



Agenda Commentary

Item Title/ Subject: Financial Consultant Letter of Understanding/Engagement

Staff Source: Debra Blanchard, City Treasurer

History/Background Information: The City retains a CPA as financial consultants for the end of fiscal year procedures, to prepare the financial statements, required GASB reports, sections of the Management and Discussion Analysis and required supplemental information.

Item/Subject Summary: The RS Meacham firm has been our financial consultants for many years. At the end of the fiscal year, the financials reports and records we maintain throughout the year and all related information is provided to the firm. The firm assists us with end of year adjusting entries for accrual, modified accrual and cash basis financial statements and then prepares the Financial Statements, GASB Reports, and all supplemental information into the Formal Fiscal Year End Financial Report of the City. The independent external auditors then come in to complete audit of the financial statements.

Price/Cost: \$28,500

Recommendation: Continuation of the services provided by RS Meacham CPAs. This letter of engagement is continuous for successive annual periods unless notice is given by either party 30 days prior to the beginning of the next fiscal year. Future periods can be reaffirmed by Council at the start of each fiscal year.



CPAs+ADVISORS

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Members of American
Institute of Certified
Public Accountants

Members of Oklahoma
Society of Certified
Public Accountants

August 3, 2020

City of Clinton, OK
P.O. Box 1177
Clinton, Oklahoma 73601

We are pleased to confirm our understanding of the services we are to provide for the City of Clinton, OK for the year ended June 30, 2020. We hope to better meet your expectations of service from our firm by clearly identifying the particular services to be provided and their frequency.

None of the services can be relied on to detect irregularities, including fraud or defalcations that may exist. However, we will inform you of any such matters that come to our attention. Also, should we note any significant control weaknesses, we will submit suggestions for those areas which might be improved or strengthened.

We have identified the following procedures to be performed in preparation for the 2019-2020 audit:

- preparation of working trial balances,
- preparation of work papers, including but not limited to cash, investments, accounts receivable, accounts payable, fixed assets, interfund transfers, and grant management,
- preparation of adjusting entries to the general and subsidiary ledgers,
- adjustments to the working trial balance for accrual, modified accrual and cash basis financial statements,
- draft versions of the required GASB 34 statements, including the sections of Management Discussion and Analysis, Financial Statements, Required Supplemental Information, and, if deemed necessary, Statistics,
- assist external auditors during the financial statement audit.

Upon completion of the items discussed above, an independent auditor will have to be engaged to perform the actual audit of the financial statements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferable from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Management is responsible for establishing and maintain effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation: fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles: and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of preparation of audit workpapers, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations, contracts, agreements, and grants.

You are responsible for the preparation of the supplementary information in conformity with US generally accepted accounting principles. Your responsibilities include acknowledging that (1) you are responsible for the presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Fee for Services

Our fees for the services as outlined are expected not exceed \$28,500.

This engagement will commence on July 1, 2020 and will continue until June 30, 2021. This engagement may continue for successive annual periods (July 1 thru June 30) unless notice is given by either party 30 days prior to the beginning of fiscal year. In addition, the City shall have the right to terminate the agreement upon 30 days written notice.

Additional services and subsequent projects not included in the scope of services listed above will be provided standard hourly rates ranging from \$50 to \$200 per hour. We will review any extra services you may require and submit to you a fee estimate before we incur any additional costs. Our invoices for these fees will be rendered each month and are payable on presentation.

The City agrees that RSMeacham CPAs & Advisors, its partners, and employees shall not be liable to the City for any actions, losses, damages, claims, liabilities, costs, or expenses in any way arising out of or relating to this engagement for an aggregate amount in excess of the fees paid by the City to RSMeacham CPAs & Advisors for the services performed pursuant to this engagement.

We appreciate the opportunity to be of service to the City of Clinton and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

rsmeacham
CPA & ADVISORS

Clinton, OK

This letter correctly sets forth the understanding of the City of Clinton.

By: _____

Title: _____

Date: _____