

Kentucky Equal Justice Center

Audit Committee Minutes

July 21, 2017

Board Members Present: Bob Brown (Chair), Mary O’Doherty (Treasurer); Chris Frost (Board Chair, ex officio).

KEJC Staff Present: Rich Seckel (Director).

The KEJC Audit Committee convened by conference call at 11:00 a.m. on July 21, 2017, with KEJC Board Chair Chris Frost participating ex officio.

The task before the committee was to make a recommendation on audit bids.

As directed by board motion, Director Rich Seckel had obtained five bids, including one from current auditor Vickie Richardson. Several weeks before the meeting, he had distributed the bids to the committee and Board Chair, with an evaluation grid that included a summary of proposed charges.

Bob Brown volunteered to chair the call. Members discussed the bids, including any knowledge they had of the firms bidding, their perceptions of the comparability of services and the costs. Members noted that Ms. Richardson’s bid was almost \$3,000 cheaper for 2016 than the closest other bid, with similar differences in future years.

Members discussed the function of the audit, the qualifications of the bidders, the “fresh pair of eyes” opportunity and the cost.

Motion: Mary O’Doherty moved to recommend that the board accept the 3-year proposal of Vickie C. Richardson, CPA, PSC, to conduct an audit and prepare the IRS 990 for KEJC for FY 2016, 2017 and 2018.

Second: Bob Brown

Action: Approved unanimously

Board members present suggested that Rich provide a copy of Ms. Richardson’s bid to the Board for review. Rich said he would.

Reported by:

Richard J. Seckel, Director
July 21, 2017

PROPOSAL TO PROVIDE
PROFESSIONAL SERVICES TO

**KENTUCKY EQUAL
JUSTICE CENTER**

VICKIE C. RICHARDSON, CPA, PSC
114 EAST HIGH STREET
MT. STERLING, KY 40353
(859) 498-6868

May 18, 2017

TABLE OF CONTENTS

	<u>Page</u>
Transmittal Letter.....	1-2
Section I	
Office Information.....	3
Experience and References.....	4
Resume.....	5
Section II	
Audit Approach.....	6-9
Section III	
Audit/Review/Tax Hours and Fees.....	10-12

Vickie C. Richardson, CPA, PSC

*114 East High Street
Mount Sterling, KY 40353*

May 19, 2017

Kentucky Equal Justice Center
Richard J. Seckel, Director
201 West Short Street, Ste. 310
Lexington, KY 40507

Dear Mr. Seckel:

I am very pleased to have the opportunity to present my qualifications and submit my proposal to provide assistance to Kentucky Equal Justice Center (KEJC) in performing audit and tax services for the year ended December 31, 2016.

Preparation of this proposal gives me the opportunity to display my knowledge and experience. As part of my proposal, I make the following representations to you:

- A. Vickie C. Richardson, CPA, PSC is a corporation.
- B. Vickie C. Richardson, CPA, PSC is a properly licensed Certified Public Accounting firm.
- C. Vickie C. Richardson, CPA, PSC is enrolled in the AICPA peer review program. Attached to this proposal is the most recent peer review report that Vickie C. Richardson, CPA, PSC has received.
- D. Vickie C. Richardson, CPA, PSC has not received any disciplinary action, nor has any pending, with any state regulatory bodies or professional organizations.
- E. This proposal is a firm and irrevocable offer and shall remain valid until two months after the closing date of the receipt of the proposals.
- F. Vickie C. Richardson, CPA, PSC does not have a professional relationship with KEJC.

I am personally a member of the American Institute of Certified Public Accountants and the Kentucky Society of Certified Public Accountants. These professional organizations provide me many valuable resources.

Mr. Richard Seckel
May 19, 2017
Page 2

I welcome this opportunity for you to review my credentials. I am available to meet with you to discuss my qualifications or to furnish you with any additional information.

Sincerely,

Vickie C. Richardson, CPA, PSC

SECTION I

VICKIE C. RICHARDSON, CPA, PSC

OFFICE INFORMATION

Vickie C. Richardson, CPA, PSC is located at 114 East High Street in Mt. Sterling, Kentucky. Mt. Sterling is approximately 35 miles east of Lexington.

Vickie C. Richardson, CPA, PSC opened in December 2002.

Vickie C. Richardson, CPA, PSC employs one full-time professional, one full-time and two part-time support staff.

