

April 11, 2018

The Board of County Commissioners  
Guilford County  
201 South Greene Street  
Greensboro, NC 27402

Ladies and Gentlemen:

This letter of arrangement between Guilford County (the “County” or “you” or “your”) and Cherry Bekaert LLP (the “Firm” or “Cherry Bekaert” or “we” or “our” or “us”) sets forth the nature and scope of the services we will provide, the County’s required involvement and assistance in support of our services, the related fee arrangements, and other terms and conditions designed to assure that our professional services are performed to achieve the mutually agreed-upon objectives of the County.

## **SUMMARY OF SERVICES**

We will apply the agreed-upon procedures which the North Carolina Office of the State Auditor has explained to us in the *Letter of Instruction to Auditors Testing the Eligibility Intake Functions for Certain Federal Programs at County Governments and Health Districts* (“Letter”) dated March 20, 2018 to assist us in evaluating the eligibility intake functions of County, North Carolina for the year ending June 30, 2018. The sufficiency of those procedures is solely the responsibility of the North Carolina Office of the State Auditor. This engagement is solely to assist the North Carolina Office of the State Auditor in evaluating the eligibility intake functions of the County.

Our engagement to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). The sufficiency of the procedures is solely the responsibility of those parties specified in the report and we will require an acknowledgment in writing of that responsibility. Consequently, we make no representation regarding the sufficiency of the procedures described in the form either for the purpose for which this report has been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement.

Because the agreed-upon procedures listed in the Letter do not constitute an examination or review, we will not express an opinion on Eligibility Intake Functions. In addition, we have no obligation to perform any procedures beyond those listed in the Letter.

We will issue a report upon completion of our engagement listing the procedures performed and our findings. If for any reason, we are unable to complete any of the procedures, we will describe in our report any restrictions on the performance of the procedures, or not issue a report and withdraw from the engagement. The report is intended solely for the use of the North Carolina Office of the State Auditor, and should not be used by anyone other than these specified parties. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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An agreed-upon procedures engagement is not designed to detect instances of fraud or noncompliance with laws or regulations; however, we will communicate to you any known and suspected fraud and noncompliance with laws and regulations affecting the Eligibility Intake Function of the County that come to our attention. In addition, if in connection with this engagement, matters come to our attention that contradicts the Eligibility Intake Function of the County, we will disclose those matters in our report. Such disclosures, if any, may not necessarily include all matters that might have come to our attention had we performed additional procedures or an examination or review.

**YOUR EXPECTATIONS**

The County recognizes that our professional standards require that we be independent from you in our agreed-upon procedures and our accompanying report in order to ensure that our objectivity and professional skepticism have not been compromised. As a result, we cannot enter into a fiduciary relationship with you and you should not expect that we will act only with due regard to your interest in the performance of the agreed-upon procedures and you should not impose on us special confidence that we will conduct the agreed-upon procedures with only your interest in mind. Because of our obligation to be independent of you, no fiduciary relationship will be created by this engagement or agreed-upon procedures.

The engagement will be led by Eddie Burke, who will be responsible for assuring the overall quality, value, and timeliness of our services to you.

**MANAGEMENT'S RESPONSIBILITIES RELATED TO AGREED-UPON PROCEDURES**

You are responsible for the presentation of the Eligibility Intake Function of the County in accordance with the Letter; and for selecting the criteria and determining that such criteria are appropriate for your purposes. You are also responsible for, and agree to provide us with, a written assertion about the Eligibility Intake Function of the County. In addition, you are responsible for providing us with (1) access to all information of which you are aware is relevant to the performance of the agreed-upon procedures on the subject matter, (2) additional information that we may request for the purpose of performing the agreed-upon procedures, and (3) unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence relating to performing those procedures.

At the conclusion of the engagement, the County's management will provide to us a representation letter that, among other things, (1) addresses management's responsibilities related to the engagement and confirms certain representations made during the engagement, including management's acknowledgement of its responsibility for the selection and presentation of the Eligibility Intake Function of the County in accordance with the Letter; (2) management's knowledge of fraud or suspected fraud affecting the entity involving management, employees who have a significant roles in internal control or others where fraud could have a material effect on the subject matter; and (3) management's knowledge of any allegations of fraud or suspected fraud affecting the entity, received in communications from employees or others. Cherry Bekaert LLP will rely on the County's management providing these representations to us, both in the planning and performance of the engagement, and in considering the fees that we will charge to perform the engagement.

