

**SAMPLE REVIEW/ATTESTATION ENGAGEMENT LETTER
CHARTER SCHOOL**

(Date)

(Addressed to the governing
board of the charter school)

Dear _____:

As certified public accountants licensed to practice in Louisiana, we are pleased that you have engaged our firm to review (Any Charter School's) financial statements as of June 30, 20X1, and for the year then ended, and to apply certain agreed-upon procedures relating to representations made by the management of the charter school. This letter will confirm our understanding of the terms and objectives of our engagement, and the nature and limitations of the services we will provide to the (Any Charter School) as of and for the year ended June 30, 20X1.

Review We will review the financial statements for the (Any Charter School) as of and for the year ended June 30, 20X1, as required by Louisiana Revised Statute 24:513, and will issue an accountant's report thereon in accordance with *Statements on Standards for Accounting and Review Services* (SSARs) issued by the American Institute of Certified Public Accountants (AICPA), and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Attestation Report on Agreed-Upon Procedures We will apply the agreed-upon procedures listed in the attached schedule, and will issue a report thereon, as required by Louisiana Revised Statute 24:513, of and for the year ended June 30, 20X1. Our engagement to apply agreed-upon procedures will be performed in accordance with *Statements on Standards for Attestation Engagements* (SSAEs), issued by the AICPA, and applicable provisions of *Government Auditing Standards*, published by the United States Comptroller General.

Objectives and Limitations The objective of our engagement is to review the charter school's 20X1 financial statements, and to apply the attached agreed-upon procedures to the representations contained in the Louisiana Attestation Questionnaire. The objective of a review is to obtain limited assurance that there are no material modifications that should be made to the financial statements in order for the statements to be in conformity with generally accepted accounting principles (GAAP). We will not perform an audit of such financial statements, the objective of which is the expression of an opinion regarding the financial statements taken as a whole, and, accordingly, we will not express such an opinion on them.

You are responsible for:

- The preparation and fair presentation of the financial statements in accordance with GAAP.
- Designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.
- Preventing and detecting fraud.
- Identifying and ensuring that the entity complies with all applicable laws and regulations.
- Making all financial records and related information available to us.
- Providing us, at the conclusion of the engagement, with a letter that confirms certain representations made during the review.

The agency's management is also responsible for designating an individual with suitable skill, knowledge, or experience to oversee any services we provide; evaluating the adequacy and results of the services performed; and accepting responsibility for such services.

We are responsible for conducting the engagement in accordance with SSARs issued by the AICPA.

A review includes primarily applying analytical procedures to your financial data and making inquiries of agency management. A review is substantially less in scope than an audit, the objective of which is the

expression of an opinion regarding the financial statements as a whole. A review does not contemplate obtaining an understanding of the entity's internal control; assessing fraud risk; testing accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, or the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Accordingly, we will not express an opinion regarding the financial statements as a whole.

Our engagement cannot be relied upon to disclose errors, fraud, or illegal acts. However, we will inform the appropriate level of management of any material errors, and of any evidence or information that comes to our attention during the performance of our review procedures that fraud may have occurred. In addition, we will report to you any evidence or information that comes to our attention during the performance of our review procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. Should we become aware of fraud or misappropriation of funds we shall immediately notify, in writing, the Legislative Auditor and the appropriate law enforcement agency, including the local district attorney and sheriff.

The sufficiency of the agreed-upon procedures in the attached schedule is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule, either for the purpose for which this report has been requested, or for any other purpose.

Because the agreed-upon procedures listed in the attached schedule do not constitute an examination, we will not express an opinion on them. In addition, we have no obligation to perform any procedures beyond those listed in the attached schedule.

If, for any reason, we are unable to complete our review of your financial statements, we will not issue a report on such statements as a result of this engagement. If, for any reason, we are unable to complete the agreed-upon procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement. Should such situation arise, we will notify you and the Legislative Auditor.

The charter school's management is responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge, or experience to oversee any services we provide. The charter school's management is also responsible for evaluating the adequacy and results of the services performed, and accepting responsibility for such services.

The charter school's management has acknowledged to us its intent to complete the representations contained in the Louisiana Attestation Questionnaire, found in the Louisiana Governmental Audit Guide. The charter school's management is responsible for the representations contained in the Louisiana Attestation Questionnaire. Likewise, the charter school's management accepts responsibility for the charter school's compliance with the laws and regulations specified in the questionnaire and the effectiveness of the charter school's internal control over compliance with those laws and regulations.

