

## CONTRACT TO AUDIT THE ACCOUNTS OF THE COUNTY OF CARROLL, VIRGINIA

This agreement, made this 18th day of May, 2020 by and between Robinson, Farmer, Cox Associates, 108 South Park Drive, Blacksburg, VA 24060, hereinafter referred to as the Auditor, and the Board of Supervisors of the County of Carroll, Virginia herein after referred to as the County provides as follows:

1. The Auditor shall audit the financial statements of the County; its component units-School Board, Carroll County Public Service Authority (PSA) and Carroll County Economic Development Authority (EDA) for the fiscal years ending June 30, 2020 through June 30, 2024. The auditor shall also prepare the following documents as necessary for the County.
  - SF-SAC data collection form
  - Comparative cost transmittal forms
  - Landfill financial assurance test and related opinion thereon
  - County's cost allocation plan
  - VRS Agreed-upon procedures report
2. The Auditor shall perform the audits and render his reports in accordance with generally accepted government auditing standards, the standards for financial and compliance audits contained in the U. S. General Accounting Office's Government Auditing Standards; the Office of Management and Budget's Uniform Guidance and the Specifications for Audits of Counties, Cities and Towns (and Specifications for Audits of Authorities, Boards and Commissions) issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Accordingly, it shall include such tests of the accounting records and such other auditing procedures as the Auditor deems necessary and appropriate in order to express an opinion on the financial statements.
3. It is agreed that generally accepted auditing standards include a compliance review in connection with the review of the County's (and component units) systems of internal control for the purpose of submitting our written reports to the governing bodies setting forth findings on material weaknesses in internal control, together with recommendations for improvement. Such review shall include the accountability for funds and adherence to applicable budgetary and other legal requirements.
4. The Auditor shall, after completing his audits, submit to the governing bodies a written report of audits. These reports shall include the financial statements and notes thereto prepared in accordance with generally accepted accounting principles, supplementary information requested by the client for full disclosure under the law and the Auditor's opinion on the material presented. The Auditor shall furnish a draft of the reports by November 30<sup>th</sup> and as required copies of the final report within 10 working days of receipt of approval of the preliminary drafts by the County and component units.
5. It is agreed that time is of the essence in the performance of this contract. However, unavoidable delays shall not render the contract invalid or voidable provided the cause thereof and the estimated completion date are promptly furnished by the Auditor to the County and component units.
6. Should circumstances disclosed by the audits call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, or should the County administer new enterprises, or should activity within one of the components expand substantially, or should there be a turnover audit required, or should accounting and/or auditing standards change thereby increasing the scope of service, the Auditor shall inform the governing bodies and the parties shall negotiate additional compensation required therefore.

7. The County and component units shall prepare a preclosing trial balance as of June 30<sup>th</sup>, reconcile all bank accounts, and reconcile and schedule all subsidiary ledgers to the general ledger, including accounts receivable, revenues, expenditures, and general fixed asset schedules not later than October 31st of each year. The County and component units shall assist in retrieving supporting documentation substantiating transactions and legal compliance and secure working space for the Auditor.
8. In consideration of the satisfactory performance of the provisions of this Agreement, the County shall pay the Auditor fees as noted below:

<u>Component</u>	<u>2020 fiscal year</u>
County and School Board audits	\$52,000
Carroll County PSA audit	12,000
Carroll County EDA audit	7,000
Cost Allocation Plan	4,250

Fees shall increase by 3.0% annually, except the cost allocation plan fee shall remain fixed through fiscal year 2022, then increase thereafter at the same rate (3%).

