

Organizational Review of Finance and Human Resources

Winnebago County

February 13, 2018



Candor. Insight. Results.



February 13, 2018

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Ms. Carla Paschal
County Administrator
Winnebago County
404 Elm Street
Rockford, IL 61101

Dear Ms. Paschal:

Baker Tilly Virchow Krause, LLP (Baker Tilly) appreciates the opportunity to respond to Winnebago County (the County) regarding your interest in an organizational structure study of finance and human resources functions.

We understand you are seeking a consultant to evaluate the current manner in which finance and human resources is delivered throughout the County and that currently, these services are delivered from both central departments as well as through representatives in departments across the County.

Baker Tilly has years of experience helping counties and other state and local government organizations conduct similar assessments. Our firm was founded on strong service to public sector entities and this specialization allows us to carefully consider the political, fiscal and operational realities faced by our clients when developing recommendations. We closely follow the perspectives of taxpayers, legislative leaders and government executives to best design solutions for you, and we are viewed as thought leaders in the field.

We are eager to demonstrate how we can help you effectively deliver the services your internal stakeholders need and value. Our assessment will help you decide if there are changes that could be made to improve efficiency and effectiveness of the management and operations of the County.

Ms. Carla Paschal, County Administrator
Winnebago County

February 13, 2018

Key factors that differentiate Baker Tilly include:

- > **National experience in organizational assessments.** Baker Tilly is a leader in organizational assessments. We have conducted many reviews that are similar in scope to your project and educated municipalities on how to successfully implement results. You will benefit from our expertise in departmental reviews and effective application of industry benchmarks and best practices. Our analysis of your organizational structure can also consider alternative service delivery approaches, such as shared services and third party resources, with the goal of achieving optimal alignment of internal and external resources.
- > **Public sector specialization.** Our devotion to governmental organizations is manifested in our public sector practice team, a group that was formalized nearly 50 years ago, with a team of more than 220 professionals dedicated entirely to serving public sector clients. ***Nationwide, our state and local practice currently works with more than 1,000 counties, municipalities, public utilities, school districts and state agencies.***
- > **Large firm resources.** Baker Tilly is the right fit for the County. We are large enough to offer the professional capabilities you need; yet, we have a local-firm focus that ensures you receive responsive, personalized attention. Our service team will maintain close communication with you to address issues before they become problems. We offer extensive firmwide resources and a high level of involvement from our partners. This all translates to a demonstrated ability to meet or beat deadlines and provide quality deliverables.

As a result of our organizational assessments, public sector clients have been able to realize both ***improvements in service quality*** and also ***significant savings in operational costs***. Our approach provides the full continuum of organizational analysis and considers all aspects of departments, including process modifications, staff realignment or reallocation, functional redesign and identification of alternative staffing models.

Ms. Carla Paschal, County Administrator
Winnebago County

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Non-Attest Services

Winnebago County is also an external audit client of Baker Tilly. The services that we will be providing are non-attest services. In order to preserve our audit independence, the County is responsible for reviewing our work and understanding the nature of our work.

We will not perform any management functions or make any management decisions on your behalf with respect to any non-attest services that we perform.

In connection with our performance of any non-attest services, you agree that you will:

- > Continue to make all management decisions and perform all management functions, including approving our work product when it is submitted to you.
- > Designate employee with suitable skill, knowledge, and/or experience, preferably within senior management, to oversee the services we performed.
- > Evaluate the adequacy and results of the non-attest services we perform
- > Accept responsibility for the results of our non-attest services
- > Establish and maintain internal controls, including monitoring ongoing activities related to the non-attest function.

Your project is perfectly aligned with our team strengths. We recognize the trust you place in a service provider and are confident you will be pleased with the results we provide. Our proposal details Baker Tilly's tailored approach to working with you to accomplish your objectives as well as additional information we believe will help you make your decision.

