



# Proposal for Auditing and Accounting Services

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*For Innovations Academy Charter School*

**Wilkinson Hadley King & Co. LLP**  
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# PROFILE OF WILKINSON HADLEY KING & CO. LLP

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The firm of Wilkinson Hadley King & Co. LLP was formed in January 2002 and is a local accounting firm consisting of four partners, one senior manager, two managers, 12 audit staff, and two clerical positions. The partners of the firm have collectively more than 50 years of experience in auditing school districts, charter schools, governmental agencies, and nonprofit organizations. In addition, managers and staff have collectively more than 35 years of experience in auditing school districts, charter schools, governmental agencies and nonprofit organizations. As the firm has grown over the last several years, we have recently opened a new office in Emeryville to better serve our clients in the bay area. The firm now maintains two offices located in El Cajon, California and Emeryville, California. The work for this audit will be completed by the El Cajon office.

Mr. P. Robert Wilkinson, senior partner, has been actively involved for more than 35 years in performing annual audits of local school districts, charter schools, governmental agencies, and nonprofit organizations. In January 2002, Mr. Wilkinson formed a partnership with Mr. Brian K. Hadley. In forming the new partnership, Mr. Wilkinson assembled a staff of well qualified employees who had worked with him while auditing governmental agencies and school districts. In 2006 the partnership added Ms. Aubrey W. King as a partner. More recently, in 2016 Mr. Kevin Sproul was added as a partner. All staff receive extensive training and have experience in auditing school districts, charter schools, governmental and nonprofit organizations. The staff of Wilkinson Hadley King & Co LLP have the dedication and experience to be of great assistance to the School in performing your annual audits and assisting you with other services that may be needed. The firm does not have any records of substandard audit work.

## **Independence**

The firm of Wilkinson Hadley King & Co. LLP is independent of the School as defined by Generally Accepted Auditing Standards and the U.S. General Accounting Offices *Government Auditing Standards*.

## **Services**

The firm of Wilkinson Hadley King & Co. LLP is a full-service accounting firm providing professional accounting, auditing, tax, and management advisory services for our clients.

The following represents services performed for the year ended December 31, 2016:

Audits of K-12 School Districts	43
Audits of Charter Schools	75
Audits of County Offices of Education	2
Audits of Community Colleges	1
Audits of Other Governmental or Nonprofit Organizations	19
Total Audits Performed	<u>140</u>
Tax Returns for Nonprofit Organizations (Form 990)	72
Tax Returns for Corporations (Form 1120)	64
Tax Returns for Partnerships (Form 1065)	55
Tax Returns for Trusts (Form 1041)	32
Tax Returns for Individuals (Form 1040)	772
Total Tax Returns Prepared	<u>995</u>

### **License to Practice in California**

Wilkinson Hadley King & Co. LLP is a licensed Certified Public Accounting firm in the state of California.

### **Continuing Professional Education**

All staff meet the requirements for performing audits in accordance with *Governmental Auditing Standards* as well as *Yellow Book Standards*. According to these standards all staff performing Single Audits under OMB Circular A-133 must have a minimum of 80 hours of continuing professional education every two years. Included in the 80 hours of continuing professional education is a requirement for all staff to have a minimum of 24 hours per year of governmental accounting related courses. The firm selects courses related to school district, charter school, governmental and nonprofit auditing.

### **Partner and Staff Rotation**

Wilkinson Hadley King & Co. LLP is committed to ensuring your School receives the best auditing services available on a year to year basis. As part of our firm's quality control we provide for partner and staff rotation on each engagement. This process ensures to our clients that a fresh set of eyes reviews each years' financial information and provides the quality control that our clients desire.

### **Engagement Partner**

P. Robert Wilkinson, CPA will be the engagement partner for this engagement and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them.

**Equal Opportunity**

Wilkinson Hadley King & Co. LLP is an equal opportunity employer and is in compliance with the Civil Rights Act of 1964, and all applicable federal and state laws and regulations relating to equal employment opportunity.

**Subcontractors**

We will not engage the services of any subcontractors to perform your audit engagement.

**Insurance**

Wilkinson Hadley King & Co. LLP maintains the necessary insurances to protect against fraud, errors and omissions. We are insured by CAMICO, the insurance company of the California Society of Certified Public Accountants. In addition, our firm maintains workers' compensation insurance in accordance with the provisions of Section 3700 of the Labor Code of the State of California.

## QUALIFICATIONS AND EXPERIENCE

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The firm Wilkinson Hadley King & Co. LLP provides a wide range of accounting, auditing, tax and management advisory services for our school district, charter school, governmental, and nonprofit clients. We have attached 3 references, should you wish any additional references or information, please contact our office and we will be happy to respond to your request.

### **P. Robert Wilkinson, CPA – Senior Partner**

Bob graduated from Southern Utah University with a Bachelor of Science degree in accounting. Bob has more than thirty five years of public accounting experience. During those years Bob has devoted a significant amount of time to audits of governmental agencies. Bob began his public accounting career in 1977 with the national firm of Seidman & Seidman.

