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## C. Scope of services

*Growth through industry specialization is at the heart of Baker Tilly. We pair state and local government aligned professionals with powerful technology and service expertise to understand the County's strategies, anticipate your needs and adapt our solutions to overcome challenges.*

### A. Independence

*The firm should provide an affirmative statement that it is independent of the County as defined by the Government Auditing Standards, issued by the Comptroller General of the United States. The firm also should provide an affirmative statement that it is independent of all of the component units of the County as defined by those same standards.*

#### *Ensuring independence*

Baker Tilly and our partners and staff are independent with respect to the County as defined by generally accepted auditing standards (GAAS) and the Government Auditing Standards set forth by the U.S. Government Accountability Office (GAO). We will maintain an independent attitude and appearance through the full term of the engagement.

Formal independence guidelines are contained in our Employee Handbook based on rules and regulations established by the Comptroller General of the United States and the AICPA.

We have no knowledge of any business, investment or family relationships with the County, its agencies, officials, department heads or other employees and personnel of our firm that would impair our independence

### B. License to practice in Illinois

*An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in Illinois.*

#### *Documenting our licensure and certificates of awardability*

Baker Tilly is licensed to practice public accounting in various states across the United States. State licensing certifications are documented and can be provided upon request. All key CPAs assigned to the County's engagement are licensed to practice public accounting in Illinois.

## C. Firm qualifications and experience

*The proposer shall state the size of the firm, the size of the firm’s governmental audit staff, the location of the office from which the work on this engagement is to be performed, and the number and nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be employed on a part time basis.*

### *Offering our resources: Baker Tilly at a glance*

Baker Tilly has more than 6,000 employees. **More than 420 Baker Tilly professionals – including nearly 40 partners** – focus directly on serving governments, providing hundreds of thousands of client service hours annually to this industry. Your team is ready to help you find solutions to the obstacles that stand between you and your goals.

Your engagement will be served primarily from the Oak Brook, Illinois office. All members of your engagement team are full-time employees of Baker Tilly.

### *Location serving the engagement*

We will serve the County’s engagement with professional staff from our **Oak Brook office** as well as other offices in the Chicago region. Below is a breakdown of the staff that will be assigned to the audit. We do not intend to use any part-time staff.

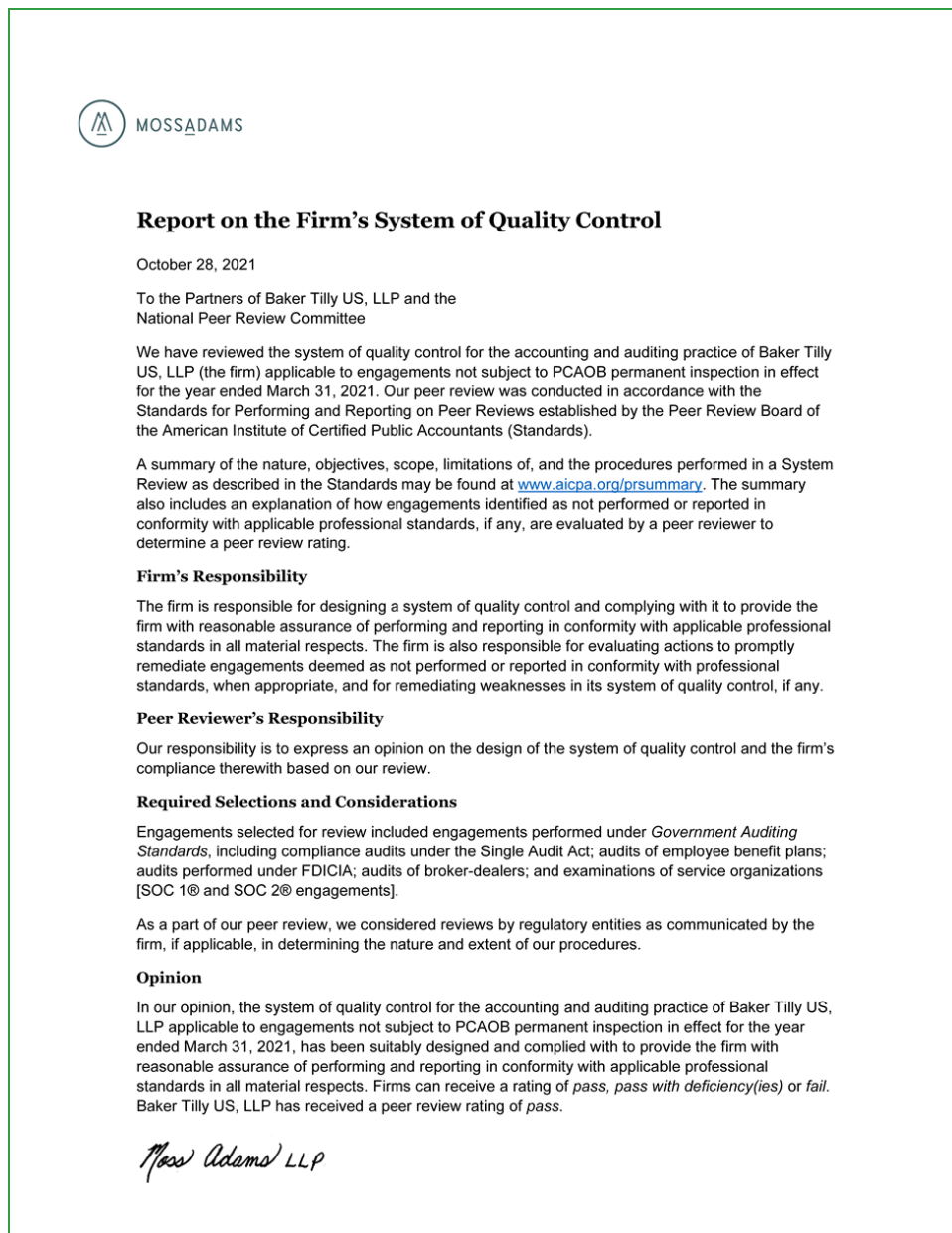
Classification	Number assigned
Partners	3
Managers/directors	7
Senior associates	5 – 6
Associates	5 – 6

