

Auditor Selection 2004

Submitted by: Dennis Fox, Audit Committee

To ensure cost competitiveness, the Audit Committee created a competitive bid process for the selection of the auditing firm that will conduct independent audit services of the financial records of the school. The committee determined that a three year agreement would best serve the needs of all parties. This will make certain continuity of service during the agreement period as well as create a better partnering relationship with the selected firm.

In March of this year Mr. Dalrymple, the school's operation director, was asked by the Finance Committee to create and process a request for proposal. Mr. Dalrump completed this process April and reported the results to that committee.

Upon reviewing the process and results, the Audit Committee determined the process was flawed in three ways. First, the Audit Committee should have been the committee requesting and reviewing the RFP process. Secondly, while we are fully confident in the integrity of Mr. Dalrymple, since the work that the audit firm would review is his, the appearance of impropriety may linger. It is best such selections are done by parties not directly influenced by the results of the consultation. Finally, firms that the Audit Committee felt should have opportunity to participate in the RFP were not given ample opportunity to do so. For these reasons, the Audit Committee determined to cancel the RFP processed by Mr. Dalrymple and re-bid the service.

An RFP was developed by Audit Committee Chair Mr. Frank Mello and sent to 5 firms including the two firms that responded to Mr. Dalrump's RFP (see attached sample and "Bidders List".) Of these, four firms responded by the May 31st deadline. The responses were opened on June 1, 2004 by Audit Committee member Dennis Fox. Costs were recorded (see attached "Cost Responses".) The responses were then provided to the Audit Committee by Mr. Mello for review.

While cost is an important criterion, other factors such as familiarity with similar organizations are to be considered to determine best value of a service. An evaluation matrix that weighted the respondents in the attributes determine of import was provided to committee members to help them in the evaluation of the responses (see attached "Attribute Matrix" sample.)

On May 11, 2004, the committee met to finalize a recommendation to be forwarded to the Sturgis Board of Trustees (see attached minutes.) In recognition of Mr. Fox's qualifications in bid analysis (Procurement Manager for Woods Hole Oceanographic Institution) he was asked by Chairperson Mello to lead the discussion.

Based on the responses, the Audit Committee recommends entering into a three year agreement with (Firm A).

Respectfully Submitted:

Dennis Fox, Audit Committee

Auditor Selection 2004

Bidders List

(Firm A)

(Firm B)*

(Firm C)**

(Firm D)

(Firm E)

* Did Not Respond

** Incumbent

Cost Responses

Cost for Three Year Term as Stated in Responses

Firm A \$29,275

Firm C \$36,000

Firm D \$26,275

Firm E \$38,750

MINUTES OF MEETING

A meeting of the Audit Committee of the Sturgis Charter School was held on Friday, June 11, 2004, at the offices of DePaola, Begg & Associates. Members present were Frank Mello, chairman; Dennis Fox; and Paul Raymer. Also present were Attorney William Butler, Mark Gianni, and a Barnstable police officer.

Chairman Mello called the meeting to order at 10:30 a.m.

Committee members engaged in a discussion concerning the evaluation of proposals received in response to a Request for Proposals for Audit Services for the fiscal year ending June 30, 2004. Proposals were evaluated from the following vendors:

<i>Vendor</i>	<i>Price Proposal</i>
(Firm E)	\$38,750
(Firm C)	\$36,000
(Firm A)	\$29,275
(Firm D)	\$26,275

(No proposal was received from (Firm B), the fifth vendor from whom proposals were solicited.)

The evaluation criteria included price, past experience, qualifications of assigned staff, professional affiliations, technical abilities, peer review opinion, and references. Each member of the committee explained how he ranked the proposals based on the evaluation criteria. After discussion, there was a consensus in favor of (Firm A). Accordingly, it was VOTED unanimously to recommend to the Board of Trustees at its June 22, 2004, meeting that the Board award a contract to (Firm A) for audit services for the fiscal year ending June 30, 2004, for a price of \$29,275.

Mr. Fox will check (Firm A's) references and will make a presentation to the Board of Trustees at its June 22 meeting on behalf of the Audit Committee.

The meeting was adjourned at 11:10 a.m.

SAMPLE

Sturgis Charter School
Audit Committee
Auditing Firm Selection Matrix

FIRM : _____

Attribute	Score	Factor	Rating
Fee		50%	
Past Experience		20%	
Qualifications of Assigned Staff		6%	
Professional Affiliations		6%	
Technical Abilities		6%	
Peer Review		6%	
References		6%	

TOTAL

NOTES: