



MADDOX & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Audit Proposal for

Newport Independent Board of Education

**Fiscal Years Ending
June 30, 2021, 2022, and 2023**



SUBMITTED BY:

**Maddox & Associates CPAs, Inc.
1407 Alexandria Pike
Fort Thomas, KY 41075**

**Phone: (859) 441-2953
Fax: (859) 441-3149
Email: pmaddox@maddox-cpa.com**

**Contact: Paul Maddox
Date: May 14, 2021**

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MADDOX & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

May 14, 2021

Jennifer Hoover
Chief Finance Officer
Newport Independent Board of Education
30 W 8th Street
Newport, KY 41071

Dear Ms. Hoover:

In response to your request for proposal, we are pleased to provide to you our proposal for auditing services for the Newport Independent Board of Education for the fiscal years ending June 30, 2021, 2022, and 2023.

We believe the size of our firm and our extensive governmental auditing experience make us uniquely qualified to provide audit services to the Newport Independent Board of Education.

This proposal represents a firm and irrevocable offer for sixty days from the date of the proposal.

Thank you for your consideration. We look forward to the opportunity to work with you.

Respectfully,

Maddox & Associates CPAs, Inc.

Paul Maddox, CPA

PROPOSAL FORM

AUDITOR
FOR THE FINANCIAL ACCOUNTS OF THE DISTRICT

TO: Jennifer Hoover
Treasurer
Newport Independent Schools Board of Education
30 West Eighth Street
Newport, KY 41071

CERTIFICATION OF COMPLIANCE WITH SPECIFICATIONS

In compliance with the REQUEST FOR PROPOSALS, and subject to all the conditions thereof, the undersigned hereby certifies that all items and/or services included in the Proposal shall be in compliance with all requirements and technical specifications included in this request for proposals, except as noted below:

EXCEPTIONS:

NONE

Name of Company	Maddox & Associates CPAs Inc
Address	1407 Alexandria Pike
City/Zip	Fort Thomas, KY 41075
Signature/Date	05/14/2021
Official Title	Paul Maddox, CPA President
Telephone	859-441-2953
Fax	859-441-2139
E-mail	pmaddox@maddox-cpa.com

PROPOSAL FORM CONFLICT OF INTEREST

- a. KRS 45A.455 prohibits conflicts of interest, gratuities, and kickbacks to employees of the Board of Education in connection with contract for supplies or services; whether such gratuities or kickbacks are direct or indirect.
- b. KRS 45A.990 provides severe penalties for violations of the laws relating to gratuities or kickbacks to employees which are designed to secure a public contract for supplies or services.

It shall be a breach of ethical standards for any employee with procurement authority to participate directly in any proceeding or application; request for ruling or other determination; claim or controversy; or other particular matter pertaining to any contract or subcontract, and any solicitation or proposal therefore, in which to his knowledge:

- a. He, or any member of his immediate family, has a financial interest herein:
or
- b. a business or organization which he or any member of his immediate family has a financial interest as an officer, director, trustee, partner or employee, is a party; or
- c. any other person, business, or organization with whom he or any member of his immediate family is negotiating or had an arrangement concerning prospective employment is a party. Direct or indirect participation shall include, but not limited to, involvement through decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of an specification or purchase standard, rendering of advice, investigation, auditing or in any other advisory capacity.

It is a violation of Kentucky Law for any board member or employee, or a member of their immediate family, to have a pecuniary interest either directly or indirectly in an amount exceeding \$25.00 per year in any purchase of goods or services by the Board of Education or any school thereof. Violation of this provision subjects the board member or employee to forfeiture of their position and/or employment with the school system.

I, hereby, certify that no member of my immediate family is an employee or board member of the Newport Independent Schools Board of Education.

