

Chapter PI 14

APPENDIX

STANDARD SCHOOL DISTRICT AUDIT CONTRACT

This agreement is entered into this _____ day of _____, 20___, between _____ (school board on behalf of named school district) hereafter referred to as the district, and _____ (name of auditor), hereafter referred to as the auditor. The parties agree as follows:

AUDIT SCOPE

The auditor shall conduct an examination of the combined general purpose financial statements, including all funds of the district as of, and for the year ended June 30, 20___.

The auditor’s examination shall be made in accordance with the following:

(a) Generally accepted auditing standards. The procedures necessary to comply with the generally accepted auditing standards, for purposes of this contract, include the applicable procedures outlined by the American Institute of Certified Public Accountants including the Industry Audit Guide, AUDITS OF STATE AND LOCAL GOVERNMENTAL UNITS; and by the Department of Public Instruction in the WISCONSIN SCHOOL DISTRICT AUDIT MANUAL.

(b) The standards for financial and compliance audits contained in the STANDARDS FOR AUDITS OF GOVERNMENTAL ORGANIZATIONS, PROGRAMS, ACTIVITIES, AND FUNCTIONS, issued by the Comptroller General of the United States;

(c) The provisions of the United States Office of Management and Budget, Circular A-133, AUDITS OF STATES, LOCAL GOVERNMENTS AND NON-PROFIT ORGANIZATIONS, issued pursuant to single audit act amendments of 1996 at 31 USC sections 503, 1111, and 7501 et. seq.

Financial statements presented in the auditor’s report shall comply with generally accepted accounting principles and conform to the accounting system prescribed by the Department of Public Instruction.

The auditor shall express an opinion on the financial statements of all funds covered in the scope of this engagement. If the auditor is unable to express an unqualified opinion, the auditor shall state fully the reasons for qualification or disclaimer of opinion. The district recognizes it has the responsibility to correct any deficiency which results in a qualification or disclaimer of opinion.

INDEPENDENCE

Implicit in the auditor’s expressions of an unqualified opinion on financial statements is the auditor’s representation of independence with respect to those statements.

TIMING, LOCATION AND CONDUCT OF AUDIT WORK

The district recognizes that its appropriate officers have the responsibility for the proper recording of transactions in the books of account, for the safeguarding of assets and for the substantial accuracy of the financial statements. These district officers have the responsibility to close and balance all accounts and to have

prepared the financial statements for all funds to be examined by the auditor.

The audit shall be conducted on district premises at a mutually agreeable time, and the district shall provide space deemed adequate by the auditor to conduct the examination officially.

The auditor shall observe the adequacy of the systems of internal control for all funds of the district, including those concerned with maintaining compliance with finance-related legal provisions. If material weaknesses are noted, appropriate recommendations shall be reviewed with the appropriate administrator and then included in a separate letter to the district’s school board.

Audit workpapers and reports shall be retained for a minimum of three years from the date of the audit report, unless the auditor is notified in writing by the Department of Public Instruction or the United States Department of Education to extend the retention period. The district authorizes the auditor to respond directly to inquiries from the Department of Public Instruction or the United States Department of Education, including requests to review audit workpapers. The auditor shall notify the school board of any such inquiries or requests and of the auditor’s reply thereto.

REPORTS

The auditor shall submit to the district’s school board the following reports, with copies of each for transmittal to the Department of Public Instruction and other agencies as required:

(a) Auditor’s report on the school district’s financial statements prepared according to Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board, as of, and for the year ended June 30, 20___, with supplemental information as required by the Department of Public Instruction or requested by the district.

(b) Financial audit statement for the year ended June 30, 20___, as required by the Department of Public Instruction.

(c) Management letter, commenting on material weaknesses in internal control and identifying possible noncompliance with finance-related legal provisions with appropriate recommendations.

(e) Federal program audit reports and schedules, as required.

(f) State program audit reports and schedules, as required.

(g) Membership audit report, as required by the Department of Public Instruction.

(h) Other (specify):

(i) Other (specify):

COMPENSATION AND TERMS OF PAYMENT

Fees shall be based on the time required by the individuals assigned by the auditor plus direct expenses. Individual hourly rates vary according to the degree of responsibility involved and the skill required. (NOTE: Other payment terms may be agreed upon in the contract. This is provided as an example).

_____, certified public accountant, is the owner or partner in charge of all work performed and is responsible for all aspects of this engagement.

The auditor estimates the fee for this examination and above-listed reports will range from \$_____ to \$_____. Should unforeseen difficulties be encountered during the examination which would require additional work by the auditor, an estimate of the cost of such additional work shall be brought to the board's attention prior to the performance of the additional work.

The auditor may submit bills as work progresses and as expenses are incurred.

(Typed Name and Title) _____ Signature _____

Contracting District Officer

(Typed Name and Title) _____ Signature _____

Audit Firm

(Typed Name and Title) _____ Signature _____

Partner (Owner)