I, Russ Hissom, am authorized to negotiate agreement terms and make binding agreements on behalf of Baker Tilly. If you have any questions or would like further information, please do not hesitate to contact me at 608 240 2361 or russ.hissom@bakertilly.com, or project manager Caitlin Humrickhouse at 312 729 8098 or caitlin.humrickhouse@bakertilly.com. We appreciate the opportunity to submit this response and look forward to discussing the specifics with you.

Sincerely,



Russell A. Hissom, CPA, CIA, CISA, CRMA,
Partner

FIRM QUALIFICATIONS	1
REFERENCES.....	6
PROJECT APPROACH.....	8
PROJECT TEAM	13
PROJECT FEES.....	15

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Firm qualifications

Firm overview

Baker Tilly is one of the oldest and largest consulting and accounting firms in the U.S. Our firm originated in 1931 with a commitment to deliver innovative business strategies and solid financial solutions to our clients. 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 our firm ranks as one of the 15 largest professional services firms in the country, with more than 2,700 employees serving clients from 35 offices. *Accounting Today* recently named Baker Tilly the second fastest growing among the top 100 accounting firms in the U.S. Our growth means new geographies, new services, new influence and greater opportunity to deliver exceptional results for our clients as Valued Business Advisors.

TOP
15

Ranked as one of the top 15 professional services firms in 2016 by *Accounting Today*

2,700 PROFESSIONALS INCLUDING
NEARLY 300 PARTNERS

42,000 CLIENTS NATIONWIDE
(APPROXIMATELY)

8th LARGEST NETWORK OF
INDEPENDENT ACCOUNTING
AND ADVISORY FIRMS

Public sector specialization and expertise

Baker Tilly is one of the few consulting and auditing firms with a state and local government group dedicated entirely to serving governmental clients.

We organize our firm by industry specialization rather than service discipline. Our professionals offer clients a deep understanding of their respective industries. Your public sector focused team will possess specific industry knowledge to help you improve operational efficiencies, tighten processes and address your unique needs.

At Baker Tilly, we formalized our public sector team nearly 50 years ago. We recognized the complexity of this environment and organized the partners and staff into niche fields within the public sector service group. This industry specific approach allows us to provide specialized training and continuing education to our staff, assuring you of a team with the necessary knowledge and skills to identify the strength of internal controls and processes and key indicators that are critical to your operations.

Today our public sector practice team consists of more than 220 professionals — including 18 partners — and is dedicated to serving clients like the City. We understand the issues governments face, providing more than 225,000 hours annually to the public sector. Our extensive experience provides us with the insight to find effective solutions. We have worked with various local governments and helped many counties and municipalities with organizational reviews and evaluations.



Firm qualifications

This specialization is split out further between our audit team and consulting group. The staff for your project will be sourced primarily from the consulting group. These professionals have an extensive background in government service. Where necessary, our team can also utilize resources from staff in other areas of the firm.

The following list includes just some of the clients we have served on consulting projects. We can provide contact information for any of the entities listed below. Project specific descriptions and references are also included in the following sections.



- > City of Burbank, CA
- > City of Carlsbad, CA
- > City of Dearborn, MI
- > City of Eagan, MN
- > City of Elgin, IL
- > City of Evanston, IL
- > City of Fond du Lac, WI
- > City of Goleta, CA
- > City of High Point, NC
- > City of Kenosha, WI
- > City of Madison, WI
- > City of Milwaukee, WI
- > City of Minneapolis, MN
- > City of Modesto, CA
- > City of Ogden, UT
- > City of Racine, WI
- > City of Richmond, CA
- > City of Rockford, IL
- > City of St. Paul, MN
- > City of Valdez, AK
- > City of Wauwatosa, WI
- > City of Wilmington, DE
- > Chippewa County, WI
- > Dane County, WI
- > Hennepin County, MN
- > Milwaukee County, WI
- > Portage County, WI
- > Sheboygan County, WI
- > Waseca County, MN
- > Washington County, MN
- > Will County, IL
- > Village of Glenview, IL
- > Central Brown County Water Authority
- > Burbank Water and Power
- > Colorado Springs Utilities (CSU), CO
- > DuPage Water Commission (Elmhurst, IL)
- > Guam Water Utilities
- > Modesto Irrigation District / M-S-R Public Power Agency
- > Sacramento Municipal Utility District



Specific experience

The following summaries describe some of the similar projects for which Baker Tilly has provided consulting services. We also provide references for select clients in the **References** section.

