



**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**SHAD WHITE**  
**STATE AUDITOR**

March 12, 2019

Ms. Sandi South, Executive Director of Finance  
Itawamba Community College  
602 W. Hill Street  
Fulton, MS 38843

Dear Ms. South:

Enclosed for your files is an executed Contract for Professional Services between Itawamba Community College and Franks, Franks, Wilemon and Hagood, P.A., CPA Firm, for the performance of the services as set forth in the contract for each of the years ending June 30, 2018 and June 30, 2019. This contract has been reviewed and signed by a representative of the Office of the State Auditor pursuant to Section 7-7-211(k), Mississippi Code of 1972 (Ann.).

Please let us know if you have any questions or need any additional information.

Sincerely,

A handwritten signature in black ink that reads "Stephanie C. Palmertree".

Stephanie C. Palmertree, CPA, CGMA  
Director, Financial and Compliance Audits

Enclosure

C: Franks, Franks, Wilemon & Hagood, P.A.  
Mr. Bryon Wilemon, CPA, Partner

## CONTRACT FOR PROFESSIONAL SERVICES

This document reflects a contractual agreement entered into as of the 11<sup>th</sup> day of February, 2019 among the Office of the State Auditor, Itawamba Community College (herein referred to as the "College") and Franks, Franks, Widenor & Haggood (herein referred to as the "Firm") to provide services, materials and personnel to perform the work as specified in paragraph 1. This contract is entered into pursuant to Section 7-7-211(k), Mississippi code of 1972 (Ann.).

### Scope of Services

1. The College and the Office of the State Auditor desire to engage the Firm to render the following professional audit services for the College for the 2017-2018 and 2018-2019 fiscal years:
  - A. Perform a financial audit for all funds of the College.
  - B. Perform a compliance audit with applicable state and federal laws and regulations.
  - C. Perform Items A and B above in conformity with professional standards, laws, rules, regulations and guidelines as contained in, but not limited to, the documents identified in paragraph 4 of this contract.

### Authorized Representatives

2. The following individuals have been empowered to act as the duly authorized representatives for this contract:

#### **Office of the State Auditor**

Name: Stephanie C. Palmertree, CPA, CGMA

Title: Director, Financial & Compliance Audits

Address: P. O. Box 956, Jackson, MS 39205

Itawamba Community College

Name: Sandi South

Title: Executive Director of Finance

Address: 602 W. 14<sup>th</sup> St. Fulton, MS 38843

Franks, Franks, Wilenow & Hargood CPA Firm

Name: Bryon Wilenow

Title: Partner

Address: 1202 N. Gloucester St, Tyngboro, MA 01890

**Notices:** All notices required or permitted to be given under this Contract must be in writing and personally delivered or sent by facsimile provided that the original of such notice is sent by certified United States mail postage prepaid, return receipt requested, or overnight courier with signed receipt, to the party to whom this notice should be given as indicated above. Notice shall be deemed given when actually received or when refused. The parties agree to promptly notify each other in writing of any change of address.

### Contract Fee Consideration

3. The Firm shall receive as compensation to be paid by the College for the described auditing services a fee not to exceed:

\$ 28,675 for the audit for the fiscal year ending June 30, 2018.

\$ 28,675 for the audit for the fiscal year ending June 30, 2019.

The said fee is based on:

360 Hours at \$ 79.65 per hour for the 2018 fiscal year audit.

360 Hours at \$ 79.65 per hour for the 2019 fiscal year audit.

The Firm shall not receive as compensation an amount greater than the actual hours worked multiplied by the rate per hour for the applicable fiscal year. The Firm will receive no more than the agreed upon compensation no matter the number of hours worked except as provided in paragraph 18.

### Compliance with Laws and Professional Standards

4. The professional services will be performed in conformity with the following:
- A. Statements of financial accounting standards as prescribed by the Financial Accounting Standards Board and the Governmental Accounting Standards Board.
  - B. Government Auditing Standards, as required by the U.S. Government Accountability Office (The Yellow Book).
  - C. Specific grant compliance matters contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit

requirements of Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

- D. Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*, and other related Federal regulations.
- E. The Single Audit Act Amendments of 1996.
- F. Mississippi Code Annotated (1972 ) for compliance with applicable state laws.

#### Reportable Findings

- 5. The Firm shall report immediately to the College and the Office of the State Auditor any preliminary findings of possible fraud, misapplication or misappropriation of funds.

#### Termination of Contract

- 6. The College, with the written consent of the Office of the State Auditor, has the right to reject, at any time during the contract period, any work not meeting the terms of this contract. Should either reject any services, the College's or the Office of the State Auditor's authorized representative shall notify the Firm in writing of such rejection giving reason therefore. The right to reject services shall extend throughout the terms of this contract. However, prior to termination of this contract by the College, the College must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The College must obtain written approval from the Office of the State Auditor prior to terminating the contract.

#### Firm's Requirements of Services

- 7. The Firm shall provide a draft report and the workpapers, if requested, to the Office of the State Auditor for review and approval. This draft report must be provided to the Office of the State Auditor no later than March 7, 2019, for the fiscal year 2018 audit and February 15, 2020, for the fiscal year 2019 audit. Upon written notification by the Office of the State Auditor, the Firm shall make any necessary revisions to the report resulting from the review, and these revisions shall be made within two weeks of such notification. The records shall be maintained for at least five (5) years; however if any litigation or other legal action has begun that is not completed at the end of the five (5) year period, or if audit findings, litigation or other legal action has not been resolved at the end of the five (5) year period, the records shall be retained until resolution.

After the appropriate revisions, if any, have been made and the revised audit report has been accepted by the Office of the State Auditor, a written notification of this acceptance will be sent to the Firm notifying the Firm that all requirements of the Office of the State Auditor have been met and the audit report, as approved, may be released.

Responsibility of Firm to Distribute Audit Report

8. Upon the Firm's receipt of the written notification of acceptance, as referred to in paragraph 7 of this agreement, the Firm shall mail copies of the approved audit report per the following schedule:
- A. Two copies should be mailed to:
- Office of the State Auditor  
Attn: Contract Audit Review Section  
Post Office Box 956  
Jackson, MS 39205
- B. One copy should be mailed to:
- Recorder of Public Documents  
Mississippi Library Commission  
3881 Eastwood Drive  
Jackson, MS 39211
- C. One copy should be mailed to:
- Director of Internal Audit  
Mississippi Department of Education  
Post Office Box 771  
Jackson, MS 39205-0771
- D. Copies should be mailed to the College's levying authority or authorities, including the following:
- MS State Board for Community and Junior Colleges  
Attention: Deputy Executive Director for Finance and Administration  
3825 Ridgewood Road  
Jackson, MS 39211
- E. The Data Collection Form (Form SF-SAC) and one copy of the approved Single Audit reporting package, as required by Appendix X to Section 200 of Uniform Guidance, should be filed electronically with the Federal Audit Clearinghouse. Instructions for the filing may be accessed at <http://harvester.census.gov/fac/index.html>.
- F. The Firm shall provide 12 copies of the approved audit report to the College.

Engagement Letter

9. The Firm's engagement letter, dated 8/20/18, which contains the price quote, shall be incorporated as a part of this contract.

Progress Reports

10. The Firm shall keep on file monthly progress reports which detail the work completed during the month and shall make these reports available to the College and/or the Office of the State Auditor for review, if requested.

Payment

11. The Firm will be entitled to interim payments, which shall not exceed 70% of the contract amount for the applicable fiscal year, from the College. The Firm shall submit a final invoice for all work performed. This invoice shall provide the number of hours worked by each employee. The final payment of the annual contract amount will be paid by the College upon completion of the audit services and acceptance by the Office of the State Auditor and the College. The Firm will not be entitled to compensation from the College for correction of any deficient work found in the review by the Office of the State Auditor.

Approval

12. The authorized representative of the Office of the State Auditor is empowered to accept and approve, or reject the services furnished by the Firm in compliance with the provisions of this contract. No payment, including final payment, shall be construed as acceptance of defective or incomplete work and the Firm shall remain responsible and liable for full performance.

