

# FAULK & WINKLER

CPAs - BUSINESS ADVISORS

October 28, 2022

Ms. Nanette Cook  
City of Lafayette Council Chair  
Lafayette, Louisiana

We are pleased to confirm our understanding of the terms of our engagement and the nature and limitations of the services we are to provide for the City of Lafayette (City).

**Agreed-Upon Procedures.** We will apply the agreed-upon procedures listed in the attached schedule (Attachment A) that were specified and agreed to by this agreement. By signing this engagement letter, you agree to those procedures and acknowledge that the procedures to be performed are appropriate for the intended purpose of the engagement, which is solely to assist the City Council to determine that the City has complied with certain internal control procedures and/or regulatory requirements as designated in Attachment A relating to procurement procedures and activity. Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures performed or to be performed is solely the responsibility of City Council and we will require an acknowledgement in writing of that responsibility. Consequently, we make no representation regarding the sufficiency of the procedures described either for the purpose for which the agreed-upon procedures report has been requested or for any other purpose.

Because the agreed-upon procedures listed in Attachment A do not constitute an examination, audit or review as defined by professional attestation standards, we will not express an opinion or conclusion on your procurement and expenditure procedures or any elements, accounts or items thereof. In addition, we have no obligation to perform any procedures beyond those listed in Attachment A unless specifically agreed to by revision to this agreement.

We will issue a written report upon completion of our engagement that lists the procedures performed and our findings. Our report will be addressed to the City Council. If, for any reason, we are unable to complete any of the procedures, we will describe in our report any restrictions on the performance of the procedures, or not issue a report and withdraw from this engagement. You understand that the report is intended solely for the information and use of the City Council and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

If we experience any scope limitations due to the lack of supportive records or other restrictive matters, we will notify the City Council and the Louisiana Legislative Auditor prior to concluding our report so that appropriate action is taken to retrieve any critical information deemed necessary to conclude this engagement. There may exist circumstances that, in our professional judgment, will require we withdraw from the engagement. Such circumstances include the following:

- You refuse to provide written agreement to the procedures and acknowledge that they are appropriate for the intended purpose of the engagement.
- You fail to provide requested written representations, or we conclude that there is sufficient doubt about the competence, integrity, ethical values, or diligence of those providing the written representations, or we conclude that the written representations provided are otherwise not reliable.
- We determine that the description of the procedures performed, or the corresponding findings are misleading in the circumstances of the engagement.
- We determine that restrictions on the performance of procedures are not appropriate.



An agreed-upon procedures engagement is not designed to but may detect instances of fraud or noncompliance with laws or regulations; we will communicate to you any known and suspected fraud and noncompliance with laws or regulations affecting internal controls, which come to our attention. In addition, if, in connection with this engagement, matters come to our attention that contradict your internal controls, we will disclose those matters in our report.

**Recommendations.** During our engagement, it is possible that we may observe opportunities for economies of operation, for improved internal administrative and accounting controls, or we may observe variances with applicable laws and regulations or other matters that should be brought to the City's attention. Our comments and recommendations concerning such matters, if any, will be conveyed to you as part of our report.

**Council Responsibilities.** You agree to the procedures to be performed and acknowledge that they are appropriate for the intended purpose of the engagement.

You are responsible for determination of the internal control procedures and for selecting the criteria and determining that such criteria are appropriate for your purposes. In addition, you are responsible for providing us with (1) access to all information of which you are aware that is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access, as it relates to the procedures in Attachment A, to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

At the conclusion of our engagement, we will require a representation letter from the City that, among other things, will confirm the City's responsibility for procurement and expenditure activity and establishing internal control over that financial area.

**Personnel.** Tommy J. LeJeune is the engagement partner and is responsible for supervising the engagement and signing the report. Ms. Nanette Cook, Council Chair will be our primary contact during the engagement.

**Engagement Documentation.** The documentation for this engagement is the property of Faulk & Winkler, LLC, and constitutes confidential information. However, we may be requested to make certain attestation documentation available to any organization of the Louisiana Board of Certified Public Accountants authorized to perform quality assurance reviews or the Louisiana Legislative Auditor. We will maintain the documentation for this engagement will be maintained for a minimum of five years.

