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Mr. Don Sattler, Village President
The Office of the Village Clerk
Village of Poplar Grove
200 N. Hill Street
Poplar Grove, Illinois 61065

5/1/24

First and foremost, thank you for your time and the opportunity to present the Village of Poplar Grove ("Village") with our proposal. In this proposal we have provided a description of our approach and our skilled team. Below are some highlights on the benefits that Sikich brings to the Village.

PEOPLE – Collectively, our project team has over 100 years of experience in investigations and audits. Their wealth of knowledge, honed skills, and seasoned judgment will play a pivotal role in the success of this engagement.

PERFORMANCE – Our performance is characterized by a combination of exceptional qualities that set us apart. It encompasses a relentless commitment to excellence, a passion for continuous improvement, and an unwavering focus on surpassing goals.

CULTURE – Sikich values a diverse and inclusive workplace, encouraging employees to bring their unique perspectives to the table. We are known for fostering a culture of collaboration, innovation, and client-centricity.

BRAND – Sikich is one of the country's top 30 Certified Public Accounting firms with more than 1,800 employees serving clients in all 50 states. Clients turn to us for their professional service needs due to our deep industry knowledge and for the caliber of service and attention we provide.

We appreciate the opportunity to compete for your business and welcome the opportunity to discuss this relationship further. Thank you for your consideration, and we look forward to teaming together.

Sincerely,



Steve Randall
Partner



Kerri Urbanski, CPA, CFE
Director

The background of the slide is a blurred photograph of an office desk. In the foreground, a pair of glasses with dark frames sits on a desk. To the right, a portion of a calculator is visible. The overall scene is softly lit, suggesting a professional work environment.

SERVICE PROPOSAL

FORENSIC AUDIT
INTERNAL CONTROL EVALUATION

SUBMITTED BY:
SIKICH CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

Steve Randall
Partner

Kerri Urbanski
Director

PROJECT SUMMARY

FORENSIC AUDIT 2019-2022

Scope: The scope of the forensic audit and analysis will cover the Village's General Fund records for fiscal years 2019, 2020, 2021, and 2022. It will include an evaluation of the past and present practices of the Village to determine whether the usage of the General Fund has been in compliance with the laws of the State of Illinois. This will include all aspects of the General Fund, such as: fund usage, use of credit card accounts and revolving fund accounts, financing, earmarking, administrative costs, prior auditing, and internal monitoring and shall identify areas of error, fraud and misconduct if existent.

INTERNAL CONTROL EVALUATION

Scope: The scope is to evaluate the Village's system of internal controls as required by generally accepted auditing standards, and to prepare a detailed management letter with recommendations for improvement in internal controls, accounting systems and procedures. Sikich employs a risk-based approach to internal control evaluations, which meets the standards set by the Institute of Internal Auditors (IIA) for project quality and documentation. These standards are the result of careful study, consultation, and deliberation about the principles for providing consulting services; and provide a framework for executing these responsibilities ethically and effectively.



FORENSIC AUDIT & INTERNAL CONTROL EVALUATION APPROACH

SCOPE

The scope of the forensic audit and analysis will cover the Village's General Fund records for fiscal years 2019, 2020, 2021, and 2022. It will include an evaluation of the past and present practices of the Village to determine whether the usage of the General Fund has been in compliance with the laws of the State of Illinois. We will review the General Fund for fund usage, use of credit card accounts and revolving fund accounts, financing, earmarking, administrative costs, prior auditing, and internal monitoring and shall identify areas of error, fraud and misconduct if existent and recommend solutions, improvements and best practices.

Evaluate the Village's system of internal controls as required by generally accepted auditing standards, and to prepare a detailed management letter with recommendations for improvement in internal controls, accounting systems and procedures. The review will include internal control design and operating effectiveness to identify any areas of non-compliance, mismanagement and/or fraud in the General Fund.

