

AUDIT
JUNE 21, 2012

TAB	DESCRIPTION	ACTION
1	EXTENSION OF EXTERNAL AUDIT CONTRACT	Motion to approve

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SUBJECT

Extension of External Audit Contract

REFERENCE

December 2004 Board ratified the Audit Committee's selection of Moss Adams for the contractor for auditing services

October 2009 Board ratified the Audit Committee's extension to the contract with Moss Adams for three years

APPLICABLE STATUTE, RULE, OR POLICY

Idaho State Board of Education, Policies and Procedures, Section V.H.

BACKGROUND/DISCUSSION

According to the independent audit firm contract RFP, Section J Contract Term, the Board has the option to approve the extension of the contract term for an additional three (3) years and this option may be exercised twice for a total of six (6) extension years. In December 2004, the Board ratified the Audit Committee's selection of Moss Adams as the contractor for auditing services beginning with audit year 2005. In October 2009, the Board ratified the Audit Committee's first extension through the audit year ending December 31, 2012.

The Audit Committee has reviewed the work of the external auditor with institution management and determined to exercise the second and final option to extend the contract for three years.

The Audit Committee and the external auditor, Moss Adams, have agreed to a three-year contract extension and to specific fee adjustments for audit years 2012 through 2015. The Committee approved the 5th Amendment for auditing services and is submitting the contract extension to the Board for ratification.

The Audit Committee and the external auditor have also agreed to reduce the audit fees for Eastern Idaho Technical College (EITC) to \$50,000 for the audit year ending December 31, 2012.

IMPACT

The contract extension will cover audit years 2013, 2014 and 2015. Negotiated audit fees increases are as follows:

2012	1% (currently 3%)
2013	1%
2014	1%
2015	1%

ATTACHMENTS

Attachment 1 – 5th Amendment for Audit Services

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STAFF COMMENTS AND RECOMMENDATIONS

Staff recommends ratification of the Audit Committee's action approving extension of the contract for external audit services and the fifth amendment thereto.

BOARD ACTION

I move to ratify the Audit Committee's approved contract extension with Moss Adams for three (3) years through execution of the Fifth Amendment to Agreement for Audit Services, as submitted.

Moved by _____ Seconded by _____ Carried Yes _____ No _____

**FIFTH AMENDMENT TO
AGREEMENT FOR AUDIT SERVICES**

THIS FIFTH AMENDMENT TO AGREEMENT FOR AUDIT SERVICES (“Fifth Amendment”) is made and entered as of the _____, by and between **THE STATE OF IDAHO**, by and through the Department of Administration on behalf of the State Board of Education generally and in its capacity as the Regents of the University of Idaho, the Trustees of the Lewis-Clark State College, the Trustees of Boise State University, the Trustees of Idaho State University and the State Board for Professional -Technical Education, and **MOSS ADAMS LLP**, a Washington limited liability partnership.

RECITALS

- A. The Department of Administration, Division of Purchasing issued a Request for Proposal for Auditing Services Contract on July 21, 2004 as Request for Proposal number 01522 (the “RFP”);
- B. Moss Adams LLP (the “Contractor”) submitted the successful proposal in response to the RFP;
- C. The parties entered into an Agreement for Audit Services, which was issued under cover of Contract Purchase Order CPO01850 dated as of March 25, 2005 (collectively, the Contract Purchase Order and the Agreement for Audit Services are hereinafter called the “Agreement”);
- D. The parties amended the Agreement on October 21, 2005, which was issued under cover of Contract Purchase Order CPO01850-01, again on August 4, 2006, which was issued under cover of Contract Purchase Order CP01850-02, again on May 26, 2008, which was issued under cover of Contract Purchase Order CP01850-03; and again on October 29, 2009, which was issued under cover of Contract Purchase Order CPO-1850-04;
- E. The parties desire to further amend the Agreement under the Conditions more particularly set forth in this Fifth Amendment.

NOW THEREFORE, in consideration of the foregoing recitals, which are incorporated herein by this reference and the mutual covenants contained herein, the parties agree as follows:

- 1. *Definitions.* Except as modified herein or where the context clearly requires otherwise, the definitions set forth in the Agreement, as amended, shall apply to the terms used in this Fifth Amendment.
- 2. *Term.* Pursuant to section III.J. of the RFP, the parties agree to renew and to extend the term of the Agreement for one (1) additional three (3) year period, with a performance period ending December 31, 2015 for the fiscal year ending June 30, 2015.
- 3. *Inflation Fee Adjustment.* In the Third Amendment the parties agreed to modify Exhibit B, section B.i., to provide that the Contractor may request an inflationary fee increase not to exceed Fifty Percent (50%) of the published December to December Consumer Price Index, as published by the U.S. Department of Labor, Bureau of Labor Statistics (“Bureau”). The parties have agreed to a negotiated inflation fee increase for fiscal year 2012 and for each fiscal year during the extension period, as follows:

FY12	1.00%
FY13	1.00%
FY14	1.00%
FY15	1.00%

4. *State Board for Professional -Technical Education.* The parties have agreed to reduce the fee for Eastern Idaho Technical College to \$50,000 starting with the performance period ending December 31, 2012.
5. *Agreement Remains in Effect.* Except as modified herein, the terms of the Agreement, as previously amended, remain enforceable and effective. The Agreement as modified by this Fifth Amendment supercedes all prior negotiations, understandings, and agreements between the parties, whether oral or written, and all such negotiations, understandings, and agreements are evidenced by the terms of the Agreement, as amended. The Agreement may not be further amended in any manner except by a writing signed by the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the first day set forth above.

Reviewed and Approved

State of Idaho, State Board of Education

By: _____

Its _____

Moss Adams LLP

State of Idaho, Department of Administration

By: _____

Division of Purchasing

Its _____

By: _____

Mark Little, CPPO, State Purchasing