*The proposer shall submit a copy of the report of its most recent external quality control review, with a statement whether that quality control review included a review of specific government engagements.*

## Receiving another “pass” report: Baker Tilly’s peer review

Our most recent peer review was completed in October 2021. **As with previous peer reviews, Baker Tilly received a “pass” report – the highest level of confidence we can obtain regarding our firm’s system of quality control.** Our quality control review includes a review of specific engagements. No letter of comments was issued. In our 90 years of business, Baker Tilly has never had disciplinary action taken against our firm by the AICPA or any state boards or regulatory agencies.

Our quality control review includes a review of specific engagements.



*The proposer shall also provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years.*

*In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.*

### **Federal or state desk reviews or field reviews**

The significant amount of governmental work we perform, and the numerous single audits we perform each year, subjects our work papers and procedures to frequent review by federal regulatory agencies and state departments. There were no significant findings for any such reviews

### **Staying in compliance: no disciplinary actions**

Baker Tilly's auditing procedures and working papers are compliant with applicable AICPA, PCAOB, Generally Accepted Government Auditing Standards and SEC standards, and federal and state laws. Our work is regularly evaluated through AICPA peer review, PCAOB inspections and other regulatory oversight.

We are pleased to report that our firm has never received disciplinary action by any state accountancy boards, the AICPA, the PCAOB nor any other agency.

## **D. Partner, supervisory and staff qualifications and experience**

*Identify the principal supervisory and management staff, including engagement partners, managers, other supervisors, and specialists, who would be assigned to the engagement. Indicate whether each such person is registered or licensed to practice as a certified public accountant in Illinois. Provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three years and membership in professional organizations relevant to the performance of this audit. Provide as much information as possible regarding the qualifications, experience, and training, including similar audit engagements, of the specific staff to be assigned to this engagement. Indicate how the quality of staff over the term of the agreement will be assured. Engagement partners, manager, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted or are assigned to another office. The County retains the right to approve or reject replacements. Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially the same or better qualifications or experience.*

### ***Aligning key engagement team members with your goals***

Your handpicked team of professionals offers a collaborative focus supported by the breadth and depth of our firm's national resources. We believe in strong personal relationships, and this means a personal interest in the County from some of our most experienced team members. Engagement team members are introduced below, and complete resumes are available in **Appendix A**.

**INTENTIONALLY SELECTED ENGAGEMENT TEAM FOR THE COUNTY**
***Engagement leadership***

**Jason Coyle, CPA – Partner**
***Role: Engagement partner***

Jason will oversee the entire engagement to make sure the County receives a meaningful, genuine experience. He is the team leader of the public sector practice group in Illinois. He specializes in providing financial and compliance audits, as well as accounting services. Jason has extensive experience with counties and other local government entities.

He will work with our Value Architects™ to provide a seamless and well-planned engagement process, valuable solutions and technically accurate final deliverables to achieve your goals. Jason is committed to the County's success and satisfaction with our services; he will collaborate with you and the team to meet your deadlines and exceed expectations.


**Michael Malatt, CPA – Partner**
***Role: Concurring/Quality reviewer partner***

Michael is a partner in the public sector practice group, specializing in accounting and audit services for state and local governmental entities, including counties, municipalities and school districts. He has been with the firm since 2007.

He will help make sure that quality, integrity and satisfaction are maintained at all times during the engagement.


**Joe Lightcap, CPA – Firm Director**
***Role: Audit lead for ACFR, Health Department, ETSB and VAC***

Joe Lightcap, a partner with Baker Tilly, has been with the firm since 2000. He is a member of the public sector practice group and specializes in providing accounting and auditing services to local governmental entities, including counties, villages, and school districts.

Joe will make sure Lake County's ACFR, Health Department, ETSB and VAC audits are completed according to plan and that your team is timely, meets your quality standards and exceeds your expectations.


**Amy Hausmann, CPA – Manager**
***Role: Audit manager for ACFR, Health Department, ETSB and VAC***

Amy is a manager with Baker Tilly and has been with the firm since 2017. She is a member of the firm's public sector practice group and specializes in servicing governmental clients.

Amy will coordinate project management and communication between the County and Baker Tilly to deliver a seamless, collaborative audit engagement. She will leverage her previous experience as well as continue to add to her understanding of your processes to effectively guide the County through complex or unusual transactions and answer day-to-day questions.

**INTENTIONALLY SELECTED ENGAGEMENT TEAM FOR THE COUNTY**

**Jodi Dobson, CPA – Partner**



**Role: Audit lead for Public Works and SWALCO**

As a firm public sector technical leader and partner, Jodi Dobson oversees all aspects of quality for Baker Tilly’s public sector assurance practice.

Jodi will make sure Lake County’s Public Works and SWALCO audits are completed according to plan and that your team is timely, meets your quality standards and exceeds your expectations.

**Ryan O’Donnell, CPA – Senior manager**



**Role: Audit manager for Public Works and SWALCO**

Ryan is a senior manager with Baker Tilly and has been with the firm since 2011. He is a member of the firm’s energy and utilities team and specializes in servicing governmental clients.

Ryan will coordinate project management and communication between the County and Baker Tilly to deliver a seamless, collaborative Public Works and SWALCO audit engagements. He will leverage his previous experience as well as continue to add to his understanding of your processes to effectively guide the Public Works and SWALCO through complex or unusual transactions and answer day-to-day questions.

**Amanda Blomberg, CPA – Firm director**



**Role: Audit lead for the Single Audit**

Amanda Blomberg, director in the state and local government group, has been with Baker Tilly since 2000. She specializes in providing single audits and consulting services to governments.

Amanda will oversee the County’s Single Audit planning, fieldwork and reporting. She will be responsible for the senior and staff associates during the audit process

**John Rader, CPA, MBA – Firm director**



**Role: Audit lead for Circuit Court Clerk**

John Rader, director in the public sector practice group, has been with Baker Tilly since 2001 He John specializes in providing financial auditing and consulting services to governmental units.

John will make sure Lake County’s Circuit Court Clerk audit is completed according to plan and that your team is timely, meets your quality standards and exceeds your expectations.

**INTENTIONALLY SELECTED ENGAGEMENT TEAM FOR THE COUNTY**



**Justin Hoagland, CPA – Senior manager**

**Role: Role: Audit manager for Circuit Court Clerk**

Justin is a Senior Manager with Baker Tilly and has been with Baker Tilly since 2012. He will coordinate project management and communication for Circuit Court Clerk between the County and Baker Tilly to deliver a seamless, collaborative audit engagement. He will leverage his previous experience as well as continue to add to her understanding of your processes to effectively guide the Circuit Court Clerk through complex or unusual transactions and answer day-to-day questions.

**THE COUNTY WILL RECEIVE TANGIBLE RESULTS WITH BAKER TILLY**

*All engagement team members are committed to the County's success. Their industry experience and service expertise translate into tangible results for the County.*

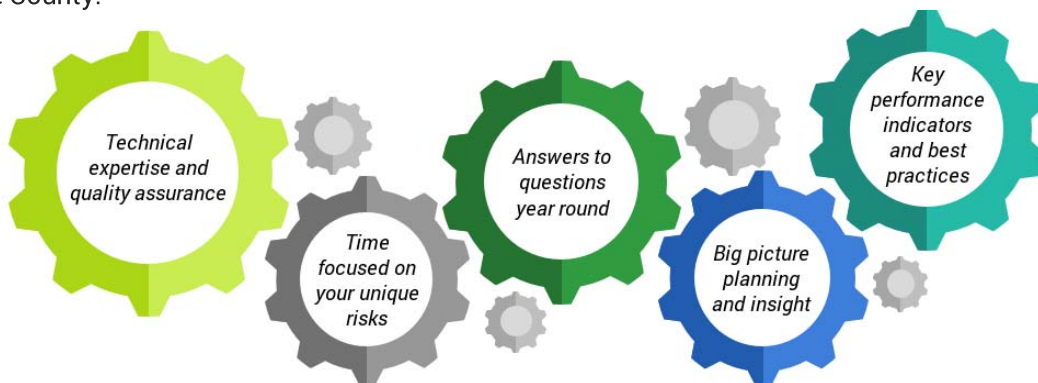
**Pairing local services with national resources**

The County will be a valued client, and you should expect to receive exceptional service. To be accessible and responsive to the County year-round, your engagement team will be led from our Oak Brook, Illinois office to minimize travel costs, strengthen the relationship and improve efficiencies. We are willing to work in either an in-person or remote arrangement, whichever works best for the County.

**Building trust and maximizing value with significant team member involvement**

Your experienced engagement team members will be responsive to your needs, quickly resolve challenges and build trust. You can expect to receive technical insights and an approach customized to your unique structure, culture, timing and strategic goals.

We are ready to serve you when you need us, where you need us and for as long as you need us. Whether it is an early-morning phone call or late-night email, we are here to give you peace of mind when it comes to financial reporting. The graphic below details how we will build trust and maximize value with the County.



**COLLABORATING WITH YOU AS YOUR TRUSTED VALUE ARCHITECT™**

*Your partners and managers will be deeply involved in the engagement to give them an in-depth working knowledge of your organization and processes to deliver value throughout the year.*

## Managing turnover and finding replacements

As part of our replacement strategy, we use a regional workforce planning manager to:

- Monitor job requirements and staffing
- Communicate with all staff levels
- Resolve conflicts
- Generate and review reports
- Maintain client and team member information

When turnover happens, this manager evaluates staffing needs and establishes the level of expertise required to quickly find suitable replacements. Our firm’s engagement partners and managers are responsible for onboarding replacements and minimizing any disruption to an engagement.

### *Offering a consistent team for the County*

We guarantee the same team members will serve the County throughout the engagement (subject to team members being promoted or leaving our firm). In some instances, they may alternate roles; however, all team members will have a strong knowledge of your operations.

## Cultivating an engaging culture to offer a consistent team

You can expect to see the same engagement team members every year and avoid the time and cost commitments of onboarding a new team. We view our commitment to staff continuity as the cornerstone of building a lasting relationship with the County.

Exceptional professionals thrive at Baker Tilly because we cultivate an engaging culture through diversity and inclusion, work-life balance, continuous learning opportunities, career advancement and employee recognition. As a result, **we had our lowest firm turnover in a decade during fiscal year 2021**. We invite you to click on the video below to learn more about Baker Tilly’s unique culture.



### **EMPHASIZING OUR CULTURE**

*What makes our firm special? The emphasis we put on our culture. We take care of our people so we can take care of our clients.*



**EVIDENCE OF OUR TEAM MEMBER-FOCUSED CULTURE AND COMMITMENT TO EXCELLENCE**

<p>Ranked as the <b>ninth largest accounting and advisory firm in the U.S.</b> according to INSIDE Public Accounting's 2021 Top 400 Firms list</p> 	<p>Recognized as <b>one of America's Best Large Employers</b> in 2021 by Forbes</p> 	<p>Received <b>250+ culture awards and workplace recognitions</b> firmwide</p> 
<p>Ranked as a <b>top 10 accounting and advisory firm for workplace prestige and quality</b> on Vault Accounting's Accounting 50 list; <b>culture</b> is the number one reason that team members join our ranks and stay at our firm</p> 	<p><b>Certified as a Great Place to Work®</b> for the fourth consecutive year</p> 	

**CULTIVATING AN ENGAGING CULTURE**

*Our commitment to attracting and retaining a top-quality workforce benefits the County through engaged team members and staff continuity.*

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## Continuing professional education (CPE) for state and local government auditors

Our state and local government auditors attend courses in accounting and auditing areas most important to our clients, including single audits. A sampling of recent courses attended by our team includes:

- Accounting and auditing updates
- Accounting and auditing single audit updates
- Advanced public utility accounting
- ASL inspector training
- Assurance risk
- An inside look at the service contract act
- Common fraud schemes in government
- Cybersecurity: It's not just for businesses
- Employee benefit plan training
- Energy and utilities training sessions, such as rate study training
- Enterprise risk management
- Financial statement training
- Numerous GASB training sessions
- HIPAA privacy and security for professional service providers
- Information technology risk assessment concepts for financial audit
- IT risk assessment standards (RAS) training for auditors
- Municipal update
- Not-for-profit training
- OMB Uniform Grant Guidance training
- Pay or play and beyond: Complying with the new healthcare reform rules
- Risk assessment and advanced auditing
- School interim update and technical audit skills
- Tax incremental financing
- Understanding other postemployment benefits (OPEB)
- Utility University

Our professionals regularly attend and present at workshops and conferences hosted by professional associations like the AICPA and Government Financial Officers Association (GFOA).

## E. Similar engagements with counties or other government entities

*For the firm's office that will be assigned responsibility for this audit, list the most significant engagements (minimum of 5) performed in the last five years that are similar to the engagement described in this RFP. Include all similar county work. Indicate the scope of work, date, engagement partners, total hours, and the name, email address and telephone number of the principal client contact. Specifically identify those engagements at which the managers and other supervisors who will be assigned to this engagement have worked. Indicate how your firm helped to improve financial reporting and financial processes at those engagements. Also, indicate those engagements, which achieved the Certification of Achievements for Excellence in Financial Reporting award while your firm was engaged as their auditors.*

### *Demonstrating successful relationships with similar clients*

We encourage you to connect with the clients below to learn more about the value of their relationship with Baker Tilly. Each client will offer a different perspective as you consider your own needs.

McHenry County (GFOA COA award winner)			
<b>Name</b>	Kevin Bueso	<b>Title</b>	Chicago Financial Officer
<b>Phone</b>	+1 (815) 334 4205	<b>Email</b>	<a href="mailto:kabueso@mchenrycountyil.gov">kabueso@mchenrycountyil.gov</a>
<b>Date</b>	2004 to present	<b>Hours</b>	750
<b>Scope of work</b>	Financial and single audits for the County as well as the County Circuit Clerk.		
<b>How Baker Tilly helped improve financial reporting and financial processes</b>	<p>Several years ago, Baker Tilly worked closely with McHenry County as they transitioned their financial reporting responsibilities from the County Auditor's office to the Department of Administration. This involved the realignment of responsibilities as well as established an altered structure for both internal and external financial reporting. Baker Tilly was able to provide insight, recommendations, and the continuum of financial knowledge necessary for this successful transition.</p> <p>Baker Tilly continues to work closely with County financial personnel through regularly scheduled weekly meetings to facilitate their production of the Annual Comprehensive Financial Report. This involves Baker Tilly and County personnel utilizing the recently purchased financial statement production software, as well as capital asset and debt management systems. This has allowed the County to move towards more efficient and accurate financial reporting both at year-end and in real time throughout the year.</p>		

DuPage County (GFOA COA award winner)			
<b>Name</b>	Jeff Martynowicz	<b>Title</b>	Chief Financial Officer
<b>Phone</b>	+1 (630) 407 6100	<b>Email</b>	<a href="mailto:jeffrey.martynowicz@dupageco.org">jeffrey.martynowicz@dupageco.org</a>
<b>Date</b>	County and Circuit Clerk: 2016-present / Public works – 2010 to present Health Department – 2012 to present		
<b>Hours</b>	3,000		
<b>Scope of work</b>	Annual financial and single audits for the County as well as Public Works, County Circuit Clerk, and Health Department		
<b>How Baker Tilly helped improve financial reporting and financial processes</b>	<p>In our time serving DuPage County as external auditors, we helped the County move from antiquated, decentralized recordkeeping, which resulted in materially misstated financial information, helped address ongoing accounting complexities (including the County’s Care Center and “off-book” operations) and navigate the ramifications of various new accounting standards. We have continued to work with the Finance Department to refine and tweak the ACFR to ensure accurate financial reporting and eliminate duplicative, unnecessary supplemental schedules.</p>		

