



MEETING OF: October 24, 2017

TITLE: Reprocurement of External Auditing Services - Requested by Board Clerk Mark Stegeman

ITEM #: 13

Information:

Study:

Action: X

PURPOSE:

To direct the Audit Committee, with the assistance of district staff, to reprocure TUSD's external audit contract, leading into the audit of FY18.

DESCRIPTION AND JUSTIFICATION:

The Board last awarded this contract in December, 2013, for audits for five fiscal years, from FY14 through FY18. TUSD's General Counsel has advised that TUSD is not bound by the last year of the contract and can reprocure those services.

Two reasons to consider reprocurement:

1) TUSD's current external auditor has served continuously for decades. TUSD's external management audit, by MGT, noted even in 2007 how many years had passed since the external audit function had rotated.

2) Several high-profile auditing failures by TUSD's current external auditor have emerged this year:

*An Auditor General investigation of the Pine-Strawberry Water Improvement District has led to a former board member facing trial on multiple counts of fraud and the investigation of another district employee for the possible theft of hundreds of thousands of dollars, despite years of clean external audits.

*The City of Kingman has sued the auditor for failing to catch the activities of an employee facing a 23-count criminal grand jury indictment and accused of embezzling over a million dollars.

The Audit Committee's board-adopted charter states that it: "oversees TUSD's engagement of any independent accountants for the purpose of preparing or issuing an independent audit report or performing other independent audit, review, or attest services... The Audit Committee's oversight responsibility includes: ...periodically rebidding the contract for the provision of the annual audit and reviewing the independence of the audit."

BOARD POLICY CONSIDERATIONS:

LEGAL CONSIDERATIONS:

For all Intergovernmental Agreements (IGAs), Initiator of Agenda Item provides the name of the agency responsible for recording the Agreement after approval:

For amendments to current IGAs, Initiator provides original IGA recording number:

Legal Advisor Signature (if applicable)

BUDGET CONSIDERATIONS:

_____	District Budget
_____	State/Federal Funds
_____	Other _____
<u>Budget Cost</u>	<u>Budget Code</u>

Budget Certification (for use by Office of Financial Services only):

Date _____
I certify that funds for this expenditure in the amount of \$ are available and may be:
Authorized from current year budget
Authorized with School Board approval
Code: Fund:

INITIATOR(S):

Mark Stegeman, Governing Board Clerk		10-18-17
Name	Title	Date

DOCUMENTS ATTACHED/ ON FILE IN BOARD OFFICE:

<u>ATTACHMENTS:</u>
Click to download
No Attachments Available