

**MINUTES OF THE BOARD OF TRUSTEES OF  
STATE INSTITUTIONS OF HIGHER LEARNING**

**June 4, 2010**

**BE IT REMEMBERED**, That the Board of Trustees of State Institutions of Higher Learning of the State of Mississippi held a teleconference meeting on June 4, 2010 at 2:30 p.m. with public attendance available at the Board Office in Jackson, Mississippi. The following Board members participated in the teleconference: Mr. H. Ed Blakeslee, Dr. Stacy Davidson, Dr. Bettye Henderson Neely, Mr. Bob Owens, Mr. Aubrey Patterson, Ms. Christine Pickering, Ms. Robin J. Robinson, Mr. Scott Ross, Dr. Douglas Rouse, Mr. C.D. Smith and Ms. Amy Whitten. Mr. Alan Perry was absent. The meeting was called to order by President Dr. Bettye Henderson Neely.

**In accordance with Miss. Code Ann., §25-41-1, as amended, all votes taken during this teleconference meeting were recorded by name in a roll-call. The teleconference meeting was held to discuss the selection of a system audit firm for Fiscal Year 2010 and Fiscal Year 2011.**

Commissioner of Higher Education Dr. Hank Bounds gave a summary as follows: The Request for Proposals was reissued on Friday, May 28, 2010. Bids were due Thursday, June 3, 2010. Five firms submitted proposals including KPMG, CRI, Fortenberry and Ballard, Horne and BKD. The Task Force to score bids included Chris Halliwell (IHL), Cheryl Mowdy (IHL), Mitchell Adcock (IHL), Kevin Appleton (ASU), Nora Miller (MUW) and Larry Sparks (UM).

The new RFPs were scored using the following seven criteria:

1. Cost;
2. Experience;
3. Adequate staffing to complete the audit;
4. Independence/possible risk issues which could affect completion of the audit;
5. Minority presence;
6. Mississippi presence; and
7. Peer reviews.

Commissioner Bounds said all firms met minimum qualification, are capable, have a Mississippi presence and have minority representation. The point spread between the top four candidates was only 10 points. KPMG submitted the lowest bid and scored the highest number of points.

Commissioner Bounds recommended KPMG based on the bid proposals that were received and scored. **(See Exhibits 1.)**

Trustee Pickering made a motion to accept Commissioner Bounds' and the IHL Board Staff proposal. Trustee Patterson seconded the motion.

Trustee Ross made a substitute motion, seconded by Trustee Robinson to award the contract to Horne, because there was little difference in price and Horne, as a Mississippi firm, had proved to have a larger Mississippi presence. **The vote was 7-4 against Trustee Ross's motion.** Trustees Blakeslee, Neely, Owens, Patterson, Pickering, Rouse and Smith voted against the motion. Trustees Davidson, Robinson, Ross and Whitten voted in favor of the motion. Trustee Perry was absent and not voting.

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**By a vote of 11-0, the Board voted to award the contract to KPMG via Trustee Pickering's motion, seconded by Trustee Patterson.** Trustees Blakeslee, Davidson, Neely, Owens, Patterson, Pickering, Robinson, Ross, Rouse, Whitten and Smith voted in favor of the motion. Trustee Perry was absent and not voting.

**ADJOURNMENT**

There being no further business to come before the Board, on a motion by Trustee Neely, seconded by Trustee Pickering, with Trustees Perry, Robinson and Whitten absent and not voting, the Board members voted to adjourn the meeting.

*Betty Z. Neely*

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President, Board of Trustees of State Institutions of Higher Learning

*Paul W. Bunch*

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Commissioner, Board of Trustees of State Institutions of Higher Learning

# EXHIBIT 1



**Mississippi Institutions of Higher Learning  
3825 Ridgewood Road  
Jackson, MS 39211**

Date: June 4, 2010

To: Board of Trustees

From: Hank M. Bounds, Commissioner

Re: Commissioner Recommendation for Audit Firm for FY 2010 and FY 2011

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Please find attached a spreadsheet detailing the task force's most recent scoring of the second response to the RFP for audit services for FY 2010 and FY 2011. The following is a brief example of scoring used by the team.

