Novak | Francella
LLC | CERTIFIED PUBLIC ACCOUNTANTS

October 11, 2021

Board of Trustees of the
School Cafeteria Employees UNITE HERE Local 634 Health and Welfare Fund
C/O Associated Administrators, LLC
Ms. Alicia Cochran
911 Ridgebrook Rd
Sparks, MD 21152-9451

We appreciate the opportunity to submit this understanding of services to be performed by Novak Francella LLC (Novak) in connection with payroll compliance review services for the School Cafeteria Employees UNITE HERE Local 634 Health and Welfare Fund (the Fund). This letter will confirm the agreed upon services, (The "Services") and our proposed fee for the Services. Novak and the Fund agree that this letter and the attached Terms and Conditions constitute the consulting arrangement pursuant to which our Services will be provided (The "Agreement").

We will perform a payroll compliance review of the Philadelphia School District for the period January 1, 2019 through December 31, 2020. We will work with your personnel to coordinate this review from an administrative standpoint. We will work with the Fund to perform our services in accordance with the AICPA's requirements for audits of employee benefit plans and in accordance with the requirements of the Department of Labor. Our services will be based upon the Fund's Agreement and Declaration of Trust, participation agreements and the audit policy promulgated by the Board of Trustees.

Our procedures are enumerated in our Payroll Compliance Review Program that is enclosed with this letter. We will perform other procedures or changes to our standard forms that are communicated to us by the Fund Administrator

Our hourly rates are $98 for a payroll auditor, $125 for a manager and $195 for a partner. The composite hourly rate that we will bill is $129 per hour, plus any out of pocket expenses.

Electronic Data Communication and Storage

In the interest of facilitating our services to the Funds, we may send confidential Fund data over the Internet, or store confidential Fund electronic data via computer software applications hosted remotely on the Internet or utilize cloud-based storage. In using these data communication and storage methods, our firm employs measures designed to maintain data security. We use reasonable efforts to keep such Fund communications and confidential Fund electronic data secure in accordance with our obligations under applicable federal and state laws, regulations, and professional standards. We also understand that the Fund may request that we abide by its own security policies and procedures. To all reasonable extents, we anticipate agreeing to comply with such policies and procedures. We require that any third party vendor which handles the Fund's information described above to do the same.

You recognize and accept that we have no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by us or our third party vendors. You consent to our use of these electronic devices and applications and submission of confidential client information to third party service providers during this engagement so long as reasonable security measures described above are in place and utilized. Subject to the terms of any applicable contract between the Fund and us, and absent negligence, recklessness, or willful misconduct by us or one of our third party vendors with respect to the Fund information described above, you agree that we will not be held responsible for any breach of such Fund information. If a breach occurs, we will comply with any applicable federal or state law.

Client Portals

To enhance our services to you, we will utilize ShareFile, a collaborative, virtual workspace in a protected, online environment. ShareFile permits real-time collaboration across geographic boundaries and time zones and allows Novak Francella LLC and you to share specific Fund data, engagement information, knowledge, and deliverables (collectively "Fund Specific Data") in a protected environment.

You agree that we have no responsibility for the activities of ShareFile. While ShareFile backs up your Fund Specific Data to a third party server, we recommend that you also maintain your own backup files of these records.

If you decide to transmit your confidential Fund electronic data or information to us in a manner other than a secure portal, you accept responsibility for any and all unauthorized access to such information. If you request that we transmit confidential Fund electronic data or information to you in a manner other than through a secure portal, you agree that we are not responsible for any loss or damage of any nature, whether direct or indirect, that may arise as a result of our sending such information in the manner you request.

Summons or Subpoena

All Fund information you provide to us in connection with this engagement will be maintained by us on a strictly confidential basis.

If we receive a summons or subpoena which our legal counsel determines requires us to produce documents from this engagement or testify about this engagement, provided that we are not prohibited from doing so by applicable laws or regulations, we agree to inform you of such summons or subpoena as soon as practicable. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate, at your sole expense, to attempt to quash, or otherwise limit the scope of, the summons or subpoena. If you take no action within the time permitted for us to respond, or if your action does not result in a judicial order protecting us from supplying the requested information of the summons or subpoena, we may construe your inaction or failure as consent to comply with the request.