Contract Expiration

13. The contract shall expire 120 days after the final services have been rendered.

Ownership of Documents and Work Papers Upon Termination of Contract

14. The work papers remain the property of the Firm. All other files, notes, correspondence and all other data compiled during the audit shall be available without cost to the College and the Office of the State Auditor for examination and abstracting during normal business hours of any business day. The records shall be maintained for at least five (5) years as required in paragraph 7 of this contract. If, through any cause, the Firm shall fail to fulfill in a timely and proper manner, as determined by the College and/or the Office of the State Auditor, its obligations under this contract, or if the Firm shall violate any of the covenants, agreements, or stipulations of this contract, the College, with the written consent of the Office of the State Auditor, shall thereupon have the right to terminate this contract by giving written notice to the Firm of such termination and specifying the effective date of such termination. However, prior to termination of this contract by the College, the College must provide written justification

to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The College must obtain written approval from the Office of the State Auditor prior to terminating the contract. Furthermore, the Firm should notify the Office of the State Auditor and the College as soon as possible if the deadlines cannot be met. In the event the contract is terminated, the Firm will provide reasonable assistance to successor auditors in accordance with the applicable professional standards.

#### Reduction of Compensation

15. If the Firm fails to meet the submission date by less than thirty days for the draft report and/or workpapers submitted to the Office of the State Auditor for review and approval or by less than thirty days from the completion date for the final reports and/or corrections to the workpapers prescribed herein, the College may reduce the agreed compensation by an amount not to exceed ten percent of the total contract price for the applicable fiscal year. If reports and/or corrections to the workpapers are overdue by 30 days or more, the College may reduce the agreed compensation by an amount not to exceed twenty percent of the total contract price for the applicable fiscal year.

#### Contract Termination Compensation

16. The College, with the written consent of the Office of the State Auditor, may terminate this contract at any time, for any reason other than those reasons contained in paragraph 14 above, by giving written notice to the Firm of such termination and specifying the effective date thereof, at least ten days before the effective date of such termination. However, prior to termination of this contract by the College, the College must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The College must obtain written approval from the Office of the State Auditor prior to terminating the contract. In the event the contract is terminated, the Firm will provide reasonable assistance to successor auditors in accordance with the applicable professional standards. If the contract is terminated by the College and/or the Office of the State Auditor as provided herein, the Firm will be paid an amount which bears the same ratio to the total services of the Firm covered by the contract as supported by detailed invoices submitted to the College by the Firm identifying hours worked on the contract.

#### Termination of Contract

17. In the event the College and/or the Office of the State Auditor exercises its right to terminate this contract pursuant to paragraph 6 and/or paragraph 14 of this contract, the Firm shall bear all costs associated with the issuance of a new contract. However, prior to termination of this contract by the College, the College must provide written justification to the Office of the State Auditor documenting the reasons for requesting the contract be terminated. The College must obtain written approval from the Office of the State Auditor prior to terminating the contract. Also, the Firm shall notify the College and the Office of the State Auditor of any potential conflict of interest resulting

from service to other clients. If such conflict cannot be resolved to the College's satisfaction, the College reserves the right to terminate this contract with the written consent of the Office of the State Auditor.

#### Modification or Renegotiation

18. The College, Office of the State Auditor, or the Firm may request changes in the scope of services to be performed by the Firm. Such changes, including any increase or decrease in the amount of the Firm's compensation, which are mutually agreed upon by and between the College, or its duly authorized representative, and the Firm, shall be included in written amendments to this contract and subject to approval by the Office of the State Auditor.

#### Contractor Requirements

19. The Firm shall, during the entire term of this contract, be construed to be an independent contractor. Nothing in this contract is intended to nor shall be construed to create an employer-employee relationship, or a joint venture relationship.

The Firm represents that it is qualified to perform the duties to be performed under this contract and that it has, or will secure, if needed, at its own expense, applicable personnel who are qualified to perform the duties required under this contract. Such personnel shall not be deemed in any way, directly or indirectly, expressly or by implication, to be employees of the College.

Any person assigned by the Firm to perform the services hereunder shall be an employee or a subcontractor of the Firm who shall have the sole right to hire and discharge its employees or subcontractors.

The Firm or its subcontractors shall pay, when due, all salaries and wages of their employees and accepts exclusive responsibility for the payment of federal income tax, social security, unemployment compensation and any other withholdings that may be required.

Neither the Firm, its subcontractors nor their employees are entitled to state retirement or leave benefits.