Eau Claire (WI) County Human Resource Department Review

Baker Tilly conducted an assessment of the Human Resource Department for Eau Claire County. The purpose of this assessment was to review the Human Resource Department's organizational structure and staffing resources to assure alignment in support of effective delivery of core County services and optimization of County operational resources. Identified areas for improvement included: collaborative HR management, strategic approach with professional support, increased communication with employees, building on improvements already made (and continuing toward a broader, enterprise-wide facilitative role), expanded utilization of existing technology plus the consideration of new solutions, and creation of a detailed implementation plan with follow-through. Two alternative structures presented savings of \$21,000 annually or \$91,000 annually.

Racine County, Wisconsin Finance Department Review

With the impending implementation of the Affordable Care Act (ACA), Baker Tilly provided a comparison of the estimated costs to bring outsourced workers in-house and analyzed the potential impact of changes in the contracted services costs. The analysis looked at functions being currently performed by PIE Contracting and Premier. Baker Tilly calculated the costs currently being assessed for these two vendors and projected costs if these workers were to be brought in house under the current full-time equivalent (FTE) allocation and the potential impact of such a decision. In addition, for insourced employees, we utilized the County fiscal year 2014 rate structure for comparable positions. We expect that County staff would assign a salary rate in accordance with the fiscal year 2014 rate structure in order to calculate salary for insourced staff. Finally, the analysis provided a high-level overview of the long-term retirement benefits of any insourced staff.

City of Valdez, Alaska HR policy and organizational review

Our client's need: Baker Tilly was engaged by the City to review the HR structure, explore models and approaches to improve HR management and identify gaps in the current personnel regulations and general approach to HR. The City had not historically operated with a dedicated HR manager and had instead assigned this function as a portion of the assistant city manager's duties.

The Baker Tilly solution: Baker Tilly issued an anonymous survey, held meetings with City staff and reviewed documentation in order to pinpoint areas of HR operations that were of particular concern. By using a functional area maturity ranking model, we were



able to provide the City with a comprehensive analysis of current HR operations and risks they were facing.

Results achieved: Baker Tilly provided the City with 23 recommendations related to the HR organizational model, HR basics, strategic HR and HR compliance. Each recommendation was assigned an implementation time frame so that the City was able to use the deliverable as a roadmap to make improvements to their HR operations.

Greenville, North Carolina Finance and Human Resources Review

An entity's human capital is its most valuable asset and also the most significant investment in terms of operating expenditures. To ensure that its resources provide the best value, in March 2013, the City of Greenville selected Virchow Krause, LLP to assist with the evaluation of the City's approach to managing procurement, accounting, budget, revenue collections, treasury, and human resources city-wide. Specifically, the City asked Baker Tilly to:

- > Perform a customized review of the City finance operations function and management framework
- > Determine whether the City was managing and utilizing its human resources appropriately, efficiently, and effectively

Baker Tilly identified 33 recommendations and identified whether the City should implement each recommendation in the short term or long term. Our recommendations spanned the following areas:

- > Transformation of Financial Services and HR functions and approaches from tactical to strategic
- > Optimized organizational structure and improved alignment of labor resources with strategic and program priorities
- > Enhanced organization-wide effectiveness relative to Financial Services and HR management
- > Reduction to the level of effort required to manage the City's workforce
- > Reduction in risk relative to HR decision and activities
- > Increased efficiency of fiscal processes and systems
- > Enhanced fiscal policies and procedures and reporting
- > Optimized value for the City's enterprise resource planning (ERP) project
- > Frameworks to ensure legal and regulatory compliance
- > Services or functions with potential for contracting out, if any
- > Operational plans and procedures
- > Services and programs that should be added or deleted
- > Working relationships with other City departments



