

**PROFESSIONAL SERVICES AGREEMENT
FOR CONSULTING SERVICES
FILE 6510**

STATE OF TEXAS §

COUNTY OF DENTON §

THIS AGREEMENT (the "Agreement") is made and entered into on _____, by and between the City of Denton, Texas, a Texas municipal corporation, with its principal office at 215 East McKinney Street, Denton, Denton County, Texas 76201, hereinafter called "OWNER" and Weaver and Tidwell, LLP., with its corporate office at 12221 Merit Drive, Suite 1400, Dallas Texas, 75251, hereinafter called "CONSULTANT," acting herein, by and through their duly authorized representatives.

WITNESSETH, that in consideration of the covenants and agreements herein contained, the parties hereto do mutually agree as follows:

**ARTICLE I
CONSULTANT AS INDEPENDENT CONTRACTOR**

The OWNER has selected CONSULTANT on the basis of demonstrated competence and qualifications to perform the services herein described for a fair and reasonable price pursuant to Chapter 2254 of the Texas Government Code. The OWNER hereby contracts with the CONSULTANT as an independent contractor and not as an employee, and as such, the OWNER will not assert control over the day-to-day operations of the CONSULTANT. The CONSULTANT is customarily engaged to provide services as described herein independently and on a nonexclusive basis in the course of its business. This Agreement does not in any way constitute a joint venture between OWNER and CONSULTANT. The CONSULTANT hereby agrees to perform the services described herein based on the skills required for the scope of work in connection with the Project as stated in the sections to follow, with diligence and in accordance with the highest professional standards customarily obtained for such services in the State of Texas. The professional services set out herein are in connection with the following described project:

The Project shall include, without limitation, Identification and evaluation of key functions and processes for the City of Denton Solid Waste Department, as described in Exhibit A, which is attached hereto and incorporated herein (the "Project").

**ARTICLE II
SCOPE OF BASIC SERVICES**

The CONSULTANT shall perform the following services in a professional manner:

- A. The CONSULTANT shall perform all those services as necessary and as described in the OWNER's N/A, which is attached hereto and made a part hereof as N/A as if written word for word herein.

- B. To perform all those services set forth in CONSULTANT's proposal, which proposal is attached hereto and made a part hereof as **Exhibit A** as if written word for word herein.
- C. CONSULTANT shall perform all those services set forth in individual task orders, as described in **Exhibit A**, which shall be attached to this Agreement and made a part hereof.
- D. If there is any conflict between the terms of this Agreement and the exhibits attached to this Agreement, the terms and conditions of this Agreement will control over the terms and conditions of the attached exhibits or task orders.

ARTICLE III **ADDITIONAL SERVICES**

Additional services to be performed by the CONSULTANT, if authorized by the OWNER, which are not included in the above-described Basic Services, may be negotiated as needed, per rates included in **Exhibit A**.

- A. Preparing applications and supporting documents for government grants, loans, or planning advances and providing data for detailed applications.
- B. Preparing data and reports for assistance to OWNER in preparation for hearings before regulatory agencies, courts, arbitration panels or mediator, giving testimony, personally or by deposition, and preparations therefore before any regulatory agency, court, arbitration panel or mediator.
- C. Assisting OWNER in preparing for, or appearing at litigation, mediation, arbitration, dispute review boards, or other legal and/or administrative proceedings in the defense or prosecution of claims disputes with Contractor(s).
- D. Assisting OWNER in the defense or prosecution of litigation in connection with or in addition to those services contemplated by this AGREEMENT. Such services, if any, shall be furnished by CONSULTANT on a fee basis negotiated by the respective parties outside of and in addition to this AGREEMENT.
- E. Visits to the site in excess of the number of trips included in Exhibit B.
- F. Preparing statements for invoicing or other documentation for billing other than for the standard invoice for services attached to this professional services agreement.

ARTICLE IV **TIME OF COMPLETION**

CONSULTANT is authorized to commence work under this contract upon execution of this AGREEMENT. CONSULTANT will provide services from the date of execution and shall automatically expire upon completion of the work or receipt of the materials, and acceptance by the City of Denton.

ARTICLE V
COMPENSATION

A. COMPENSATION TERMS:

1. "Subcontract Expense" is defined as expenses incurred by the CONSULTANT in employment of others in outside firms for services related to this agreement.
2. "Direct Non-Labor Expense" is defined as that expense for any assignment incurred by the CONSULTANT for supplies, transportation and equipment, travel, communications, subsistence, and lodging away from home, and similar incidental expenses in connection with that assignment.

B. BILLING AND PAYMENT: For and in consideration of the professional services to be performed by the CONSULTANT herein, the OWNER agrees to pay, based on the cost estimate detail at an hourly rate shown in **Exhibit "A"** which is attached hereto and made a part of this Agreement as if written word for word herein, a total fee, including reimbursement for direct non-labor expenses not to exceed \$75,000.

Partial payments to the CONSULTANT will be made on the basis of detailed monthly statements rendered to and approved by the OWNER through its City Manager or his designee; however, under no circumstances shall any monthly statement for services exceed the value of the work performed at the time a statement is rendered.

Nothing contained in this Article shall require the OWNER to pay for any work which is unsatisfactory, as reasonably determined by the City Manager or his designee, or which is not submitted in compliance with the terms of this Agreement. The OWNER shall not be required to make any payments to the CONSULTANT when the CONSULTANT is in default under this Agreement.

It is specifically understood and agreed that the CONSULTANT shall not be authorized to undertake any work pursuant to this Agreement which would require additional payments by the OWNER for any charge, expense, or reimbursement above the maximum not to exceed fee as stated, without first having obtained written authorization from the OWNER. The CONSULTANT shall not proceed to perform the services listed in Article III "Additional Services," without obtaining prior written authorization from the OWNER.

- C. ADDITIONAL SERVICES: For additional services authorized in writing by the OWNER in Article III, the CONSULTANT shall be paid based on the Schedule of Charges at an hourly rate shown in Exhibit "A." Payments for additional services shall be due and payable upon submission by the CONSULTANT and approval by the City staff, and shall be in accordance with subsection B hereof. Statements shall not be submitted more frequently than monthly.
- D. PAYMENT: If the OWNER fails to make payments due the CONSULTANT for services and expenses within thirty (30) days after receipt of the CONSULTANT's undisputed statement thereof, the amounts due the CONSULTANT will be paid interest in accordance with the Texas Government Code 2251.025. Additionally, the

CONSULTANT may, after giving seven (7) days' written notice to the OWNER, suspend services under this Agreement until the CONSULTANT has been paid in full all amounts due for services, expenses, and charges. Nothing herein shall require the OWNER to pay the late charge if the OWNER reasonably determines that the work is unsatisfactory, in accordance with this Article V, "Compensation," there is a bona fide dispute concerning the amount due, or the invoice was not mailed to the address or in the form as described in this Agreement. The OWNER will notify CONSULTANT of any disputes within twenty-one (21) days of receipt of the invoice.

- E. **Invoices** shall be sent directly to the City of Denton Accounts Payable Department, 215 E McKinney St, Denton, TX, 76201-4299. A pro-forma invoice shall be sent to the contract administrator. It is the intention of the City of Denton to make payment on completed orders within thirty days after receipt of invoice or items; whichever is later, unless unusual circumstances arise. **Invoices must be fully documented as to labor, materials, and equipment provided, if applicable, and must reference the City of Denton Purchase Order Number in order to be processed. No payments shall be made on invoices not listing a Purchase Order Number.**

ARTICLE VI

OBSERVATION AND REVIEW OF THE WORK

The CONSULTANT will exercise reasonable care and due diligence in discovering and promptly reporting to the OWNER any defects or deficiencies in the work of the CONSULTANT or any subcontractors or subconsultants.

ARTICLE VII

OWNERSHIP OF DOCUMENTS

All documents prepared or furnished by the CONSULTANT (and CONSULTANT's subcontractors or subconsultants) pursuant to this Agreement are instruments of service, and shall become the property of the OWNER upon the termination of this Agreement. The CONSULTANT is entitled to retain copies of all such documents. The documents prepared and furnished by the CONSULTANT are intended only to be applicable to this Project, and OWNER's use of these documents in other projects shall be at OWNER's sole risk and expense. In the event the OWNER uses any of the information or materials developed pursuant to this Agreement in another project or for other purposes than specified herein, CONSULTANT is released from any and all liability relating to their use in that project.

ARTICLE VIII

INDEMNITY AGREEMENT

THE CONSULTANT SHALL INDEMNIFY AND SAVE AND HOLD HARMLESS THE OWNER AND ITS OFFICERS, OFFICIALS, AGENTS, AND EMPLOYEES FROM AND AGAINST ANY AND ALL LIABILITY, CLAIMS, DEMANDS, DAMAGES, LOSSES, AND EXPENSES, INCLUDING, BUT NOT LIMITED TO COURT COSTS AND REASONABLE ATTORNEY FEES ASSERTED AGAINST OR INCURRED BY THE OWNER, AND INCLUDING, WITHOUT LIMITATION, DAMAGES FOR BODILY AND PERSONAL INJURY, DEATH AND PROPERTY DAMAGE, RESULTING FROM THE NEGLIGENT ACTS OR OMISSIONS OF THE

CONSULTANT OR ITS OFFICERS, SHAREHOLDERS, AGENTS, OR EMPLOYEES INCIDENTAL TO, RELATED TO, AND IN THE EXECUTION, OPERATION, OR PERFORMANCE OF THIS AGREEMENT.

Nothing in this Agreement shall be construed to create a liability to any person who is not a party to this Agreement, and nothing herein shall waive any of the parties' defenses, both at law or equity, to any claim, cause of action, or litigation filed by anyone not a party to this Agreement, including the defense of governmental immunity, which defenses are hereby expressly reserved.

ARTICLE IX
INSURANCE

During the performance of the services under this Agreement, CONSULTANT shall maintain the following insurance with an insurance company licensed to do business in the State of Texas by the State Insurance Commission or any successor agency that has a rating with Best Rate Carriers of at least an A- or above:

- A. Comprehensive General Liability Insurance with bodily injury limits of not less than \$1,000,000 for each occurrence and not less than \$1,000,000 in the aggregate, and with property damage limits of not less than \$100,000 for each occurrence and not less than \$100,000 in the aggregate.
- B. Automobile Liability Insurance with bodily injury limits of not less than \$500,000 for each person and not less than \$500,000 for each accident, and with property damage limits of not less than \$100,000 for each accident.
- C. Worker's Compensation Insurance in accordance with statutory requirements, and Employers' Liability Insurance with limits of not less than \$100,000 for each accident.
- D. Professional Liability Insurance with limits of not less than \$1,000,000 annual aggregate.
- E. The CONSULTANT shall furnish insurance certificates or insurance policies at the OWNER's request to evidence such coverages. The General Liability and Auto Liability insurance policies shall name the OWNER as an additional insured. CONSULTANT shall endeavor to provide OWNER with any cancellation or modification to its insurance policies.

ARTICLE X
ALTERNATIVE DISPUTE RESOLUTION

The parties may agree to settle any disputes under this Agreement by submitting the dispute to mediation with each party bearing its own costs of mediation. No mediation arising out of or relating to this Agreement, involving one party's disagreement may include the other party to the disagreement without the other's approval. Mediation will not be a condition precedent to suit.

ARTICLE XI
TERMINATION OF AGREEMENT

- A. Notwithstanding any other provision of this Agreement, either party may terminate by giving thirty (30) days' advance written notice to the other party.
- B. This Agreement may be terminated in whole or in part in the event of either party substantially failing to fulfill its obligations under this Agreement. No such termination will be affected unless the other party is given (1) written notice (delivered by certified mail, return receipt requested) of intent to terminate and setting forth the reasons specifying the non-performance, and not less than fifteen (15) calendar days to cure the failure; and (2) an opportunity for consultation with the terminating party prior to termination.
- C. If the Agreement is terminated prior to completion of the services to be provided hereunder, CONSULTANT shall immediately cease all services and shall render a final bill for services to the OWNER within thirty (30) days after the date of termination. The OWNER shall pay CONSULTANT for all services properly rendered and satisfactorily performed and for reimbursable expenses to termination incurred prior to the date of termination, in accordance with Article V "Compensation." Should the OWNER subsequently contract with a new consultant for the continuation of services on the Project, CONSULTANT shall cooperate in providing information. The CONSULTANT shall turn over all documents prepared or furnished by CONSULTANT pursuant to this Agreement to the OWNER on or before the date of termination, but may maintain copies of such documents for its use.

ARTICLE XII
RESPONSIBILITY FOR CLAIMS AND LIABILITIES

Approval by the OWNER shall not constitute, nor be deemed a release of the responsibility and liability of the CONSULTANT, its employees, associates, agents, subcontractors, and subconsultants for the accuracy and competency of their designs or other work; nor shall such approval be deemed to be an assumption of such responsibility by the OWNER for any defect in the design or other work prepared by the CONSULTANT, its employees, subcontractors, agents, and consultants.

ARTICLE XIII
NOTICES

All notices, communications, and reports required or permitted under this Agreement shall be personally delivered or mailed to the respective parties by depositing same in the United States mail to the address shown below, certified mail, return receipt requested, unless otherwise specified herein. Mailed notices shall be deemed communicated as of three (3) days' mailing:

To CONSULTANT:
Weaver & Tidwell, LLC
John Wauson, CPA
12221 Merit Dr., Suite 1400
Dallas, TX 75251

To OWNER:
City of Denton
Purchasing Manager –File 6510
901B Texas Street
Denton, Texas 76201

All notices shall be deemed effective upon receipt by the party to whom such notice is given, or within three (3) days' mailing.

ARTICLE XIV
ENTIRE AGREEMENT

This Agreement and related exhibits constitute the complete and final expression of this Agreement of the parties, and is intended as a complete and exclusive statement of the terms of their agreements, and supersedes all prior contemporaneous offers, promises, representations, negotiations, discussions, communications, and agreements which may have been made in connection with the subject matter hereof.