The parties hereto acknowledge and agree that many, if not all, of the documents, papers, reports, or other materials reviewed, transmitted, and/or generated as a result of this engagement may constitute public records pursuant to the Louisiana Public Record Law found at La. R.S. 44:1, *et. seq.* In the event a public records request is made, Faulk & Winkler shall cooperate with the City of Lafayette to allow the City of Lafayette to provide a full and timely response to any such request in compliance with the obligations imposed upon the City of Lafayette under the Louisiana Public Records Law.

**Conclusion of the Engagement.** Our engagement ends on delivery of our report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new specific engagement letter for that service.

**Timing of the engagement and assistance.** It is our understanding that the records will be available in October 2022. We anticipate that the engagement will commence then, and that the report will be issued no later than December 31, 2022, but subject to the availability of accounting records and any needed extensions.

At the completion of our engagement, we will send the City copies of our report to be distributed as determined by the City Council. The City Council is responsible for the distribution of the reports. If we find events after the issuance of our report that would cause us to reissue the report, we shall reissue the report in the same fashion and to the same individuals and organizations as the original report.



**Compensation.** Fees are based on the time required by the individuals assigned to the engagement, plus direct expenses. Individual hourly rates vary according to the degree of responsibility involved and the skills required. Interim billings will be submitted as work progresses and as expenses are incurred. Our fee for this engagement will be billed at our standard hourly rates that average \$140 per hour. However, we expect that our fees and costs, including fees and costs of any other professionals hired by Faulk & Winkler, LLC, will not exceed \$100,000 which is the amount we understand has been budgeted by the Lafayette City Council.

In accordance with our firm policies, work may be suspended if your account becomes 45 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination. In the event any statement or invoice rendered by us to City is not paid within thirty (30) days of the date of the invoice, then a late charge shall be accrued on the unpaid amount at the rate of one percent (1%) per month from that date until paid.

Certain procedures may require consultation with other professionals that will be retained by Faulk & Winkler, LLC. Any costs associated with professional consultation will be billed to Faulk & Winkler, LLC. Furthermore, any time required for interaction with outside law enforcement agencies will be considered part of the engagement and billed as stated above.

**Arbitration.** If any dispute arises under this agreement, the parties shall in good faith attempt to settle the dispute by mediation administered by a qualified mediator in accordance with American Arbitration Association ("AAA")'s Rules for Professional Accounting and Related Services Disputes and shall be held in Baton Rouge, Louisiana. The parties shall first try to settle the dispute, before resorting to arbitration or litigation. Each disputing party shall pay an equal percentage of the mediator's fees, administrative fees, and expenses. No suit or arbitration proceeding shall be commenced under this agreement until at least sixty (60) days after the mediator's first meeting. In the event the dispute is required to be litigated, the court shall be authorized to assess litigation costs against any party found not to have participated in the mediation process in good faith.

In addition, the City agrees that our maximum liability for any errors or omissions committed by us in the performance of the engagement will be limited to the amount of our fees for the engagement, except to the extent determined to result from gross negligence or willful misconduct.

Any disputes related solely to fees charged by the Firm shall be resolved by arbitration administered by the AAA in accordance with the Rules for Professional Accounting and Related Services. Such arbitration shall be binding and final. In agreeing to arbitration, both parties waive the right to have the fee dispute settled in a court of law and accept the use of arbitration for resolution.

**Jurisdiction.** This agreement shall be governed and construed in accordance with the laws of the State of Louisiana applicable to contracts made and fully performed therein, and the state and federal courts located in East Baton Rouge Parish shall have exclusive jurisdiction of all suits and proceedings arising out of or in connection with this agreement.

**Non-Appropriation Clause.** Notwithstanding anything herein to the contrary, the obligations of the City of Lafayette contained herein are contingent upon the appropriation of funds by the Lafayette City Council to fulfill the requirements of this Agreement. If the City of Lafayette, after a diligent and good faith effort, fails to appropriate sufficient monies to satisfy its obligations under this Agreement, its obligations under this Agreement shall terminate on the last day of the fiscal year for which funds were appropriated.

