



March 14, 2022

Mr. Christopher Gastrock
Board President
Wellsboro Area School District

Via email c/o Ms. Brenda Freeman: Bfreeman@wellsborosd.org

Re: **Full Accounting – Wellsboro Area School District**

Dear Mr. Gastrock:

This letter constitutes an agreement between Wellsboro Area School District (“WASD”) and RKL, LLP (hereafter, “RKL”), under which RKL will conduct a review (“Review”) of financial records and certain transactions of WASD. The following paragraphs outline the proposed scope of services, expected reporting, arrangements for staffing, standard hourly rates, and standard terms and conditions.

SCOPE OF SERVICES

The purpose of the Review is to evaluate the financial records available and provide our expert opinion as to the condition of these financial records based on interviews with WASD employees, and testing of certain financial transactions.

Specifically, our Review consists of the following procedures:

- 1) Meeting with you and Brenda Freeman, Superintendent, to obtain a background of the key issues as well as records available for review;
- 2) Interview key employee(s) to gain an understanding of WASD’s accounting system and walk through of procedures and transactional processing;
- 3) Review of Wellsboro Area School District Financial Statement and Single Audit Reports for years ended June 30, 2020 and 2021;
- 4) Analysis of Auditor proposed year end journal entries for the fiscal year ended June 30, 2021;
- 5) Review of account and bank reconciliation process and completed reconciliations (if prepared) for the period January 2021 through December 2021, with emphasis on the following funds:
 - Cafeteria
 - Payroll
 - General Fund – Checking
 - General Fund – Money Market

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- 6) Review of opening balances recorded in WASD's Keystone accounting system during the system conversion;
- 7) Testing sample of postings during fiscal year end June 30, 2021, to ascertain appropriateness of batch/recurring postings in the General Ledger;
- 8) Discussions with Keystone software representative to understand system conversion process and outcomes;
- 9) Review of IU correspondence relevant to engagement.

On connection with Phase 1, we expect document requests to include:

- Audit report for 06/30/20
- Fund rollforwards for fiscal years ending in 06/30/20 and 06/30/21
- Trial balances:
 - By fund for fiscal year ending 06/30/20
 - For software conversion go-live date 07/01/20 (from prior software CSIU and new Keystone)
 - By fund for fiscal year ending 06/30/21
 - By fund through 12/31/21
- General ledger detail:
 - For fiscal year ending in 06/30/20
 - For fiscal year ending in 06/30/21
 - For current fiscal YTD through 12/31/21
- Bank statements and related reconciliations for 06/30/21 and 12/31/21
- Investment statements and account reconciliations for 06/30/21 and 12/31/21
- AP aging schedule and account reconciliation(s) for 06/30/21 and 12/31/21

Note: Work is expected to be performed remotely. A secure link will be provided for upload of requested documents.

At the conclusion of Phase 1, we will meet with you (virtual via Zoom) to provide our professional opinion on the following:

- a) Condition of the financial records;
- b) Results from Phase 1 testing;
- c) The effectiveness of the accounting system;
- d) Recommended course of action going forward, including proposed workplan for Phase 2 ("Phase 2 Workplan"), if requested.

Fees for Phase 1: \$18,000

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Phase 2: PREPARATION OF FINDINGS REPORT

Phase 2 will include preparation of a written Findings Report. We will discuss the form of the Findings Report with you and your Solicitor prior to its preparation.

Phase 2 will also include execution of the Phase 1 Workplan, if requested by WASD.

Fees for Phase 2 will be billed at standard hourly rates.

STAFFING AND FEES

I will design and supervise all facets of the Review. Significant professional assistance will be provided by Jonathan Armstrong, CPA. Fees for hourly services will be based on standard hourly rates for each individual involved in the engagement, which are as follows:

| | |
|--------------------|---------------|
| Partners | \$390 - \$470 |
| Senior Consultants | \$150 - \$225 |
| Staff | \$100 - \$150 |

Any change in scope would be discussed with you as the engagement progresses. Examples include, but are not limited to; additional examination procedures requested by you, as well as consideration of new facts or information received after the Review is completed.

It is understood that RKL has been retained for this engagement by WASD. Invoices will be sent monthly to you and are due upon receipt. Interest will accrue on any overdue balances.

STANDARD TERMS AND CONDITIONS

Disclosure of Workpapers and Report

Our workpapers and any resulting reports are to be used only in connection with this particular engagement. *Our workpapers and written report may not be published or used in any other manner without the written consent of RKL.*

Scope Limitation

Due to the nature of forensic work, it is understood that there could be scope limitations placed on the Review due to destroyed documents or information which is determined to be unavailable. If at all possible, we will work within any scope limitations. However, should we be unable to reconstruct certain records due to these restrictions, we will notify you immediately. At that time, we will take direction from you as to the conclusion of the Review.

Limitation of Action

No action, whether based on contract, product liability, or tort, including any action based on negligence, or any other legal theory arising out of the performance of this engagement, may be brought by either party more than two (2) years after the party knew or should have known of the breach or damage (whichever is first), except that an action for non-payment may be brought within two (2) years of the date of the last payment.

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Termination

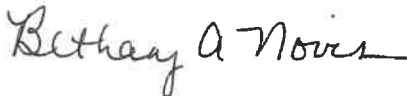
If either, WASD or RKL fails to perform its obligations under this Agreement, the other party shall have the right to terminate this Agreement. In such an event, RKL shall have the right to suspend performance of services hereunder without any further liability to you whatsoever. In the event of termination by either party, a final invoice will be prepared to reflect all billable services and expenses incurred by RKL through the termination date and presented to you for payment in accordance with the fee terms set forth above.

Summary

This agreement will become effective as soon as you sign and date the original copy of this letter and return the signed copy to us. If the need for additional services arises, our agreement with you will need to be revised. It is customary for us to describe these revisions in an addendum to this letter.

Sincerely,

RKL LLP



Bethany A. Novis, CPA/ABV, CVA, CFE
Partner, Consulting Services Group

ACCEPTANCE OF TERMS:

Mr. Christopher Gastrock, Board President
Wellsboro Area School District

Signature

Date