STRUCTURED APPROACH

Sikich's structured approach to forensic auditing and internal control evaluation involves a meticulous and systematic examination of financial records, transactions, and other relevant data to uncover potential fraud, misconduct, or irregularities within an organization. The process typically begins with clearly defining the scope and objectives of the audit, followed by thorough planning and resource allocation. Gathering and analyzing evidence is central, utilizing techniques such as data mining, interviews, and forensic accounting methods. Throughout our process, we work with your employees to evaluate risks and ensure that appropriate internal control coverage is obtained. Using this systematic and disciplined approach, Sikich evaluates and contributes to the

improvement of governance, risk management, and compliance processes. Documentation of findings is comprehensive and adheres to professional standards, ensuring accuracy and reliability.

Our approach:

- 1) **Scope Definition and Objective Setting:** Sikich will work with the Village to clearly define the scope of the audit, including the time frame, areas to be investigated, and specific objectives to achieve.
- 2) **Planning and Resource Allocation:** Develop a comprehensive plan outlining the audit methodology, timelines, and resources required.
- 3) **Preliminary Assessment:** Conduct an initial assessment of potential risks and



areas of concern based on available information and preliminary analysis.

- 4) **Walkthroughs:** To identify the related processes for each of the inputs and outputs to the General Fund, Sikich will perform detailed walkthroughs along with understanding the Village's policies and procedures for the following areas. (A walkthrough is a procedure to understand a process, identify all internal controls within the process, determine which internal controls are most important ("key") and evaluate their design.):
 - Cash Accounts – tracing cash transactions including how cash is used, access to bank accounts and accuracy of the cash account.
 - Expenditure Accounts – reviewing transactions for salaries, services and expense reimbursements.
 - Revenue Accounts – tracing grant, tax and fees for proper recording.
 - Liability Accounts – accuracy of transactions for loans, bonds, etc.
 - Asset Accounts – Investments and other property are recorded properly.
 - Fund Balance Accounts – project the proper new worth (difference of assets and liabilities) of the fund.

Once the walkthroughs are completed, key internal controls may undergo further testing to confirm they are operating effectively.

- 5) **Data Collection:** Identify and request all relevant documentation and electronic data focusing on spending, allocating, expensing, reporting, certifying, and disbursements from the General Fund.
- 6) **Forensic Analysis:** Review transaction data with the use of data analytics to perform population analysis, trend

analysis and identify anomalies, patterns, or trends indicative of potential fraud or misconduct.

- 7) **Interviews:** Conduct interviews with key personnel and witnesses to gather additional information and insights.
- 8) **Documentation:** Document all findings, observations, and evidence obtained during the audit process.
- 9) **Analysis and Interpretation:** Analyze the collected evidence in-depth, to uncover any underlying schemes or irregularities. Cross-reference findings with relevant Village policies, laws, regulations, and industry standards.
- 10) **Report Preparation:** Prepare a comprehensive report summarizing the audit process, findings, conclusions, and recommendations. The report will be clear, concise, and well-documented, supporting each conclusion with relevant evidence. The draft report will provide an opportunity to include management responses or action plans prior to issuing a final report. The goal for the report is to serve as a roadmap for improvement.
- 11) **Presentation and Communication:** Sikich will present the findings and recommendations to the Village Board of Trustees, the Village Treasurer, and other stakeholders as appropriate. Sikich will also address any questions or concerns raised.
- 12) **Observation Follow-Up:** Upon request, the team at Sikich can follow up on the implementation of management action plans. This phase includes reviewing the design of the new procedures and the effectiveness of the intended remediation. This phase is optional and would be quoted separately.



SIKICH EXPERTS

OUR EXPERIENCED AND TENURED TEAMS COMBINE BUSINESS INSIGHT WITH A SYSTEMATIC AND DISCIPLINED APPROACH TO IMPROVE BUSINESS OPERATIONS, STREAMLINE TRANSACTION PROCESSING, AND PROMOTE LONG-TERM SUSTAINABILITY. OUR TEAM IS WHAT SETS US APART FROM OUR COMPETITION.

KERRI URBANSKI, CPA DIRECTOR

Ms. Urbanski will serve as the Engagement Director responsible for the coordination and execution of all aspects of the engagement. She has 25 years of audit, risk management, and operations experience with a focus on reviews of various accounting cycles, auditing strategies, compliance and risk analysis. She has performed numerous accounting cycle reviews and investigations. Ms. Urbanski is a Certified Public Accountant, a Certified Fraud Examiner and a Certified Risk Management Associate.

