

APPENDIX X – 20

FY15 Engagement Letter Scope

Scope

District management and representatives of Heinfeld, Meech & Co. (HM) are proposing the following reporting alternative in regards to improving the audit requirement specified in Section X.B.7 of the Unitary Status Plan. Based on the description of the scope below, HM will provide an examination report on a schedule of desegregation expenditures prepared by District management. The examination will be performed in accordance with the professional standards applicable to Attestation Engagements as specified by the AICPA. An examination is the highest level of attestation service and is analogous to an audit of historical financial statements. It requires the auditor to reduce the risk of undetected material misstatement to a low level and involves substantial evidence gathering. As a result of the examination, the auditor provides an opinion about the conformity of the subject matter with the criteria. See the Schedule of Desegregation Expenditures – Budget and Actual issued for 2013-14 for an example of the report that is to be issued.

District management will align 2014-15 budgeted amounts and actual expenditures to the 65 revised activities in the Implementation Addendum, and an additional two codes to capture expenditures for OCR expenditures, and Overhead expenditures. The examination report shall report expenditures for each of the revised descriptions of activities in the Implementation Addendum as amended in November of 2014. For 2014-15, the examination report shall focus only on the expenditure of 910G funds.

Section X.B.7 of the USP states:

The District will provide the Plaintiffs and the Special Master with an audit report of each year's USP Budget. The audit report shall indicate whether the funds allocated in the USP Budget were spent in accordance with that budget and such other information as may be necessary to provide the Plaintiffs, the Special Master, and the public with full disclosure concerning how funds allocated to the USP Budget were spent. The audit shall be conducted by an outside accounting firm and shall be posted on the USP Web Page as required by Section (X)(D)(1). Each audit report shall be delivered by January 31 after the conclusion of the fiscal year that is the subject of the audit.

Heinfeld, Meech & Co. conducts "Audits" of organizations to evaluate financial statements, including funding from all sources, to check for accuracy and full representation of financial activities and claims and considering those activities and claims when considered in conjunction with the financial statements taken as a whole.

What is described as an "Audit Report" in the USP is focused on evaluating specific information focused on one specific set of activities (implementing the USP) and therefore does not constitute an "Audit" as the term is used in the audit profession because there are no related financial statements to which procedures may be applied. Therefore, HM is hereby agreeing to conduct an "Examination Report" to produce an "Audit Report" pursuant to USP section X.B.7, but is not conducting an "Audit" of financial statements as the term is used in the audit profession. The procedures performed as part of the examination engagement are specifically designed to allow the specified users in evaluating the subject matter that would not normally be within the scope of a financial statement audit.

This engagement is solely to engage in an “Examination Report” in order to produce an “Audit Report” which achieves the following objectives, as stated by USP section X.B.7:

1. To indicate whether the funds allocated in the USP Budget were spent in accordance with that budget for the fiscal year ending on June 30, 2015, and
2. To provide such other information as may be necessary to provide the Plaintiffs, the Special Master, and the public with full disclosure concerning how funds allocated to the USP Budget were spent.