ARTICLE XV
SEVERABILITY

If any provision of this Agreement is found or deemed by a court of competent jurisdiction to be invalid or unenforceable, it shall be considered severable from the remainder of this Agreement and shall not cause the remainder to be invalid or unenforceable. In such event, the parties shall reform this Agreement to replace such stricken provision with a valid and enforceable provision which comes as close as possible to expressing the intention of the stricken provision.

ARTICLE XVI
COMPLIANCE WITH LAWS

The CONSULTANT shall comply with all federal, state, and local laws, rules, regulations, and ordinances applicable to the work covered hereunder as those laws may now read or hereinafter be amended.

ARTICLE XVII
DISCRIMINATION PROHIBITED

In performing the services required hereunder, the CONSULTANT shall not discriminate against any person on the basis of race, color, religion, sex, sexual orientation, national origin or ancestry, age, or physical handicap.

ARTICLE XVIII
PERSONNEL

- A. The CONSULTANT represents that it has or will secure, at its own expense, all personnel required to perform all the services required under this Agreement. Such personnel shall not be employees or officers of, or have any contractual relations with the OWNER. CONSULTANT shall inform the OWNER of any conflict of interest or potential conflict of interest that may arise during the term of this Agreement.
- B. All services required hereunder will be performed by the CONSULTANT or under its supervision. All personnel engaged in work shall be qualified, and shall be authorized and permitted under state and local laws to perform such services.

ARTICLE XIX
ASSIGNABILITY

The CONSULTANT acknowledges that this Agreement is based on the demonstrated competence and specific qualifications of the CONSULTANT and is therefore personal as to the CONSULTANT. Therefore, the CONSULTANT shall not assign any interest in this Agreement, and shall not transfer any interest in this Agreement (whether by assignment, novation, or otherwise) without the prior written consent of the OWNER.

ARTICLE XX
MODIFICATION

No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless in writing and duly executed by the party to be charged therewith, and no evidence of any waiver or modification shall be offered or received in evidence in any proceeding arising between the parties hereto out of or affecting this Agreement, or the rights or obligations of the parties hereunder, and unless such waiver or modification is in writing and duly executed; and the parties further agree that the provisions of this section will not be waived unless as set forth herein.

ARTICLE XXI
MISCELLANEOUS

- A. The following exhibits are attached to and made a part of this Agreement:

Exhibit A – Consultant's Scope of Services Offer

- B. The OWNER shall have the right to audit and make copies of the books, records and computations pertaining to this agreement. The CONTRACTOR shall retain such books, records, documents and other evidence pertaining to this agreement during the contract period and five years thereafter, except if an audit is in progress or audit findings are yet unresolved, in which case records shall be kept until all audit tasks are completed and resolved. These books, records, documents and other evidence shall be available, within 10 business days of written request. Further, the CONTRACTOR shall also require all Subcontractors, material suppliers, and other payees to retain all books, records, documents and other evidence pertaining to this agreement, and to allow the OWNER

similar access to those documents. All books and records will be made available within a 50 mile radius of the City of Denton. The cost of the audit will be borne by the OWNER unless the audit reveals an overpayment of 1% or greater. If an overpayment of 1% or greater occurs, the reasonable cost of the audit, including any travel costs, must be borne by the CONTRACTOR which must be payable within five business days of receipt of an invoice. Failure to comply with the provisions of this section shall be a material breach of this contract and shall constitute, in the OWNER'S sole discretion, grounds for termination thereof. Each of the terms "books", "records", "documents" and "other evidence", as used above, shall be construed to include drafts and electronic files, even if such drafts or electronic files are subsequently used to generate or prepare a final printed document.

- C. This Agreement shall be governed by, construed, and enforced in accordance with, and subject to, the laws of the State of Texas or federal law, where applicable, without regard to the conflict of law principles of any jurisdiction. In the event there shall be any dispute arising out of the terms and conditions of, or in connection with, this Agreement, the party seeking relief shall submit such dispute to the District Courts of Denton County or if federal diversity or subject matter jurisdiction exists, to the United States District Court for the Eastern District of Texas-Sherman Division.
- D. For the purpose of this Agreement, the key persons who will perform most of the work hereunder shall be Alyssa G. Martin, CPA. However, nothing herein shall limit CONSULTANT from using other equally qualified and competent members of its firm to perform the services required herein.
- E. CONSULTANT shall commence, carry on, and complete any and all projects with all applicable dispatch, in a sound, economical, and efficient manner and in accordance with the provisions hereof. In accomplishing the projects, CONSULTANT shall take such steps as are appropriate to ensure that the work involved is properly coordinated with related work being carried on by the OWNER.
- F. The OWNER shall assist the CONSULTANT by placing at the CONSULTANT's disposal all available information pertinent to the Project, including previous reports, any other data relative to the Project, and arranging for the access thereto, and make all provisions for the CONSULTANT to enter in or upon public and private property as required for the CONSULTANT to perform services under this Agreement.
- G. The captions of this Agreement are for informational purposes only, and shall not in any way affect the substantive terms or conditions of this Agreement.

ARTICLE XXII

INDEPENDENT CONTRACTOR

CONSULTANT shall provide services to OWNER as an independent contractor, not as an employee of the OWNER. CONSULTANT shall not have or claim any right arising from employee status.

ARTICLE XXIII

RIGHT TO AUDIT

The OWNER shall have the right to audit and make copies of the books, records and computations pertaining to this agreement. The CONTRACTOR shall retain such books, records, documents and other evidence pertaining to this agreement during the contract period and five years thereafter, except if an audit is in progress or audit findings are yet unresolved, in which case records shall be kept until all audit tasks are completed and resolved. These books, records, documents and other evidence shall be available, within 10 business days of written request. Further, the CONTRACTOR shall also require all Subcontractors, material suppliers, and other payees to retain all books, records, documents and other evidence pertaining to this agreement, and to allow the OWNER similar access to those documents. All books and records will be made available within a 50 mile radius of the City of Denton. The cost of the audit will be borne by the OWNER unless the audit reveals an overpayment of 1% or greater. If an overpayment of 1% or greater occurs, the reasonable cost of the audit, including any travel costs, must be borne by the CONTRACTOR which must be payable within five business days of receipt of an invoice.

Failure to comply with the provisions of this section shall be a material breach of this contract and shall constitute, in the OWNER'S sole discretion, grounds for termination thereof. Each of the terms "books", "records", "documents" and "other evidence", as used above, shall be construed to include drafts and electronic files, even if such drafts or electronic files are subsequently used to generate or prepare a final printed document.

ARTICLE XXIV

CERTIFICATE OF INTERESTED PARTIES ELECTRONIC FILING

In 2015, the Texas Legislature adopted House Bill 1295, which added section 2252.908 of the Government Code. The law states that the City may not enter into this contract unless the Contractor submits a disclosure of interested parties (Form 1295) to the City at the time the Contractor submits the signed contract. The Texas Ethics Commission has adopted rules requiring the business entity to file Form 1295 electronically with the Commission.

Contractor will be required to furnish an original notarized Certificate of Interest Parties before the contract is awarded, in accordance with Government Code 2252.908.