Will County (GFOA COA award winner)			
<b>Name</b>	Karen Hennessy	<b>Title</b>	Finance Director
<b>Phone</b>	+1 (815) 774 6359	<b>Email</b>	<a href="mailto:khennessy@willcountyllinois.com">khennessy@willcountyllinois.com</a>
<b>Date</b>	2010 to present	<b>Hours</b>	850
<b>Scope of work</b>	Financial and single audits		
<b>How Baker Tilly helped improve financial reporting and financial processes</b>	<p>Baker Tilly has provided audit and advisory services to Will County for over 13 years. During that time frame we have provided tools, templates and technical advice for the implementation of multiple new accounting standards such as Governmental Accounting Standard Board Pronouncements #68 <i>Accounting and Financial Reporting for Pensions</i>, #75 <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i>, and most recently #84 <i>Fiduciary Activities</i>.</p> <p>Leading up to and throughout the implementation of these standards Baker Tilly worked closely with the Finance Department to assess the impact of these standards to the County’s ACFR. Tools were provided to the County to assist in performing calculations and determining amounts in the financial statements, example schedules and note disclosures were provided for the County to consider for further customization based upon the County’s individual needs and technical assistance was provided throughout the fiscal year to assist the County in implementing the requirements of these standards.</p> <p>One of the most notable outcomes from the implementation of GASB #75 was that the County Board established an OPEB Trust to fund the actuarial determined liability for the OPEB offered to County personnel. From this process the County continues to work toward funding the OPEB liability and is informed regarding the financial costs of these benefits and actively manages contributions to the Trust as financial resources are available</p>		

## C. SCOPE OF SERVICES

Kane County (GFOA COA award winner)			
<b>Name</b>	Joseph Onzick	<b>Title</b>	Executive Finance Director
<b>Phone</b>	+1 (630) 208 5113	<b>Email</b>	<a href="mailto:onzickjoseph@co.kane.il.us">onzickjoseph@co.kane.il.us</a>
<b>Date</b>	2014 to present	<b>Hours</b>	800
<b>Scope of work</b>	Financial and single audits for the County as well as the County Circuit Clerk		
<b>How Baker Tilly helped improve financial reporting and financial processes</b>	<p>Baker Tilly has served Kane County as its external auditors since 2014, assisting the County in the implementation of several significant standards (Statement Nos. 68, 75, and 84) and providing guidance and training to allow the County's Finance Department to take on partial ownership of the development of the financial statements – with the ultimate objective of preparing the entire ACFR themselves. This support has included the development of tools and templates that can be used by County personnel and ongoing training to ensure they have the skills necessary to implement accounting standards. Additionally, we have provided additional assistance to the County in improving internal processes and mitigating risk, including meeting with various County departments and offices to implement County-wide best practices in the management and oversight of decentralized bank accounts and financial activity to ensure accurate financial reporting.</p>		

Winnebago County (GFOA COA award winner)			
<b>Name</b>	David Rickert	<b>Title</b>	Chief Financial Officer
<b>Phone</b>	+1 (815) 319 4238	<b>Email</b>	<a href="mailto:dickert@wincoil.us">dickert@wincoil.us</a>
<b>Date</b>	2017 to present	<b>Hours</b>	1,200
<b>Scope of work</b>	Annual financial and single audits for the County as well as for the County Circuit Clerk and Forest Preserve		
<b>How Baker Tilly helped improve financial reporting and financial processes</b>	<p>Baker Tilly has provided tools, templates and technical advice for the implementation of multiple new accounting standards such as Governmental Accounting Standard Board Pronouncements #68 <i>Accounting and Financial Reporting for Pensions</i>, #75 <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i>, and most recently #84 <i>Fiduciary Activities</i>.</p> <p>Leading up to and throughout the implementation of these standards Baker Tilly worked closely with the Finance Department to assess the impact of these standards to the County's Annual Comprehensive Financial Report. Tools were provided to the County to assist in performing calculations and determining amounts in the financial statements, example schedules and note disclosures were provided for the County to consider for further customization based upon the County's individual needs and technical assistance was provided throughout the fiscal year to assist the County in implementing the requirements of these standards.</p>		

## C. SCOPE OF SERVICES

### Winnebago County (GFOA COA award winner)

Additionally, Baker Tilly has:

- Provided insight and proactive research when the County issued pension bonds
- Evaluated the determination of the required financial and compliance audit of the County’s tax incremental financing district
- Provided multiple agreed-upon procedures performed to both fulfill compliance requirements of various County departments as well as of vendors that the County utilizes

### Milwaukee County (GFOA COA award winner)

*\*Note: managed by the Milwaukee office*

<b>Name</b>	Jennifer Folliard	<b>Title</b>	Director of Audits
<b>Phone</b>	+1 (414) 278 4830	<b>Email</b>	<a href="mailto:jennifer.folliard@milwaukee-county.gov">jennifer.folliard@milwaukee-county.gov</a>
<b>Date</b>	2003 to present	<b>Hours</b>	2,200
<b>Scope of work</b>	Financial statement audits, pension audits and single audits		
<b>How Baker Tilly helped improve financial reporting and financial processes</b>	Baker Tilly has audited Milwaukee County since 2002. We helped the County navigate from an excel/word reporting process to CaseWare financial statements / footnotes. Additionally, we have assisted them in preparing sections of the reporting product over the years. With turnover and a new accounting software – Baker Tilly is assisting by preparing all financial statements and notes for the County this year.		

#### PROVIDING VALUABLE PERSPECTIVES FROM CURRENT CLIENTS

*At Baker Tilly, relationships matter. Our Value Architects™ have a record of successfully enhancing and protecting similar clients’ value – resulting in experience-based insights for Lake County.*

## F. Specific audit approach

*The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in Section II of this request for proposals. In developing the work plan, reference should be made to such sources of information as the County's budget and related materials, manuals and programs, and financial and other management information systems.*

### *Audit scope and purpose*

You have requested audit proposals for fiscal years 2022 through 2026. The scope of our audit includes a financial audit of the basic financial statements and a compliance audit of the County federal awards. Additionally, the scope of the audit will include other departments and organizations noted below under "Reporting". Our audit will meet or exceed all performance specifications listed in the RFP.

