



COUNTY OF WINNEBAGO

Office of the County Auditor

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To: Frank A. Haney, Winnebago County Board Chairman

From: William D. Crowley, Winnebago County Auditor

RE: Financial Statement Audit Firm

Winnebago County has received an annual financial statement audit from Sikich LLP since 2008 and during that time the County has received nine consecutive "clean" audit opinions. I believe Sikich LLP is a highly capable audit firm that has provided the County with excellent service in all years under audit. However, due to a change in circumstances, I believe that now is the time for Winnebago County to consider switching audit firms for the upcoming audit which will be as of September 30th, 2017.

Winnebago County recently hired Carla Paschal for the position of Chief Financial and Budget Officer. Prior to obtaining employment with the County, Ms. Paschal was a partner with Sikich LLP where she had served Winnebago County since 2011. In that time, I knew Ms. Paschal to be competent, reliable and ethical. While I believe Ms. Paschal was an excellent hire by County Administration, I have a concern that this hire calls into question the required independence between Sikich LLP and the County of Winnebago. At a very minimum, there undoubtedly exists the potential for a perceived lack of independence.

After the completion of the September 30th, 2014 financial statement audit, several County Board members had approached County Administration recommending that the County switch audit firms in an effort to gain a 'fresh set of eyes'. The County distributed a request for proposal and a committee interviewed and rated several qualified CPA firms. The County ultimately decided to contract with Sikich LLP for audit services for a period of one year with four one-year options. I believe this selection was based primarily on the firm's reputation, the County's exceptional service history with Ms. Paschal and the presentation to the committee made by Ms. Paschal. With Ms. Paschal no longer with Sikich LLP, the case to remain with the firm is significantly weakened and the potential benefits of a fresh perspective with a new firm should be considered.

There is no question that Sikich LLP is a highly competent firm which is well equipped to provide financial statement audit services to the County. However with the risk of an actual or perceived independence issue present and the potential benefits from the County receiving an audit from a new perspective, my recommendation is that Winnebago County discontinue its relationship with Sikich LLP and issue a request for proposal for audit services as soon as possible. There are several well qualified firms in the marketplace available to serve Winnebago County.

Please let me know if you have any questions at 815-319-4206 or bcrowley@wincoil.us.

Thank you