The contractor shall:

1. Log onto the State Ethics Commission Website at :
https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm
2. Register utilizing the tutorial provided by the State
3. Print a copy of the completed Form 1295
4. Enter the Certificate Number on signature page.
5. Sign and notarize the Form 1295
6. Email the notarized form to purchasing@cityofdenton.com with the contract number in the subject line. (EX: Contract 1234 – Form 1295)

The City must acknowledge the receipt of the filed Form 1295 not later than the 30th day after Council award. Once a Form 1295 is acknowledged, it will be posted to the Texas Ethics Commission's website within seven business days.

IN WITNESS HEREOF, the City of Denton, Texas has caused this Agreement to be executed by its duly authorized City Manager, and CONSULTANT has executed this Agreement through its duly authorized undersigned officer on this date_____.

CITY OF DENTON, TEXAS

TODD HILEMAN, CITY MANAGER

JENNIFER WALTERS, CITY SECRETARY

BY: _____

APPROVED AS TO LEGAL FORM:
AARON LEAL, INTERIM CITY ATTORNEY

BY: _____

WEAVER & TIDWELL, LLC
A TEXAS CORPORATION
“CONSULTANT”

BY: JOHN WAUSON, CPA
ITS: PARTNER

TEXAS ETHICS COMMISSION
CERTIFICATE NUMBER

CITY OF DENTON

INSURANCE REQUIREMENTS FOR CONTRACTORS

Bidder's attention is directed to the insurance requirements below. It is highly recommended that bidders confer with their respective insurance carriers or brokers to determine in advance of Bid submission the availability of insurance certificates and endorsements as prescribed and provided herein. If an apparent low bidder fails to comply strictly with the insurance requirements, that bidder may be disqualified from award of the contract. Upon bid award, all insurance requirements shall become contractual obligations, which the successful bidder shall have a duty to maintain throughout the course of this contract.

STANDARD PROVISIONS:

Without limiting any of the other obligations or liabilities of the Contractor, the Contractor shall provide and maintain until the contracted work has been completed and accepted by the City of Denton, Owner, the minimum insurance coverage as indicated hereinafter.

*As soon as practicable after notification of bid award, Contractor shall file with the Purchasing Department satisfactory certificates of insurance, containing the bid number and title of the project. Contractor may, upon written request to the Purchasing Department, ask for clarification of any insurance requirements at any time; however, Contractors are strongly advised to make such requests prior to bid opening, since the insurance requirements may not be modified or waived after bid opening unless a written exception has been submitted with the bid. **Contractor shall not commence any work or deliver any material until he or she receives notification that the contract has been accepted, approved, and signed by the City of Denton.***

All insurance policies proposed or obtained in satisfaction of these requirements shall comply with the following general specifications, and shall be maintained in compliance with these general specifications throughout the duration of the Contract, or longer, if so noted:

- Each policy shall be issued by a company authorized to do business in the State of Texas with an A.M. Best Company rating of at least **A- VII or better**.
- Any deductibles or self-insured retentions shall be declared in the bid proposal. If requested by the City, the insurer shall reduce or eliminate such deductibles or self-insured retentions with respect to the City, its officials, agents, employees and volunteers; or, the contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- Liability policies shall be endorsed to provide the following:
 - Name as additional insured the City of Denton, its Officials, Agents, Employees and volunteers.

- That such insurance is primary to any other insurance available to the additional insured with respect to claims covered under the policy and that this insurance applies separately to each insured against whom claim is made or suit is brought. The inclusion of more than one insured shall not operate to increase the insurer's limit of liability.
- Provide a Waiver of Subrogation in favor of the City of Denton, its officials, agents, employees, and volunteers.
- *Cancellation: City requires 30 day written notice should any of the policies described on the certificate be cancelled before the expiration date.*
- Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this contract and, without lapse, for a period of three years beyond the contract expiration, such that occurrences arising during the contract term which give rise to claims made after expiration of the contract shall be covered.
- Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit providing for claims investigation or legal defense costs to be included in the general annual aggregate limit, the Contractor shall either double the occurrence limits or obtain Owners and Contractors Protective Liability Insurance.
- Should any required insurance lapse during the contract term, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this contract, effective as of the lapse date. If insurance is not reinstated, City may, at its sole option, terminate this agreement effective on the date of the lapse.

SPECIFIC ADDITIONAL INSURANCE REQUIREMENTS:

All insurance policies proposed or obtained in satisfaction of this Contract shall additionally comply with the following marked specifications, and shall be maintained in compliance with these additional specifications throughout the duration of the Contract, or longer, if so noted:

[X] A. General Liability Insurance:

General Liability insurance with combined single limits of not less than **\$1,000,000.00** shall be provided and maintained by the Contractor. The policy shall be written on an occurrence basis either in a single policy or in a combination of underlying and umbrella or excess policies.

If the Commercial General Liability form (ISO Form CG 0001 current edition) is used:

- Coverage A shall include premises, operations, products, and completed operations, independent contractors, contractual liability covering this contract and broad form property damage coverage.
- Coverage B shall include personal injury.
- Coverage C, medical payments, is not required.

If the Comprehensive General Liability form (ISO Form GL 0002 Current Edition and ISO Form GL 0404) is used, it shall include at least:

- Bodily injury and Property Damage Liability for premises, operations, products and completed operations, independent contractors and property damage resulting from explosion, collapse or underground (XCU) exposures.
- Broad form contractual liability (preferably by endorsement) covering this contract, personal injury liability and broad form property damage liability.

[X] Automobile Liability Insurance:

Contractor shall provide Commercial Automobile Liability insurance with Combined Single Limits (CSL) of not less than **\$500,000.00** either in a single policy or in a combination of basic and umbrella or excess policies. The policy will include bodily injury and property damage liability arising out of the operation, maintenance and use of all automobiles and mobile equipment used in conjunction with this contract.

Satisfaction of the above requirement shall be in the form of a policy endorsement for:

- any auto, or
- all owned, hired and non-owned autos.

[X] Workers' Compensation Insurance

Contractor shall purchase and maintain Worker's Compensation insurance which, in addition to meeting the minimum statutory requirements for issuance of such insurance, has Employer's Liability limits of at least \$100,000 for each accident, \$100,000 per each employee, and a \$500,000 policy limit for occupational disease. The City need not be named as an "Additional Insured" but the insurer shall agree to waive all rights of subrogation against the City, its officials, agents, employees and volunteers for any work performed for the City by the Named Insured. For building or construction projects, the Contractor shall comply with the provisions of Attachment 1 in accordance with §406.096 of the Texas Labor Code and rule 28TAC 110.110 of the Texas Worker's Compensation Commission (TWCC).

☐ **Owner's and Contractor's Protective Liability Insurance**

The Contractor shall obtain, pay for and maintain at all times during the prosecution of the work under this contract, an Owner's and Contractor's Protective Liability insurance policy naming the City as insured for property damage and bodily injury which may arise in the prosecution of the work or Contractor's operations under this contract. Coverage shall be on an "occurrence" basis, and the policy shall be issued by the same insurance company that carries the Contractor's liability insurance. Policy limits will be at least combined bodily injury and property damage per occurrence with a _____ aggregate.

☒ **Professional Liability Insurance**

Professional liability insurance with limits not less than \$1,000,000 per claim with respect to negligent acts, errors or omissions in connection with professional services is required under this Agreement.

