



City of Palo Alto
Internal auditor services
July 10, 2020



Baker Tilly Virchow Krause, LLP
10 Terrace Court
Madison, WI 53718
tel +1 (608) 249 6622
fax +1 (608) 249 8532
bakertilly.com

July 10, 2020

Mr. Pete Gonda
City of Palo Alto
Purchasing/Contract Administration
250 Hamilton Ave.
Palo Alto, CA 94301

Dear Mr. Gonda:

Baker Tilly Virchow Krause, LLP (Baker Tilly) appreciates the opportunity to respond to the City of Palo Alto (the City) regarding your request for proposal (RFP) #F21-001 for internal auditor services. We also acknowledge Addendum #1, issued on July 2, 2020.

Baker Tilly has decades of experience performing internal audit services for state and local governments. Based on our previous successes performing this type of work for municipalities like yours, our team of internal audit and municipal government consulting professionals and subject-matter specialists will provide exceptional value to the City and exceed your objectives on this important project.

As a **Value Architect™**, we establish a productive, value-generating internal audit function for the City that helps you improve governance and control, optimize your resources, meet your operating requirements and better meet the needs of your citizens. Building off nearly 90 years of experience serving governments like yours, Baker Tilly use our industry expertise to inform our approach to staffing, performing and reporting our internal audit work.

Key factors that differentiate Baker Tilly include:

- A nationally recognized firm with deep government consulting expertise and knowledge of unique municipal issues
- A service team with significant experience performing internal audit and consulting engagements and providing actionable, easily understood recommendations for improvement
- Extensive advisory and co-sourced internal audit relationships with state and local governments and other public entities, giving us a clear picture of what operational excellence looks like
- Exceptional Client Service approach, meaning we work strategically and collaboratively with the City

Baker Tilly asks that sections clearly marked **CONFIDENTIAL, **PROPRIETARY** or **TRADE SECRET** be redacted in public distribution of this proposal.**

The following proposal outlines why Baker Tilly is the perfect fit for the City. To ensure that the City receives our best efforts, I will be personally involved in all aspects of our work. I look forward to discussing the details of our proposal. If you have any questions or want more information, please do not hesitate to contact me at +1 (608) 240 2469 or jodi.dobson@bakertilly.com.

Sincerely,

BAKER TILLY VIRCHOW KRAUSE, LLP

A handwritten signature in dark ink, appearing to read "Jodi L. Dobson".

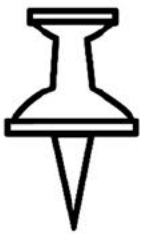
Jodi L. Dobson, CPA, Partner

Table of contents

CHAPTER 1 – PROPOSAL SUMMARY	1
CHAPTER 2 – PROFILE ON THE PROPOSING FIRM	3
CHAPTER 3 – QUALIFICATIONS OF THE FIRM	9
CHAPTER 4 – WORK PLAN OR PROPOSAL.....	40
CHAPTER 5 – PROPOSED INNOVATIONS	53
CHAPTER 6 – PROJECT STAFFING	58
CHAPTER 7 – PROPOSAL EXCEPTIONS	67
CHAPTER 8 – PROPOSAL COSTS SHEET AND RATES	72
CHAPTER 9 – EVIDENCE OF FINANCIAL STABILITY	76
APPENDIX: RESUMES	I
APPENDIX: EXCEPTIONAL CLIENT SERVICE	XXXIII
APPENDIX: ATTACHMENT A	XXXV

The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. Tax information, if any, contained in this communication was not intended or written to be used by any person for the purpose of avoiding penalties, nor should such information be construed as an opinion upon which any person may rely. The intended recipients of this communication and any attachments are not subject to any limitation on the disclosure of the tax treatment or tax structure of any transaction or matter that is the subject of this communication and any attachments. Baker Tilly refers to Baker Tilly Virchow Krause, LLP, an independently owned and managed member of Baker Tilly International.





Chapter 1 – Proposal summary

Why choose Baker Tilly?

The City is a highly desirable internal audit client, and you will have many options in choosing your firm. But Baker Tilly offers a unique, compelling value proposition, a combination of experience, resources, methodology and service that no other firm can offer. As you make your decision, consider the benefits that set Baker Tilly apart:

340+

INTERNAL AUDIT CLIENTS

across industries. The team proposed to serve the City has experience supporting impactful internal audit functions that create value and enhance operations at operationally complex municipalities like yours.

1,000+

STATE AND LOCAL GOVERNMENT CLIENTS, including several large municipalities with comparable operational challenges and internal audit objectives; this gives the City deep public sector expertise.



RECORD OF STRATEGIC INTERNAL AUDIT

With our help, clients have positioned their internal audit more strategically, facilitated critical dialogue, maximized the value of their resources and succeeded in anticipating changing expectations and environments.

300+

RISK AND INTERNAL AUDIT PROFESSIONALS

at Baker Tilly – ensuring the City has access to specialists who understand your business needs, requirements, risks and challenges, and can help you stay current in a changing environment.



BREADTH OF INTERNAL AUDIT SKILLSET

The City is a complex, dynamic government that needs an internal audit firm with broad capabilities. Baker Tilly offers those broad capabilities and can assist the City with audits of finance, accounting, IT, grants, procurement, construction, public housing and other key areas.



COLLABORATIVE INTERNAL AUDIT APPROACH

Rather than dictate solutions, Baker Tilly works closely with clients at every step of the process, from planning to final recommendations. As the City's strategic internal audit partner, we will incorporate your input and focus on your specific needs.

The City's ideal internal audit provider

Baker Tilly is the ideal partner for the City. In addition to the team size and breadth of our internal audit services outlined above, our key differentiators include:

- **Significant experience providing internal audit services to governmental clients.** We have performed hundreds of co-sourced and outsourced internal audit engagements to help a wide range of public sector organizations enhance internal controls, improve operations, and offer independent and objective insights into a variety of business and municipal functions. Our approach to internal control assessment and test work, performance audits and management consulting services emphasizes adding value while evaluating and improving the effectiveness of your operations.

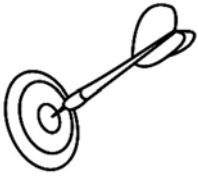


- **Commitment to our California clients.** With experience extending across more than 40 states, location is not a factor in delivering exceptional client service to our California clients. Our past and current public sector clients in the state include the Cities of Goleta, Carlsbad, Riverside, Burbank, Modesto and Richmond. We have also served a number of utility clients, including Sacramento Municipal Utility District, Imperial Irrigation District, Northern California Power Agency, San Diego Gas & Electric, Glendale Utilities, Pasadena Water and Electric, Anaheim Public Utilities, Trinity Public Utility District, Lassen Municipal Utility District, Colton Electric Utility, Balancing Authority of Northern California and the California Public Utilities Commission. To better serve our growing number of clients in your state, we now operate **offices in Los Angeles, Orange County, San Diego, San Francisco and San Diego**. In addition to the core team serving your engagement, you will have access to these local resources as needed.
- **Extensive public sector qualifications.** Within this proposal, we highlight our extensive internal audit expertise. With that said, please know that we will the full breadth of our public sector practice available to the City on audit and consulting projects. That includes our public sector specialists in financial/external audit, single audit and grant compliance, internal audit and risk consulting, municipal advisors, management consultants, executive recruiters, and classification/compensation consultants.
- **Large firm resources with personalized, responsive client service.** Baker Tilly is large enough to offer the City the professional capabilities you need, yet we have the focus of a smaller firm, ensuring that you receive personal attention. You will receive thoughtful strategic guidance from partners and managers who see the “big picture” and work with you to enhance and strengthen your operations over the long term.
- **Continuity of talented staff to perform your engagement.** Baker Tilly keeps staff turnover low and your engagement team is likely to remain the same over our period of service to you. This continuity of service from your team means we can focus on performing quality internal control assessment and test work, performance audits and management consulting services and providing value for years to come. It also means your staff will not need to take time to explain the particular nuances of your operations at the beginning of each project.
- **Service offerings beyond traditional financial and control audit activities.** The capabilities of our more than 3,900 professionals exceed those of your average internal audit service provider. Baker Tilly offers the City deep subject-matter expertise in each of the audit areas you may require, including forensic audit and internal investigations, operational auditing, construction auditing, information technology (IT) and information security auditing, contract compliance and cost recovery auditing, financial and operation benchmarking, audit planning and other advisory services. We can assist you with virtually any accounting or consulting service you may need.

Key personnel contact information

Per your RFP, key personnel and their contact information is included below. Jodi Dobson, your proposed engagement partner, and Kyle O’Rourke, the proposed City Auditor, will serve as the main point of contact throughout the proposal process.

Personnel	Contact information
Jodi L. Dobson, CPA Partner-in-Charge	+1 (608) 240 2469 jodi.dobson@bakertilly.com
Kyle O’Rourke, MPA, CIA, CGAP Senior Consulting Manager	+1 (312) 228 7248 kyle.orourke@bakertilly.com



Chapter 2 – Profile on the proposing firm

Firm overview

Baker Tilly has existed for more than 88 years – and local governments were some of our first clients.

Baker Tilly originated in 1931 with one central objective: **to use our expertise to help our clients improve their operations**. Originally a Certified Public Accounting firm, we have grown steadily over the years, broadening our service offerings and expanding our geographic presence to meet the evolving needs of our clients. Today, Baker Tilly is a nationally recognized, full-service accounting and advisory firm whose specialized professionals connect with clients through refreshing candor and clear industry insight.



Headquartered in Chicago, Baker Tilly is a limited liability partnership and an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 145 territories, with 34,700 professionals. The combined worldwide revenue of independent member firms is \$3.6 billion.

Despite our growth, Baker Tilly has never wavered in our commitment to providing clients with a valuable service relationship. We will assemble an integrated team of municipal government specialists who understand the unique financial accounting and reporting requirements of institutions like yours.

Local organization structure: the office serving the City

Baker Tilly has five offices in California, including a San Francisco office located approximately 40 minutes away from Palo Alto. Your team will use this nearby location as a local service base during our internal audit as well as a venue for internal meetings between our staff, as needed.

Your engagement team will include internal audit, public sector, municipal and consulting specialists based primarily from our Chicago and Madison, Wisconsin, offices. The latter of these serves as the hub for our firm's state and local government consulting practice.





Firm values and commitment to diversity

Core values

Throughout our relationship with the City, we will be guided by our firm's core values – principles that guide our behaviors and choices and help us strive for excellence in everything we do. Baker Tilly's core values are:

Collaboration

We build on our collective strength to achieve more than we can as individuals.

Integrity

We do the right thing, for the right reason, every day. We have high expectations for our firm and its future – expectations that only can be realized by taking the high road. Honesty, trust, and the fulfillment of promises are paramount to our success.

Passion

Everything matters. We listen to our clients, display an enthusiastic attitude, experience genuine satisfaction from working together to serve clients, and take great pride from a job well done. We put forth our best effort every day for the betterment of our clients, our people, and our firm.

Stewardship

We invest for the future with the intention of leaving everything better.

Commitment to Diversity

Baker Tilly's goal is to create a diverse and inclusive environment and to meet or exceed the availability percentage for women and minorities in all job groups. We have multiple initiatives to support this effort; the following are three examples.

Diversity, Inclusion & Belonging for Success (DIBS)

Diversity, Inclusion & Belonging for Success – what we affectionately call DIBS – isn't a program. It's the way we work and live at Baker Tilly, where diversity and inclusion is a key focus at all levels of the firm, up to the executive level, and is also part of our firmwide strategy, with recent efforts focusing to further advance diversity at the firm.



The pledge recently expanded from three to four commitments:

- Continue to make our workplaces trusting places to have complex, and sometimes difficult, conversations about diversity and inclusion
- Implement and expand unconscious bias education
- Share best – and unsuccessful – practices
- Create and share strategic inclusion and diversity plans with our board of directors

We truly believe that by embracing authenticity we will realize business results.



Supporting Opportunity, Advancement and Retention for All (SOAR)

Baker Tilly's diversity and inclusion initiative, SOAR, focuses on bringing team members together from different backgrounds to create a more creative, innovative and productive workforce. Simply put, diversity makes each of our professionals unique; inclusion is how that unique team collaborates to achieve common goals. SOAR focuses on ensuring all team members are supported, valued and respected regardless of ethnicity, race, gender, age, physical ability, faith, sexual orientation, education, personality, skills or life experiences.



SOAR partners with organizations that promote diversity and inclusion including Ascend, the largest, non-profit Pan-Asian organization for business professionals in North America, Association of Latino Professionals in Finance and Accounting (ALPFA), and National Black Accountants Association (NABA).

Growth and Retention of Women (GROW)

Baker Tilly believes that the education and advancement of women creates a more diverse and engaging culture. At Baker Tilly, we are proud to be a part of this continuum of growth for women. We believe that this makes our workplace, profession and industry stronger and better through a diverse, engaging and inclusive workplace where exceptional people thrive.



Through our GROW committee, Baker Tilly provides women valuable opportunities to network, share their stories, acquire skills, strengthen professional relationships and advance in their careers. Our commitment to GROW increases the number of women in management positions, enhances the retention of women at all firm levels, creates an environment where women feel empowered, supports our advocacy of advancing women in business, helps us to share knowledge gained through this initiative with clients and creates a workforce that is reflective of our client base.

Financial strength and stability

Please consult **Chapter 9 – Evidence of financial stability** for more on our firm's financial position.



Commitment to audit quality

Professionalism in the accounting industry means independence, integrity and objectivity. This is accomplished through unwavering adherence to professional standards and the associated laws and regulations. This includes withstanding all pressures, competitive and other, which could compromise our principles, standards and quality.

We have developed our own policies and procedures in order to provide reasonable assurance that every internal audit, external audit, tax and accounting engagement will be completed in accordance with professional standards that the public and our clients expect us to meet. We have numerous stages of review before a finished product is issued.

As members of the AICPA, we are required to develop and maintain a quality control document that outlines major areas of quality control as follows:

- Independence, integrity and objectivity
- Personnel management
- Acceptance and continuance of clients and engagements
- Engagement performance
- Monitoring

Our quality control document and our adherence to its provisions are subject to an independent outside review, which is required every three years. Our substantial governmental service practice requires significant portions of our external quality control review be directed to governmental engagements. Our most recent peer review report was completed in 2018 and earned a rating of pass, with no letter of comments. A copy of our 2018 Peer Review is included in **Chapter 3**. In addition to the external peer review, we perform internal office inspections annually. This ensures that we are maintaining our audit quality at exceptionally high standards. Our firm also performs external peer reviews for numerous CPA firms throughout the United States.



Baker Tilly's auditing procedures and working papers are in full compliance with the applicable federal and state guidelines as indicated elsewhere in this proposal. Because of the large volume of governmental work and numerous single audits we complete every year, our working papers and procedures often undergo review by regulatory agencies.

Quality control processes

Baker Tilly has adopted a system of quality control and other safeguards that are applicable to every audit engagement completed by the firm. These controls and safeguards provide a comprehensive system that serves to prevent or detect, in a timely manner, matters that without corrective action could result in substandard performance. As a result, we believe that the firm's system of quality control meets the requirements of quality control standards adopted by the AICPA. The following describes certain aspects of our quality control policies and procedures.

Professional practice group

Baker Tilly has a Professional Practice Group which is the hub for all firm accounting and assurance quality control and policy developments. Each industry group also has a Professional Practice Leader who is a local resource and first-line contact for audit professionals.

Industry Centers of Excellence – Technical Committees

To ensure quality standards throughout the firm's state and local government practice, there are technical specialists within each office who are part of the Industry Centers of Excellence – Technical Committee (ICE-T) for state and local government audits. These local ICE-T members ensure technical issues are efficiently and effectively resolved. Partner Carla Gogin is a member of the firm's state and local government ICE-T group.

Generally Accepted Accounting Principles

Performance audits provide objective analysis and recommendations to management and decision-makers in order to facilitate the improvement of operations, support executive decision-making and improve accountability. Our project approach seeks alignment with Generally Accepted Government Auditing Standards ("GAGAS"). The general standards require that the auditor must:

- Perform the work in accordance with basic **ethical principles**
- Maintain **independence** in both fact and appearance
- Use **professional judgment** in the planning, conduct, and reporting of audit results
- Possess the **professional competence** needed to address the audit objectives
- Provide adequate **quality control**

We have developed work papers that assist in our ability to adhere to financial audit and performance audits as well. We are also able to assist the City in its effort to improve its audit process, methodology and approach by exploring opportunities to enhance use and adherence to GAGAS standards.



Project management and oversight responsibilities

Each audit team is assigned a project partner and a project manager. Each individual has a key role in the quality control process. The project manager is responsible for reviewing detailed testing work papers, re-performing audit testing, providing review comments, and ensuring review comments are addressed. The project manager also ensures completion of the audit work plan and performs reviews of draft and final deliverable.

The project partner verifies that all review comments were addressed, reviews work performed by the project manager, reviews draft and final reports, and ensures that the needs of the City have been addressed through our work.



Chapter 3 – Qualifications of the firm

State and local government practice

We are one of the few CPA firms with a state and local government group dedicated entirely to serving governmental clients.

State and local governments are complex, unique organizations shaped by fiscal, regulatory and operational considerations not found in other industries. Recognizing this complexity, and eager to serve as a true valued advisor to the public sector, Baker Tilly formalized its dedicated public sector specialization more than 50 years ago.

Nationwide, our state and local government practice serves more than 1,000 state and local government entities, including cities, villages, towns, counties, public utilities and school districts. Several of these client groups now have their own sub-specialty practice areas.



The City benefits from our specially organized group of staff and partners in several specific ways:

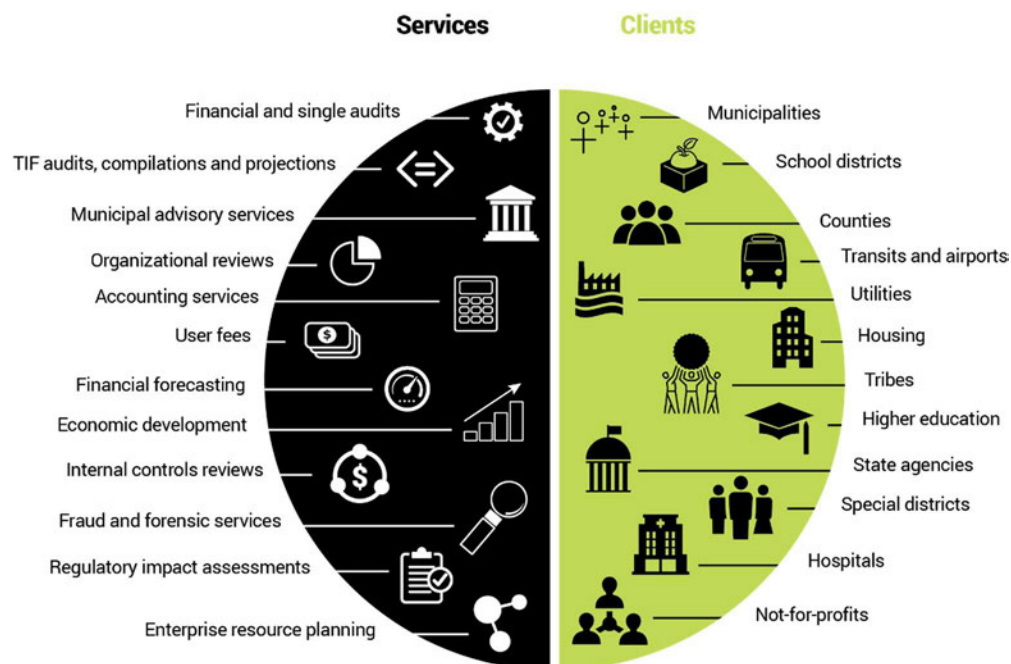
- **Specialized training and continuing education:** The City is assured of a consulting team with the necessary knowledge and skills you desire to perform internal audits that create value.
- **Dedication to your industry:** Your public sector professionals live and breathe government, working exclusively in this industry year-round. This translates into insights only experience can bring, as well as service from a team that understands the best ways to communicate and collaborate with public sector entities.
- **Industry involvement:** Members of our public sector practice group are active participants in key industry organizations, including AICPA and the Governmental Audit Quality Center (GAQC). Because of our work with these groups, we are knowledgeable of dynamic, consequential trends in state and local government – and equipped with leading practices to help the City best respond to them. Additional industry involvement of your key team members include:
 - Proposed City Auditor, **Kyle O'Rourke**, is the Vice President of the Chicago Chapter of the Institute of Internal Auditors (IIA) as well as the Chair of the Chapter's Government Advisory Committee. Kyle was recently named the William C. Anderson Member of the Year.
 - **Jodi Dobson**, proposed Partner in Charge, currently serves on the Board of Trustees for the Wisconsin Section of the American Water Works Association (WIAWWA) and is deeply familiar with municipal utilities.



- **Heather Acker**, leader of Baker Tilly's risk and internal audit practice, serves as the Chair of the AICPA State and Local Government Expert Panel.
- **Knowledge shared with the City:** At Baker Tilly, serving governments goes beyond services – we also supply our state and local government clients with crucial thought leadership in the form of webinars, workshops, articles and our regular newsletter, *Government Connection*.
- **Year-round consultation:** Throughout our relationship – not just during the review – we will be available for routine calls or technical questions, connecting you with recommendations and ideas to address the inevitable operational issues that arise. Additionally, we can alert you to new opportunities for us to collaborate and create value for the City.

More than 420 Baker Tilly professionals – including nearly 40 partners – focus directly on serving governments like yours, 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 goal: serving the citizens of Palo Alto.

Below is an overview of our public sector practice:



Government consulting practice

We have established a record of successfully serving state and local governments through increasingly diverse service offerings for our municipal, county and state clients. This experience enables us to easily understand the City's internal audit needs and the way you operate.

Your project team members have provided consulting and advisory services to a variety of public sector entities and some have served in government at the state and local level. We are well-versed in conducting a wide array of internal audit projects.



Public sector and not-for-profit audit and consulting clients

The following is a representative list of our recent clients and includes a diverse array of our public sector clients – local governments, public utilities, transits, K-12 schools, institutions of higher education, and more.

Anaheim Public Utilities, CA	City of Modesto, CA	Hennepin County, MN	Pasadena Water & Electric, CA
Austin Energy, TX	City of Moline, IL	Highland Park Library, IL	Pepperdine University
Bexar County, TX	City of Naperville, IL	Illinois Department of Commerce & Economic Opportunity	Portland State University
Burbank Water and Power, CA	City of Ogden, UT	Illinois Department of Technology and Innovation	Racine County, WI
California Lutheran Education Foundation	City of Oklahoma City, OK	Illinois Housing Development Authority	Ramsey County, MN
California Lutheran University	City of Olathe, KS	Illinois Racing Board	Rockford Public Schools (IL)
Champaign County, IL	City of Plano, TX	Illinois Tollway	Sacramento Municipal Utility District, CA
Chicago Public Schools	City of Richmond, CA	Imperial Irrigation District, CA	Saint Mary's College of California
City of Ann Arbor, MI	City of Riverside, CA	Independence Power & Light, MO	San Antonio Water System
City of Arlington, TX	City of Rochester, MN	Kansas Economic Development Corporation	San Diego Gas & Electric
City of Battle Creek, MI	City of Rochester, NY	Laguna Woods Village, CA	San Diego State University Research Foundation
City of Bloomington, IL	City of Rolling Meadows, IL	Lake County, IL	San Mateo County, CA
City of Bowling Green, KY	City of San Antonio, TX	Las Vegas Clark County Library District, NV	Scott County, IA
City of Burbank, CA	City of South Bend, INCity of St. Paul, MN	Lawrence Berkeley National Laboratory	Seattle City Light
City of Carlsbad, CA	City of Tallahassee, FL	Lewis & Clark College	Southeastern Universities Research Association
City of Carmel, IN	City of Terre Haute, IN	Loma Linda University Health	Southern California University of Health Sciences
City of Chicago, IL	City of Thousand Oaks, CA	Long Island Power Authority, NY	Southern Ute Indian Tribe
City of Cincinnati, OH	City of Tulsa, OK	Lower Colorado River Authority, TX	Stanford University
City of College Station, TX	City of Urbana, IL	McHenry County, IL	State of California
City of Costa Mesa, CA	City of Valdez, AK	Memphis Light Gas & Water, TN	State of Illinois
City of Dallas, TX	City of Waukegan, IL	Metra (Chicago transit) Metro Water Reclamation District of Greater Chicago, IL	State of Indiana
City of Dearborn, MN	City of Wilmington, DE	Milwaukee County, WI	State of Oregon
City of Des Moines, IA	City Public Service of San Antonio	Modesto Irrigation District/MSR Public Power Agency, CA	Texas Department of Motor Vehicles
City of Dubuque, IA	Collier County, FL	Mount Saint Mary's University	Trinity River Authority, TX
City of Elgin, IL	Colorado Springs Utilities, CO	New Hanover County, NC	University of California System
City of Elkhart, IN	Concordia University Irvine and Foundation	New York City Board of Education Retirement System	University of California, Irvine
City of Evanston, IL	Dallas Area Rapid Transit Authority	North Texas Municipal Water District	University of California, San Francisco
City of Fargo, ND	Dallas County, TX	North Texas Tollway Authority	University of California, Santa Barbara
City of Fishers, IN	Dallas Independent School District, TX	Northern California Public Power Agency	University of Oregon
City of Fort Wayne, IN	Delaware River Port Authority, PA & NJ	Oklahoma Municipal Power Authority	University of Washington
City of Fort Worth, TX	Detroit Water and Sewerage Department, MI	Orlando Utility District, IL	Utah Department of Transportation
City of Goleta, CA	DuPage County, IL	Oregon State University	VIA Metropolitan Transit, San Antonio
City of Grand Forks, ND	El Paso County, TX		Village of Skokie, IL
City of Greensboro, NC	Fielding Graduate University		Waseca County, MN
City of Highland Park, IL	Forest Preserve District of Cook County, IL		Washington County, MN
City of Houston, TX	Gainesville Regional Utilities, FL		Western Oregon University
City of Independence, MO	Grand River Dam Authority, OK		Will County, IL
City of Kansas City, MO	Guam Water Utilities		
City of Lafayette, IN	Hamilton County, IN		
City of Lake Forest, IL			
City of Lincoln, NE			
City of Madison, WI			
City of Milwaukee, WI			
City of Minneapolis, MN			
City of Missoula, MT			



Internal audit experience

We collaborate with management, internal audit functions, audit committees and city councils to address areas of strategic importance, while keeping the unique culture of your organization in mind. Our suite of risk and internal audit consulting services includes:

- Internal audit co-sourcing and outsourcing
- Enterprise risk management (ERM)
- Board and organizational governance
- Strategic planning and alignment
- Operational assessment of various functions and departments
- Resource optimization
- Information technology and cybersecurity audits
- Construction risk management
- Fraud, forensics and litigation support, including cyber forensics

Above all, the City can expect practical, customized solutions that are tailored to your needs and operating environment.

