**CONTRACT TO AUDIT ACCOUNTS**

of the ­­­­­­­­­­­­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ABC Board

This agreement, made this \_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_, by and between

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Auditor)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(Address), hereinafter

referred to as the Auditor, and ­­­­­­­­­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(ABC Board) as follows:

1. The Auditor shall examine the balance sheets, statements of revenue, expenses and **changes in net assets** and the statement of cash flows of the ABC board for the period beginning \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_ and ending \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_ except:

The Auditor shall conduct his examination and render his report in accordance with generally accepted auditing standards. The examination shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances, except as follows:

1. It is agreed that generally accepted auditing standards include a review of the ABC board’s system of internal control and accounting as same relates to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the ABC board setting forth his findings, together with his recommendations for improvement. All matters defined as “reportable conditions” in AU 325 of the AICPA Professional Standards will be communicated to the ABC Board in writing. The Auditor shall file one unbound copy or PDF of all reports with the ABC Commission.
2. The Auditor shall, after completing his examination, submit to the ABC board a written report of audit. This report shall include, at least, the **basic** financial statements and notes thereto prepared in accordance with generally accepted accounting principles, supplementary information requested by the client or required for full disclosure under the law and the auditor’s opinion on the material presented. As a minimum, a schedule of the distribution of revenues in accordance with GS 18B-805(e) will be included and additionally a listing of recipients of the profits from the ABC board, and if applicable, the purpose of the payment will be presented as supplementary information. The Auditor shall furnish \_\_\_\_ copies of the report to the ABC board as soon as practical after the close of the accounting period.
3. It is agreed that time is of the essence in this contract. If all audits are not performed and the report of audit submitted by September 30, 20\_\_\_\_, then this contract shall be void and of no effect, but if said condition is complied with, this contract shall be in full force and effect. **An interruption in delivery of product to the local ABC board may occur if the audit is not completed and submitted to the ABC Commission by the above date.**
4. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the ABC board and the ABC Commission in writing of the need for such additional investigation and the additional compensation required therefore. This agreement may be varied or changed to include the increased time and compensation as may be agreed upon by the ABC board and the Auditor.
5. There are no special provisions, except:
6. In consideration of the satisfactory performance of the provisions of this agreement, the ABC board shall pay to the Auditor a fee of: $\_\_\_\_\_\_\_\_\_.
7. There are no other agreements between the parties hereto and no other agreements relative hereto shall be enforceable unless entered into in accordance with the procedure set out herein.
8. The audited financial statements are prepared in accordance with GASB Statement No. 34. The references in Item 1 to the statements shall mean the basic financial statements, management’s discussion and analysis, and required supplementary statements as defined in GASB Statement No. 34. Auditing procedures applicable to other supplementary schedules are not changed by the implementation of GASB Statement No. 34.

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Auditor ABC Board

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Finance Officer

By\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**INSTRUCTIONS**

1. ABC Commission approval is not required for the following types of contracts:
   1. Auditing and preparation of financial statements between an Auditor and the ABC Board;
   2. System improvements and similar services of a non-auditing nature.
2. The contract contemplates an unqualified opinion being rendered, Any limitations or restrictions in scope that would lead to a qualification should be fully explained in an attachment to their contract.
3. If, after being approved, the contract is varied or changed by either of the parties, the change must be reduced to writing.
4. A separate contract should not be made for each division to be audited or report to be submitted. The scope of the audit should be clearly stated and the fee stated so that the amount of fee for each report can be determined. The fee may be stated on a per diem or hourly basis. If the fee is for a fixed amount, the amount for each report should be stated separately.
5. One copy of the report of audit and any other written report by the Auditor shall be filed with the Commission. The report of audit, as filed with the Commission, becomes a matter of public record for inspection and review in the offices of the Commission. The Auditor’s analysis of the system of accounting and his recommendations for improvements are intended for the Commission staff having direct responsibilities in the area of accounting and fiscal controls.
6. Multi-Year Audit Agreement. Local ABC boards may have a multi-year audit agreement with a certified public accounting firm on the basis of annual negotiation after the completion of the first year contract. Each year after negotiation has taken place, an annual contract documenting the terms of the audit will be signed. No governing board may cause or may obligate future governing boards. The remaining years of any agreement are subject to annual governing board approval.