The new RFPs were scored using seven criteria. The criteria along with the relative weight (shown in parenthesis) follow:

- (1) Cost (5),
- (2) Experience (4),
- (3) Adequate staffing to complete the audit (4),
- (4) Independence/possible risk issues which could affect completion of audit (3),
- (5) Minority presence (2),
- (6) Mississippi presence (2), and
- (7) Peer reviews (1).

The team then scored each element with a score range of 1 to 7. For example, the firm with the lowest cost received 7 out of 7. Since cost had a weight of 5, 7 would be multiplied by the importance of weight – 5 – which created a maximum point value of 35. The next lowest cost proposal might receive a 6 out of 7. Using the same process, this would generate a score of 30.

As you can see from the numbers, the firm with the highest points is KPMG. Following, in order from highest to lowest points, are: CRI, Fortenberry and Ballard, Horne, and BKD.

The point spread on the top four candidates is only 10 points which indicates any of the firms could perform the audit. All meet minimum qualifications, are capable, have a Mississippi presence and have minority representation. That leaves the factor of price.

KPMG is a Mississippi firm with the lowest price. Therefore, my recommendation is for the Board to select KPMG as the auditor for FY 2010 and FY 2011.

# EXHIBIT 1

## Mississippi Institutions of Higher Learning System Audit Services RFP # 2 (5-28-2010) Final Evaluation FY 2010 and FY 2011

				Consolidated Average							
	CPA FIRMS	Weight (1 - 5)	Scoring (low to high)	Qst	KPMG	Grant Thornton	Fortenberry & Ballard	Horne	Grantham Poole	BKD	CRI
1	Two-Year Cost Proposed	5	1 to 7	1	35.0	0.0	30.0	30.0	0.0	20.0	25.0
2	Experience level with Higher Education A-133 audits (MS institution, and complex institution experience preferred)	4	1 to 7	2	24.7	0.0	22.7	17.3	0.0	17.3	27.3
3	Staffing level of CPA firm	4	1 to 7	3	26.0	0.0	25.0	24.0	0.0	23.3	27.3
4	Independence/potential risks that could affect the completion of audit	3	1 to 7	4	21.0	0.0	21.0	18.0	0.0	21.0	18.0
5	Peer Review	1	1 to 7	5	7.0	0.0	6.5	7.0	0.0	7.0	7.0
6	Minority CPA Firm presence	2	1 to 7	6	6.7	0.0	13.7	13.7	0.0	13.7	14.0
7	State of Mississippi presence	2	1 to 7	7	14.0	0.0	12.0	14.0	0.0	14.0	14.0
<b>Total Points</b>				<b>Total</b>	<b>134.3</b>	<b>0.0</b>	<b>130.8</b>	<b>124.0</b>	<b>0.0</b>	<b>116.3</b>	<b>132.7</b>
				<b>Rank</b>							
				<b>Year 1 (FY 2010)</b>	<b>\$ 633,000</b>		<b>\$ 647,000</b>	<b>\$ 637,500</b>		<b>\$ 875,000</b>	<b>\$ 750,000</b>
				<b>Year 2 (FY 2011)</b>	<b>\$ 633,000</b>		<b>\$ 647,000</b>	<b>\$ 637,500</b>		<b>\$ 875,000</b>	<b>\$ 765,000</b>
				<b>Total</b>	<b>\$ 1,266,000</b>	<b>\$ -</b>	<b>\$ 1,294,000</b>	<b>\$ 1,275,000</b>	<b>\$ -</b>	<b>\$ 1,750,000</b>	<b>\$ 1,515,000</b>
					1		3	4		5	2