

**WORK AUTHORIZATION  
Town of Addison  
Transition Process Assessment**

This Work Authorization is made as of this 22<sup>nd</sup> day of April 2014, under the terms and conditions established in the MASTER PROFESSIONAL SERVICES AGREEMENT dated as of 22<sup>nd</sup> day of April, 2014, between the Town of Addison (“Client”) and Gradient Solutions Corporation (Gradient). This Work Authorization is made for the following purposes consistent with the services defined in the Master Professional Services Agreement:

**Section A. – Scope of Services**

**Description of Services-** Client executive management change presents an opportunity to assess processes of Risk Identification and Control Monitoring. .

**Key Tasks**

1. Gain an understanding as to how the Town identifies, prioritizes, and mitigates entity-wide business risks.
2. Gain an understanding as to how the Town monitors its key internal controls.
3. Interview key staff and City Council documenting any concerns about the current management systems and internal controls.
4. Gain an understanding of processes and controls relied on in managing debt, investments, budget, internal financial reporting, payroll, cash handling, and purchasing card program, noting any concerns or findings about the sufficiency of controls. This will include discussions with key third party advisors and service providers.
5. Review results of prior three years’ external audits and auditor’s letters with management to gain an understanding of their assessment of the control environment and efforts by management to respond.
6. Review the results of any State or Federal grant audits over the prior three years.
7. Collaborate with the City Manager and Finance Committee in developing a plan to follow up on the interviews and internal control reviews.
8. Recommend any immediate corrective actions supported by the facts.
9. Advise the Finance Committee on options and approaches for continuous monitoring of compliance and controls.

**Deliverables and/or Other Results of Services**

1. Periodic oral status reports to the Finance Committee
2. Summary report of findings and recommendations to the City Council.

**Section B. – Schedule**

The project is estimated to begin in early May and conclude by the end of June, 2014.

**Section C. – Compensation, Expenses and Billing Terms**

The project is expected to require 80-120 hours. Work will be billed at \$250 per hour. The total amount authorized for the project is \$30,000, plus normal out of pocket expenses. Consulting work and related out of pocket expenses for travel, and other approved expenses, will be billed monthly.

**Section D. – Client’s Responsibility**

Client will assign a project assistant to help part-time in scheduling and logistics, gathering data, etc., and will make key Town leaders available for interviews and documentation. Client will make third party service providers for services mentioned in tasks above available to confer with Gradient.

**Section E. – Other Provisions**

This engagement does not entail assessment of Client employees’ capabilities in performing their identified tasks

This engagement does not constitute procedures, work, examinations, or any other similar steps in accordance with Generally Accepted Auditing Standards, the Institute of Internal Audit Standards, Government Accountability Office Standards, or any other authoritative body. Thus Gradient’s engagement does not constitute an audit, compilation, review, attestation service, or fraud examination. Gradient is not a public accounting firm. Had additional work been performed, other matters of significance beyond those noted in this assessment might have been identified.

**Town of Addison**

**Gradient Solutions Corporation**

By: \_\_\_\_\_

By: Calvin E. Webb II \_\_\_\_\_

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: \_\_\_\_\_

Title: President & CEO \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_