



## Legislation Details (With Text)

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<b>Title:</b>	APPROVE EXTERNAL AUDIT CONTRACT AND AGREED UPON PROCEDURES - CHERRY BEKAERT, LLP				
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<b>Attachments:</b>	1. 2019 - 2021 CHERRY BEKAERT LLP PROPOSED AUDIT FEES, 2. 2018 NTD REDUCED REPORTER POLICY AND AGREED UPON PROCEDURES, 3. Guildford County - 6.30.19 Audit Engagement Letter, 4. Guildford County and TDA - 6.30.19 LGC Contract, 5. Guildford County NTD AUP - 2018 Engagement Letter				
<b>Date</b>	<b>Ver.</b>	<b>Action By</b>	<b>Action</b>	<b>Result</b>	

### TITLE

**APPROVE EXTERNAL AUDIT CONTRACT AND AGREED UPON PROCEDURES - CHERRY BEKAERT, LLP**

### SPONSOR

Harley Will

### BACKGROUND

As a result of negotiations with the County's Audit Committee, Cherry Bekaert, LLP submitted a proposal to extended their January 8, 2016 external audit contract with the Board of County Commissioners for Guilford County. The proposal is for fiscal years 2019 through 2021 at costs ranging from \$91,900 to \$93,750.

The Board had completed a request for proposal and awarded the contract to Cherry Bekaert, LLP in 2008 through 2010 at a cost of \$80,750 to \$89,250 for the first three year team. It subsequently approved a three-year extension for fiscal years 2011 - 2013, at a cost of \$84,000 each year with an additional two-year option at the base amount, plus the lessor of 1% or the consumer price index rate (CPI), as approved by the Audit Committee on 1/13/11. On 2/20/14, the Audit Committee approved exercising the two-year option for fiscal years 2014 and 2015 in the amounts of \$84,840 and \$85,519, respectively. The contract was extended for three years in 2016 to include fiscal years 2016, 2017, and 2018; with a FY2016 base amount of \$85,500 and annual increases of the lesser of the CPI (Consumer Price Index) increase, or 1%. However, due to changes in audit requirements recently put forward by the Office of the State Auditor

(OSA), Cherry Bekeart, LLP. had to increase an annual audit fee to \$91,000 for FY 2018 to complete the County's annual financial statement audit. The one factor that forced the increase was the number of programs that needed to be audited to meet the requirement to test programs that represent 50% of the federal funds received by the county. This was due to the fact that in previous audits major Federal programs were defined as those with of \$3,000,000 or more. The changes made by the OSA now lowers the County's threshold defining major Federal programs to approximately \$750,000. This means that more programs will now have to be audited as major Federal program to meet the County's Single Audit requirements.

County staff remains pleased with the professional service and value provided by Cherry Bekaert, LLP., and recommend the acceptance of the attached proposal to further extend the annual audit contract and Staff also recommends approval of the annual contract for FY2019 in the amount of \$91,900

In addition to the annual audit services covered under the regular contract we have been informed that there will need to be an additional engagement letter to complete Agreed Upon Procedure for FY 2018. The County received a notice that under the Department of Transportation (DOT) Federal Transit Administration (FTA) National Transit Database (NTD) 2018 Reduced Report Policy Manual every ten years agencies receiving these funds will need to complete agreed upon procedures by an independent auditor. To be in compliance with this requirement we will need to have these procedures complete on our FY 2018 activity associated with these programs. Cherry Bekaert, LLP has proposed to complete the requirements by the end of December 2018 at a cost of \$4500.

### **BUDGET IMPACT**

Funds for the FY2019 proposed audit work are included in the FY2019 budget. No additional funds are required.

### **REQUESTED ACTION**

Approve extending contract with Cherry Bekaert, LLP for external audit services for Guilford County for fiscal years 2019 through 2021 with the base amount of \$91,900 and an annual increase of 1%; Approve the annual external audit contract for FY2019, as required by the Local Government Commission, in the amount of \$91,900; Approve engagement letter for the FY 2019 annual audit; and Approve the FY 2018 NTD Reduce Reporter Agreed Upon Procedures \$4500.