**Sheboygan County, Wisconsin
Human Resources Department Operational Review**

Baker Tilly conducted a review of the Sheboygan County Human Resources Department. We worked with the County to identify key improvements and solutions that would positively position them to support their service mission and optimize limited resources. The primary objectives of this review were to:

- > Ensure that the project approach, scope, and activities were in alignment with County needs and desired outcomes
- > Identify the current approach and resource commitments to County HR management, and identify needs of department stakeholders
- > Ensure a strategic, effective, and efficient County-wide HR management approach, supported by an effective framework
- > Effectively present the County's HR Management Roadmap toward enhanced service, cost efficiency, and staff resource decision-making and management County-wide

The roadmap for change developed by Baker Tilly included detailed recommendations supporting the following topics:

- > Emphasize internal communications
- > Redefine HR staff roles and develop competencies
- > Increase the scope of HR services, focusing on enhancing workforce planning, recruiting, and orientation
- > Consider outsourcing Family and Medical Leave Act (FMLA) Administration
- > Integrate shared processes among service departments

**City of Stoughton, Wisconsin
Financial and Administrative Functions Review**

Baker Tilly conducted a review of the City's administrative and financial functions to ensure that the roles, responsibilities, workload, and utilization of staff in the Finance/Treasurer Department and City Clerk's Office are most effectively structured to support these key functions of City government. Specifically, the objectives of the review were to:

- > Analyze the defined roles and responsibilities of the City's financial and administrative staff and how they impact current operations
- > Review the current distribution of duties, workload, staff utilization, and back-up arrangements with a goal to maximize operating efficiency for financial and administrative functions and staff
- > Assess the effectiveness of the current organizational structure and reporting relationships for key financial and administrative functions
- > Determine the appropriate roles and responsibilities for the Finance Director in administrative and economic development activities, and recommend appropriate modifications to task assignments and workload distribution



References

Valuable perspectives

We are always 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 below 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:	Sheboygan County, Wisconsin
Contact:	Adam Payne, Asst. to the County Administrator
Email:	payneanp@co.sheboygan.wi.us
Phone:	920 459 3103
Project title:	Human Resources Operational Review
Year completed:	Multiple projects since 2005. HR review completed 2012.

Client:	Portage County, Wisconsin
Contact(s):	Jennifer Jossie, Finance Director
Email:	jossiej@co.portage.wi.us
Phone:	715 346 1332
Project title:	Treasury Department Operations Review
Year completed:	2014

Client:	City of Valdez, Alaska
Contact:	Todd Wegner, Assistant City Manager
Email:	twegner@ci.valdez.ak.us
Phone:	907 835 4313
Project title:	Human resources organizational review Included staffing review elements
Year completed:	2015



Firm qualifications

Client:	Long Island Power Authority
Contact:	Barbara Ann Dillon, Director Human Resources and Administration
Email:	bdillon@lipower.org
Phone:	516 222 7700
Project title:	Documentation of Finance and Human Resource Policies
Year completed:	2016



Project approach

Baker Tilly employs a proven framework for this type of project including the appropriate components necessary for client involvement, approval and signoff on key project activities and deliverables. We also position our projects to ensure you have the tools and information you need to realize the return on your investment effectively after we have completed your project.

Our project approach will be organized as follows:



Baker Tilly’s proven project management methodology has been executed many times on projects of all sizes for our public sector clients. Our team has significant experience coordinating performance audit engagements across several levels of external stakeholders, staff, executives and members of governing bodies. Our project management approach is driven by the work plan for this project and includes regular internal team meetings, status updates, commitment to timelines, and frequent, structured communication with the client.