P M addax
Signature

05/14/2021
Date

References: KRS 156.480, OAG 80-32, Model Procurement Code 45A.455

PROPOSAL FORM
AUDITOR
NEWPORT INDEPENDENT SCHOOLS BOARD OF EDUCATION

AUDIT COST SCHEDULE

The accounting firm of Maddox & Associates CPAs Inc., submits the following proposed fee for the audits of the following fiscal years:

Fiscal Year Ending June 30, 2021 -- Audit Cost not to exceed \$ 15,500

Fiscal Year Ending June 30, 2022 -- Audit Cost not to exceed \$ 16,000

Fiscal Year Ending June 30, 2023 -- Audit Cost not to exceed \$ 16,500

The invoice for the audit must show an itemized cost for each fund audited and for each federal program audited within Fund 2.

COMPLETION OF THIS FORM IS MANDATORY

NAME OF COMPANY Maddox & Associates CPAs, Inc.

AUTHORIZED SIGNATURE P Maddox

Partner's Printed/Typed Name Paul Maddox Date 05/14/2021

PROPOSAL FORM
AUDITOR
REFERENCES

LIST THREE (3) REFERENCES (Preferably Kentucky School Districts):

1. Company Augusta Independent School District
Contact Lisa McCane, Superintendent
Address 307 Bracken Street, Augusta, KY 41002
Phone Number 606-756-2545

2. Company Southgate Independent School District
Contact Greg Duty, Superintendent
Address 6 Willam F. Blatt Avenue, Southgate, KY 41071
Phone Number 859-441-0743

3. Company City of Wilder, Kentucky
Contact Juanita Schultz, City Clerk
Address 520 Licking Pike, Wilder, KY 41071
Phone Number 859-581-8884

Firm Information

Maddox & Associates, CPAs, Inc. is a regional public accounting firm serving clients in Kentucky, Ohio, and Indiana. Our client base includes local governments, school districts, special taxing districts, and nonprofit organizations. Paul Maddox is the engagement partner on all audits performed by Maddox & Associates and under this proposal will lead the engagement fieldwork at the client's office. Our team consists of 1 CPAs, 3 degreed professional staff and 2 support staff. We pride ourselves on providing outstanding service to our clients through our dedication to professionalism, responsiveness, and quality. By combining our expertise, experience, and the energy of our staff, each client receives close personal and professional attention. We make sure that every client is served by the expertise of our whole firm.

Qualifications

Local Government Focus

The only types of audits we perform are of local governments, school districts, and nonprofit organizations. It is our specialty. Our focus on these areas enables us to provide valuable insight into assessing and testing the variety of functions inherent to nonprofit operations and reporting; such as, internal controls and compliance. With 35 years of experience, our staff is well versed in local government reporting requirements and ensure that our audit team will not be learning on your job. We will be able to offer suggestions and comments to improve the financial reporting process immediately. We design our audits to ensure the organization's system of internal controls governing financial reporting and material compliance issues are thoroughly assessed and all applicable recommendations are made to management. In addition to audit services, our firm provides tax, accounting, and consulting services to clients. We do not subcontract work to outside firms.

Quality Assurance and Quality Control

Governmental Audit Quality Center Member



We are a member of the AICPA Governmental Audit Quality Center. The Governmental Audit Quality Center is a firm-based voluntary membership center for firms that perform governmental audits, including all audits and attestation engagements performed under Government Auditing Standards and OMB Circular A-133 of federal, state, or local governments; not-for-profit organizations (NPO); and certain for-profit organizations that receive federal assistance. These audits are sometimes referred collectively as "governmental audits."

The AICPA established the Center to help CPAs perform quality audits by providing resources and guidance to help them navigate the increased complexity of the federal rules and regulations underlying governmental auditing.

As a member of the Governmental Audit Quality Center, our CPA firm has made a commitment to adhere to Center membership requirements that are designed to introduce additional quality control features to our practice.

As a Center member, we receive comprehensive resources to assist us in performing governmental audits. We receive up-to-date information on a variety of technical, legislative and regulatory subjects that we then apply to your governmental audit to help ensure that you are in compliance with the appropriate standards and changes in regulation. These resources help us respond quickly to new standards and requirements to ensure the efficiency of your audit engagement.