Credentials – Demonstrating a true dedication to fully understanding the issues and trends that matter most to our clients, Baker Tilly professionals hold a breadth of professional certifications including, but not limited to:

Certified Internal Auditor (CIA)	Certified Public Accountant (CPA)
Certified Information Systems Auditor (CISA)	Certified Fraud Examiner (CFE)
Certified Information Systems Security Professional (CISSP)	Certified Regulatory Compliance Manager (CRCM)
Certified Government Auditing Professional (CGAP)	Project Management Professional (PMP)
Certification in Risk Management Assurance (CRMA)	Certified Financial Services Auditor (CFSA)

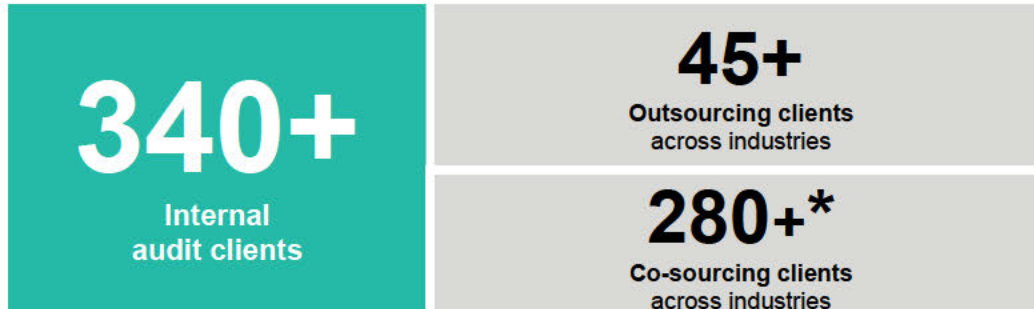
In addition to their credentials, the team includes members with firsthand experience serving in risk, internal audit and compliance positions within the industries we serve, including former government auditors, former chief audit executives, former chief financial officers and former risk management professionals.

Industry experience – Many partners and managers come from international accounting firms and offer vast industry specialties. More than half of our internal audit partners have international accounting firm backgrounds. The City can expect to gain a broad business perspective and specialized expertise across a range of internal audit subjects from these partners and managers.



Internal audit engagements

Baker Tilly's experienced risk and internal audit professionals have completed internal audit engagements (many of them in a long-term capacity) for:



**Note: A number of our co-sourcing arrangements involve managing a long-term internal audit program alongside a client chief financial officer (CFO), chief audit executive (CAE) or director of internal audit*

Our internal audit clients rely on us as a **Value Architect™** and collaborator on both strategic and tactical projects and for our demonstrated expertise on everything from risks and internal controls assessments to audits across diverse operational and functional areas. Our collaborative, forward-looking approach has enabled clients to:

- Seamlessly deploy the internal audit function in achieving their mission and goals, especially when sufficient internal resources are not available
- Leverage external resources for extra capacity in specialized areas
- Gain access to innovative practices and approaches within internal audit (e.g., advanced analytics, automation, agile auditing)
- Apply a flexible model in staffing levels and reduce administrative burden in hiring activities – depending on internal audit needs, external resources can serve in staff, senior, manager and/or chief audit executive roles
- Gain surge capacity in particular skill sets and geographies where internal audit functions may not be able to hire or retain personnel
- Develop internal capacity and build in-house internal audit functions, including writing position descriptions, interviewing candidates and training resources

Our professionals have experience establishing and executing internal audit plans in a variety of operational areas, including finance, accounting, IT, grant management, procurement and more. These plans address identified risks and produce results that can be reported to and acted upon by the City Council, the City Manager, and management.

The City can count on Baker Tilly to draw on this experience as a starting point for learning your unique culture and requirements to develop a tailored, flexible internal audit delivery model. With your interests in mind, we will work with you to improve your existing operations and reduce risk.

Internal audit industry involvement

The greatest value-add the City can receive from Baker Tilly is our insights and knowledge gained from decades of substantial involvement in the internal audit industry, as well as our work within the public sector. Active engagement keeps our team up to date on the issues and trends facing public sector organizations and allows us to be a catalyst for evolving innovation on emerging challenges and industry topics.



Many of our proposed team members regularly contribute to public sector training and thought leadership related to high-performing internal audit programs and a myriad of governance, risk management, operational and compliance issues. Industry involvement remains a key element of our training and serves to enhance our internal audit expertise. Many of our proposed team members regularly contribute to training and thought leadership related to internal audit, risk management and compliance.

Baker Tilly's industry involvement includes the following activities:

- **Interactive executive forums** – Hosting events for industry executives to share lessons learned, such as recent roundtable discussions for chief financial officers, chief audit executives and compliance officers
- **Influential speakers** – Frequently attending, sponsoring and speaking at events for industry groups, including, but not limited to:
 - Institute of Internal Auditors (IIA)
 - American Institute of Certified Public Accountants (AICPA)
 - Association of Government Accountants (AGA)
 - Government Finance Officers Association (GFOA)
 - International City/County Managers Association (ICMA)
 - Association of Certified Fraud Examiners (ACFE)
 - ISACA
 - Project Management Institute (PMI)
 - American Public Power Association (APPA)
 - American Water Works Association (AWWA)
 - International Association of Privacy Professionals (IAPP)
 - Open Web Application Security Project
 - Cloud Security Alliance (CSA)
- **Leadership within the internal audit industry** – With Baker Tilly as your internal auditors, you will gain access to team of professionals who demonstrate commitment to advancing the industry by holding leadership positions within local IIA chapters. Our team includes current and former IIA chapter presidents, board members, committee chairs and other leadership roles, with many of our team members receiving awards for their contributions and leadership.
- **Knowledge of industry standards and experience with internal audit transformation** – When Cities seek to transform their internal audit functions from tactical to strategic, or to take internal audit to a new level, they look to Baker Tilly's internal audit professionals for help. We have collaborated with chief audit executives, chief financial officers and general counsel from nearly 60 prominent organizations to conduct quality assessment reviews (QARs) of internal audit and compliance functions to help assess organizations' compliance with the IIA's International Standards for the Professional Practice of Internal Auditing (Standards).

Benefits of our work:

Enhanced controls

Improved risk mitigation

More strategic internal auditing

Increased efficiencies and improved operations

Strategic alignment with institutional objectives

Streamlined processes and approaches, resulting in cost savings

Better reporting and information for improved decision-making

Integration of leading practices



Project experience

We always are glad to provide references because we think it is important for you to talk with organizations we serve. We encourage you to connect with the clients listed on the following pages to learn more about the value of their relationship with Baker Tilly. Each may have a different perspective that you may find valuable as you think about your needs.

Client and project name	Description	Total project cost	Percentage of work firm was responsible for	Period work was completed	Client contact information
City of Minneapolis Outsourced internal audit/compliant management function	Co-sourced internal audit services, including construction compliance consulting and IT/cybersecurity projects	\$195,000 to date	100%	2019 – present	Ryan Patrick, Interim Internal Audit Director +1 (612) 673 5938

Did your firm meet the project schedule (circle one): ☒ Yes ☐ No

Give a brief statement of the firm's adherence to the schedule and budget for the project: **Schedule and budget were met.**

Cost per audit: **Approximately \$40,000 average**

Client and project name	Description of work performed	Total project cost	Percentage of work firm was responsible for	Period work was completed	Client contact information
Board of Education Retirement System of the City of New York Co-sourced internal auditor	Baker Tilly assisted in internal audit start-up, including drafting an internal audit charter, drafting job descriptions, compiling internal audit policies, and researching internal audit technology. Baker Tilly performed the initial risk assessment and drafted a multi-year internal audit plan and performed a governance assessment and an audit of retirement benefit administration. Baker Tilly recently signed an extension and plans to perform a financial reporting audit, a review of investment strategy, a payroll audit, an information security assessment, and an implementation and data conversion audit in the coming year.	\$400,000	80%	2019- Present	Iyekeze Ade Ezefili, Director of Internal Audit +1 (929) 305 3861

Did your firm meet the project schedule (circle one): ☒ Yes ☐ No

Give a brief statement of the firm's adherence to the schedule and budget for the project: **Schedule and budget were met.**

Cost per audit: **\$45,000**

Client and project name	Description of work performed	Total project cost	Percentage of work firm was responsible for	Period work was completed	Client contact information
Southern Ute Indian Tribe Outsourced internal audit	Baker Tilly served as the outsourced internal audit function for the Tribe over a two-year period, performing a variety of internal audit engagements, including grant management, procure-to-pay and cybersecurity. Baker Tilly was recently engaged to continue providing internal audit services and to assist in hiring and onboarding an IA Director.	\$400,000	100%	July 2017 - present	Christine Hudgens, Chief Financial Officer +1 (970) 563 0100

Did your firm meet the project schedule (circle one): ☒ Yes ☐ No

Give a brief statement of the firm's adherence to the schedule and budget for the project: **Schedule and budget were met.**

Cost per audit: **\$40,000 average**



Chapter 3 – Qualifications of the firm

Client and project name	Description of work performed	Total project cost	Percentage of work firm was responsible for	Period work was completed	Client contact information
Orlando Utility Commission, Florida Internal audit	Baker Tilly has an existing master services agreement (MSA) to perform various internal audit engagements, including enterprise risk management, hedging program review, human capital advisory, utility prepaid program benchmarking, safety benchmarking and power plant generation participation contract review.	\$150,000	100%	2017 – present	Mark Thompson, Director of Internal Audit +1 (407) 244 8785

Did your firm meet the project schedule (circle one): ☒ Yes ☐ No

Give a brief statement of the firm's adherence to the schedule and budget for the project: **Schedule and budget were met.**

Cost per audit: **\$40,000 average**

Client and project name	Description of work performed	Total project cost	Percentage of work firm was responsible for	Period work was completed	Client contact information
Winnebago County, Illinois Operational assessment projects	Baker Tilly performed operational reviews for specific functions, including human resources (HR), information technology, and finance operations. The purpose of each review was to identify opportunities to improve business process, internal control, technology use, and organization of the function.	\$130,000	100%	2018 – 2019	Carla Paschal, former Winnebago County Administrator and Chief Financial Officer +1 (815) 753 6102

Did your firm meet the project schedule (circle one): ☒ Yes ☐ No

Give a brief statement of the firm's adherence to the schedule and budget for the project: **Schedule and budget were met.**

Cost per audit: **\$30,000**



Chapter 3 – Qualifications of the firm

Client and project name	Description of work performed	Total project cost	Percentage of work firm was responsible for	Period work was completed	Client contact information
Memphis Light, Gas and Water Division, Tennessee Operational internal audit	Baker Tilly conducted an operational review of all utility operations, including engineering, maintenance and operations, IT, purchasing and human resources. Our operational review identified numerous opportunities for cost reduction, revenue enhancement, risk mitigation and strategic alignment of resources.	\$430,000	60%	2019 – 2020	Dana Jeanes, Senior Vice President, Chief Financial Officer and Chief Administrative Officer (Secretary Treasurer) +1 (901) 528 4311

Did your firm meet the project schedule (circle one): ☒ Yes ☐ No

Give a brief statement of the firm's adherence to the schedule and budget for the project: **Schedule and budget were met.**

Cost per audit: **\$430,000 (large consulting project)**

Client and project name	Description	Total project cost	Percentage of work firm was responsible for	Period work was completed	Client contact information
City of Detroit, Water and Sewerage Department Outsourced internal audit/compliant management function	Multi-year project serving as the Department's outsourced compliance management function, performing organization-wide risk assessment, documenting and make recommendations to improve policies, procedures and internal controls, providing training on policies and controls, and performing risk-based monitoring and internal audit type activities.	\$2,700,000	80%	2018 – present	Debra Pospiech Legal Counsel/Chief Administrative Officer +1 (313) 618 5372 (cell)

Did your firm meet the project schedule (circle one): ☒ Yes ☐ No

Give a brief statement of the firm's adherence to the schedule and budget for the project: **Schedule and budget were met.**

Cost per audit: **\$40,000 average**



Peer review

Below is a copy of our firm's most recent peer review report.



MOSSADAMS

Report on the Firm's System of Quality Control

September 26, 2018

To the Partners of Baker Tilly Virchow Krause, LLP and the
AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Baker Tilly Virchow Krause, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, audits of employee benefit plans, audits performed under FDICIA, an audit of a broker-dealer, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Baker Tilly Virchow Krause, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail. Baker Tilly Virchow Krause, LLP has received a peer review rating of *pass*.

Moss Adams LLP



Traditional areas of internal audit

We consider financial, accounting, human resources and operational auditing and risk assessment consulting services as “traditional” areas of internal audit focus. We have assisted numerous public sector and municipalities in conducting audits in these areas. Below is a representative listing the types of audit activities we have conducted for our public sector clients. In addition to performing these audits, we may develop audit plans to address the operations within a specific City department.

Financial and accounting operations

- Billing
- Bond Rating and Compliance
- Budgeting
- Cash disbursements and receipts
- Debt management
- Due diligence
- Employee compensation
- External audit assistance
- Financial reporting controls
- Fund accounting
- Grant management
- Investment management
- Payroll
- Receivables and collections
- Treasury management

Enterprise risk management and governance

- Audit exception follow-up
- Compliance and internal audit infrastructure
- Compliance risk assessment
- Enterprise risk assessment
- Fraud risk assessment
- Governance and internal controls training
- Internal audit best practices support
- Internal audit charter development
- Internal controls diagnostic
- Governance self-assessment

Human resources

- Background check processes
- Benefits and administration
- Benefit plan audits
- Employee leave
- Human resources operations
- Retirement plan administration outsourcing
- Talent management
- Workforce and succession planning

Grants management

- Cost allowability, allocability and reasonableness
- Effort and time reporting
- Governmental audit preparation
- Grants and contracts compliance
- Subrecipient monitoring

Procurement and accounts payable

- Accounts payable
- Contract management
- Contracting estimates and bids
- Procurement
- Procurement cards
- Vendor management

Operational

- Financial reporting and CAFR development
- Constituent relationship management
- Capital planning and construction management
- Energy and utilities utilization and efficiency
- Facilities management
- Financial disclosure
- Freedom of Information Act
- Work order, inventory and asset management
- Operational efficiency and cost cutting identification
- Performance management and benchmarking
- Permitting and licensing process management
- Privatization, public/private partnerships
- Project risk management
- Proprietary fund operations
- Real estate management
- Records retention
- Space utilization
- Stakeholder relationship management
- Vendor and service outsourcing activities

Special investigations

- Fraud investigation
- Government audit preparation
- Whistle-blower investigation

Technology risk and cybersecurity

- Application security
- Change management
- Cloud computing
- Cybersecurity
- Disaster recovery and business continuity
- HIPAA compliance
- Information privacy and security
- IT effectiveness and governance
- IT internal controls testing
- IT operations
- IT risk assessment
- Project risk review
- Privacy
- Server administration
- Software selection
- System access control
- System back-up and recovery
- System development
- System implementations, changes and upgrades
- Vulnerability management
- Workflow automation



We have assisted numerous municipalities in conducting outsourced and co-sourced internal audit engagements. The following are representative case studies, including a risk assessment and internal audit plan development and co-sourced audit services.

Value-added multi year internal audit partnership	
Client's need	An organization sought outside assistance to improve its risk mitigation strategies, objectively assess its most significant risks, and focus additional resources on areas of highest risk.
Baker Tilly solution	The organization engaged Baker Tilly as outsourced internal auditors in 2008. Since then, we have collaborated closely with the vice president for finance and the audit committee chair to perform annual risk assessments, develop risk-based audit plans, and perform internal audits. Our audits have spanned common areas such as information technology, payroll, procurement, and human resources, as well as more nuanced high-risk areas such as succession planning and information security and privacy practices. During our audits, we work to identify process efficiencies and help the organization evaluate policies and procedures within its operating environment. We also drive ongoing discussions about emerging risk areas, mitigation and responses.
Results	In selecting Baker Tilly, the board has received assurance that the organization was proactively addressing its highest risks. Our collaborative audit approach has enabled us to become as a trusted advisor to the organization. Our initial successes in going beyond a "check-the-box" approach to identify process efficiencies and strengthen internal controls has laid a foundation for our continuing relationship with stakeholders across the institution, improved key processes, and helped the organization achieve its strategic plan.

Internal audit plan development	
Client's need	An organization sought help with an entity-wide risk assessment and the development of a multiyear internal audit plan.
Baker Tilly solution	The Baker Tilly team began the risk assessment by interviewing more than 30 members of management and the audit committee. We also reviewed financial statements, prior internal audit reports, and external audit reports. Using information gathered from documentation and our interviews, we prioritized risks based on their likelihood and potential impacts. Then, we met with management to vet risks and develop a multiyear internal audit plan. In our risk assessment report, we noted stakeholder interviews for most past audits were limited to personnel from the centralized administrative functions, excluding stakeholders from individual departments. Consequently, past audits had produced an incomplete picture of the organization's risks. We also noted bottlenecks, control weaknesses, and communication breakdowns among the central administration.
Results	The organization received an actionable, prioritized, multiyear internal audit plan that aligned with its strategic plan and priorities. Our work also allowed the organization to address gaps and improve communication among the central administration and departments. Baker Tilly continues to support the organization in achieving its strategic internal audit priorities.



Co-sourced internal audit	
Client's need	A large, public university system encompassing more than 30 public colleges and universities and receiving more than \$650 million in state appropriations annually was looking to transform its system-wide internal audit from an assurance function into one that balances assurance with proactive, forward-looking, strategic advisory services with a system-wide focus. The system's board of trustees, leadership team and internal audit department identified an opportunity to maximize the department's value by reducing its in-house internal audit department staff and co-sourcing with an experienced outside vendor that had the required infrastructure to support such a function.
Baker Tilly solution	The system required a partner that could provide a line of sight to best practices and trends across higher education, exposure to other environments and access to expertise as needed. They determined that outsourcing failed to offer the benefits of engaging internal audit as a strategic partner, and instead decided that co-sourcing with Baker Tilly was the best fit for their forward-thinking model. The institution engaged Baker Tilly as a strategic partner to assist with this transformation and to serve the system and offer insight and support as they explore their internal audit risks. We served as a partner with the system to expand the role, scope and complexity of the system's internal audit function. Our internal audit work with the system has included enterprise and area-specific risk assessments, internal audit plan development, and execution of variety of strategic and tactical projects. Together we have led audits and assessments of diverse operational areas including human resources, IT risk, information security, system implementation, enterprise resource planning, institutional data reporting, enrollment forecasting, procurement, capital investments, cybersecurity and compliance. Our work also included services related to change management, functional review, enterprise risk management, business processes design and improvement, operational analysis and process improvement. An organizational transformation project is also presently underway. Baker Tilly's strategic partnership further assists the system by helping drive the necessary change within their institution.
Results	The internal audit function we built has provided the system and its institutions with actionable observations and recommendations to improve processes, strengthen controls and mitigate risks. These improvements have benefited both students and faculty within the system and improved efficiency within central administration. Additionally, to reinforce and enhance our efforts, the system leads an ongoing initiative to help the board understand and respond to the impact of the disruptive forces facing higher education institutions.



Additional areas of expertise

Baker Tilly goes well beyond the traditional areas of internal audit focus. We specialize in a number of other areas that the City has identified as important in its RFP. These areas of expertise include the following and are detailed in the remainder of this section.

- IT audit and cybersecurity
- Fraud and forensics
- Construction
- Operational and organizational improvement
- Financial management
- Services related to COVID-19

For each subject-matter area described in the following pages, we include one to two supplemental client references that can speak to our expertise.

IT audit and cybersecurity expertise

Decades of serving the public sector with cybersecurity and IT audit services have allowed us to become familiar with the IT risks and threats that local governments like the City face. You can rely on our experience to inform your reduction of IT and cybersecurity risk to acceptable levels and to help you to ensure that your technology investments are secure, reliable and effective in meeting the City's needs. More than 850 clients of all sizes have leveraged our work to:

- Identify opportunities and manage risks associated with IT and cybersecurity
- Understand root causes of control deficiencies and implications of various remediation plans
- Identify the IT and cybersecurity risks relevant to their operations and technical environments
- Align financial management requirements with technology investments
- Evaluate the confidentiality, processing integrity, and availability risks related to a wide variety of deployed technologies
- Better position IT and cybersecurity initiatives, processes and systems to add value to local governments and their constituents
- Develop dashboards to measure key performance metrics and identify trends
- Facilitate critical discussions about technology and cybersecurity risks with leadership and boards

80,000+

*hours of technology and
cybersecurity-related
assessments annually*



Our professionals have served clients with a breadth of IT risk and cybersecurity engagements in the areas listed below:

Application security	IT governance and oversight
Architectural reviews	IT internal controls testing
Breach response and preparedness	IT operations
Board training	IT risk assessment
Change management	Mobile device management and security
Cloud computing	Policies and procedure enhancement
Contract compliance	Pre-/post-implementation reviews
Cybersecurity	Security and network integration
Data clarification	Security assessment
Data security and privacy	Server administration
Disaster recovery, business continuity and incident response	Server configuration review
End point management	Social media audit
End user support	System access control
Enterprise mobility	System backup and recovery
Identity and access management	System development
Incident and problem management	System implementations, changes and upgrades
Information privacy	Targeted phishing assessments
Industry-specific compliance requirements	Vulnerability and patch management
IT cost allocation	Vulnerability and penetration testing
IT general controls review	Web application testing

Over recent years, the cyber risk landscape has changed dramatically. Information assets have become a key operational resource in providing services, and in fueling growth and providing competitive advantage. At the same time, cyberattacks have increased in both frequency and sophistication, posing a threat that requires constant attention.

Baker Tilly has extensive experience in assisting clients, both in the public and private sector, in the area of information security, including internal and external network vulnerability assessments, physical access audits control reviews, social engineering simulated attacks, and more.



The following are representative high-level work plans that demonstrate our expertise.

Internal network	
Purpose	To test the security of the City's internal IT environment. This includes workstations, servers, switching/routing infrastructure, virtualization, storage infrastructure, and other connected IT devices and Demilitarized (DMZ) systems.
Potential activities	<p>Perform internal vulnerability scanning on the City's internal IT environment. Internal scans include:</p> <ul style="list-style-type: none">– Identification of OS types, applied patches and services running on each system– Identification of known vulnerabilities associated with unapplied patches and insecure services for each system– Risk ranking of vulnerabilities for each system– Recommendations to remediate identified security weaknesses
Deliverables	Baker Tilly provides two reports: an executive summary and detailed technical report. The executive summary includes a summary of our engagement scope, approach, observations and recommendations so that management is aware of the risks and mitigation strategies that were proposed. The detailed technical report identifies the assets and vulnerabilities discovered.

External network	
Purpose	To identify vulnerabilities in the City's externally facing systems through the performance of penetration testing activities. External systems include firewalls, load balancers, web servers, FTP servers and web service interface points.
Potential activities	<p>Conduct external penetration testing on IP addresses identified by the City. External penetration testing services include:</p> <ul style="list-style-type: none">– Identification of services and service versions running on each system– Penetration attempts on systems identified that have known vulnerabilities, such as cross site scripting attacks, cross site referencing and SQL injection attacks– External infrastructure attacks, not including denial of service– External data access attacks, including brute force– Deep dive exploitation of any identified weaknesses in external systems into internal systems– Risk ranking of vulnerabilities for each system/service identified– Recommendations to remediate identified security weaknesses
Deliverables	Baker Tilly provides two reports: an executive summary and detailed technical report. The executive summary includes a summary of our engagement scope, approach, observations and recommendations so that management is aware of the risks and mitigation strategies that were proposed. The detailed technical report identifies the assets and vulnerabilities discovered.