It is further understood that the consideration expressed herein constitutes full and complete compensation for all services and performance hereunder, and that any sum due and payable to the Firm shall be paid as a gross sum with no withholdings or deductions being made by the College for any purpose from said contract sum, except as permitted in paragraphs 14, 15 and 16.

Indemnification: To the fullest extent allowed by law, the Firm shall indemnify, defend, save and hold harmless, protect, and exonerate the College, its officers, employees, agents and representatives, and the State of Mississippi from and against all claims, demands, liabilities, suits, actions, damages, losses and costs of every kind and nature whatsoever, including, without limitation, court costs, investigative fees and expenses,



and attorneys' fees, and claims for damage arising out of or caused by the firm and/or its partners, principals, agents, employees and/or subcontractors in the performance of or failure to perform this Contract.

Third Party Action Notification: The Firm shall notify the College in writing within five (5) business days of its receipt of liquidation or receivership proceedings or within five (5) business days of its receipt of notification of any action or suit being filed or any claim being made against the Firm or the College by any entity that may result in litigation related in any way to this Contract and/or which may affect the Firm's performance under this Contract. Failure of the Firm to provide such written notice to the College shall be considered a material breach of this Contract and the College may, at its sole discretion, pursue its rights as set forth in the Termination clauses herein and any other remedies it may have at law or in equity.

#### Confidential Information

20. The Firm will be granted access to all client and claimant information necessary for completion of the audit services described herein. The Firm and the Office of the State Auditor assure the College that any and all information regarding clients and claimants of the College will be kept strictly confidential. Any use or release of client or claimant information for purposes other than to fulfill the Firm's or the Office of the State Auditor's responsibilities under this contract must have the prior written approval of the College.

#### Contract Governance

21. This contract shall be construed and governed in accordance with the laws of the State of Mississippi, and venue for the resolution of any dispute shall be Jackson, Hinds County, Mississippi. The Firm expressly agrees that under no circumstances shall the Office of the State Auditor and/or the College be obligated to pay an attorney's fee or the cost of legal action to the Firm.

#### Disputes and Arbitration

22. Any dispute concerning a question of fact arising under this contract shall be disposed of by good faith negotiation between duly authorized representatives of the College, the Office of the State Auditor, and the Firm. Such a resolution shall be reduced to writing and a copy thereof mailed or furnished to the Firm and shall be final and conclusive. If a resolution cannot be reached, the Firm shall mail or furnish to the College and the Office of the State Auditor a written request for review. The Firm shall be afforded an opportunity to be heard and to offer evidence in support of his/her/its position on the issue in dispute and under review. The review will be handled under a three (3) person panel for arbitration composed of the Director of the Financial and Compliance Audit Division, the Director of Technical Assistance and the Director of the Contract Audit Review Section. The decision of the Arbitration Panel of the Office of the State Auditor on the review shall be final and conclusive unless determined by a court of competent jurisdiction in Hinds County, State of Mississippi, to have been fraudulent, capricious, or so grossly erroneous as necessarily to imply bad faith, or not be supported by

substantial evidence. Pending final decision of a dispute hereunder, the Firm shall proceed diligently with the performance of the duties and obligations of the contract.

#### Compliance with Laws

23. The Firm shall comply with all applicable laws, regulations, policies and procedures, and grant requirements (if applicable) of the United States of America or any agency thereof, the State of Mississippi or any agency thereof and any local governments or political subdivisions that may affect the performance of services under this contract. Specifically, but not limited to, the Firm shall not discriminate against any employee nor shall any party be subject to discrimination in the performance of this contract because of race, creed, color, sex, age, national origin or disability.

#### Change in Scope of Work

24. Modification, changes or amendments to this contract may be made upon mutual agreement of the parties hereto. However, any change, supplement, modification or amendment of any term, provision or condition of this contract must be in writing and signed by all parties hereto.

#### Assignment

25. The Firm shall not assign or otherwise transfer the obligation incurred on its part pursuant to the terms of this contract without the prior written consent of the College and the Office of the State Auditor. Any attempted assignment or transfer of its obligations without such consent shall be null and void. All obligations and duties of either party under this contract shall be binding on all successors in interest or assigns of such party.