☐ **Builders' Risk Insurance**

Builders' Risk Insurance, on an All-Risk form for 100% of the completed value shall be provided. Such policy shall include as "Named Insured" the City of Denton and all subcontractors as their interests may appear.

☐ **Commercial Crime**

Provides coverage for the theft or disappearance of cash or checks, robbery inside/outside the premises, burglary of the premises, and employee fidelity. The employee fidelity portion of this coverage should be written on a "blanket" basis to cover all employees, including new hires. This type insurance should be required if the contractor has access to City funds. Limits of not less than _____ each occurrence are required.

☐ **Additional Insurance**

Other insurance may be required on an individual basis for extra hazardous contracts and specific service agreements. If such additional insurance is required for a specific contract, that requirement will be described in the "Specific Conditions" of the contract specifications.

ATTACHMENT 1

[] Workers' Compensation Coverage for Building or Construction Projects for Governmental Entities

A. Definitions:

Certificate of coverage ("certificate")-A copy of a certificate of insurance, a certificate of authority to self-insure issued by the commission, or a coverage agreement (TWCC-81, TWCC-82, TWCC-83, or TWCC-84), showing statutory workers' compensation insurance coverage for the person's or entity's employees providing services on a project, for the duration of the project.

Duration of the project - includes the time from the beginning of the work on the project until the contractor's/person's work on the project has been completed and accepted by the governmental entity.

Persons providing services on the project ("subcontractor" in §406.096) - includes all persons or entities performing all or part of the services the contractor has undertaken to perform on the project, regardless of whether that person contracted directly with the contractor and regardless of whether that person has employees. This includes, without limitation, independent contractors, subcontractors, leasing companies, motor carriers, owner-operators, employees of any such entity, or employees of any entity which furnishes persons to provide services on the project. "Services" include, without limitation, providing, hauling, or delivering equipment or materials, or providing labor, transportation, or other service related to a project. "Services" does not include activities unrelated to the project, such as food/beverage vendors, office supply deliveries, and delivery of portable toilets.

- B. The contractor shall provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all employees of the Contractor providing services on the project, for the duration of the project.**
- C. The Contractor must provide a certificate of coverage to the governmental entity prior to being awarded the contract.**
- D. If the coverage period shown on the contractor's current certificate of coverage ends during the duration of the project, the contractor must, prior to the end of the coverage period, file a new certificate of coverage with the governmental entity showing that coverage has been extended.**
- E. The contractor shall obtain from each person providing services on a project, and provide to the governmental entity:**

- 1) a certificate of coverage, prior to that person beginning work on the project, so the governmental entity will have on file certificates of coverage showing coverage for all persons providing services on the project; and
 - 2) no later than seven days after receipt by the contractor, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project.
- F. The contractor shall retain all required certificates of coverage for the duration of the project and for one year thereafter.
- G. The contractor shall notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the contractor knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project.
- H. The contractor shall post on each project site a notice, in the text, form and manner prescribed by the Texas Workers' Compensation Commission, informing all persons providing services on the project that they are required to be covered, and stating how a person may verify coverage and report lack of coverage.
- I. The contractor shall contractually require each person with whom it contracts to provide services on a project, to:
- 1) provide coverage, based on proper reporting of classification codes and payroll amounts and filing of any coverage agreements, which meets the statutory requirements of Texas Labor Code, Section 401.011(44) for all of its employees providing services on the project, for the duration of the project;
 - 2) provide to the contractor, prior to that person beginning work on the project, a certificate of coverage showing that coverage is being provided for all employees of the person providing services on the project, for the duration of the project;
 - 3) provide the contractor, prior to the end of the coverage period, a new certificate of coverage showing extension of coverage, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
 - 4) obtain from each other person with whom it contracts, and provide to the contractor:
 - a) certificate of coverage, prior to the other person beginning work on the project; and
 - b) a new certificate of coverage showing extension of coverage, prior to the end of the coverage period, if the coverage period shown on the current certificate of coverage ends during the duration of the project;
 - 5) retain all required certificates of coverage on file for the duration of the project and for one year thereafter;

- 6) notify the governmental entity in writing by certified mail or personal delivery, within 10 days after the person knew or should have known, of any change that materially affects the provision of coverage of any person providing services on the project; and
 - 7) Contractually require each person with whom it contracts, to perform as required by paragraphs (1) - (7), with the certificates of coverage to be provided to the person for whom they are providing services.
- J. By signing this contract or providing or causing to be provided a certificate of coverage, the contractor is representing to the governmental entity that all employees of the contractor who will provide services on the project will be covered by workers' compensation coverage for the duration of the project, that the coverage will be based on proper reporting of classification codes and payroll amounts, and that all coverage agreements will be filed with the appropriate insurance carrier or, in the case of a self-insured, with the commission's Division of Self-Insurance Regulation. Providing false or misleading information may subject the contractor to administrative penalties, criminal penalties, civil penalties, or other civil actions.
- K. The contractor's failure to comply with any of these provisions is a breach of contract by the contractor which entitles the governmental entity to declare the contract void if the contractor does not remedy the breach within ten days after receipt of notice of breach from the governmental entity.



Proposal for Evaluation of Functions, Processes and Controls

City of Denton
July 20, 2017



Contents

Executive Summary	1
Qualifications and Experience	2
Our Team to Serve You	4
Engagement Approach	6
Proposed Fees	10



Executive Summary

Public-sector entities like the City of Denton (the City) face distinct challenges when it comes to managing diverse and complex activities across multiple departments with discrete budgets and objectives. The efficient and effective administration and management of routine and specialized processes within individual departments is critical to ensure proper stewardship of public funds and the ongoing ability to serve the needs of Denton's citizens. With the Solid Waste department comprising operating revenues and expenses of approximately \$38 million, it is critical for City Management to understand whether the department and their processes are well organized, controlled, and align with internal and public expectations.

Weaver's experience with evaluating business processes and assessing the design of internal control activities, along with our prior hands-on experience with the City, provides us with the knowledge and insight needed to provide impactful assistance to ensure key functions and activities are operating effectively and efficiently, with sufficient internal control to mitigate inherent risks within critical functions at the City.

Texas-proud, Weaver is committed to the needs and success of our surrounding communities — and the government entities that support them. Local governments and state agencies alike turn to Weaver because they know we will be sensitive to their needs and circumstances, forthright in our communications and unwavering in our commitment to the highest standards of quality. This is perhaps best illustrated by our long and diverse list of municipal clients, including the City of Denton and other North Texas cities such as Dallas, Fort Worth, Irving, McKinney, Lewisville, Southlake, Grand Prairie, Garland, Frisco and Benbrook.

Our Risk Advisory Services practice specializes entirely on services such as internal control design and implementation, process improvement, compliance, risk assessment and internal audits — with a strong focus on helping our cities achieve their risk management goals. The depth and breadth of our hands-on experience means we have a real-world understanding of the complex landscape entities like the City must navigate on a daily basis.