Our audit will be made in accordance with generally accepted auditing standards (GAAS) as promulgated by the AICPA; the AICPA audit guide, Audits of State and Local Governmental Units; Government Auditing Standards issued by the U.S. GAO; and OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

The primary purpose of the audit is to express an opinion on the financial statements of the entities subject to the audit. Such an audit is subject to the inherent risk that errors or irregularities may not be detected. If conditions are discovered that lead to the belief that material errors, defalcations or other irregularities may exist, or if any other circumstances require extended services, Baker Tilly will promptly advise an appropriate management level.

### **Reporting**

The following reports will be prepared and presented after the audit:

- Lake County Annual Consolidated Financial Report
- Report on Internal Control
- Single Audit – Schedule of Expenditures of Financial Reports
- Lake County Health Department
  - FQHC Report
  - Department of Human Services Grant Report
  - Department of Human Services Consolidated Financial Report (CFR)
  - Department of Children & Family Services CFR
  - Illinois Department of Healthcare and Family Services CFR
- Office of Circuit Court Clerk – Supplementary Financial and Compliance Report
- Lake County Public Works – Waterworks and Sewerage Systems Fund
  - Three Regional Audits (each)
- Solid Waste Agency of Lake County (SWALCO)
- Emergency Telephone System Board (ETSB)
- Veteran's Assistance Commission (VAC)

### **Control deficiencies**

In the required reports on internal control, we will communicate any control deficiencies found during the audit, per the following categories:

- A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.
- A material weakness is a deficiency, or combination of defects, in internal control. There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, detected, and corrected on a timely basis.
- A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

At the conclusion of each audit, we will prepare a written report to the County official that covers the following: Auditor's responsibility under GAAS, Government Auditing Standards and the single audit. Other information in documents containing audited financial statements include:

- Planned scope and timing of the audit
- Significant accounting policies, including any changes to them
- Accounting estimates
- Financial statement disclosures
- Difficulties performing the audit
- Significant audit adjustments, including proposed audit adjustments
- Disagreements with management
- Consultations with other independent accountants
- Management's representations
- Independence
- Other findings or issues

### ***Audit plan methodology***

We use integrity, objectivity, competence and due care to provide high-quality audit, accounting and advisory services to our clients.

Our objectives:

- Provide exceptional client service from a consistent team of individuals on a year-to-year basis
- Construct audit programs to streamline year-end procedures and improve the value
- Issue audited financial statements within a time frame that meets or exceeds management's expectations
- Utilize Baker Tilly resources to present a meaningful management letter
- Inform you of current and anticipated changes in professional standards that could affect you
- Provide services on a timely and cost-effective basis



Our procedures will include testing documentary evidence supporting the transactions recorded in the accounts and direct confirmations as deemed necessary. We will request written representations from your legal counsel as part of the engagement. At the conclusion of our audit, we will request certain written representations from management about the financial statements and related matters.

When we perform an audit, we develop a thorough understanding of your activities, operating systems, personnel and special needs, using this information to plan a complete but efficient audit. Areas that require more attention are identified, and unnecessary or redundant procedures are eliminated.

*Using our proven methodology*

You can expect to receive a quality financial audit without unnecessary procedures or work papers. Before completing internal planning, we will discuss our approach with you and modify our plans as appropriate.



**EMPLOYING AN EFFICIENT AUDIT APPROACH TO MEET THE COUNTY NEEDS**

*Baker Tilly's audit methodology is organized in five steps to ensure an efficient, collaborative process that aligns with the County requirements and adds value beyond the audit.*

**Approach to the audit**

Our audits are divided into four main phases: planning, interim audit work, year-end audit work and reporting. A description of each of the areas follows.



**DELIVERING THE AUDIT IN A FOUR-PHASED APPROACH**

*Our experienced audit team will keep in close contact with the County throughout the year as we move through carefully planned phases of the audit cycle to ensure all critical risk areas are addressed.*

Should there be any technical issues during the audit, we rely on our client-facing practitioners “in the field” to deliver appropriate and timely resolution. We do not farm out these issues to a national clearinghouse as it can lead to delays in issuing final reports.

At the conclusion of the audit, we will communicate recommendations for improvement based on industry best practices. We will also provide assistance with GASB standards implementation and other accounting questions throughout the year. Routine phone calls and questions are included in our audit services. We encourage you to call us with questions when they come up.

### *i. Proposed segmentation of the engagement*

#### **Segmentation of the engagement**

We have a proven audit approach that is tailored to the County and includes twelve work segments of the audit. In addition, throughout these work segments, the Baker Tilly team will utilize the County's system to view account transaction detail, journal entries, supporting documentation, etc. with the goal of creating an efficient audit. Those segments, along with the anticipated audit procedures for each segment, have been taken one step further and customized for the County and are discussed below.

#### **1. Engagement planning and administration**

- Prepare client information forms, obtain signed engagement letters and complete independence procedures
- Review previous audit reports and internal control reports
- Prepare memorandum regarding overall County operations for permanent file records
- Complete staffing and scheduling summary
- Hold planning conference with engagement partner and in-charge auditors
- Hold planning and progress conferences with the County as needed
- Obtain all documents and information required for permanent file
- Read minutes of the County meetings
- Perform various testing of compliance with laws and regulations
- Develop and approve audit programs
- Accumulate points to be included in management letter and draft letter
- Review working papers for completeness
- Undergo partner-level working paper reviews
- Hold exit conference with key County personnel
- Make presentation to the those charged with governance

#### **2. Risk assessment and internal controls**

- Perform entity-wide risk assessment procedures
- Conduct fraud interviews
- Determine major transaction cycles
- Perform evaluations of internal controls over major transaction cycles
- Complete information technology risk assessment
- Test internal controls as applicable
- Determine reliance on internal controls and resulting substantive audit procedures