#### Failure to Enforce

26. Failure of any party hereto to insist upon strict compliance with any of the terms, covenants and conditions hereof shall not be deemed a waiver or relinquishment of any similar right or power hereunder at any subsequent time or of any other provision hereof, nor shall it be construed to be a modification of the terms of this contract.

#### Availability of Funds

27. It is expressly understood by the parties hereto that the fulfillment of the obligations of the College under this agreement is conditioned upon the availability and receipt of funds. In the event that funds are insufficient or otherwise unavailable to satisfy payment due under this agreement, the College shall not be obligated to make such payments, and all further obligations of the College under this agreement shall cease immediately, without penalty, cost or expense to the College of any kind whatsoever. In the event of such insufficiency or unavailability of funding, the College shall notify the Firm in writing, of such event, and this agreement shall be void.

### Insurance Requirements

28. Firm represents that it will maintain workers' compensation insurance, if applicable, which shall inure to the benefit of all Firm's personnel provided hereunder, comprehensive general liability or professional liability insurance, and where applicable, employee fidelity bond insurance.

### Severability

29. If any term or provision of this contract is prohibited by the laws of the State of Mississippi or declared invalid or void by a court of competent jurisdiction, the remainder of this contract shall not be affected thereby and each term and provision of this contract shall be valid and enforceable to the fullest extent permitted by law.

### Entire Agreement

30. This contract constitutes the entire agreement of the parties with respect to the subject matter contained herein and supersedes and replaces any and all prior negotiations, understandings and agreements, written or oral, between the parties relating thereto.

### Address Changes

31. The parties agree to promptly notify each other of any change of address.

### Employee Status Verification System

32. Firm represents and warrants that it will ensure its compliance with the Mississippi Employment Protection Act (Senate Bill 2988 from the 2008 Regular Legislative Session) and will register and participate in the status verification system for all newly hired employees. The term "employee" as used herein means any person that is hired to perform work within the State of Mississippi. As used herein, "status verification system" means the Illegal Immigration Reform and Immigration Responsibility Act of 1996 that is operated by the United States Department of Homeland Security, also known as the E-Verify Program, or any other successor electronic verification system replacing the E-Verify Program. Firm agrees to maintain records of such compliance and, upon request of the State, to provide a copy of each such verification to the State. Firm further represents and warrants that any person assigned to perform services hereunder meets the employment eligibility requirements of all immigration laws of the State of Mississippi. Firm understands and agrees that any breach of these warranties may subject Firm to the following: (a) termination of the Agreement and ineligibility for any state or public contract in Mississippi for up to three (3) years, with notice of such cancellation/ termination being made public, or (b) the loss of any license, permit, certification or other document granted to firm by an agency, department or governmental entity for the right to do business in Mississippi for up to one (1) year, or (c) both. In the event

of such termination/cancellation, Firm would also be liable for any additional costs incurred by the State due to contract cancellation or loss of license or permit."

#### Representation Regarding Contingent Fees

33. The Firm represents that it has not retained a person to solicit or secure a State contract upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except as disclosed in the contractor's bid or proposal (if applicable).

#### Representation Regarding Gratuities

34. The Firm represents that it has not violated, is not violating, and promises that it will not violate the prohibition against gratuities set forth in Section 7-204 (Gratuities) of the "Mississippi Personal Service Contract Procurement Regulations."

#### Certification of Independent Price Determination

35. The Firm certifies that the price submitted in response to the solicitation has been arrived at independently and without - for the purpose of restricting competition - any consultation, communication, or agreement with any other bidder or competitor relating to the price, the intention to submit a bid, or the methods or factors used to calculate the price bid.

#### Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions

36. The Firm certifies to the best of its knowledge and belief, that it and its principals:
- A. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - B. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - C. Are not presently indicted or otherwise criminally or civilly charged by a government entity (Federal, State or local) with commission of any of the offenses enumerated in item b. of this certification; and
  - D. Have not within a three-year period preceding this contract had one or more public transactions (Federal, State or local) terminated for cause or default.

Whistleblower Protection

37. Section 1553 of Division A, Title XV of the American Recovery and Reinvestment Act of 2009, P.L. 111-5, provides protections for certain individuals who make specified disclosures relating to Recovery Act funds. Any non-federal employer receiving recovery funds is required to post a notice of the rights and remedies provided under this section of the Act.