KATE BURIAN, CPA, CFE SR MANAGER – FORENSIC SERVICES

As a senior manager, Ms. Burian will be a secondary contact and will be responsible for conducting the forensic accounting services and internal control assessment and assisting in coordinating all risk and fraud assessment efforts.

She is an experienced not-for-profit and government sector auditor and consultant with more than 15 years of experience providing audit and attestation services. She has served on the Board of Directors of the Chicago Chapter of a national not-for-profit organization, as well as a firm ambassador and committee member for the Illinois CPA Society.

VISHAL DALAL SR MANAGER – INTERNAL CONTROL EVALUATION SERVICES

Mr. Dalal is a Senior Manager for Sikich and will serve as an engagement consultant on this project supporting Ms. Urbanski. Mr. Dalal brings more than 20 years of risk management experience in multiple industries. He is adept at performing comprehensive business risk assessments, overseeing and managing internal audit projects and communicating results to client management. Mr. Dalal holds a Bachelor of Science in Finance from the University of Illinois Urbana-Champaign. He is active in both the IIA and ISACA organizations.

GRANT AMES SR ACCOUNTANT

Mr. Ames is a senior accountant for our governmental and accounting practice. He has 5 years of experience analyzing and preparing financial statements. He has expertise in accounting cycles in order to properly trace transactions forwards and backwards through the cycles. Mr. Ames holds a bachelor's degree in accounting from Illinois State University. He is a Certified Public Accountant.

ALI RAZA SR ACCOUNTANT

Mr. Raza is a senior accountant in our accounting practice. He has 5 years of experience analyzing and preparing financial statements. He has expertise in accounting cycles in order to properly trace



transactions forwards and backwards through the cycles. Mr. Raza holds a bachelor's degree in accounting from the University of Kansas.

STEVE RANDALL, MBA PARTNER-IN-CHARGE – GRC SERVICES

Steve has over 30 years of management and consulting experience with specialized skills in project management, operational efficiency, and conflict resolution. Steve has a depth of knowledge in business management, risk, and internal control-related topics. Steve is recognized as a leader in the internal audit profession and has authored many articles covering leadership, risk management, and internal audit, including the Strategic Role of Internal Audits, which has over 15,000 downloads, and the Report on Fraud Risk Management. He has been asked to speak at conferences and symposiums in the US and Europe for multiple organizations such as the Institute of Internal Auditors, the Financial Executives International, and the MIS Training Institute.

Steve provides independent counsel, identifies core issues, develops strategic solutions, and provides leadership through tenuous situations. He is equally adept at speaking to management and presenting to Executive Management and Board Members.

Steve began his career in operations management, has a bachelor's degree from the Ohio State University, and an MBA with honors from Lewis University. He has served two terms as President of the Institute of Internal Auditors' Chicago Chapter, served on the board of the Adler-Caris Foundation, a not-for-profit raising funds for Alzheimer's research, and spent seven years volunteering as the President of the Oz Park Baseball Association, a youth baseball program in the city of Chicago.



REFERENCES

Sikich works with hundreds of city, county, and state government entities. We can provide a comprehensive list should you require additional assurance in our experience. The below references are local government engagements that were similar in scope to that reflected in the Village's RFP.

Client: Chippewa County, Wisconsin
Project: Internal Control Review, Risk Assessments in 2019, 2021, and 2024 (pending)
Contact: Mr. Randy Scholz
County Administrator
711 N. Bridge Street
Chippewa Falls, WI 54729
rscholz@co.chippewa.wi.us
715.726.4597

Client: City of Mayville, Wisconsin
Project: Forensic Accounting Services
Contact: Mr. John Guinn
Mayor
P.O. Box 273
Mayville, WI 53050
mayor@mayvillecity.com
920.387.7900 Ext. 1206