Weaver provides assurance and advisory services to more than 150 public-sector clients, including more than 30 Texas cities and more than a dozen special purpose districts,

The largest independent CPA firm based in the Southwest, Weaver offers the City the best of both worlds: the talent and experience of a large national firm, with a hometown commitment to continuous communication and hands-on service. Indeed, the cornerstones of our philosophy are an unwavering commitment to client service and dedication to providing value beyond mere "check-the-box" services.

We will also work to cultivate a lasting, collaborative relationship with you, with an overarching focus on continuity, responsiveness and continuous communication. To that end, the partners on your team will provide much more than oversight and accountability during this engagement — they will remain available to you throughout the year. With this added level of guidance and support, the City can be confident in our commitment to helping you meet both your immediate project objectives and your long-term strategic goals.



Qualifications and Experience

The success of an evaluation such as that required by the City is directly tied to the talent and experience a firm brings. Weaver's Advisory Services practice is made up of approximately 70 dedicated professionals recognized for their breadth and depth of experience in a full range of governance, risk management and compliance services. Our professionals are highly skilled with such specialized services as business process analysis and improvement, internal control evaluations, organizational assessments, internal audit, risk management, IT audits, IT security and forensics — including having provided many of these services directly to Texas cities and other complex public sector organizations.

Certifications and Affiliations

Underlying our portfolio of work are highly experienced teams that stay at the forefront of the industry through ongoing certifications. Some of the numerous certifications held by our Advisory Services professionals include:

- » Certified Public Accountant (CPA)
- » Certified Internal Auditors (CIA)
- » Certified Information Security Auditor (CISA)
- » Certified Fraud Examiner (CFE)
- » Certified Compliance and Ethics Professional (CCEP)
- » Certified Information Systems Security Professional (CISSP)
- » GIAC Penetration Tester (GPEN)
- » Certified Information Technology Professional (CITP)
- » Certified Ethical Hacker (CEH)
- » PCI Qualified Security Assessor (QSA)
- » Certification in Risk Management Assurance (CRMA)
- » Certified in Risk and Information Systems Control (CRISC)
- » SAP-Certified Consultant
- » Information Technology Infrastructure Library (ITIL)

Our professionals also stay abreast of best practices, industry trends and compliance issues through active participation — including holding key leadership positions — in numerous professional and industry associations, such as:

- » Chair, Baker Tilly International Governance, Risk and Compliance Committee
- » Member, Institute of Internal Auditors' North American Board
- » Member, IIA American Center for Government Auditing
- » Executive Committee Member, AICPA Information Management and Technology Assurance (IMTA)
- » Chair, IT Audit Task Force of the AICPA IMTA Executive Committee
- » Committee Member, Institute of Internal Auditors' Learning Solutions Committee
- » Board Member, Information Systems Audit and Control Association (ISACA)
- » Member, National Association of Corporate Directors
- » Member, Society of Corporate Compliance and Ethics
- » President, Information Systems Audit and Control Association (ISACA), North Texas chapter



Proven Track Record

Weaver provides a complete range of services to a wide array of local, county and state entities, including:

Municipalities

City of Arlington#
City of Allen*
City of Benbrook*
City of Bryan*/#
City of Cedar Hill*
City of Corpus Christi#
City of Dallas#
City of Denton*/#
City of Euless*
City of Friendswood*
City of Garland*
City of Galveston*
City of Georgetown*/#
City of Greenville */#
City of Grand Prairie*
City of Houston#
City of Irving#
City of Killeen*
City of League City*
City of Lewisville*/#
City of McKinney*/#
City of Midlothian*
City of Odessa*
City of Rowlett*
City of Saginaw*
City of Sanger*
City of Southlake*/#
City of Springtown*
City of The Colony*/#
City of Tomball*
City of University Park*
City of Wylie*
Town of Addison*/#
Town of Fairview*
Town of Little Elm*
Town of Highland Park*/#
Town of Trophy Club*
Town of Westlake*

Local & Regional Entities

Bethany Special Utility District*
Central Texas Council of Governments*
Dallas County#
Denton County Transit Authority*/#
East Texas Council of Governments*/#
Edwards Aquifer Authority*
Ellis County Rural Rail Transport*
Emergency Communication District of Ector Co.*
Fort Worth Transportation Authority*
Greenville Electric Utility#
Houston Galveston Area Council#
Lake Cities Municipal Utility Authority*/#
Lubbock Housing Authority*
Metrocare Services#
MHMR of Tarrant County*
Monahans Housing Authority*
North Central Texas Council of Governments*/#
North Texas Municipal Water District#
North Texas Tollway Authority#
Odessa Housing Authority*
Odessa Development Corporation
Pecos County TJPC*
Reeves County Commissary Funds
Reeves County TJPC*
Region XI Education Service Center#
Region XIII Education Service Center#
Tarrant Appraisal District*
Tarrant County Emergency Services District No. 10*
Tarrant County Tax Collectors Office#
Tarrant Regional Water District#
Trinity River Authority*/#
Williamson County *

State Agencies

Cancer Prevention and Research Institute of Texas#
Employees Retirement System of Texas#
Texas Council for Developmental Disabilities#
Texas Department of Insurance#
Texas General Land Office#
Texas Health Services Authority#
Texas Lottery Commission*
Texas Military Department*
Texas Municipal Retirement System#
Texas Municipal Power Agency*
Texas Permanent School Fund*
Texas Student Housing Authority*

Educational Entities

Austin Community College#
Beaumont ISD#
Burleson ISD*
Cedar Hill ISD*
Conroe ISD*
Crowley ISD*
Dallas County Schools*
Dallas ISD*/#
El Paso ISD#
Fort Worth ISD*/#
Frisco ISD*/#
Hurst-Euless-Bedford ISD*
Higher Education Servicing Corporation#
Highland Park ISD*
Irving ISD*/#
Keller ISD*
La Porte ISD*
McKinney ISD#
Montgomery ISD *
North Texas Higher Education Authority*
Tarrant County College District*/#
Texas A&M University#
Texas A&M University College of Liberal Arts#

*Assurance Services | #Advisory Services



Our Team to Serve You

Team Organization

Our entire team — from partner to associates — is tailored to address the complete range of issues that can arise when evaluating complex departmental environments like that of the City. Our experienced team will work to maximize the efficiency and impact of every activity throughout the life of the engagement. We will also work collaboratively with the City to ensure our approach remains tailored to your most pressing needs and provides the greatest short-term impact and long-term value.

Biographies for key team members have been provided below; detailed resumes have been provided in Appendix A.



Alyssa G. Martin, CPA | Executive Partner

Alyssa has more than 25 years of experience in public accounting, including 17 years of internal control process risk management and compliance, with an emphasis on operational analysis, risk management, internal audit, quality assurance reviews, fraud prevention, IT audit, business management consulting, strategic planning and technology consulting — with a strong focus on Texas cities and government entities. She has significant experience overseeing a variety of financial, operational, contract and compliance evaluation services, including engagements for municipal clients such as the cities of Dallas, Houston, McKinney, Lewisville, Corpus Christi, Irving, Greenville, Bryan.