If we are not a party to the proceeding in which the information is sought, you agree to reimburse us for our professional time and expenses, as well as the fees and expenses of our legal counsel, incurred in responding to such requests. This paragraph will survive termination of this Agreement.

Once again, we thank you for the opportunity to submit this engagement letter. Please acknowledge your acceptance of the terms of this engagement by signing the confirmation below and returning a copy to us. If you have any questions regarding this letter or the Terms and Conditions, please do not hesitate to contact us.

Sincerely,

KATHLEEN JACKSON

Accepted by:_____ Date_____

Name of Client: School Cafeteria Employees
UNITE HERE Local 634 Health and Welfare Fund

Date: October 11, 2021

ATTACHMENT

TERMS AND CONDITIONS

The following are the terms and conditions ("Terms and Conditions") on which Novak will provide the Services to you set forth in the Engagement Letter (and any attachments) (the "Engagement Letter") to which these Terms and Conditions are attached. These Terms and Conditions and the Engagement Letter (and any attachments, exhibits, subsequent amendments or addenda thereto) constitute the entire agreement (the "Engagement" or "Agreement") for the provision of the Services to the exclusion of any other express or implied term, whether expressed orally or in writing, including any conditions, warranties and representations and shall supercede all previous engagement letters, undertakings, agreements and correspondence regarding the Services.

Information and Assistance. Our performance of the Services is dependent upon you providing us with such information and assistance as we may reasonably require from time to time. You are responsible for ensuring that all information we may reasonably require is provided on a timely basis and is accurate and complete. You shall also notify us if you subsequently learn that the information provided is incorrect or inaccurate or otherwise should not be relied upon. Any reports issued or conclusions reached by us may be based upon information provided by you on behalf of you.

Reasonable Results. The Services in this Agreement are designed to provide reasonable but not absolute results and because we will not perform a detailed examination of all applicable transactions, all deficiencies may not be detected by us. In addition, these Services are not designed to detect immaterial errors, fraud or other illegal acts . Our responsibility is limited to the period covered by our Services and does not extend to any earlier or later periods.

Additional Services. Either party may request changes to the Services. Any variation to the Engagement, including any variation to fees, Services or time for performance of the Services, shall be separately agreed to and, if agreed, shall form a part of the Agreement to which these Terms and Conditions shall apply.

Term of Engagement. We or you may terminate the Engagement upon written notice to the other party. Upon receipt of such notice, we will stop work. You will be responsible for proper fees and expenses incurred through the date the termination notice is received. The terms of the Engagement that expressly or by implication are intended to survive its termination or expiration will survive and continue to bind all parties.

You agree to indemnify and hold harmless Novak and its personnel from any and all third party claims, liabilities, costs and expenses relating to Services Novak renders under this Engagement Letter, except to the extent finally determined to have resulted from the willful misconduct or fraudulent behavior of Novak relating to such Services.

Representations. Each party represents to the other that such party has all necessary power and authority to execute, deliver and perform this Agreement and to perform and consummate the transactions contemplated hereby that such party duly authorized, executed and delivered by this Agreement. This Agreement constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all previous agreements between the parties except for those items which by their terms are expressly intended to survive such Agreements including, without limitation, the indemnification provisions thereof, and constitutes a legal, valid, and binding obligation of such party enforceable against such party in accordance with its terms, and that such party's execution and delivery of this Agreement and such party's consummation of the transactions contemplated hereby does not and will not conflict with, require consent under, cause a default under or accelerate the performance of any contract or law to which such party is a party or by which its assets are bound.

Third Party Rights. Nothing in this Agreement is intended to confer any right upon any party other than Novak or you and no third party shall have any rights or remedies under this Agreement.

Assignability. This agreement shall not be assignable by either party without the express written consent of the other party.

Severability. In the event any provision of this Agreement shall be considered illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal or invalid provision had never been inserted therein.