9. The County reserves the right to extend this contract up to an additional 3 years upon satisfactory negotiation of terms.
10. The payment of fees for the services under this Agreement specified in Paragraph 8 is subject to an annual appropriation for that purpose by the County. The County reserves the right to terminate this Agreement if determined to be in the best interest of the County. The Auditor reserves the right to terminate this agreement based on the Auditor's annual evaluation of client continuation in accordance with professional standards. Should the Auditor terminate this agreement, notice of such termination shall be provided a minimum of four months prior to completion of the fiscal year in which the contract is terminated.
11. This Agreement includes the terms, conditions and specifications contained in the Request for Proposal (RFP) issued by Carroll County for audit services, except as amended by this agreement, which specifications are incorporated herein by reference.
12. During the performance of this Agreement, the Auditor agrees as follows:
  1. a. The Auditor will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Auditor. The Auditor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
  - b. The Auditor, in all solicitations or advertisements for employees placed by or on behalf of the Auditor, will state that such Auditor is an equal opportunity employer.
  - c. Notices, advertisements and solicitations placed in accordance with federal law, rules or regulations shall be deemed sufficient for the purpose of meeting the requirements of this section.
  2. The Auditor will include the provisions of the foregoing paragraphs a, b and c in every subcontract or purchase order of over \$10,000.00 so that the provisions will be binding upon each subcontractor or vendor.

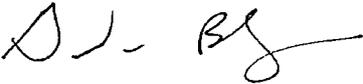
3. During the performance of this contract, the Auditor will:
  - i. Provide a drug-free workplace for the Auditor's employees;
  - ii. Post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Auditor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;
  - iii. State in all solicitations or advertisements for employees placed by or on behalf of the Auditor that the Auditor maintains a drug-free workplace; and
  - iv. Include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this contract, "drug-free workplace" means a site for the performance of work done in connection with this contract awarded to a Auditor in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

13. There are no other agreements between the parties hereto and no other agreements relative hereto shall be enforceable unless entered into in writing between the parties hereto.

**Agreement for Audit Services:**

ROBINSON, FARMER, COX ASSOCIATES  
CERTIFIED PUBLIC ACCOUNTANTS  
BLACKSBURG, VIRGINIA

By  \_\_\_\_\_

Managing Director

COUNTY OF CARROLL, VIRGINIA  
HILLSVILLE, VIRGINIA

By \_\_\_\_\_  
Interim County Administrator

Thomas M. Hicok, CPA, CVA, MAFF <sup>1</sup><sup>III</sup>  
David B. Brown, CPA  
Juan J. Garcia, CPA  
Karen L. Jackson, CPA  
Rodney P. Jackson, CPA <sup>II</sup>



155 E. Valley Street  
P.O. Box 821  
Abingdon, Virginia 24212-0821  
(276) 628-1123 Fax: (276) 676-3000  
e-mail: HBC@firmcpa.com

May 20, 2020

R. Cellell Dalton, Interim County Administrator  
Board of Supervisors  
County of Carroll  
605-1 Pine Street  
Hillsville, VA 24343

Dear Mr. Dalton and Board Members:

Hicok, Brown & Company, CPA's (the Firm) is pleased that the County of Carroll continues to express its confidence in our firm and our municipal government expertise. We look forward to a continued long and successful relationship as an integral financial management resource to the County's management and governing body.

We are prepared to provide a full range of accounting and consulting services to the County contingent upon your approval. The purpose of this engagement letter is to identify the scope of available accounting and consulting services from the Firm, the specific services anticipated to be provided at this time, and confirm the terms of our engagement.

### Scope of Services

The scope of accounting and consulting services that can be provided to the County are outlined below. While this listing includes the full range of services available from the Firm, the specific services anticipated to be provided are upon specific request.

### Anticipated Services to be Provided at This Time

General Accounting and Advisory Assistance:

- Annual preparation of accrual entries
- Capital asset assistance
- Preparation of accrual-based trial balances
- Other assistance to prepare for the annual audit
- Other assistance

In compliance with our professional standards regarding independence, we will not provide any audit or other attestation services, as defined by professional standards, to the County in conjunction with these accounting and consulting services.

### **Carroll County's Responsibilities**

The County's management and governing body is, and will continue to be, solely responsible for establishing and maintaining an effective accounting and internal control system, including, without limitation, systems designed to assure fair presentation of the County's financial statements and compliance with policies, procedures, and applicable laws and regulations.

