Operating Standard

Title: Audit Firm Selection **Number:** A5000.00
Type: Administrative
Responsible: Vice President of Admin Services
Related Policies: B3006 Financial Condition
Linked Procedures: A5000.05…A5000.125
Related Laws: 110 ILCS 805/3-22.1, 50 ILCS 310
Related Standards: GASB Statement No. 54, GFOA Guidance, Moody's Investor Service "Scorecard" Rating System 2014
HLC Criterion: 5B

Statement

The Vice President of Finance and Operations shall solicit auditing services from an accounting firm with at least one (1) accountant licensed to practice public accounting in Illinois in accordance with ILCS 805/3-22.1. In selecting the accounting firm, the College will issue a request for qualifications (RFQ). An ad-hoc audit committee shall be selected by the chairperson of the Board of Trustees, which will participate with the administration in the process of choosing the accounting firm to be recommended to the Board of Trustees. The accounting firm conducting the audit may serve no longer than seven (7) contiguous years.

The audit report is due to the Board no later than November 15 after the end of the fiscal year unless application for extension is made to, and approved by, the Illinois Community College Board. The auditor shall perform its examination in accordance with generally accepted auditing standards and regulations prescribed by the Illinois Community College Board. The report shall include a report on internal controls and compliance with laws and regulations. The examination and report will include a verification of student enrollment and any other figures upon which claims are filed with the Illinois Community College Board. The report will also contain a statement of the scope and findings and a professional opinion signed by the auditor. If a professional opinion is denied, the auditing firm will set forth the reasons for the denial. The College will not limit the scope of the examination so as to cause a qualification of the professional opinion. Copies of the audit report shall be filed with the Illinois Community College Board in accordance with its regulations and shall be filed with the official records of the Board. Procedures for payment of the expenses of the audit shall be in accordance with Section 9 of the Governmental Account Audit Act.

Calendar of Activities

October - December

1. Determine if the committee wishes to extend the current agreement with the auditor. This should occur following the presentation of the audit to the ad hoc audit committee, in the last year of the present contract.
2. If YES, then request the auditor to send the next year's engagement letter and have the VPFO sign the engagement letter. If NO, notify the auditor in writing that the college will not be extending, but will be issuing a request for qualifications (RFQ). The remainder of this procedure relates the selection of a new auditor.
3. Request best practice RFQ's for auditing services from the Illinois CFO listserv.
4. Update RFQ for Auditing Services to reflect best practices and policy requirements.
5. Request review of RFQ by college legal counsel.

January

1. Advertise RFQ as required in board policy 7154, Purchasing, and direct mail RFQ's with cover letter to all accounting firms in the college district, along with, all firms used by Southern Illinois community colleges. Request intent to participate be returned upon receipt of the RFQ by end of January.
2. Email RFQ document to members of the audit committee.

February

1. Response to requests for information pertaining to the audit RFQ through addenda to all firms that returned intent to participate.
2. Create RFQ scoring document.
3. Schedule brief meeting of the audit committee, either in person or interactive video, to review the scoring document and to consider revisions.

March

1. Public open all RFQ submissions, reading name and address of firm only. Since this is not a bid, there is no requirement to read pricing.
2. Schedule preliminary meeting of the audit committee to present RFQ submissions and review timeline for review and scoring.

April

1. Finalize RFQ scoring.
2. Hold an audit committee meeting to discuss scoring and discuss whether or not interviews are to be held. If not, reach a decision for the committee recommendation by consensus. Hold interviews, if required.
3. Deliver recommendation for auditor to the Board of Trustees, in writing by April 15th ("Tax Day").

May

1. Board to name the accounting firm.
2. VPFO to contact accounting firm of choice and request letter of engagement and to discuss timeline for audit.
3. VPFO to sign the engagement letter.

Change Log		
Date	**Description of Change**	**Governance Unit**
04.05.21	Initial Adoption	VP of Admin Services
06.13.24	Converted to new template	