

April 2, 2024

Lori Charlton
Chair, Board of Finance
Town of Fairfield, CT

Thank you for choosing PKF O'Connor Davies to provide professional services to the Town of Fairfield, CT (Town). This letter sets forth our understanding of the terms and objectives of our engagement, and the nature and scope of the services we will provide to the Town.

Scope of project

Based upon our discussion, we propose the following scope of services:

1. Review of policies and procedures and related internal controls over the human resources/payroll functions
2. Review of the system rights (access) for all employees with rights to the payroll software module
3. Review of payroll change process, reports and related supporting documentation and approvals
4. Provide recommendations to eliminate identified manual processes included in the payroll process
5. We will perform any other procedures determined necessary as a result of our review and the procedures noted above.
6. If necessary, we will recommend additional procedures or changes to the scope of services that we believe should be performed or would provide the Town the information that is requested in the scope of services. We will provide the Town with an estimate fee for completion of the recommended additional procedures. Any additional procedures will require written approval by Town.
7. Following the completion of the procedures as noted above, we will issue a written report communicating the results of the procedures performed and our recommendations to improve internal controls, opportunities to increase efficiency and upgrade to best practices.

Engagement administration, fees and other electronic and other communication

During the course of the engagement, we may communicate with you or with Town personnel via fax or e-mail. You should be aware that communication in those media may be unsafe to use and contains a risk of misdirection and/or interception by unintended third parties, or failed delivery or receipt. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of e-mail or other electronic transmissions, including any consequential, incidental, direct, indirect or special damages.

Liability

Any and all claims by the Town arising under this engagement must be commenced by the Town within one year following the date on which our firm delivered our report on the financial statements associated with this engagement, or the date the Town is informed of the engagement's termination in the event our report is not delivered, for any reason.

You agree to indemnify our firm, its partners, principals and employees, to the fullest extent permitted by law for any expense, including compensation for our time at our standard billing rates and reimbursement for our out-of-pocket expenses and reasonable attorneys' fees, incurred in complying with or responding to any request (by subpoena or otherwise) for testimony, documents or other information concerning the Town by any governmental agency or investigative body or by a party in any litigation or dispute other than litigation or disputes involving claims by the Town against the firm. This indemnification will survive termination of this engagement.

Dispute resolution

Any claim or controversy ("dispute") arising out of or relating to this engagement, the services provided thereunder, or any other services provided by or on behalf of the firm or any of its subcontractors or agents to the Town or at its request (including any dispute involving any person or entity for whose benefit the services in question are or were provided), shall first be submitted in good faith for mediation administered by the American Arbitration Association ("AAA") under its Mediation Rules. Each party shall bear its own costs in the mediation. Absent an agreement to the contrary, the fees and expenses of the mediator shall be shared equally by the parties.

If the dispute is not resolved by mediation within 90 days of its submission to the mediator, then, and only then, the parties shall submit the dispute for arbitration administered by the American Arbitration Association under its Professional Accounting and Related Services Dispute Resolution Rules (the "Rules"). The arbitration will be conducted before a single arbitrator selected from the AAA's Panel of Accounting Professionals and Attorneys and shall take place in Hartford, CT.

Any discovery sought in connection with the arbitration must be expressly approved by the arbitrator upon a showing of substantial need by the party seeking discovery.

All aspects of the arbitration shall be treated as confidential. The parties and the arbitrator may disclose the existence, content or result of the arbitration only as expressly provided by the Rules. The arbitrator shall issue his or her final award in a written and reasoned decision to be provided to each party. In his or her decision, the arbitrator will declare one party the prevailing party. The arbitrator shall have the power to award to the prevailing party reasonable legal fees associated with the arbitration and prior mediation. The arbitrator shall have no authority to award non-monetary or equitable relief of any sort. The arbitrator shall not have authority to award damages that are punitive in nature, or that are not measured by the prevailing party's actual compensatory loss.

The award reached as a result of the arbitration will be binding on the parties and confirmation of the arbitration award may be sought in any court having jurisdiction.

Fees and billing

Our estimated fee for these services will be \$8,000 to \$9,000. The fee quoted above includes an estimate of 25-30 hours of service.

Due to the nature of these types of engagements it is difficult to estimate the fee until we have a detailed understanding of the Town's policies and procedures and the actual number of items that may need to be reviewed. Therefore, we have quoted the fee as a range. If the project requires additional hours, we will consult with you before performing additional work.

Also, based upon the procedures performed, if we recommend that the scope be expanded, we will inform the Town of our recommendations and an estimate of the additional cost.

The fee shall be payable to us within 30 days of the invoice date. The Town will only be billed for the actual hours necessary to complete the project.

In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed even if we have not issued our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Our engagement ends on delivery of our report. Requests for services other than those included in this engagement letter will be agreed upon separately.

All rights and obligations set forth herein shall become the rights and obligations of any successor firm to PKF O'Connor Davies, LLP by way of merger, acquisition or otherwise.

If this letter correctly expresses your understanding of the terms of our engagement, including our respective responsibilities, please sign the enclosed copy where indicated and return it to us.

By your execution of this Agreement, the undersigned represent and warrant that he or she is authorized on behalf of the Town or entities listed to bind and are in fact binding each such entity to the terms and conditions of this Agreement.

We are pleased to have this opportunity to serve you.

PKF O'Connor Davies, LLP

The services and terms described in the foregoing letter are in accordance with our requirements and are acceptable to us.

Town of Fairfield, CT

BY: _____

TITLE: _____

DATE: _____

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.