Client: City of Springfield, Illinois
Project: Forensic Accounting Services and Internal Control Assessment
Contact: Ms. Valeria Yazell
Director, Office of Planning and Development
800 E. Monroe
Springfield, IL 62701
valera.yazell@springfield.il.us
217.789.2377 Ext. 5475



PROFESSIONAL FEES

We are pleased to present our fee proposal for the forensic audit, offering a blended rate structure that provides exceptional value to the Village. Our blended rate is thoughtfully designed to streamline cost management while ensuring access to our team's diverse expertise and resources. By combining rates across different roles and skill levels, we offer a cost-effective solution that maximizes efficiency without compromising on quality. Furthermore, we are delighted to extend a discounted rate as a testament to our commitment to the Village. This discounted rate reflects our appreciation for the opportunity to collaborate with the Village and our confidence in delivering exceptional results that exceed expectations. We provide transparency and flexibility in our pricing approach, and we look forward to the opportunity to discuss further and address any questions or concerns you may have.

	STANDARD RATE	BLENDED RATE
Director	\$285	\$185
Senior Manager – Forensics	\$350	
Senior Manager – Internal Controls	\$225	
Senior Accountant	\$175	

TRAVEL

Travel costs are not included in this proposal. The Village will reimburse reasonable travel costs, subject to adherence to the Village's travel policy and supported by appropriate documentation.

FINAL NOTES

This proposal does not represent formal acceptance of the engagement. We reserve the right to perform our firm's normal client acceptance procedures, as well as those procedures required by professional standards. Once these client acceptance procedures are completed, we will provide you with an engagement letter to formally document our scope of services, fees, and terms of the engagement.



WHO IS SIKICH?

Sikich is a leading professional services firm specializing in accounting, technology and advisory services. For over 30 years, Sikich has been helping clients focus on overall business growth and the components that result in building the bottom line. Sikich has more than 1,600 associates and has been ranked as one of the country's 30 largest accounting firms and among the top one percent of all enterprise resource planning solution partners in the world.

We provide a full range of specialized services, including:

ACCOUNTING, AUDIT, TAX & CONSULTING SERVICES

- AUDIT & ASSURANCE
- OUTSOURCED ACCOUNTING
- CONSULTING SERVICES
- EMPLOYEE BENEFIT PLAN AUDITS
- INTERNATIONAL TAX
- TAX

TECHNOLOGY

- CYBERSECURITY & COMPLIANCE
- CLOUD & INFRASTRUCTURE
- BUSINESS APPLICATION
- CONSULTING & IMPLEMENTATION
- DIGITAL TRANSFORMATION CONSULTING

ADVISORY

- GOVERNANCE, RISK & COMPLIANCE SERVICES
- INTERNAL AUDIT OUTSOURCING AND CO-SOURCING
- REGULATORY, QUALITY & COMPLIANCE
- SUPPLY CHAIN
- WORKFORCE RISK MANAGEMENT
- TRANSACTION ADVISORY SERVICES
- INVESTMENT BANKING¹
- FORENSIC & VALUATION SERVICES
- HUMAN CAPITAL MANAGEMENT & PAYROLL CONSULTING
- INSURANCE SERVICES
- MARKETING & COMMUNICATIONS
- RETIREMENT PLAN SERVICES
- SITE SELECTION & BUSINESS INCENTIVES
- SUCCESSION PLANNING
- WEALTH MANAGEMENT²

¹ Securities offered through Sikich Corporate Finance LLC, member FINRA/SIPC.

² Investment advisory services offered through Sikich Financial, an SEC Registered Investment Advisor.



ABOUT SIKICH GRC

SIKICH GRC SERVICES ARE YOUR COMPANY'S FIRST LINE OF DEFENSE TO BUILD AND MAINTAIN TRUST OVER YOUR PEOPLE, PROCESSES, SYSTEMS AND DATA TO PROTECT AND PRESERVE VALUE.

THE GOVERNANCE, RISK, AND COMPLIANCE PORTFOLIO

Help your business reach its fullest potential as you take on the future and lean on our team's tailored approach and unmatched collaboration to get you there.

