

MINUTES
Council on Postsecondary Education
Executive Committee
February 11, 2008

The Executive Committee of the Council on Postsecondary Education met by conference call Monday, February 11, 2008, at 1 p.m. (ET).

The following members participated by phone: Peggy Bertelsman, Dan Flanagan, Jim Skaggs, and John Turner. Walter Baker and Kevin Canafax were not available.

John Hayek, Dennis Taulbee, Lee Nimocks, Diann Donaldson, Ed Sergent, and Phyllis Bailey with the Council staff participated from the Council offices in Frankfort, Kentucky.

The purpose of the meeting was to discuss the process for selecting an independent firm to conduct the annual financial audit of the Council's programs for FY 07-08 and FY 08-09. The personal service contract with Potter and Company (formerly Moore, Stephens, and Potter) had expired.

According to state requirements, the Council must first offer the job to Kentucky's auditor of public accounts. The staff reported that this had been done and Crit Luallen declined the engagement and granted the Council permission to proceed with the hiring of an external agency.

Due to Governor Steve Beshear's January 4 Executive Order, the next step is for the staff to seek approval from the Finance and Administration Cabinet to issue a Request for Proposal.

After discussion, it was the consensus of the Executive Committee for the staff to proceed with the RFP process. The committee requested the staff to prepare a summary of the applicants and schedule a conference call with the Executive Committee to share the results of the proposals and to confirm the staff's recommendation of the successful firm.

The staff noted that a new audit standard had been issued that will deal with internal controls and will require the auditor to evaluate control deficiencies and communicate them in writing. This new standard will result in a longer auditing process and could result in findings. This additional work will likely increase the auditor's fee to an estimated \$75,000 (last year's cost was \$60,000).

The meeting adjourned at 1:15 p.m.

Phyllis L. Bailey
Senior Associate, Executive Relations