Due Professional Care A review/attestation may not meet the needs of all report users, who may require additional information and assurances on the financial statements, internal control, and compliance with laws and regulations. In accordance with *Government Auditing Standards*, you should consider whether additional testing of financial statement amounts and presentations, controls, and compliance are necessary to supplement the coverage of these areas and to meet the reasonable needs of report users. These additional needs are quite often met by:

- An audit of financial statements conducted in accordance with *Government Auditing Standards*,
- Supplemental (or agreed-upon) procedures, or
- An examination of compliance or internal control resulting in an opinion.

If during the performance of our engagement we become aware that a review/attestation will not satisfy the requirements of all report users, laws, and regulations, we will notify you as soon as this comes to our attention. We will then submit another engagement letter for your approval that complies with the applicable requirements, and will submit the engagement to the Legislative Auditor for approval. We will consider all standards that may apply, but in particular, we will be cognizant of:

- State of Louisiana's audit law.
- Audit requirements of *Government Auditing Standards*.
- Office of Management and Budget Circular A-133 audit requirements for a single audit or program-specific audit when federal award expenditures equal or exceed \$500,000 for the fiscal year.
- Bond requirements, either to issue bonds or as a bond indenture provision.
- Other contractual requirements.

We are available to discuss the expanded needs of report users, the nature of the expanded examinations, and the degree to which these type examinations, or other examinations, will meet the needs of the charter school and its report users.

Timing of Engagement It is our understanding that the accounting records will be available _____. We anticipate that the engagement will commence no later than _____ and that the reports will be issued no later than _____.

Reporting Package The reporting package will consist of:

- The independent accountant's review report prepared in accordance with SSARS;
- An attestation report on the performance of the agreed-upon procedures in the attachment, prepared in accordance with SSAEs issued by the AICPA, and applicable provisions of *Government Auditing Standards* published by the United States Comptroller General;
- A schedule of per diem paid to board members, if applicable;
- Management's corrective action plan for any findings contained in the report, which the charter school's management will complete;
- A summary schedule of prior findings, which the charter school's management will complete, if applicable;
- The signed Louisiana Attestation Questionnaire; and
- A data collection form, to be prepared by the charter school's management.

We will assist you in the preparation of the data collection form, management's corrective action plan, if applicable, and the summary schedule of prior year findings, if applicable.

Recommendations During the course of our engagement, it is possible that we may observe opportunities for economies of operation, for improved internal administrative and accounting controls, or we may observe variances with applicable laws and regulations or other matters that should be brought to your attention. Our comments and recommendations concerning such matters, if any, will be conveyed to you in written form.

Prior Comments and Recommendations Our engagement will include a review of any prior-year suggestions, recommendations, and/or comments included in the summary schedule of prior findings. As to any current-year recommendations, suggestions, and/or comments, we will afford you the opportunity to respond to such matters and include your response in management's corrective action plan.

Engagement Completion At the completion of our engagement, we will send (Any Charter School) ____ copies of our reports. In addition, we will send a copy of our reports to each board member, to the chief executive officer, and the chief fiscal officer. We will send either one unbound copy or one .pdf/.tif file of our reports, including the management letter, if applicable, and management's plan of corrective action, if applicable, to the Legislative Auditor. Either the accountant or the charter school shall send a copy of the report, any management letter, and management's corrective action plan, if applicable, to each federal grantor agency providing direct federal assistance and the federal cognizant agency, and to each state grantor agency and any state cognizant agency, if applicable.

If we find events subsequent to the issuance of our reports that would cause us to reissue the reports, we shall reissue the reports in the same fashion and to the same individuals and organizations as the original reports.

Changes The Legislative Auditor will be notified immediately, in writing, of the accountant's decision to withdraw from the engagement or if the engagement is cancelled, to include all substantive reasons for the withdrawal or cancellation.

The Legislative Auditor will be notified immediately, in writing, if there are any significant disagreements. The Legislative Auditor will be notified immediately, in writing, if there are any changes in this agreement or if there are any restrictions placed on our staff during the engagement, to include failure to provide the appropriate books and records in a timely manner or denial of access to appropriate books and records, that would impact the scope of the engagement or the nature of the tests required under the previously discussed standards.

