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 161 Estill County Board of Education (BOARD), and Allen & Associates (PLLC) - PO Box 974 (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 2025-2026. 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 submitted timely, 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, 2026, all books, accounts, reports, vouchers, correspondence files, records, money, and property under its control which may be requested by the ACCOUNTANT while performing the audit.

III. AUTHORITY OF COMMITTEE

A. The COMMITTEE and the Kentucky Department of Education (KDE) will examine work papers of the ACCOUNTANT and may perform quality control reviews of the audit procedures utilized during 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, 2026 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 November 15, 2026, 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. 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.

VI. AUDIT EXTENSION REQUEST

A. If the audit cannot be completed on or before November 15, 2026, 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, 2026. 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, 2026 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, 2026, 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, 2026, for it to be considered filed timely. If the audit report has not been received by KDE on or before November 15, 2026, 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

X. The term of this agreement shall be from Jul 1, 2026 through June 30, 2027, 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.

XI. 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, 2026, 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, 2026.
    4. Failure to communicate to KDE timely about problems encountered in conductmg 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

A. 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 33 pages.

XIV. MISCELLANEOUS

A. ACCOUNTANT or Partner has authority to enter 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 terms of our counterparts and together shall serve as a single enforceable contract.

THIS AGREEMENT ENTERED INTO AS DATED BELOW:

AGREED TO BY:

161 Estill County	Allen & Associates (PLLC) - PO Box 974, Richmd
BOARD OF EDUCATION	**ACCOUNTANT/FIRM**
BY: SCHOOL BOARD CHAIR **DATE**	**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 30, 2026.
Please send to: Finance.Reports@education.ky.gov