Wireless network	
Purpose	To test the security of the City's wireless systems, including internal touchpoints from the City's SSID, broadcast or hidden, as well as encryption levels.
Potential activities	<p>Perform wireless network vulnerability scanning on the City's wireless networks. Scans include:</p> <ul style="list-style-type: none">– Identification of devices and firmware versions– Identification of known vulnerabilities associated with unapplied patches and insecure configurations of each device– Performance of wireless network attacks to try to obtain access to the City's wireless network– Risk ranking of vulnerabilities for each device/network identified– Recommendations to remediate identified security weaknesses
Deliverables	Baker Tilly provides two reports: an executive summary and detailed technical report. The executive summary includes a summary of our engagement scope, approach, observations and recommendations so that management is aware of the risks and mitigation strategies that were proposed. The detailed technical report identifies the assets and vulnerabilities discovered.

Physical access controls	
Purpose	To test the effectiveness of the City's physical security controls.
Potential activities	<p>Perform physical security walkthroughs and real-world simulations to test the effectiveness of the City's physical security controls. Physical security testing includes:</p> <ul style="list-style-type: none">– Identification of secure facilities, their access points and the physical security controls in-place for each facility– Identification of potential gaps in security controls– Testing/Exploitation of currently in-place physical security controls to try to obtain access to secure facilities– Risk ranking of identified security control gaps– Recommendations to remediate identified security control gaps
Deliverables	Baker Tilly provides two reports: an executive summary and detailed technical report. The executive summary includes a summary of our engagement scope, approach, observations and recommendations so that management is aware of the risks and mitigation strategies that were proposed. The detailed technical report will provide more specific findings related to the assessment and recommendations.

Social engineering	
Purpose	To test the security of the City's personnel through the performance of social engineering attacks.
Potential activities	<p>Perform social engineering attacks on the City's personnel to verify the existence and effectiveness of procedural controls to prevent unauthorized physical and electronic access to the City's IT network. Social engineering includes:</p> <ul style="list-style-type: none">– Identification of City employees, employee titles, employee email addresses and employee telephone numbers– Performance of both email based and telephone-based social engineering attacks to try to obtain user credentials or access to the City's IT network



Social engineering	
	<ul style="list-style-type: none">– Risk ranking of security controls gaps identified– Recommendations to enhance the City's security awareness and training programs
Deliverables	Baker Tilly provides two reports: an executive summary and detailed technical report. The executive summary includes a summary of our engagement scope, approach, observations and recommendations so that management is aware of the risks and mitigation strategies that were proposed. The detailed technical report will provide more specific findings related to the assessment and recommendations.

Internet usage	
Purpose	To test the security of the City's URL/web filtering and access restrictions.
Potential activities	<p>Perform a security controls assessment to identify control weaknesses in the City's URL/web filtering solutions. The assessment includes:</p> <ul style="list-style-type: none">– Identification the City's URL/web filtering solutions– Performance of a security controls gap assessment to identify gaps in the City's currently in-place controls– Risk ranking of security control gaps– Recommendations to enhance the City's URL/web filtering controls
Deliverables	Baker Tilly provides two reports: an executive summary and detailed technical report. The executive summary will include a summary of our engagement scope, approach, observations and recommendations so that management is aware of the risks and mitigation strategies that were proposed. The detailed technical report will provide more specific findings related to the assessment and recommendations.

Host-based security	
Purpose	To test the security of the City's critical systems at the operating system and database layers and associated identity and access management controls.
Potential activities	<p>Perform an assessment of the City's critical systems, including operating system and database security. Additionally, Baker Tilly will review identity and access management controls. These assessments will include:</p> <ul style="list-style-type: none">– Identification of the City's critical systems, the operating systems and system configurations– Identification of the City's databases, database configurations and database security controls– Identification of the City's identity and access management controls– Performance of a security controls gap assessment to identify gaps in the City's currently in-place controls and system configurations– Risk ranking of security control gaps– Recommendations to enhance the City's system and database level controls, as well as recommendations to improve the City's identity and access management processes
Deliverables	Baker Tilly provides two reports: an executive summary and detailed technical report. The executive summary includes a summary of our engagement scope, approach, observations and recommendations so that management is aware of the risks and mitigation strategies that were proposed. The detailed technical report will provide more specific findings related to the assessment and recommendations.



Virus protection	
Purpose	To perform a threat assessment to identify gaps in the City's virus protection program.
Potential activities	<p>Perform walkthroughs to identify virus protection solutions and response procedures. The assessment will include:</p> <ul style="list-style-type: none">– Identification of virus protection solutions and procedures to respond to a virus outbreak/infection– Performance of a security controls gaps assessment to identify gaps in the City's virus protection program– Risk ranking of security control gaps– Recommendations to enhance the City's virus protection controls
Deliverables	Baker Tilly provides two reports: an executive summary and detailed technical report. The executive summary includes a summary of our engagement scope, approach, observations and recommendations so that management is aware of the risks and mitigation strategies that were proposed. The detailed technical report will provide more specific findings related to the assessment and recommendations.

Logon security	
Purpose	To evaluate the security of the City's password policies.
Potential activities	<p>Perform an assessment of the City's logon security, including:</p> <ul style="list-style-type: none">– Review of the City's password policies and current logon auditing practices– Performance of a security controls gaps assessment to identify gaps in the City's password policies and logon security– Risk ranking of security control gaps– Recommendations to enhance the City's password and logon security controls
Deliverables	Baker Tilly provides two reports: an executive summary and detailed technical report. The executive summary includes a summary of our engagement scope, approach, observations and recommendations so that management is aware of the risks and mitigation strategies that were proposed. The detailed technical report will provide more specific findings related to the assessment and recommendations.

PCI DSS compliance gap assessment	
Purpose	To identify gaps in the City's PCI DSS compliance, including the people, processes and technology that store, process or transmit cardholder data or sensitive authentication data.
Potential activities	<p>Perform a PCI DSS compliance gap analysis, including:</p> <ul style="list-style-type: none">– Review of the City's current PCI DSS Report on Compliance (ROC) to understand the Cardholder Data Environment (CDE)– Performance of a PCI DSS controls gaps assessment to identify gaps in the City's PCI DSS security controls and compliance, including the people, processes and technology that store, process or transmit cardholder data or sensitive authentication data– Risk ranking of security control gaps– Recommendations to enhance the City's PCI DSS related security controls



PCI DSS compliance gap assessment

Deliverables	Baker Tilly provides two reports: an executive summary and detailed technical report. The executive summary includes a summary of our engagement scope, approach, observations and recommendations so that management is aware of the risks and mitigation strategies that were proposed. The detailed technical report will provide more specific findings related to the assessment and recommendations.
---------------------	--

High-profile breaches and their monetary impact have caused local governments to take notice. The imperative to safeguard digital assets is not new, but as organizations become ever more reliant on technology, they are also increasingly vulnerable to information technology weaknesses and cyberattacks. Numerous clients have entrusted us with these needs. The following are representative case studies that illustrate our service offerings.

Cybersecurity risk assessment for a large government entity

Client's need	Baker Tilly was hired to assist a large government in implementing an internal audit function within its government operation, conducting internal audit activities, and hiring and onboarding an internal audit director. Baker Tilly has also assisted in developing internal audit policies and procedures. Each year, Baker Tilly has conducted a risk assessment to prioritize internal audit activities. As part of the second year audit plan, Baker Tilly conducted a cybersecurity risk assessment to assess cybersecurity risks, implementation of related controls, and the technology department's effectiveness in managing cyber security risk.
Baker Tilly solution	The Center for Internet Security (CIS) Critical Security Controls (CSC) framework was used as a baseline reference for conducting the assessment, of which we focused on the control activities that had been implemented or partially implemented by the technology department to manage the IT environment. The in-scope control activities covered the areas of governance and risk management, security operations, data protection and access control, incident response and security awareness. Through a combination of process interviews and review of documentation supporting the in-scope control activities, an assessment of each was conducted to identify strengths, control gaps, weaknesses and improvement opportunities.
Results achieved	Baker Tilly's cybersecurity risk assessment identified ten recommendations which were prioritized by risk rating. In addition, these recommendations were presented with a roadmap of quick wins, moderate priorities and critical items to be addressed immediately. Each recommendation was aligned with the CSC framework and identified the associated risks, specific observations, and recommended actions to serve as a guide for the government entity. Management used our work to review its efforts in managing, mitigating and monitoring cybersecurity risks.

Distributed IT controls assessment

Client's need	A large entity with numerous distributed IT units required subject matter expertise to develop a customized audit work program then conduct audits of multiple IT units. The goal was to validate that IT units in various departments are appropriately protecting the entity's systems and data, following policies and standards.
----------------------	--



Distributed IT controls assessment	
Baker Tilly solution	Baker Tilly developed a customized audit work program based on ISO 27001, the entity's stated security control framework. Additionally, the work program included specific policy requirements. Baker Tilly conducted fieldwork jointly with the entity's internal audit personnel to conduct interviews, walkthrough and control testing. We assessed the IT environment of each in-scope IT unit by testing 50 controls. Baker Tilly collaborated with internal audit to develop a customized summary report of actionable items to improve controls.
Results achieved	The IT units were able to see how their IT environments complied with the entity's policies and the stated ISO 27001 control framework. Additionally, Baker Tilly identified practical and cost effective recommendations that could be implemented to improve protections of systems and data, as well as to improve the maturity of their IT functions. Leadership of the academic departments was able to compare and contrast how the IT units were performed and understand which areas have increased risk.

Assessment of IT resource allocation	
Client's need	A large governmental entity requested a review of its IT and operational technology (OT) functions to address challenges in balancing resources between the two functions, to obtain input on IT/OT staffing levels and to identify areas for improvement in operational processes and organizational structure.
Baker Tilly solution	Baker Tilly performed an IT assessment which included an internal survey about IT/OT operations and strategic direction, interviews with stakeholders, senior management and IT personnel and a benchmarking survey of similar utilities. The benchmarking survey focused on IT staffing levels, supported hardware and software, project completion rates, spending on resources and support functions.
Results achieved	Baker Tilly gave the utility provider numerous recommendations around IT governance, organizational structure, project management and performance management to enable the IT/OT support functions to be better organized and offer more effective and efficient service. Baker Tilly also developed a future state road map providing implementation guidance to help the utility provide implement enhanced organizational governance and operating procedures within IT and OT.

Fraud and forensics experience

The reputational risk associated with fraud can be more impactful than the actual financial loss. Baker Tilly's Fraud & Forensic Investigations team helps clients uncover issues and strengthen controls. Comprised of world-class, private sector forensic accountants – as well as former government and law enforcement professionals with significant experience in forensic accounting investigations – this highly credentialed team offers complementary perspectives that allow us to provide a full suite of investigatory services, from witness interviews to data mining and forensic accounting analysis. We also offer tremendous breadth through our geographic research, industry experience and service offerings.

Our key capabilities include:

- Anti-corruption, anti-fraud and anti-bribery consulting
- Comprehensive investigative services
- Corporate accounting fraud investigations



- Digital forensics
- Document review and analysis
- Damage calculations
- Data mining and analytics
- Electronic discovery
- Expert witness services and other litigation support
- Forensic accounting
- Monitorships
- Preventative client audits and assessments
- Remediation recommendations
- Reputation assessments

Preventing and detecting fraud

Our experience conducting fraud investigations allows us to advise our clients on measures they can take to prevent fraud from occurring and detect issues before they expand. Clients look to us to design anti-fraud programs and controls, perform anti-bribery and anti-corruption compliance assessments, and perform proactive fraud examinations to identify possible red flags or indicators of fraudulent activity.

Correcting deficiencies, addressing gaps in controls and remediation of specific issues is important at the end of every investigation to prevent the same or similar frauds from recurring. We address these important client needs at the end of our investigations and can assist with implementing remedial actions.

Fraud and forensic service offerings

Fraud puts assets, reputations and even freedom in jeopardy. For clients with so much at stake, Baker Tilly brings the breadth of perspective necessary to investigate fully, assist counsel with litigating and remediate any type of financial misconduct.

We supply dedicated forensic services to clients, and support Baker Tilly's forensic accounting experts and investigators in complex situations involving fraud investigations, litigation, claims management and damage analysis. Our forensic technology consultants are experienced in guiding clients through every stage of the engagement.

We operate under the guidelines set out in the ACPO Good Practice Guide for Computer-Based Electronic Evidence and ensure that all acquired data is backed up and kept in our secure laboratory.

The maintenance of evidential integrity is paramount and all movement or handling of evidence is recorded in contemporaneous notes and logs. Our reports can be supported by an expert witness report or statement of fact.

Baker Tilly's forensic technology team is ISO9001 accredited. Our services are detailed on the following page.

Fraud and forensic services stats:

3,000+
forensic engagements

400+
times testified

50+
Certified Fraud Examiners



Cybersecurity and digital forensics

Forensic technology team members possess a vital mix of skillsets that include software development, IT support, e-discovery, database engineering, digital forensics and cybersecurity/information assurance. The team brings technical and investigative experience from across corporate environments where those skillsets have been learned and executed. The team specializes in cyber risk consultancy, cyber claims reviews and digital forensic investigations. Our work product is thoroughly documented to allow auditing for accuracy, repeatability and verifiability.

Data analytics

The forensic technology team employs advanced machine learning and data mining capabilities to work through large datasets of structured and unstructured data to unravel complex fraud schemes, as well as to create custom data models to meet client needs. The team specializes in developing custom data models, allowing clients to predict customer behavior for increased sales and better targeted service.

E-discovery

Our team streamlines the costly and time-consuming process of electronic disclosure. We have the capability to accurately and efficiently search, locate, consolidate and organize electronic evidence in engagements of all sizes, capturing information from one PC or many, across data management systems or corporate IT networks with multiple platforms, storage and email systems. The service can be tailored as needed to include simple preparation only, or expanded to include processing, review, analysis and presentation of the findings.

Case studies detailing recent projects are included below.

Misappropriation of assets	
Client's need	A governmental entity sought to investigate the alleged misappropriation of assets and strengthen their internal controls.
Baker Tilly solution	Baker Tilly analyzed the balance sheet for governmental funds and the statement of revenues, expenses, and changes in net position for propriety funds. We then conducted interviews with selected current City employees; reviewed the roles of key employees and analyzed them for possible segregation of duties issues; and reviewed select internal controls.
Results achieved	We made recommendations for improvement and presented the findings at a council meeting with the entity's officials.

Misappropriation of cash	
Client's need	A governmental entity sought to investigate and corroborate its internal investigation findings that the director of a specific department was misappropriating cash generated from the municipality's facilities.
Baker Tilly solution	Baker Tilly investigated cash receipts generated at the facility versus the amounts deposited with the entity's bank. As part of that process, Baker Tilly interviewed employees, analyzed the internal controls within the department and identified how those controls were circumvented.
Results achieved	Baker Tilly presented findings at a closed-door meeting with the entity's officials. The municipality submitted our report to law enforcement. The former director pled to the theft charges and received alternative sentencing to incarceration.



Payroll fraud in a governmental organization	
Client's need	An organization noted several disbursements to an employee outside of the payroll system during the compilation of year-end reports and became suspicious.
Baker Tilly solution	We reviewed financial records to establish the extent of the additional disbursements to the employee. The review included reconciling payroll disbursements to approved pay rates, documented time worked and other payroll forms as well as reviewing disbursement records for multiple years to identify the frequency and amount of non-payroll disbursements to the employee. Further, we analyzed additional disbursement records, including reports to the governing body to determine how these disbursements had been concealed from earlier discovery. We provided the board with documentation to support the total amount of unauthorized disbursements, which was used in their criminal prosecution.
Results achieved	The organization successfully prosecuted the employee.

Construction audit

Construction projects are highly visible, complex undertakings requiring significant financial commitments. Our construction audit team originated nearly 20 years ago and currently includes 25 specialists within a group of more than 100 professionals dedicated to providing construction risk management services to corporate internal audit, facility development and other construction risk managers.

We provide the independent financial oversight, strategic guidance and advice on financial controls to help to mitigate project risk and avoid unwanted surprises. We have negotiated claims settlements, designed contracting procedures and uncovered incorrect contractor billing practices for real estate owners and operators. In addition, we have worked to uncover billing or pay application calculation errors, creating a substantial return on investment for our clients.

Our projects scale up to mega facilities, research and development centers, sports facilities and hospitals, and down to rural clinics and office buildings. Our national project experience also includes interior office build-outs, greenfield development and mega power generation plants.

Familiarity with a variety of construction contracts

We have experience performing risk assessments and developing project-specific construction audit programs and methodologies for all contract types. We have worked with governmental agencies during construction projects involving the following contracts:

- Architect agreements
- Design assist subcontracts
- Design build
- Engineer, procure and construct
- Guaranteed Maximum Price
- Integrated project delivery
- Lump sum
- Multiplier
- Time and materials
- Unit price

We work hand in hand with construction contractors from contract negotiation through the final pay application, mitigating project financial risk by providing independent financial oversight and financial controls to your construction project. Our construction contract compliance and cost control program brings a sense of security that your construction project budget, policies and ethics are protected.



Construction contract audit for large Texas municipality	
Client's need	Baker Tilly assisted the City with multiple municipal projects covering required assistance with utility construction, local roads and bridges and facility construction with an overall capital construction budget in excess of \$200 million.
Baker Tilly solution	<p>We examined the billing compliance for a portfolio of civil projects for the municipality. Our scope of work included:</p> <ul style="list-style-type: none"> – Contractor billing compliance – Labor rate compliance – Change order analysis – Change order control review – Bid and award compliance – Project management process review – Process improvement recommendations
Results	The City was provided recommendations for improving their processes and given assurance that it was correctly billed by the various third-party contractors involved.

Construction audit for municipal utility	
Client's need	The municipality was undertaking a design build project, valued at \$250 million to \$300 million will bring Lake Michigan water to a municipality in Wisconsin, 18 miles west of Milwaukee.
Baker Tilly solution	<p>The multi year project requires extensive construction disciplines, including underground construction, vertical construction, right of way negotiation, geotechnical engineering, inspection and approval, multiple prime contractor coordination, hydrogeology consulting, civil engineering and electrical engineering.</p> <p>Engaged at pre-construction, we provided embedded auditor with continuous monitoring services. Specific tasks included:</p> <ul style="list-style-type: none"> – Service provider proposal analysis – Labor and equipment burden rate analysis – Contract risk analysis – Progress and billing meeting participation – Project cost monitoring and reporting – Invoice accuracy and contract compliance monitoring – Overcharge detection and invoice credit valuation – Status reporting – Oversight committee reporting – Contract financial term compliance – Resolve outstanding audit issues and findings with
Results	The utilities project is in progress. Baker Tilly's construction auditors have collaborated with the utility to provide the services listed above.



Organizational and operations assessments

Ever aware of the need to balance the needs of diverse constituents against constrained revenue streams and conflicting priorities, public leaders are increasingly challenged to effectively deploy scarce resources while maintaining the highest levels of accountability and transparency.

Baker Tilly's public sector performance optimization team helps local governments achieve this balance. Our experienced consultants work with you to establish strategic objectives and design creative approaches to achieve them. Our results-focused consulting approach helps ensure your resources are invested in a manner that addresses both your constituents' needs and your organizational capacity. We help state and local government leaders develop strategic clarity, align resources with priorities, strengthen performance, optimize processes and leverage technology.

Services include:

- Best practices diagnostics
- Process improvement
- Data analytics and business intelligence
- Human capital/talent management
- Organizational design and staffing needs assessment
- Organizational culture and change management
- Performance management
- Technology strategy and operational alignment
- Software system selection and implementation support
- Strategic planning

Management audits for the bi-state public transportation agency

Client's need	We created by a compact agreement between two states, regarding the ownership and operation of four toll bridges and the operation of a high-speed commuter rail service connecting Center City Philadelphia and the New Jersey suburbs. The compact required a "management audit of its operational effectiveness and efficiency be conducted by an independent consulting firm...". The management audits are overseen by an Audit Committee of the board and directed by the Authority's Inspector General.
Solution	<p>Baker Tilly directed the most recent two management audits, including the 2015 management audit and the 2017 audit of the agency's toll bridge operations. The goal of the bridge operations management audit was to assess the operational efficiency and organizational effectiveness of the agency's management of four "signature" toll bridges linking the New Jersey suburbs on the eastern side of the Delaware River to downtown Philadelphia and its southern suburbs. The multi-disciplined audit team focused on the agency's processes, practices and technologies for long-term management of its assets, which serve millions of commuters each year and represent the primary revenue source to the agency. Additionally, the team adequacy of the internal support services delivered to bridge operations, including Human Resources, Finance, Information Technology, Legal, Purchasing and Contract Administration.</p> <p>The 2015 management audit included a thorough, objective and independent assessment of the operational efficiency and effectiveness of services and operations and the development of recommendations to maintain and improve service to its customers while reducing or moderating operating losses.</p>



Management audits for the bi-state public transportation agency

Results	In both cases, the management audit team developed a comprehensive set of findings, observations, and recommendations to strengthen the agency's organizational effectiveness, operational efficiency, safety and compliance programs, and internal controls. Each audit also included the development of a detailed implementation plan for the use of the Inspector General in monitoring and reporting on implementation progress. A comprehensive process for documenting management's response to the audit findings and recommendations was included in the project scope.
----------------	--

Strategic planning and organizational assessment

Client's need	A municipality in New York wants to reach its vision of being "the best mid-sized city in the U.S. in which to live, raise a family, visit and grow a business." To achieve this vision, the City needed to ensure that its overall operations focused on achieving its objectives as an organization. The City's needs focused on reevaluating its objectives as a whole and utilizing those objectives to prioritize City operations.
Solution	<p>Baker Tilly's state and local government specialists conducted a Strategic Planning Assessment and Organizational Assessment of City operations. The Strategic Planning Assessment focused on establishing strategic objectives and associated key performance indicators (KPIs) aligned with the Mayor's vision, which provided guidance to departments for resource allocation and execution of KPIs.</p> <p>The team's Strategic Planning Assessment resulted in a Strategic Map/Road Map, Data Reporting Strategies, and a Communication Plan. Baker Tilly's dedicated professionals also developed an Organizational Review Report that outlined 18 essential findings and recommendations that the City could take to remedy its challenges with recommended implementation priorities.</p>
Results	Using the Strategic Road Map and prepared Organizational Review Report, the City focused its resources in identified areas to develop a strategy and plan to address Baker Tilly's recommendations. The City utilized the report to determine timelines, prioritize findings and strategize long-term goals as a whole to achieve the citywide vision.

Financial management

Baker Tilly offers a broad array of services that help local leaders resolve the financial issues they face as they work to improve the quality of life in their communities. The cornerstone of our services are financial analyses that assist our clients with resource allocations, bond ratings, financial planning, internal management, reporting and the many other influences that require comprehensive analysis. Our specialized team works closely with you to develop comprehensive solutions driven by data and rooted in best practice – helping you win today and anticipate tomorrow.

We draw upon deep experience serving large governments both across the nation, including the City of Chicago, City of Milwaukee, City of Houston, City of Cincinnati, City of Fort Worth, City of Minneapolis, City of Seattle, City of Saint Paul (MN), City of Kansas City (MO), City of San Antonio, City of Kansas City (KC), City of Baltimore, Baltimore County, and City of Colorado Springs, among others. Sound financial management and planning are essential for organizational success. Baker Tilly has been assisting clients in these areas for decades. Some of the more innovative products we have developed include our comprehensive financial planning (CFP) model.



This model provides our clients with a framework to evaluate the allocation of resources, cost trends, estimated fund balance levels, debt and management ratios and other benchmarks that are important to the community. This model can then be used to measure the impact of changes to economic conditions, tax base, spending levels and other inputs so that decisions made today can be measured on future results. Some of the other areas where we have developed processes and tools to assist clients include utility rate studies, growth/fiscal impact analysis, debt management, tax impact analysis and financial feasibility analysis.

Cash flow modeling for municipal parking department	
Client's need	The client required a long-term financial projection of its four parking districts.
Baker Tilly solution	Baker Tilly developed a cash flow model that enabled the municipality to make long-term financial projections of the four parking districts. The model integrated all revenue and expenditures for each parking district and included projected capital outlays, existing and projected debt and debt service payments, performance measures, and tests for compliance with existing bond covenants. In 2015 and in 2017 we were retained to update the cash flow model incorporating changes the municipality had made in the funds and their structures.
Results	The municipality has used the cash flow models as a tool in their financial management of the parking districts.

Financial plan to redevelopment a former industrial site	
Client's need	Baker Tilly developed a financial plan to assist a municipality with the redevelopment of the former Ford assembly plant site. The redevelopment plan was developed through professional and community involvement over a decade. The conclusion of these efforts was the site should be developed as a mixed-use urban neighborhood that advances economic, environmental and social sustainability.
Baker Tilly solution	Baker Tilly worked with the municipality in determining what resources would be needed to deliver on the redevelopment plan and to get a sense of who would be financially responsible for the various elements of the plan. Baker Tilly created a financial model for the municipality to analyze various development scenarios. The purpose of the model is to analyze the estimated financial gaps based on the municipality's required public improvements, additional enhancements including parks, parking, affordable housing, sustainability and energy efficiency. The projected revenues are based on a potential mix of residential, rental, commercial, office and public space. Our analysis also looked at absorption rates and build-out assumptions provided by previous market research and studies for the site.
Results	The municipality and Baker Tilly used the model to analyze different development scenarios and to identify financial gaps, which enabled the municipality to select a developer and development plan that met its development concept and ability to finance the identified gaps.



Services related to COVID-19 recovery

The COVID-19 pandemic has challenged our world in ways we have never before experienced. The health, economic and societal impacts of the pandemic will linger long after the return to “normalcy.”

