

Auditor Selection Process

Purpose

The purpose of this Technical Assistance Paper is to address the statutorily required auditor selection process for charter schools.

Background

Section 1002.33(9)(j), F.S., requires the governing body of the charter school to ensure that the charter school has retained the services of a certified public accountant or auditor for the annual financial audit. Furthermore, section 218.391, F.S., outlines the process that the governing board must use to select an auditor. A description of the process is provided below.

Discussion

The governing body of a charter school shall establish an audit committee to assist in selecting an auditor to conduct the annual financial audit. Pursuant to section 218.391, F.S., the audit committee shall:

- Establish factors to use for the evaluation of audit services. Such factors shall include the ability of personnel, experience, and ability to furnish the required services. Compensation may be a factor; however, it may **not** be the sole or predominant factor used to evaluate proposals.
- Publicly announce a request for proposals. Include information on how interested firms can apply for consideration.
- Provide a request for proposal to interested firms with information on how the proposal will be evaluated.
- Evaluate proposals using the established factors.
- Rank and recommend at least three proposals deemed to be the most highly qualified in order of preference.

After the audit committee has made its recommendations according to the procedures established in statute, the governing body shall select one of the firms and negotiate a written contract. The written contract must include, at a minimum, the following provisions:

- The services to be provided and fees or other compensations for such services.
- A requirement that invoices for fees be submitted in sufficient detail to demonstrate compliance with the terms of the contract.
- The contract period, including renewals, and conditions under which the contract may be terminated or renewed.

The governing body may allow a designee to conduct contract negotiations on its behalf, and the auditor selection procedures are not required in order to renew an existing contract.

Question and Answers

1. What is a request for proposal?

A request for proposal (RFP) is an invitation for suppliers to submit a written offer for a specific commodity or service.

2. How many firms must the audit committee rank and recommend to the governing board?

The audit committee shall rank and recommend at least three firms (if three or more respond) pursuant to s. 218.391(3)(e), F.S.

3. What if fewer than three firms respond to the request for proposal?

If fewer than three firms respond to the request for proposal, the audit committee may recommend the firms it deems to be the most highly qualified.

4. Does the governing board have to select the firm ranked first by the audit committee?

If compensation is one of the factors in evaluating a proposal, the governing body is not required to select the first-ranked firm, but must document in its public records the reason for not selecting the first-ranked firm. If compensation is not one of the evaluation factors, the governing body shall negotiate a contract with the first-ranked firm.

5. What if the governing board is unable to negotiate a contract with the first-ranked firm?

In this case, negotiations with the first-ranked firm may be formally terminated, and the governing body shall undertake negotiations with the second-ranked firm. Failure to negotiate a contract with the second-ranked firm also requires termination of negotiations as the governing board moves on to the third-ranked firm. Negotiations with other ranked firms shall be undertaken in the same manner. The governing body may reopen formal negotiations with any one of the three top-ranked firms, but it may not negotiate with more than one firm at a time.

6. What if the governing board is unable to negotiate a satisfactory contract with any of the recommended firms?

The audit committee shall recommend additional firms, and negotiations shall continue until an agreement is reached.

7. How long may a charter school contract with the same auditor?

There is no provision in statute that limits the contract period for such services. The contract period and renewal conditions shall be established in a written contract between both parties.

For additional questions on the auditor selection process, please contact the Office of Independent Education and Parental Choice at charterschools@fldoe.org.

Additional Resources and Information

[Section 1002.33, Florida Statutes \(2009\)](#) – Charter schools.

[Section 218.39, Florida Statutes \(2009\)](#) – Annual financial audit reports.

[Section 218.391, Florida Statutes \(2009\)](#) – Auditor selection procedures.

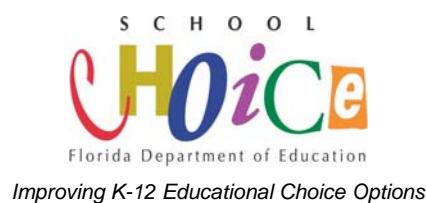
[Florida Auditor General Web site](#) – Includes information on filing requirements for charter school financial audits, audit report reviews, rules and guidelines, and contact information.

Contact Information:

Tera Teders

850-245-0871

charterschools@fldoe.org



Office of Independent
Education and
Parental Choice

October 2009