



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

October 30, 2017

Oklahoma State Department of Health
Attn: Dr. Terry Cline, Commissioner of Health
1000 NE 10th Street
Oklahoma City, OK 73117-1207

Dear Dr. Cline:

This letter is to confirm our understanding of the preliminary terms and objectives of our engagement and the nature and limitations of the services we will provide. Per your request letter dated September 28, 2017, the State Auditor and Inspector will conduct a special audit of the Oklahoma State Department of Health (OSDH) related to financial operating procedures that may have contributed to the agency's cash shortfall.

We will seek your assistance in obtaining all necessary records and information required for us to complete the audit, and anticipate cooperation from OSDH personnel in this effort.

Because special audit procedures do not constitute an audit in accordance with generally accepted auditing standards, we will not express an opinion on any account balances or financial statements of the Oklahoma State Department of Health.

Our fee for services will be calculated at our standard hourly rates, which vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Invoices will be rendered each month as work progresses. Based on our preliminary analysis the estimated fee is \$100,000. This fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. We will endeavor to minimize cost and work to complete the audit in a timely manner. If significant additional time is necessary, we will notify you with a new fee estimate.

At the conclusion, we will issue a special audit report on the results of our engagement.

We believe this letter accurately summarizes the significant terms of our special audit engagement. If the foregoing is in accordance with your understanding, please sign one of the originals in the space provided and return to us.

Sincerely,

Gary A. Jones, CPA, CFE
Oklahoma State Auditor & Inspector

RESPONSE:

This letter correctly sets forth the understanding of the Oklahoma State Department of Health.

By: _____

Date 10/31/2017

Title: Chief Operating Officer