

Moved by: Ben Allatt

A Resolution approving a professional services agreement with MaherDuessel, Certified Public Accountants, to audit the City's Annual Audit and Financial Report for the year ended December 31, 2017.

WHEREAS, the City is in need of a qualified CPA firm to audit the City's Annual Audit and Financial Report for the year ended December 31, 2017; and

WHEREAS, the City has reviewed the qualifications of MaherDuessel, Certified Public Accountants (the "Firm"), and is satisfied that the Firm has the necessary skill and experience to conduct the audit; and

WHEREAS, the Firm's Professional Services Agreement (the "Agreement") is attached hereto as Exhibit "A".

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED, BY THE COUNCIL OF THE CITY OF HARRISBURG, that the Professional Services Agreement with MaherDuessel, Certified Public Accountants, is approved.

BE IT FURTHER RESOLVED that the Mayor, City Controller and other appropriate City officials are authorized and directed to take all steps necessary to cause the Agreement to be executed and to further effectuate the purpose of this resolution.

I second this resolution: Wanda R. D. Williams

Approved: February 13, 2018

Wanda R. D. Williams

President of City Council

Attest [Signature]
City Clerk

Approved
 Returned to City Council

YEAS		NAYS
	MR. ALLATT	
	MS. DANIELS	
	MS. GREEN	
	MR. JOHNSON	
	MR. MADSEN	
	MR. MAJORS	
	MS. WILLIAMS	
Yeas	<u>6</u>	
Nays	<u>0</u>	

E x h i b i t “A”

MaherDuessel

October 30, 2017

Mr. Bruce Weber
City of Harrisburg
City Government Center
10 North Second Street
Harrisburg, PA 17101

Dear Mr. Weber:

We are pleased to confirm our understanding of the services we are to provide the City of Harrisburg (the City) for the year ended December 31, 2017. We will audit the Annual Audit and Financial Report (DCED-CLGS-30) of the City for the year ended December 31, 2017.

Audit Objective

The objective of our audit is the expression of an opinion as to whether your Annual Audit and Financial Report is fairly presented, in all material respects, in conformity with the financial reporting provisions as described in the instructions provided by the Commonwealth of Pennsylvania Department of Community and Economic Development (DCED) to meet filing requirements in Pennsylvania based on information provided by you. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express an opinion. We cannot provide assurance that an unmodified opinion on the regulatory basis of accounting will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinions are other than unmodified on the regulatory basis of accounting, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or

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governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys and confirmations from financial institutions as part of the engagement, and they may bill you directly or indirectly through us for responding to this inquiry. At the conclusion of our audit, we will also require certain written representations from you about the financial statements and related matters.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the City's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Management Responsibilities

Management is responsible for designing, implementing, and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the Annual Audit and Financial Report in conformity with the financial reporting provisions as described in the instructions provided by DCED.

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 the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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 could have a 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 entity complies with applicable laws and regulations.

You agree to assume all management responsibilities for any nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality

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agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

Tracey L. Rash, CPA, CGFM is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

Our fee for these services will be at our standard hourly rates except that we agree that our gross fee will not exceed \$2,140. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may 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 costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

In the event that representation by legal counsel, during the term of this agreement or subsequently, is deemed necessary by Maher Duessel in connection with any aspect of this engagement, fees and expenses for counsel will be reimbursed to the auditor as out-of-pocket expenses.

Professional standards require Maher Duessel to establish policies and procedures designed to provide it with reasonable assurance that it deals appropriately with complaints and allegations. It is Maher Duessel's policy that any complaints or allegations should be reported to the managing partner (Betsy Krisher) or engagement partner identified within this letter.