The value your engagement team places on communication optimizes the review process as well. Your requests and concerns will always guide the way your Baker Tilly team members conduct your engagement. We encourage you to express any desires to change aspects of our process at any time.

The implementation framework and roadmap that the County sets will be critical in realizing the desired impact. Our team can be available to assist in developing this framework and the specifics required to transition to alternative service delivery approaches.

Approach to on-boarding with the organization

Our engagement team members will invest a significant portion of time learning about the County’s organization. They will have the skills to anticipate and respond quickly to your needs and challenges as they arise. Our approach to using industry specialists to staff your engagement will also reduce the time your employees will spend with the engagement team, so you can focus on your business instead of educating our staff.

Project initiation and management

The project initiation and management component of this project creates the foundation for a successful project. We work to ensure that all parties are in agreement on scope, targets of review and individuals participating in the study. To accomplish this, we recommend the creation of a steering committee to provide input and oversight of the project. We propose holding an executive visioning session with the steering committee



to discuss project vision, objectives and background. We will take the following specific steps to coordinate our project management and quality assurance approach.

Project initiation and management

Objective: To ensure project approach, scope and activities are in alignment with County needs and desired outcomes

Illustrative tasks:

- > Appoint a project liaison to coordinate scheduling, data collection and other logistics
- > Introduce the project liaison to the Baker Tilly team
- > Establish the project steering committee to offer input at project initiation and receive the major project deliverables
- > Executive visioning sessions to align management expectations with resource allocation in functional areas
- > Identify key individuals to participate in fieldwork, including interviews
- > Finalize project timeline with milestone deliverables
- > Initiate information request; begin review as information is received

Deliverables:

- > Introduction call
- > Project timeline
- > Fieldwork agenda

Current state assessment: on-site visit, interviews, documentation and follow-up

The current state assessment will focus on data collection and documentation for the current organizational structure and operations. This will include data gathering and documentation of current operations, identification of the services that are provided, and assessment of the staffing needs to perform expected duties. Once key stakeholders are identified, sessions will be organized to make sure all interested parties have the opportunity to provide information. It is our intention to collect as much of the data up front as possible and schedule on-site follow up conversations as necessary. After data collection and documentation are completed following the initial on-site visit, a progress report will be provided to the County for review.

During the data collection phase, we assume that the County has data readily available and can provide it to our consulting team in a format which requires very little manipulation, such as Excel. Our proposal assumes that the data is available and ready for analysis.



Current state assessment

Objective: Identify and document current staffing and organizational structure; identify opportunities for realignment/reorganization

Illustrative tasks:

- > Identify the current staffing levels, functional staffing assignments, service approach and stakeholders
- > Compare current organizational structure against best practices and comparable organizations
- > Identify shared resources and responsibilities between staff in order to minimize overlapping
- > Assess the use of technology use in support of management and operations

Deliverables:

- > Focus group sessions
- > Initial findings document
- > Summary of review of comparable organizations



Recommendation development

This phase is critical to determining if existing resource allocations and operations are based on status quo or on the actual alignment of resources with program or service priorities and requirements. Our role in this phase will be to provide the County with recommendations that will position you for success in achieving your strategic priorities. It is our intent to use industry standards, interviews, document review, best practice knowledge and research to conduct this phase of the project.

Future state recommendations

Objective: Quantify or qualify the impacts and considerations for future state

Illustrative tasks:

- > Identify high-impact improvement areas; focus redesign efforts on those areas through the identification of current industry standards
- > Identify and quantify areas where efforts are duplicated and can be streamlined

Deliverables:

- > Detailed recommendations which will include:
 - Summary of alternative considered
 - Potential fiscal and service level impacts
 - Industry best practice and comparable organization support for recommendation
 - Timeline for implementation

Our proven approach to carefully quantifying resource and delivery impacts, identifying future obligations, and developing staffing model and organizational alternatives is essential to identifying realistic options that closely align resource allocations and expectations with operational needs. Understanding the required fiscal outlay, the impact on workflow and functional effectiveness and inherent risk to each alternative is critical to a successful organizational structure.



