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To: Finance and Personnel Committee members
Dr. Mary Pfeiffer, District Administrator

From: Paul E. Hauffe, Director of Business Services *PEH*
Vicky Holt, Asst. District Administrator – Human Resources/Central Services *VH*

Date: February 11, 2013

RE: Proposal for Audit

Background

Erickson & Associates, S.C., a certified public accounting firm from Appleton, WI, was selected in March, 2007 to serve as the District's auditor for a three year period (06-07, 07-08, and 08-09). This contract was subsequently extended for an additional three year period expiring at the conclusion of the 2011-12 financial audit. Erickson & Associates, S.C. was asked to submit a proposal to provide accounting services to the Neenah Joint School District for the next three fiscal years (12-13, 13-14, 14-15).

Why is this coming forward at this time?

On January 31, 2013, the District was notified by the Department of Public Instruction that they had been randomly selected to receive a membership audit this spring. (A membership audit is an accounting and verification of all students attending the school district, including open enrollments, tuition students, part-time students, etc.) The membership audit must be conducted by a certified public accounting firm and completed by May 1, 2013.

The Neenah Joint School District does not currently have a contract with any certified public accounting firm to perform a financial or membership audit.

Brief History

School districts are required, by law, to have an annual financial audit. Over the past 30+ years, the Neenah Joint School District has contracted with three accounting firms, most recently Erickson & Associates, S.C. A typical engagement with each of the firms has lasted about ten years before the District would put the audit contract out to bid. The actual cost for the 2011-12 financial audit was \$10,700. Erickson & Associates, S.C. also performed a required membership audit in 2010 for \$2,600.

Proposal

Erickson & Associates, S.C. has proposed to audit the District's financial statements for the years ending June 30, 2013, 2014, and 2015. The fee for these services would be \$11,000, \$11,350, and \$11,700, respectively. The membership audit fee for 2013 would be \$3,200.

Recommendation

For the following reasons, we recommend that a three year contract be awarded to Erickson & Associates, S.C. for the school audits ending June 30, 2013, 2014, and 2015.

Erickson & Associates, S.C.:

- has completed all of our audit reporting requirements in a timely and professional manner
- has served as a consultant on additional financial issues as requested by the District
- has worked professionally with District staff
- has made suggestions to improve and streamline our Business Office operations
- currently audits 12 area school districts; very knowledgeable and up-to-date in school finances

A multi-year relationship with a firm also allows the auditor to develop an increasingly deeper understanding of the finances of the district and make recommendations or suggestions that are very specific in nature.

Mr. Hauffe and Mrs. Holt will be available at Tuesday's Finance and Personnel Committee meeting to answer questions or provide additional information to committee members, as necessary.