In 1984 he opened his own accounting practice with an emphasis on governmental and school district auditing and performed annually more than 30 audits of school districts and community college districts. In 1994, Bob merged his accounting practice with Harlan & Boettger, LLP and became the firm's partner responsible for all school districts, governmental and nonprofit clients. In December 2001, as a result of the firm of Harlan & Boettger, LLP being dissolved, Bob formed a partnership with a long time friend and associate.



Bob is a licensed Certified Public Accountant in the state of California, and is an active member of the California Society of Certified Public Accountants and also a member of the American Institute of Certified Public Accountants (AICPA). In addition, Bob is an active member of the California Association of School Business Officials (CASBO) and is currently treasurer of the local section. Bob has been a speaker at several local and state conferences and annually prepares an audit workshop for the firms school district and charter school clients. Bob also is a member of the state committee that plans and prepares the School District Conference that is presented annually for auditors and school district officials.

Bob meets all governmental continuing professional education requirements and attends courses that are current and relevant.

In addition to the professional committees with which Bob is involved, he also is active in local youth sports and is involved with a high school foundation. Bob has also coached baseball at Grossmont High School.



**Brian K. Hadley, CPA – Partner**

Brian graduated from Brigham Young University with a Masters Degree in accounting. Brian has more than twenty years of public accounting experience. Brian started his career in 1986 with Peat, Marwick, and Mitchell where he worked as a staff accountant and tax preparer. Brian has also worked for the national firm of McGladrey & Pullen in the Las Vegas office and here in San Diego with the local firm of Levitz, Zacks & Ciceric.

Brian has experience in the retail, construction, technology, manufacturing, and service industries as well as working with local governmental agencies and school districts. Brian is a licensed Certified

Public Accountant in the state of California and also a member of the American Institute of Certified Public Accountants (AICPA). Brian meets all governmental continuing professional education requirements.

**Aubrey W. King, CPA – Partner**

Aubrey is a graduate of Southern Utah University with a Bachelor of Science degree in accounting. Aubrey also obtained a Master of Business Administration with an emphasis in Finance from Washington State University. Aubrey joined the firm in 2003 and was admitted as a partner to the firm in 2006. Aubrey is a licensed Certified Public Accountant in the state of California and is also a member of the American Institute of Certified Public Accountants (AICPA). Aubrey has extensive experience in audits of local school districts and has been instrumental in working with the firm's school district and charter school clients. Aubrey also has experience in non-profit auditing and has overseen numerous audits of the firm's governmental and non-profit clients.



Aubrey meets all governmental continuing professional education requirements.

For the past several years Aubrey has participated on the planning committee for the School District Conference put on by the California Society of CPA's. In addition to her role on the planning committee, she has been asked to co-chair and speak at the conference a number of times. Aubrey also participates on the audit guide committee which makes recommendations to the Education Audit Appeals Panel in preparing the audit guide for California K-12 Local Education Agencies.





### **Kevin Sproul – Partner**

Kevin is a graduate of the University of Louisville with degrees in both Accounting and Business Administration. He began his accounting career within a private company working directly under the CFO in Louisville, Kentucky. Kevin joined the firm in 2013 and was admitted as a partner in 2016. Kevin is a licensed Certified Public Accountant in the state of California and is also a member of the California Association of Certified Public Accountants. Kevin has experience in audits of local school districts and charter schools.

Kevin began participating on the planning committee for the School District Conference put on by the California Society of CPA's in 2015.

### **Mike Mears – Senior Audit Manager**

Mike has more than twenty-five years of public accounting experience working mainly with school districts and other governmental agencies. Mike was an audit senior and audit manager for nine years with the firm of P. Robert Wilkinson, CPA. When Mr. Wilkinson joined with Harlan & Boettger, LLP in 1994, Mike joined Harlan & Boettger, LLP as an audit manager. Mike is responsible for planning and supervising the firm's school district and other governmental and nonprofit audit engagements. Mike has specific expertise in the area of governmental and nonprofit accounting and auditing.



In addition, Mike is the manager for the firm's audits of school districts, water districts and community services districts as well as serving as manager for a significant number of county offices' of education and community college audits. Mike meets all governmental continuing professional education requirements.



**Staff**

All staff assigned to the audit of the School and their work will be supervised in the field by our partners or managers to ensure the highest quality of the work and the expertise of the staff is sufficient for the engagement. All staff assigned to your audit engagement will meet the minimum continuing professional education requirements and will have continuing professional education specifically related to audits of school districts, charter schools, governmental, and nonprofit accounting and auditing.



# SCOPE OF ENGAGEMENT

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Our audit of the School will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Standards and Procedures for Audits of California K-12 Local Education Agencies*, issued by the Education Audit Appeals Panel. At the conclusion of our audit we will meet with you and discuss the audit and any potential management points that will be included in the management letter.

