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**Treasurer's Report: Audit Partner Bidding and Selection
(Prepared by Cheryl Stadel-Bevans and Peter Carlson)**

In February 2016, the Finance Committee initiated a request-for-proposal process for SAA's audit and tax preparation services. Review of these professional services was a priority of the SAA staff, as many years had passed since this important relationship had been evaluated formally. Although the Treasurer and staff were not at all dissatisfied with the work of Mann, Weitz and Associates (MW&A), SAA's long-standing audit partner, several members of the Council and Finance Committee had noted that MW&A's rates seemed high for the FY 2014 and FY 2015 audit cycles. For these reasons, an RFP and review of external auditors was undertaken.

Due to other priorities, the evaluation did not begin until January 2017. Of nine proposals received from 11 firms, the Finance Committee, Nancy Beaumont, and Peter Carlson determined that four firms would be interviewed. The finalists represented both small, local firms and large, national firms. All finalists had significant non-profit tax and audit practices, with client annual budgets ranging from \$100,000 to more than \$50,000,000.

During in-person interviews, Beaumont and Carlson asked each firm the same set of questions for consistency. These questions were shared with Stadel-Bevans prior to her discussions with the principals so that she would be aware of issues covered. Stadel-Bevans then asked a different set of consistent questions during her phone interviews with the firms.

Following all of these conversations, Stadel-Bevans, Beaumont, and Carlson shared their impressions. They agreed that all four finalists could do the job and could partner effectively with the Council and the SAA Foundation Board. After much discussion, it was agreed that MW&A was the preferred candidate if the firm would consider lowering its fees to be in line with the other proposals.

Carlson negotiated with MW&A, which agreed to lower fees to roughly the same schedule as that offered in the other proposals. The adjusted fee schedule is as follows:

- June 30, 2017: \$26,000
- June 30, 2018: \$27,000
- June 30, 2019: \$28,000

This represents a savings from current rates of about \$17,500 over three years.

The staff intends to ensure that audit and tax preparation services are put out to bid every three to five years going forward.