### 3. Cash and investments

- Review ledger account entries and compare cash account balances
- Confirm year-end cash and investment balances with depositories
- Obtain bank reconciliations and substantiate reconciling items
- Substantiate cash cut-offs and interbank transfers
- Test investment transactions and interest earned
- Test market values of applicable investments
- Audit financial statement disclosures

### 4. Revenue

- Compare revenues to prior-year actual, current budget, or other expectations
- Analyze accounts with significant variations
- Confirm or otherwise validate accounts receivable and taxes receivable
- Confirm and reconcile state and federal aid
- Reconcile other revenues to claims and invoices filed
- Perform a search for unrecorded receivables
- Review functional classifications of revenues for governmentwide financial statements
- Test capital contributions
- Analyze allowances for uncollectibles

### 5. Expenditures/expenses

- Compare expenditures to prior years, budgeted amounts or other expectations
- Analyze accounts with significant variations
- Review accounts payable listings, determine proper cut-offs and test for unrecorded liabilities
- Validate prepaid items
- Verify vested compensated absence liabilities
- Test insurance-related accruals or IBNRs
- Determine the appropriateness of other liability accounts, including accrued payrolls and related withholdings, retainages and other liabilities
- Test pension information and disclosures
- Test other postemployment liabilities

### 6. Property

- Obtain capitalization policy for capital assets and infrastructure
- Obtain summary schedules of capital assets and infrastructure, including additions, retirements and accumulated depreciation
- Test capital assets and infrastructure additions and deletions
- Test capital assets and infrastructure depreciation/amortization calculations

### 7. Inventories

- Observe physical inventories, if material
- Test pricing, quantities and extensions of final inventories

### 8. Financing/equity

- Verify bond and note balances owed
- Obtain information on new issues, if any
- Trace transactions to the general ledger
- Re-compute interest expense
- Determine the nature and appropriateness of net position and fund balance categories

### 9. Financial reporting

- Propose adjusting entries (if applicable) and provide adjusted trial balance to County for initial review at the commencement of report drafting
- Ascertain that all items of audit significance contained in the minutes have been considered and cross-referenced to the work papers
- Draft the financial statements and schedules
- Finalize the working trial balance and provide export of County accounts summarized at the financial statement line item level by the opinion unit and fund
- Perform subsequent events review to the date of completion of fieldwork
- Obtain management and attorney representation letters
- Finalize required reports

### 10. Single audit

- Obtain a schedule of federal awards and review for accuracy and completeness
- Obtain a summary schedule of prior audit findings
- Determine major federal grant programs and coordinate designated scheduled audit testing time with grant personnel responsible for administering each major program as well as the County finance team to conduct testing either remotely or on-site
- Review compliance requirements for major federal grants and send out provided by client (PBC) listings in advance of scheduled time determined above
- Test the County's internal control over compliance requirements that could have a direct and material effect on major programs
- Test compliance with laws and regulations governing the County's major federal grants
- Draft required single audit reports
- Draft schedule of findings and questioned costs
- Obtain responses to findings and the corrective action plan from the County, if needed
- Assist the County with completion and submission of the Data Collection Form after the County's review

**11. Public Works Department and SWALCO audits**

- Our energy and utility industry teams is dedicated solely to serving those specific clients and will assist with the audits of Lake County Public Works Department and SWALCO
- Baker Tilly will approach these audits as separate from the County Finance Department for all audit areas that accounting personnel at the Public Works Department and SWALCO perform and oversee
- Schedule dedicated time to conduct separately the audit testing of the Public Works and SWALCO audits either remotely or on-site based on preference
- Coordinate effort for any segments that the County handles for each entity in order to avoid duplication
- Leverage our expertise with utilities and the decentralized nature as well as knowledge of systems at Lake County Public Works for efficiency wherever it makes sense

**12. Health Department and Department of Transportation funds**

- Baker Tilly will approach audit testing of these funds separate from the County Finance Department for all audit areas that Health Department and Lake County Department of Transportation accounting personnel perform and oversee
- Schedule dedicated time to conduct separately the audit testing of the Health Department and Department of Transportation Funds either remotely or on-site based on preference
- Coordinate effort for any segments that the County handles for each fund in order to avoid duplication
- Where possible leverage audit testing and supporting documentation obtained during the County's single audit of any health department programs to gain efficiencies while auditing the Health Department

*ii. Proposed timing of the engagement and dates on site*

**Co-developing a timeline to meet the County’s deadlines**

Your time is valuable, and one significant way we will add value to your organization is by delivering our services on time or ahead of schedule.

Below is an overview of our customized approach to successfully provide audit services. During your client service plan development, we will collaborate with the County to co-develop an agreed-upon service timeline that meets your needs and timing requirements.

ACTIVITY	2022			2023					
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Kickoff, develop relationship expectations and planning	█	█							
Transition procedures	█	█							
Risk and opportunity assessment		█	█						
Interim fieldwork		█	█						
Year-end fieldwork						█	█		
Audit conclusion (reporting and discussing audit results)								█	
Reporting out to board								█	█
Project management and communication	█	█	█	█	█	█	█	█	█

**COMMITMENT TO SUCCESSFULLY DELIVER AUDIT SERVICES TO MEET THE COUNTY’S REQUIREMENTS**

*The County’s time is valuable. We will co-develop a timeline to provide the County services on time or ahead of schedule.*

## C. SCOPE OF SERVICES

iii. Level of staff and number of hours to be assigned to each proposed segment of the engagement.

### *Outlining the time our team will spend on your audit*

The amount of time each team member spends on your audit will depend on potential changes at the County, such as in your personnel, new accounting regulations or accounting records. The table below shows the time we expect to spend on the engagement.