In addition, the Center provides us with an opportunity to network and exchange information with others within the governmental auditing community via an Online Member Discussion Forum, conferences, teleconferences, and Webcasts so that we can continue to learn and enhance our approach to our governmental audit engagements. We can then leverage these practices we learn in our audit methodologies to help perform the highest quality audits possible.

Staffing

Our audit service team is dedicated to and specializes in nonprofit and government auditing. The audit team is led by Paul Maddox, CPA. With over 35 years of combined audit and industry experience, Mr. Maddox will design and implement an audit that is both effective and efficient. In addition to Mr. Maddox, the audit staff will include degreed professionals with governmental audit experience.

Paul Maddox, CPA

As President of Maddox & Associates CPAs, Inc., Mr. Maddox will serve as the engagement partner. He has over 20 years of auditing experience. After time in public accounting with Deloitte and in industry he has been in his present position since 2006. He graduated summa cum laude from Ohio University in 1987. He is a member of the AICPA, the Kentucky Society of CPAs, and the Ohio Society of CPAs. Paul is licensed by the Kentucky Board of Accountancy and the Ohio Accountancy Board.

Communication

Maddox & Associates CPAs, Inc. is committed to open communication with management and the governing body. We will meet with management and personnel of the client at the start of the audit, as needed during the audit, and will conduct an exit interview at the end of the audit. Management and the governing body will be notified if any irregularities required to be reported are discovered.

Audit Schedule

The fieldwork and report delivery will be scheduled to meet the time frame of the Board and the Kentucky Department of Education.

Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA • Craig L. Steinke, CPA

Report on the Firm's System of Quality Control

To the Owner
Maddox & Associates CPAs, Inc.
Certified Public Account and the
Peer Review Committee of the
Peer Review Alliance

We have reviewed the system of quality control for the accounting and auditing practice of Maddox & Associates CPAs, Inc., Certified Public Accountant (the firm) in effect for the year ended June 30, 2019. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance audit therewith based on our review.

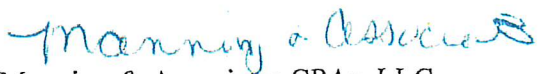
Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of our review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maddox & Associates CPAs, Inc., Certified Public Account in effect for the year ended June 30, 2019, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maddox & Associates CPAs, Inc., Certified Public Account has received a peer review rating of *pass*.


Manning & Associates CPAs, LLC
Dayton, Ohio

January 20, 2020



Administering peer reviews for the following:

Illinois CPA Society | Indiana CPA Society | Iowa Society of CPAs | Kentucky Society of CPAs
South Carolina Association of CPAs | West Virginia Society of CPAs | Wisconsin Institute of CPAs

March 25, 2020

William Maddox
Maddox & Associates CPAs Inc
1407 Alexandria Pike
Fort Thomas, KY 41075-2599

Dear William Maddox:

It is my pleasure to notify you that on March 25, 2020, the Peer Review Alliance Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2022. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,
Peer Review Committee

Peer Review Committee
Peer Review Committee
peerreview@icpas.org
800.993.0407, then dial 6

cc: John Keller

Firm Number: 900005456452

Review Number: 571006

Independent Auditor's Contract

To provide for a school district audit in compliance with KRS 156.255, 156.265, 156.275, 156.285, 156.295, and 156.480, this agreement is entered into for audit period ending June 30, 2021, between the Newport Board of Education (BOARD), and Maddox and Associates CPAs, Inc., (ACCOUNTANT), who is a Certified Public Accountant or a Public Accountant registered with the **Kentucky** State Board of Accountancy.

I. DUTIES OF ACCOUNTANT

- A. The ACCOUNTANT shall render an opinion on the financial statements of the BOARD for fiscal year 2020-2021. The scope and nature of the audit shall be in accordance with the Auditor Responsibilities and State Compliance Requirements. These requirements are incorporated as a part of this agreement.
- B. ACCOUNTANT shall address the audit report and written comments to the BOARD and to the State Committee for School District Audits (COMMITTEE).
- C. ACCOUNTANT shall deliver the audit report in accordance with Section VII.A. DELIVERY OF AUDIT REPORT. If the audit report cannot be timely submitted, the ACCOUNTANT shall submit an Audit Extension Request in accordance with Section VI.A. AUDIT EXTENSION REQUEST.