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**CONDITIONS SUPPORTING FEE**

As a result of our preliminary discussions, the County and the Firm have agreed to a fee, subject to the following conditions:

The estimated fee contemplates only the services described in the Summary of Services section of this letter. If the County's management requests additional services not listed above, we will provide an estimate of those fees prior to commencing additional work.

**FEES**

The following summarizes our fees for the services described above:

<b><u>Description of Services</u></b>	<b><u>Estimated Fee</u></b>
Agreed-upon procedures	\$10,000

Fees are based upon the standard billing practices of the Firm, considering hourly rates for personnel working on the engagement, hours incurred to complete the engagement and the complexity of the engagement.

Our fees will be billed periodically. Invoices are due on presentation. A service charge will be added to past due accounts equal to 1½% per month (18% annually) on the previous month's balance less payments received during the month, with a minimum charge of \$2.00 per month.

If the foregoing is in accordance with your understanding, please sign a copy of this letter in the space provided and return it to us. If you have any questions, please call Eddie Burke at (919) 782-1040.

Sincerely,

**CHERRY BEKAERT LLP**



Attachment A: Engagement Letter Terms and Conditions

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**GUILFOR COUNTY, NORTH CAROLINA**

ACCEPTED BY: \_\_\_\_\_

TITLE: \_\_\_\_\_ DATE: \_\_\_\_\_

**Cherry Bekaert LLP**  
**Engagement Letter Terms and Conditions**

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The following terms and conditions are an integral part of the attached engagement letter and should be read in their entirety in conjunction with your review of the letter.

**LIMITATIONS OF THE AGREED-UPON PROCEDURES REPORT**

Should the County wish to include or incorporate by reference the agreed-upon procedures performed and our report thereon into any other document at some future date, we will consider granting permission to include our report or incorporate our report by reference in such document at the time of the request. However, we may be required by professional standards to perform certain procedures before we can give our permission to include our report or incorporate our report by reference in another document such as an annual report, private placement, regulatory filing, etc. You agree that you will not include or incorporate by reference the agreed-upon procedures performed and our report thereon, or our report into any other document without our prior written permission. In addition, to avoid unnecessary delay or misunderstandings, it is important to provide us with timely notice of your intention to issue any such document.

With regard to the electronic dissemination of the report, including reports published electronically on your Internet website, you understand that electronic sites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information in the electronic site with the original document.

**RESPONSIBILITIES OF CHERRY BEKAERT LLP**

In performing our agreed-upon procedures we will be aware of the possibility that illegal acts may have occurred. However, it should be recognized that our agreed-upon procedures will not include a detailed test of every transaction and provides no assurance that illegal acts generally will be detected, and only reasonable assurance that illegal acts having a direct and material effect on the determination of financial statement amounts will be detected. We will inform you with respect to errors and fraud, or illegal acts that come to our attention during the course of our agreed-upon procedures unless clearly inconsequential. In the event that we have to consult with the County's counsel or counsel of our choosing regarding any illegal acts we identify, additional fees incurred may be billed to the County. You agree to cooperate fully with any procedures we deem necessary to perform with respect to these matters.

Our agreed-upon procedures are designed to only provide negative assurance that the individual items selected for testing are in conformity with the criteria described above.

If, for any reason, we are unable to complete the agreed-upon procedures, we may decline to issue a report as a result of the engagement. Circumstances may arise in which it is necessary for us to modify our report or withdraw from the engagement. We will notify the appropriate party within your organization of our decision and discuss the reasons supporting our position.

**OTHER MATTERS**

**Access to working papers**

The working papers and related documentation for the engagement are the property of the Firm and constitute confidential information. We have a responsibility to retain the documentation for a period of time to satisfy legal or regulatory requirements for records retention. It is our policy to retain all workpapers and client information for seven years from the date of issuance of the report. It is our policy to retain emails and attachments to emails

for a period of six months, except as required by any governmental regulation. Except as discussed below, any requests for access to our working papers will be discussed with you prior to making them available to requesting parties.