**Budgeted Funds Clause.** Notwithstanding anything herein to the contrary, the parties agree that the maximum amount payable by the City of Lafayette under this Agreement shall be that which is the amount budgeted by the City of Lafayette for this Agreement. In the event the total amount of the City of Lafayette's obligations under this Agreement exceeds the amount budgeted, the parties agree that the City of Lafayette shall not be liable for the amount of such increase until and unless said budget is amended as provided for by the City-Parish's Home Rule Charter to allow for such an increased amount.



**Additional Services.** You may request that we perform additional services not contemplated by this engagement letter. If this occurs, we will communicate with you the scope of the additional services and the estimated fees. We may also issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

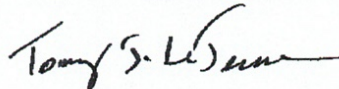
**Termination.** We acknowledge that the City has the right to terminate this agreement without cause at any time which shall be in writing. However, the City agrees to compensate our firm for any work performed through the date of the termination notice.

If these comments and arrangements meet with your approval, please sign below, and return the agreement to us. If the need for additional procedures arises, our agreement with you will need to be revised. If additional specified parties of the report are added, we will require that they acknowledge in writing their responsibility for the sufficiency of procedures.

We look forward to the opportunity to provide the services included in this engagement.

Yours truly,

FAULK & WINKLER, LLC



Tommy J. LeJeune

ENGAGEMENT APPROVED:

By: Nanette Cook  
Nanette Cook, City Council Chair

Date: 10-31-22



**ATTACHMENT A**

Attached is City Resolution No. CR-032-2022. Based on our conversations, we have determined that the procedures below are sufficient to begin to address your concerns related to the attached resolution. As such, we will perform the following agreed upon procedures:

**Capital projects:**

1. Compile a schedule showing disbursements made to Rigid Constructors for the period May 1, 2021 to the most recent payment made. Included in the schedule will be the following attributes: date, project, account, fund, amount, project purpose, any narrative or description shown with payment and approving individual.
2. Compile a schedule depicting payments associated with work completed in connection to the following ordinances and provide the same attributes as shown in #1 above:
  - a. CO-077-2021 and CO-078-2021
  - b. PO-054-2021
  - c. CO-122-2021
  - d. JO-056-2021
  - e. CO-008-2022
  - f. PO-062-2021
  - g. PO-011-2022
  - h. PO-018-2022
  - i. PO-062-2021
  - j. JO-083-2021
3. For the projects identified in Item #2, compile bid information to include: Bid dates, notice to contractors, information for bidders, addendums, conditions, specifications, bid forms, bid responses and bid tabulations.
4. Retrieve a map identifying locations of projects related to Bayou Vermillion Flood Control.
5. Compile a schedule of bids related to a) Bayou Vermillion Flood Control Improvements Phase I and II – January 2022, and b) RFQ for Construction Management at Risk (CMAR) services Bayou Vermillion Flood Control – January 2022.
6. Obtain and report cost estimates related to individual components of the Bayou Vermillion Flood Control project.
7. Compile a schedule of design professionals paid as part of the Bayou Vermillion Flood Control project.
8. Request copies of the Copeland Act weekly statements provided by Rigid Constructors and any subcontractors for the period above.
9. Request copies of payroll information required to be maintained to show compliance with the Davis-Bacon Act for Rigid Constructors and subcontracts for projects above.

**Police:**

1. Review the City's current policy on dignitary security detail. We will report a description of the current policy and practices in place.
2. Compile compensation paid to police officers serving on dignitary detail duty beginning January 6, through the date of our report. We will select a minimum sample of 15 disbursements per year and report the purpose and documentation associated with any such payments. Our review of these transactions may include direct communication with the officers.

We understand that other matters may be arise during the course of this engagement where additional procedures are identified for review. If such additional procedures are requested, we will communicate such procedures in writing as an amendment to this engagement letter and subject to approval of the Louisiana Legislative Auditor.