



August 4, 2017

Honorable Mayor and Members of the City Council
City of Broken Arrow
220 S First Street
Broken Arrow, OK 74012

To the Honorable Mayor and Members of the City Council:

Crawford & Associates is pleased that the City of Broken Arrow (the City) continues to express its confidence in our firm and our government expertise through the request of this engagement letter. We look forward to continuing our professional relationship with the City of Broken Arrow.

The purpose of this engagement letter is to confirm the terms of our engagement for the specific professional services requested at this time, a "best practices" review engagement of the City's Finance Department accounting and financial reporting functions. Best practices can best be described as methods or techniques that have consistently shown results superior to those achieved with other means, and that is typically then used as a benchmark. In addition, a "best" practice can evolve to become better as improvements are discovered.

The objectives of our services in this engagement are to obtain information and review selected accounting records and related policies and procedures to determine whether any recommendations for best practices are warranted regarding the design, operation and monitoring of established internal control policies and procedures related to the Finance Department's accounting and financial reporting functions, and to report any recommendations for improvement. In addition, the Finance Department's organizational structure and internal operating policies and procedures will be reviewed to note any best practice recommendations.

In compliance with our professional standards regarding independence, we will not provide any financial statement audit or other attestation services to the City in conjunction with these services. The best practices review engagement services provided by our firm to the City under this agreement will be conducted as consulting services and are not considered an audit or attestation engagement as defined by professional standards.

City's Responsibilities

The City is, and will continue to be, solely responsible for establishing and maintaining an effective accounting and internal control system, including, without limitation, systems designed to assure compliance with policies, procedures, and applicable laws and regulations.

City management will be responsible for establishing the scope of the best practices review engagement services and the resources allocated to the work; such responsibility includes determining the nature, scope, and extent of the best practices review engagement services to be performed by Crawford & Associates, providing overall direction and oversight for the services, and reviewing and accepting the results of the work.

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The City agrees that any reports issued by Crawford & Associates in the conduct of this engagement are intended solely for the information and use of City staff, management and the governing body. Any such reports will include wording that describes the limitations on their distribution.

Crawford & Associates Responsibilities

Crawford & Associates is responsible for providing the services, as defined in the Scope of Available Services section of this letter, for the work encompassed in this engagement letter, as defined in the Fees and Costs section. Such services will be performed in accordance with the applicable consulting professional standards of the American Institute of CPAs.

Crawford & Associates will be responsible for reporting or otherwise communicating to City management and/or governing body any findings or recommendations it determines necessary resulting from the best practices review engagement services provided.

Access to Working Papers and Reports

Any working papers prepared by Crawford & Associates in connection with performing the best practices review engagement services are the property of Crawford & Associates. Upon request, copies of any or all working papers and reports that Crawford & Associates considers to be nonproprietary will be provided to management of the City. The City may make such copies available to its external auditors and to regulators in the exercise of their statutory oversight of the City. Such copies may not be made available to any other third party without the prior written consent from Crawford & Associates.

Other third parties will not be granted access to nonproprietary working papers retained by Crawford & Associates (including any related reports), until the City provides Crawford & Associates with a written consent and an appropriate communication has been submitted to the third party, and the third party acknowledges their understanding of the purpose for which the working papers and reports were prepared. A representative from Crawford & Associates will also be present during the period that the third party, including regulators and external auditors, is provided access to nonproprietary working papers retained by Crawford & Associates.

Third parties, including external auditors or regulators, will not be provided with a photocopy of any working paper for their retention without the prior consent of Crawford & Associates.

Management has the responsibility to timely communicate material weaknesses or significant deficiencies in internal controls, misstatements of financial statements, or similar matters to its external auditors, governing body, and when required, certain regulators. It is also understood and agreed that Crawford & Associates personnel performing services under this engagement letter may be required by professional standards, in certain cases, to communicate directly to the City's external auditors, the City Council, or certain regulators such findings and information that have been previously communicated to management of the City.

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Fees and Costs

Fees and out-of-pocket expenses for this engagement will be billed as the work progresses and payable upon receipt of our invoices. Out-of-pocket expenses include such costs incurred by our firm in providing the services including travel, lodging, telecommunications, printing, document reproduction, and the like. Our fees for these services will be billed at our standard hourly rates as noted below:

Standard Hourly Rates:

- Firm Chairman \$250
- Firm President \$250
- Shareholders \$160
- Consulting Managers \$145
- Consulting Staff \$105
- Clerical Staff \$40

Services Included in this Engagement:

The services defined in the Scope of Available Services section of this letter that are specifically included in this engagement are as follows:

- Best Practices Review Services

Because Crawford & Associates has no direct control over the exact type and scope of work related to the services requested by the City for this specific engagement, nor does Crawford & Associates have direct control over the quality of the City's accounting system or records, potential turnover of the City's staff, or the City's staffing levels, resources, or capabilities, it is impractical for us to provide an accurate amount of hours that will be required for the services requested or a not-to-exceed limit on fees and expenses charged. However, we can provide you an initial estimate of fees and costs for your purchase order purposes, and we estimate those fees and costs initially to be \$30,000 - \$35,000.

The term of this engagement is a period from the date of acceptance through completion of the specific best practices review engagement services requested at this time.

The City may request that Crawford and Associates perform additional available services that are not encompassed in the Services Included in this Engagement section above. Crawford and Associates may perform such additional services upon receipt of a separate signed engagement letter or an addendum to this engagement letter with terms and conditions that are acceptable to the City and Crawford and Associates.

The agreements and undertakings of the City contained in this engagement letter, including, without limitation, those pertaining to restrictions on report use and distribution, and limitation on liability, shall survive the completion or termination of this engagement.

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Please indicate your acceptance of this agreement by signing in the space provided below and returning this engagement letter to us. A duplicate copy of this engagement letter is provided for your records. We look forward to continuing our professional relationship with the City of Broken Arrow.

Respectfully submitted and agreed to by,



Frank Crawford
Crawford and Associates, P.C.

Accepted and Agreed to for The City of Broken Arrow:

By: _____

Title: _____

Date: _____

APPROVED AS TO FORM:


ASSISTANT CITY ATTORNEY