Use and Distribution of Reports

Maher Duessel will provide draft reports to management for review and approval before issuance. Final reports for internal use and external distribution will be delivered to the City. The City's use and distribution of reports is expected to be limited to (1) filings routinely

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required by non-profit or governmental agencies, (2) existing and potential donors, and (3) internal use. If the City intends to publish or otherwise reproduce the financial statements and make reference to our firm name, the City agrees to provide Maher Duessel with printer's proofs or masters for our review and approval prior to printing. The City also agrees to provide Maher Duessel with a copy of the final reproduced material for our approval before it is distributed.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information, and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic sites with the original document.

Confidentiality

The City understands that the AICPA Rule of Professional Conduct ordinarily precludes an auditor from disclosing confidential information obtained in the course of an audit engagement unless the client specifically consents. Professional standards also require that auditors prepare working papers to document the performance of the audit. While such working papers will remain the property of Maher Duessel, the City will have a right to a copy of any working papers that contain data that constitutes part of a client's records. The AICPA requires members who practice public accounting to participate in either a Quality Review or Peer Review practice-monitoring program. Maher Duessel is enrolled in such a program. The City grants permission for Maher Duessel to respond fully to inquiries and allow review of working papers in connection with practice monitoring program activities.

We may also be requested to make certain workpapers available to grantor agencies pursuant to authority given to them by law or regulation. If requested, access to such workpapers will be provided under the supervision of Maher Duessel personnel. Furthermore, upon request, we may provide photocopies of selected workpapers to the grantor agencies. The grantor agencies may intend, or decide, to distribute the photocopies of information contained therein to others, including other governmental agencies.

Additional Services

Maher Duessel may provide additional services which can be either non-recurring matters or changes to the scope of recurring services, including matters such as: (1) changes to the body of compliance and other requirements applicable to the City; (2) changes in the nature or scope of programs that comprise the reporting entity; (3) changes in the application of accounting principles or the application of new principles; (4) changes to auditing standards of a nature that results in an increase in the audit effort required; (5) management requests for procedures of a nature and extent beyond those necessitated for an audit; (6) consent letters; (7) costs related to required surcharges; and (8) matters of management responsibility (e.g. the

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condition of records) or other matters beyond Maher Duessel's reasonable control that impair the efficient conduct or expand the scope of effort beyond the audit procedures necessary for the scope of recurring services.

In the event that the City requires additional services, the City may request that Maher Duessel provide such additional services and pay fees based upon professional hours.

We appreciate the opportunity to be of service to the City of Harrisburg 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.

Very truly yours,

Maher Duessel

BY: 
Tracey L. Rash, CPA, CGFM - Partner

RESPONSE:

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

BY: _____
Signature

Name of authorized signer

Title

Date

INTER

OFFICE

MEMO

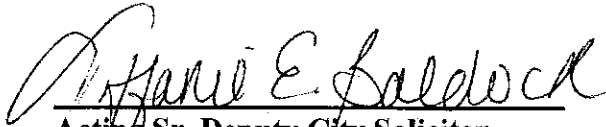
To: HARRISBURG CITY COUNCIL
From: Kirk Petroski, City Clerk
LEGISLATIVE APPROVAL FORM

Date:

LEGISLATIVE APPROVAL FORM/CERTIFICATE OF ACCEPTANCE

BILL NO. -2018 RESOLUTION NO. ¹⁰-2018

THE ABOVE LISTED ITEM WAS WRITTEN AND PREPARED FOR FINAL INTRODUCTION AT THE HARRISBURG CITY SOLICITOR'S OFFICE ON:


Annie E. Saldo
Acting Sr. Deputy City Solicitor

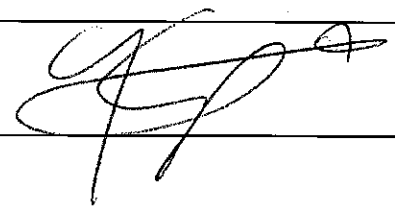
1/19/2018
Date

Requested by Department/Bureau: Finance

Department/Bureau Contact Person: Bruce Weber

For Action on or before:

The attached was received in the Office of the City Clerk for introduction on

Received by: 

Date: 1-19-18