To help state and local governments prepare for and prosper during our new normal, Baker Tilly introduces “R3: A Road map to Reopen, Recover and Reset.” R3 provides governmental entities with resources, best practices and solutions to help your organization navigate its response so your community can thrive in a post-COVID-19 environment.



In this unprecedented time, we stand ready to assist the City assess and recover from the impacts of COVID-19. We have a deep understanding of your industry and the challenges that lie ahead as you look to continue to carry out your mission.

Following are a few of the services the City may wish to consider.

Financial controls/application of controls

As the COVID-19 pandemic continues to bring uncertainties, all types of organizations are facing increased financial reporting and fraud risks, including municipalities.

The audit would focus on financial reporting and fraud prevention controls to determine whether or not controls continued to operate as designed during shelter-in-place orders, as a result of employees transitioning to a remote work environment. The scope of the audit will include adherence to delegation of authority policies, controls around expenditures, controls around payroll and controls around cash disbursements.

Technology and infrastructure security and resiliency review

As organizations adapt to the current COVID-19 environment, many have implemented remote working capabilities in a very short time frame. The need to keep people



productive while working remotely and the rapid response required from IT departments has the potential to introduce weaknesses into an organization's IT environment and network, as well as noncompliance with software and hardware licensing entitlements, which can result in large fines.

Baker Tilly can work with the City to identify changes in its IT environment to support a remote workforce. Baker Tilly would utilize the NIST 800-46 "Guide to Enterprise Telework, Remote Access, and Bring Your Own Device (BYOD) Security" to holistically assess the City's remote working capabilities and identify areas of risk within current technical deployments and processes.

Baker Tilly can also assess the City's remote access licensing agreements to ensure you are in compliance with contractual agreements.

Lastly, we can assess bandwidth limitations that may impede the productivity of remote workforce users.

Funding and operational continuity review

If the City receives funding due to the pandemic, Baker Tilly can provide ongoing monitoring of the guidance for distribution. We can also assist the City with reviewing policies and procedures to assist administrators and others with identifying and tracking "eligible" and "non-eligible" costs incurred in connection with COVID-19 for purposes of seeking reimbursement. We can also assist in performing an evaluation and assessment of the City's COVID-19 incurred expenses tracking system and provide guidance and recommendations to management to ensure adequacy of reporting and appropriateness of documentation to meet applicable requirements.

Finally, we can assist assess the financial impact of the pandemic to the City. This can include the inputs and assumptions used and prepared by the City and perform stress-testing over the inputs and assumptions used to validate your financial models.

This pandemic has challenged public sector entities to continue providing critical services to their residents as usual in what have been quite unusual times. Baker Tilly can assist the City with reviewing the execution of operations continuity plan and IT infrastructure and IT application resiliency plan as a result of COVID-19, and determine changes required for future plan deployment.



Chapter 4 – Work plan or proposal

The City's objectives

The City is seeking a qualified internal audit firm to provide annual co-sourced internal audit services. The firm will function as the City Auditor, serving at the will of the Palo Alto City Council, and will execute Council-approved internal audit plans in accordance with Government Auditing Standards. The firm will provide independent and objective analysis as to whether City management is:

- Using its financial, physical and informational resources effectively, efficiently, economically, ethically and equitably
- In compliance with laws, regulations, contracts and grant requirements, and city policies and procedures

Baker Tilly's extensive experience with internal audits in the public sector makes our firm ideally suited to serve this role. As your **Value Architect™** we will provide you with reliable insights and actionable recommendations to improve the City's operating environment.

We propose a tailored approach based on a proven methodology that allows us to work closely with stakeholders throughout the process, ensuring our final recommendations meet the specific needs and expectations of the City Council.

Internal audit approach

Our approach to serving as your proactive internal audit advisor and ally

The days of internal audit as a policing function have ended. City Councils, City Managers, and management expect internal audit to operate as a critical component of an organization's leadership, helping management and the board navigate the ever-changing risk landscape and develop effective risk mitigation strategies.

In keeping with these changes, Baker Tilly proactively evolved our role as internal auditors to be more strategic and forward looking, seeking to facilitate changes to increase effectiveness, optimize operational efficiency and minimize risk exposure.

Benefits of Baker Tilly's methodology to the City:

Achieves active engagement with the City

Promotes proactive thought leadership and creative, innovative solutions

Focuses on creating measurable value to the City

Facilitates collaboration

Is grounded in proven approaches

Is flexible to adapt to your changing needs

Grounded in the proven frameworks industry standards



Moving beyond a checklist or “one-size-fits-all” approach, we work to serve as trusted advisors who proactively engage management and City Councils and strive to add value, as shown in the graphic below.



As internal auditors, we work to serve as a catalyst for key conversations in a strategic context and changes relative to risk and compliance approaches, often functioning as the facilitator of conversations regarding risk at the organization's highest levels.

This goes beyond the tactical question of “what keeps you up at night?” by diving into how the organization is responding to emerging risks and the threat those risks pose to achieving an organization's defined strategy.

What does this mean for the City?

Together with the City, we will determine your best options for addressing risk going forward rather than penalizing past actions. If we identify an emerging risk that could affect the organization, we will work with leadership to examine how the City mitigates this risk today and plans for the future. We will help you tailor benchmarks and leading practices from peers to fit your unique environment.

Regular on-site presence, industry experience and expertise supporting diverse clients' internal audit functions will enable our team to offer the City best practices guidance and help you achieve your internal audit goals. In addition, our teachable audit methodology reflects the most current internal audit practices and can provide City staff with a collaborative learning experience.

We pride ourselves on our ability to provide insight and expertise across key aspects of clients' operations and will work with individuals throughout the City, including the City Manager, management and process owners.



Internal audit as a strategic driver for positive change

Our clients are often faced with the challenges of ensuring their internal audit functions are designed to deliver the right value at the right cost.

Specifically, our internal audit clients look to Baker Tilly to help:

- Align internal audit's value proposition with stakeholders' expectations
- Identify and address critical risks and issues now and for the long term
- Provide cost-effective services to the City
- Leverage technology effectively
- Promote quality improvement and innovation

Baker Tilly has successfully assisted numerous organizations with their internal audit needs by positioning internal audit as:

- A driver for positive change
- A consultant and advisor
- Focused on mitigating business risks and finding solutions
- A continuously evolving process that monitors operational, financial and compliance-related reporting risks throughout the year

To be a truly forward-looking partner for the City, Baker Tilly must not only look to your organization's future, but to the future of internal audit itself.

General internal audit methodology

A high-touch service model with regular access to the partners and managers on your project team assures the City of responsiveness, reliability and a tailored service delivery approach that evolves with your changing needs.

Managing an internal audit function is about much more than managing audits. This ongoing process requires active engagement with City management and proactive thought leadership. The City will gain such active engagement and proactive thought leadership from Baker Tilly. As experienced internal auditors, we offer a structured, yet adaptable, internal audit methodology (illustrated in the graphic on the following page), grounded in proven approaches and designed to prevent surprises for the City. This methodology is flexible to evolve with your needs and with our relationship, reflecting our experience with a variety of risk management models.

Note that the following is a description of our general internal audit methodology. In a subsequent subsection, we address the components of the scope of services.



Step 1: Understand the organization

The City deserves auditors who understand your objectives, culture, administration and strategy. If you choose Baker Tilly, understanding your business will serve as the starting point for our engagement and gives context to our audit activities. Reviewing policies and other relevant documentation is only one step in this learning process.

To gain an understanding beyond documentation alone, we will also meet with management and staff for a formal kickoff meeting. This meeting serves as a forum for discussing expectations, presenting the objectives of the audit, discussing the timing of audit activities, confirming the audit scope and identifying key contacts. It is also a time to:

- Inquire about specific concerns to which we should be sensitive
- Learn about your history
- Understand the City's strategy, goals, opportunities and challenges in financial, operational and compliance risks and internal audit plan design
- Determine pain points from past internal audit activities and practices

Step 2: Identify, measure and prioritize risk

Risk assessments serve a vital role in helping organizations understand possible impediments to achieving their strategic objectives, as well as in identifying key risks to drive the internal audit plan. The annual risk assessment requested by the City will help us to identify and review your risks and the effectiveness of mitigating controls, ensuring our audit plans focus on the most important areas across the organization. For that reason, risk assessments are the foundation for our internal audit methodology.



Specifically, information gathered from reviewing documentation and interviewing stakeholders will translate into a qualitative, initial risk hypothesis that serves as a basis for further discussion.

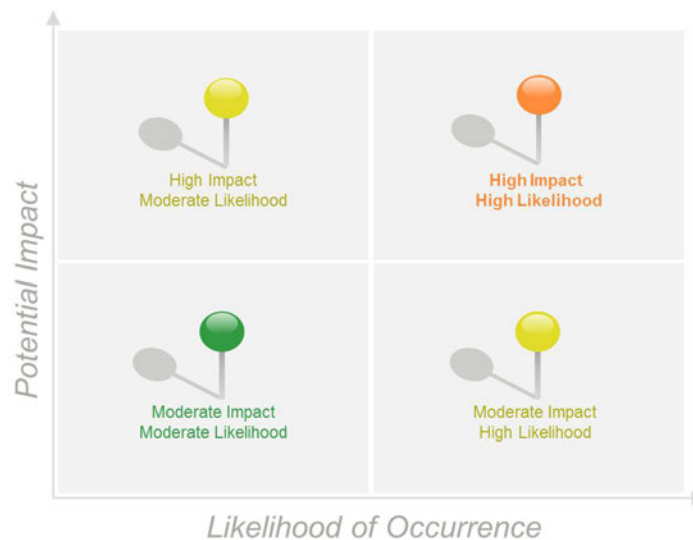
The engagement team will then rank the City's risks along with their potential impact on your organization and on their likelihood (high, moderate, or low) rather than numerical values (for example, 1 – low to 10 – high).

Rankings will consider the context of the City's control environment, strategic objectives, existing policies and potential gaps in accountability. We will plot these risks on a grid as illustrated in the risk map graphic below, and explain them with qualitative and quantitative metrics (for example, loss of reputation and number of days of downtime).



"Their willingness to constantly take on more and to take ownership of their work allowed for me to focus on other areas. They always kept me in the loop and raised issues in an appropriate manner."

–Director of internal audit



The risk map offers a starting point for jointly prioritizing risks with leadership and facilitates substantive discussion of risks, their likelihood and impact. If desired, we can also facilitate discussions to vet the highest priority risks and their relative placement on the risk map.

The risk assessment will include risks identified by the City Council, the City Manager, and management as well as those leveraged from our previous audits to incorporate results that proved to be effective by peer organizations, while assessing both internal and external information we collect. We will also include a mechanism through which risks are reviewed and/or updated to assess the impact of prior audits/exams and changes to operations or systems, then address any emerging risks.

Because change is a constant in any internal audit relationship, the City's internal audit function must be able to adapt – and quickly. Baker Tilly has incorporated agility into our internal audit philosophy to provide organizations like the City with quick and efficient responses to change. If the organization desires this approach to risk assessments, we can employ our agile audit segments that will provide rapid feedback to continually improve our audit approach.



Step 3: Develop a risk-based audit plan

A prioritized list of risks enables us to work with the City Council to develop a risk-based audit plan. This plan will outline the needed audit activities to address risks and will describe the link between the proposed audits and high priority risks to ensure that the proposed activities are clear, understood and relevant. A risk-based plan is developed through the following steps:



We will continually update our audit plan to reflect changes in your organization and emerging risks because risk assessments only provide us with detail at a specific point in time. Throughout the year, we will discuss with the City Council and City Manager potential changes to the audit plan.

- **Determine resource allocation:** We will collaborate with leadership to determine the funding level and resources that the City wishes to dedicate to the internal audit function so we can tailor the audit plan to maximize the amount of work that can be performed toward the identified risks. We can scale and customize the plan significantly to achieve risk coverage within the available resources.
- **Identify and prioritize auditable risks:** We will consider the placement of each risk on the risk map (for example, high likelihood/high impact) and determine whether a risk is auditable or an overarching area to monitor and consider in evaluating and auditing other risks.
- **Review organizational structure:** We will consider major initiatives or changes at the City. An audit of a risk area where significant changes are underway might benefit from deferral to a future period. For example, if you are implementing a new human resources system, auditing that area in a future year or structuring a project with an approach other than a traditional audit may make sense.
- **Develop pragmatic plan:** Based on these factors, we will develop an annual audit program and strategy. The plan will include enough scheduling and resource flexibility to accommodate special analyses or ad-hoc audit requests to address emerging risks and needs throughout the year, while minimizing time and resource demands on your staff.
- **Gain the City's approval for the audit plan:** We will submit the annual plan to the City Council for acceptance and approval.
- **Ongoing monitoring and updates to the audit plan:** Maintaining an ongoing presence at the City enables us to stay abreast of changes in your business as they occur. Ongoing monitoring of risks to keep a pulse on these changes is a standard part of our methodology. Ongoing communication and active engagement also enables us to continually evaluate our work in the context of new risks and adjust our audit activities to keep the focus on the most important area. This approach will help to ensure the best use of resources and enable our audit plan to remain flexible to evolve with your needs.



Step 4: Plan audits

At the onset of each audit, we assess the objectives, significant processes, relevant systems and organization of audit areas. Management meets with us to evaluate the most relevant risks, define a scope for our audit activities, present requests for documentation and arrange logistics, such as audit timing. Such a formal entrance meeting allows participants to meet one another and to confirm expectations to ensure that the audit starts well. During the planning process, we also enhance our more detailed audit plans.

When designing and tailoring our audit work plan to the City, we will balance industry practices and guidance from frameworks with the City's needs, expected timelines and resource availability.

Step 5: Execute audits

A disciplined approach to executing audits ensures that we achieve your audit objectives on time and within budget. Based on the audit plans developed in the planning phase, our audit activities may include:

- Planned audits identified in the core audit plan developed as part of the annual audit plan, including:
 - Evaluation of controls design to determine whether they adequately mitigate the relevant risks and raise concerns to management in areas where controls do not adequately address risks
 - Ensure controls are aligned with applicable regulations, internal/external policies and industry leading practices
 - Completing process-level risk assessments covering key risks and operational areas
 - Testing to assess whether controls are operating effectively if the design of controls is sufficient
 - Provide reports detailing fieldwork observations and process improvements for each audit
- Reviews of significant projects and initiatives (for example, major system development efforts) to verify that they are managed effectively and are poised to meet the City's needs
- Whistleblower or special investigations, as new areas of concern or allegations arise
- Attend internal meetings, as needed, to discuss our audit plan, observations and recommendations



"Baker Tilly personnel are smart and business savvy. They know the organizational environment and approach their work to gain their clients respect and confidence."

– Director of risk management

We will document work in working papers according to industry standards, ensuring that our work and conclusions are adequately supported.

Step 6: Communicate results

Timeliness and accuracy are key to effective reporting. At the completion of any project, we will work with management to review observations and create a report inclusive of



significant audit findings, recommendations and timeframes for implementing them. We will discuss the report format and gain approval from you before the report is drafted. During this phase, we may also:

- Track control exceptions
- Evaluate exceptions from a “big picture” perspective, determine patterns or correlations, and analyze root causes
- Present the exceptions to the process owners to confirm the facts, discuss root causes and risks, and adjust or elaborate as needed
- Work with the City to develop solutions that are reasonable in terms of cost and operational impact
- Document findings in a form that prioritizes them by risk and presents the facts, root cause, risk and recommended corrective actions. We strive to make our recommendations SMART: Specific, Measurable, Achievable, Relevant and Time-bound

When an issue may require prompt attention, we escalate it in the City’s organization, as appropriate.

Step 7: Report to the City Council

Governing bodies and management need timely and accurate information about the risks an organization faces and what is being done to manage those risks. They look to internal audit as an advisor to help them sort through, interpret and prioritize information about risk in the City. They need to know that a capable and independent internal audit function is alert and actively engaged. They can count on Baker Tilly to provide them with this knowledge.

The City Council, City Manager, and management can expect to receive a report in an agreeable format. The City Council will receive functional reports that contain executive-level summaries of the audits performed. Meanwhile, management will receive administrative reports with more detail. Before every City Council meeting, we prevent surprises by collaborating with management.

Deep experience in reporting to boards and audit committees:

We are experienced at working with risk management and audit committees. Members of your engagement team have written and reviewed audit committee reports as well as presented to boards and their audit committees. In addition, our partners have experience in serving on boards, providing them with firsthand perspective on the needs of boards and audit committees.



Step 8: Monitor changes

Changes in your business are inevitable. Throughout our engagement, the City may enter new ventures, deploy new systems and construct new buildings. Your objectives, priorities and policies may change, as will regulations and the marketplace. Maintaining an ongoing presence at the City will enable us to stay abreast of changes in your business as they occur.

We will also work with the City to help create a flexible annual internal audit plan that can accommodate these changes. Ongoing monitoring to keep a pulse on these changes is a standard part of our methodology. Ongoing communication and active engagement then enables us to adjust our audit activities to keep the focus on the most important areas.

Ongoing collaboration and project management

We will apply a disciplined approach to managing our effort and delivery to ensure that we are responsive to the City's needs, aligned with the City's culture and organizational values, and conscientious of the sensitivity of information that we receive.

We look forward to working closely with the project lead, management and elected officials, and other key stakeholders to provide regular status updates and communicate next steps and project issues if they arise. Maintaining open lines of communication between Baker Tilly and the City will allow us to be responsive to your needs while understanding and addressing any potential effects on this effort. We believe in regularly communicating with you to ensure that we obtain your perspectives and input for:

- Guiding the scope of our work
- Ensuring that we consider all relevant factors in our analysis
- Confirming the facts
- Incorporating context into our reporting

Schedule

Our project schedules are aggressive, yet realistic.

Our firm has a long history of successfully meeting our clients' timelines and we are committed to working with your scheduling requirements. We believe in extensive planning and continuous project management to ensure that key personnel are available when needed and all deliverables are completed on time or ahead of schedule.

Upon completion of the risk assessment and internal audit planning process, our team will develop a detailed plan and schedule that will encompass all audit activities:

- Planned internal audit projects
- Recurring audit activities
- Procurement of the financial audit firm
- Monthly and quarterly reporting

As ad hoc, unplanned audit activities arise, we will identify capacity to deliver and bring in additional staff to avoid delays to planned activities.



Customizing our approach for Palo Alto

The methodology described above applies to all of our clients. Most importantly to the City is how our methodology will be customized to meet the needs of the City. The following six tasks detail the core services we will provide in accordance with the RFP.

Our understanding of your needs

Baker Tilly has reviewed the following materials and is very confident it will deploy a more efficient audit function that delivers cost effective audits that drive business value.

- Risk Assessment & Internal Audit Plan Reports from fiscal years 2017 – 2019
- Quarterly & Annual Reports 2017 – 2019
- Chapter 2.08 of the Palo Alto Municipal Code
- City Council Staff Report and Associated Attachments, February 10, 2020
- City Council Meeting Minutes, February 10, 2020
- Internal Audit Practices Consultant Report

Concerns expressed by City Council, management, and in the consultant report will be taken seriously and addressed in our work. Based on the materials provided and publically available, we believe a key concern lies in the following:

- Overall internal audit budget
- Time and dollars devoted to each audit activity
- Lack of focus on internal control in recent audit activities
- Objectivity of the function

Task 1. Preparation of annual audit plan

Note that we will develop the annual audit plan after having conducted the citywide risk assessment (i.e., Task 2 comes before Task 1).

A key component of this task will be to identify pain points from the past. We want to be sure that we are adding as much value as possible given the substantial investment that is being made by the City in internal audit.

Additionally, we want to be certain that we understand the priorities of the City Manager, the City Council and executive management. In reviewing prior years, there was a heavy emphasis on ad hoc or recurring activities. We would like to understand if those activities added value; if not, we would seek to allocate our hours in a different manner in the internal audit plan.

Utilizing the results of the risk assessment performed in Task 2 below, we will prepare an annual audit plan which will include the following:

- Preliminary objectives for each audit to be performed
- The schedule to complete each audit
- The estimated resources and costs to complete each audit

The audit plan will be provided to the City Manager and appropriate City Council committee(s) for review and to the City Council for review and approval. We will also consult with the City Attorney as necessary when developing audit plans.



Task 2. Citywide risk assessment

Each year, we will perform a citywide risk assessment which will allow us to identify and review the City's key risks to ensure our audit plans focus on the most important areas across the organization. The risk assessment process includes reviewing process and control documentation and interviewing key stakeholders and process owners. After compiling the key risks, we will rank the City's risks based on likelihood and impact of an adverse event occurring. Rankings will consider the context of the City's control environment, existing policies, compliance requirements, organizational strategy and objectives, potential gaps in accountability, and more.

We anticipate that we will identify 150+ auditable areas. As a result, it is critical that our scoring methodology be customized to the City in order to best prioritize our activities.

Once the risks have been prioritized, we will draft a Risk Assessment Report which discusses the results of our risk assessment. This report and the risk assessment will be provided to the City Manager and appropriate City Council committee(s) for review and to the City Council for review and approval. The results of the risk assessment will allow us to prepare a risk-based audit plan as discussed in Task 1.

Task 3. Selection of external financial auditor and annual audit coordination

Baker Tilly will assist with coordinating the annual external financial audit in each year of the contract term. This includes assisting with the drafting of the RFP and overseeing the selection process.

Our project team includes financial auditors who work exclusively in the public sector. These auditors perform financial and single audits for a variety of government types – cities, villages, towns, school districts, public utilities, and more. As a result, we are deeply in tune with the structure of an RFP, the questions that should be posed to an auditor, and the costs associated with such work.

We anticipate that the procurement will include the following steps:

- Review existing materials – RFP, financial audit reports – and draft a plan for the current year
- Develop the RFP in conjunction with the City Manager, Finance and other stakeholders
- Work with procurement to solicit responses
- Assist in proposal evaluation

Once the vendor is selected, we plan to serve as the primary liaison for the financial audit. This includes:

- Serving as the primary point of contact
- Participating in the kickoff meeting
- Fielding audit requests from the financial auditors
- Reviewing materials prior to providing them to the auditors for testing
- Assisting in audit finalization and review of audit findings



Note that we do not actively pursue financial/external audit work with municipal governments in the State of California. As a result, we do not have any conflicts of interest or independence concerns in engaging in this activity.

Task 4. Execute annual audit plan

In accordance with the approved annual audit plan (Task 1), we anticipate conducting roughly six planned audit activities and seven ad hoc/special request audits (refer to the Chapter 8 for additional information on this estimate).

Depending on the type of audit being performed, practices and audit methods may vary as it relates to testing. For example, audits of financial systems and related processes would include testing of one area for automated controls versus a sample population for transaction testing. Financial system audits may involve reviewing user access for conflicts in segregation of duties or reviewing system configurations.

Alternatively, operational and management audits may rely more on interviews with process owners, process walkthroughs, and review of policies to perform a gap analysis to identify inefficient or redundant activities, opportunities for cost reduction/savings or improved service delivery. Contract compliance audits may require a variety of methods to test auditable contract terms depending on whether they are financial in nature (billing/costs) or non-financial (e.g., insurance requirements, required reporting, or other areas).

During the testing and evaluation phase of an audit, we will:

- Track control exceptions
- Evaluate exceptions from a “big picture” perspective, determine patterns or correlations, and analyze root causes
- Present the exceptions to the process owners to confirm the facts, discuss root causes and risks, and adjust or elaborate as needed
- Work with the City to develop solutions that are reasonable in terms of cost and operational impact
- Document findings in a form that prioritizes them by risk and presents the facts, root cause, risk and recommended corrective actions. We strive to make our recommendations SMART: Specific, Measurable, Achievable, Relevant and Time-bound

At the completion of each audit, we will work with management to review observations and create a report inclusive of significant audit findings, recommendations and timeframes for implementing them. We will discuss the report format and gain approval from you before the report is drafted. The report will be provided to the City Manager, City Attorney and appropriate committee for review and to the City Council for review and approval. When an issue may require prompt attention, we will escalate it in the City's organization, as appropriate.

Note that we plan to track audit findings and recommendations and will perform periodic follow up to ensure that remediation efforts have occurred.



Task 5. Preparation of quarterly reports and annual status report

We will prepare and issue quarterly reports describing the status and progress toward audit completion, to be provided as information reports to the City Council and to be reviewed by the appropriate committee. The committee will receive functional reports that contain executive level summaries of the audits performed. Management will receive administrative reports with more detail. Our quarterly reports will also contain results from our follow up on prior findings and identified remediation steps.

In the first quarter of each fiscal year, we will prepare and issue an annual report on the status of recommendations made in completed audits, to be provide as an information report to the City Council and reviewed by the appropriate committee.

Task 6. Evaluation and benchmarking

We will undergo a peer evaluation following the guidelines of the Association of Local Government Auditors every two years (i.e., at the end of the initial two-year contract terms, then every other year thereafter throughout the contract term), or as required by the City Council, so the performance of the internal audit function can be objectively assessed.

We will prepare a cost per audit analysis following the first completed contract year, to be submitted at the beginning of the second contract year and every other year thereafter throughout the contract term, that includes benchmark agencies determined by the City Council, and obtain independent third-party certification of data accuracy.



Chapter 5 – Proposed innovations

Innovations in methodology and technology are dramatically expanding internal audit's potential and the value we can offer the City beyond the first year, as desired.