In witness of where this contract has been entered into and executed by the parties hereto in triplicate originals.

### COLLEGE REPRESENTATIVE

Itawamba Community College

COLLEGE:

Sandi Smith

SIGNED:

April Padgett

WITNESS:

Executive Director of Finance

TITLE

DATE: 2/21/19

### FIRM REPRESENTATIVE

Franks, Franks, Wilenow & Hagood, P.A.

CPA FIRM:

By [Signature]

SIGNED:

Partner / CAE

TITLE:

DATE: 2/21/19

April Padgett

WITNESS:

### OFFICE OF THE STATE AUDITOR

Stephan Palmer

SIGNED:

Veronica M. Barton

WITNESS:

TITLE: Director, Financial and Compliance Audits

DATE: 3/18/19

P.O. Box 731  
Tupelo, MS 38802  
(662) 844-5226

P.O. Box 355  
Fulton, MS 38843  
(662) 862-4967



FRANKS | FRANKS | WILEMON | HAGOOD

[www.ffwhcpa.com](http://www.ffwhcpa.com)

Partners

Gary Franks, CPA

Bryon Wilemon, CPA

Jonathan Hagood, CPA

Rudolph Franks, CPA (emeritus)

August 20, 2018

Itawamba Community College  
602 W. Hill Street  
Fulton, MS 38843

We are pleased to confirm our understanding of the services we are to provide Itawamba Community College for the years ended June 30, 2018 and 2019. We will audit the financial statements of Itawamba Community College, which comprise the statement of net position as of June 30, 2018 and 2019, and the related statements of revenues, expenses, and changes in net position, and the statement of cash flows for the years then ended, along with the related notes to the financial statements. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Itawamba Community College's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to Itawamba Community College's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis.
- 2) Schedule of College's Proportionate Share of the Net Pension Liability
- 3) Schedule of College's Contributions

We have also been engaged to report on supplementary information other than RSI that accompanies Itawamba Community College's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole.

- 1) Schedule of Federal Financial Assistance

**Audit Objective**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material

effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that state that the purpose of the report on internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include test of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of Directors of Itawamba Community College. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit Compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or may withdraw from this engagement.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of federal financial assistance; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing,



and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Itawamba Community College's compliance with the provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of Itawamba Community College's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

### **Other Services**

We will also assist in preparing the financial statements, schedule of federal financial assistance, and related notes of Itawamba Community College in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of federal financial assistance, and related notes as previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

### **Management Responsibilities**

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over federal awards, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of federal financial assistance, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information

as needed to perform an audit under Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of federal financial assistance (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of federal financial assistance in any document that contains and indicates that we have reported on the schedule of federal financial assistance. You also agree to [include the audited financial statements with any presentation of the schedule of federal financial assistance that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of federal financial assistance no later than the date the schedule of federal financial assistance is issued with our report thereon.] Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the schedule of federal financial assistance in accordance with Uniform Guidance; (2) you believe the schedule of federal financial assistance, including its form and content, is fairly presented in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of federal financial assistance.

You are responsible for the preparation of the supplementary information in conformity, which have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include our report on the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon]. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of federal financial assistance, and related notes and that you have reviewed and approved the financial statements, schedule of federal financial assistance, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

## **Engagement Administration, Fees, and Other**

We may from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of this audit, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of federal financial assistance, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearing house. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

We will provide copies of our reports to Itawamba Community College; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Franks, Franks, Wilemon & Hagood, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the Department of Education or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Offices for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Franks, Franks, Wilemon & Hagood, P.A. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Department of Education. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately December 15th and to issue our reports no later than March 31st. Bryon Wilemon is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses will be \$28,675. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be at the completion of the audit and are payable within twenty days. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. 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.

We appreciate the opportunity to be of service to Itawamba Community College and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Franks, Franks, Wilemon & Hagood P.A.

Franks, Franks, Wilemon & Hagood, P.A.

RESPONSE:

This letter correctly sets forth the understanding of Itawamba Community College.

Management signature: Sameli Saeeth

Title: Executive Director of Finance

Date: \_\_\_\_\_