VICKIE C. RICHARDSON, CPA, PSC

EXPERIENCE AND REFERENCES

Experience

I am very familiar with the environment of not-for-profit accounting. Acting as the audit manager at the firms I was employed before opening Vickie C. Richardson, CPA, PSC, and as the owner of Vickie C. Richardson, CPA, PSC, I have performed several audits, reviews and agreed upon procedures over the last nineteen years, and the majority of those were for not-for-profit organizations.

References

Vickie C. Richardson, CPA, sole shareholder of Vickie C. Richardson, CPA, PSC, performed the 2016 audits for:

Family Resource and Youth Services Coalition of KY, Inc., Lexington, Kentucky
Michael Jones, Manger 859-333-4209

Southern Sustainable Agriculture Working Group, Mt. Sterling, Kentucky
Steve Muntz, Executive Director 859-498-0678

Nicholas County Senior Citizens Center, Carlisle, Kentucky
Angela Gonzales, Executive Director 859-289-3729

Resume

Attached is my biographical resume. I am a licensed certified public accountant in the state of Kentucky.

VICKIE C. RICHARDSON, CPA

POSITION: Sole Shareholder/President

EDUCATION: Bachelor of Science in Accounting, University of Kentucky, Cum Laude

PROFESSIONAL
EXPERIENCE:

I have nineteen years experience in public accounting. I have worked with Crowe Chizek and Company; Radwan, Brown & Company, PSC; Ruth G. Lawton, CPA, PSC; and now I own Vickie C. Richardson, CPA, PSC. My public accounting experience includes not-for-profit, governmental and other business audits and taxation of the same types of industries. I also have 15 years of experience in banking, with 10 of those years in bank auditing.

AFFILIATIONS:

Member, American Institute of Certified Public Accountants
Member, Kentucky Society of Certified Public Accountants
Graduate of Leadership Montgomery County
Past Treasurer, Christian Traditional School
Member, First Church of God Mt. Sterling
Member, Mt. Sterling/Montgomery County Chamber of Commerce
Past Treasurer, Montgomery County Arts Council
Treasurer, Mary Melissa Cancer Foundation, Inc.
Treasurer, Montgomery County High School Swim Boosters, Inc.
Treasurer, Swimchester Sailfish, Inc.
Treasurer, Sterling Community Food Coalition, Inc.

SECTION II

VICKIE C. RICHARDSON, CPA, PSC

AUDIT APPROACH

The following workplan will be used in providing audit services. The work plan is segmented to properly address each specific work area.

Engagement Letter

I will issue an engagement letter by July 14, 2017 which I will sign and ask the President of the Board of Directors to sign. The engagement letter will be the contract between Vickie C. Richardson, CPA, PSC and the Kentucky Equal Justice Center (KEJC).

The engagement letter will define my responsibilities as auditor under auditing standards generally accepted in the United States. The letter will also define management's responsibilities, including the requirements for estimates and judgments and significant audit adjustments.

Audit Objective

I will perform a financial statement audit to determine whether the financial statements of KEJC present fairly the financial position and results of operations in accordance with generally accepted accounting principles.

I will issue audited financial statements and all other applicable reports no later than September 26, 2017. The audit will be performed in accordance with U.S. generally accepted auditing standards.

Audit Planning and Analytical Procedures

Prior to beginning the audit, I will obtain a knowledge and understanding of the external and internal characteristics of KEJC by reviewing legal requirements, reporting requirements, accounting policies, and operating and administrative characteristics.

Additionally, I will apply preliminary analytical procedures to improve my understanding of the operations and to identify audit areas requiring increased attention. The analytical procedures will include comparing prior year and current year balances and assessing the reasons for any material variations and designing audit procedures for areas requiring increased attention.

Materiality Levels

Materiality levels will be determined at the financial statement level. The greater of total assets or total revenue adjusted for items deemed appropriate to be excluded, will be the base for the materiality calculation. To the base will be applied a percentage ranging between 5% and 10%.

Internal Control Structure and Assessing Control Risk

I will obtain an understanding of the control environment, the accounting system, and control procedures. This understanding will be used to identify types of potential misstatements, consider factors affecting audit risk, and to design substantive tests. I will make inquiries of personnel, inspect documents and observe activities in order to obtain an understanding of the control environment.

Audit Plan and Audit Programs

My audit plan will include audit programs for each audit area, such as cash, investments, etc. I will customize audit programs acquired from a commercial vendor.

Sampling Techniques and Other Tests

The sampling techniques used in test of controls and substantive tests of transaction types and account balances will be based on a non-statistical sampling plan using randomly selected transactions.