Our clients are often faced with the challenges of ensuring their internal audit functions are designed to deliver the right value at the right cost. With so much technological transformation taking place, there are countless opportunities for Baker Tilly to innovate and improve our approach to serving you. The following pages detail innovative practices and approaches from which the City can benefit if you engage Baker Tilly as your internal auditor, specifically in the following areas:



Intelligent automation

Working in collaboration with a leading robotic automation company, Baker Tilly recently launched our specialized robotics process automation (RPA) practice under the leadership of a newly hired advanced technology and innovation director. RPA automates processes with software robots for greater efficiency, accuracy, consistency and output.

Our advanced technology and innovation director works closely with Baker Tilly's chief executive officer, chief information officer, practice leaders and service line innovation committees to identify market trends where artificial intelligence, technology innovations and software tools can be applied to improve our internal audit service offerings.

We have bots programmed to support internal audit service delivery, and we are exploring industry-specific bots specifically for research and higher education environments. Below are example use cases of intelligent automation in public sector environments:

- Robotic assisted audit of internal controls and system configurations
- Automating IT service desk for user logins, provisioning, etc.
- Locate fraudulent activities through artificial intelligence (AI) modeling



- Predictive analysis to identify the right opportunities
- Automating administrative activities
- Identify conflicts of interest with automated analyses of enterprise resource planning (ERP) systems
- Automation ingestion, manipulation and presentation of the audit

Advanced analytics

From numbers to text to graphics, the many forms of electronic data today's organizations have constitute a wealth of information. Using a variety of cutting-edge and well-established data analytics tools, Baker Tilly's specialized professionals can help you determine what your data means, identify historical views and trends, predict outcomes, inform leadership decision-making and visualize data. Data analytics can also be a key tool in helping the City combat fraud. Key tools we have experience using for data analytics include, but are not limited to:

- **Tableau:** We use Tableau to develop diagnostic and sustainable analytical solutions to assist our clients in providing more in-depth insight into their daily performance and to monitor enhanced financial metrics. Tableau creates intuitive, accessible dashboards with visualizations that help our clients understand their data, both at a high level and in granular detail. Our diagnostic solution can analyze disparate data sources to identify different areas of risk and financial opportunity. Our diagnostic tools will allow us to walk through different scenarios in real time, which will enable the City to make informed decisions at any moment.
- **Intellytics:** BT Intellytics is an internally developed analytics platform that allows us to help organizations mine their data, deliver better insights and improve existing processes. We will leverage this environment, along with its software and pre-built analytics templates to accelerate the time to value when analyzing the City's data for the site audits. Our advanced analytics platform will allow us to perform a series of techniques including risk clustering, expense analytics, journal entry (JE)/text analytics, key word classification, concept analysis, sentiment analysis and event series analysis.
- **TeamMate Analytics (TMA):** TMA provides Baker Tilly with a suite of computer aided audit tools (CAATs) that empower us to perform various seamless, efficient analytics in order to provide deeper, greater insights on internal audit projects. This tool will allow us to effectively cleanse data, perform complex calculations, analyze duplicates, and identify matching or missing records to provide actionable insight into your data.

Baker Tilly also offers experience with IDEA and Galvanize software. We can use any of the tools above for the City, or tap into other tools you may have; we can also provide training to your staff on how to use data analytics software or build customized reports using reports you may already have.



Data analytics experience and value

Below are some examples of ways we have incorporated data analytics into our internal audit strategy. Additional examples are available upon request.



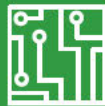
Script development

Script development uses a tool, such as Tableau, to automate data analysis. The intent is to develop scripts that can perform recurring analytics and enable you to automate the ongoing monitoring of its data for trends and outliers.



Data mining

Data mining surveys large sets of data at a high level to detect patterns, trends and, in some instances, predict behavior or outcomes. Data mining often precedes data analysis; however, it is not required. Data mining gives you an understanding of the data and a place to start.



Data analysis

Unlike data mining, data analysis is a specific, targeted review of smaller data sets. Fewer records are much quicker to analyze and interpret. We perform a wide variety of analytics that typically fall into one of two categories: business intelligence or fraud analytics. We develop data analytics tests that are customized to your data set and objectives.



Continuous monitoring

Continuous monitoring analyzes data regularly for business intelligence and fraud analytics so results can be reviewed and remedied proactively rather than reactively. This real-time look at data enables leaders to revise processes, strengthen controls and make data-drive decisions. Continuous monitoring can be automated or manual.

Baker Tilly will work with the City to use technology enablers to enhance the internal audit process with data analysis. These tools can also assist with benchmarking. Baker Tilly has dedicated Tableau users who can assist with developing data analysis approaches or analytics tests and provides Tableau training to our internal audit professionals, ensuring our skills in this area are up to date. If you already have a Tableau license, count on us to teach your analysts or internal auditors how to perform and automate the test we develop for you.

From time to time, our clients' data analytics needs extend beyond that of the audit tools discussed above. In that case, Baker Tilly leverages statistical analysis tools, such as IBM SPSS Statistics, to perform analysis including multivariate regression analysis, correlation analysis and more.



Agile auditing

Because change is a constant in any internal audit relationship, the City's internal audit firm must be able to adapt – and quickly. While strong communication and project management are important in this regard, Baker Tilly has taken our commitment to agility a step further by incorporating entirely new internal audit philosophy: **Agile**.

Originally intended for software development, Agile is an iterative, collaborative project management methodology that enables project teams to respond more quickly and efficiently to change. Agile internal auditors focus on work with a real impact instead of technical, low-value minutiae. The graphic below shows the values of Agile over traditional internal audit.



Rather than bind ourselves to a single approach for the entire project, Agile audits are broken into segments, or “sprints.” At the conclusion of each sprint, the team gathers lessons learned and makes adjustments to the following sprint, ensuring our approach continually improves.

The table below shows key process differences with Agile internal audits. Baker Tilly is happy to discuss how we can integrate Agile into our work for the City, as desired.

Key process differences with Agile internal audits

Process area	Standard internal audit	Agile internal audit
Administration and strategy	<ul style="list-style-type: none">– Audit plans updated annually, generally do not change within year– Risk assessment process is subjective	<ul style="list-style-type: none">– Audit plans are updated more frequently– Emerging risks included, increase of pre-implementation reviews– Audits deferred or suspended if higher value areas are identified
Planning	<ul style="list-style-type: none">– General risk assessment process– Partner involvement may vary– Lengthy walkthroughs	<ul style="list-style-type: none">– Sprint planning with all team members– Risks are identified and moved to the backlog– Walkthrough of processes that address key risks, not all processes– Audit “canvas” approach that distills project components down to its essential elements



Process area	Standard internal audit	Agile internal audit
Fieldwork	<ul style="list-style-type: none">– Testing is in lockstep with audit program– Focus is on key controls– Audit is always completed	<ul style="list-style-type: none">– Testing is iterative, using sprints, assigning best use of staff time– Daily scrum meetings– Nature and extent of testing adapts as audit progresses– Focus is on addressing risk to business objectives and value– Audit may be suspended or converted to a review if value is minimal, hours reallocated
Reporting	<ul style="list-style-type: none">– Number of reports, audits completed and management negotiation is primary objective– Longer, usually more information	<ul style="list-style-type: none">– Influence and business collaboration is primary objective– Shorter, more data-driven

Remote work

For Baker Tilly, the safety of our people is paramount. We are committed to playing our part in containing COVID-19 by practicing responsible social distancing. As of this writing, our firm is directing all professionals work remotely. Because the City expects and deserves tailored, personalized service, we recognize that this policy may cause concern. **Please understand that we are prepared to deliver an exceptional service experience remotely if necessary.**

The City's engagement team has various tools enabling them to assist you from any location. Baker Tilly professionals each receive their own laptop and remote access credentials to connect to our internal network from outside the office. When Baker Tilly and the City are not able to meet in person, we have web conferencing software – including Zoom, WebEx and Microsoft Teams – to quickly set up online meetings.

Additionally, we use Huddle, a secure cloud collaboration software, to work together anywhere, anytime and on any device. Huddle provides a platform for the City and Baker Tilly to come together, share files, assign tasks, and track activity in a secure environment. Using Huddle as a central hub of activity means we all spend less time organizing documents, chasing approvals and searching through email – and more time achieving tangible results. The platform also enables real-time communication, meaning the status of your engagement will always be available. We recently began using Microsoft Teams, which facilitates easier communication and project management.

Baker Tilly will not compromise the City's assessment. Please let us know if you wish to discuss this matter in greater detail.



Chapter 6. Project staffing

Key personnel aligned with your needs

The team members we are proposing for this work have worked together on a number of projects exactly like the services the City is seeking. Collectively, they have **hundreds of years of combined experience in providing internal audit, consulting and advisory services to municipalities** and are well equipped to meet the City's objectives with insights obtained from previous projects.

The City's internal audit function will be staffed by personnel with deep municipal government and auditing experience. Your project team will include professionals dedicated to working with public sector clients on a daily basis, assuring you of a specialized engagement team.

City Auditor position

The City Auditor will take on responsibility for all work performed by Baker Tilly for the City. With that said, it is important to note that he will be supported by three of Baker Tilly's key leaders, all of whom have extensive experience serving municipal governments – Jodi Dobson, Heather Acker and Vicki Hellenbrand. They will collectively ensure the quality of our work and that the City Auditor position is properly supported by the firm.

The City Auditor position will be filled by Kyle O'Rourke, a senior consulting manager on Baker Tilly's state and local government consulting team. Kyle is based out of our Chicago office and has extensive internal audit experience with government and other public sector clients. Kyle is a Certified Internal Auditor (CIA), Certified in Risk Management Assurance (CRMA) and a Certified Government Audit Professional (CGAP). He obtained his Master in Public Affairs (MPA) from the School of Public and Environmental Affairs at Indiana University, the nation's number one ranking program, according to U.S. News & World Report.

Kyle is very dedicated to the internal audit profession and exemplifies this dedication through his involvement in the Chicago Chapter of the Institute of Internal Auditors, one of the three largest chapters in the country. Currently, he serves as the Senior Vice President of the Chapter, the Chair of the Annual Seminar (chapter's marquee training event), and Co-Chair of the Chapter's Government Advisory Committee (GAC). For his efforts in conducting internal audit training for government auditors, Kyle was recognized as an "Educator of the Year" by IIA in 2017.

In the past three years, Kyle has worked with more than two dozen state and local government clients on an array of internal audit engagements, including testing of controls, operational assessments and technology reviews, among other services. Examples of Kyle's experience include (all projects Kyle has managed):

- **Detroit Water & Sewerage Department** – As part of a multi-year engagement, reviewed over 100 policies and procedures, helped start an internal audit function and hire a Director, conducted a review of the procurement and billing functions, and



- provided ad hoc assistance in improving operations particularly in human resources, information technology and customer service.
- **City of Madison, WI** – Performed an internal audit risk assessment, drafted an internal audit plan, assisted in re-envisioning the internal audit function, and drafted job descriptions to enable the City to kick-start its internal audit function.
 - **Rockford Public Schools (IL)** – Performed a review of the internal audit function, focused on identifying opportunities to improve the risk assessment and internal audit planning process, the conduct of internal audit activities, internal audit reporting, and the staffing/sourcing model for the internal audit team.
 - **Southern Ute Indian Tribe** – Served as the out-sourced internal audit function for over two years, where we drafted the internal audit charter, assisted in internal audit start up, hired an internal audit manager to transition activities to, and executed a number of internal audit activities including a grant management review, a procure-to-pay audit, a cybersecurity assessment, an IT cost allocation review, a review of the KPI program, and a budget process review. Note that an Indian Tribe offers services similar to a city government.
 - **City of Riverside, CA** – Executed a performance and financial audit of the public utility on behalf of the City of Riverside, California. The project focused on functional areas including procurement, accounting, asset management, economic development and contract management.
 - **Metra (Chicago, IL Mass Transit)** – Perform an annual risk assessment and develop the internal audit plan on behalf of the internal audit function as well as an annual fraud risk assessment aimed at identifying fraud risks and related controls.
 - **Illinois Toll Highway Authority** – Served as a co-sourced resource to the Tollway's internal audit function, performing a variety of internal audit work including construction audit, enterprise risk management consulting, and information technology audits.
 - **State of Illinois – Department of Commerce & Economic Opportunity** – Performed a compliance review of the State's Weatherization Program aimed at determining if contracted program administrators met program requirements and incurred only allowable/eligible costs adhering to the program policy manual and federal and state guidelines.
 - **State of Illinois – Department of Technology & Innovation** – Served as an audit liaison on DoIT's annual compliance audit conducted by the State's Auditor General.

Given the importance of this position to the City, we feel it is critical to offer professional references beyond our client references in order to validate Kyle's qualifications. The following individuals have worked with him in a variety of capacities in recent years. We recommend that you contact these individuals should you wish to discuss Kyle's capabilities and expertise in government internal audit.

Professional references

Natalie Covello
Internal Audit Director
Chicago State University
Email: ncovello@csu.edu

Roberto Concepcion
Former Internal Audit Director
City Colleges of Chicago
Email: roberto.concepcion@conceprollc.com

Michael Ciminero
Internal Audit Director
YMCA of Chicago
Email: mciminero@ymcachicago.org

Cassandra Rouse
Chief Strategy and Implementation Officer
Illinois Tollway
Email: crouse@getipass.com



It is important to note that Kyle meets all requirements outlined within the RFP and within City code (Chapter 2.08). He is/has:

- Knowledgeable in performance audits, public administration, public policy, public financial and fiscal practices
- A licensed Certified Internal Auditor (CIA) as well as Certified in Risk Management Assurance (CRMA) and a Certified Government Auditing Professional (CGAP)
- A demonstrated history of acting in this capacity and assisting clients establish internal audit functions that promote honest, efficient, effective, economical, and fully accountable and transparent government
- Ability to set and maintain a tone of ethical behavior

In addition to the requirements noted in City Code, Kyle meets the requirements noted within the Request for Proposals, including having more than five years of public sector internal audit experience (eight plus in total).

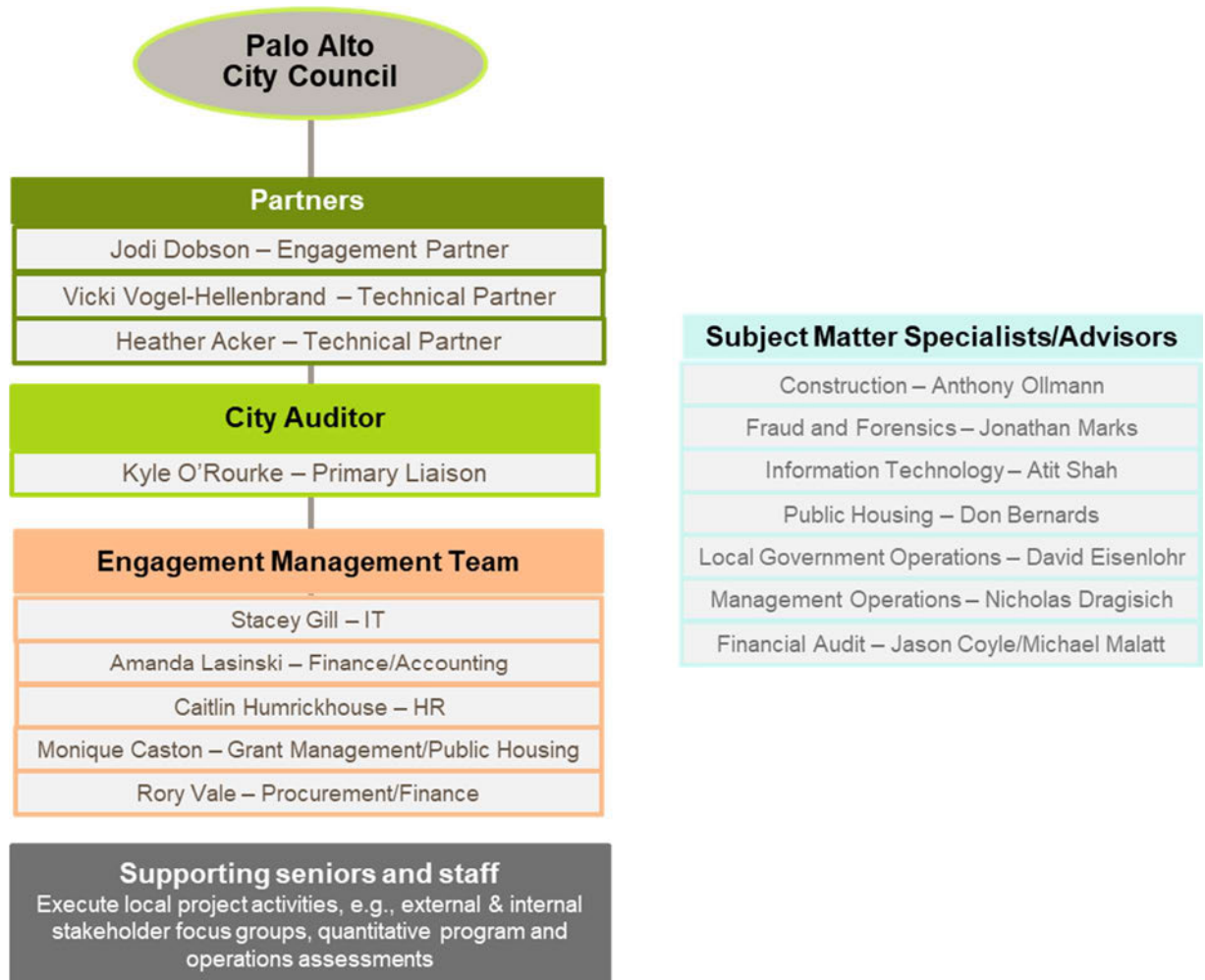
In the role of City Auditor, Kyle's responsibilities will include:

- Organizing all status updates, entrance meetings and exit meetings with our project managers
- Reviewing all deliverables to ensure we have met your expectations and that the format is consistent and appropriate
- Assembling the most appropriate team to staff each internal audit activity and serving as a **Value Architect**™
- Attending board meetings as needed to present the results of our internal audit work
- Coordinating project management activities including coordinating with subcontractors, monitoring staff hours, setting up files sharing accounts on Huddle and billing
- Tracking follow-up activities related to implementation of our recommendations



Organizational chart

The below organization chart details the operating and reporting structure of your team.





Each member of the team is deeply committed to providing you with exceptional client service. The table below summarizes their experience and key resume information.

Core engagement team oversight



Jodi Dobson, CPA, Engagement Partner: Jodi, who has more than 20 years of public sector experience, will serve as the partner in charge. She will ensure that our services exceed your expectations and that the deliverables presented to the City meet quality assurance standards for the project. Jodi has led many internal audits and consulting projects for public sector entities. Jodi is based in our Madison, WI office.



Vicki Vogel-Hellenbrand, CPA, Technical Partner: Vicki leads Baker Tilly's public sector practice. She provides consulting services for governments and public utilities including external/financial audit, internal audit consulting, multi-year financial and capital forecasts, budget assistance, borrowing assistance, and much more. Vicki will serve as a technical partner on the engagement, providing insights on municipal government operations and internal audit issues from her more than 28 years of experience in the field. She will ensure that members of the broader public sector practice (420 individuals) are available to serve the City. Vicki is based in our Madison, WI office.



Heather S. Acker, CPA, Technical Partner: Heather leads Baker Tilly's risk, internal audit and cybersecurity practice. She also currently serves as the chair of the AICPA State and Local Government Expert Panel. Heather will work with the project team to ensure that we are assigning the appropriate subject matter experts to each project and that are meeting client needs. She will also advise on municipal government-specific issues concerning the City's internal audits. Heather will also ensure that members of the broader risk, internal audit, and cybersecurity practice (300 individuals) are available to serve the City. Heather is based in our Madison, WI office.



Kyle O'Rourke, MPA, CIA, CGAP, CRMA, City Auditor: Kyle will serve in the role of City Auditor. He will serve as the overall engagement manager and as the primary liaison to the City, primarily ensuring that we staff each project with subject matter specialists needed to complete each project. Additionally, he will facilitate status updates and reporting to City management and support day-to-day activities and presentations when necessary. Kyle is based in our Chicago, IL office.

Internal audit specialists



Anthony Ollman, CPA, CCA, Construction Specialist: Tony is the firm director of Baker Tilly's construction risk management practice. He has more than 20 years of experience supporting internal audit projects in the construction industry, including engagements for public sector entities. Tony will help plan, design and execute potential construction audit engagements for the City, such as control assessments, operations assessments and workflow improvements. Tony is based in our Madison, WI office.



Jonathan T. Marks, CPA, CFF, CITP, CGMA, CFE and NACD Board Fellow, Fraud and Forensics Specialist: Jonathan works closely with clients, their board, senior management and law firms on global (cross-border) governance, risk and compliance matters. He specializes in governance matters; risk assessment, design and implementation of compliance programs; global fraud risk management programs; and compliance coordination and monitoring services for the private, public, not-for-profit sectors. He assists his clients in mitigating future potential issues by conducting root-cause analysis, developing remedial procedures and designing or enhancing governance and compliance systems along with internal controls, policies and procedures and customized training. Jonathan will leverage this experience to provide invaluable insights and industry knowledge as it relates to the City's engagement. Jonathan is based in our Philadelphia, PA office.



Atit Shah, CISA, IT Audit Specialist: Atit has more than 15 years of IT and cybersecurity experience. His strong blend of hands-on technical expertise, business acumen and operations experience has consistently led to success in fast-paced, demanding environments requiring strong leadership and focused decision-making. He has relentlessly implemented key technologies and best practices and identified future technology paths with long-range benefits, creating immeasurable value for his clients throughout his career. Atit will leverage this experience to provide invaluable insights and industry knowledge as it relates to the City's engagement. Atit is based in our Dallas, TX office.



Donald Bernards, CPA, Public Housing Specialist: Don is a partner in Baker Tilly's construction and real estate practice who specializes in affordable housing. He has a wide range of experience with projects, owners and investors, and supports a range of engagements, including financial modeling, Low-Income Housing Tax Credits (LIHTC) consulting, HUD assistance and more. Don will provide insights on affordable housing internal audits and issues for the City. Donald is based in our Madison, WI office.



David Eisenlohr, Local Government Operations Specialist: David is a managing director at Baker Tilly who specializes in state and local government operations management. He has more than 35 years of experience consulting on strategic, operational and organizational issues at public sector entities, helping municipalities streamline their processes, optimize performance and clarify strategy. David will provide insights on government operations audits and related issues for the City. David is based in our Dallas, TX office.



Nicholas Dragisich, P.E., Management Operations Specialist: Nick is a managing director at Baker Tilly with more than 30 years of management consulting experience. He specializes in management studies for public and private clients, ranging from financial planning and feasibility to utility rates and organizational management. Nick will provide insights on management operations audits and related issues for the City. Nick is based in our St. Paul, MN office.



Jason Coyle, CPA, Financial Audit Specialist: Jason is a partner with Baker Tilly who brings more than 20 years of public accounting experience in the public sector, specializing in financial and compliance audits for municipalities, and other state and local governments. Jason will provide insights on financial audits and related issues for the City. Jason is based in our Oak Brook, IL office.



Michael Malatt, CPA, Financial Audit Specialist: Mike is a senior manager at Baker Tilly who brings more than 13 years of public sector accounting experience, specializing in financial audits for municipalities and other government entities. Along with Jason, Mike will provide insights on financial audits and related issues for the City. Michael is based in our Oak Brook, IL.

Engagement management team



Stacey N. Gill, CISA, Information Technology Manager: Stacey specializes in risk advisory, business process improvement and compliance based consulting services, including outsourced and co-sourced internal audits, fraud mitigation, contract compliance and financial, operational and business process audits. She is a Certified Information Systems Auditor with a deep understanding of assessing vulnerabilities, reporting on compliance and providing organization specific control recommendations. Stacey will oversee and support IT internal audit activities for the City. Stacey is based in our Austin, TX office.



Amanda M. Lasinski, CIA, CRMA, Finance and Accounting Manager: Amanda has extensive experience with internal audit services, financial and compliance audits, work order asset management system implementation projects, business process and controls reviews, enterprise resource planning system needs assessments and implementation, and scorecard and metrics reporting. She will oversee and support finance and accounting audit activities for the City. Amanda is based in our Madison, WI office.



Caitlin M. Humrickhouse, MPA, SWP, Human Resources Manager: Caitlin provides management consulting services with a focus on resource optimization, assisting governmental entities in their efforts to achieve strategic goals and ensure their people, processes and technology are used in the most efficient manner. She also prepares organizations to be sustainable and resilient in the face of workforce challenges and fiscal pressure through the application of operational and organizational reviews, succession planning and technology implementation. Caitlin will support and oversee HR audits activities for the City. Caitlin is based in our Chicago, IL office.



Monique N. Caston, MSW, MSM, Grant Management and Public Housing Manager: Monique, a manager with Baker Tilly, specializes in grant administration, public housing, policy analysis, and strategic planning. She provides management consulting and technical guidance to stakeholders focusing on efficient grant administration, code of federal regulations, and adequate finance and procurement policies. Monique will support and oversee grant management and public housing audit activities for the City. Monique is based in our Chicago, IL office.



Rory Vale, MPA, Finance/Procurement Manager: Rory is a government and not-for-profit specialist who worked in the industry for more than six years, including two years serving as the Finance Director for the Indiana Department of Transportation for the Northwest Region. Rory will support and oversee finance and procurement audit activities for the City. Rory is based in our Chicago, IL office.