Force Majeure. Any delay in performance due in whole or in part, to the occurrence of any contingency beyond the control of Novak, including but not limited to, war (whether an actual declaration thereof or not), sabotage, insurrection, riot, or other act of civil disobedience, act of public enemy, failure or delay in transportation, act of any government or any agency or subdivision thereof affecting the terms of this Agreement or otherwise, judicial action, labor disputes, accident, fire, explosion, flood, storm, or other act of God, where Novak has exercised reasonable care in prevention thereof, shall be excused for the period of time such contingency occurs plus such additional time as may be reasonably necessary to cure any damage to Novak resulting from such contingency.

NOVAK FRANCELLA LLC

PAYROLL COMPLIANCE REVIEW
PROGRAM

Field Auditor:		**Type:** Routine	
Client Name:		**Client ER No.:**	
Client No.:		**Job No.:**	
Employer:		**Review Period:**	
Address:			
Contact:		**Phone:**	
Contacts Add (if different above):		**Cell:**	
Email:		**FAX:**	
Field Work Starting Date:		**Field Work Completion Date:**	

This payroll compliance review program for **Routine** audits has been prepared to provide the payroll compliance reviewer an effective tool for planning the review procedures and for supervising and controlling the performance of the review work for Routine audits Development of a payroll compliance review program for each engagement will provide a historical record of the work done as well as information to be used in the report on the payroll compliance review.

This payroll compliance review program is not designed to fit all payroll compliance review engagements. It must be revised whenever the payroll compliance reviewer, in the course of the work, finds that changes and/or additions to the programmed procedures are necessary to complete the payroll compliance review.

A thorough evaluation of the adequacy of the Employer's payroll records should be the starting point of a payroll compliance review. This review helps to determine the degree of reliability that may be placed on the payroll records, and in turn determines the nature and extent of the payroll compliance reviewing procedures to be used and the tests to be conducted during the payroll audit. You are urged to read the payroll compliance review program in its entirety before performing any of the payroll compliance review procedures described in a particular section.

The purpose of this payroll compliance review is to determine if the employer is in compliance with the terms of the Collective Bargaining Agreement with regard to Fund(s) the employer is required to contribute to, and ascertain that the contribution reports are correct.

I PRIOR TO ENTERING THE FIELD

A. Documents provided from Fund for entire audit period requested:

	Received for Audit Period? *Yes/No*	(if no, must include description of alternate documents/procedures)
Contribution reports		
Collective Bargaining Agreements. (including Participation/Owner Operator Agreements)	Participation Agreement?	
Accounts receivable (where applicable)		

B. Correspondence from Fund and /or Novak Francella, LLC:

Contact letter	Date Mailed to ER:
Any special instructions from the Funds	Reference to:
Other correspondence	Reference to:

C.

Funds to be Audited: *All noted in CBA Just Local Funds Selected Funds*	Contribution Based on: *Hours % of Wage Weeks Months Other (specify)*	Probationary Period:	Is Paid Time off Due: *If yes, explain if all or just some hours are included*	Are Contributions Capped/Maxed: *If yes, explain nature of Capped Maxed*

For Specific Employer CBA's:

Rate Schedule:	**Fund**	**Effective Date**	**Rate**	**Effective Date**	**Rate**	**Effective Date**	**Rate**

D. Novak Francella, LLC correspondence:

Confirmation letter mailed/faxed on	
Other	

auditor_____

reviewer_____

E. **Previously audited? (Y/N)** _____ **Period:** _____
Previous Client & Job #: **Amount Under/Over reported:** _____
Explanation of findings and/or comments:

_____
_____
_____

2 FIELD WORK

A. Documents Received:

Document	Period	Records Rec'd (Y w/date/N)	If yes, from whom. If No, describe why?
Federal 941/ W/2's			
PR Tax Returns - State			
Payroll Registers			
Individual Earning Records			
Personnel Files			
Cash Disbursement Journal			
Bank Statements			
Cancelled Checks (Front/Bacl			
Federal Form 1096 w/1099's			
Contribution reports to other Funds			
Other documents used_____			

B. Corporate/Ownership Information: ***Purpose to Confirm Name and Ownership of Company***

Official Name of Company _____
Type of Tax Entity _____ EIN Number: _____
Date of Incorporation Principal Business Activity: _____
Corporate Officer(s) _____
Name _____ SS # _____
Address _____ % of Ownership: _____

Corporate Officer(s) _____
Name _____ SS # _____
Address _____ % of Ownership: _____

Corporate Officer(s) _____
Name _____ SS # _____
Address _____ % of Ownership: _____

Has the company changed ownership during the audit period:
Yes _____ Date _____ No _____
Documentation must be provided with work papers.