Alyssa is a frequent, sought-after speaker on advisory matters for professional and civic audiences. As an active member of the American Institute of Certified Public Accountants, the National Association of Corporate Directors and the Institute of Internal Auditors, she remains on the forefront of industry regulations and changes. She serves on many community boards and civic committees, and has been honored with a number of awards. She graduated with a master's in business administration and a bachelor's degree from the University of Texas at Dallas.



John Wauson, CPA | Partner, Risk Advisory Services

John has twelve years of public accounting and risk advisory experience. He has extensive experience working with governmental and commercial entities, with a focus on internal control design and implementation, business process improvement, enterprise risk management, entity- and process-level risk assessments, internal audit, compliance and fraud prevention. In addition to prior hands-on experience with the City of Denton, public sector clients served by John include the City of Bryan, City of McKinney, City of Dallas, North Texas Tollway Authority, Employees Retirement System, Ector County Hospital District, and multiple school districts across North Texas.

A Certified Public Accountant, John holds memberships with many professional organizations, including the Institute of Internal Auditors (IIA) and in 2014 was named a Rising Star by the Texas Society of CPAs. He is also the immediate past-chairman for the Young and Emerging Professionals Committee of the Texas Society of CPAs. John earned a Bachelor of Business Administration in accounting from the University of Oklahoma.



Brandon Tanous, CIA, CFE, CGAP, CRMA | Manager, Risk Advisory Services

Brandon has more than nine years of experience in internal audit, including extensive work for public-sector agencies, with a focus on business process improvement, internal control evaluation contract compliance audits and monitoring, internal audit, fraud detection and risk management. His recent advisory clients include the City of Houston, City of Corpus Christi, North Texas Tollway Authority, Del Mar College, Lee College, Dallas Independent School District, Texas Commission on Environmental Quality, Texas Department of Public Safety (including the Texas Department of Emergency Management) and Houston-Galveston Area Council.

Brandon has presented sessions at conferences by such organizations as the Institute of Internal Auditors (IIA), the International Law Enforcement Auditor's Association and the Texas State Auditor's Office. He also co-authored a case study in the Bribery and Corruption Casebook, published by the Association of Certified Fraud Examiners. He is a Certified Internal Auditor (CIA), a Certified Fraud Examiner (CFE), and a Certified Government Auditing Professional (CGAP). He also holds Certification in Risk Management Assurance (CRMA) and is a graduate of the Texas Internal Audit Leadership Development Program. He earned a both a Master of Public Administration and a Bachelor of Public Administration from Texas State University.

David Witten, CPA, CIA | Senior Associate, Risk Advisory Services

David has three years of experience in public accounting and is a full-time member of the risk advisory services team. His specialized focus includes business process analysis and improvement, internal control consulting, internal audit and compliance. He has extensive experience evaluating and documenting internal control design and testing operating effectiveness of key controls.

David is an active member of the Texas Society of CPAs and the Institute of Internal Auditors (IIA). He earned a Master of Science in accounting from the University of Texas at Dallas — including an Internal Audit Education Partnership (IAEP) certificate — and a Bachelor of Arts in economics from Hendrix College.

The partners on your team will provide much more than oversight and accountability during this engagement — they will remain available to you throughout the year. With this added level of guidance and support, the City can be confident in our commitment to helping you meet both your immediate project objectives and your long-term strategic goals.



Engagement Approach

Objectives and Scope

Weaver will perform a scoping analysis to identify the discrete transactional processes and procedures that should be considered in the detailed process and control evaluation for the Solid Waste Department. Identified processes will be assessed to determine the effectiveness and efficiency of the process design as well as the adequacy of internal controls to mitigate inherent risks in the process.

The overall objective of the engagement is to provide the City insight regarding the sufficiency and effectiveness of internal controls within key underlying transactional processes at the Solid Waste Department. Key functions to be included in the evaluation will include purchasing and expense authorization and processing procedures, contract execution and management activities, and revenue processing and billing activities. The level of detail to which each of these processes are evaluated will be determined based on a detailed scoping analysis, which may also identify additional transactional processes that should be examined.

The evaluation will include gaining an understanding of the transactional flow and identifying internal controls that exist in the current process. Processes will be assessed and evaluated for the following:

- » Appropriateness of assigned duties and responsibilities based on competing responsibilities
- » Adequacy with which duties are segregated within key transactional processes
- » Compliance with transaction authorization thresholds and documentation requirements
- » Accuracy of the classification and recording of transactions
- » Sufficiency and effectiveness of internal control activities to mitigate inherent risks within the transactional process

We will document all of our findings and provide the City with specific, actionable recommendations designed to improve the effectiveness and efficiency of procedures and internal control activities within identified key processes, and to enable the City to mitigate risks within those key process areas.

Commitment to Ongoing Communication

Creating value in any engagement starts with open and regular communication — including hands-on partner involvement and effective communication on a timely, regular basis. This serves as the ever-valuable foundation in every Weaver engagement. In addition to regular status updates throughout the engagement, we will meet on a regular basis to:

- » Facilitate a constructive exchange about work in progress and related issues
- » Answer your questions about technical and strategic issues
- » Learn about any changes in your operations, resources or business strategies



Key Engagement Phases

Based on our current understanding, we anticipate that each evaluation will consist of the following key phases:



We will work with City management to tailor these phases and our work effort as needed based on the results of initial discovery and planning as well as the City's budget.

Planning and Discovery

The first step in any Weaver engagement is to confirm the project scope and develop a mutually agreeable schedule, including fieldwork timing and deliverable dates. During this stage of the engagement, we will meet with City management to confirm objectives and expectations. Next, we will develop a plan that details the schedule, staffing plans and key milestones. This will serve as a communications and progress monitoring tool, and will help facilitate a smooth engagement flow.

During discovery, we will examine detailed, transaction level financial data to enhance our understanding of the inflow and outflow of funds within the Solid Waste Department. We will evaluate the nature of activity to isolate discrete transactions and types of transactions that will be evaluated during our engagement. High value and volume transactions will be identified and linked to corresponding transactional processes to determine the specific activities that will be in-scope for our detailed evaluations.

Based on our initial discussions with management, we expect the following transaction cycles to be in-scope:

- » Revenue processing and billing, including sales agreements and leases
- » Purchasing and expense processing and authorization
- » Contract execution and management

We anticipate that additional activities, as well as variations in the application of the above processes based on transaction type will be identified during the scoping analysis

As part of our initial planning, we will also will request key information and documents needed to enhance our understanding of the departmental activities and structure. Key activities during this phase will include:

- » Obtaining and evaluating current City documentation regarding department processes, including organization charts, standard forms, checklists, reports, performance metrics, budgets, etc.
- » Interviewing key management and department staff to obtain an understanding of the significant roles, responsibilities and relationships (internally and externally)
- » Identifying and evaluating all applicable and relevant criteria, including City policies, procedures, manuals, and/or guidance, as well as applicable state and local government code requirements



Fieldwork

Design Evaluation

Following the identification of key transaction processes and functions within the department, Weaver will perform interviews, walkthroughs, site visits, and evaluate existing documentation to develop a thorough understanding of the design of key transactional processes within the department. Through interviews onsite with process owners, we will develop a thorough understanding of the in-scope transaction processes from initiation to completion.

