

**South Butler County School District
Financial Auditing Services Update
December 14, 2016**

For the 2015-2016 school year, the South Butler County School District's annual budget was approximately \$35 million. Pursuant to the Public School Code, the district is obligated to have an annual audit of its financial operations performed by an outside audit firm. The breadth of financial operations not only involves daily transactions but includes its overall business operations, which includes the management of financial processes, internal controls and the protection of district assets. Audit firms are responsible for providing reasonable assurance that the financial statements are free from material misstatements and prepared according to generally accepted accounting standards. These audit services are professional services which are exempt from the bidding requirements under Pennsylvania law.

The district has used the same auditing firm for many years and valued the consistency that resulted from that relationship. However, the American Institute of Certified Public Accountants recommends that auditors be changed periodically to ensure objectivity. As part of the district's due diligence, the Superintendent and Business Manager recommended to the Board of Directors that the district consider proposals for a new auditing firm during the summer of 2016. In addition to the need for "fresh eyes", the district also desired a more comprehensive and in-depth review of our financial systems, including professional recommendations for improvements of our procedures, use of personnel, and the general proficiency of the business department.

To evaluate the best auditing firm for the needs of the district, the Business Manager requested proposals from six firms, in addition to the current auditor. Of those six, only two new firms replied with a proposal. When reviewing these proposals, the administration and Board considered multiple criteria, including the firm's experience auditing schools, reputation, fee schedule, quality of service, and the capability to provide the man-hours needed to meet these criteria in the timelines required by the state.

After a careful review of the proposals, and consideration shown to our current auditing firm, it was decided that Maher Duessel had the expertise in governmental and school auditing needed to provide the financial scrutiny the district demanded, but also had the capacity of staff and expertise required to provide the recommendations to improve and update our overall effectiveness and efficiency. The committee was also impressed with the firm's commitment to customer service, ability to provide personalized attention, breadth and depth of technical expertise, school client list, and commitment to quality assurance.

The Board's decision to select Maher Duessel was based on Maher Duessel's experience and reputation which is outstanding in the industry; its commitment to 600 hours of auditing services which was three times more than the other audit firms considered by the Board; its ability to commit multiple auditors to the audit of the district's financial operations; its ability to meet audit deadlines of the district; its ability to thoroughly review the district's financial operations, its ability to make specific recommendations regarding potential areas of improvement; and, its overall approach and commitment to the audit process.

At the August 10, 2016 Board meeting, a motion was made and approved to accept an engagement letter to hire Maher Duessel, Certified Public Accountants, as the district's local auditor for the school year ending June 30, 2016 at a cost of \$20,900. The Board and administration are pleased with the results of the significantly more substantive and comprehensive audit that has just been completed by Maher Duessel in its first audit cycle this fall and believe that the stewardship of the district's financial operations needed for district taxpayers has been upgraded and strengthened.