

MEMORANDUM

TO: Board of Directors, Massachusetts School Building Authority
FROM: John K. McCarthy
DATE: May 30, 2012
RE: Request for Responses to Provide Annual Financial Audit

In April 2012, the MSBA issued a Request for Responses (“RFR”) seeking qualified public accounting firms (“Firms”) interested in performing the MSBA’s annual financial audit. The requested scope of services includes:

- Preparation of Independent Auditor’s Report on the Financial Statements and Required Supplementary Information on or before October 15th of each fiscal year for fiscal years 2012 through 2014, with annual option years 2015, 2016, 2017, and 2018.

The MSBA posted the RFR on the MSBA’s website (www.massschoolbuildings.org) and on the Comm-PASS system. The following seven firms submitted timely Responses:

- Clifton Larson Allen LLP
- Ercolini & Co.
- Grant Thornton LLP
- KPMG LLP
- McGladrey LLP
- Melanson Heath & Co., PC
- Sullivan, Rogers & Co., LLC

The MSBA formed a selection committee and completed the Phase I review, as explained in the RFR, for all submitted Responses. The selection committee’s Phase I review determined that all Respondents met the minimum qualifications and were responsive to all requirements defined in the RFR. The selection committee then completed a Phase II review using the following evaluation criteria, as detailed in the RFR: Respondent’s intent to further the goals of the supplier diversity program; whether or not the work was to be performed in Massachusetts; the quality of the proposed audit work plan; the qualifications of the firm and proposed key personnel; references and peer reviews; and cost. The Phase II review determined that three firms submitted the most advantageous proposals: Grant Thornton LLP; KPMG LLP (“KPMG”); and Melanson Heath & Company, PC. MSBA staff invited these three firms to make oral presentations and answer questions related to the proposals. These interviews were conducted on May 23 and 24, 2012.

Following the oral presentations, the selection committee determined that KPMG was the most advantageous Firm. The selection committee agreed that KPMG has the qualifications, depth of personnel, and experience to provide the full scope of services in the RFR.

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Staff recommends that the MSBA Board of Directors (the "Board") authorize the Executive Director to enter into negotiations and execute a Master Services Agreement with KPMG.

The estimated fees for years 2012 through 2018 will exceed \$250,000 if the MSBA elects, in its sole discretion, to use the annual option years of 2015-2018. Pursuant to the MSBA's by-laws, the Board must authorize the Executive Director to enter into agreements that exceed this amount.