

DEPARTMENT OF FINANCE

LISA LEWIS, DIRECTOR

STEPHANIE BONNETT, ASSISTANT FINANCE OFFICER

FREDA HOLDERMAN, ACCOUNTING SUPERVISOR

TO: Board Members

FROM: Lisa Lewis, Director of Finance *LW 5/8*

DATE: May 6, 2024

RE: Audit Contract

Enclosed for your review is the Independent Auditor's Contract for Fiscal Year 2024. For the past several years, Barnes Dennig has conducted the audit. I recommend approving the Independent Auditor's Contract with Barnes Dennig for \$59,670 for auditing services for Fiscal Year 2024. This is the second of three possible renewals. I request the approval of Barnes Dennig as the district's auditor in accordance to the period of the engagement and contract.

OUR MISSION IS TO INSPIRE AND EQUIP OUR STUDENTS TO SUCCEED IN LIFE

BULLITT COUNTY PUBLIC SCHOOLS IS AN EQUAL EDUCATION AND EMPLOYMENT INSTITUTION

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 between the Bullitt County Board of Education (BOARD), and Barnes Dennig & Co, Ltd. (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 2023-2024. 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 1, 2024, 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 October 1, 2024 to KDE pursuant to Section VI. 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, 2024 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 \$10,000 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, 2024, 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 by October 1, 2024. 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 1, 2024 or 15 days from execution date of this contract, and further agrees to complete and deliver a signed paper copy of the audit report to the BOARD, and an electronic copy to KDE in accordance with **Appendix II - Instructions for Submission of the Audit Report** on or before November 15, 2024, or at a later date approved by the COMMITTEE. The electronic copy of the audit report must be received by KDE on or before November 15, 2024 for it to be considered filed timely. If the audit report has not been received by KDE on or before November 15, 2024 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 incorporated as a part of this agreement.
- 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 VIII. 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. The term of this agreement shall be from 4/24/24 through June 30, 2025, unless terminated under the provisions hereof. 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.

X. TERMINATION

- A. The BOARD shall have the right to terminate and cancel this contract at any time without cause upon thirty (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 (5) 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 fifteen (15) days of execution of the contract or on or before August 1, 2024, 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, 2024;
 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. CHOICE OF LAW AND FORUM

The laws of the Commonwealth of Kentucky shall govern all questions as to the execution, validity, interpretation, construction, and performance of this agreement or any of its terms.

XIII. 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 29 pages.

XIV. 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:

Bullitt County

BOARD OF EDUCATION


Barnes Dennig & Co, Ltd.

ACCOUNTANT/FIRM

BY: SCHOOL BOARD CHAIR DATE

Eric Goodman

BY: ACCOUNTANT or PARTNER DATE

 _____
SECRETARY DATE

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 31, 2024.
Please send to: Finance.Reports@education.ky.gov



Report on the Firm's System of Quality Control

December 3, 2021

To the Partners of Barnes Dennig & Co., Ltd.
and the National Peer Review Committee;

We have reviewed the system of quality control applicable to engagements not subject to PCAOB permanent inspection for the accounting and auditing practice of Barnes Dennig & Co., Ltd. (the firm) in effect for the year ended June 30, 2021.

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 therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act, audits of employee benefit plans and examinations of service organizations [a SOC 1® and a SOC 2® engagement].

As a part of our peer 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 applicable to engagements not subject to PCAOB permanent inspection for the accounting and auditing practice of Barnes Dennig & Co., Ltd. in effect for the year ended June 30, 2021, 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. Barnes Dennig & Co., Ltd. has received a peer review rating of pass.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

San Antonio, Texas
December 3, 2021

Weaver and Tidwell, L.L.P.
4660 La Jolla Village Drive, Suite 100 | San Diego, CA 92122
CPAs AND ADVISORS | WEAVER.COM



National Peer
Review Committee

March 09, 2022

Jason Rammes
Barnes Dennig & Co Ltd
150 E 4th St Ste 300
Cincinnati, OH 45202-4186

Dear Jason Rammes:

It is my pleasure to notify you that on March 09, 2022, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is December 31, 2024. 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,

A handwritten signature in black ink, appearing to read "Michael Wagner". The signature is fluid and cursive, written in a professional style.

Michael Wagner
Chair, National PRC

+1.919.402.4502

cc: Brett Siegfried, George Sparks

Firm Number: 900010003356

Review Number: 589193