II. DUTIES OF BOARD

- A. The BOARD shall make available to the ACCOUNTANT no later than August 2, 2021, all books, accounts, reports, vouchers, correspondence files, records, money, and property under its control which may be requested by the ACCOUNTANT in the course of performing the audit.

III. AUTHORITY OF COMMITTEE

- A. The COMMITTEE and the Kentucky Department of Education (KDE) may examine work papers of the ACCOUNTANT and may perform quality control reviews of the audit procedures utilized during the course of the audit;
- B. The COMMITTEE and the BOARD may prohibit the use of any subcontractor by the ACCOUNTANT in their sole discretion. During the term of the contract, no subcontractor shall be used without the prior written approval of the COMMITTEE and the BOARD; and
- C. The COMMITTEE will consider Audit Extension Requests submitted by ACCOUNTANT prior to October 1, 2021. Provided the COMMITTEE determines the delay is unavoidable and due to factors beyond the ACCOUNTANT'S control, the COMMITTEE may, in their sole discretion, allow for the audit to be submitted to KDE without penalty after the November 15, 2021 due date.

IV. COMPENSATION

- A. The ACCOUNTANT shall be paid an amount agreed upon between the ACCOUNTANT and the BOARD, consistent with the Audit Acceptance Statement, which is incorporated herein by reference, for the successful completion of the work defined by this agreement.
- B. Final payment is predicated upon completion of the work as described in Section I. DUTIES OF ACCOUNTANT and delivery of documentation as described in Section VII. DELIVERY OF AUDIT REPORT.
- C. Compensation to the ACCOUNTANT in excess of the amount stated on the AUDIT ACCEPTANCE STATEMENT must be approved by the COMMITTEE if said increase exceeds \$1,000 or 10% of the audit fee, whichever is less. The ACCOUNTANT must submit a written explanation to the BOARD and the COMMITTEE for the requested increase in compensation before the COMMITTEE will consider any increase. The requested increase and written explanation must be submitted to the BOARD and Committee no later than submission of ACCOUNTANT'S invoice for payment.
- D. The ACCOUNTANT shall submit to the BOARD an invoice for payment which shall be signed by the ACCOUNTANT and contain adequate supporting documentation such as: **detail of hours worked by each auditor classification (e.g., partner, manager, supervisor, senior, staff, etc.) in major audit areas or supervisory/administrative functions.**

V. SUPPLEMENTAL AGREEMENTS

- A. The scope of the audit may be increased or decreased by written supplemental agreement between the BOARD and the ACCOUNTANT, if the reasons for the increase or decrease have first been reported in writing by the ACCOUNTANT to the COMMITTEE and the COMMITTEE approves the increase or decrease. The audit fee may be adjusted for the increase or decrease in the scope of the audit in accordance with Section IV.C. COMPENSATION.

VI. AUDIT EXTENSION REQUEST

- A. If the audit cannot be completed on or before November 15, 2021, due to factors beyond the control of the ACCOUNTANT, the ACCOUNTANT shall electronically submit an Audit Extension Request form, fully completed by both the ACCOUNTANT and the BOARD, to KDE on or before October 1, 2021. The form is provided in **Appendix I - Audit Extension Request**.

VII. DELIVERY OF AUDIT REPORT

- A. The ACCOUNTANT agrees to begin the audit of the BOARD on or before August 2, 2021 or 15 days from execution date of this contract, whichever is later, and further agrees to complete and deliver a signed paper copy of the audit report to the BOARD, one signed paper copy to the COMMITTEE in care of KDE, and an electronic copy to KDE in accordance with **Appendix II - Instructions for Submission of the Audit Report** on or before November 15, 2021, or at a later date approved by the COMMITTEE. All electronic and paper copies of the audit report must be received by KDE on or before November 15, 2021 for it to be considered filed timely. If the audit report has not been received by KDE on or before November 15, 2021 or by the later date approved by the COMMITTEE, the audit will be considered late and penalties as outlined in Section VIII. PENALTIES may be imposed at the discretion of the COMMITTEE.