Internal Audit

With a team of experienced and passionate internal auditors, we deliver customized and OnDemand internal audit solutions to meet each company's needs. We will either enhance an existing team or take over as an outsourced internal audit function.

Sarbanes-Oxley Compliance

Compliance with Sarbanes-Oxley is mandatory for public companies; however, implementing it efficiently and effectively is a choice. Our expertise will streamline your compliance requirements whether, you are starting fresh with an IPO, experiencing changes in your organization, or reengineering an outdated process.

IT Audit

Our team of experienced IT audit professionals provides OnDemand access to various IT audit requirements. Whether you need to audit ITGCs, cybersecurity risk management, application controls or implementations, or conduct IT risk assessments, our certified technology experts are ready to help.

Investigation

It's not a problem until it is. Our investigations and fraud risk management team will examine internal control breakdowns and gather the necessary evidence for taking action.

Data Analytics

The volume of data is growing, and a company's ability to leverage it can provide a competitive advantage. When data analytics is used within a suite of internal audit and Sarbanes-Oxley services, the result is efficiency, improved effectiveness, and 100% assurance.

Governance

Your corporate governance structure establishes the tone at the top of your organization, creating a foundation for ethics, integrity, compliance, profitability, and long-term success. Our team will help you establish and maintain a robust corporate governance framework, positioning your organization for continued success.



Risk Management

The ability to identify and assess risks effectively gives a company insights and capabilities to meet future challenges. The alignment of enterprise risk management with internal audit risk assessments enables your company to make better-informed decisions on how to deploy resources best.

Regulatory and Compliance

As regulatory and compliance risks continue to grow, added pressure is placed squarely on the compliance team. We provide independent assessments of compliance functions to ensure your compliance program satisfies the regulators, third parties, and company policies.

Environmental, Social, and Governance

Sikich helps organizations integrate sustainable practices into their operations, advising on strategies to enhance environmental responsibility, social impact, and governance transparency. We offer guidance on assessing, managing, and reporting on ESG risks and opportunities, aligning businesses with evolving ethical and regulatory standards, and we provide assurance on existing ESG reporting.

Service and Organization Controls Reports

Sikich conducts SOC1, SOC2, and SOC3 services providing independent examinations of an organization's control environment to assess the effectiveness of its internal controls related to financial reporting, cybersecurity, data privacy, and other key areas.



GRC TESTIMONIALS

WHAT IS IT LIKE TO WORK WITH OUR TEAM? DON'T ASK US. **ASK OUR CLIENTS:**

"This team has not only been a service provider but a true partner. The team is always available when needed, and they ensure high-value results. Their expertise and partnership have helped accelerate our Internal Audit and Compliance programs to the next level. They approach every project with professionalism, an objective viewpoint, and keen insight to improve business processes and internal controls. Their recommendations and suggestions have been extremely valuable. We look forward to continuing our ongoing relationship."

Matthew Beland Chief Audit Executive at Entrust Corporation

"The experience that this time has brought our company was second to none. They quickly gained detailed understanding of our business processes, adding immediate value to our objective of SOX readiness. The team approaches all work with a deep passion and the utmost professionalism. Their knowledge on SOX and compliance was extensive and their recommendations helped us improve our processes and internal controls."

Marc Nelson Chief Accounting Officer Cambium Networks

"This is a firm that we have used time and time again to help with complicated internal control-focused projects. They consistently provide quality service to us through a dedicated and results-oriented team with strong leadership."

Rich Hoker Vice President and Corporate Controller at CF Industries

"Throughout the process of assisting us with developing our Internal Audit function, the team was able to provide continuous guidance on various Internal Audit aspects and best practices. Each individual we have worked with has been knowledgeable and an asset to our organization. They are a valued Balchem business partner!"

Denis Sangulin Director of Internal Audit at Balchem Corporation

"This team has been a consistent and reliable partner to Stericycle. They are flexible and accommodate our requests and changes whenever the project requires them. The team is experienced and has comprehensive SOX and audit knowledge. Overall, I am very pleased with the team's consistency and knowledge of our business."

Martijn Van Harten Vice President of Internal Audit at Stericycle



THANK YOU

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