

State Committee for School District Audits

Frankfort, Kentucky

The Hardin County Board of Education requests the financial accounts of the Board be audited for FY 2005-2006 in accordance with the procedures adopted by the State Committee for School District Audits. The Board has chosen the firm of:

Auditor: Stiles, Carter & Associates, PSC _____ Phone #270-769-6371

Address: 2901 Ring Road _____ Fax #: 270-765-7934

Address: Elizabethtown, KY 42701 _____ Email: brian@stilescartercpas.com

The cost of the audit has been estimated at: \$32,500

If there is an increase in the audit cost from last year, please provide an explanation:

Increase is per bid.

SUBMITTED, April 20, 2006

Hardin County Board of Education

_____ Chairman

_____ Secretary

Send **THREE** (3) copies of this request and **THREE** (3) signed audit contracts no later than May 15, 2006 to:

Division of Audit & Transportation Services
Kentucky Department of Education
500 Mero Street, CPT 15th Floor
Frankfort, KY 40601

INDEPENDENT AUDITOR'S CONTRACT

To provide for a school district audit in compliance with KRS 156.255, 156.265, 156.275, 156.285, and 156.295, this agreement is made and entered into this 9th day of March 2006, between the Hardin County Board of Education ("BOARD"), Stiles, Carter & Associates, PSC, ("ACCOUNTANT"), who is a Certified Public Accountant or a Public Accountant registered with the State Board of Accountancy.

I. DUTIES OF ACCOUNTANT

- A. ACCOUNTANT shall render an opinion on the financial statements of BOARD for fiscal year 2005-2006. The scope and nature of the audit shall be in accordance with **Appendix I** to this Independent Auditor's Contract - General Audit Requirements and **Appendix II** to this Independent Auditor's Contract - State Audit Requirements. These audit procedures are incorporated as a part of this agreement.
- B. ACCOUNTANT shall address the audit report and written comments to BOARD and to the State Committee for School District Audits (COMMITTEE). ACCOUNTANT shall deliver one (1) electronic copy of the audit report in any of the following formats: Text documents shall be submitted in Microsoft Word, and /or Adobe Acrobat (PDF) format, spreadsheet documents are to be submitted in the Microsoft Excel, and /or Adobe Acrobat (PDF) format along with (2) signed paper copies to COMMITTEE in care of Division of Audit & Transportation Services, Kentucky Department of Education, no later than October 31, 2006. All electronic and paper copies of the audit report must be at the Division of Audit & Transportation Services, KDE, for it to be considered filed timely. No more than three (3) files total (text and spreadsheet) will be accepted electronically, unless alternate arrangements are made through the Division of Audit & Transportation Services.
- C. If necessary, ACCOUNTANT must file a request for extension, fully describing the reasons for the request. The request must reach the Division of Audit & Transportation Services by **October 16, 2006**.

II. DUTIES OF BOARD

- A. BOARD shall make available to ACCOUNTANT no later than August 1 all books, accounts, reports, vouchers, correspondence files, records, money, and property under its control which may be requested by ACCOUNTANT in the course of performance of the audit.

III. COMPENSATION

- A. ACCOUNTANT shall be paid an amount agreed upon between the auditor and district which is incorporated herein for the successful completion of the work defined by this agreement.
- B. Final payment is predicated upon completion of the work and delivery of documentation described in section DUTIES OF ACCOUNTANT of this contract.
- C. Compensation to ACCOUNTANT for any increase or decrease of audit scope by authority of Section V SUPPLEMENTAL AGREEMENTS of this contract must **be defined in said agreements and approved by COMMITTEE**.
- D. ACCOUNTANT shall submit to BOARD an invoice for payment which shall be signed by 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.**

IV. AUTHORITY OF COMMITTEE

- A. BOARD, ACCOUNTANT AND COMMITTEE agree:
 - 1. That COMMITTEE and the Kentucky Department of Education may examine work papers of ACCOUNTANT and may perform quality control reviews of the audit procedures utilized during the course of the audit;
 - 2. COMMITTEE and BOARD may prohibit the use of any subcontractor by ACCOUNTANT. During the term of the contract, no subcontractor shall be used without the prior written approval of COMMITTEE and BOARD; and
 - 3. COMMITTEE may allow for extension of time for completion and delivery of the audit report.