VIII. PENALTIES

- A. There may be a 10% reduction of the audit fee if one or more of the following conditions occur: (1) the audit report is not submitted in accordance with VII.A. DELIVERY OF AUDIT REPORT; or (2) the audit report does not contain the information shown under Audit Report Requirements.
- B. The ACCOUNTANT may, in the sole discretion of the COMMITTEE, be ineligible to conduct a school district audit for the upcoming fiscal year if one or more of the conditions in section A occur.
- C. The COMMITTEE may, in its sole discretion, waive penalties for delays caused by circumstances beyond the control of the ACCOUNTANT.

IX. EFFECTIVE DATE

- A. This agreement, between the ACCOUNTANT and the BOARD, shall not become effective until this contract has been approved by the COMMITTEE and signed by the COMMITTEE Chair. This agreement is effective for the 2020-2021 fiscal year.

X. TERMINATION

- A. The BOARD shall have the right to terminate and cancel this contract at any time without cause upon 30 days written notice served on the ACCOUNTANT by registered or certified mail. The BOARD shall have the right to terminate and cancel this contract for cause upon five days written notice served on the ACCOUNTANT by registered or certified mail.
- B. If cause exists to terminate the contract, and the BOARD does not terminate, the COMMITTEE may terminate and cancel this contract for cause upon five days written notice served on the ACCOUNTANT by registered or certified mail.
- C. "Cause" includes, but is not limited to any of the following:
 - 1. Failure to commence work within 15 days of execution of the contract or on or before August 2, 2021, whichever is later;
 - 2. Previous history of extension requests by the same ACCOUNTANT for the same district;
 - 3. Failure to submit the audit on or before November 15, 2021;

4. Failure to communicate to KDE timely about problems encountered in conducting the audit;
5. Violation of any of the provisions in Section XI. REPRESENTATIONS AND WARRANTIES; or
6. Failure to abide by any of the terms and conditions of this agreement.

Cause shall not include any factor wholly the fault of the BOARD.

XI. REPRESENTATION AND WARRANTIES

- A. The ACCOUNTANT is legally able and authorized to enter into contracts with the BOARD, including on behalf of any entity under which the ACCOUNTANT practices.
- B. The performance of this agreement would not violate any conflict of interest law, including but not limited to KRS 156.480.
- C. The ACCOUNTANT has no personal interest in the financial affairs of the BOARD or any of its officers or employees.

XII. MATERIALS INCORPORATED BY REFERENCE

- A. Any materials referred to herein are incorporated by reference and made a part of this contract, which shall include the materials attached hereto and supplied to the ACCOUNTANT, consisting of 34 pages.

XIII. MISCELLANEOUS

- A. ACCOUNTANT or Partner has authority to enter into this contract on behalf of the FIRM noted below.
- B. A copy or electronic copy of this contract shall be enforceable the same as an original.
- C. This contract may be executed in counterparts and taken together shall serve as a single enforceable contract.

THIS AGREEMENT ENTERED INTO AS DATED BELOW:

AGREED TO BY:

<u>Newport</u> BOARD OF EDUCATION	<u>Maddox and Associates CPAs, Inc</u> ACCOUNTANT/FIRM
<u>BY: SCHOOL BOARD CHAIR</u> <u>DATE</u>	<u>BY: PARTNER</u> <u>DATE</u>
<u>SECRETARY</u> <u>DATE</u>	

ACCEPTED BY:

STATE COMMITTEE FOR SCHOOL DISTRICT AUDITS

BY: STATE COMMITTEE CHAIR DATE

**One signed audit contract is due to KDE by close of business on May 28, 2021.
Please send to:**

Kentucky Department of Education
Division of District Support
Attn: District Financial Management Branch
300 Sower Blvd, 4th Floor
Frankfort, KY 40601