



Board Agenda Item #	IV E- Information Item
Date:	April 23,2020
To:	Magnolia Board of Directors
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead:	Nanie Montijo, Chief Financial Officer
RE:	Independent Auditor's Contract for FY 2021-23

Information Item

Independent Audit Contract for FY 2021-23 awarded to Eide Bailly.

Background

MERF's current audit contract with Eide Bailly ends June 30, 2020. On January 22, 2020, MPS opened a Request for Proposals (RFP) seeking audit firms to provide a bid for external audit services,

Two (2) firms submitted proposals:

	Eide Bailly	Moss, Levy & Hartzheim, LLP
Annual Cost:		
Year 1 : 2020-21	\$ 93,000	\$ 124,950
Year 2 : 2021-22	\$ 95,000	\$ 124,975
Year 3: 2022-23	\$ 97,000	\$125,000
Hourly rates for Additional Work	\$65-\$200 per hr.	\$65-\$177 per hr.

The contract is awarded to Eide Bailley primarily based on the following:

- competitive pricing
- one of the top single audit providers in the nation
- 5 years of experience providing services to MERF
- 50 years of service to 2,400 non-profit industry and over 400 charter schools
- Other qualifications noted in the attached letter

Due to the current situation brought about by the crisis everyone is facing, some of the listed steps in screening the bids are waived by the CEO as authorized by the board on March 20,2020.

Budget Implications:

Annual cost will be included in the annual budget adoption starting with the 2020-2021 budgets to be presented to MPS Board in June 2020.

How Does This Action Relate/Affect/Benefit All MSAs?

Compliance with federal, state and local agencies' audit requirement.

Name of Staff Originator:

Nanie Montijo, Chief Financial Officer

Attachment:

CEO's letter of approval

April 1, 2020

As Magnolia Educational and Research Foundation (MERF) covers and deals with the changes brought about by the coronavirus crisis, we are still committed to complying to federal, state and local agencies' requirements. MPS desires a timely and effective audit conducted in a professional manner.

MPS opened the RFP process on January 22, 2020. However, due to the current situation brought about by the crisis everyone is facing, some of the listed steps in screening the bids is hereby waived by the CEO and Superintendent. A board resolution was approved by the MPS Board on March 20, 2020 authorizing the CEO to waive standard processes during this time.

19. The Chief Executive Officer & Superintendent, after consulting the MERF Board Chair, shall have the authority to exceed the level of expenditures that would ordinarily trigger the requirement to also obtain approval of the MERF Board Chair or MERF Board under Board fiscal policies in order to pay for expenses related to the items contained in this Resolution. However, the cumulative total of such expenses shall not reduce the impacted Magnolia Schools' unrestricted reserves lower than three (3) percent without prior approval of the MERF Board.

Two (2) audit firms submitted proposals. The following criteria are considered in making the choice:

Eide Bailly has more than 5 years of experience providing services for MERF, and, as such, are already familiar with the organization and procedures. This will translate to a more efficient audit process with less time demands on our staff. They understand specific challenges needs and goals and will be able to fine-tune the process to create a more effective and efficient engagement.

What differentiates Eide Bailly from the competitors is that their experience is unmatched, as one of the largest charter school providers in the state. Eide Bailly is also one of the top single audit providers in the nation. Located in 14 states with access to more than 2,500 professionals with diverse skill sets and experiences. With this business partnership we will not only receive an audit, but the ability to access all of their resources to help find solutions to challenges that may arise.

Some areas that we may find valuable and help MPS by using their extensive resources now available with the firm are:

Data Analytics

A full-stack, fully managed data warehouse solution

- Automation of all manual data pulls and report building (possible save hours and days of manual work)

- Enables easy, fast, error-free reporting
- Centralization of all their data
- Data governance and security (People only see data relevant to their role)

Cybersecurity

The firm's professionals have extensive IT backgrounds, specializing in a broad range of security services allowing the firm to tailor solutions to our needs.

Forensic Accounting & Anti-Fraud Program

Preventing fraud can save time, money and improve employee morale. There are many actions an organization can take to safeguard against fraud. Fraud prevention professionals can help pinpoint risks and then advise on internal controls and employee programs to avoid potentially fraudulent activity. Professionals will work with MPS to determine our unique needs and decide which of the following or a combination of these services will yield the best results:

- Internal Controls Examinations
- Fraud Risk Assessments
- Forensic Data Analytics
- Fraud Awareness Training
- Background Checks/Forensic Investigative Due Diligence
- Fraud Hotline

Eide Bailley had served the nonprofit industry for more than 50 years and work with more than 2,400 nonprofit organizations throughout the nation, including more than 400 charter schools.

Lastly, Eide Bailley have extremely competitive pricing and is the best value for the price.

Based on the above information, Eide Bailley is hereby approved as the auditors for Magnolia Public Schools for fiscal years 2020-21, 2021-2022 and 2022-23.

Sincerely,

Alfredo Rubalcava
CEO & Superintendent