounting training. We also require our professionals to attend locally or nationally sponsored industry conferences and seminars.

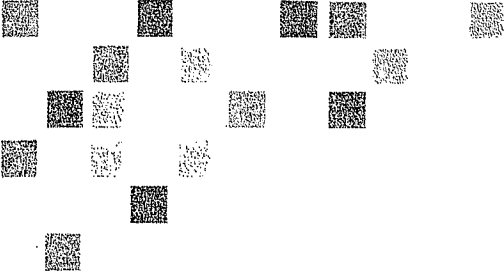
Annually, all staff members are required to attend firm-sponsored continuing education developed for each staff level. Professional education is comprised of quarterly and annual updates. We staff our engagements to make sure partners, directors, and managers are involved in all significant aspects of planning, fieldwork, review, and engagement reporting and have learned that efficiency and effectiveness is enhanced when such procedures are performed.

Similar Engagements with Other Government Entities

Expertise in Auditing Governments

Our current governmental audit practice is significant. The depth and breadth of our audit practice enables us to maintain a large complement of trained and experienced staff personnel. The following demonstrates our leadership in the governmental industry in Illinois:

- We currently audit several counties, municipalities, and other units of local governments similar in size and structure to the County.
- We have many audit clients that currently hold the GFOA's Certificate of Achievement for Excellence in Financial Reporting.
- We have performed numerous Single Audits, Tax Increment Financing (TIF) audits, and many special audits for individual governmental entities.
- We have extensive experience with governmental pension plans and required annual filings. We audit hundreds of pension plans, including some of the largest plans in the state.
- We have an in-depth knowledge of new GASB Statements and we have assisted many clients in their implementation.
- We have experience with all types of governmental accounting systems. We will utilize the County's system's capabilities to the fullest extent to provide the highest quality audit services with the least amount of disruption.
- We also have experience serving some of the largest governments in Illinois in the past three (3) years, including:
 - **Black Hawk County Sheriff**
 - Chicago Housing Authority
 - **Chicago Public Schools**
 - **City of Chicago Department of Transportation**
 - **City of East Peoria, Illinois**
 - City of Naperville, Illinois
 - **City of Peoria, Illinois**
 - **City of Springfield, Illinois**
 - **Cook County, Illinois***
 - DuPage County, Illinois
 - **Farmington (Illinois) Sanitary District***
 - **Heartland Community College***
 - **Illinois Central College***
 - Illinois Department of Commerce and Economic Opportunity
 - **Illinois Department of Revenue***
 - Illinois Finance Authority
 - **Illinois Housing Development Authority**

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- Illinois Municipal Retirement Fund
 - Illinois State Board of Investments
 - **Illinois State Toll Highway Authority**
 - **Illinois Student Assistance Commission**
 - **Illinois Teachers Retirement System***
 - **Illinois Valley Community College***
 - **Iroquois County, Illinois***
 - **Jo Daviess County, Illinois**
 - **Kane County, Illinois***
 - **Kaskaskia College***
 - **Lake County, Illinois***
 - McHenry County, Illinois
 - **McLean County, Illinois**
 - **Metropolitan Water Reclamation District of Greater Chicago***
 - Peoria County, Illinois
 - **Peoria Township, Illinois***
 - **Rock Island County, Illinois**
 - **SIU Edwardsville Alumni Association***
 - **SIU Edwardsville Foundation***
 - **State Universities Retirement System***
 - State's Attorney's Appellate Prosecutor
 - **University Park – SIU Edwardsville***
 - **Village of Rochester, Illinois***
 - **Will County, Illinois***

Bold denotes current client.

*denotes one or more members of the proposed Sangamon County client service team work on the audit.



Audit Approach

Scope of Services

The County wants a professional service provider who understands your industry, your current and future needs, and your reporting commitments. As specified in your request for proposal (RFP), you are interested in the following services for your fiscal years ending November 30, 2012, 2013, and 2014:

- Annual audit of the Sangamon County financial statements in accordance with governmental auditing standards generally accepted in the United States of America.
- A Single Audit of Sangamon County in accordance with the Single Audit Act and the Office of Management and Budget Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*.
- Management letters, control deficiency and significant deficiency letters.

Use of Audit Technology

Computer-assisted audit techniques we use are summarized below:

- **CaseWare.** McGladrey uses an audit automation tool that streamlines audit work. Use of this software reduces first-year work for your accounting staff and allows for a more efficient audit effort. In an automated audit engagement, workpapers are created and stored in electronic files. Audit program sheets are integrated with electronic workpapers and inserted into a comprehensive engagement file. This tool facilitates our documentation of your financial processes and internal control procedures, as well as testing for an understanding of the actual operation of these processes and controls.
- **Data mining and extraction.** We use IDEA™ as our data mining and extraction tool. In addition to some of the more common audit retrieval tools, IDEA™ improves audit efficiency by allowing us to perform fewer manual procedures. Functions include: (a) sampling, including selection and evaluation for systematic, random, stratified random, monetary unit and attribute sampling; (b) field manipulation that allows fields to be appended for calculations and re-computations, facilitates account reconciliations, and analyzes the population for major or unusual transactions; and (c) field statistics that display and print statistics about transactions.
- **Secured file transfer protocol.** As a McGladrey client, you will have access to our secured file transfer protocol. We will deploy an SFTP data repository in an effort to ensure client-prepared data files are posted to a central location, thus reducing, or otherwise eliminating, issues that may arise when such files are exchanged between client personnel and audit staff.



Understanding your Internal Control Structure

We draw an understanding of your internal control structure from your written internal policies and procedures, interviews with selected members of management, walk-throughs of sample transactions and the results of our audit procedures.

Laws and Regulations Subject to Audit Test Work

Our firm maintains a listing of laws and regulations that are applicable to each CFDA number. That listing forms the basis of such testing and is supplemented by testing related to State of Illinois and local (city and county) laws and regulations.

Drawing Audit Samples

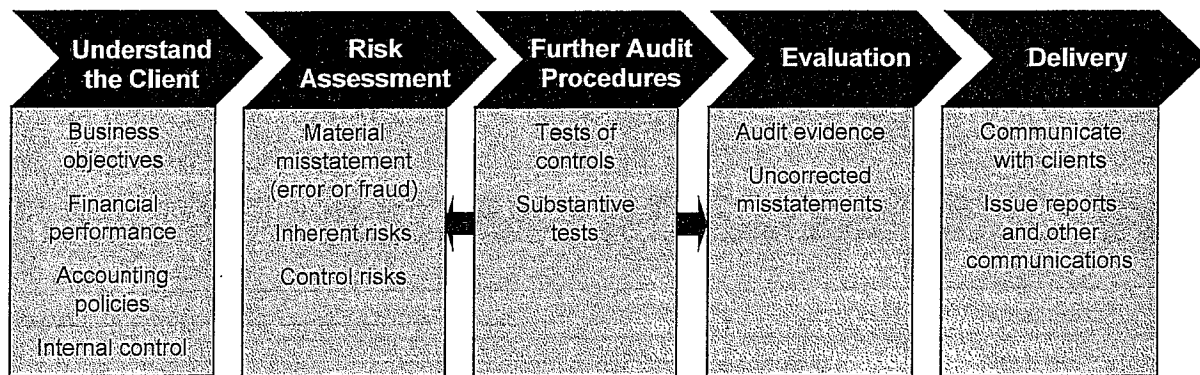
We use a number of different sampling techniques in our audits. Each year, we perform a risk assessment of your controls and procedures that determines the number and type of sampling plans that we will perform. That process results in an audit that changes from year-to-year and is always based on current circumstances.

Audit Process

Our audit process involves the following steps:

- **Understand the client.** We learn as much as possible about your business up front in order to properly understand the account balances, classes of transactions and disclosures relevant to your activities.
- **Risk assessment.** We assess the risk that errors or fraud may cause a material misstatement of financial statements. We next decide whether the identified risks relate to specific, relevant assertions related to significant account balances, classes of transactions, or disclosures; or whether they relate to the financial statements taken as a whole and potentially affect many relevant assertions. We then determine which of the identified risks of material misstatement are significant risks that require special audit consideration.
- **Audit procedures.** We next determine the nature, timing, and extent of tests of controls and substantive procedures necessary given the risks identified and the controls as we understand them. When audit evidence obtained from the audit procedures contradicts planned risk assessment procedures, we revise the assessment and plan and perform additional audit procedures to reduce risk of material misstatement related to those assertions to an acceptably low level.