Supporting team members



Senior and staff consultants: We are committed to meeting every deadline and expectation set forth by the City. In addition to the key team members listed above, we may assign senior and staff consultants to your engagement as necessary to assist with work plan delivery and ensure we meet and exceed your expectations. All staff members assigned to your internal audit are members of the state and local government consulting team with specialized expertise in serving the public sector.

To view resumes for all key engagement team members, please consult **Appendix: Resumes**.

Staff continuity

We keep turnover low – and engagement teams intact – by striving to be an employer of choice for talented, committed individuals. In fact, Baker Tilly was recognized as one of the best places to work in several of our offices and nationally.

Our low turnover rate means we can offer a team that is likely to serve you for many years. Our clients appreciate the fact that they get to know the Baker Tilly employees they work with year after year and that they do not have to educate new personnel constantly. Our high level of continuity translates into people who really understand the intricacies of your organization, meaning they are in a position to offer opinions, advice and insight that are more meaningful to the City. If an employee on your engagement team leaves Baker Tilly, the size of our practice allows us to quickly deploy a replacement with a comparable level of industry and service line experience, thereby minimizing any disruption to your engagement.

We attract some of the best and brightest professionals from top colleges and universities, industry, and national accounting firms because of our unique corporate culture. They come to Baker Tilly to work in an environment that emphasizes the importance of relationships and a **Value Architect™** approach.

Our firm invests significantly in our employees because we know fulfilled employees lead to satisfied clients. To attract and retain our employees, we promote an organizational culture that encourages creativity, continuous learning, respect, employee appreciation and – above all – a positive attitude.





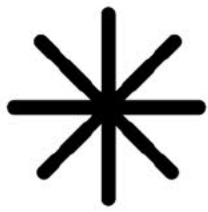
Building trust through significant partner and manager involvement

On average, we have observed that Baker Tilly's partner and manager involvement in client engagements is substantially greater than what other firms offer. Your team of partners and managers believe that three core areas – communication, accessibility and efficiency – complete our exceptional client service approach. Here is how we keep this commitment:

Communication. Consistent communication is vital to our relationship with you. We will connect with your management throughout the year to share relevant information. Should issues arise, we will share them immediately and transparently. Clear and proactive communication ensures that everyone understands the issues and accountabilities and that problems are resolved on a timely basis.

Accessibility. We stand ready to serve you when you need us, where you need us, for as long as you need us. Whether it is an early morning email or late night phone call, we are here to give you peace of mind when it comes to the delivery of your internal audit.

Efficiency. To perform efficiently, we believe in up-front planning and investing a significant amount of time from the beginning to understand your business operations, internal controls and greatest challenges. This allows us to more readily identify your unique risks and opportunities – and respond more quickly with targeted insights and services.



Chapter 7 – Proposal exceptions

We would appreciate the opportunity to further discuss a few sections of your terms and conditions. We raise similar questions on many contracts and have very open discussions with our clients on contractual matters; generally, we come to a mutual agreement on items of discussion, e.g., whether to make slight modifications to the client's professional services contracts or sign the contract as written. **We would hope you read these comments in that spirit and not consider these material exceptions.**

Per Section 6 of the RFP, we hereby take exception to the provisions detailed in the attached exceptions table. Notwithstanding anything to the contrary in the RFP, if selected, we will require the ability to propose additional terms and negotiate mutually acceptable revisions to these sections prior to executing a final contract.

Baker Tilly has more than 1,000 state and local government clients, including hundreds of municipalities. We are confident we can establish mutually agreeable terms with the City on this engagement.

Page No.	Section/ Paragraph No.	Proposed revision
Exceptions to Attachment C:		
24	14	<p>We propose revising this section as follows:</p> <p>Upon delivery, all work product, including without limitation, all writings, drawings, plans, reports, specifications, calculations, documents, other tangible materials and copyright interests developed specifically by CONSULTANT for CITY as a deliverable under this Agreement ("Deliverables") shall be and remain exclusive property of CITY without restrictions or limitation upon their use. CONSULTANT agrees that all copyrights which arise from creation of the work pursuant to this Agreement shall be vested in CITY, and CONSULTANT waives and relinquishes all claims to copyright or other intellectual property rights in favor of the CITY. Neither CONSULTANT nor its contractors, if any, shall make any of such materials available to any individual or organization without the prior written approval of the City Manager or designee <u>may, when fully paid for by CITY, be used, copied, distributed internally, and modified by CITY but solely for its internal business purposes. CITY shall not, without CONSULTANT's prior written consent, disclose to a third party, publicly quote or make reference to the Deliverables. CONSULTANT shall retain all right, title and interest in and to: (i) all patent, copyright, trademark and other intellectual property rights in the Deliverables; and (ii) all methodologies, processes, techniques, ideas, concepts, trade secrets and know-how embodied in the Deliverables or that CONSULTANT may develop or supply in connection with this Agreement (the "CONSULTANT Knowledge").</u> CONSULTANT makes no representation of the suitability of the work product for use in or application to circumstances not contemplated by the scope of work.</p>



Page No.	Section/ Paragraph No.	Proposed revision
24	15	<p>We propose revising this section as follows:</p> <p>CONSULTANT will permit CITY to audit, at any reasonable time during the term of this Agreement and for three (3) years thereafter, CONSULTANT's records pertaining to <u>payment and invoicing</u> matters covered by this Agreement. CONSULTANT further agrees to maintain and retain such records for at least three (3) years after the expiration or earlier termination of this Agreement.</p>
25	16	<p>We propose revising this section as follows:</p> <p><u>SECTION 16. INDEMNITY AND LIMITATION ON DAMAGES</u></p> <p>16.1 To the fullest extent permitted by law, CONSULTANT shall protect, indemnify, <u>and</u> defend and hold harmless CITY, its Council members, officers, employees and agents (each an "Indemnified Party") from and against any and all <u>third party</u> demands, claims, or liability of any nature, <u>including involving</u> death or <u>substantial</u> injury to any person, <u>or</u> property damage or any other loss, including all costs and expenses of whatever nature including attorneys fees, expert fees, court costs and disbursements ("Claims") <u>resulting from, to the extent such Claim is finally determined to be</u> arising out of or in any manner related to performance or nonperformance by CONSULTANT, its officers, employees, agents or contractors under this Agreement, regardless of whether or not it is caused in part by an Indemnified Party.</p> <p>16.2 Notwithstanding the above, <u>CITY hereby releases CONSULTANT, its subsidiaries and their present or former partners, principals, employees, officers and agents from, and acknowledges that</u> nothing in this Section 16 shall be construed to require CONSULTANT to indemnify an Indemnified Party from Claims arising from the active negligence, sole negligence or willful misconduct of an acts or omissions of CITY or any Indemnified Party. <u>Furthermore, because of the importance of the information that CITY provides to CONSULTANT with respect to CONSULTANT's ability to perform the services, CITY hereby releases CONSULTANT and its present and former partners, principals, agents and employees from any liability, damages, fees, expenses and costs, including attorney's fees, relating to the services that arise from or relate to any information, including representations by management, provided by CITY, its personnel or agents, that is not complete, accurate or current.</u></p> <p>16.3 The acceptance of CONSULTANT's services and duties by CITY shall not operate as a waiver of the right of indemnification. The provisions of this Section 16 shall survive the expiration or early termination of this Agreement.</p> <p><u>16.4 The liability (including attorney's fees and all other costs) of CONSULTANT and its present or former partners, principals, agents or employees related to any claim for damages relating to the services performed under this Agreement shall not exceed the fees paid to CONSULTANT for the portion of the work to which the claim relates, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of CONSULTANT relating to such services. This limitation of liability is intended to apply</u></p>



Page No.	Section/ Paragraph No.	Proposed revision
		<p><u>to the full extent allowed by law, regardless of the grounds or nature of any claim asserted, including the negligence of either party. Additionally, in no event shall either party be liable for any lost profits, lost business opportunity, lost data, consequential, special, incidental, exemplary or punitive damages delays, interruptions, or viruses arising out of or related to this Agreement even if the other party has been advised of the possibility of such damages.</u></p> <p><u>16.5 Any legal proceedings arising from or in conjunction with the services provided under this Agreement must be commenced within twelve (12) months after the performance of the Services for which the action is brought, without consideration as to the time of discovery of any claim.</u></p> <p><u>16.6 Each party recognizes and agrees that the warranty disclaimers and liability and remedy limitations in this Agreement are material bargained for bases of this Agreement and that they have been taken into account and reflected in determining the consideration to be given by each party under this Agreement and in the decision by each party to enter into this Agreement. The terms of this Section 16 shall apply regardless of the nature of any claim asserted (including, but not limited to, contract, tort, or any form of negligence, whether of CITY, CONSULTANT or others), but these terms shall not apply to the extent finally determined to be contrary to the applicable law or regulation. These terms shall also continue to apply after any termination of this Agreement.</u></p>
26	18.3	<p>We propose revising this section as follows:</p> <p>Certificates evidencing such insurance shall be filed with CITY concurrently with the execution of this Agreement. The certificates will be subject to the approval of CITY's Risk Manager and will contain an endorsement stating that the insurance is primary coverage and will not be canceled, or materially reduced in coverage or limits, by the insurer except after filing with the <u>CONSULTANT shall provide the</u> Purchasing Manager <u>with</u> thirty (30) days' prior written notice of the any cancellation or modification. If the insurer cancels or modifies the insurance and provides less than thirty (30) days' notice to CONSULTANT, CONSULTANT shall provide the Purchasing Manager written notice of the cancellation or modification within two (2) business days of promptly following the CONSULTANT's receipt of such notice. CONSULTANT shall be responsible for ensuring that current certificates evidencing the insurance are provided to CITY's Chief Procurement Officer during the entire term of this Agreement.</p>
26	18.4	<p>We propose revising this section as follows:</p> <p>The procuring of such required policy or policies of insurance will not be construed to limit CONSULTANT's liability hereunder nor to fulfill the indemnification provisions of this Agreement. Notwithstanding the policy or policies of insurance, CONSULTANT will be obligated for the full and total amount of any damage, injury, or loss caused by or directly arising as a result of the Services performed under this Agreement, including such damage, injury, or loss arising after the</p>



Page No.	Section/ Paragraph No.	Proposed revision
		Agreement is terminated or the term has expired in accordance with the terms of Section 16 of this Agreement.
26	19.3	<p>We propose revising this section as follows:</p> <p>Upon suspension or termination, CONSULTANT shall deliver to the City Manager immediately any and all copies of studies, sketches, drawings, computations, and other data, whether or not completed <u>Deliverables</u>, prepared by CONSULTANT or its contractors, if any, or <u>any data or materials</u> given to CONSULTANT or its contractors <u>by CITY</u>, if any, in connection with this Agreement. Such materials will become the property of CITY.</p>
29	27.3	<p>We propose revising this section as follows:</p> <p>The prevailing party in any action brought to enforce the provisions of this Agreement may <u>seek recovery of</u> its reasonable costs and attorneys' fees expended in connection with that action. The prevailing party shall be entitled to <u>seek recovery of</u> an amount equal to the fair market value of legal services provided by attorneys employed by it as well as any attorneys' fees paid to third parties.</p>
30	27.8	<p>We propose revising this section as follows:</p> <p>In the event of a conflict between the terms of this Agreement and the exhibits hereto or CONSULTANT's proposal (if any), the Agreement shall control. In the case of any conflict between the exhibits hereto and CONSULTANT's proposal, the exhibits <u>CONSULTANT's proposal</u> shall control.</p>
30	27.9	<p>We propose revising this section as follows:</p> <p>If, pursuant to this contract with CONSULTANT, CITY shares with CONSULTANT personal information as defined in California Civil Code section 1798.81.5(d) about a California resident ("Personal Information"), CONSULTANT shall maintain reasonable and appropriate security procedures to protect that Personal Information, and shall inform the City immediately upon learning promptly <u>following discovery</u> that there has been a breach in the security of the system or in the security of the impacting <u>Personal Information in CONSULTANT'S custody or control</u>. CONSULTANT shall not use Personal Information for direct marketing purposes without City's express written consent.</p>
Exceptions to Exhibit D:		
40	I(A)	We propose striking this section.
Exceptions to Attachment F:		
47	I(A)	We propose striking this section.



Page No.	Section/ Paragraph No.	Proposed revision
48	Notice of Cancellation	<ol style="list-style-type: none">1. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR ANY REASON OTHER THAN THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY <u>CONSULTANT</u> SHALL PROVIDE CITY AT LEAST A THIRTY (30) DAY WRITTEN NOTICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.2. IF THE POLICY IS CANCELED BEFORE ITS EXPIRATION DATE FOR THE NON-PAYMENT OF PREMIUM, THE ISSUING COMPANY <u>CONSULTANT</u> SHALL PROVIDE CITY AT LEAST A TEN (10) DAY WRITTEN NTOICE BEFORE THE EFFECTIVE DATE OF CANCELLATION.



Chapter 8 – Proposal costs sheet and rates

Value for fees

We prepared a fee estimate for the City based on the needs and objectives you have shared with us and our experience conducting similar internal audits with clients in the public sector. Our estimate allows for thorough and insightful advice and services from experienced professionals, providing a high value for fees.

Please note that the following section summarizes our Cost Proposal, which was submitted as a separate Excel file. We provide additional narrative here as well.

Fee schedule

Our fee schedule is as follows for years 1 and 2 of our relationship with Palo Alto. The rates noted are fully burdened, meaning we will not bill separately for any expenses or travel expenses.

Staff level	Hourly rate
Partner/Director	\$360
City Auditor/Senior Manager	\$260
Manager	\$220
Senior Consultant	\$195
Consultant	\$145

Should the City engage us beyond the first two years, we anticipate increasing rates by 2.5% annually.

Note that we anticipate limiting travel in year 1 due to the COVID-19 pandemic. As such, we have included an “Innovation” that includes use of a reduced fee schedule. The following will be our fee schedule for what is estimated to be the first six months of our work with the City.

Staff level	Hourly rate
Partner/Director	\$345
City Auditor/Senior Manager	\$245
Manager	\$210
Senior Consultant	\$185
Consultant	\$130

Please know that we will travel and have an on-site presence as is necessary and safe. We simply may need to limit travel frequency and/or the number of team members traveling.



Chapter 8 – Proposal costs sheet and rates

Year 1 – Cost proposal summary

Staff level	Hours	Total fees	Notes
Task 1: Preparation of the Annual Internal Audit Plan	100	\$24,250	Note that this will occur at the conclusion of Task 2.
Task 2: Conduct Citywide Risk Assessment	340	\$71,500	
Task 3: Selection of Financial Auditor and Audit Coordination	400	\$85,000	
Task 4: Execute Annual Audit Plan	2,400	\$508,250	Planned, recurring, and unplanned audit activities. *See subsection below
Task 5: Prepare Quarterly and Annual Status Reports	280	\$60,100	
Task 6: Evaluation and Benchmarking	0	\$0	Required after year 2, so N/A
TOTAL NOT TO EXCEED		\$749,100	
Innovation 1: Fee reduction related to travel restrictions		(\$30,600)	
Innovation 2: Develop and deploy an internal audit Bot		\$60,000	Optional service, cost is estimated
GRAND TOTAL		\$778,500	

Year 2 – Cost proposal summary

Staff level	Hours	Total fees	Notes
Task 1: Preparation of the Annual Internal Audit Plan	90	\$21,800	Gain efficiencies in year 2
Task 2: Conduct Citywide Risk Assessment	300	\$63,200	Gain efficiencies in year 2
Task 3: Selection of Financial Auditor and Audit Coordination	350	\$71,800	Gain efficiencies in year 2
Task 4: Execute Annual Audit Plan	2,280	\$478,500	Planned, recurring and unplanned audit activities. *See subsection on the next page
Task 5: Prepare Quarterly and Annual Status Reports	260	\$57,200	Gain efficiencies in year 2
Task 6: Evaluation and Benchmarking	260	\$54,900	
TOTAL NOT TO EXCEED		\$747,400	
Innovation 1: Develop and deploy an internal audit Bot		\$60,000	Optional service, cost is estimated
Innovation 1: On-going support of Year 1 Bot		\$15,000	Estimated cost for software licensing and maintenance
GRAND TOTAL		\$822,400	



Task 4: Audit plan execution

The internal audit plan has yet to be developed. As such, we'd like to provide an estimation as to what the hours might be used for based on our experience. The following table is an illustrative example audit plan for year 1.

Audit activity	Estimated hours
Standard Audit Activity 1	320
Standard Audit Activity 2	320
Standard Audit Activity 3	320
Standard Audit Activity 4	320
Specialized Audit Activity 1	200
Specialized Audit Activity 2	200
Ad hoc Activity / Special Project 1	60
Ad hoc Activity / Special Project 2	60
Ad hoc Activity / Special Project 3	60
Ad hoc Activity / Special Project 4	60
Ad hoc Activity / Special Project 5	60
Ad hoc Activity / Special Project 6	60
Ad hoc Activity / Special Project 7	60
Contingency	300
TOTAL	2400

Illustrative example: Standard audit activity

A standard audit activity typically involves a team of three to four individuals, and includes use of staff and senior consultants in the execution. These activities average 320 hours.

Staff level	Estimated hours
Partner/Director	20
City Auditor/Senior Manager	40
Manager	60
Senior consultant	100
Consultant	100
TOTAL	320

Illustrative example: Specialized project

A specialized project is one that requires specialized knowledge, thus requiring more time and effort of senior level team members in the execution. The average specialized project requires 200 to execute.

Staff level	Estimated hours
Partner/Director	20
City Auditor/Senior Manager	60
Manager	80
Senior consultant	40
Consultant	0
TOTAL	200

Illustrative example: Ad hoc assistance or research

Ad hoc assistance, special projects, and research initiatives typically average about 60 hours and involve both management staff and consultants.

Staff level	Estimated hours
Partner/Director	0
City Auditor/Senior Manager	20
Manager	0
Senior consultant	40
Consultant	0
TOTAL	60

Assumptions

We based our estimate on the assumptions detailed below. Should any of these change during the engagement, we will bring the matter to the City's attention and immediately disclose any increase in fees and the reason for the increase. We will not undertake additional work without the City's written approval. Assumptions include:

- An on-site presence will be required, and we've estimated two trips per months for the proposed City Auditor (when travel restrictions are lifted and travel is safe). Other team members will travel as needed.
- Adequate support, preparedness and cooperation from City management during each phase or project
- City staff will be available for interviews as scheduled
- Requested information is provided in a timely manner, in preferred formats (Excel for financials, Word for other documents) and significant modification or manipulation is not required
- No significant changes in scope

While we used the assumptions above to develop an estimate, we look forward to discussing alternative approaches that may better fit the City's intended scope and priorities.



Chapter 9 – Evidence of financial stability

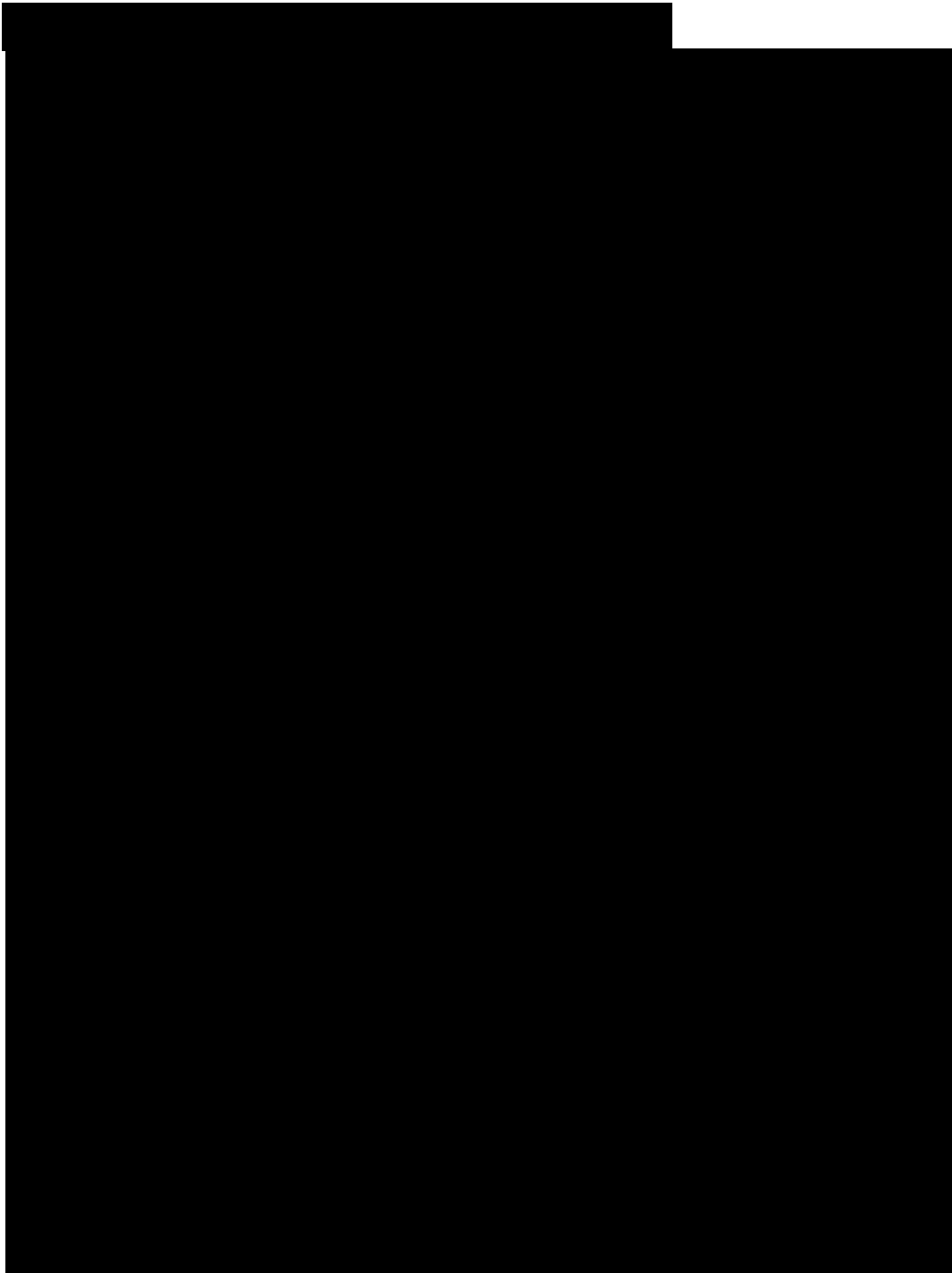
Here are key points to consider regarding the financial strength and stability of Baker Tilly:

- Baker Tilly ranks as the 12th largest accounting and advisory firm in the U.S.
- We serve both privately held and publicly traded clients ranging in size from \$1 million to billions of dollars in revenues.

The table below shows our firm's net revenues for the past three fiscal years.

	2019	2018	2017
Net revenue	\$755 million	\$578 million	\$546 million

As a privately held firm and partnership, we do not publish or distribute our financial information to the public or to anyone without a signed non-disclosure agreement. However, as demonstration of our commitment to establishing a transparent, collaborative relationship with the City, we have included a letter of good standing from US Bank, the institution we use for financial services. This letter is provided on the following page.



Appendix: Resumes

Jodi L. Dobson, CPA

Jodi is a partner on the public sector team, who has been with the firm since 1998.



Baker Tilly Virchow Krause, LLP
Partner

10 Terrace Ct
Madison, WI 53718
United States

T +1 (608) 240 2469

jodi.dobson@bakertilly.com
bakertilly.com

Education

Bachelor of Business Administration in Accounting and
International Business
Carthage College (Kenosha, Wisconsin)

Jodi specializes in serving municipal governments, utilities (electric, water, wastewater, stormwater and transit) and joint action agencies. Her experience includes performing financial audits, single audits, agreed-upon procedure reviews and fraud investigations as well as leading internal audit and management consulting engagements. Jodi is active in several industry associations, including the Municipal Electric Utilities of Wisconsin (MEUW), Wisconsin Section of American Water Works Association (WIAWWA) Board of Trustees and Wisconsin Rural Water Association (WRWA).