	Partner	Director	Senior Manager	Manager	Senior	Staff	Totals
Planning and administration	20	9	13	29	96	93	260
Risk assessments and internal control	14	7	9	20	66	63	179
Cash/investments	10	5	7	14	48	46	130
Revenues	16	8	11	22	74	70	201
Expenditures	16	8	11	22	74	70	201
Property	8	4	6	12	39	37	106
Financing/equity	5	3	4	7	25	23	67
Financial reporting	15	7	10	21	71	68	192
Single audit	6	16	0	20	80	80	202
<b>Total hours</b>	<b>110</b>	<b>67</b>	<b>71</b>	<b>167</b>	<b>573</b>	<b>550</b>	<b>1,538</b>

#### PROVIDING AN ACCESSIBLE AND CONSISTENT ENGAGEMENT TEAM

*Our team members have the ability and availability to complete the County's audit on time and on budget.*



*iv. Sample size and extent to which statistical sampling is to be used in the engagement.*

**Sample sizes and statistical sampling**

We may plan to use audit sampling throughout phases of our audit because we believe this allows us to perform an audit that is more cost beneficial to our clients. We have identified the following audit sampling tests that may be used on the County’s audit. They include:

- Substantive tests of details of balance sheet accounts
- Tests of controls
- Tests of compliance with laws and regulations

After reviewing and evaluating the County’s internal controls, we will decide the internal control procedures we intend to test. We will set the expected error rate, audit risk and tolerable error rate parameters to determine the sample size we will generate.

We may perform these procedures in the following areas:

- Cash receipts
- Cash disbursements
- Payroll
- Journal entries

We expect to use the following sample ranges; however, these may increase or decrease based on the results of our understanding of the County’s internal controls:

Tests of controls	Sample ranges
Cash disbursements/expenditures	25-60 documents
Payroll	25-60 documents

*v. Extent of use of computer software in the engagement.*

**Embedding innovation to add efficiencies and insight for the County**

A key factor in your success is an ability to quickly adapt to new innovations and adjust to changing regulatory environments. Our firm’s investment in technology is an investment in helping you do both.

<p><b>Efficiency</b></p> <p>We will spend more time on high-value activities because we can streamline workflows through automation and scripting.</p>	<p><b>Accuracy</b></p> <p>Machines and programs process information consistently and comprehensively, providing a reliable check on human error.</p>	<p><b>Focus</b></p> <p>Technology removes repetitive, low-value tasks from our work, so we can focus on creating custom solutions and tailored insights.</p>	<p><b>Insight</b></p> <p>With analytics, data can be retrieved, sorted and analyzed in new ways to reveal trends and opportunities that address your needs and challenges.</p>	<p><b>Impact</b></p> <p>We can provide the right tools to enhance and protect your value – making a lasting difference now and into the future.</p>
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**TECHNOLOGIES IMPROVE THE COUNTY’S EXPERIENCE**

*The County, not Baker Tilly, is the true beneficiary of our technology investments. These technologies increase the value we deliver to you as our client because they improve the way we work.*

**Powering the County’s engagement with technology tools**

The County will receive a range of technology tools, as detailed below, that will infuse efficiencies and value into the engagement.

Benefits to the County	
<b>Assurance</b>	The County will receive an exceptional work product with industry-specialized templates and content.
<b>Research</b>	The County can expect us to stay up to date on relevant accounting pronouncements – and how we can apply them for your organization.
<b>Data conversion</b>	Your management team will receive data in a visual format that illustrates the linkage between risks, controls and procedures.
<b>Secure collaboration</b>	The County can expect secure and seamless collaboration, visual presentations and remote check-ins.

**YOUR ORGANIZATION WILL EXPERIENCE EFFICIENCIES AND IMPROVED PROCESSES.**

*The County will benefit from your technology innovations*

**Using Huddle to identify and coordinate document requests**

During engagement planning, we will collaborate with your management team to develop a comprehensive request list based on the County’s previous audits – keeping in mind the relative materiality of a transaction cycle. The County will receive this list as soon as possible to make sure you can prepare and limit the amount of requests shared during our team’s on-site fieldwork.

Huddle, a secure cloud software, allows us to collaborate anywhere, anytime and on any device. Our team members and the County can share and edit files, assign tasks and track activity in a safe environment, which makes it easy to coordinate PBC documents throughout the engagement.

**Leveraging TeamMate Analytics in our engagements**

Baker Tilly public sector professionals are adept at using TeamMate Analytics. Our firm holds a number of TeamMate licenses (seats) and has the necessary hardware to support this computer assisted auditing software that is utilized for journal entry testing and to analyze large amounts of data (also has the capability to pull text from PDF to Excel).

**Building the audit of the future: Global Focus Methodology 2.0 (GFM 2.0)**

Our firm’s GFM 2.0 initiative redefines how we approach an audit to drive **quality, efficiency and value for clients** like the County. It pushes us to think outside the box about how we can leverage new technology to better meet our clients’ needs.

GFM 2.0 committee members consider all aspects of the audit approach to enhance innovation through automation and best practices. This means the County will receive a **standardized, streamlined audit that focuses on your unique risk areas and offers an exceptional work product** using industry-specialized templates and content.

**What GFM 2.0 means for our clients**

GFM 2.0 provides a firm-approved approach to testing and consistency in our audit process, tools and documentation.

You can expect an improved, efficient audit process that leverages our technology innovations, data and resources.

*vi. Type and extent of analytical procedures to be used in the engagement.*

**Analytical procedures**

Analytical procedures may range from simple comparisons to complex models involving many relationships and elements of data. GAAS require analytical procedures in all audits of financial statements.

Our analytical procedures are performed at three points during the audit process – during planning as a tool to assess risk, during fieldwork as a substantive test of account balances and transactions, and during the final review of the financial statements to evaluate overall financial presentation and disclosure.

They are performed during our planning to help us determine where we might need to focus additional attention.