A critical component of the design evaluation includes the identification and documentation of internal control activities currently performed in the process. Identified controls will be assessed to determine if they are adequate to mitigate associated inherent risks. Key areas of focus for the control evaluation will include, but not be limited to:

- » Established and followed policies and procedures
- » Segregation of duties
- » Management oversight and review
- » Effective systematic controls

In addition, we will determine whether the processes performed meet the criteria and requirements established by the City and/or applicable state laws. Any identified control gaps will be documented in our "Points for Consideration" matrix.

Effectiveness Testing

Upon completion of the design evaluation and identification of key controls, Weaver will perform testing to confirm that transactions are appropriate and associated controls are operating effectively. We will initially assess the appropriateness of the selected transactions and controls to be tested to ensure high risk and material transactions are evaluated.

Following the identification of appropriate transactions and controls for testing, we will design and execute test procedures to analyze a sample of transactions and verify the accuracy and effectiveness of those existing and identified key controls. Any pervasive issues or control failures identified will be included in our "Points for Consideration" matrix.

Ours is a "no-surprises" philosophy, so throughout the engagement, internal control weaknesses and initial points-for-consideration will be provided to City management for review validation.



Reporting

During the reporting phase of the engagement, Weaver will complete our fieldwork documentation and perform final quality control procedures, including multiple levels of internal review of our work. We will then compile the final results of our procedures and create our draft report, which will identify the procedures performed, results, and recommendations for improvement. The draft report will be provided to City management for review, and we will incorporate any feedback as appropriate before finalizing our report.

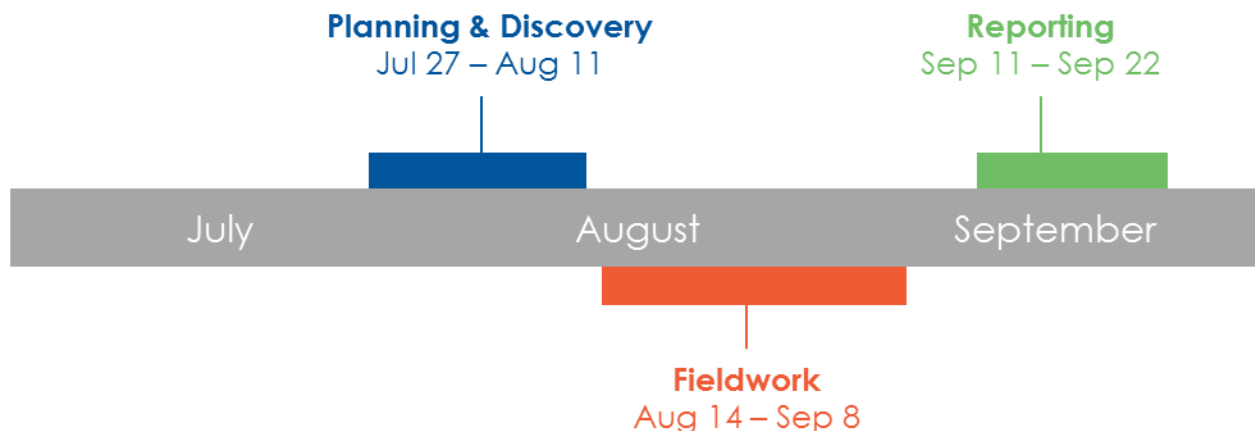
Sample Points for Consideration

Weaver's Points for Consideration matrix will include the condition observed, risk, root cause of the issue, effect, risk rating and recommendations for improvement.

Reference #	Departments						PFC Responsible Party	Related Control Reference	Observation/Identified Issue	Risk	Risk Assessment	Recommendation	Management Response
	DEPT A	DEPT B	DEPT C	DEPT D	DEPT E	DEPT F							
AP and Expenditures													
PFC-AP-01	X	X	X	X	X	X	Accounts Payable Division	AP-06	Miscellaneous Invoices Used to Bypass Controls We identified that the miscellaneous invoice process does not contain a validation component to ensure the invoice qualifies as such and is appropriate. Situations have occurred in which the miscellaneous invoice process is used to procure items from a non-contract vendors, when a contract vendor was available. In addition, the miscellaneous invoices process has been used to procure items from a contract vendor not processed as such to prevent the applicable contract budget from being reduced.	The misuse of the miscellaneous invoice process allows the departments to bypass procurement controls in obtaining items from non-contracted vendors when a contract vendor is available. The purchasing of items from a non-contract vendor can result in reduced financial savings and therefore increase the cost of procurement. In addition, intentional miscategorization of contract purchases can result in financial statement inaccuracies and misleading contract budget availability.	High	We recommend that AP implement additional measures to scrutinize miscellaneous invoices to determine appropriateness. For instance, miscellaneous invoices that include purchases that should have been procured from a contracted vendor or categorized as such should be brought to the attention of the buyer and their management chain. If problems persist with specific departments or employees, considerations should be made for possibly limiting or removing their purchasing ability.	
PFC-AP-05	X						Accounts Payable Division	AP-01	Receiving Information not Reported Timely to AP We identified that receiving information is not consistently reported timely to AP by the department procuring the goods or services. Commonly, AP must contact the responsible department for the receiving information and wait on its arrival prior to processing the invoice for payment.	Missing receiver information and the untimely response for providing the required documentation to AP results in delays for processing invoices. In addition, the likelihood of missing prompt payment deadlines is increased and could result in potential penalties.	Medium	We recommend modification of the existing policy to create a process to post/save receiver information on a shared location so it can be pulled by AP. The process will allow AP to have access to all the receivers entered.	

Preliminary Timing

A preliminary timeline for the evaluation of the Solid Waste Department is provided below, based on our current understanding. Weaver will work with City management after discovery and identification of key functions and processes to develop a prioritized, detailed and mutually-agreeable plan for evaluation and testing.





Proposed Fees

At Weaver, we pride ourselves on offering the capabilities of a much larger firm at a reasonable cost. With our streamlined operations, we can provide the knowledge and experience you need, combined with a personal touch and individual attention. We feel our pricing reflects a level of quality — as well as a commitment to ongoing collaboration — that is unmatched by many of our competitors.

Based on our current understanding, our estimated fees are provided below:

Service	Estimated Hours (Not to Exceed)	Estimated Fees (Not to Exceed)
Identification and evaluation of key functions and processes for the City of Denton Solid Waste Department	500	\$75,000

As indicated in the table above, to maximize flexibility and cost-effectiveness, Weaver is offering the City a flat, blended rate of \$150/hour, regardless of staff level. This enables us to provide the City with access to resources at all levels without ballooning budgets.

We will also perform the services described herein on a not-to-exceed basis, as indicated in the table below. Throughout the engagement, we will remain in close communication with City management to ensure the maximum impact is achieved within the budget allotted.

Pricing Assumptions

1. Weaver anticipates a maximum of 80 hours will be allocated for the planning and discovery phase of the Solid Waste evaluation. Hours required for design evaluation and testing will be determined upon completion of discovery and identification of key functions and processes.
2. Requested documentation and resources will be made available in a timely manner.
3. Weaver's team will have full and complete cooperation from departmental staff as needed; delays on the part of City staff could result in additional hours to complete engagement tasks.