



*...the educational prism through which students realize meaning and purpose in their lives...*

**TO: Members, Board of Education  
Dr. Constance Collins, Superintendent**

**FROM: Therese M. O'Neill, Assistant Superintendent for Finance & Operations**

**RE: Audit – FY2010 – Engagement Letter**

**DATE: February 23, 2010**

While the Board of Education entered into a three-year relationship (concluding with the FY 2010 audit) with McGladrey & Pullen for conducting its annual audit, each year an engagement letter needs to be reviewed and authorized by the Board of Education. Attached is such engagement letter for conducting the Fiscal Year 2010 audit for a total cost of \$49,500. On page 4, under the heading, **Other Terms of our Engagement**, is the delineation of the basic cost of the audit; however, there are two additional possible fees identified.

- 1) The Federal Single Audit typically requires that two major programs be audited (included in the base amount); however, with the introduction of ARRA funds, the audit firm may be required to conduct additional audit/s of some programs. McGladrey & Pullen will not know until prior to the audit commencing if additional programs will be required. In anticipation of being directed to conduct same, they are indicating that for each additional program required, they will need to charge between \$3,000-\$3,500.
- 2) Secondly, because of these proposed audit directives, the sample size of transactions may increase; rather than the usual 23 transactions, Brian Guastella believes these may increase to between 40 and 60. Again, if these additional audits are required, there may be an additional cost of between \$500-\$750 per program.

Brian Guastella and I have already scheduled preliminary audit work to commence the week of May 31, 2010 with final field work commencing the week of August 9, 2010. We are planning to share with the Board a draft FY2010 audit at its September 28, 2010 meeting with approval at the October 12, 2010 meeting. With this schedule, we will be filing our FY2010 audit in concert with the October 15, 2010 due date.

tmo

Attachment