Our Firm, as well as all other major accounting firms, participates in a "peer review" program covering our examination and accounting practices as required by the American Institute of Certified Public Accountants. This program requires that once every three years we subject our quality assurance practices to an examination by another accounting firm. As part of the process, the other firm will review a sample of our work. It is possible that the work we perform for you may be selected by the other firm for their review. If it is, they are bound by professional standards to keep all information confidential. If you object to having the work we do for you reviewed by our peer reviewer, please notify us in writing.

### **Electronic transmittals**

During the course of our engagement, we may need to electronically transmit confidential information to each other, within the Firm, and to other entities engaged by either party. Although email is an efficient way to communicate, it is not always a secure means of communication and thus, confidentiality may be compromised. You agree to the use of email and other electronic methods to transmit and receive information, including confidential information between the Firm, the County and other third-party providers utilized by either party in connection with the engagement.

### **Subpoenas**

In the event we are requested or authorized by you or required by government regulation, subpoena, or other legal process to produce our working papers or our personnel as witnesses with respect to our engagement for you, you will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expense, as well as the fees and expenses of our counsel, incurred in responding to such a request at standard billing rates.

### **Dispute resolution procedures**

If any dispute, controversy, or claim arises in connection with the performance or breach of this agreement, either party may, on written notice to the other party, request that the matter be mediated. Such mediation would be conducted by a mediator acceptable to both parties. Both parties would exert their best efforts to discuss with each other in good faith their respective positions in an attempt to finally resolve such dispute, controversy, or claim.

### **Waiver of Trial by Jury**

In the event the parties are unable to successfully mediate any dispute, controversy, or claim, the parties agree to WAIVE TRIAL BY JURY and agree that the court will hear any matter without a jury.

### **Independent Contractor**

Each Party is an independent contractor with respect to the other and shall not be construed as having a trustee, joint venture, agency or fiduciary relationship.

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## TERMS AND CONDITIONS SUPPORTING FEE

The estimated fees set forth in the attached engagement letter are based on anticipated full cooperation from your personnel, timely delivery of requested examination schedules and supporting information, timely communication of all significant information, the assumption that unexpected circumstances will not be encountered during the agreed-upon procedures, as well as working space and clerical assistance as mutually agreed upon and as is normal and reasonable in the circumstances. We strive to ensure that we have the right professionals scheduled on each engagement. As a result, sudden County requested scheduling changes or scheduling changes necessitated by the agreed information not being ready on the agreed-upon dates can result in expensive downtime for our professionals. Any last minute schedule changes that result in downtime for our professionals could result in additional fees. Our estimated fee does not include assistance in bookkeeping or other accounting services not previously described. If for any reason the County is unable to provide such schedules, information, and assistance, the Firm and the County will mutually revise the fee to reflect additional services, if any, required of us to achieve these objectives.

The estimated fees are based on attestation standards effective as of the date of this engagement letter and known to apply to the County at this time, but do not include any time related to the application of new attestation standards that impact the County for the first time. If new attestation standards are issued subsequent to the date of this letter and are effective for the period under examination, we will estimate the impact of any such standard on the nature, timing, and extent of our planned examination procedures and will communicate with you concerning the scope of the additional procedures and the estimated fees.

The County agrees to pay all costs of collection (including reasonable attorneys' fees) that the Firm may incur in connection with the collection of unpaid invoices. In the event of nonpayment of any invoice rendered by us, we retain the right to (a) suspend the performance of our services, (b) change the payment conditions under this engagement letter, or (c) terminate our services. If we elect to suspend our services, such services will not be resumed until your account is paid. If we elect to terminate our services for nonpayment, the County will be obligated to compensate us for all time expended and reimburse us for all expenses through the date of termination.

This engagement letter sets forth the entire understanding between the County and the Firm regarding the services described herein and supersedes any previous proposals, correspondence, and understandings whether written or oral. Any subsequent changes to the terms of this letter, other than additional billings, will be rendered in writing and shall be executed by both parties. Should any portion of this engagement letter be ruled invalid, it is agreed that such invalidity will not affect any of the remaining portions.