V. SUPPLEMENTAL AGREEMENTS

- A. If during the course of the audit a material exception is noted by ACCOUNTANT that requires additional procedures or an increase in the scope of the audit, the scope of the audit may be increased by written supplemental agreement of BOARD and ACCOUNTANT if the material exceptions have first been reported in writing by ACCOUNTANT to COMMITTEE. The scope of the audit may also be reduced by written supplemental agreement of BOARD and ACCOUNTANT if the reasons for the reduction have first been reported in writing by ACCOUNTANT to COMMITTEE.

VI. DELIVERY OF AUDIT REPORT

- A. ACCOUNTANT agrees to begin the audit of accounts of BOARD on or about August 1 or 15 days from execution date of this contract, whichever is later, and further agrees to complete and deliver a signed copy of the audit report to BOARD and to COMMITTEE and electronically submit the report to KDE on or before October 31.
- B. A written request for extension of time to deliver the audit report from ACCOUNTANT shall be received by the Division of Audit & Transportation Services, Kentucky Department of Education, on or before October 16. Requests for extensions will include but not be limited to the following information: length of extension, reason for extension, work completed to date, work to be completed and estimated release date of audit.
- C. Failure to request an extension will be grounds for the committee to impose penalties under VII.

VII. LATE PENALTIES

- A. There shall be a 10% reduction of the original audit fee if any of the following occur: (1) the electronic copy and the two paper copies of the audit report are not delivered on or before October 31, or on the last day of any extension, (2) the audit report does not contain the information shown in Appendix I, Sections 7 and 10, and/or (3) the audit report is not submitted as referenced above in Duties of Accountant, Section I.B., unless alternate arrangements have been made with the Division of Audit & Transportation Services, KDE.
- B. ACCOUNTANT may be ineligible to conduct a school district audit for the upcoming fiscal year if any of the stipulations in section A occur.
- C. COMMITTEE may waive penalties for delays caused by circumstances beyond the control of ACCOUNTANT.

VIII. EFFECTIVE DATE

- A. This agreement shall not become effective until COMMITTEE has approved an application of BOARD for the audit and has approved this agreement.

IX. 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 5 days written notice served on the ACCOUNTANT by registered or certified mail.
- B. If cause exists to terminate and the BOARD does not terminate, the COMMITTEE may terminate and cancel this contract for cause upon 5 days written notice served on the ACCOUNTANT by registered or certified mail.
- C. "Cause" includes, but is not limited to:
- (a) failure to commence work within 15 days of execution of the contract or August 1, whichever is later;
 - (b) previous history of extension requests by the same ACCOUNTANT for the same district;
 - (c) failure to complete the contract by October 31;
 - (d) failure to communicate to the Kentucky Department of Education in a timely manner problems encountered in conducting the audit.

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

X. CONFLICTS OF INTEREST

- A. ACCOUNTANT represents and warrants that (a) ACCOUNTANT is legally able to enter into contracts with BOARD, (b) the performance of this agreement would not violate any conflict of interest statutes, and (c) that ACCOUNTANT has no personal interest in the financial affairs of BOARD or any of its officers or employees.

AGREED TO BY:

BOARD OF EDUCATION

BY: _____
SCHOOL BOARD CHAIRMAN

SECRETARY

Brian S. Woosley, CPA
ACCOUNTANT

BY: Stetson, Carter & Associates, PSC
FIRM

Brian S. Woosley CPA
PARTNER

STATE COMMITTEE FOR SCHOOL DISTRICT AUDITS

BY: _____
STATE COMMITTEE CHAIRMAN