Specific experience

- Oversees financial audits for municipal electric, water, wastewater, stormwater and transit utilities and joint action agencies
- Leads risk and internal audit projects for municipal utility and transit organizations, including risk assessment and internal audit planning and co-sourced/out-sourced internal audits
- Oversees management consulting engagements, including business process reviews, operational studies, and organizational assessments
- Facilitates utility rate studies, including cost of service studies and rate design options
- Assists governmental units with interpretation and implementation of Governmental Accounting Standards
- Analyzes the financial impact of construction projects on utility customer rates, borrowing needs and operational results
- Directs the preparation of annual operating budgets and long-range financial forecasts for electric, water and wastewater utilities
- Leads special projects, including chart of account separations, specific rate designs, departmental cost analysis, development of connection fees and impact fees, operational benchmarking and basis of accounting conversions
- Performs compliance audits of federal and state funded programs under OMB Uniform Guidance
- Conducts fraud investigations for municipalities and counties

Jodi L. Dobson, page 2

Industry involvement

- American Institute of Certified Public Accountants
- American Public Power Association (APPA) – utility education courses instructor
- Government Finance Officers Association Comprehensive Annual Financial
- Report reviewer
- MEUW
- WIAWWA Board of Trustees
- Wisconsin Institute of Certified Public Accountants
- Wisconsin Public Transportation Association
- WRWA

Thought leadership

- Speaker on internal controls, fraud prevention, budgeting and other industry topics at management conferences
- Organizes annual Baker Tilly Utility University seminar
- “Beyond the check box: viewing your annual audit in a new way,” [bakertilly.com](#), 2018
- “GASB update including GASB 75 on OPEB accounting and reporting,” Baker Tilly Utility University, 2017
- “Maintaining or improving your utility's bond rating,” APPA webinar, 2017
- “Beyond cost: positioning the value of water utility services,” WIAWWA Spring newsletter, 2017
- “GASB financial reporting model project: potential impact on utilities,” [bakertilly.com](#), 2017
- “Long-range planning: balancing costs with customer service,” WIAWWA Spring newsletter, 2017
- “Accounting standards and reporting update,” APPA webinar, 2016
- “GASB 72: fair value measurement and application,” [bakertilly.com](#), 2016
- “Long range planning: why? how? who?” WIAWWA Annual Conference, 2016
- “Understanding utility finances,” Baker Tilly webinar, 2016
- “Value of water,” WIAWWA Annual Conference, 2016
- “Governmental accounting update,” Baker Tilly Utility University, 2015
- “New accounting standards impacting public power – GASB 65 and 68,” APPA webinar, 2015
- “PSC annual report changes; best practices in sharing financial information with a governing body,” MEUW Accounting and Customer Service Seminar, 2015
- “Understanding payments in lieu of taxes and other contributions made by public power,” APPA webinar, 2015
- “2013 Wisconsin Act 20 levy limit impacts public fire protection,” [bakertilly.com](#), 2014
- “GASB 65: items previously reported as assets and liabilities,” [bakertilly.com](#), 2013
- “Sequestration effects build American bonds,” [bakertilly.com](#), 2013
- “Advanced utility accounting manual,” APPA (contributing author), 2012

Jodi L. Dobson, page 3

Continuing professional education

- APPA, various seminars
- Baker Tilly, Essentials of utility financial management
- Baker Tilly, Governmental auditing update
- Baker Tilly, Performing single audits under the Uniform Guidance for federal awards
- Baker Tilly, Utility rate studies
- Fraud examination for managers and auditors
- Internal control and fraud detection
- Internal controls for small entities
- The strength behind boards of directors: accountability and oversight
- Wisconsin Institute of Certified Public Accountants, Accounting, Auditing and Financial Management Conference

Vicki Vogel-Hellenbrand, CPA

Vicki Vogel-Hellenbrand is Baker Tilly's firmwide public sector practice leader.



Baker Tilly Virchow Krause, LLP
Partner

10 Terrace Ct
Madison, WI 53707
United States

T +1 (608) 240 2387

vicki.hellenbrand@bakertilly.com
bakertilly.com

Education

University of Wisconsin-La Crosse
Bachelor of Science, accounting

Registered Municipal Advisor with the
Securities and Exchange Commission

Certified Public Accountant (CPA)
State of Wisconsin

She joined Baker Tilly in 1991 and currently serves as partner and leader of the public sector practice group. Her experience includes financial/external audit, internal audit and risk consulting, and providing financial consulting services related to user fees, financial planning and impact fees. She is also actively involved in helping governmental entities negotiate with developers, facilitate regional organizational structure development and provides expert witness testimony. Vicki is MSRB Municipal Advisor Series 50 Qualified.

Professional experience

- Provides consulting services for governments and public utilities including multi-year financial and capital forecasts, budget assistance, borrowing assistance, development of continuing property records and compliance review for outside agencies
- Partner-in-charge of local government, municipal electric, water and sewer utility financial audits
- Partner-in-charge of accounting and auditing services for Tax Incremental Financing (TIF) districts
- Conducts financial risk assessments and internal control evaluations
- Develops electric, water, stormwater and sewer revenue requirements; cost of service allocations; and rate design
- Assists with retail utility service agreement negotiations related to large industrial developments and intergovernmental agreements
- Provides impact fee studies and implementation for water, wastewater, stormwater, library, parks/recreation and public safety projects
- Testifies as an expert witness before regulatory agencies, courts, and local governing bodies to support utility rate adjustments, special assessments and impact fees
- Provides fiscal impact studies of community mergers and for large industrial and residential developments
- Performs consulting services to improve operational efficiencies and enhance internal controls
- Member of Baker Tilly's Board of Partners
- Member of the Baker Tilly Foundation Board
- President and CEO of Baker Tilly Municipal Advisors, LLC

Vicki Vogel-Hellenbrand, page 2

Industry involvement

- American Institute of Certified Public Accountants (AICPA)
- AICPA Technical Issues Committee, government zone
- Wisconsin Institute of Certified Public Accountants
- Government Finance Officers Association (GFOA)
- GFOA special reviewer
- Wisconsin Government Finance Officers Association
- Illinois Government Finance Officers Association
- Wisconsin Waterworks Association
- PSC/AWWA Regulatory Liaison Committee, Wisconsin chapter
- American Water Works Association / Regulator Affairs Liaison Committee, Wisconsin chapter member
- Speaks on accounting and financial reporting topics at national and regional conferences, as well as at Baker Tilly–sponsored seminars
- Authors various accounting articles published regionally and nationally

Thought leadership

- Contributing author in the APPA Advanced Accounting Manual
- Contributor to the Governmental Accounting Standards Board (BASB) Implementation Guide for Leases

Heather S. Acker, CPA

Heather Acker leads Baker Tilly's firmwide risk advisory practice.



Baker Tilly Virchow Krause, LLP Partner

10 Terrace Ct
Madison, WI 53718
United States

T +1 (608) 240 2374 | Madison

T +1 (312 729 8188) | Chicago

heather.acker@bakertilly.com

bakertilly.com

Education

Bachelor of Business Administration in Accounting
University of Wisconsin–Madison

With more than 20 years of experience, her responsibilities include oversight of 300 professionals who specialize in helping clients to address governance, risk and compliance issues in areas such as internal audit, enterprise risk management (ERM), regulatory compliance and management of financial and operational risks. Prior to this role, Heather oversaw all aspects of quality for Baker Tilly's public sector industry practice, specializing in serving the needs of state and local government clients. She also served as Baker Tilly's Central region Assurance Professional Practice Group leader and chair of the firm's Assurance Innovation Committee. She has been deeply involved in professional industry associations, including AICPA committees, throughout her career. Heather serves on Baker Tilly's Board of Partners.

Specific experience

- Provides leadership, management and strategic direction for the firm's risk advisory practice
- Provides leadership in operations, service design and growth strategies across the risk advisory practice
- Guides execution of accounting policies and procedures to improve the operation of the accounting function and strengthen internal controls
- Licensed CPA in Illinois and Wisconsin
 - Deep experience in overseeing financial and single audits of governments, leading Governmental Accounting Standards Board (GASB) strategic planning and implementation services for clients, and reporting to governing bodies

Heather S. Acker, page 2

Industry involvement

- American Institute of Certified Public Accountants (AICPA)
- Chair of the AICPA State and Local Government Expert Panel (2016-present)
- AICPA Government Audit Quality Center (GAQC) Executive Committee (2012–2015)
- AICPA State and Local Government Expert Panel (2009–2012 and 2015-present)
- AICPA Peer Review oversight program
- GASB Tribal Government Accounting Workshop Group (TGAWG)
- Government Finance Officers Association (GFOA)
- GFOA Special Report Review Committee
- Wisconsin Institute of Certified Public Accountants (WICPA)
- Wisconsin Government Finance Officers Association (WGFOA)
- Illinois Government Finance Officers Association (IGFOA)
- Speaks at national and regional industry conferences
- Authors published articles on municipal accounting issues
- Recognized contributor to:
 - AICPA “State and Local Government Audit Guide”
 - AICPA “Government Auditing Standards and Single Audit Guide”
 - AICPA “State and Local Government Audit Risk Alert”
 - AICPA “Government Auditing Standards and Single Audit Risk Alert”
 - AICPA “State and Local Governments Illustrative Financial Statements”

Continuing professional education

- AICPA national annual Governmental and Non-profit Training Program (GNTP), speaker
- AICPA national Governmental Accounting and Auditing Conference (GAAC), speaker
- Government Financial Officers Association (GFOA) national conferences, speaker
- AICPA Governmental Audit Quality Center (GAQC) annual webcast updates, speaker
- AICPA “Single Audit Roundtable” sessions
- Generally Accepted Government Auditing Standards (Yellow Book) training
- Accounting and auditing updates (Baker Tilly)
- Public sector single audit training (Baker Tilly)
- IT Risk Assessment Standards (RAS) Training for Auditors (Baker Tilly)
- HIPPA Privacy and Security for Professional Service Providers (Baker Tilly)
- Independence: Historical Insights and Today’s Rules
- Common Fraud Schemes in Government (Baker Tilly)

Kyle O'Rourke, MPA, CIA, CRMA, CGAP

Kyle O'Rourke, senior consulting manager with Baker Tilly's public sector practice, has been with the firm since 2015.



Baker Tilly Virchow Krause, LLP Senior Consulting Manager

205 N Michigan Ave
Chicago, IL 60601
United States

T +1 (312) 228 7248

kyle.orourke@bakertilly.com

bakertilly.com

Education

Indiana University at Bloomington
Master of Public Affairs with a concentration in Public
Financial Management
Bachelor of Science in Public Affairs

Kyle joined the firm after a number of years with large public accounting firm, where he was also devoted to serving government and public sector clients. He provides a variety of services to his public sector clients, including internal audit and risk consulting, business process reviews, organizational and operational assessments, benchmarking studies and technology needs assessments.

Specific experience

- Leads outsourced and co-sourced internal audit services, including internal control reviews and audits, fraud mitigation, contract compliance, and financial, operational and business process audits
- Specializes in organizational and operational reviews of functions and departments aimed at improving efficiency and effectiveness of operations through processes, use of technology, organization, staffing and alternative service delivery
- Conducts business process reviews designed to identify opportunities to improve efficiency and effectiveness of operations, enhance internal controls and align with industry best practices
- Provides pre-implementation assistance and implementation project management services related to enterprise resource planning systems, work order asset management and other systems, including needs assessment, requirements gathering, request for proposal development, proposal evaluation and vendor demonstration coordination
- Conducts contract compliance audits and billing reviews
- Performs financial and compliance audits of governments, not-for-profit and for-profit entities that have expended federal funds through contracts and grant agreements (Yellow-Book Compliance Audits)

Industry involvement

- Institute of Internal Auditors (IIA)
- IIA, Chicago Chapter – Senior Vice President, Chair of the Annual Seminar, Government Advisory Committee Secretary
- Association of Government Accountants (AGA)
- Association of Local Government Auditors (ALGA)

Kyle O'Rourke, page 2

Community involvement

- Chicago Quarter Fund, Member, former Board Member

Awards and recognition

- Member of the Year (2020), IIA – Chicago
- Educator of the Year (2017), IIA – Chicago

Thought leadership

- “Business process redesign: a how to guide,” bakertilly.com, 2020
- “Robotics and process automation: implications for internal auditors,” IIA Chicago, 2019
- “Risky business: assessing risk in your organization,” bakertilly.com, 2019
- “Internal audit 101,” internal training, 2019
- “Emerging risks in public utilities,” bakertilly.com, 2019
- “Building a sustainable organization,” Native Governance Center webinar, 2019
- “Business process redesign: improving efficiency and effectiveness of operations,” internal training, 2018
- “Internal audit’s role in organizational transformation,” Native Governance Center webinar, 2018
- “Cell phone policies: how to reduce risk,” ICMA webinar, 2017
- “Creating a sustainable organization: the intersection of finance, technology and human capital,” Baker Tilly webinar, 2017
- “Remote workplaces: leveraging technology and developing infrastructure,” ICMA webinar, 2017
- “Topics, trends and challenges of governmental internal audit,” IIA Chicago Annual Seminar, 2017
- “Achieving operational excellence in public sector organizations,” bakertilly.com, 2016
- “Best practices: contract management and vendor oversight,” International City/County Management Association (ICMA) National Conference, 2016
- “Efficiency and effectiveness through improved business process,” bakertilly.com, 2016
- “Identifying cost savings in public sector agencies,” bakertilly.com, 2016

Continuing professional education

- Institute of Internal Auditors (IIA), Leadership Academy
- IIA, Certified in Risk Management Assurance
- IIA Chicago Chapter, Annual Seminar
- IIA Chicago Chapter, Government Advisory Committee Fall into Training
- IIA, Enhancing Internal Audit Effectiveness

Anthony Ollmann, CPA, CCA

Tony is the firm director of Baker Tilly's construction risk management practice.



Baker Tilly Virchow Krause, LLP

Firm Director

10 Terrace Court
Madison, WI 53718
United States

T +1 (608) 240 2618

tony.ollmann@bakertilly.com

bakertilly.com

Education

Bachelor of Business Administration in Accounting
University of Wisconsin–Milwaukee

He has more than 20 years of experience in the construction industry providing risk management, project controls and operations consulting services to owners, operators and contractors. His project experience spans from large complex construction audits to single thread financial controls and process improvement consulting. Additionally, Tony provides litigation support services to owners and contractors. He is a regular contributor to Construction Accounting and Taxation, as well as a requested speaker to numerous construction, trade, audit and industry associations.

Specific experience

- Plan and execute construction audits
- Plan and execute construction financial controls evaluation, assessment and optimization engagements
- Plan, design and implement construction project performance benchmarking engagements
- Plan and execute information system selections and implementations for financial, construction management and project management systems
- Analyze, design and implement workflow improvement initiatives

Industry involvement

- American Society for Healthcare Engineering (ASHE)
- Association of Healthcare Internal Auditors (AHIA)
- Authors various articles related to the construction industry
- Construction Financial Management Association (CFMA)
- Illinois Road and Transportation Builders Education Committee chairperson
- National Association of Construction Auditors (NACA)
- Speaks on construction management, financial controls, financial systems and project management topics to a variety of industry and professional organizations
- The Institute of Internal Auditors (IIA)

Anthony Ollmann, page 2

Recent relevant experience

- Ohio University System: construction audit - student housing, athletic field, food services, STEM projects
- Marquette University: construction audit - dental school, historic rehab, student residence
- Georgetown University: Construction contracting process audit and pay application processing audit
- Texas Tech University System: Construction and procurement program audit
- Illinois Toll Highway Authority: Construction program audit
- Illinois Department of Transportation: Construction program audit

Continuing professional education

- Effective Auditing of Construction Activity – Institute of Internal Auditors
- Construction Fraud Detection, Prevention and Response – Institute of Internal Auditors
- Earned Value Analysis Metric Development – Lean Construction Institute
- Project Management and Resource Coordination – Project Management Institute
- Construction Management Standards of Practice – Construction Management Association of America
- Annual Accounting and Auditing Update – Construction Management Association of America

Jonathan T. Marks, CPA, CFF, CITP, CGMA, CFE and NACD Board Fellow

Jonathan is a partner with more than 30 years of governance, risk and compliance experience.



Baker Tilly Virchow Krause, LLP

Partner

1650 Market St
Philadelphia, PA 19103
United States

T +1 (215) 557 2025

jonathan.marks@bakertilly.com

bakertilly.com

Education

Bachelor of Science in Accounting
Bloomsburg University

Jonathan focuses on working closely with his clients, their board, senior management and law firms on global (cross-border) governance, risk and compliance matters. Jonathan specializes in governance matters; risk assessment, design and implementation of compliance programs; global fraud risk management programs; and compliance coordination and monitoring services for the private, public, not-for-profit sectors. He assists his clients in mitigating future potential issues by conducting root-cause analysis, developing remedial procedures and designing or enhancing governance and compliance systems along with internal controls, policies and procedures and customized training.

Jonathan has also led global fraud risk or vulnerability assessments, internal audits and third-party risk management initiatives. Jonathan is a well-regarded author and speaker, who has gained international recognition for developing thought leadership that has enhanced the profession. He presents regularly on an array of fraud, ethics and forensic accounting topics. Jonathan was an adjunct professor at Rider University and today is a guest lecturer at Lehigh University. He has previously held leadership positions at a national accounting and a global disputes and investigations professional services firm.

Specific experience

- Extensive experience in conducting enterprise-wide risk and vulnerability assessments
- Engaged by the president and general counsel of a Forbes Top 50 manufacturer and distributor to assess their governance, risk management and compliance program
- Served as compliance coordinator and liaison between the company and the DOJ's monitor and assisted the company with its remediation and training efforts
- Led an internal audit team of more than 25 professionals in on-site reviews of more than 360 distributors nationwide, which helped enhance the control environment and compliance program
- Led several large global FCPA investigations and compliance exercises, working with management, outside counsel and in some instances the external auditor

Jonathan T. Marks, page 2

Specific experience, cont.

- Assists with the development of the compliance program and the development or enhancement of internal controls and policies and procedures.
- Assists companies with cyber incidents, corporate governance issues, crisis management planning, internal audit effectiveness, internal control design and enhancement, monitoring activities, regulatory compliance concerns and investigations
- Educated and advised some of the world's largest companies and their boards on fraud risk
- Lectures frequently, conducts training programs and facilitates workshops on implementation and harmonization of compliance, monitoring and internal audit programs
- Works with not-for-profit boards on understanding risk and manage it accordingly

Industry involvement

- American Institute of Certified Public Accountants (AICPA)
- American Bar Association (ABA) – Previously served on the Professional Services Liability Committee Member
- Association of Certified Fraud Examiners (ACFE)
- FBI National Citizens Academy – Philadelphia Chapter Board Member and Audit Committee Chairperson
- Financial Executives International (FEI) – Research Committee Member
- Infragard – Board Member
- Institute for Fraud Prevention (IFP) – Intellectual Board Member
- International Association of Independent Corporate Monitors
- National Association of Corporate Directors (NACD)
- Pennsylvania Institute of Certified Public Accountants (PICPA)
- Society of Corporate Compliance and Ethics (SCCE)

Community involvement

- Cancer Support Community of Philadelphia, Gilda's Club – Chairperson of the Board
- Zeta Psi-Pi Kappa – President of the Alumni Association

Thought leadership

- Presented, "Financial Reporting Fraud: White Collar Crime"
- Co-authored, "Whistleblowers: Trust the Process," Fraud Magazine
- Co-authored, "The Triangle of Fraud Action: A Response to the Fraud Triangle on Trial"
- Co-authored, "Not an Aberration—Creating a Risk of Bribery Might Be Enough!," The Legal Intelligencer
- Co-authored, "Calculating the Correct Tax Loss: Are You Looking 'Outside the Box,'" The Legal Intelligencer
- Co-authored, "Responding to Whistleblowers: A Structured Triage Approach is Essential"
- Co-authored, "Surviving a Restatement: Ten Pitfalls to Avoid," NACD
- Co-authored "Beyond the FCPA: Strong internal controls and effective internal audit are critical factors in global anticorruption efforts", Internal Auditor Magazine

Atit Shah, CISA

Atit is a principal in Baker Tilly's risk and internal audit consulting practice.



Baker Tilly Virchow Krause, LLP **Principal**

2500 Dallas Parkway
Suite 300
Plano, Texas 75093
United States

T +1 (972) 748 0491

M +1 (850) 212 1050

atit.shah@bakertilly.com

bakertilly.com

Education

Post-baccalaureate studies in management
information systems
Florida State University

Bachelor of Science in finance and economics
University of Florida

Atit is a versatile and accomplished technology, risk and compliance leader with more than 15 years of IT and cybersecurity experience. His strong blend of hands-on technical expertise, business acumen and operations experience has consistently led to success in fast-paced, demanding environments requiring strong leadership and focused decision-making. He has relentlessly implemented key technologies and best practices and identified future technology paths with long-range benefits, creating immeasurable value for his clients throughout his career.

Prior to joining the firm, Atit held roles in industry and at other professional services and private equity firms.

Specific experience

- Agreed-upon procedures (AUP)
- Data Privacy Assessments
 - Global Data Protection Regulation (GDPR)
 - California Consumer Privacy Act (CCPA)
- Fractional CISO / CIO / CTO services
- HIPAA readiness and certification
- HITRUST CSF readiness and certification
- Internal audit co-source and outsource
- ISO 27001/2 Readiness
- IT governance program advisory
- IT and cyber risk / maturity assessments
- NIST 800-53 related assessments and advisory
- PCI-DSS Readiness
- Penetration testing (internal, external, web apps)
- Sarbanes Oxley (SOX)
- SSAE 18 / SOC 1 / SOC 2 / SOC 3
- Technology due diligence (M&A support)
- Third-party risk management / vendor risk management
- Vulnerability scanning (network and workstation level)

Atit Shah, page 2

Industry involvement

- Association for Corporate Growth (ACG)
- American Institute of Certified Public Accountants (AICPA)
- Institute of Internal Auditors (IIA)
- Information Systems Audit and Control Association (ISACA)
- Information Systems Security Association (ISSA)
- Society for Information Management (SIM)

Donald N. Bernards, CPA

Donald Bernards, partner in the real estate group with Baker Tilly, has been active in many aspects of affordable housing since 1999.



Baker Tilly Virchow Krause, LLP Partner

777 E Wisconsin Ave
32nd Floor
Milwaukee, WI 53202
United States

T +1 (608) 240 2643

donald.bernards@bakertilly.com
bakertilly.com

Education

Bachelor of Business Administration in Accounting
University of Wisconsin–Madison

Don is a public housing specialist. He is well versed in structuring affordable housing transactions, including the tax issues. Don is adept at creating a checklist of major issues for each project that can put a deal at risk. Immersed in the affordable housing practice, Don has a wide range of experience with projects, owners and investors and has built a wide network of contacts within the field. His enthusiasm and passion for the industry are infectious. “It’s not just about numbers,” he says, “it’s about the end product and growing capacity.” Don has worked on affordable housing transactions in 26 states.

Specific experience

- Affordable housing industry utilizing various programs including Section 42 and Section 8
- Provides financial modeling for acquisition/rehabilitation and new construction tax credit deals
- Part of HUD technical assistance team providing Rental Assistance Demonstration (RAD) technical assistance nationwide to housing authorities through one-on-one training as well as presenting at educational conferences and seminars
- Consults on various 4 percent and 9 percent deals that have a RAD award and are working toward closing
- Assists in the preparation of Low-Income Housing Tax Credit (LIHTC) applications and applications for soft sources of financing, including HOME, Affordable Housing Program (AHP) and Community Development Block Grants (CDBG)
- Determines optimal Historic Tax Credit transaction structure, works with attorneys to ensure structure abides by safe harbor guidelines and advises on maximizing qualified rehabilitation expenditures (QREs)
- Assists with obtaining debt for various types of affordable housing, including taxable and various tax-exempt debt totaling more than \$350 million over the past five years
- Provides assistance with portfolio acquisition and disposition strategies and implementation

Donald N. Bernards, page 2

Specific experience, continued

- In the past five years, assisted in raising and closing more than \$500 million in equity for LIHTC and Historic Tax Credit projects
- Reviews budgets and performs financial analysis on assisted living projects
- Assists with cost segregation studies for affordable housing properties
- Involved in many tax aspects of a project, from transaction structuring to planning and preparation
- Reviews 10 percent tests and cost certifications
- Clients include developers that are not-for-profit, Public Housing Agencies, Tribal Housing Entities and for-profits, as well as tax credit investors

Industry involvement

- Wisconsin Institute of Certified Public Accountants (WICPA)
- American Institute of Certified Public Accountants (AICPA)
- American Bar Association -- Member Forum on Affordable Housing & Community Development Law; also, Tax Credits and Equity Financing Committee
- Tax Credit Advisory Board Member for State Housing Finance Agency
- Frequent speaker at regional and national conferences on affordable housing issues, including the RAD Collaborative, Affordable Housing Finance, National Housing & Rehabilitation Association, National Association of Housing and Redevelopment Officials, HUD, Iowa Finance Agency, Minnesota Housing Finance Agency, Illinois Housing Development Authority, Wisconsin Housing & Economic Development Authority, Michigan State Housing Development Authority, among others

Community involvement

- United Way of Dane County Foundation Board Member
- United Way Affordable Housing Fund Committee Chair
- Luke House community meal program lead
- Luke House Board Member

David W. Eisenlohr

David Eisenlohr, a managing director at Baker Tilly, is a member of the firm's state and local government consulting practice.



Baker Tilly Virchow Krause, LLP
Managing Director
 2500 Dallas Parkway
 Suite 300
 Plano, Texas 75093
 United States

T +1 (972) 750 0300
M +1 (214) 577 6525
david.eisenlohr@bakertilly.com
 bakertilly.com

Education

Master of Public Administration
 Edwin O. Stene Program
 University of Kansas (Lawrence, Kansas)

Bachelor of Arts, Political Science
 Texas A&M University (College Station, Texas)

David has actively supported state and local government performance improvement initiatives for more than 35 years, first as an operational manager and then as a highly regarded management consultant. An insightful analyst and skilled facilitator, David works closely with senior leadership teams and governing bodies in both the public and not-for-profit sectors to help them develop strategic clarity, establish priorities, improve organizational performance and streamline business processes and technologies.

David previously served in key leadership roles with the government services practices of two large professional services organizations, including Arthur Andersen LLP, where he directed the strategy, organization and change team within the firm's Southwest Region public sector practice and MAXIMUS, Inc., with responsibility for the company's local government management consulting team. He then founded The Azimuth Group, Inc., a boutique public sector consultancy.

Prior to his consulting career, David served in progressively responsible local government analytical and leadership roles. He was a Budget Analyst with the City of San Antonio, Texas and led the city's internal management and analysis and performance improvement team. He subsequently served as an assistant city manager in the City of Grand Prairie, Texas.