## **Audit Approach**

Our audit will generally entail the following phases:

### Planning

The planning phase of the audit will generally involve the gathering of background information which will involve conducting initial discussions with various personnel to determine the most efficient approach to the engagement. We would anticipate beginning this phase in May/June.

### Review of Internal Controls

Our review of internal controls will include gaining an understanding of the internal controls over significant financial operations and compliance. This process would include a general review of the computerized data processing applications being utilized. After our completion of our planning and review of the internal controls, we will begin to design our audit procedures performed. We will work closely with your staff in preparing the various schedules and reports we will need. We anticipate this phase beginning in March or June/July.

### Interim Test Work

We anticipate being able to begin our interim testing in June. During this time we will perform tests of local revenue deposits, disbursements, payroll, and state compliance areas such as attendance. We will perform as much of the test work as is possible in the spring. We will work with staff to schedule dates that will be compatible for the School. For interim testing we anticipate spending approximately two days at the site.

### Financial and Compliance Review

The financial and compliance review phase is where we perform the specific tests on the account balances and transactions which underlie the financial statements. These procedures will include various tests to confirm balances and transactions with third parties, review of documents supporting balances and transactions, and other procedures. During this time we will also complete any compliance testing we were unable to do during interim testing. We anticipate beginning our final field work in September or October, once your books have been closed. Our final audit report is expected to be issued no later than December 15.

### Audit Review

Once the audit report is completed our firm will perform a complete review of the audit work papers and audit report. This work will be performed to ensure that all audit standards have been met and that the audit report meets the requirements established by the State Controller's Office. The State Controller's Office issues an audit checklist on November 15<sup>th</sup> annually of all items they review before accepting the audit report. We compare our reports against this list prior to submitting the final draft of the report.

Our firm prepares annually a workbook that helps our District's calculate GASB 68/71 Net Pension Liability and related deferred inflows and outflows of resources. In addition, we anticipate providing tools for upcoming GASB pronouncements (such as GASB 75 which becomes effective in the 2016-17 fiscal year). This assists our clients in conversion entries and provides information needed for note disclosure.

Our firm also provides an annual workshop to all of our clients in June or July to provide information that can help in preparation for closing of the books and preparation of the GASB conversion entries.

Because of our extensive work with county offices of education, school districts, and charter schools we do not anticipate asking for any special prepared worksheets, etc. We have found that we have been able to work with your normal year end documents and not require your staff to duplicate any work on our behalf. In addition, our firm specializes in audits of local education agencies and is well versed in the laws and regulations that are subject to audit test work.

During our audit, we will draw audit samples for purposes of compliance testing as well as tests of internal controls. Our sample sizes will follow federal and state regulations and will be selected randomly where possible or haphazardly with a focus on higher risk areas.

We do not anticipate problems with this audit; however, if a problem occurs it is our firm policy to address the problem timely and reasonably with management. We encourage management to contact the partners of the firm if there are any concerns regarding our staff or the handling of the audit procedures. We maintain an open communication with management throughout the audit to ensure that the audit runs smoothly.

## PROPOSED FEES

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The following represents our proposal for the audit fees for the School. Our proposed fees are all-inclusive for the audit engagement. The proposed fees are:

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
<b>Audit of Innovations Academy Charter School</b>	\$9,000	\$9,200	\$9,400
<b>Preparation of Information Tax Returns</b>	\$1,000	\$1,000	\$1,000
<b>Total All Inclusive Cost</b>	\$10,000	\$10,200	\$10,400

The following represents our firm's billing rates for any additional accounting or audit work that may be requested by your school. We will not engage any services outside of the annual audit without permission from you. The following represents our hourly rate for school districts which are discounted 25% from our standard hourly rates:

<u>Classification</u>	<u>Rate</u>
Senior Partner	\$ 175
Partner	\$ 150
Senior Manager	\$ 125
Manager	\$ 100
Senior Accountant	\$ 85
Staff Accountant	\$ 70
Clerical	\$ 45

## REFERENCES

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The following represent three clients you may contact as a reference:

### **Clayton Valley Charter High School**

1101 Alberta Way  
Concord, California 94521  
Contact: David Linzey  
P: 925-682-7474  
E: [david.linzey@claytonvalley.org](mailto:david.linzey@claytonvalley.org)

### **Museum School**

211 Maple Street  
San Diego, California 92103  
Contact: Phil Beaumont  
Eileen Logue  
P: 619-236-8712  
E: [museumschoolphil@gmail.com](mailto:museumschoolphil@gmail.com)  
[Eileenlogue@gmail.com](mailto:Eileenlogue@gmail.com)

### **The O'Farrell Charter School**

6130 Skyline Drive  
San Diego, California 92110  
Contact: Ken Pietrusiewicz  
P: 619-263-3009  
E: [ken.pietrusiewicz@ofarrellschool.org](mailto:ken.pietrusiewicz@ofarrellschool.org)

If you would like to contact any additional clients please let us know, we would be happy to provide a list of all of our school district clients.