Reporting Phase

In this phase, Baker Tilly will provide the County with a tailored report containing detailed recommendations, organizational charts, and an implementation time frame. It is our goal to make our reports as easy to read and actionable as possible.

Final report

Objective: Present compelling case for recommended options

Illustrative tasks:

- > Present recommendations that will increase effectiveness and efficiency
- > Develop draft report with findings, key issues and recommendations for County review and comment
- > Discuss draft report with County
- > Modify the final report

Deliverables:

- > Draft report
- > Draft report discussion
- > Final report
- > Final presentation, if necessary




Project Team

Aligning our strengths with your needs

Your proposed project team brings extensive experience in performing organizational and operational assessments for municipal governments. We have summarized their experience in the following table. Each member of your engagement team is deeply committed to providing the County with Exceptional Client Service.


Partner-in-charge

Your consulting team will be led by Russ Hissom, leader of our state and local government consulting practice. He will ensure that our services meet or exceed your expectations and that the deliverables presented to the County meet quality assurance standards for the project.

Russell Hissom, CPA, CIA, CISA, CRMA	Qualifications and experience
	<p>Russ has extensive experience providing business process and controls reviews, operational reviews, enterprise risk advisory services and management programs, software selection and implementation projects and scorecard and metrics reporting.</p>

Project manager



Caitlin Humrickhouse will be your project manager and provide organizational redesign consulting services to help identify opportunities for realignment of service delivery. She will provide recommendations aligned with best practices and risk mitigation.

Caitlin Humrickhouse, MPA, SWP	Qualifications and experience
	<p>Caitlin has provided management consulting services to a variety of governmental organizations with a focus on resource optimization. This includes leading several organizational assessments for local governments. Caitlin is a certified Strategic Workforce Planner.</p>



Subject Matter Specialists

Our team of highly experienced subject matter specialists will coordinate with the project manager on data collection, analysis, recommendation development and drafting deliverables. They will complete analytical tasks included in the work plan as assigned and required by the needs of the County.

Kyle O'Rourke, MPA, CIA	Qualifications and experience
	Kyle has more than four years of public sector consulting experience, including internal audit and risk consulting services, business process reviews, organizational and operational assessments, benchmarking studies and technology needs assessments.
Allison LeMay, MPA	Qualifications and experience
	Allison has five years of experience providing operational review and strategy services to public sector entities. She consults with governments and utility providers on various projects, including organizational redesign, risk analysis and enterprise system procurement. Allison is also a subject matter specialist in the area of human resources and is certified through IPMA-HR.



Project Fees

Value for fees

We have prepared a fee estimate for the County based on the needs and objectives you have shared with us and our experience conducting work with County governments. Our estimate allows for thorough and insightful advice and services from experienced professionals, providing a high value for fees.

Our proposed not-to-exceed fee for this project is **\$45,498**, including travel expenses. We will not bill the County for cost of equipment, supplies, materials or other consulting firm costs..

In the event a unique or complex issue arises, we will work with you to determine the level of assistance required and arrange an appropriate fee for our services. We will always tell you if the assistance you require is outside the scope of our agreed upon engagement.

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 County's attention immediately and prepare a change order detailing the new requirements and corresponding budget impact. We will not undertake additional work without the County's written approval.

Assumptions include:

- > Baker Tilly will have access to, and be provided with, electronic or other readily available data, without the need to conduct data extraction or comprehensive synthesis
- > Information will be provided within the specified time frames and format
- > No significant changes in scope from that outlined in our proposal

Should the County require additional services beyond the scope of this engagement, we will be pleased to prepare a new estimate detailing the level of effort and resources required to complete the work.