



June 1, 2018

Mr. Craig Thurmond, Chairperson
Broken Arrow Economic Development Authority
220 S. 1st Street
Broken Arrow, OK 74012

Chairperson and Trustees of the Authority:

Crawford & Associates is pleased that the Broken Arrow Economic Development Authority (the Authority) has expressed its confidence in our firm and our state and local government expertise through the request of this engagement letter.

Based on your request, we are prepared to provide contract compliance monitoring services to the City in conjunction with its two contracts (the Contracts) with the Broken Arrow Economic Development Corporation (the Corporation) contingent upon the Authority's approval. The purpose of this engagement letter is to identify the scope of services and confirm the terms of our engagement.

Scope of Services

The scope of the contract compliance monitoring services we will provide the Authority is outlined below.

1. Review of the Contracts provisions to become familiar with the accounting, reporting, and financial compliance requirements.
2. Tests of compliance with the terms of the Contracts related to the establishment and maintenance of separate accounting records of the Corporation with regards to the Contracts revenues and expenditures.
3. Tests of selected expenditures paid during FY 2017 and FY 2018 as noted in the Corporation's accounting records and charged to the contracts for evidence of appropriate supporting documentation and for compliance with the public purpose limitations within the Contracts.
4. Tests of the accuracy of selected bank statement reconciliations during FY 2017 and FY 2018 to the Corporation's accounting records for revenues and expenditures.
5. Review the accuracy of selected financial reports provided to the Authority by the Corporation as required by the Contracts.
6. Prepare a written report on the findings of our contract compliance monitoring services, including any recommendations to improve contract compliance and/or strengthen internal monitoring.

Authority's Responsibilities

The Authority 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, applicable laws and regulations, and contract compliance.

Authority management and Trustees will be responsible for establishing the scope of the contract compliance monitoring services and the resources allocated to the work; such responsibility includes determining the nature, scope, and extent of the services to be performed by Crawford and Associates, providing overall direction and oversight for each service, and reviewing and accepting the results of the work.

The Authority agrees that any final reports issued by Crawford and Associates in the conduct of our services are intended solely for the information and use of the Authority, Authority staff, management and Trustees. Any such reports may include wording that describes the limitations on their use.

Crawford & Associates Responsibilities

Crawford & Associates is responsible for providing the services requested, as defined in the Scope of Services section of this letter. Such services will be performed in accordance with the applicable consulting professional standards of the American Institute of CPAs (AICPA).

Crawford & Associates will be responsible for reporting or otherwise communicating to Authority management and/or Trustees any findings or recommendations it determines necessary, resulting from the services provided. Because the scope of our engagement will be limited to certain contract compliance monitoring services and will not be a full scope audit, we can provide no form of assurance or opinion on compliance, and the engagement cannot be relied upon to disclose all errors, fraud, or illegal acts. However, we will report to you any such errors, fraud, illegal acts, contract noncompliance or other findings identified by us during the engagement.

Access to Working Papers and Reports

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

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 follows, for the individual performing such services based on the actual number of hours of work, including travel time, performed by that individual.

Standard Hourly Rates:

- Firm President, Frank Crawford \$250
- Firm Shareholders \$165
- Firm Consulting Managers \$150
- Firm Accounting & Consulting Staff \$110
- Firm Clerical Staff \$45

We estimate that the fees for the scope of work defined in this engagement letter will not exceed \$17,000, plus normal and reasonable travel costs. If our findings result in the need for additional services, we will not proceed with such work without first obtaining Authority approval and an addendum to this agreement with additional fees, costs, and terms agreeable to both Crawford & Associates and the Authority. We will rely on the Authority to provide us with a copy of approved purchase order and monitor the cumulative fees and expenses charged. The Authority agrees to provide sufficient appropriation for all service requested prior to the services being performed.

The term of this engagement is a period from the date of acceptance to July 31, 2018. Crawford and Associates may perform additional services upon receipt of a formal request from the Authority with terms and conditions that are acceptable to the Authority and Crawford and Associates.

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

Acceptance

Please indicate your acceptance of this agreement by signing in the space provided below and returning a copy of this engagement letter to us. A duplicate copy of this engagement letter should be retained for your records.

Respectfully submitted and agreed to by,



Crawford and Associates, P.C.

Accepted and Agreed to for the Broken Arrow Economic Development Authority:

By: _____ Title: _____ Date: _____

APPROVED AS TO FORM:



ASSISTANT CITY ATTORNEY