Individually significant items will be determined based on materiality.

Analytical procedures will be used in planning the audit and, when possible, as predictive tests of account balances.

Outside confirmations will be used to support balance sheet and other transaction accounts as deemed appropriate in the circumstance.

Control testing will be conducted by inspection, inquiry, observation, and/or sampling where appropriate.

Documenting and Collecting Evidence

The sample design used will be documented in my workpapers. My workpapers will include detail of the procedures performed in each audit area which is my means for documenting the collection of evidence. My audit evidence will also include retaining all confirmations and obtaining copies of all pertinent contractual documents.

Other Audit Procedures

I will also perform the following audit procedures:

1. Test for and inquire about any commitments and contingencies.
2. Make inquiries of legal counsel.
3. Summarize and disclose any related party information.
4. Request representations from management.
5. Perform analytical procedures as an overall review of the financial information.
6. Perform a financial-related audit of subsequent events for the period from the audit date until the date of the auditor's report.

Developing Audit Reports

The results of my audit procedures, performed in accordance with auditing standards generally accepted in the United States, will provide the basis for my audit report. If I become aware of any information during the audit which will preclude me from issuing an unqualified report, I will discuss this with the appropriate level of personnel immediately.

I will also utilize disclosure checklists acquired from a commercial vendor to assure compliance with reporting and disclosure standards.

Other Matters

1. Vickie C. Richardson, CPA, PSC has reviewed and is aware of its responsibilities as outlined in the Request for Proposal.
2. Workpapers will be retained by Vickie C. Richardson, CPA, PSC, for a period of three (3) years unless notified in writing by KEJC that the retention period has been extended. Workpapers will be made available to representatives of KEJC.
3. Vickie C. Richardson, CPA, PSC will communicate in a letter to management any reportable conditions found during the audit including a list of any unresolved findings and weaknesses from the financial audit.

4. Vickie C. Richardson, CPA, PSC will inform the Board of Directors of the following:
 - a) Disagreements with management.
 - b) Difficulties encountered in performing the audit.
 - c) Major issues discussed with management.

SECTION III

VICKIE C. RICHARDSON, CPA, PSC

AUDIT HOURS

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Shareholder	12	\$ 125.00	\$115.00	\$1,380
Accounting Professional	32	75.00	75.00	2,400
Clerical	<u>6</u>	<u>50.00</u>	<u>40.00</u>	<u>240</u>
Total all-inclusive maximum price for 12/31/16 Audit				<u>\$4,020</u>
Shareholder	12	\$ 125.00	\$115.00	\$1,380
Accounting Professional	32	75.00	75.00	2,400
Clerical	<u>6</u>	<u>50.00</u>	<u>40.00</u>	<u>240</u>
Total all-inclusive maximum price for 12/31/17 Audit				<u>\$4,020</u>
Shareholder	12	\$ 125.00	\$115.00	\$1,380
Accounting Professional	32	80.00	80.00	2,560
Clerical	<u>6</u>	<u>50.00</u>	<u>40.00</u>	<u>240</u>
Total all-inclusive maximum price for 12/31/18 Audit				<u>\$4,180</u>

Fees for additional services will be agreed upon by both KEJC and Vickie C. Richardson, CPA, PSC before additional services are provided.

VICKIE C. RICHARDSON, CPA, PSC
REVIEW HOURS, IN LIEU OF AUDIT

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Shareholder	8	\$ 125.00	\$115.00	\$ 920
Accounting Professional	22	75.00	75.00	1,650
Clerical	<u>6</u>	<u>50.00</u>	<u>40.00</u>	<u>240</u>
Total all-inclusive maximum price for 12/31/16 Review				<u>\$2,810</u>

VICKIE C. RICHARDSON, CPA, PSC

TAX RETURN HOURS

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Software and processing			\$130.00	\$ 130
Shareholder	4	\$ 125.00	\$125.00	<u>500</u>
Total all-inclusive maximum price for 12/31/16 Tax Return Preparation				<u>\$ 630</u>
Software and processing			\$130.00	\$ 130
Shareholder	4	\$ 125.00	\$ 125.00	<u>500</u>
Total all-inclusive maximum price for 12/31/17 Tax Return Preparation				<u>\$ 630</u>
Software and processing			\$135.00	\$ 135
Shareholder	4	\$ 125.00	\$ 125.00	<u>500</u>
Total all-inclusive maximum price for 12/31/18 Tax Return Preparation				<u>\$ 635</u>