The County's management and the governing body will also be responsible for establishing the scope of our accounting and consulting services and providing the resources allocated to the work; such responsibility includes determining the nature, scope, and extent of the accounting and consulting services to be performed by the Firm, providing overall direction and oversight for each service, and reviewing and accepting the results of the work.

Our engagement involves providing assistance in the preparation of the adjusted trial balances for the use of the external auditor. As provided for in Section 80, paragraphs 21-24, of the Standards for Accounting and Review Services of the American Institute of Certified Public Accountants (AICPA) we will not issue a compilation report in conjunction with these adjusted trial balances, and instead, we will use this engagement letter as documentation and confirmation of your understanding of the services to be performed and the limitations on the use of such adjusted trial balances. In this regard, by signing this engagement letter, the County's management acknowledges its understanding and acceptance of the following:

- That the nature and limitations of the adjusted trial balances is restricted for use only by the external auditor in conjunction with the financial statement audit;
- That the adjusted trial balances are limited to presenting information that is the representation of the County's management; and the work performed by the Firm in compiling the adjusted trial balances cannot be relied upon to disclose errors, fraud, or illegal acts;
- That the adjusted trial balance will not be audited by the Firm and no opinion or any other form of assurance on the adjusted trial balance will be provided by the Firm;
- That County's management has knowledge about the nature of the procedures to be applied and the basis of accounting and assumptions to be used in the preparation of the adjusted trial balance;
- That the compiled adjusted trial balances are not to be used by any third parties for any purpose (the financial statement auditor is not considered to be a third party).

Management is ultimately responsible for the fair presentation of the adjusted trial balances and management will make such representations to the external auditors.

**The Firm's Responsibilities**

The Firm is responsible for providing the accounting and consulting services requested, as defined in the Scope of Services section of this letter in accordance with the applicable professional standards of the AICPA. The Firm may also report or otherwise communicate to the County's management any recommendations it determines necessary resulting from the accounting and consulting services provided.

**Access to Working Papers and Reports**

Any working papers prepared by the Firm in connection with performing the accounting and consulting services are the property of the Firm. Upon request, copies of any or all working papers and reports that the Firm considers to be nonproprietary will be provided to management of the County. The County may make such copies available to its external auditors and to regulators in the exercise of their statutory oversight of the County. Such copies may not be made available to any third party without the prior written consent from the Firm.

**Fees and Costs**

Fees and out-of-pocket expenses for this engagement will be billed as the work progresses and payable upon receipt of our invoices. Our fees for the services will be based on our hourly rates for the staff assigned to the engagement. Our hourly rates are as follows:

Partner	\$200
Manager	\$130 - \$175
Staff	\$85 - \$125

Because the Firm has no direct control over the type and number of services requested by the County during the term of this engagement, nor does the Firm have control over the quality of the County's accounting system or records, potential turnover of the County's staff or the County's staffing levels, resources, or capabilities, it is impractical for us to provide an exact amount of hours that will be required for the services requested or a not-to-exceed limit on fees and expenses charged. However, our fees for the services anticipated at this time will be between \$15,000 and \$20,000.

The term of this engagement is for the year ended June 30, 2020. The County has the option to renew this agreement for two (2) additional terms: the years ended June 30, 2021 and June 30, 2022. All terms and conditions of this engagement letter shall apply during the renewal terms. The Firm may perform additional services upon receipt of a formal request from the County with terms and conditions that are acceptable to the County and the Firm.

The agreements and undertakings of the County and the Firm contained in this engagement letter shall survive the completion or termination of this engagement.

**Acceptance**

Please indicate your acceptance of this agreement by signing in the space provided below and returning this engagement letter to us. We look forward to continuing our professional relationship with the County.

Yours truly,

*Hicok, Brown & Company*

Hicok, Brown & Company  
Certified Public Accountants

Accepted and Agreed to for the County of Carroll, Virginia

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

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

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