Specific Experience

- Strategic, organizational and operational improvement consulting for units of state and local government including cities, counties, water and sewer utilities, transit and transportation organizations and other special purpose districts and authorities
- Organizational and process analysis and redesign including planning and development services, building and code enforcement, procurement, human capital management, public works and utilities, public safety and courts, finance and accounting, parks and recreation and public information
- Experience with governing body, organization-wide and departmental strategic planning and goal setting programs

David W. Eisenlohr, page 2

Specific Experience (continued)

- Provides human capital and talent management services including workforce compensation, employee performance management, employee engagement and culture assessment
- Provides technology assessment and strategy, system requirements gathering and procurement support
- Works with local governments on organizational change management

Industry Involvement

- International City/County Management Association (ICMA)
- Texas City Management Association (TCMA)
- Government Finance Officers Association of Texas (GFOAT)

Past and Present Community Involvement

- Circle 10 Council, Boy Scouts of America, District Chairman
- Troop 70, BSA, Assistant Scoutmaster for High Adventure Programs
- United States Military Academy, Admissions Representative and Congressional District Coordinator, Friend of West Point
- West Point Parent's Club of North Texas, President, Treasurer, Webmaster
- Dallas Summer Musicals, Board of Directors, Marketing Committee

Nicholas R. Dragisich, P.E.

Nick Dragisich, a firm director at Baker Tilly, has more than 30 years of management experience.



Baker Tilly Virchow Krause, LLP Firm Director

380 Jackson Street
Suite 300
Saint Paul, MN 55101
United States

T +1 (651) 223-3012

nick.dragisich@bakertilly.com
bakertilly.com

Education

Master of Business Administration
University of St. Thomas (Saint Paul, Minnesota)

Bachelor of Science Civil Engineering
University of Minnesota – Minneapolis

Registered Municipal Advisor with the Securities
and Exchange Commission

Nick has been directly responsible for or involved in numerous organizational management studies, staffing analyses, utility expense and cost analysis studies, fiscal impact studies, as well as in the development of Excel®-based computer models for clients in California, Indiana, Iowa, Kansas, Louisiana, Maryland, Minnesota, Montana, Missouri, Nebraska, New York, North Carolina, North Dakota, South Carolina, Utah, Virginia, Washington and Wisconsin.

Specific experience

- Leads the management consulting services practice
- Performs management studies for clients in areas that include long-range financial planning, financial feasibility, utility rates, capital improvement planning, organizational management and debt management
- More than 30 years of experience in engineering
- Served as a project engineer for a private firm
- Managed the design and construction of projects for municipal and private sector clients
- Served as a city administrator, assistant city manager and city engineer

Industry involvement

- International City/County Management Association (ICMA)
- Minnesota City/County Management Association (MCMA)
- Minnesota Government Finance Officers Association (MNGFOA)
- American Society of Civil Engineers (ASCE)
- American Public Works Association (APWA)
- Central States Water Environment Association (CSWEA)
- Water Environment Federation (WEF)
- American Water Works Association (AWWA)

Jason K. Coyle, CPA

Jason Coyle, partner with Baker Tilly, has been in the accounting industry since 1997.



Baker Tilly Virchow Krause, LLP

Partner

1301 W 22nd St
Suite 400
Oak Brook, IL 60523
United States

T +1 (630) 645 6205

jason.coyle@bakertilly.com
bakertilly.com

Education

Bachelor of Science in Accountancy
University of Illinois-Urbana-Champaign

Jason is a member of the public sector practice group. He specializes in providing financial and compliance audits, as well as accounting services. Jason has extensive experience with municipalities, counties, special districts and school districts.

Specific experience

- Partner-in-charge of financial and compliance related audit engagements for local governmental entities
- Routinely assists local governments with the implementation of new accounting standards issued by the Governmental Accounting Standards Board
- Reviews and provides guidance for Comprehensive Annual Financial Reports, which have been awarded a “Certificate of Achievement for Excellence” in Financial Reporting
- Performs internal control reviews of municipalities and school districts, providing recommendations on policies and procedures to strengthen internal controls
- Provides Tax Incremental Financing compliance audits
- Partner-in-charge of single audits in accordance with OMB Uniform Guidance Guidelines
- Presents annual audit and financial results to various client boards
- Leads operations reviews designed to improve the efficiency and effectiveness of business and finance operations
- Member of the Special Review Committee of the GFOA which reviews financial statements submitted to the CAFR program
- Licensed CPA in Illinois

Industry involvement

- American Institute of Certified Public Accountants
- Government Finance Officers Association
- Special Review Executive Committee
- Illinois Governmental Finance Officers Association
- Technical Accounting Review Committee
- Illinois CPA Society
- Governmental Executive Committee
- Speaks at industry conferences

Michael E. Malatt, CPA

Michael Malatt is a senior manager at Baker Tilly.



Baker Tilly Virchow Krause, LLP

Senior Manager

1301 W 22nd St
Suite 400
Oak Brook, IL 60523
United States

T +1 (630) 645 6226

michael.malatt@bakertilly.com
bakertilly.com

Education

University of Notre Dame (Notre Dame, Indiana)
Bachelor of Business Administration in Accountancy

University of Notre Dame (Notre Dame, Indiana)
Master of Science in Accountancy

Michael is a member of the public sector practice group, specializing in audit services for municipalities and other governmental entities.

Specific experience

- Manages the day-to-day responsibilities of various accounting and auditing engagements
- Supervises the work performed by multiple associates during accounting and auditing engagements
- Prepares comprehensive annual financial reports, which have been awarded Certificates of Excellence in Financial Reporting from the Government Finance Officers Association and Association of School Business Officials
- Provides strategic planning and implementation services for government units, implementing Governmental Accounting Standards Board (GASB) pronouncements
- Analyzes clients' control systems to assist in implementing beneficial controls that are cost effective to clients
- Assists clients in developing account structures in order to comply with state reporting requirements
- Audits of TIF district results and efficiencies
- Develops "best practices" for municipalities
- Analyzes policies, procedures, and controls
- Reviews and provides technical assistance to local governments in preparing Comprehensive Annual Financial Reports which receive the GFOA certificate

Industry involvement

- American Institute of Certified Public Accountants
- Illinois Governmental Finance Officers Association – Professional Education Committee
- Government Finance Officers Association – Special Review Committee
- Illinois CPA Society
- Recipient of 2009 Illinois CPA Society Excel Award
- Speaks at industry conferences

Stacey N. Gill, CISA

Stacey is a consulting manager with the public sector team team, who joined Baker Tilly in 2011.



Baker Tilly Virchow Krause, LLP Manager

2801 Via Fortuna
Suite 300
Austin, TX 78746
United States

T +1 (512) 975 7284

stacey.gill@bakertilly.com
bakertilly.com

Education

Bachelor of Science in Business Management
Louisiana State University (Baton Rouge, Louisiana)
LSU Center for Internal Auditing (LSUCIA) Program

Stacey specializes in risk advisory, business process improvement and compliance based consulting services. Stacey is a Certified Information Systems Auditor with a deep understanding of assessing vulnerabilities, reporting on compliance and providing organization specific control recommendations.

Specific experience

- Provides outsourced and co-sourced internal audit services, including Sarbanes-Oxley, fraud mitigation, contract compliance, financial, operational and business process audits
- Executes business process reviews to help clients identify gaps in efficiency, effectiveness and controls and provides recommendations aligned with best practices and risk mitigation
- Performs documentation and flowcharting of processes within the finance and accounting functions and other business areas
- Manages billing reviews to evaluate accuracy of customer charges and billing system settings
- Conducts assessments of information technology (IT) departments focused on governance, organizational structure and operations
- Develops and executes audit work programs for financial, operational, information systems and compliance based audits
- Oversees Service Organization Controls report examinations, including testing the design and operating effectiveness of key information technology controls
- Manages and conducts testing of IT controls around change management, backups, physical access, user access and security, monitoring and logging incident management
- Performs internal audit monitoring activities aligned with fraud mitigation
- Leads information technology risk assessments in connection with Statement on Auditing Standards for financial audits

Stacey N. Gill, page 2

Specific experience (cont.)

- Conducts reviews of internal controls under the Institute of Internal Auditors (IIA) standards
- Provides pre-implementation assistance and implementation project management services related to enterprise resource planning systems and work order asset management systems
- Prior to joining Baker Tilly, delivered Sarbanes-Oxley 404 compliance, internal audit and enterprise risk management services to clients at a national CPA and consulting firm

Industry involvement

- American Public Power Association (APPA)
- Austin Women in Technology
- Gulf Coast Power Association (GCPA)
- Institute of Internal Auditors (IIA)
- ISACA (formerly Information Systems Audit and Control Association)
- Texas Public Power Association

Community involvement

- Baker Tilly Austin's United Way Committee
- United Way for Greater Austin – Community Investment Review Team

Thought leadership

- “Elevating IT in the decision making process,” APPA Business and Financial Conference, 2017
- “Risks and considerations for ERP systems implementations,” IIA Southern Regional Conference, 2017
- “Using information technology benchmarks to evaluate your IT resources,” APPA webinar, 2017
- “Success in succession planning,” APPA webinar, 2016
- “Developing and implementing utility succession planning,” APPA National Conference, 2016

Continuing professional education

- Baker Tilly, Cybersecurity Summit
- IIA, Cyber risks – trends, exposures and protections
- IIA/ISACA Governance, Risk and Control Conference
- ISACA, Continuous Compliance
- ISACA, CSX North America Conference
- LSU, LSUCIA Alumni Training Program
- Native American Finance Officers Association, Fall Finance & Tribal Economies Conference
- Texas State Board of Public Accountancy, Annual GCPA Fall Conference (2016)

Amanda M. Lasinski, CIA, CRMA

Amanda Lasinski, consulting manager on Baker Tilly's public sector team, has been with the firm since 2007.



**Baker Tilly Virchow Krause, LLP
Consulting Manager**

10 Terrace Ct
Madison, WI 53707
United States

T +1 (608) 240 2529

amanda.lasinski@bakertilly.com
bakertilly.com

Education

University of Wisconsin–Whitewater
Bachelor of Business Administration in Accounting

Amanda has extensive experience with internal audit services, financial and compliance audits, cost allocation reviews, work order asset management system implementation projects, business process and controls reviews, enterprise resource planning system needs assessments and implementation, and scorecard and metrics reporting.

Specific experience

- Leads business process and internal control reviews to recommend process improvements and better business practices
- Provides internal audit co-sourcing and outsourcing as well as risk services consulting
- Assist public sector utilities with software selection and implementation projects
- Conducts benchmarking analyses, overhead cost allocation studies and financial performance projects
- Analyzes the impact, performance and contractual compliance of utilities under jointly owned electric generation contracts
- Provides assistance in developing and implementing enterprise risk management programs

Industry involvement

- American Public Power Association (APPA)
- Institute of Internal Auditors

Thought leadership

- Speaker at APPA Business and Financial Conference, September 2018
- “Baby boomers exit electric utility workforce as new technologies emerge: solutions for filling the skills gap,” bakertilly.com, 2018

Amanda M. Lasinski, page 2

Thought leadership cont.

- “Transforming utility data into actionable performance measures and strategic drivers,” bakertilly.com, 2017
- “How detailed should your utility’s asset records be?” bakertilly.com, 2016

Continuing professional education

- American Gas Association/Edison Electric Institute, utility internal auditor training
- APPA, Business & Financial Conference
- The Institute of Public Utilities, Grid School

Caitlin M. Humrickhouse, MPA, SWP

Caitlin Humrickhouse, consulting manager with Baker Tilly, has been with the firm since 2012.



Baker Tilly Virchow Krause, LLP
Consulting Manager
 205 N Michigan Ave
 Chicago, IL 60601
 United States

T +1 (312) 729 8098
caitlin.humrickhouse@bakertilly.com
 bakertilly.com

Education

University of Illinois at Chicago
 Master of Public Administration with concentration in
 Financial Management

University of Illinois at Urbana–Champaign
 Bachelor of International Business
 Bachelor of Spanish

Caitlin is a Strategic Workforce Planner with a deep understanding of succession planning and strategic human capital management. Caitlin's other areas of expertise include benchmarking, organizational redesign and system needs assessment and selection. Prior to joining the firm, she worked at the University of Illinois at Chicago performing program and market analyses for an online education unit.

Specific experience

- Provides management consulting services with a focus on resource optimization, assisting governmental entities in their efforts to ensure the resources available (people, processes and technology) are utilized in the most efficient manner
- Reviews and redesigns core business processes to enhance internal controls, align with industry best practices, leverage available technology and create efficiencies
- Performs organizational structure analyses for local governments, examining the current state versus the future optimal state of job functions and departments
- Offers technology needs assessment and system selection services to help organizations achieve strategic goals by leveraging technology
- Prepares organizations to be sustainable and resilient in the face of workforce challenges and fiscal pressure through the application of operational and organizational reviews, succession planning and technology implementation

Industry involvement

- Illinois Association of Municipal Management Assistants
- Illinois City/County Management Association (ILCMA)
- Institute of Internal Auditors (IIA)
- International City/County Management Association (ICMA)

Caitlin M. Humrickhouse, page 2

Community involvement

- Step Up
- Chicago Chapter of the U.S. National Committee for United Nations Women

Thought leadership

- “Cell phone policies: how to reduce risk,” ICMA webinar, 2017
- “Creating a sustainable organization: the intersection of finance, technology and human capital,” Baker Tilly webinar, 2017
- “Cybersecurity: guarding your organization’s assets against attack,” Baker Tilly webinar, 2017
- “Enterprise resources planning system selection best practices,” American Public Power Association (APPA), 2017 (co-author)
- “Remote workplaces: leveraging technology and developing infrastructure,” ICMA webinar, 2017
- “Risks and considerations for ERP systems implementations,” IIA Southern Regional Conference, 2017
- “Best practices for assessing and selecting an enterprise resource planning system,” Baker Tilly webinar, 2016
- “Best practices for ERP system procurement,” bakertilly.com, 2016
- “Cybersecurity: not just an IT issue,” ILCMA Metro Managers Luncheon, 2016
- “Preserving a vibrant workforce: establishing sustainable succession planning program,” APPA, 2016 (co-author)
- “Success in succession planning,” APPA webinar, 2016
- “Success in succession planning: building a program that works,” ICMA webinar, 2016
- “Succession planning,” Baker Tilly Utility University, 2015

Continuing professional education

- Strategic Workforce Planner, Human Capital Institute

Monique N. Caston, MSW, MSM

Monique Caston, consulting manager with the public sector team, joined Baker Tilly in 2020.



Baker Tilly Virchow Krause, LLP
Consulting Manager
 205 N Michigan Ave
 Chicago, IL 60601
 United States

T +1 (312) 228 7262
monique.caston@bakertilly.com
 bakertilly.com

Education

University of Maryland University College
 Master of Science in Management with concentration
 in Human Resources

Howard University
 Master of Social Work

University of Illinois at Urbana–Champaign
 Bachelor of Science, Architectural Studies

Monique is a subject matter expert in grants administration, government contracting, and strategic planning. Monique also specializes in program management, policy writing and analysis, and program/project compliance.

Specific experience

- Provides management consulting and technical guidance to stakeholders focusing on efficient grant administration, code of federal regulations, and adequate finance and procurement policies and procedures to ensure overall contract compliance
- Conducts strategic budgeting and resource planning activities to pinpoint spending trends, identify funding reallocation and cost savings opportunities, and forecast future resource needs
- Assess and document client resources to determine current and desired operating states to ensure alignment with organizational vision and goals
- Performs gap analyses with clients to support their identification of critical business needs and ascertaining strategic, cost-efficient solutions that can be implemented to address gaps within operations
- Reviews funding and contract proposals submitted by potential vendors to ensure scope of work addresses client procurement needs while prioritizing essential resource needs

Community involvement

- Alpha Kappa Alpha Sorority, Incorporated ®
- Chicago Cares
- A Safe Haven Foundation

Monique Caston, page 2

Continuing professional education

- Training organization, Title of session or name of event, Year [in alphabetical order by organization]
- Nan McKay and Associates, Housing Choice Voucher Specialist, 2015
- Nan McKay and Associates, Family Self Sufficiency Specialist, 2014
- University of Maryland University College, Foundations of Human Resource Management, 2013
- University of Maryland University College, Leadership and Management, 2011
- University of Maryland University College, Nonprofit and Association Financial, 2010

Rory Vale, MPA

Rory Vale, senior consultant with the public sector team, joined Baker Tilly in 2019.



Baker Tilly Virchow Krause, LLP
Senior Consultant
 205 N Michigan Ave
 Chicago, IL 6060
 United States

T +1 (312) 729 8191
rory.vale@bakertilly.com
bakertilly.com

Education

Indiana University (Bloomington, Indiana)
 O'Neill School of Public and Environmental Affairs
 Master of Public Affairs
 Certificate in Nonprofit Leadership

Central Michigan University (Mount Pleasant, Michigan)
 Bachelor of Science

University of Notre Dame (South Bend, Indiana)
 Mendoza College of Business
 Certificate in Supervisory Development

Rory specializes in government and not-for-profit management. He joined Baker Tilly with six years of prior industry experience, including two as a government finance executive.

Rory has served as a finance director for the Indiana Department of Transportation, managing nearly \$100 million dollars in public procurements and nearly \$1 billion dollars in construction contracts annually.

He previously worked for a multinational not-for-profit organization in Chicago where he served as a member of the founding operations and program team for a first-of-its-kind summer training institute. He subsequently led the strategy, talent and operations for the organization's charter expansion into the Northwest.

Specific experience

- Performs operational and organizational reviews
- Leads organizational and systems change management
- Provides organizational and operational policy audits
- Manages public policy creation and implementation
- Scopes, designs and leads professional training
- Performs S.W.O.T. analyses for governmental and not-for-profit entities
- Manages financial system implementations
- Provides Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP) advisory services
- Provides public procurement best practices advisory services
- Conducts financial and statistical gap analyses
- Provides grant writing and post-award management
- Manages multi-fund public and not-for-profit zero-based budgets

Rory Vale, page 2

Thought leadership

- “INDOT economics 101: the agency’s role in economic development,” Indiana Department of Transportation Supervisory Development Program, 2019
- “Empathy in leadership,” Indiana Department of Transportation Supervisory Development Program, 2018
- “Strength based classroom leadership,” Teach For America Idaho, 2015-2016
- “Personal identity: seen and unseen,” Teach For America Chicago Summer Training Institute, 2013-2015

Continuing professional education

- Boise State University Career Training, Six Sigma Green Belt
- CareerTrack, Dealing with difficult people
- Crossroads Antiracism Training, Analyzing and understanding systematic racism
- Crossroads Antiracism Training, Critical cultural competency
- Pryor Learning Solutions, How to communicate with tact and professionalism
- Pryor Learning Solutions, How to manage conflict and confrontation
- The Ken Blanchard Companies, Leadership behavior analysis 2.0
- The Ken Blanchard Companies, Situational leadership I & II

Appendix: Exceptional Client Service

The Baker Tilly difference is the client experience

Accounting firms are not all the same. Baker Tilly breaks away from the competition when it comes to connecting with you to truly understand what is important to you.

Clients choose and stay with Baker Tilly because they know we deliver Exceptional Client Service.

A client-centric way of doing business

Your definition of client satisfaction is the only definition that matters. We ask. We listen. From staff accountant to managing partner, we focus on understanding your needs. Through knowledge sharing and open discussions, you will experience the value of working with a team of professionals that focuses on you and your success — a team that dedicates itself to:

- Proactively identify and meet the needs of clients by fostering an atmosphere of service and respect
- Provide value in ways that increase client satisfaction and loyalty
- Take responsibility for developing and sustaining productive client relationships
- Consistently apply the characteristics of the Baker Tilly client service model to everything we do

Above all, it means we continually work to improve the client experience.

The voice of our client leads our service model

To ensure we provide Exceptional Client Service, our dedicated client services director conducts satisfaction assessments through a mix of direct telephone calls, client visits and web-based client satisfaction surveys. Firm leaders, including Chairman and CEO Alan Whitman, also get involved, meeting with a sampling of clients each year. During the assessment, we verify that we are delivering on the promises made during the proposal process and that we are meeting your expectations as defined during the client service planning phase of the engagement. Action, in the form of involvement and follow-up by firm leaders, is a critical element of our approach to addressing concerns that may exist.

We formally document this client feedback and share it with the engagement team and respective managing partner. Our CEO, executive managing partners, managing partners and team leaders receive a monthly report of client satisfaction results. These results factor into partner and manager performance management. We take action based on the comments and suggestions we receive.

We ask clients to rate their satisfaction levels on a 1-to-10 scale (10 being highest). In our most recent surveys, 84 percent of responding clients gave us 9 or 10. On average, clients who gave us a score of less than or equal to 7 gave us nearly 2 points higher the next time they were surveyed due to specific actions taken by our team to improve the client service experience. One such client, a Vice President of Finance, provided the following comment, “You asked. I told you, and you did something about it. And I really respect that.”

In our most recent surveys, clients rated their experience with Baker Tilly as 9.32 out of 10, as in indication of satisfaction.

The Client Service Plan—it is all about you

A critical component of our engagement planning process is the development of a Client Service Plan that defines our service delivery to the City. We work with you to build the level of detail you desire to provide comfort that your needs are truly understood.

We utilize a web-based system to house and track these planning commitments. This enables seamless access by all members of the engagement team whether they are in audit, tax, consulting or specialty services.

When we give our word regarding transition, process efficiency, accountability, timing, seamless delivery and quality, this tool helps make sure we deliver what we promised.



Attachment A
Proposer's Information Form

PROPOSER (please type/ print):

Name: Baker Tilly Virchow Krause, LLP
Address: 10 Terrace Ct., Madison, WI 53718
Telephone: 608 240 2469 **Email:** jodi.dobson@bakertilly.com
Contact Person: Jodi Dobson **Title:** Partner
eMail (Required): jodi.dobson@bakertilly.com
Telephone (Required): 608 240 2469

Proposer, if selected, intends to carry on the business as (check one):

- | | |
|--|---|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Joint Venture |
| <input checked="" type="checkbox"/> Partnership | <input type="checkbox"/> Corporation |

When incorporated? 1931

In what state? Illinois

When authorized to do business in California? 2009

☐ **Other (explain):** _____

ADDENDA

To assure that all Proposers have received each addendum, check the appropriate box(s) below. Failure to acknowledge receipt of an addendum/addenda may be considered an irregularity in the Proposal:

Addendum number(s) received: ☒ 1; ☐ 2; ☐ 3; ☐ 4; ☐ 5; ☐ 6;

Or, ☐ _____ No Addendum/Addenda Were Received (**check and initial**).

1 PROPOSER'S SIGNATURE

No proposal shall be accepted which has not been signed in ink in the appropriate space below:

By signing below, the submission of a proposal shall be deemed a representation and certification by the Proposer that they have investigated all aspects of the RFP, that they are aware of the applicable facts pertaining to the RFP process, its procedures and requirements, and they have read and understand the RFP. No request for modification of the proposal shall be considered after its submission on the grounds that the Proposer was not fully informed as to any fact or condition.

Attachment A – Proposer Information continued...

1. If Proposer is **INDIVIDUAL**, sign here

Date: _____
Signature Name and Title (type or print)

2. If Proposer is **PARTNERSHIP** or **JOINT VENTURE**; at least two (2) Partners shall sign here:
Baker Tilly Virchow Krause, LLP

Partnership or Joint Venture Name (type or print)

Date: July 9, 2020

Jodi Y. Dobson
Member of the Partnership or Joint Venture signature

Date: July 9, 2020

Heather Vickers
Member of the Partnership or Joint Venture signature

3. If Proposer is a **CORPORATION** or **LLC**, the duly authorized officer(s) shall sign as follows:

The undersigned certify that he/she is respectively:

Officer Signature Name Title

Corp./LLC Contract Signature Method: Authorization to sign contracts and other documents on behalf of the corporation must be indicated by **selecting one of the following methods:**

- ☐ **Method 1 (Two Specified Officers).** Authorization may be shown by two officers, one from each of the following groups, signing the instrument. (Corp. Code §§313; 5214.)

Group A

- (i) Chairman of the Board
(ii) President
(iii) Any Vice-President

Group B

- (i) Secretary or Assistant Secretary
(ii) Chief Financial Officer
(iii) Any Assistant Treasurer

Email: _____ Email: _____

- ☐ **Method 2 (Certified Board Authorization).** Authorization may be shown by providing the City a copy of the corporation's bylaws, board of directors meeting minutes, or any resolution of corporation's board authorizing the person signing the instrument to execute instruments of the type in question, and certified by the Secretary or Asst. Secretary of the corporation to be a true copy. (Corp. Code §§314; 5215.)
- ☐ **Method 3 (Notarized Officer Signature).** Authorization may be shown by the signature of either the corporation's president, vice president, secretary, or assistant secretary accompanied by a notary acknowledgment in the form prescribed by Civil Code §1189. (Civil Code §1190.)

Of the corporation named below; that they are designated to sign the Proposal Cost Form by resolution (attach a certified copy, with corporate seal, if applicable, notarized as to its authenticity or Secretary's certificate of authorization) for and on behalf of the below named CORPORATION, and that they are authorized to execute same for and on behalf of said CORPORATION.

Corporation Name (type or print)

By: _____ Date: _____

Title: _____