Document Bank Account Name and Number(s): _____

auditor_____

reviewer_____

C. Payroll reconciliation: ***Purpose to Confirm Auditor Received the entire Payroll***

Year/Quarter selected: _____ **Tax Document:** _____

	Payroll	
Gross wages paid		
Adjustments		
Reconciled wages	$ -	$ -

If unable to reconcile above, describe how you determined that you had complete payroll:

_____

_____

D. Type of payroll: _____ Employee sort: _____
(Manual, ADP, QuickBooks etc.) (Alpha, SS#, EE Code)

Pay types (weekly, bi-weekly, semi-monthly, etc.): _____
Cycle (ex: w/e=Sun, p/d=Fri): _____
Weeks used on Employer's Contribution Reports: _____

ALL Departments: _____

E. Review Testing and Results:

Classification (entire payroll) ***Purpose to Confirm the employer is classifying all correctly***

Documents Used: _____
Procedure: _____

Result: _____

Bargaining Unit (covered department) ***Purpose is to Confirm all employees working in the covered department have been reported to the Funds***

Documents Used: _____
Procedure: _____

Result: _____

For Unreported Employees, were dues deducted from Pay?
Result: _____

If you did not obtain a copy of the W-2's , Document Name, Address and Social Security number for all EE's performing covered work not reported to Funds.
If unable to obtain, explain: _____

auditor_____

reviewer_____

Units (hours/wages, weeks & months) ***Purpose is to Confirm the employer is reporting the correct Units to the Funds***

Documents Used:

Procedure:

Result:

For Unreported Units. were dues deducted from Pay?

Result:

Owner Operator/Non-Bargaining

Does the ER report OO/Non-Barg EE's:

If yes, list all individuals:

Is there a Participation Agreement (Y/N):

How are hours reported to the Funds:

Is it in accordance w/Agreement or Policy:

Rates ***Purpose is to Confirm the employer is paying contributions at the correct Rates to the Funds***

Procedure:

Result:

Cash Disbursements/1099s: ***Purpose is to Confirm the employer is not paying additional wages off of the Payroll Records***

Procedure:

Result:

If employer claims disbursements are for job/travel expenses: Review receipts, job location, per diem rates used.

Procedure:

Result:

If employer claims work is performed outside Jurisdiction Review:

Verify area where job was performed/Materials delivered via vendor/sales invoices

Procedure:

Result:

auditor_____

reviewer_____

F. Does the employer use a temporary employment agency or have anyone who is an independent contractor: Yes _____ No _____

Purpose is to Confirm the employer is not using the Temp Agency/ Independent contractor to not pay contributions

Procedure: _____

Result: _____

G Are there any special instructions from the Fund which needs to be addressed?
Were all issues addressed?

_____

H. Conclude on the findings:

_____

3 PAYROLL COMPLIANCE REVIEW REPORT

A List all exceptions. Provide explanation as to the nature of each exception. Include DOH, term, and eligibility date where applicable. Document rate changes. Provide employee class where applicable.

B. Compute the amount of underpayment and/or overpayment.

4 EXIT INTERVIEW

A. Conduct an exit interview according to the Fund's policy.

B. Employer will receive: 10-day letter _____
No letter _____

C. Employer representative (s) present during exit interview:
Name *Title*

_____

D. Employer's response to exit interview:

_____

auditor_____

reviewer_____

E. **Any additional information/issues relevant to the audit not noted above:**

_____
_____
_____
_____
_____

5 SUBMIT COMPLETED FILE FOR REVIEW

A. Payroll compliance review program completed.

Date January 0, 1900

B. Auditor: _____

6 FILE REVIEW

Reviewer: _____ Date: _____

PTR Review: _____ Date: _____