- **Evaluation.** At the conclusion of the audit, we evaluate the sufficiency and appropriateness of the audit evidence obtained and whether the assessments of the risks of material misstatement at the relevant assertion level remain appropriate. We may redesign planned audit procedures based on our evaluation. We also evaluate the effects, both individually and in the aggregate, of known and likely misstatements that are not corrected by the organization. We accumulate all known and likely misstatements identified during the audit, other than those we believe to be trivial, and communicate them to the officials and the County Board on a timely basis.
- **Delivery.** We communicate with you frequently throughout the audit process to avoid surprises at the end. Our audit culminates with the issuance of a report on the financial statements, report on internal control over financial reporting, report to the County Board, and, if applicable, communications of material weaknesses and significant deficiencies.



No Surprises

In serving Sangamon County, we will communicate with you frequently throughout the audit process, whereby we address and resolve issues, new accounting standards, and changes in your organization throughout the year rather than just at year-end.

Smooth Transition to Working with Us

When we become your auditing firm, you will want the transition from your prior firm to be smooth, orderly, and as least distracting as possible. Any change of this nature will result in some disruption; however, with our extensive experience in succeeding other accounting firms, the disruption is minimized. Our process for transitioning clients from their prior auditors to our services emphasizes early planning with heavy involvement of partners, directors, and managers.

Together, we will develop strategies for handling information-gathering requirements, identifying key areas of operations, and navigating potential problem areas. We will then put in place an audit road map that includes an audit calendar and agreed-upon milestones and deadlines for successful, on-time completion of the audit.

Preparation of Internal Control and Management Letters

At the conclusion of our work, we will prepare a written report of significant findings from the audit. As required by professional standards, this report will be shared with those charged with governance. We will also communicate to management and those charged with governance any control deficiencies identified during the audit that, upon evaluation, are considered significant deficiencies or material weaknesses.

In the course of the engagement, our professionals may also observe opportunities for the County to modify or improve your practices or procedures. We will communicate those suggestions in a management letter that will be issued at the conclusion of the audit. We will be happy to assist you in addressing or implementing any of the suggestions that are communicated in our management letter.

When the management letter is issued, it will be intended solely for the information and use of the County Board, management and others within the County and should not be used by anyone other than these specified parties.

Implementation Plan

Work Plan	Date
Appointed as new audit firm	October
Review of predecessor auditor's work papers	November
Planning meeting with senior management and County Board leadership	November
Preliminary audit fieldwork/engagement planning	December
Year-end fieldwork	Late March to mid-May
Wrap-up, discussion of draft financial statements and report and internal control communications to the management team	Early to mid-May
Final draft financial statements and internal control communications to County Board issued	No later than May 15
Final reports delivered	No later than May 31

With our experience serving governmental entities, combined with our complement of over 150 professionals in Central Illinois and 1,400 statewide, we are confident of our ability to deliver final reports no later than May 31st, assuming no delays caused by the County in the timely preparation of requested account analysis or by the County's vendors, attorneys, actuaries, etc. in providing requested information.



Professional Fees

Proposed Fees

Our goal is to provide high-quality, reliable service at reasonable fees. Our fees for professional services are estimated based on our discussions with you, your current and expected operations, your committed level of assistance, and review of your financial statements. Our not-to-exceed fees are as follows:

Summary of Deliverables	Professional Fee		
	2012	2013	2014
Audit of Sangamon County's financial statements, including OMB Circular A-133 Single Audit	\$71,200	\$71,000	\$73,250
Report to the Sangamon County Board	Included	Included	Included
Management, control deficiency and significant deficiency letters	Included	Included	Included

We Invest in Building a Relationship

Because we want to invest in building a relationship with Sangamon County, you don't pay for our learning curve. We absorb the first-year costs of gathering historical information, building permanent files and understanding your accounting system and business objectives. We estimate these costs to be approximately \$15,000, which we will NOT bill the County.

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 Sangamon County; 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 state or federal laws. We would discuss any such changes with the County and obtain your written concurrence before proceeding.



Fee Assumptions

Our proposed fees are based on the following assumptions:

- Assistance will be supplied by Sangamon County personnel, including preparation of requested schedules and analyses of accounts before we commence year-end fieldwork.
- There are no significant changes in the nature and scope of the audit. Significant changes in the nature and scope of the audit could include new auditing requirements promulgated by the American Institute of CPA's, additional operations started or assumed by the County, a significant change in the level of federal funding, or an increase in the number of "major" programs, etc,
- There will be no need for substantial research of any unforeseen technical issues in order for us to complete our audit of the financial statements