Compensation Our fees for all services are related to our standard hourly rates in effect at the time services are performed. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your engagement. Our fee for this engagement, which we estimate, will not exceed \$____, including out-of-pocket expenses. This fee is based on the assumption that you will provide assistance, anticipated cooperation from your personnel, and the assumption that unexpected circumstances will not be encountered during the engagement. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Any amendments to the not-to-exceed amount of the fees will be in writing and signed by both our firm and the (Any Charter School). Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation.

If a multi-year engagement is entered into, all outstanding invoices for work performed during any prior engagement will be paid in full before work commences on the current engagement.

Engagement Documentation It is understood that our engagement documentation is confidential information. However, we will make our engagement documentation available to the Legislative Auditor, any successor auditor, or any organization of the Louisiana Board of Certified Public Accountants authorized to perform quality assurance reviews. We will follow the Legislative Auditor's policy regarding confidentiality of audit/engagement documentation found at Section 350.02 of the Louisiana Governmental Audit Guide when giving access to engagement documentation to any parties other than those previously named individuals and organizations.

Should we become aware of any illegal acts, we shall make our engagement documentation available to the local district attorney or any other state or federal enforcement or regulatory agency without liability. We will retain the engagement documentation for five years.

Personnel We have assigned Mr./Ms. _____ of our staff (address and phone number,) as the manager for the engagement, and he/she shall exercise overall control and management of our engagement. It is our understanding that you have assigned Mr. John Supervisor of your staff (address and phone number) as your representative during the engagement.

External Quality Review Enclosed is our last external quality review, dated (date).

Other Services You may request that we perform additional nonattest services not contemplated by this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We may also issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

Under the provisions of *Government Auditing Standards*, our ability to provide nonattest services may result in an impairment of our independence, and therefore may be limited for the duration of this engagement and for the period covered by this engagement. We will consult those standards and the Louisiana Legislative Auditor to determine whether such an impairment exists, prior to the performance of any nonattest services.

Approval We appreciate the opportunity to be of service to you, and believe this letter accurately summarizes the significant terms of our engagement. If these comments and arrangements meet with your approval, please sign below and return the agreement to us.

In accordance with the provisions of state law, this engagement agreement must be approved by the Legislative Auditor prior to commencement of our work. Upon your signature and approval, we will seek approval of the Legislative Auditor of this engagement.

We look forward to a pleasant association and the opportunity to provide the services included in this engagement. If you have any questions, please let us know.

Respectfully,

Certified Public Accountants

By _____

Enclosure

RESPONSE:

This letter correctly sets forth the understanding of (Any Charter School)

By _____

Title _____

Date _____

ATTACHMENT: AGREED-UPON PROCEDURES

Administration

1. Obtain a listing of all members of the governing or management board.
2. Randomly select six disbursements made to members of the governing or management board.
 - Trace the six disbursements to supporting documentation as to proper amount and payee.
 - Determine whether the disbursements were incurred while fulfilling duties as a member of the board.
3. Ascertain whether a religious organization shares building space with the school.
 - Determine whether this organization, if any, reimburses the charter school for utility or other payments made on their behalf.
4. Randomly select six disbursements and verify that the payments were made for expenditures incurred by and on behalf of the charter school.

Student Admissions

5. Obtain a copy of the school's admission requirements.
6. Determine the school's jurisdiction as described in the charter agreement.
 - Randomly select a sample of 12 students and verify that documentation supports that the students satisfied the school's admission requirements.
 - Determine that documentation exists to ensure that the 12 students reside within the school's jurisdiction.

Instructional Staff

7. Obtain a listing of the school's instructional staff.
 - Verify that the listings demonstrate that the school's instructional staff comply with the certification requirements found in R.S. 17:3991 (C)(6).
 - Randomly select six names from the listing of instructional staff.
 - Trace the six staff names to documentation indicating that they meet the certification requirements.

Fixed Assets

8. Obtain a listing of fixed assets.
9. Randomly select a sample of six assets and verify the source of funds used to acquire the assets.

Open Meetings Law

10. Examine evidence indicating that agenda for meetings recorded in the minute book were posted as an open meeting as required by R.S. 42:11 through 42:28.

Public Bid Law

11. Select all expenditures made during the year that exceeded \$150,000, where the expenditures were for the erection, construction, alteration, improvement of a public facility or immovable property, and determine whether such purchases were made in accordance with the public bid law.

State Audit Law

12. Verify that the school provided for a timely report in accordance with R.S. 24:513.

General

13. Obtain the school's approved charter and compare actual operations with those contained in the approved charter.

Prior Comments and Recommendations

14. Review any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.